



GISD Global Investors for Sustainable Development Alliance

Second Annual Meeting of the GISD Alliance

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Dialogue with Member States

**14 October 2020, 10:45 – 11:45 a.m. (EDT)
Virtual Meeting**

Informal Summary

I. Introduction

The dialogue between the Global Investors for Sustainable Development (GISD) Alliance and Member State representatives - as part of the Alliance's Second Annual Meeting - focussed on the future deliverables of the GISD and how they will be implemented. The session set special emphasis on opportunities for collaboration between the Alliance, Governments and the multilateral system on solutions to scale up investments for the SDGs in light of the challenges posed by the COVID-19 pandemic.

The Deputy Secretary-General and the President of ECOSOC provided opening remarks at the session, moderated by Ms. Gillian Tett from the Financial Times. The Co-Chairs of the GISD Alliance, Ms. Leila Fourie (CEO, Johannesburg Stock Exchange) and Mr. Oliver Bäte (CEO, Allianz), delivered special remarks focussing on the value proposition for the next phase of the Alliance work. Four members of the Alliance (Mr. José Viñals, Group Chairman, Standard Chartered; Ms. Habiba Al Marashi, Chairperson, Emirates Environmental Group; Mr. Juan Carlos Mora, CEO, Bancolombia; and Ms. Ilham Kadri, CEO, Solvay) elaborated on specific actions for the implementation of the GISD deliverables. Four delegations (Sweden, Kenya, European Union, Germany) intervened during the discussion. Background documents, including the GISD report "Renewed, Recharged and Reinforced – Urgent Actions to Harmonize and Scale Sustainable Finance", were made available to all participants ahead of the meeting.

II. Key points from the discussion

The following key points were stressed during the discussion:

- Participants welcomed the deliverables presented by the GISD Alliance to date and stressed the urgent need to accelerate efforts for the sustainable recovery from the COVID-19 pandemic, as well as to stop the backsliding on SDG implementation.
- GISD Alliance Members emphasized that engaging with governments, regulators, development finance institutions and the multilateral system to advance concrete actions for scaling up long-term investment for sustainable development, especially in developing countries, will be a priority area for the next phase of their work. The GISD Alliance was also developing innovative platforms and vehicles to mobilize investments.
- Speakers highlighted the need to scale up private investment for the timely achievement of the SDGs. Participants stressed the potential for the GISD Alliance to serve as a catalyst for mobilizing the private sector in support of the SDGs and for mainstreaming sustainable finance in global markets.
- The need for alignment on SDG reporting and metrics was emphasized as a key requirement to mobilize investments, increase impact and avoid SDG-washing. The GISD Alliance should work with key actors in these areas to promote the convergence of standards, for example on the reporting on Task Force on Climate-related Financial disclosures.

III. Detailed summary of interventions

The Deputy Secretary-General, H.E. Ms. Amina J. Mohammed, welcomed the forward-looking approach and high ambition of the GISD Alliance. She pointed out that the need for private finance to address financing shortfalls and increase the supply of long-term investment in the SDGs was even more pressing than before because of the COVID-19 pandemic. The Deputy Secretary-General welcomed the achievements of the Alliance to date, including the agreement on the definition of sustainable development investing, the issuing of a call for COVID-19 bonds and the preparation and submission of an instrumental report for the European Commission. She also noted the Secretary-General's initiative with Canada and Jamaica on financing the COVID-19 recovery, which had underscored the importance of public-private partnerships. The initiative had resulted in a menu of options for governments to partner more effectively with the private sector. The Deputy Secretary-General also stressed that the platforms of the G20, G7 and the COP26 should be engaged, particularly towards a plan for meeting climate finance needs. In her view, the foundations for positive change have been laid through these various options and frameworks - now is the time for action, including through better integration of sustainability considerations into business models, scaling up investments in the most vulnerable countries, and phasing out fossil fuel investment.

The President of ECOSOC, H.E. Mr. Munir Akram, outlined the three crises that the global community was facing simultaneously: COVID-19, climate change and a backsliding on the SDGs. He stressed that developing countries were disproportionately impacted. OECD countries had mobilized US\$13 trillion in fiscal stimulus for their own economies, while developing

countries were struggling to find a fraction of the US\$2.5 trillion needed for their recovery. He called for international solidarity in response to these crises. The ECOSOC President also articulated his proposal for the creation of a Sustainable Infrastructure Project Preparation and Investment Facility as a public-private partnership under the auspices of the UN. The proposed Facility would have two functions: (i) to harmonize policies within a representative board including both public and private sector and the UN; and (ii) an operational function to identify and prepare investment-ready sustainable infrastructure projects in developing countries. The ECOSOC President also pointed to the widening of interest rate spreads between developed and developing countries and mentioned that an initiative of the UN Economic Commission for Africa and PIMCO has proposed a liquidity facility to see how to compress these rates.

Mr. Oliver Bäte, CEO Allianz SE and Co-Chair of the GISD Alliance, underscored that a key value proposition of the GISD Alliance was the promotion of public-private partnerships. GISD can leverage complementary skill sets to scale up private investment in an environment affected by COVID-19. The public sector could help investors by developing a pipeline of investible, sustainable projects and provide regulatory environments to support capital flows toward the SDGs. This could include changing regulations that support fossil fuel investments and directing investments to more sustainable uses. There were numerous examples of where the public and private sectors were already leveraging each other. Allianz was in an advanced stage of a partnership with FMO (Entrepreneurial Development Bank, Netherlands) for a US\$1 billion blended finance mechanism focusing on loans for projects with links to the SDGs. He asserted that the GISD Alliance had a solution-oriented mindset to take proactive and practical steps for making SDG investments more accessible and create meaningful impact.

Ms. Leila Fourie, CEO Johannesburg Stock Exchange and Co-Chair of the GISD Alliance, outlined the key deliverables for the next phase of the GISD Alliance's work: namely, developing solutions to scale up SDG investments through an integrated SDG investment platform with a focus on developing countries; advancing SDG reporting mechanisms; shifting toward sustainable investments and direct investments to sustainable sectors; and coordinating GISD actions with the financial system and other bodies like the G20, G7 and COP26. The ambition would be for the work of the GISD Alliance to be elevated to support country-level implementation of the SDGs, as well as to influence standard setting and regulatory bodies to incorporate sustainability considerations into policy making.

Mr. José Viñals, Group Chairman Standard Chartered and GISD Alliance Member, noted that the alignment of investment activities with the SDGs called for a focus on catalyzing investment. For the private sector, there are an estimated US\$ 10 trillion in SDG investment opportunities in the world's emerging economies until 2030. Standard Chartered has publicly set out its sustainability aspirations with targets linked to SDG-friendly outcomes. For example, it has set a financing target of US\$ 75 billion over four years for sustainable infrastructure and renewable energy. Recent activities showed that enhanced regulation was pushing lenders to consider ESG factors; for example, the European Central Bank announced that bonds linked to the SDGs would be eligible as collateral for lending. Mr. Viñals also stressed that more and higher quality data was required for informed decision-making that can guide the alignment of investments with the SDGs.

Ms. Habiba Al Marashi, Chairperson Emirates Environmental Group and GISD Alliance Member, provided a perspective of non-financial corporations on SDG reporting standards. She highlighted the increasing poverty and inequalities generated by the COVID-19 pandemic, which posed challenges across all sectors. The crisis had also revealed significant differences in data and statistical capacities and complicated reporting guidelines. SDG reporting required simplification, as many countries and companies were unable to find data on a large number of indicators. Entities within countries needed to be empowered with tools and knowledge to report on SDGs. One possible way forward was to strengthen multi-stakeholder platforms to engage non-state actors in data and reporting.

Mr. Juan Carlos Mora, CEO Bancolombia and GISD Alliance Member, discussed the role of banks in aligning investments with the SDGs. Bancolombia was focusing on actions to benefit sustainable development, strengthening production chains, financial inclusion and investments in cities and communities. As a Principles for Responsible Investment signatory, it was using sustainability criteria as a fundamental element of its investment processes. Bancolombia had issued the first bond with green and social criteria in Latin America, supported by the Inter-American Development Bank, to benefit women in business in line with SDGs 5 and 8. It further committed to mobilizing US\$ 140 billion through credit and financing service over the next 10 years in line with the 2030 Agenda.

Ms. Ilham Kadri, CEO Solvay and GISD Alliance Member, noted that effective measuring and reporting on activities pertaining to the SDGs was of fundamental importance. While many initiatives were already underway in this regard, there was a need to advance towards a comprehensive system that enabled the private sector to expand reporting without being overburdened with bureaucracy. The GISD Alliance could moreover encourage the alignment of standards and metrics. Climate metrics relating to impact on the environment would require significant scientific work. The framework provided by the Task Force on Climate-related Financial disclosures provided an example on ways to find common language on the integration of climate change, which could be transferred to other areas. Ms. Kadri emphasized that Solvay would continue to promote transparency and accountability on its activities. In this regard, its integrated annual report included ESG disclosures at the highest standard, which had been recognized by rating agencies.

Ms. Anette Dahlström, on behalf of H.E. Mr. Peter Eriksson, Minister for International Development Cooperation, Sweden, emphasized the importance of the work of the GISD Alliance. She mentioned that the Swedish Investors for Sustainable Development offered additional experiences of mobilizing private finance for the SDGs. The GISD Alliance could play a unique role in mainstreaming sustainable finance into global financial markets. The speaker asserted that companies had a broader responsibility for all stakeholders and need to work smarter and use resources more efficiently. According to her, there should moreover be a renewed commitment within the GISD Alliance to accept green principles in line with the Paris Agreement and 2030 Agenda. The crisis also highlighted the importance of managing risk. Sweden's risk guarantee mechanisms had leveraged investments three times larger than the initial guarantees.

H.E. Ms. Susan Mwangi, Deputy Permanent Representative (Charge d'affaires a.i.) of Kenya to the United Nations, spoke on Kenya's experience of attracting private sector investment. She highlighted key sectors that were part of its sustainable development priorities, including industrialization, housing, food security and agriculture and health. Attracting private investment would be crucial, including by creating a conducive investment environment, supportive regulatory frameworks, promoting ease of doing business and strengthening investor confidence. However, Kenya also faced challenges of collecting accurate domestic and foreign investment statistics to develop strategies and policies for investment. She pointed out that enhancing public-private partnerships would create jobs and accelerate economic growth to help Kenya achieve its SDG aspirations. Ms. Mwangi stressed that Kenya looked forward to enhanced collaboration with the GISD Alliance.

H.E. Mr. Olof Skoog, Permanent Representative of the European Union to the United Nations, commended the comprehensive GISD report "Renewed, Recharged and Reinforced – Urgent Actions to Harmonize and Scale Sustainable Finance" as a useful input for the European Commission and the development of its Renewed Sustainable Finance Strategy. He underscored that the scale of investment needs exceeded the capacity of the public sector, requiring unlocking of private finance. The EU aimed to facilitate private investment, including through the EU taxonomy regulation which created the first ever classification on environmentally sustainable economic activity. Green and social bonds would also contribute to the EU recovery fund pertaining to the COVID-19 pandemic. In addition, he pointed out that non-financial reporting rules needed to be improved. The EC had engaged in the Financing for Development process in order to find a path towards better recovery and as an acknowledgement of the role of public-private partnerships in ensuring the alignment of investments with the SDGs.

During the subsequent discussion, delegations noted the underinvestment in public goods in health and education, especially in light of the COVID-19 pandemic and the potential role of private investment in addressing this gap. The work of the GISD Alliance was welcomed, particularly with reference to the streamlining of international initiatives on sustainable investment reporting and supply chain due diligence.

The moderator, Ms. Gillian Tett, Financial Times, noted the accelerating resolve to act by both public and private sector actors. She outlined three key takeaways from the discussion: (i) the COVID-19 pandemic has accelerated the work of the GISD Alliance; (ii) financing needs are significant, but these needs must be matched with opportunities for financing; and (iii) serious commitments by public and private sectors are needed address the large global infrastructure needs and to channel finance to the sectors most important for sustainable development.