

# OVERVIEW OF THE UN ENVIRONMENT FINANCIAL CENTRES FOR SUSTAINABILITY (FC4S) NETWORK

*STEPHEN NOLAN, MANAGING DIRECTOR, FC4S*

**Roadmap for Carbon Neutrality in 2050: the role of sustainable finance**

**LISBON 8<sup>TH</sup> JULY 2019**

# Context: The EU Case for Sustainable Finance

The EU has committed to **three ambitious climate and energy targets for 2030** in line with the UN 2030 Agenda, the SDGs and the Paris Agreement. In its **long-term strategy**, the EU strives for **net-zero GHG emissions by 2050**.



Minimum **40%** cut in greenhouse gas emissions compared to 1990 levels



At least a **32%** share of renewables in final energy consumption



At least **32.5%** energy savings compared with the business-as-usual scenario

**Public money**

The yearly investment gap to meet these targets is estimated to be **between € 175 to 290 billion.**

**Private money**

Public supporting schemes alone will not be sufficient to meet those investment needs. The private sector will have to play a huge role and a smart policy framework is needed to incentivise private investment.

# To meet our targets a scaling up sustainable finance is required : a global challenge



**Industry-led initiatives:** UN Environment Programme Finance Initiative (UNEP-FI), Principles for Responsible Investment (PRI), Task force on climate-related financial disclosures (FSB-TCFD), Network of Financial Centers for Sustainability (FC4S), etc.



OICU-IOSCO

**Governments:** Coalition of Finance Ministers for Climate Action (CAPE), International Platform on Sustainable Finance

**Central banks, supervisors and market authorities:** Sustainable Banking Network (IFC-SBN), Network for Greening the Financial System (NGFS), Sustainable Insurance Forum (SIF), IOSCO-Sustainable Finance Network



THE COALITION OF FINANCE MINISTERS FOR CLIMATE ACTION

HELSINKI PRINCIPLES

These fora provide innovative ideas to mainstream sustainable finance

*FC4S is the global leadership group of financial centres working on green and sustainable finance*

- **Objective:** “Enable financial centres to exchange experience, drive convergence, and take action on shared priorities to accelerate the expansion of green and sustainable finance”
- **Members:** 28 member financial centres, representing \$55tnUSD in domestic equity market cap (70% global equities)
- **Structure:** Partnership between financial centres and United Nations Environment Programme (UNEP) – secretariat based in Geneva
- **Coverage:** Europe, Asia, Africa and the Americas
- **Funding:** supported by governments seeking to promote sustainable finance, as well as foundations and private sector, and membership fees

## WHY FOCUS ON FINANCIAL CENTRES?

1. **Harnessing Cluster Effect:** concentration of financial institutions, service providers, market infrastructure, public finance and regulation.
2. **Driving Competitiveness:** Sustainability becoming a key factor in financial centres competitiveness – new opportunities & risks.
3. **Supporting Policy Goals:** Governments need financial centres to mobilize capital towards sustainable development & climate goals.
4. **Serving the Real Economy:** Sustainable finance creates ways for financial centres to serve needs of a real economy in transition.

*100+ major financial centres around the world –*

*Where the supply and demand of sustainable finance meet*

*– critical for meeting the \$90tn by 2030*



*“Sustainable finance is fundamental to achieve sustainability and climate goals... We recognise the commitments made by financial centres and the potential for these to be furthered through international cooperation...”*



Abu Dhabi



Astana



Barcelona



Beijing



Cairo



Casablanca



Dublin



Frankfurt



Geneva



Guernsey



Hong Kong



Lagos



London



Luxembourg



Liechtenstein



Milan



Nairobi



New York



Paris



Seoul



Shanghai



Shenzhen



Stockholm



Tokyo



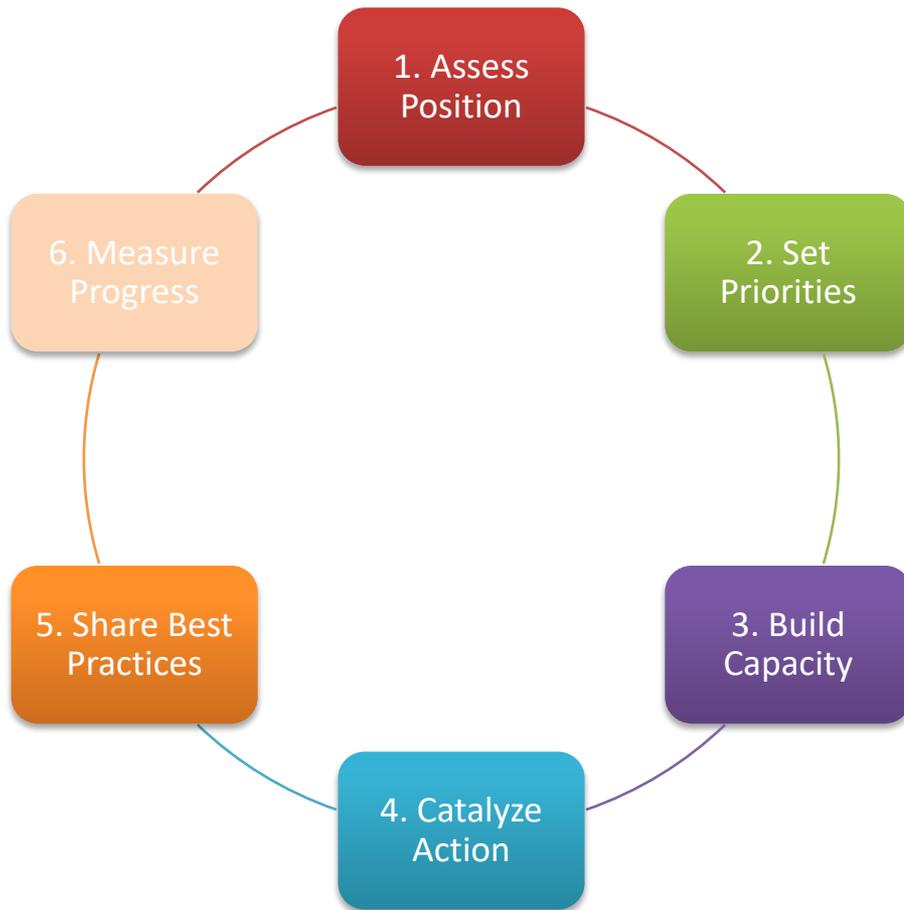
Toronto



Zurich



**Six-step Model:** develop a shared vision for sustainable finance, identify points of competitiveness, forge cross-sectoral linkages, fill market gaps, and build connectivity towards full alignment with the Paris Agreement



# FC4S Member Profiles

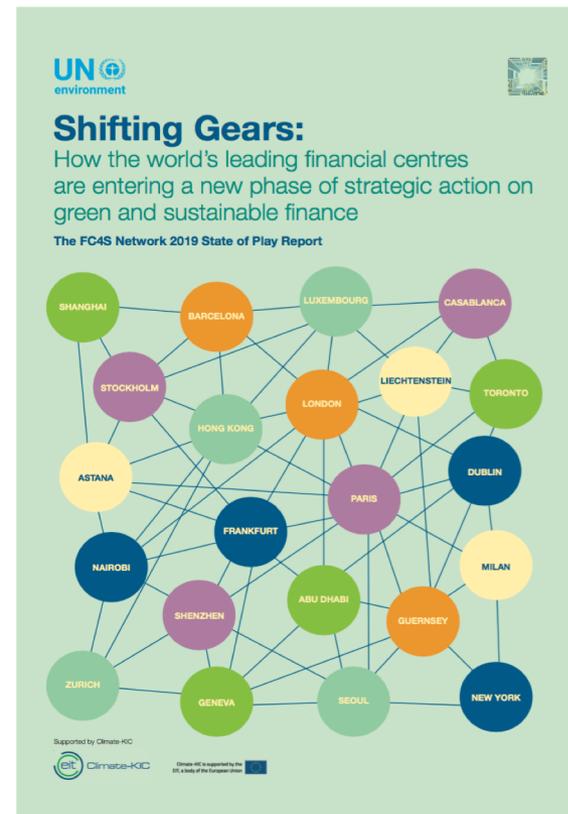
How are financial centres taking action?



**State of Play Report:** How financial centres are mobilizing expertise, connectivity and capital to solve sustainability challenges...

## Ten Key Takeaways

1. A new form of public private partnership
2. Overcoming barriers to growth
3. Going beyond climate
4. Policy innovation is a key driver
5. A diversity of financial instruments
6. Sector evolution varies
7. Professional services are growing rapidly
8. Priorities for future action
9. Focus on innovation
10. Increasing International Collaboration



Content:

Executive Summary

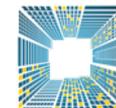


FC4S member profiles



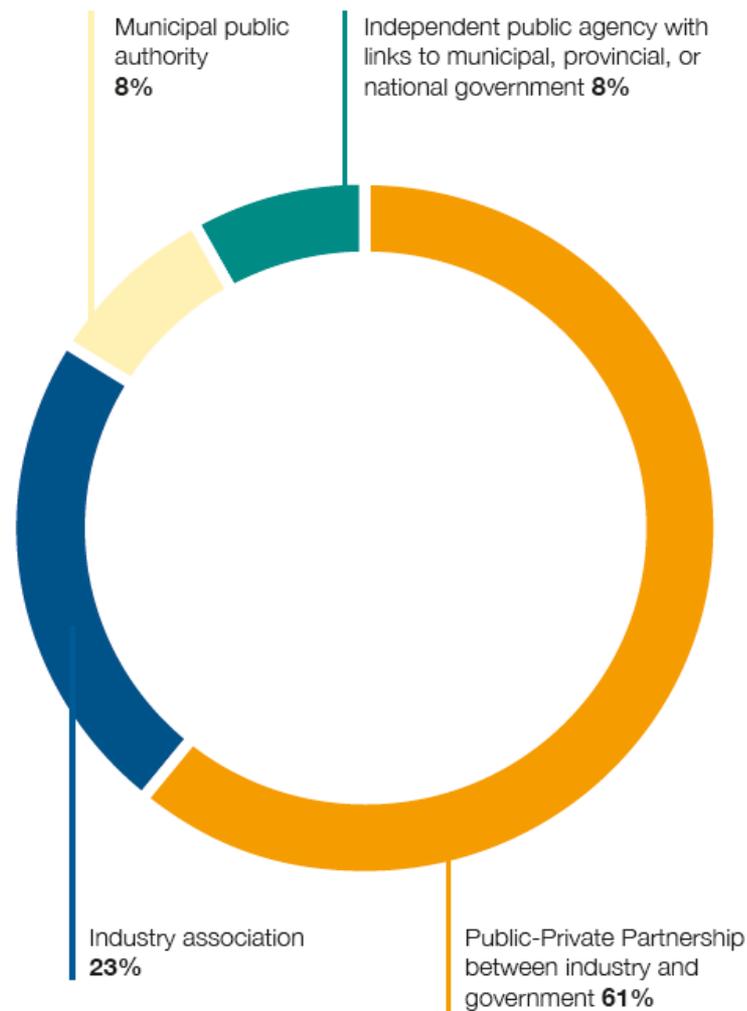
Quantitative analyses





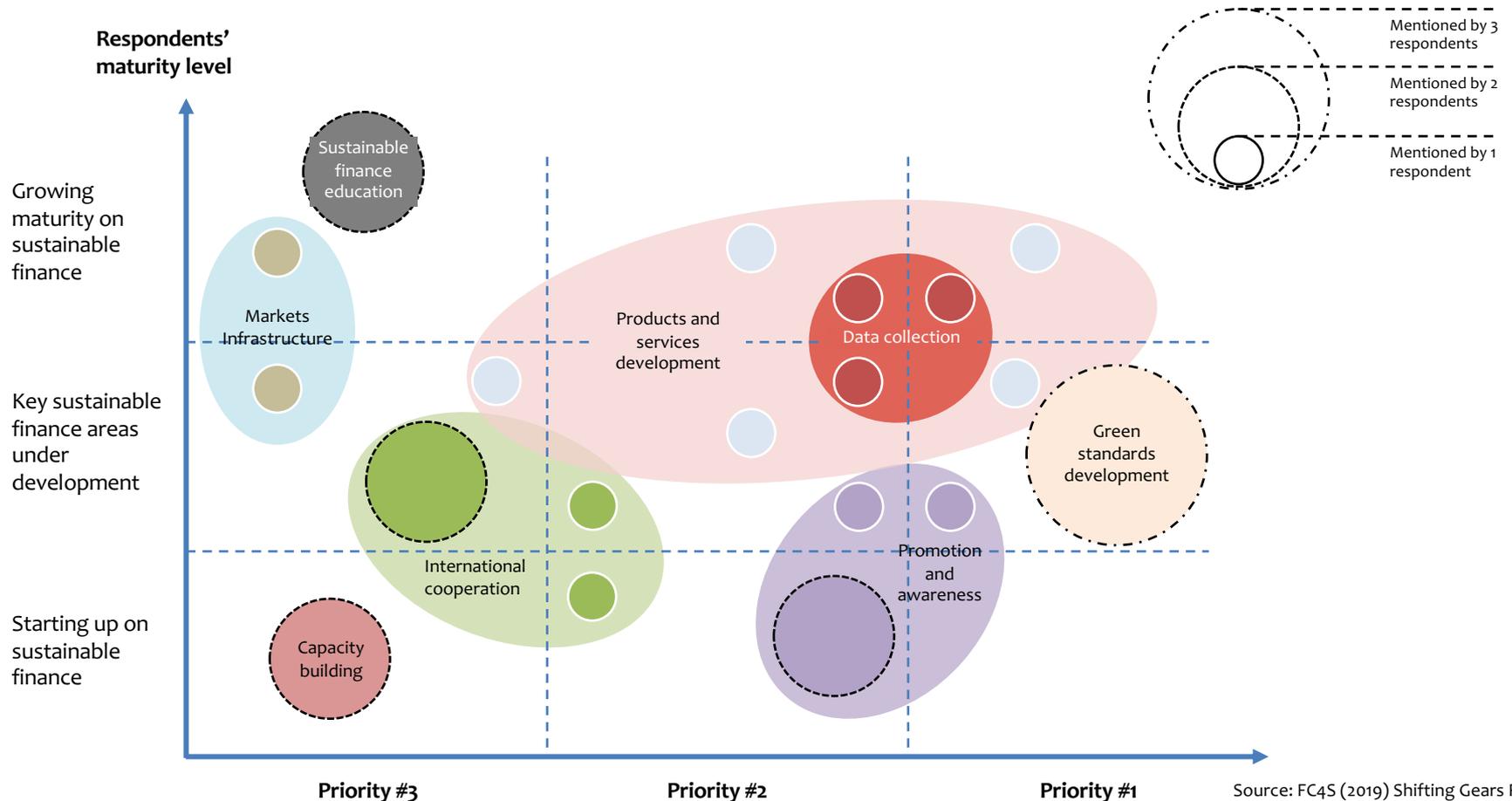
- **Range of models:** Initiatives on green and sustainable finance are quite diverse – re: structures, governance, stakeholders involved
- **Public-Private Partnership:** Majority of initiatives are PPPs, different in terms of ‘anchor’ institutions & policy links
- **Financial Sector Stakeholders:**
  - Public entities (77%)
  - Banks (69%)
  - Insurers, Asset Managers (62%)
  - Service providers (46%)
- **Related Entities**
  - Sector Associations
  - Academia, NGOs, etc.

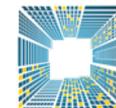
Figure 2: Respondents' Institutional Models





- **Securing the Foundations:** promotion & awareness, capacity building, data collection, market infrastructure
- **Catalyzing Growth:** development of new products and services, driving coherence, building international connectivity





[Finance for Tomorrow](#) (FFT): Launched in June 2017, with the aim of driving green and sustainable finance a key force in the Paris Financial Centre, 60 members

**Structure:** Specialised entity hosted within Paris EUROPLACE, with Bureau (board), Plenary committee (open to all members)

**Working Groups:** Permanent Policy Commission, Communication and Promotion, Research group, Education/training, Fintech for green, New Financial Tools, Climate Risk and Methodologies, Sustainable, green and social bonds network, Financial Impact and Natural Capital network

**French domestic policy:** closely engaged with the public policy apparatus pertaining to sustainable finance in France, including the French Treasury, Banque de France, the French supervisory authority, and other entities.

**Partnerships:** founding member of FC4S, engages bilaterally with several centres.

**Events & Other Activities:** Host of annual Climate Finance Day event in Paris (Q4)

# **FC4S ACTION in 2019**

Achievements in Q1/Q2

**FC4S Assessment Programme:**

Revision and Refinement

**Training & Capacity Building:**

resources for practitioners

**Policy Engagement:**

National & Regional Levels

**Collaborative Projects:**

Real Economy Lab, Fintech

**Advisory for members:**

Strategy development & implementation

**Regional Action:**

FC4S Africa, Asia & Europe

- FC4S Secretariat works with new and existing members to help develop strategies on green and sustainable finance
- Drawing on findings from Assessment Programme – and employing six-step model
  - **Developing the business:** quantum of additional financing opportunities arising from smooth transition to low-carbon, climate-resilient economy
  - **Assessing competitive advantages:** building on strengths, identifying market gaps
  - **Defining the value-add:** suite of interventions, projects, or other activities necessary to catalyse action
  - **Supporting implementation:** creating time-bound action plans, facilitating peer knowledge transfer, brokering partnerships
- Examples: Barcelona, Cairo, Edinburgh, Mexico City, etc.

## POLICY ENGAGEMENT: EUROPE

- **Policy focus:** Working with European Commission DG-FISMA to strengthen role of financial centres, in support of implementation of Action Plan on Sustainable Finance & work of TEG (incl. taxonomy)
- **Delivering insights:** FC4S expert meeting on how fintech solutions could be applied to accelerate sustainable finance in Europe – linking sustainable finance & fintech files
- **New Partnership:** FC4S Network named a partner for the European Commission’s proposed government partnership on sustainable finance (alongside NGFS)
- **Regional Platform:** engaging Europe’s 30+ financial centres to finance sustainable development at municipal, national, and regional levels

*Supported by EU-EIT CKIC funding – EUR2.4m over three years*

**Valdis Dombrovskis, Vice President, European Commission:** “I welcome the report of the UN FC4S Network, which for the first time assesses the contribution of financial centres to sustainable development. We need to coordinate an international approach to sustainable finance that avoids fragmentation and greenwashing.”

# THANK YOU!

[Stephen.nolan@un.org](mailto:Stephen.nolan@un.org)

[www.fc4s.org](http://www.fc4s.org)

@FC4SNetwork