

The Italian Green Finance Dialogue, the Italian Observatory on Sustainable Finance and the International Network of Financial Centres for Sustainability

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Per un cambiamento sostenibile

Overview

The main initiatives of the Ministry of Environment to mobilize financial community and private funds towards the achievement of Agenda 2030 and Paris Agreement goals

1. National Dialogue on Sustainable Finance
2. The Italian Observatory on Sustainable Finance
3. The International Network of Financial Centres for Sustainability



1. The National Dialogue on Sustainable Finance

- After COP21, at the beginning of 2016 the Italian Ministry of Environment (MATTM) in cooperation with UNEP Inquiry activated a **National Dialogue on Sustainable Finance** with the involvement of main Italian banks, insurances, institutional investors, their associations and the main Financial Authorities
- Eight working groups cooperated to write a **state of the art report** on sustainable finance in Italy, with a major role of financial operators rather than individual “experts” in order to favor engagement and responsibility of operators
- February 2017: Italy presented the final Report of the National Dialogue: Bank of Italy, Minister of Economy & Finance Padoan – Minister of Environment, Land & Sea Galletti – UNEP Executive Director Solheim.
- **Final Report: 18 proposals for specific actions**

http://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo_sostenibile/Financing_the_Future_EN.pdf



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FINANCING THE FUTURE

Report of the Italian
National Dialogue on
Sustainable Finance

1. The National Dialogue on Sustainable Finance

One of the main conclusions: for a more sustainable finance we need standard minimum environmental-climate Company Accounts, integrated with financial accounts

- ✓ **Not only an environmental issue, but also an issue of transparency, accountability, fairness**
- ✓ **Financial markets cannot see the environmental risks if company accounts do not monitor the financial exposure of their assets to both the direct environmental risks and the indirect external costs of their activities.**
- ✓ **Natural Capital** has to be considered within the economic decision making and its value should be integrated in accounts. **Markets failures should be properly assessed to be corrected (for making the markets work better).**
- ✓ The UE directive 2014/95/UE on non-financial information of listed companies represents a first step, but a **higher harmonization of minimum environmental information in reporting is needed**
- ✓ Real economy and financial system can jointly improve **market competition based on green assets and environmental performances**



2. The Italian Observatory on Sustainable Finance

- As a follow up of the National Dialogue on Sustainable Finance and of the G7 work on sustainable finance under the Italian presidency, in september 2017 the Italian Ministry of Environment established a **National Observatory on Sustainable Finance**
- One of the Observatory Working Group is aimed at building up an **Italian Financial Centre for Sustainability** driven by the financial community (WG co-Chairs are **Borsa Italiana** and **Febaf – The Italian Banking, Insurance and Finance Federation**) and supported by **National Financial Authorities**
- A memorandum of understanding has been developed by the Observatory working group, and is ready to be signed by partners. The Italian Financial Centre for Sustainability is aimed to make **feasibility studies on innovative green and sustainable financial instruments**. The plan of the Financial Centre is to be operational in the second part of 2018



3. The International Network of Financial Centres for Sustainability: a private initiative supported by the Italian G7 Presidency in 2017

G7 Environment Ministers' Meeting Bologna, Italy 11-12 June 2017 Conclusions - Communiqué

3. Sustainable Finance

25. We acknowledge that scaling up sustainable finance is fundamental to achieve sustainability and climate goals. (...)

3a. Promoting Financial Centres for Sustainability

27. We acknowledge that financial centres play a pivotal role in the allocation of capital. We recognize the commitments to sustainability made by an increasing number of financial centres and the potential of these initiatives to be furthered through international cooperation. We note with interest their launch of an international network of financial centres and we welcome the Italian proposal to host the first meeting of the network.

3. The International Network of Financial Centres for Sustainability: the roadmap

Financial centres are the key locations where the finance demand and supply come together. Financial centres engaged in sustainability are represented by organizations specifically aimed at expanding demand and supply of green and sustainable financial services across banking, capital markets, investment and insurance.

- **28 September 2017 - Casablanca** Meeting of 15 financial centres from all over the world to discuss and agree on an international network of financial centres for sustainability
- **12 December 2017 – Paris (Macron Summit):** Public announcement / launch of the international network of financial centres for sustainability
- **13 April 2018 – Milan:** Inaugural meeting of the international network of financial centres for sustainability. **16 member centres:** Astana, Casablanca, Dublin, Frankfurt, Geneva, Hong Kong, Liechtenstein, London, Luxembourg, Milan, Paris, Shanghai, Shenzhen, Stockholm, Toronto and Zurich – as well as a wide range of observers and partner organisations.

4. Looking at the future

- **The way for a green and sustainable finance is long. We are only at the beginning**
- **Financial markets are international: we need a common global approach. EU could pave the way for internationally recognized definitions, taxonomies and instruments**
- **SDGs and related targets provide the policy framework. But they are too complex to be easily translated into the finance language of risks and yields**