

The Committee of Permanent Representatives (CPR) to UNEP
Briefing by the Secretariat
6 March 2018
9:30 a.m. to 10:30 a.m.,
UNON Conference Room 4

Briefing on the work and activities of the Inquiry into the Design of a Sustainable Financial System

INTRODUCTION

When the UN Environment Inquiry into the Design of a Sustainable Financial System was set up in early 2014, green and sustainable finance was a niche subject that needed to be nurtured. Established initially as a two-year initiative to understand why and how the financial system could be harnessed for sustainable development, the Inquiry was extended with a time-bound mandate into 2018.

Since the Inquiry began its operations, there has been a “quiet revolution”, with a growing array of action by policymakers, international organizations, financial institutions and civil society.

These combined factors have led to great strides in laying the groundwork for a sustainable financial system, and the Inquiry has played an instrumental role in putting green and sustainable finance at the centre of the international agenda.

CURRENT STATUS

The impact of the Inquiry’s work is clear, as just a few examples show:

-Green and sustainable finance is increasingly being mainstreamed in international efforts by the G20, the G7, the UN, and the FSB. Multilateral development banks and international financial institutions are now actively promoting sustainable finance.

-At the country level, we have identified a significant growth in sustainable finance policies and measures from around 170 in 2013 to nearly 300 measures targeting sustainability in over 60 countries as of October 2017.

-Within financial markets, there is growing evidence of capital being mobilized. In 2017, green bond issuance hit a record of US\$155 billion, with more growth expected. The Inquiry worked with the government of Nigeria in its first issuance of a 5-year NGN10.7 billion

(US\$30 million) sovereign green bond, the first African country to do so. The tranche is the first of an expected NGN150 billion (US\$420 million), which will fund renewable energy and afforestation activities.

-Within the UN system, sustainable finance has been identified by UN Secretary-General António Guterres as a priority for implementing the Sustainable Development Goals (SDGs).

OPPORTUNITIES AND CHALLENGES/WAY FORWARD AND CONCLUSION

In 2018, the Inquiry, with its time bound mandate, will have completed its work, but our legacy will live on. A number of work streams will continue with the G20 Sustainable Finance Study Group, the Sustainable Digital Finance Alliance, the Sustainable Insurance Forum and the Network of Financial Centres for Sustainability. Additionally, mainstreaming some of the activities will continue through the Finance Initiative (UNEP FI).

To take sustainable finance forward, the international community must work together to ensure that the weight of private capital goes to the right places – from climate action to air pollution to conserving valuable natural resources for future prosperity. The rising tide of sustainable finance is primed and ready and the United Nations Environment Programme is, and can continue, to be a strategic player in this field.