

2017 ECOSOC Forum on Financing for Development follow-up

Expert Round Table B

"Domestic and international private business and finance" (Action area B)

Wednesday, 24 May 2017, 3 – 4:30 p.m., Trusteeship Council Chamber, United Nations, New York

Tentative programme

Moderator: **Ms. Preeti Sinha**, Senior President, YES Institute, India

Panellists: **H.E. Mr. Courtney Rattray**, Permanent Representative of Jamaica to the United Nations

Mr. Hervé Duteil, Managing Director, Head of Corporate Social Responsibility & Sustainable Finance, Americas, BNP Paribas

Mr. Naohiro Nishiguchi, Executive Managing Director, Japan Innovation Network

Ms. Nidia Reyes, Chief, Competitive Intelligence, Banca de las Oportunidades, Colombia

Ms. Leora Klapper, Lead Economist, Development Research Group, World Bank Group

Background note

Business activity and investment is critical to productivity, employment and economic growth. The Addis Ababa Action Agenda (Addis Agenda) builds on the earlier financing for development outcomes in recognizing the central role of the private sector, but broadens the focus to incorporate the economic, environmental and social dimensions of business activities. The Addis Agenda also calls for promoting incentives aligned with sustainable development across the investor chain, including the full array of financial institutions and actors.

This round table will discuss measures to mobilise and align private finance with sustainable development, including mobilising long-term investment, catalysing business activity in Sustainable Development Goal (SDG) priority areas, and promoting inclusive finance, including for micro, small and medium enterprises (MSMEs).

There are two alternative strategies for incentivizing greater investment in the SDGs. The first is to better align profit oriented investment with the SDGs including through promoting policies to change relative prices, standards and/or regulations to guide investment behaviour, and appropriately-designed risk-sharing instruments. The second is to try to reorient investment and business models to incorporate environmental, social and governance (ESG) impacts, which includes initiatives and actions by the private sector. The two strategies presented above are not mutually exclusive. Indeed, both should be pursued.

Sustainable investments, in theory, should be attractive to long-term funds, since the risks associated with climate change are a potential long-run liability. Yet the short-term nature of investment horizons sometimes impedes the incorporation of longer-term risks, such as environmental risks, into firms' risk/return analysis. Thus a first step to align investment with the SDGs is to encourage greater longer-term investing. In December 2016, the Permanent Missions of

Jamaica and Canada established a ‘Group of Friends’ of UN Member States to collectively discuss and promote ideas to unlock long-term investment to finance the implementation of the SDGs. The Group of Friends is working to both understand the needs of private investors and to sensitise permanent missions in New York to their concerns.

As noted in the 2017 Inter-agency Task Force Report, the SDGs can also open new business opportunities. Indeed, the Business and Sustainable Development Commission (BSDC) found that achieving the SDGs could unlock \$12 trillion in market opportunities across four sectors: food and agriculture; cities; energy and materials; and health and well-being. At the same time, the SDGs can be seen as an opportunity for innovation by businesses. The Japan Innovation Network (JIN) co-founded the SDGs Holistic Innovation Platform (SHIP) which sees innovation opportunities in achieving the SDGs and aims to solve worldwide issues and challenges with corporate know-how and technologies.

While the large preponderance of private business activity remains profit driven, a growing number of institutions have double or triple (social and environmental) bottom lines. In this regard, BNP Paribas has partnered with the World Bank to issue World Bank bonds linked to the performance of a Sustainable Development Goals Index, consisting of companies that are recognised as leaders in social and environmentally friendly activities. As another example, Yes Bank in India has developed a sustainability strategy under its Responsible Banking ethos, which aims to mainstream the SDGs in the bank’s operations by integrating sustainability principles into the bank’s value chain.

The private sector also has an important role in advancing inclusive development through the provision of finance to previously unbanked segments of society, as well as to micro, small and medium enterprises (MSMEs). Access to financial services, particularly for women, can help improve individual and household welfare and spur economic activity. Efforts to boost financial inclusion can include new technologies, the development of credit registries, and increasing the diversity of financial intermediaries beyond traditional banks, for example microfinance institutions, cooperative banks, and development banks. The World Bank’s Findex database is a useful tool for monitoring development in financial inclusion. It shows marked improvements in access to financial services, but also indicates significant gender and other gaps.

The Addis Agenda calls for countries to implement financial inclusion strategies as part of their broader national sustainable development strategies. Banca de las Oportunidades, managed by the Bank for Foreign Trade - Bancoldex, plays a key role in the long-term policy of the Government of Colombia to reduce poverty, promote social equity and stimulate economic development in Colombia by promoting access to credit and other financial services to the unbanked Colombian population, especially to the low-income families, MSMEs and entrepreneurs.

Guiding questions

1. What are effective policy measures in promoting access to and usage of essential financial services to the unbanked? What are the key obstacles to better financing of SMEs? What innovative financing approaches are being proposed?
2. How can governments, international finance institutions and business best work together to create incentives for increased investments in infrastructure? What reforms can be set in place to encourage long-term lending by institutional investors and banks?

3. What can governments do to support the development of responsible investment practices aligned with the SDG financing needs? What policies can enable responsible investment and corporate sustainability to flourish?

Further reading

Note by the Secretary-General on “Financing for development: progress and prospects” (E/DDFD/2017/2), paragraphs 35-43.

http://www.un.org/ga/search/view_doc.asp?symbol=E/FFDF/2017/2.

Financing for development: Progress and prospects, 2017 report of the Inter-agency Task Force on Financing for Development, chapter III.B , pgs. 55-72.

<http://developmentfinance.un.org/financing-development-progress-and-prospects-2017>.

Online annex of the Inter-agency Task Force on Financing for Development, Domestic and international private business and finance, <http://developmentfinance.un.org/domestic-and-international-private-business-and-finance>.

SPEAKER BIOGRAPHIES



H.E. Mr. Nabeel Munir is the First Deputy Permanent Representative of Pakistan to the United Nations, and Vice-President of ECOSOC for its 2017 cycle. He is a career diplomat who joined Foreign Service of Pakistan in 1993, and since then, has taken on both bilateral and multilateral diplomatic assignments in the Ministry of Foreign Affairs, Islamabad and Pakistan Missions abroad, including in South Africa (1997-2000), Belgium (2003-2006) and Kenya (2006-2009). Since 2012, Ambassador Munir has been posted to the Permanent Mission of Pakistan to the United Nations, initially as Minister, and since July 2015 as the Deputy Permanent Representative. He was also part of the Pakistan’s Security Council team during its last term in 2012-13. Ambassador Munir holds a Master’s degree in English Literature.



Ms. Preeti Sinha is the Senior President & Glocal Convenor of YES Global Institute; a practicing think tank at YES Bank, one of the leading private sector global think-tank based in Delhi, with a mission to catalyze private capital into development and growth of India. Prior to this appointment, she served as the Chief Performance Management Partner in the Delivery and Performance Office at the African Development Bank, and Project Director for the Financing for Development (FfD) Initiative at the World Economic Forum in Geneva and Davos, Switzerland. Ms. Sinha has an Executive Education degree from the Harvard Kennedy School of Government, a Masters degree in Global Leadership from the World Economic Forum, a MBA from the Yale University School of Management (SOM), a BA Honors degree in Economics and Computer Science from the Dartmouth College in Economics.



H.E. Mr. Courtney Rattray has been Permanent Representative of Jamaica to the United Nations since 1 June 2013. Ambassador Rattray has recently spearheaded the UN Group of Friends (GoF) of SDG Financing in tandem with the Canadian Ambassador to the United Nations, with the goal of promoting solution-oriented ideas to mobilize the global pool of private capital required to finance the investment needed to implement the SDGs. He has recently been appointed to co-facilitate negotiations on the political declaration of the 2017 UN High Level Political Forum on the implementation of the Sustainable Development Goals. Ambassador Rattray holds BA, MSc and MA degrees and has recently been conferred with an Honorary Doctorate from his alma mater, West Virginia Wesleyan College at which he gave the Commencement Address in May 2017.



Mr. Hervé Duteil has spent most of its career with BNP Paribas in New York. For over 20 years, he specialized in trading derivatives and managing capital market activities, spanning across commodity, currency, fixed income and electronic markets. In 2014, he was appointed Regional Coordinator for Corporate Social Responsibility & Sustainable Finance in the Americas, bringing a strong focus on promoting client dialogue around sustainability issues and developing tailored financing solutions or responsible investment products. In 2016, he led BNP Paribas' efforts to close its first Social Impact Bond for the benefit of the State of Connecticut. Mr. Duteil regularly speaks on behalf of the Bank on a variety of sustainable products, including vanilla and equity-linked green bonds, or pay-for-success transactions. Mr. Duteil holds a Master in Business Administration with distinction from the Harvard Business School, a Master of Science from the University of Cambridge, and a Bachelor in Mathematics & Physics from the University of Paris.



Mr. Naohiro Nishiguchi is co-founder and Executive Managing Director of a non-profit innovation acceleration organization, Japan Innovation Network (JIN). Prior to this position, he worked at INCJ, Mercer and the World Bank Group. He leads the SDGs Holistic Innovation Platform (SHIP), which is jointly managed by JIN and UNDP. SHIP defines SDGs as innovation opportunities, and intends to achieve 17 goals by 2030. Mr. Nishiguchi earned his MBA from Kellogg School of Management at Northwestern University and his bachelor degree from Sophia University in Tokyo.



Ms. Nidia Reyes is the Head of the Intelligence Unit of Banca de las Oportunidades, a government program in charge of promoting financial inclusion in Colombia. In this capacity, she leads the team in charge of generating information, producing regular reports and specialized studies for the promotion of financial inclusion in Colombia. She has over ten years of experience working for public institutions promoting the development of the financial sector in Colombia. Prior to working for the Banca de las Oportunidades, she served as an advisor to Colombia's Financial Superintendent, where she led the development of various methodologies to analyze credit risk and to implement a risk-based supervision. Ms. Reyes holds a Master of Professional Studies from Cornell University, and a Bachelor degree in Business Administration from the Universidad Nacional de Colombia.



Ms. Leora Klapper is a Lead Economist in the Finance and Private Sector Research Team of the Development Research Group at the World Bank. Her publications focus on corporate and household finance, entrepreneurship, and risk management. Her current research studies the impact of digital financial services, especially for women. She is a founder of the Global Findex database, which measures how adults around the world save, borrow, make payments, and manage risk. Previously, she worked at the Board of Governors of the Federal Reserve System and Salomon Smith Barney. She holds a Ph.D. in Financial Economics from New York University Stern School of Business.