Green finance offers enormous untapped investment opportunities in developing countries. All financial actors have to work together to create the mechanisms for making these investments possible. With focus, resolve and ambition, we can lower the global thermostat and raise the level of economic opportunity for all.

- Ban Ki-moon
United Nations Secretary General

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www.SSEinitiative.org/green-finance
Green finance is the financing of the transition to a less polluting and less resource-intensive global economy: what is called the "green transition." From green bonds and ratings to yield-cos and green ETFs, private finance has a suite of different vehicles at its fingertips to direct investment towards climate change mitigation and adaptation projects.

The green transition requires a mix of private and public financing

How will equity portfolios react to emission cuts worldwide?
Carbon emissions: listed equities vs. total country emissions

Carbon risk of equity markets
In order to reach the targets set in the Paris climate agreements, the world’s carbon emissions need to peak then fall between 40-70% by 2050. Can companies cut emissions 40-70% while maintaining and growing their revenues?
Green bonds: A growing opportunity for stock exchanges

Green bonds are growing exponentially as a means of financing all types of climate-related projects. They are one of the most diverse forms of green finance, used increasingly by the corporate, finance and public sectors. As green-initiatives and climate adaptation and mitigation become priorities worldwide, green bonds are consistently oversubscribed, in both developed and developing countries.

Exchanges play an important role in the bond market
Half of all bonds are listed on stock exchanges

Source: BlueOrchard Finance, based on Bloomberg SRCH

Developing countries embracing green bonds
Local currency issuance in developing countries

Source: BlueOrchard Finance (USD equivalent at time of issue)

- $5.5Bn in Chinese Renminbi
- $210Mn in Indian Rupee
- $645Mn in South African Rand
- $136Mn in Turkish Lira
- $539Mn in Brazilian Real
- $98Mn in Mexican Peso

All stock exchanges that list green bonds to date have made an important contribution to green finance by defining the basic rules of the market and fostering innovative green finance products.

Green bonds universe

Source: Climate Bonds Initiative

Climate-themed bonds $576bn
Labelled Green Bonds $118bn

Exponential growth of green bond issuance

Source: Climate Bonds Initiative, in US Dollars
3 things stock exchanges can do to promote green finance

1. Provide guidance & training
   - Provide guidance and training on sustainability reporting and climate risk disclosure; Support the SSE Global Guidance Campaign
   - Train local issuers & investors on green finance market innovations, standards and regulations
   - Provide guidance for international investors on local green products

2. Make visible
   - Create green equity indices
   - List labelled green bonds, and create a green bond index
   - Encourage issuers to increase transparency and label green bonds

3. Promote standards development
   - Participate in green finance standard setting consultations
   - Introduce listing rules for green bonds
   - Promote adoption of recognized green finance standards in your market