

03.06.2016 - UNRIC caught up with Nick Robins, Co-Director of the UNEP Inquiry into the Design of a Sustainable Financial System and asked him some questions at the EU Commission Green Week Conference this week.



Nick Robins being interviewed by UNRIC at Green Week. Photo: Craig Entwistle

[UNEP has launched an inquiry](#) about designing a sustainable financial system. What is the UNEP inquiry about, and what links it to the [year of green finance](#)?

The aim of the UNEP Inquiry is to check what actions we need to take within the world's financial system to support the transition to sustainable development. We are principally looking at the actions of rule makers: central banks, financial regulators, ministries, stock exchanges and so on to harness \$300 trillion and align that with sustainable developments.

Could you summarise the key findings of the UNEP Inquiry into the sustainable financial development system?

We looked around the world at what was happening in terms of action by central banks, financial regulators and so on and we were quite surprised to find what we did. We discovered 'a quiet revolution', by which we mean the increasing recognition by these agencies and regulators; that they have a role in understanding better the environmental and social issues and how they impact on finance. That can involve requiring companies to disclose sustainability information or can be requiring banks to manage environmental risks or creating new markets to mobilise new capital. China has introduced new requirements which are driving the growth of this 'green bond market'. So a growing number of areas and number of financial actors are taking action.



Renewable wind turbines in Korea. Photo: UN Photo.

You declared 2016 as the [year of green finance](#) . Could you elaborate on what this means?

If we look at 2015, that was a great year of setting global frameworks, we got the Sustainable Development Goals (SDGs), [the Paris agreement](#), the [finance and development agreements](#) - which were all very high level commitments. This year we actually need to put them into action and focus on implementation, and green finance is becoming a phrase to denote how we can mobilise private capital for those purposes. In January we suggested this could be the year of green finance. China has the G20 presidency this year and has set up [a green finance study group](#) within the finance ministers and central bank governors track. For the first time finance ministers and central bank governors can look at what that means to them. This has really encouraged a number of countries to look at what this means for the national level. In India there has been a rapid growth of interest in green finance mainly because the country has large infrastructure needs for energy, water and transport. They are focusing on green finance as a source of capital to ensure that their development is clean and sustainable.

Do you think Europe is behind or ahead of other parts of the world?

What is interesting is that in many ways Europe is the birth place of many of the innovations around green finance and sustainable development. At the country level we are seeing a lot of states really starting to look at this field. Mainly to see how they can finance the SDGs, so for example we have Sweden taking action to promote information for consumers around the sustainability performance of products, France is introducing new requirements for financial institutions to report environmental aspects of their portfolios and to think about climate change. The UK has just done the first regulatory review of what climate change means for insurance companies. I think increasingly at the EU-level there is a discussion on how to pool this innovation. There is the Capital Markets Union where people are now saying 'how can we use this as a mechanism for green energy?' There is also the [Juncker Plan](#). So a number of things are coming together.

How can the UN help in designing a more sustainable financial system?

There are many things that UN can do. The UN is obviously the agency that helped pull together the SDGs and the Paris Agreement, so has in a sense the role and responsibility to think through how finance and particularly private finance is mobilised for that. How do you encourage private finance? The UN can engage some of the major financial institutions such as the IMF or the World Bank from that basis of strength and competence from these big areas. For example in the [G20 Green Finance Study group](#) that China has established, UNEP has

been asked by the secretariat for that. This is one area where the UN can act in an impartial way to bring knowledge to bear.



Attendees at Green Week 2016. Photo: Craig Entwistle.

Secondly, there is some work at the country level, because a number of countries are saying that they see there are increasing risks from unsustainable development and that there is a need to raise finance to fund these exciting innovations. So again the UN can develop what are called 'national roadmaps'. Perhaps connect one central bank in one country to another, and to provide some of the capacity building that is much needed.

Finally there is a role with citizens and civil society. If you look at the origins of sustainable finance, a lot of them have come from NGO's and scientists expressing new expectations of the financial sector in terms of the transition to sustainable development. So there is a role there for the UN to raise awareness. Because even though there are a lot of good things happening, we are only really at the beginning.

What are some of the main obstacles facing the international community right now in

moving towards sustainable development?

The biggest thing of all these issues is time horizons. We are often short-termist, even though we know issues such as climate change are irreversible. So we have a real problem with how making things that occur over decades relevant to financial institutions that often make decisions in minutes.

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