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**Financing the Future**

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This audience is exactly what I want to see, environmentalist and financial people working together for the same agenda, on how to bring sustainable and green finance forward. Let's be honest: environmentalists are experts on how the environment works, but sometimes they don't really understand how the economy works; on the other hand, the financial community understands very well how the economy works and the financial risks but sometimes it is not so good in taking into account the environmental risks or the climate risks. What we need is to bring these two communities together and see what we can jointly achieve, because separately we can achieve a lot less than together. I want to tell you one of the lessons learnt in my last ten years in environmental politics, attending to climate change conferences since Bali in 2007: in all these conferences action to fight climate change was intended as a cost. Since the cost was so high, each country tried to pass the bill to others. An enormous shift of paradigm took place from Copenhagen to Paris in 2015, by considering climate change action as an enormous business opportunity rather than a cost only, particularly in terms of jobs and quality of work, by increasing income while providing a better future to humanity. I want to make a few examples of such opportunities.

Google, that is the major company in the world, will become one hundred percent renewable in 2017. Walmart announced to reduce emissions for an equivalent of 220 million private cars. Obviously, notwithstanding the policy uncertainty coming from the White House on the issue of climate change, it is important that the private sector continues its move towards renewable energy. Today in the USA photovoltaic industry provides many more jobs than coal industry and even than the combined fossil fuel industries. Unilever and Nestlé, two of the biggest companies in Europe, has moved far ahead on green transformation than governments. Unilever for example says that every single department of their business should pass a sustainability test, otherwise it must change. It is a very brave statement; no Government has made anything like that, even the most progressive ones. French company Total said that it will become one of the three major solar companies in the world within 2030, a very ambitious target for a fossil fuel company. And they also say “we will not drill in the Arctic to expand our business, since we believe that climate science is real”, a position that is more ahead than my own government, Norway. Coming to China, the city of Chen Chen, that has the same population of Belgium, announced that this year its taxi fleet will

become electric. Many more other examples, in other parts of the world, can be made regarding climate change action as an economic opportunity and not as a cost.

At the core of these opportunities is finance. Since private investment in the world amount to about 20 thousand billion USD and development AID in the world is only 150 billion USD in 2017, there is no doubt on where we should focus our attention and that's the why we discuss about green finance.

Let me thank the people that are behind this event.

The Environment Minister Galletti, who is economist as profession, for his leadership in kick-starting the Italy's national dialogue on sustainable finance, whose results we are launching today. I would also like to thank Mr. Signorini of Banca d'Italia, who has been a big driver for this Agenda, and of course my colleagues of OECD, and the Minister of Finance Mr. Padoan for his commitment on the issue of green finance. They all succeeded in bringing together the environmentalist, the financial people and the regulators. Many congratulations to Italy for doing that.

But you are part of a much wider and global momentum. Italy is one of the leaders but it is not alone. The United Nations promote initiatives towards a sustainable finance since many years. Two weeks ago we have brought together insurance companies into a voluntary guideline initiative for insurance industry. Three major Italian companies, Generali, Intesa SanPaolo and Unicredit are part of the National Dialogue for a Sustainable Finance. Borsa Italiana and Banca d'Italia participated as well, the former also by making a study on the financial risks of flooding, because any company that is exposed to the risks of flooding, draught, and other climate change effects should register this risks and report them to the financial community in the same way they register other types of financial risks.

So there is a global momentum, within that there is an Italian momentum.

Let me set four main challenges in this space.

First, we need to launch **green financial policies**. China president Xi Jinping has firstly taken the drive of this change. Chinese are moving fast on green finance. Under the Chinese G20 presidency last year, G20 finance ministers and central banks looked at green finance for the first time and the Hangzhou Summit declaration uplifted green finance to a level that has never been. I'm very proud that UN Environment has supported this shift. Following the Chinese leadership, Europe should now support this process. Under the new G20 Presidency Germany will focus attention on disclosure, particularly on exposure of companies to environmental risks: how they should be disclosed to the stock exchanges regulators, to the market and to the public, so that people can choose better when investing in a company. Italy through the G7 Presidency, and Germany through the G20 Presidency, are working together on green finance, and let me say that one of the topic to approach is the role of Small and Medium Size Companies (SMEs). SMEs play an important role in Italy's economy structure, providing jobs and stimulating innovation. The issue here is how we can assist SMEs in going green through green finance.

Second: we need to promote **Green Financial Centres**. Not all capitals of the world are financial centres. I'm very glad that Luxembourg is here. Another important financial centre is London, that worked with the Bank of England Governor and with the Chinese G20 presidency to raise sustainable finance in the Agenda. London and Paris financial centres launched green platforms very recently. Other examples are Casablanca, Hong Kong and Stockholm initiatives. May I suggest that Milan, as the major financial centre of Italy can take the lead and work with the other green financial centres to see how they can jointly move ahead on green finance involving the Americans and all the others.

Third element, the **green bonds**. There is a huge surge of this financial instrument. Even if it involves a small part of the economy it is rapidly growing. In the last year the green bond

market has grown by 81 billion USD in the world, 5 billion in Italy. France just launched green bonds. United Nation Environment is now working with Nigeria and other States in setting up green bonds. There is the need of new regulatory approaches, may be not mandatory, to promote best practice and international guidelines, because otherwise people can be confused on different claims of green instruments.

Fourth: **Fintech.** The Digital Finance market is rapidly expanding. I think few of us know how fast are we moving from a traditional financial system made of banks and insurance companies to a system where digital finance companies are the leaders. Those financial companies that do not take into account the fintech opportunities will lose. UN Environment has just partnered with ANT financial, the biggest fintech company in the world that is also part of the Chinese Baba Group. In fact, ANT financial has a smart phone payment platform of 450 million users called Alipay and it recently launched a ‘green energy’ app enabling individuals to voluntarily monitor the carbon footprint of everyday life actions, for example by using an electric vehicle, and compare them among individuals. Individuals can accumulate points that can be used to grow a virtual tree and can eventually be converted into a real tree, for example in Mongolia, when a certain amount of energy is saved. The point is the outreach of this app, which can count on much more users every day that are more than Norway population.

This is why this year at the World Economic Forum in Davos, UN Environment established the Green Digital Finance Alliance together with China’s ANT Financial and other Indian companies, but the Alliance is open to any other digital company.

To sum up, this event highlighted many initiatives we can jointly make to green the financial markets. Also the European Commission is eager to show commitments on this issue. At the global level, Italy is member of the UN Security Council and has now the G7 Presidency, so Italy has an unique opportunity to show its leadership.

Thank you and happy to be with you.