

## FSC CHAIRMAN DELIVERS OPENING REMARKS AT THE GREEN FINANCE SPECIAL SESSION OF P4G SEOUL SUMMIT

FSC Chairman Eun Sung-soo delivered opening remarks at the special session on green finance held on May 29. Please see below for the full text of the speech.

### **I. INTRODUCTION**

Good evening, everyone. Good afternoon, Europe. Good morning, America.

Welcome to the 2021 P4G Seoul Summit Special Session on Green Finance.

The world is still in the midst of the Covid-19 crisis. Covid-19 is not an individual's problem, nor a region's or a country's problem. It is the whole humanity's problem.

Likewise, climate change is everyone's problem.

In this regard, P4G puts emphasis on the value of partnerships across all sectors.

I hope P4G Seoul Summit can induce everyone to take part in climate action.

### **II. WHY GREEN FINANCE?**

Achieving carbon neutrality involves a fundamental restructuring of industry. This might require trillions of dollars across the world.

Many countries including Korea, have announced large-scale fiscal stimulus under Green New Deal schemes.

However, public finance alone cannot cover the scale of investment we need. MDBs and private sector investors need to get involved as well.

In a different angle, the financial industry can induce companies to lessen their environmental impact by altering the lending or investing criteria.

For example, BlackRock, the world's largest asset manager, evaluates a company's ESG performance when making an investment decision.

### **III. PROGRESS OF GREEN FINANCE**

Green finance has been rapidly taking root in the global financial market over the past years.

By the end of 2020, around 3,000 institutional investors have joined the UN Principles for Responsible Investment.

Globally, ESG fund assets are nearing \$2 trillion. Also, quarterly issuance of green bonds has risen to \$150 billion.

South Korea is also actively stepping up efforts to promote green finance.

Last year, the government pledged to double the share of funding for green projects in public financial institutions by 2030. We are also planning to gradually make ESG data disclosures mandatory.

During the Climate Summit in April, President Moon Jae-in announced an end to public financing for new overseas coal power plants.

And recently, the FSC has applied to join the NGFS, and announced support for TCFD.

### **IV. CHALLENGES FOR GREEN FINANCE: THREE GAPS**

However, there is still a long way to go. There are many obstacles hampering the progress of green finance.

Among them, I would like to focus on 'Three Gaps' today.

The first is the 'Funding Gap.'

There needs to be continuous, large-scale investment into green technology and companies. We need private capital and MDB financing.

I believe the recent rise of interest in Blended Finance, which combines private and public finance, is grounded in concerns about such Funding Gap.

In today's session, Mr. Børge Brende, President of World Economic Forum, Mr. Makhtar Diop, Managing Director of IFC, Mr. Werner Hoyer, President of EIB, Mr. Lee Dong Gull, Chairman of Korea Development Bank, and Mr. Kim Yong-jin, Chairman of National Pension Service of Korea, will share their profound insights on this issue.

The second is the 'Data Gap.'

We need to prevent green-washing. And we need to ensure an efficient allocation of green funding. To this end, we need accurate data on individual firm's environmental impact.

More and more companies are supporting TCFD. However, actual disclosure level is not yet there.

In today's session, Mr. Luiz Pereira, Deputy General Manager of BIS, Ms. Mary Schapiro, Head of TCFD Secretariat, and Ms. Martina Cheung, President of S&P Global Market Intelligence, will touch on this matter.

The final gap I'd like to mention is 'the Gap Between Developed and Developing countries.' At COP16, developed nations have set a goal of mobilizing \$100 billion per year by 2020 to support developing countries' climate action.

However, the goal has not been reached. The amounts pledged to Green Climate Fund (GCF) remains around \$20 billion as well.

We can expect this gap to grow larger, as the developing countries are lagging behind in recovering from Covid-19.

On this issue, I hope Ms. Patricia Espinosa, Executive Secretary of UNFCCC, Mr. Frank Rijsberman, Director General of GGGI, Mr. Yannick Glemarec, Executive Director of GCF, will provide us with meaningful insights.

## **V. CLOSING**

Let me conclude.

Even if a nation successfully puts an end to Covid-19, the pandemic will not be over until it's over everywhere.

The same goes for climate change. Even if some countries achieve carbon neutrality, the climate crisis will not be solved if other countries keep emitting carbon. In short, global cooperation is crucial to fight the climate crisis.

Korea has been sharing with the world its equipment and knowledge in preventing and controlling the pandemic.

Likewise, We will continue to collaborate closely with the international community to promote green finance.

Furthermore, we will actively support developing nations, through partnerships with international organizations like GCF and GGGI.

I invite Ms. Han Jeoung-ae, Minister of Environment of Korea, to share her valuable opinions regarding inclusive green transition in her closing remarks.

I hope today's session will act as a stepping stone for further global collaboration in the finance sector to achieve carbon neutrality.

Thank you very much.

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