

GREEN FINANCE, G20 AND DEVELOPING COUNTRIES

G20 GreenInvest Launch Under Germany's G20 Presidency

– SINGAPORE, 9-10 JANUARY 2017 –

GreenInvest was established at the G20 Leaders Summit in Los Cabos, Mexico, in 2013 to accelerate investment in green priorities in developing countries. Since then, green finance has risen up the agenda of both policymakers and markets. China has championed this development as part of its G20 Presidency through the newly established Green Finance Study Group, which will continue in 2017 under the German Presidency. Similarly elsewhere, international organizations and initiatives and increasing numbers of countries are advancing green finance through market, policy and regulatory innovations.

Current momentum in green finance internationally is to be applauded, as it offers the potential for aligning the financial system with green and broader sustainable development goals. Developing countries in particular have a need for extensive green financial flows, which require overcoming weaknesses in domestic financial and capital markets, as well as changes in aspects of international financial system design and practice. To date, however, developing countries, particularly those outside of such forums as the G20, have had little voice in these developments.

GreenInvest will be relaunched under the German G20 Presidency to strengthen the connection between green finance momentum and the insights, innovations and needs of developing countries. It will engage developing country actors in dialogue and action, facilitate their contribution to key international developments, and seek to ensure that such developments take account of the specific needs of developing countries. Specifically, during the German G20 Presidency, GreenInvest will seek to facilitate the following:

- *Raising awareness among developing countries of current international developments and opportunities*, enabling learning and contributions of experience and perspectives, such as ongoing green finance work across the G20 and the Financial Stability Board.
- *Encouraging a coordinated approach among sustainable finance initiatives to improve their effectiveness on the ground in developing countries*, such as the Principles for Responsible Investment, the Principles for Sustainable Insurance, the Sustainable Banking Network, the Alliance for Financial Inclusion, the Sustainable Insurance Forum and the Sustainable Stock Exchanges initiative.

In addition to this approach to enhancing the role of developing countries in international cooperation on green finance, GreenInvest will focus on two specific themes:

- *Building understanding on how to green foreign direct investment flows to and among developing countries* as well as the impacts of these compared to traditional investment.
- *Understanding how to maximize the positive impact of financial technology on green finance* (and how to minimize the negative impacts).

The Federal Ministry for Economic Cooperation and Development (*Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*, abbreviated BMZ) is leading the relaunch of GreenInvest. It has engaged UN Environment to be responsible for building and managing the programme of work to be implemented through the GreenInvest platform during the German G20 Presidency. UN Environment, through its long-standing Finance Initiative (UNEP FI) and its more recent Inquiry into the Design of a Sustainable Financial System has broad expertise and networks across both the policy and regulatory, and market communities, as well as acting as Secretariat for the G20 Green Finance Study Group.

The Singapore Consultation will relaunch GreenInvest and advance each of its specific goals and themes. The Singapore Consultation will be the first of three planned under the German G20 Presidency, and will initiate for the first time dialogue on:

- How international initiatives on sustainable finance can work to improve their coordination and information sharing.
- How developing countries discuss and contribute to the work of the FSB Task Force on Climate-related Financial Disclosures.
- How green FDI can best be shaped through work planned going forward involving UNCTAD and other expert institutions.
- How the nexus between green finance and fintech – specifically for developing countries – can be exploited as a policy and market opportunity.

The meeting in Singapore aims to gather some 25 participants from non-G20 developing countries, a handful from G20 countries, coordinators of the key networks on green and inclusive finance and representatives of key international organizations.

The meeting will be held at the Singapore Management University (SMU), and will draw in parts on the Singaporean financial community, as well as tapping in particular representatives from G20 countries such as Indonesia.

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