Climate Action Network
G20 Issue Brief – Sustainable Finance
February 2017

Context:
Delivering the Sustainable Development Goals (SDGs) by 2030 requires some $90tn of investments over the next 15 years. The issue is not availability of capital: our global financial system today is $300tn strong and growing. Rather, the challenge is aligning financial regulation with sustainability objectives to shift financial flows and unleash green finance. Success would result in more than just meeting SDGs. It would create a more resilient, sustainable and inclusive global economy, while at the same time adding approximately $12tn a year to global GDP – and possibly more.

In their current form, however, financial markets do not price in the externalities of investments at a level strong enough to shift investments decisions; nor do they provide enough public information to market players regarding their exposure to sustainability-related risks and opportunities. More work is also needed to scale up green finance.

To address these challenges, CAN calls on the G20 to:

- Make sustainable finance a permanent focus of the G20 finance track, including by upgrading the study group on green finance (GFSG) to a working group;
- Evaluate the degree to which international and national financial regulations are aligned with the objectives of Agenda 2030 and the Paris Agreement;
- Deliver transparent and more efficient markets by requiring disclosure on sustainability risks and opportunities at national level;
- Further develop transparency and accountability measures for green finance and financing measures that set out to mobilize green financing;
- Ensure environmental and social externalities are priced into the market by calling on members to achieve, each in their own way, a strong effective carbon price by 2020;
- Reflect the benefits of resilient sustainable infrastructure in capital requirements.