



Inquiry: Design of a
Sustainable Financial System



UN Environment Programme INQUIRY

**ANNUAL
OVERVIEW
2019**

December 2019

UN Environment Programme Inquiry

The Inquiry into the Design of a Sustainable Financial System has been initiated by the United Nations Environment Programme (UN Environment Programme) to advance policy options to improve the financial system's effectiveness in mobilizing capital towards a green and inclusive economy—in other words, sustainable development. Established in January 2014, it published the first edition of 'The Financial System We Need' in October 2015, with the second edition launched in October 2016. The Inquiry has worked in 20 countries and produced a wide array of briefings and reports on sustainable finance.

More information on the Inquiry is at: www.unepinquiry.org or from: Ms. Mahenau Agha, Director mahenau.gha@un.org or Mr. Nader Rahman, Head of Communications nader.rahman@un.org.

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INTRODUCTION



For the last five years, the Inquiry has been delving into the conditions to best lay the groundwork for a sustainable financial system. We have worked to advance policy options to improve the financial system's effectiveness in mobilizing capital towards a green and inclusive economy. 2019 was the year we started to turn the theory of inquiring into the praxis of implementing.

This move towards implementing is best expressed in our country work. In Nigeria the Inquiry is working towards reviewing the level of exposure to “green/brown lending” and providing strategic recommendations for the development of financial products. This work will directly assist the facilitation of green bond issuance from key sectors while also increasing finance flows to critical green infrastructure projects. Nigeria is just one of the six countries we have worked with in 2019, with the others being China, India, Kazakhstan, Mexico and Mongolia.

2019 has been a year where UNEP-led international platforms have flourished. The Financial Centres for Sustainability (FC4S) network and the Sustainable Insurance Forum (SIF) have expanded both the scope and scale of their work and also added new members.

In 2019, FC4S added nine new members to take its total membership to 30. The global scale of its vision is best represented by the regional variety of the new members, who all believe in driving convergence, exchanging experiences, and acting on shared priorities to accelerate the expansion of green and sustainable finance.

In 2019, the SIF continued to advance its work on climate change risks and also conducted the world's first coordinated regulatory survey on Task Force on Climate-related Financial Disclosures (TCFD) implementation in the financial sector. New members from Canada, Egypt, the United States, New Zealand and Ireland also joined the network.

This report highlights the Inquiry's work in 2019, including activities with countries that are incorporating sustainability into their financial architecture, and international collaboration with bodies such as the Network for Greening the Financial System (NGFS) and the Coalition of Finance Ministers for Climate Action (FMCo).



Action is accelerating on the environmental challenges threatening humanity's future, from climate change to the erosion of nature. Many transformative plans are being put in place to create zero-carbon, biodiversity friendly societies and economies. But these plans cannot come to fruition without the full and unequivocal backing of the global financial system. The UN Environment Programme Inquiry's engagement with policymakers, regulators, financial centres and many other key players – highlighted in this report – is crucial to creating the sustainable financial system we need.”

Inger Andersen
Executive Director
UN Environment Programme



1. COUNTRY ENGAGEMENT

The Sustainable Development Goals (SDGs) and the ambitions underlying Agenda 2030 and the Paris Agreement require changes to the financial system to secure an effective redeployment of private and public financial flows.

With that in mind the Inquiry is working with six countries that are keen to advance ambitious national sustainable finance agendas. Four of these countries (China, Kazakhstan, Mongolia and Nigeria) have pre-existing partial Roadmaps and two (India, Mexico) have pre-existing initiatives that will be scaled up.

For the past five years the Inquiry has lived up to its name as a project that has researched and ‘inquired’ about advancing policy options to improve the financial system’s effectiveness in mobilizing capital towards a green and inclusive economy. The Inquiry’s country work firmly takes the next logical step as it moves from the theory of inquiring to the praxis of delivering.

▶ CHINA

The Inquiry is developing a detailed report on the actions taken in China to green the banking sector (regulators and banks) particularly looking to understand the different measures in place (governance and architecture) along the data value chain to facilitate the proper use of environmental data by financial institutions. The report will also provide recommendations on key strategic interventions that can be made across the environmental data supply chain to improve environmental data use in financial decision-making. The Inquiry’s national research partner is currently identifying key stakeholders in the financial system, which will be followed by the launch of a survey that will form the basis of the report.

▶ INDIA

In India, the Inquiry will review the needs of Indian small and medium-sized enterprises (SMEs) for different types of green and sustainable finance along the enterprise life cycle and develop a range of options for India’s financial regulators to assess. These options could drive a two-way integration of the SME financing dimension in sustainability policies and the sustainability dimension in SME financing policies. The work is being undertaken with a national partner.

▶ KAZAKHSTAN

Work is being undertaken to support Kazakhstan in its ambitious targets set out in its Green Economy Concept (GEC) and intended nationally determined contribution (INDC) under the Paris Agreement, through the mobilization of sufficient volumes of domestic and international green finance. The Inquiry is partnering with UNDP and the IFC in Kazakhstan.

▶ MEXICO

The country work includes compiling ongoing public and private activities that showcase how environmental data is considered along the financial supply chain, while also understanding how disruptive innovations (AI, big data business models) are leveraged. In addition, support is provided to the Central Bank of Mexico (Banxico) in deploying a questionnaire to understand how financial institutions in Mexico integrate environmental considerations in financial decision-making. The analysis and synthesis of the data obtained through the questionnaire will be done in collaboration with Banxico in the drafting of its first stocktaking report on green finance that is being finalized. A high-level meeting with the Governor, and CEOs from approximately 40 banks to launch the report is scheduled for Q1 2020.

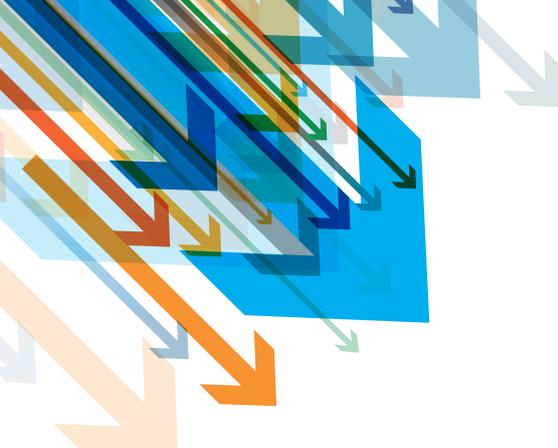
▶ MONGOLIA

The country activities support the design and implementation of the Mongolia Sustainable Stock Exchanges Initiative, including the development of ESG listing rules, reporting guidelines and templates, as well as capacity development activities for the stock exchange, relevant financial regulators, listed companies, and other key stakeholders. The Inquiry works closely with the Mongolian Stock Exchange (MSE), the Financial Regulatory Commission, the Ministry of Environment and Tourism (MET), the Sustainable Stock Exchanges Initiative, listed companies, industry associations, and other international organizations working in the area of sustainable finance such as IFC and GGGI. The aim is to introduce sustainability practices in the Mongolian financial sector and to provide practical guidance and support to MSE and relevant stakeholders. Research is being carried out, which will eventually lead to policy recommendations.

▶ NIGERIA

The Inquiry's country work in Nigeria, undertaken with the securities regulator, will assist financial institutions to increase the portfolio of financial products focused on combating the adverse effects of climate change. The Inquiry will also develop a reporting framework under which all financial institutions can report in a homogeneous manner and develop a monitoring and reporting mechanism (MR) as a transparency tool required to inform regulators. The Inquiry will review the level of exposure to "green/brown lending" based on already established taxonomy and provide strategic recommendations for the development of financial products. This work will provide valuable data on the portfolios of green/climate loans that could be packaged as green bonds or green asset-backed securities. It will also promote international best practices in data collection and screening of portfolios (debt/loan) while also increasing market transparency on the flows of finance to green/climate/sustainable assets and products. It will also work towards facilitating green bond issuance from key sectors and increasing finance flows to critical green infrastructure projects.





2. UNEP-LED INTERNATIONAL PLATFORMS

FINANCIAL CENTRES FOR SUSTAINABILITY (FC4S)

The Financial Centres for Sustainability (FC4S) network moved from strength to strength in 2019 as it added new members from Africa, the Americas, Asia and Europe while also publishing a report, which for the first time measured the contribution of financial centres to sustainable development and the ongoing low-carbon transition. The FC4S was launched in September 2017, at a meeting co-hosted by the Casablanca Finance City Authority and the United Nations Environment Programme, in association with Italy's Ministry of the Environment and Morocco's presidency of the COP22 climate conference. In two years, its membership has grown from the original 11 members (Astana, Casablanca, Dublin, Hong Kong, London, Luxembourg, Milan, Paris, Qatar, Shanghai and Stockholm) to 30, accounting for US\$61.3 trillion in equity market capitalization and representing 80% of global equity markets.

In October 2019, the FC4S Annual General Meeting (AGM) reaffirmed the value of the Network in providing a platform for members to exchange experiences, drive convergence, and act on shared priorities to accelerate the expansion of green and sustainable finance.

Underpinning the Network's growth and building on 2019's policy and regulatory engagement efforts, FC4S will work in partnership with the European Commission across Q1 2020 to undertake a deep dive into the sustainable finance innovation agenda within large European-located financial institutions.

With the Network now reaching a critical mass, it is ready to play an important role in the global sustainable finance agenda – not least by supporting Network members to fully align themselves with the Paris Agreement and the SDGs.



IN TWO YEARS, ITS MEMBERSHIP HAS GROWN FROM THE ORIGINAL **11 MEMBERS** (ASTANA, CASABLANCA, DUBLIN, HONG KONG, LONDON, LUXEMBOURG, MILAN, PARIS, QATAR, SHANGHAI AND STOCKHOLM) TO 30, ACCOUNTING FOR **US\$61.3 TRILLION** IN EQUITY MARKET CAPITALIZATION AND REPRESENTING **80% OF GLOBAL EQUITY MARKETS**.

NEW MEMBERS IN 2019



▶ NAIROBI

On 14 March 2019 Nairobi joined FC4S; the announcement was made on that day during the One Planet Summit, a key gathering of nations and leaders to discuss climate change and its solutions. The summit included representatives of the finance and business sectors, local governments, civil society, and youth. Recognizing that a dramatic acceleration in climate financing is required, it tackled two main issues: promoting renewable energy and fostering resilience, adaptation and biodiversity.

French President Emmanuel Macron and Kenyan President Uhuru Kenyatta also spoke at the summit.

“Green and Sustainable Finance is critical to the attainment of Kenya’s national strategic blueprint Vision 2030 and the Big 4 Agenda. We are delighted that the Nairobi International Financial Centre Authority has joined the FC4S Network. This demonstrates our commitment to further developing and promoting green and sustainable finance.”

Albert Mwenda, Director General, Budget Fiscal & Economic Affairs/National Treasury.

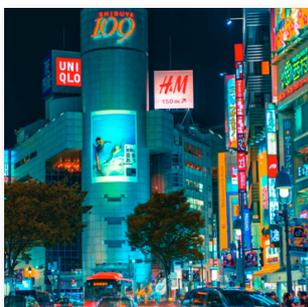


▶ LAGOS

On 29 May 2019 Lagos joined FC4S as its third African member after Casablanca and Nairobi, the first in West Africa. Lagos’ stock exchanges have over 860 listed securities, valued at more than US\$360 billion. The UN Environment Programme assisted Nigeria with the design and launch of a sovereign green bond in 2018, the first in a developing country. This led to the UN Environment Programme working with the financial community in helping Nigeria draw up a Sustainable Finance Roadmap.

“The adverse effects of climate change globally cannot be overemphasized. I am confident that the establishment of the Lagos Financial Centre for Sustainability will contribute significantly to Lagos State’s push to attract sustainable private capital that will complement public resources to address infrastructure and social challenges and enhance climate change mitigation.”

Babajide Sanwo-Olu, Executive Governor, Lagos State.



▶ TOKYO

The Tokyo Metropolitan Government (TMG), the municipal government authority of one of the world’s largest urban areas, officially joined FC4S in June 2019. As one of the world’s largest financial centres Tokyo hosts most major international banks, insurers and the world’s largest institutional investor, the US\$1.5 trillion Government Pension Investment Fund. Over the past two years, the TMG has undertaken a strategic process to strengthen its international financial centre – and now, it is

seeking to make sustainable finance a key pillar of its competitiveness.

“As a leading regional and global financial centre, Tokyo is mindful of the importance of the sustainable finance agenda. Not least to finance Japan’s transition to a low-carbon economy and put Japanese capital to work supporting the low-carbon transition of our region and further afield.”

Yuriko Koike, Governor of Tokyo.





▶ BEIJING

Beijing joined the FC4S network on 5 June 2019. The Beijing Green Finance Association (BGFA) is seeking to position Beijing as an international green finance centre. The city is planning to launch a number of critical initiatives, including the establishment of the Beijing Green Development Fund, the China-UK Green Technology Innovation Fund, and a Green Assets Exchange. Beijing joined the network on World Environment Day, which in 2019 was themed around the fight against air pollution. The Beijing air pollution crisis in 2013, which led the city and the government to launch a series of efforts to improve air quality and protect human health, helped to spark the growth of green finance as a way to deal with environmental issues.

“We are thrilled to announce that Beijing has joined the FC4S. As the political, economic, and cultural centre of China, Beijing has the advantage of direct policy support, robust financial resources, and strong human capital to support the expansion of green and sustainable financial markets.”

Ma Jun, President of Beijing Green Finance Association.



▶ CAIRO

On 26 June 2019 Cairo joined FC4S as the second member from the Arab-speaking world after Abu Dhabi. The city is the key financial centre in Egypt and regionally. The Egyptian stock exchange has long been a pioneer in sustainable finance, while Finance Minister Mohamed Maait earlier this year told Bloomberg that up to US\$500 million worth of green bonds – a first for the country – are in the works.

“Cairo’s entry into the ranks of financial centres is an important step in ensuring a sustainable future for our country and in contributing to a gradual transition of our economy to a green and circular model.”

Mohammed Omran, Chair of Egypt’s Financial Regulatory Authority.



▶ MADRID

Madrid joined FC4S in July 2019. The Spanish city will be represented by the Centre for Responsible and Sustainable Finance in Spain (FINRESP) – a joint initiative of the main associations of the Spanish financial sector: banks, insurance companies and investment funds. FINRESP’s main goal is to promote the necessary financing to achieve the sustainable development of the Spanish economy, with a special focus on SMEs.

“We want to learn from the experiences developed in other countries and implement joint initiatives that can help companies comply with climate imperatives, be more aware of the importance of respecting the environment and support the need for a fairer and more sustainable economy.”

José María Roldán, President of the Spanish Banking Association.



▶ MEXICO

Mexico's Green Finance Advisory Board (CCFV) joined FC4S in July 2019 as it looks to turn the Latin American nation into a regional green finance powerhouse. In 2017, Mexico City placed its first green bond, becoming the first Latin American city to obtain financing through this instrument. There have been other important advances and key signals to the market around green finance. By December 2018, 51 institutional investors – who jointly manage US\$237 billion in assets, declared themselves in favour of the disclosure of ESG information in cooperation with the CCFV.

“We are excited to have the opportunity to be part of the FC4S, and to work alongside them to reach our common goal to become a greener and more transparent financial system. We are enthusiastic to become greener, because we know greener means challenging the status quo, while following global standards to improve every day.”

Luis Sebastián Sayeg Seade, co-President of the CCFV and head of pension fund Afore Banamex.



▶ ABIDJAN

In September 2019, Abidjan became the 29th centre to join FC4S. Abidjan is the leading financial hub for the eight countries of the West African Economic and Monetary Union. Abidjan will be represented by the soon-to-be-launched Abidjan International Financial City. In the meantime, it is represented by the Ministry of Finance. Their ambition is supported by a high-level public-private working group, which is currently working on the sustainable finance roadmap for the country.



▶ LISBON

Created in March 2019, the Portuguese Think Tank on Sustainable Finance, coordinated by the Ministry of the Environment and Energy Transition and including leading capital market trade associations, became the 30th member to join the FC4S network in September 2019. It follows a roadmap for Carbon Neutrality in 2050 published by Portugal in July 2019, which identifies the role the financial sector has to play as well the investments needed to decarbonize the economy by 2050.



SHIFTING GEARS REPORT

In 2019 FC4S published a report a report titled *Shifting Gears*, which for the first time measured the contribution of financial centres to sustainable development and the ongoing low-carbon transition. The 2019 report also identified key challenges facing this growing sector. This report presents the first findings from an in-depth assessment of actions in 13 FC4S members across Africa, the Americas, Asia and Europe. The assessment reveals 10 key insights on how financial centres are mobilizing their expertise, connectivity and capital to help solve some of the world's toughest financing challenges.

Read the report here: <https://www.fc4s.org/shifting-gears>



GREEN BONDS – A KEY TOOL FOR FINANCIAL CENTRE COMPETITIVENESS: LESSONS FROM EUROPE

The Climate Bonds Initiative and the UN Environment Programme's Financial Centres for Sustainability (FC4S) network released the "Green Bonds – a key tool for financial centre competitiveness: Lessons from Europe" briefing paper. It analyses the recent experience of European financial centres around green bonds growth, and provides insights on how green finance can be leveraged as a core pillar of sustainable financial centres.

Read the report here: <https://www.climatebonds.net/resources/reports/green-bonds-key-tool-4-financial-centre-competitiveness-lessons-from-europe>

SUSTAINABLE INSURANCE FORUM (SIF)

The SIF is a network of leading insurance supervisors and regulators seeking to strengthen their understanding of and responses to sustainability issues for the business of insurance. It is a global platform for knowledge-sharing, research and collective action. The SIF works closely with the International Association of Insurance Supervisors (IAIS), delivering collaborative projects and research on climate change issues.

In 2019, the SIF advanced its work on climate change risks, following from the release of the landmark SIF/IAIS Joint Issues Paper on Climate Change Risks in June 2018. This work has included conducting the world's first coordinated regulatory survey on TCFD implementation in the financial sector, developing two research papers on emerging risk assessment methodologies (including stress testing) and supporting members in the application of supervisory tools to examine climate risk exposures.

NEW MEMBERS AND SIF6, SIF7 MEETING UPDATES

The SIF meets alongside the biannual meetings of the IAIS, in order to ensure close connectivity to the strategic decision-making of the IAIS, and to reduce travel burden for members. The Sixth meeting of the SIF was held in June 2019 in Buenos Aires, alongside the IAIS Global Seminar. This meeting was focused on review of the analysis and content relating to TCFD practices, setting the work programme for H2 2019. The Seventh meeting of the SIF was held alongside the IAIS Annual Conference in Abu Dhabi. This meeting was focused on developing a clear strategy for the SIF's next phase of work, and action plan for 2020 – including the development of global guidance for insurance supervisors on the integration of climate risks into frameworks and strategies.

Over the course of 2019 (to date), five new jurisdictions have joined the SIF as members:

- **Canada:** Office of the Superintendent of Financial Institutions (OSFI)
- **Egypt:** Financial Regulatory Authority (FRA)
- **Ireland:** Central Bank of Ireland (CBI)
- **New Zealand:** Reserve Bank of New Zealand (RBNZ)
- **United States:** New York State Department of Financial Services (NYDFS)



GLOBAL SURVEY ON TCFD IMPLEMENTATION

During Q1 and Q2 2019, SIF members implemented a coordinated global survey on TCFD implementation by insurers in their markets. The objective of this survey was to assess levels of awareness, understanding, and action relating to the TCFD Recommendations by insurers. Gathering responses from nearly 1,200 insurers, this was the world's broadest effort to date to explore how insurance firms are responding to climate risks.

SIF/IAIS ISSUES PAPER ON TCFD IMPLEMENTATION

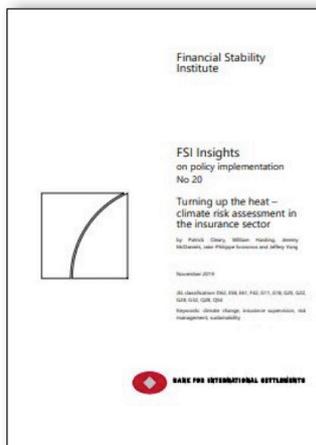
As a follow-up to the 2018 Issues Paper and recognizing the important role of the TCFD Recommendations in establishing a framework for climate risk-related disclosures for the insurance sector, the SIF and IAIS agreed to develop this Issues Paper. This paper will provide an overview of practices that supervisors have considered in the development of climate-related disclosure requirements within their markets. This paper draws on the results of a SIF survey on implementation of the TCFD Recommendations and Guidance, which was conducted during the first half of 2019. Case studies submitted by SIF members support the formulation of options for supervisors and are included as an Annex. The paper also benefited from stakeholder input received during a workshop coordinated by the SIF and the IAIS, which took place in Zurich in September 2019. The paper is currently under review by IAIS Committees and will be released for public consultation in December 2019, leading to publication in February 2020.

MAINSTREAMING CLIMATE RISKS IN SUPERVISORY PRACTICES

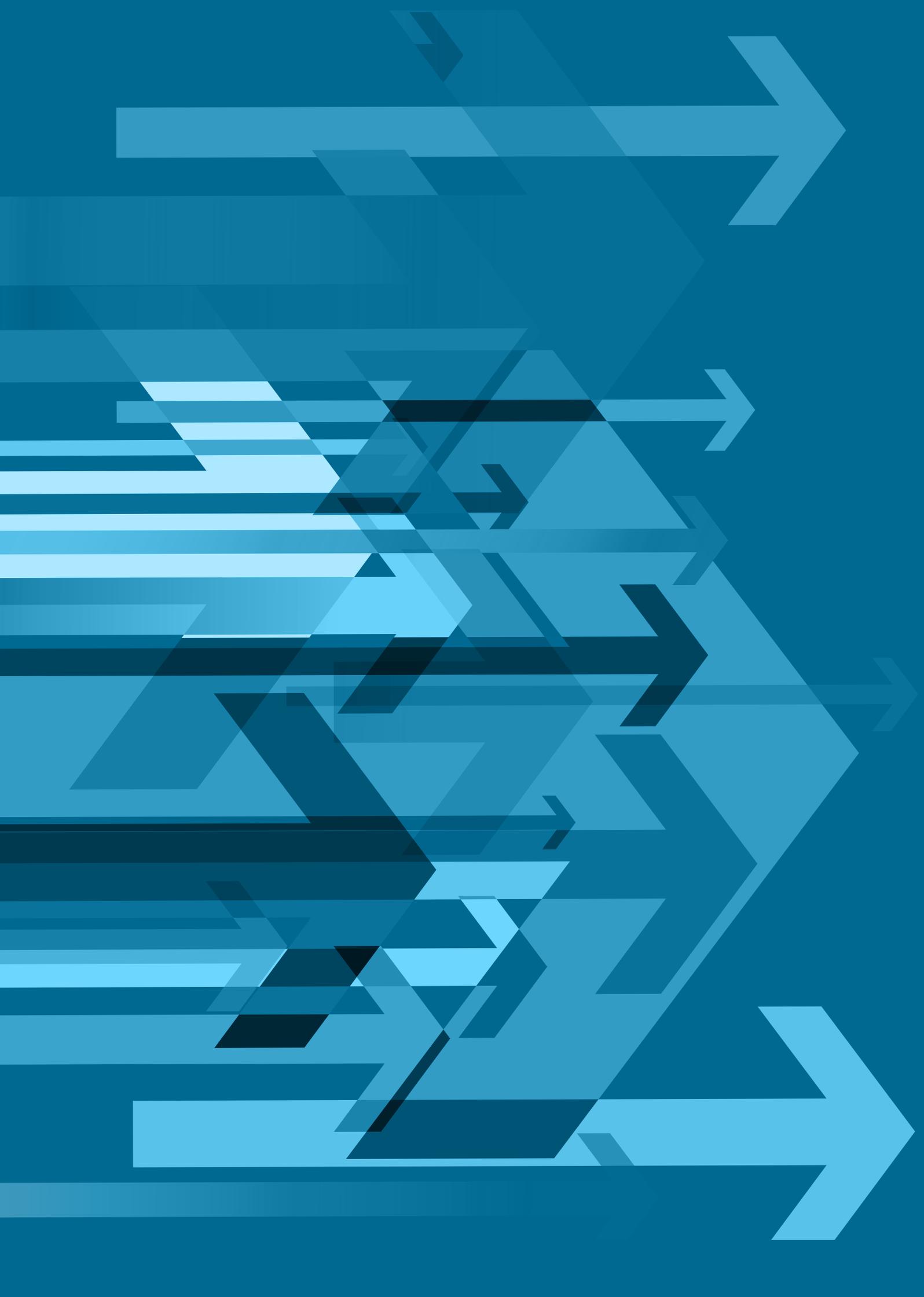
Following from work in 2018, SIF members are now applying a Question Bank to strengthen the examination of how regulated entities are responding to climate change risks and opportunities. The Question Bank provides a framework and example questions which supervisors can adapt for use in their own jurisdictions. The SIF is also engaging with the NGFS to explore how the Question Bank could be applied to other sectors (such as banking).

RESEARCH ON STRESS TESTING

The SIF worked with the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) to develop an FSI Insights paper on insurance stress testing and climate change risks. The main objectives of this FSI Insights Paper are to: compare risk quantification requirements that insurance regulators impose on insurers in relation to climate change risks; and to review how insurance supervisors quantify such risks themselves. This paper was published in November 2019.



Read the paper here: <https://www.bis.org/fsi/publ/insights20.htm>





3. INTERNATIONAL PLATFORMS

International cooperation is key to informing national and international financial market development and to scaling up the alignment of the financial system with sustainable development. As the momentum around sustainable finance increases, enhancing international dialogue will have the added benefit of shaping and coordinating a more systematic approach to green finance.

NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS)

A report on Market Dynamics is being developed by the NGFS under its workstream on scaling up green finance (WSIII). Through Rafael Del Villar (Banco de Mexico), the Inquiry is supporting outreach to international experts in green finance.

The objective of the report is to gain a better understanding of the green finance market dynamics and give advice as to which regulatory actions can help to further scale up this market.

The Market Dynamics report will take on the areas of work initially studied under the G20's Green Finance Study Group (2016-2017) and Sustainable Finance Study Group (2018). The different sections covered under the report have been structured with some questions that pertain to the main market developments since 2016 for banking, investors, capital markets, insurance and cross cutting issues. As the former secretariat for the Sustainable Finance Study Group, the Inquiry team is providing assistance in data collection and drafting of the report.

COALITION OF FINANCE MINISTERS FOR CLIMATE ACTION (FMCo)

At the 2018 Annual Meetings of the International Monetary Fund (IMF) and World Bank Group in Bali, governments from 39 countries came together to discuss the role that Finance Ministers and Finance Ministries play in driving climate action and what could be done to strengthen these efforts. Several governments expressed support for the development of a Coalition of Finance Ministers (FMCo) that would promote domestic and global action on climate change.

The Coalition serves as a forum to promote shared principles and facilitate the exchange of experience and information on climate change-related fiscal and economic policies and practices.

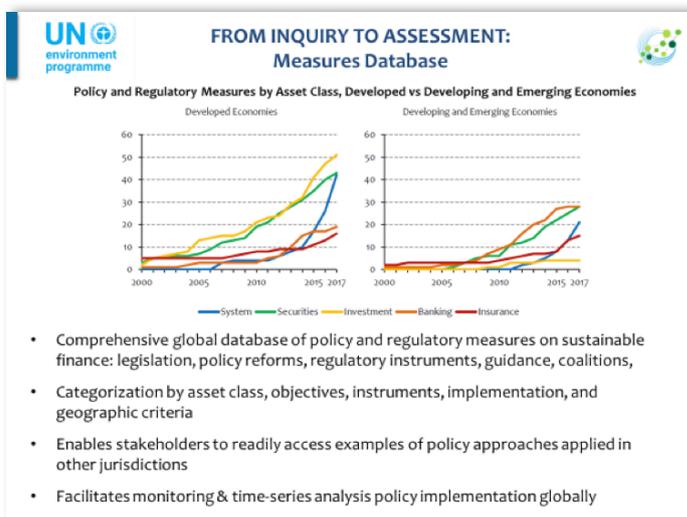
While UNEP is working to partner with the FMCo across all its Principles, especially through UNEP FI, the Inquiry focuses on Principle 5 (mobilizing private capital). The Inquiry hopes to leverage its policies and measures database and the diagnostic toolkit through the FMCo, and outreach through its partners and networks.

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Research/Tools

4. RESEARCH/TOOLS

MEASURES DATABASE



Starting in 2017, the UNEP Inquiry began to formally catalogue policy and regulatory measures implemented to support the alignment of financial systems with sustainable development (focusing on environmental priorities) in a Measures Database (MD). The first phase of this work was completed in end-2017, culminating in the release of a publication summarizing a quantitative assessment of policy development and implementation across the world.

Starting in mid-2019, the UNEP Inquiry (working with partners) conducted an update of the MD in order to bring the resource up to date and make it publicly accessible. With the second version of the database complete, the MD stands as the world’s most comprehensive resource of policy and regulatory information relating to environmental aspects of sustainable finance. It enables rapid access to all policy and regulatory measures implemented in-country, as well as time-series analysis of the state of policy and regulatory action on green and sustainable finance across geographies and asset classes. It will be officially launched at COP 25 in Madrid in December 2019.

DIAGNOSTIC TOOLKIT

The Inquiry’s work has shown that countries are taking more strategic approaches to scaling sustainable finance, often in the form of sustainable finance ‘roadmaps’. With the demand for such sustainable roadmaps rising, the Inquiry has pulled together those experiences to date in a systematic manner. This has led to the development of the Diagnostic Toolkit, which will be used at the start of a country process to develop a sustainable finance status report. The Diagnostic Toolkit was road-tested with UNDP’s Regional Bureau for Arab States, with an additional focus on climate change, in 2018 and 2019, and will now be launched as a tool globally. These status reports will be one input into the development of a country, or potentially regional, sustainable finance roadmap. Roadmaps will help enable countries to develop a clear picture of the financing needs in addressing sustainable development and the financial system reforms that can help meet these.



A roadmap will include possible steps to advance these changes, including the identification of key actors that need to be brought together, and process proposals on how to organize roadmap development.

At its core, the diagnostic toolkit is a step-by-step guide for policymakers seeking to design and implement measures for sustainable finance, through a 'diagnostic' approach assessing needs, flows, market infrastructure, and existing frameworks. It is to be used as a strategic planning tool accompanied by process guidance, training and capacity-building.

NETWORK ANALYSIS: NUDGING THE SYSTEM 1.0

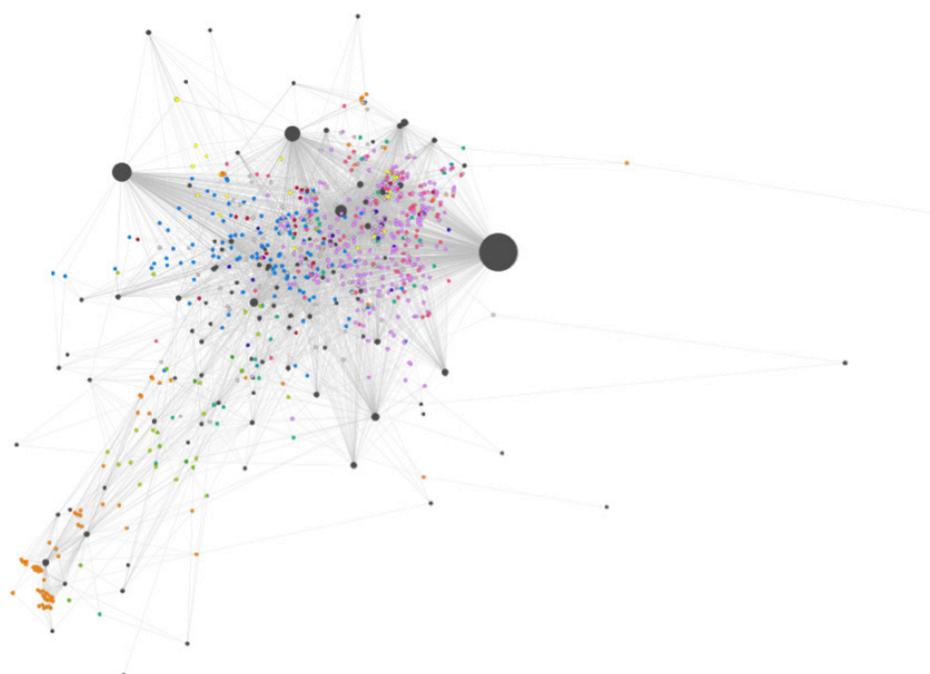
Nudging the System 1.0 is a network analysis tool to understand the interrelations and interconnections in the sustainable finance ecosystem. It supports the efforts of the G7 to take stock of existing initiatives in view of defining a robust common framework for SDG-compatible finance improving the effectiveness of development cooperation efforts.

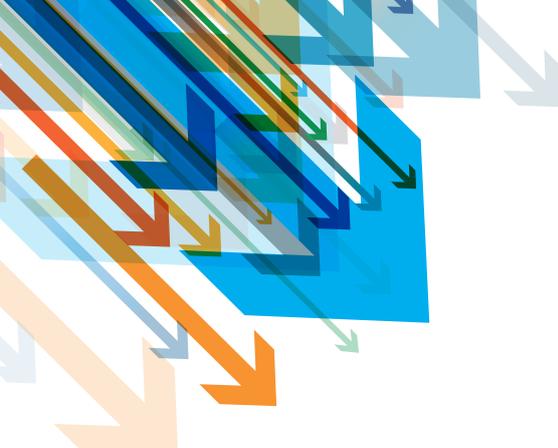
The central tenet behind Nudging the System is that by taking a network analysis and data-driven approach to the financial system, with a sustainable finance lens, one will be able to gain a better understanding on how to leverage and enable the sustainable finance network to define and achieve specific objectives.

By data-mining the system, the Inquiry hopes to shed light on single issues (such as network communications), creating alternative maps with different starting points and probing deeper into the questions and issues brought by our analysis.

In the future, the Inquiry will also use this network analysis approach to work on network categorization, impact measurement and network intervention. By focusing work in these three areas, future releases of Nudging the System will help understand the complexities of sustainable and unsustainable implications of financial policy and regulatory decision-making over our global commons.

The report is scheduled to be launched in Q1 2020 at an international sustainable finance event/symposium.





5. SELECTED EVENTS



FINANCING CLIMATE FUTURES: RETHINKING INFRASTRUCTURE

At the United Nations Environment Assembly, UNEP, the OECD, the World Bank and German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) arranged a meeting on the investing in low-emission and resilient development. This was

part of the Inquiry's involvement with the Financing Climate Futures work to help align financial flows towards a low-emission, resilient future. BMU, OECD, UNEP and the World Bank Group have laid out a transformative agenda to drive systemic change and this event was an opportunity to bring together key actors to discuss this agenda and how to best invest in a low-emission, resilient development pathway. Speakers at the event included Pacifica Achieng, Director, Climate Change, State Department of Environment, Kenya; Norbert Gorißen, Deputy Director General International Policy, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany; Satya S. Tripathi, UN Assistant Secretary-General, UN Environment Programme; John Roome, Senior Director for Climate Change, World Bank Group and Nuru Mugambi, Director of Communications and Public Affairs, Kenya Bankers Association.



THE ROLE OF FINANCIAL CENTRES IN PROMOTING STRONG, SUSTAINABLE AND BALANCED GROWTH

At the World Bank and IMF Spring Meetings, the Grand Duchy of Luxembourg signed an agreement at a meeting on the role of financial centres in promoting sustainable growth, to support FC4S in increasing green and sustainable finance across

its network. "A recognized European leader in green and sustainable finance, Luxembourg is

stepping up its commitment to support the efforts of the International Network of Financial Centres for Sustainability,” said Pierre Gramegna, Minister of Finance of Luxembourg, as he signed the agreement to provide US\$500,000 in funding to FC4S. “This commitment is aimed at helping the FC4S to better connect financial centers, to foster exchange of knowledge and thus help shaping the trends and developments that will define sustainable finance in the years to come.”

The signing took place at an event during the Spring Meetings, at which Pierre Gramegna, John Berrigan, Deputy Director-General, Financial Services and Capital Markets Union (FISMA), Marcos Ayerra, Chair of the Inter-American Regional Committee and Satya S. Tripathi, UN Assistant Secretary-General, UN Environment Programme, along with others looked at how to increase the role of financial centres in financing sustainability.



MAINSTREAMING SUSTAINABLE FINANCE ROUNDTABLES

This year, the Inquiry along with the Securities Industry and Financial Markets Association (SIFMA), the Institute of International Finance (IIF), Bloomberg Philanthropies and the Paulson Institute arranged two roundtables on mainstreaming sustainable finance on the margins of

the World Bank and IMF Spring and Annual Meetings.

This event, now in its fifth year, is part of the Inquiry’s ongoing efforts to help mainstream the ideas surrounding green and sustainable finance into the broader global financial system – and to engage with industry in helping to drive this shift. This roundtable has become a timely and unique platform for the foremost players and thought leaders in this growing space to take stock of developments, share perspectives, and prescribe tangible next steps. At the Spring roundtable, FC4S MD Stephen Nolan spoke about the strategic importance of financial centres and the importance of their cross-border knowledge-sharing. At the Annual Meetings roundtable UN Environment Programme Executive Director Inger Andersen highlighted the importance of adaptation finance for Climate Action. She also spoke of the urgent need to act on adaptation finance or have that burden fall on taxpayers around the world.



BUILDING BRIDGES WEEK IN GENEVA

The Sustainable Finance Week was held around the General Assembly of the international network of Financial Centres for Sustainability (FC4S). The Building Bridges week was put together by a group of partners, which included FC4S as part of the committee.

Building Bridges, presided by Patrick Odier, Managing Director, Lombard Odier Bank, gathered over 800 international organizations, NGOs, financial sector actors and Swiss authorities to connect the

worlds of finance and sustainability. The event highlighted the strong position of the Geneva financial ecosystem and Switzerland in general to lead on sustainability issues. Keynote speakers included Patrick Odier, President of the conference and Chairman of the Bank Lombard Odier board; Fabio Sofia, President of Sustainable Finance Geneva; Sandrine Salerno, Mayor of Geneva; Ueli Maurer, President of Switzerland; Peter Bakker, President and CEO of the World Business Council for Sustainable Development; and Patrick Njoroge, Governor of the Central Bank of Kenya.

Calls for the transformation of the financial system were made given the urgency of climate change; of note is the comment by André Hoffman of Roche that “short-term profit maximization has destroyed the planet.”

<https://www.buildingbridgesweek.ch/en/home>

FC4S ANNUAL GENERAL MEETING



FC4S held its second annual general meeting in Geneva with 25 of the 30 centres attending. At the meeting, which also saw the launch of the FC4S real economy lab in Shenzhen, the FC4S members agreed to mainstream green and sustainable finance both locally and internationally, also agreeing to set common targets by the end of 2022.

During the AGM, the value of considering the Network as a time-bound entity was also considered as an important principle. A fixed working timeframe of three years (from start 2020 to end 2022) was proposed for the Network’s next phase and agreed.

Considering this 2022 timeline, the FC4S Network can be seen to be two years into a five-year mandate, through its start-up phase and now having achieved meaningful scale.

Martin Spolc, Head of Sustainable Finance, European Commission’s Directorate-General for Financial Stability, Financial Services and Capital Markets Union (FISMA), and Morgan Després, Head of Secretariat, Network for Greening the Financial System (NGFS), also lent their expertise to the sessions and presented the current state of play of their work. FC4S is an official NGFS stakeholder and is currently exploring with the European Commission observer status to the recently launched International Platform for Sustainable Finance.



FC4S AFRICA PROGRAMME LAUNCH

The FC4S launched a regional work plan for Africa – where sustainable finance needs are the highest, but flows of finance are lowest. The programme will work with the five (current) African member centres – Abidjan, Cairo, Casablanca, Lagos and Nairobi – to encourage strategic action, collaborate with peers across the continent, and facilitate engagement with major international

hubs. The Governor of the Central Bank of Kenya, Patrick Njoroge, and members from all five centres were present and spoke at the launch.





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