

Finance, Trade and Business for Sustainability: Sustainable Finance

Master in International Development MID SEP-2024 S-1

Area International Relations

Number of sessions: 12

Term: Term 3

Category: elective

Language: English

Professor: **CONCEPCION AISA OTIN**

E-mail: caisa@faculty.ie.edu

Concepcion Aisa is a seasoned international executive in the financial sector and banking industry with over 20 years of professional experience. At the World Bank (WB) Treasury (TRE), she focuses on designing customized financial solutions and risk management strategies for client countries and emerging markets. In this role, she leads the WB Treasury banking services for clients mainly in Latin America and the Middle East. She is also responsible in her team for the Climate Change and Environment financing agendas, and provides advisory and capacity building services. In 2017 she got the WB Group Presidential Award on Innovation as part of the core team developing innovative financing solutions for refugees and host communities.

Concepcion spent the first year with the Bank as a Climate Finance Specialist in the Environment Department before rotating to Treasury. Prior to joining the Bank in 2009, she worked for BBVA's securitization and core capital management team at its headquarters. She also held various positions with leading private and public institutions in Brussels, Mexico and Madrid, focusing on a range of financial and economic issues.

Concepcion holds an MA in International Political Economy from the University of Warwick (UK) and a MSc in Business, Finance and Economics from the University of Zaragoza (Spain).

Office Hours

Office hours will be on request. Please contact at:

caisa@faculty.ie.edu

SUBJECT DESCRIPTION

According to the World Bank, trillions of USD are needed each year to face developmental challenges, from climate change and clean water to education and peace. At the same time, there are insufficient funds in the public system to cover all the required financing. It is in this context that Sustainable Finance was born by using creative solutions to direct private finance into a specific set of global priorities.

The objective of the class will be two-pronged. The student will (1) become familiar with Sustainable Finance and its different applications, and (2) develop capacity to (i) think out of the box and be able to propose financial solutions for sustainability, and (ii) assess the level of sustainability of a certain project, investment or company.

Topics to be discussed in class include sustainable and climate finance, impact investing, monitoring reporting and verification. climate and carbon finance.

LEARNING OBJECTIVES

The objective of the class will be two pronged. The student will (1) become familiar with Sustainable Finance and its difference applications, and (2) develop capacity to (i) think out of the box and be able to propose financial solutions for sustainability; and to(ii) asses the level of sustainability of a certain investment or company.

The topics we will discuss in class are:

- Sustainable finance.
- Impact Investors / Environmental Social and Governance (ESG) Standards.
- Monitoring and Reporting.
- Climate Change and SDGs.
- Climate Finance, Green Banking and Impact Investing.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Lectures	20.0 %
Discussions	20.0 %
Exercises in class, Asynchronous sessions, Field Work	20.0 %
Group work	20.0 %
Individual studying	20.0 %
TOTAL	100.0 %

PROGRAM

SESSION 1 (LIVE IN-PERSON)

General context: Finance and Sustainable Finance. What is the difference, why is it important?

This section will look into what makes finance sustainable.

- Perspectives: As a developing market without standards, different perspectives on what sustainable finance is will be presented.
- Analysis: Students will also explore the (i) opportunities for Sustainable Finance (ii) challenges and (iii) possible solutions.
- Stakeholders: Students will identify and analyze the different perspectives of the stakeholders involved, its demands and needs. This will include (1) Investors, (2) Companies, and (3) Governments.

There will also be a discussion of the class project.

Article: What is Sustainable Finance?.The Economist, April 17th, 2018. (CED)

SESSION 2 (LIVE IN-PERSON)

Financial instruments and reporting for Sustainability.

This session aims to familiarize students with the tools needed for Sustainable financing. It will focus on two broad themes (i) financial instruments and (ii) monitoring and reporting:

Financial instruments: Students will explore the different instruments used for financing sustainability (from loans, to bonds, securitization, structured finance and partnerships) as well as the new opportunities that Sustainability brings (ie: monetization of energy savings, emission reductions, etc.).

Reporting and Metrics: Students will get familiarized with sustainability reporting from Corporate Social Responsibility to Integrated reporting as well as the standardization efforts in the industry.

Article: What are Green Bonds and how "Green" is Green?.March 24, 2019 (Bloomberg Quicktake)

SESSION 3 (LIVE IN-PERSON)

Sustainable finance for SDGs: Opportunities, Innovation and Challenges (i).

In this section of the course students will have the opportunity to explore different financial solutions that have been developed to finance SDGs. An analysis of the role of different stakeholders and its SDG funding potential will be done.

- Case study: Disruptive financing elements in Sustainable Finance: The World Bank.

Technical note: What We Do (The World Bank)

Sustainable finance for SDGs: Opportunities, Innovation and Challenges (ii).

Students will continue exploring different options to finance the SDGs, including Global Public Goods (such as peace, education, oceans and health) and the monetization of the environment (water, credits, carbon).

- Case study: Financing of Global Public Goods.

SESSION 4 (LIVE IN-PERSON)

Sustainable finance for SDGs: Opportunities, Innovation and Challenges (ii).

Students will continue exploring different options to finance the SDGs, including Global Public Goods (such as peace, education, oceans and health) and the monetization of the environment (water, credits, carbon).

Case study: Financing of Global Public Goods.

Article: Global Public Goods for development: How much and what for (Center for Global Development)

SESSION 5 (LIVE IN-PERSON)

Social Finance. From Global Philanthropy to Crowdfunding.

This session will explore different ways in which society has organized itself to finance SDGs, from global philanthropy to crowdfunding.

- Case Study: Financing Health.

Article: Using Data to Save Lives: The Rockefeller Foundation and Partners Launch \$100 Million Precision Public Health Initiative.2019. (Rockefeller Foundation)

SESSION 6 (LIVE IN-PERSON)

Sustainable Finance and Catastrophes: is there a solution?

The class will explore different ways in which Governments, multilaterals and markets have come up with innovative approaches to prevent or minimize the effects of catastrophes from health pandemics to earthquakes.

Case Study: Government Platforms to finance catastrophe risk.

The link between public and private sector; before and after Paris COP21: initiatives for promoting sustainable finance with the corporate and financial sector.

The session will review the financial sector in relation with sustainable development and climate change related initiatives. From policy to private sector initiatives. Before Paris COP 21 and after; emergence of several initiatives and international frameworks such as Green Bond Principles, Equator Principles, International Capital Markets Association etc.

Students will become familiarized with the Global Climate Finance Architecture, including several of the key initiatives and frameworks.

Class discussion:

What is need it to further develop sustainable and climate finance? While the financing needed to achieve the sustainable development goals is extremely large, global public and private savings would be enough, if the financial system were to effectively intermediate savings and investments in line with sustainable development objectives. However, currently international finance is not intermediated effectively: it is neither stable nor efficient in allocating credit where it is needed for sustained and inclusive growth. Additionally, finance is not generally channeled with social outcomes or environmental sustainability in mind.

Article: Catastrophe Risk Financing in Developing Nations.Daniel Stander.2017. (RMS)

SESSION 7 (LIVE IN-PERSON)

Climate Action and Climate Finance: where are we, how is the gap and what are the opportunities?

This session will facilitate the understanding of key concepts around climate finance as defined by the UN Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance and will provide students with a clear view on the current status of the global climate finance landscape.

Students will review amongst various topics the following:

Overview of the Climate Finance Landscape, identifying the global flows of climate finance for mitigation and adaptation as by the Climate Policy Initiative 2019 Report.

The Climate Investment Opportunities totaling \$23 Trillion in Emerging Markets by 2030 as per the IFC's (Nov 2016) between now and 2030.

SDG # 13 (Climate Action) and the interrelation that this SDG has with several other SDGs.

Working Paper: Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development.New York, 26 September 2019. (UN)

Article: The Financial System that we need. Aligning the financial system with sustainable development. Inquiry Report, Oct. 2015. Recommended Reading. (UNEP)

Article: The Global Climate Finance Architecture. Recommended reading. (Climate Funds Update)

SESSION 8 (LIVE IN-PERSON)

Sustainable Banking Sector and Capital Markets.

The 2030 UN agenda is materialized in the SDGs where, the environment and climate change, are key themes and, in this context, the banking sector has a paramount role to play to grant the future of our planet as it will be the main financier of the required change.

The session will review:

What makes a bank green and what green banks are doing?

The supervisor and regulator role in green banking; facilitating the development of sustainable markets where the private sector proactively engages in supporting climate finance.

Case study-class discussion:

Morgan Stanley: Building Long-Term Sustainability

Working Paper: Climate Investment Opportunities in Emerging Markets. Read from the front page to page 12 plus from page 101 to 112. (IFC)

SESSION 9 (LIVE IN-PERSON)

The 2030 UN agenda is materialized in the SDGs where, the environment and climate change, are key themes and, in this context, the banking sector has a paramount role to play to grant the future of our planet as it will be the main financier of the required change.

The session will review:

What makes a bank green and what green banks are doing?

The supervisor and regulator role in green banking; facilitating the development of sustainable markets where the private sector proactively engages in supporting climate finance.

Case study-class discussion:

Morgan Stanley: Building Long-Term Sustainability

Group presentations

SESSION 10 (LIVE IN-PERSON)

The impact investing market has grown exponentially since the term was coined in 2007 to describe investments that lead to social and/or environmental benefits as well as a financial return. Impact investments may take the form of numerous asset classes and may result in many specific outcomes.

The session will provide an overview of the impact investment market, reviewing:

- The impact investor universe: fund managers, foundations, banks, development finance institutions, family offices, permanent investment companies, pension funds, and others.
- The increasing scale and maturity of the impact investing industry.
- Key initiatives and actors in impact investing (Global Impact Investing Network- GIIN).
- The impact investors' motivations, activities, and perspectives on market progress and remaining challenges.
- Roadmap for the Future of Impact Investing.

Case study-class discussion:

- Credit Suisse: Building an Impact Investing Business in Asia.

Article: Impact Investments Under Management Total \$502 Billion. April 2019 (Barrons)

Article: *How impact investing can reach the mainstream*.McKinsey & Co. Nov 2016. (CED)

Article: *A closer look at Impact Investing*.McKinsey Quarterly, March 2018. (CED)

Practical Case: *Credit Suisse: Building an Impact Investing Business in Asia* (HBS IN1406-PDF-ENG)

SESSION 11 (LIVE IN-PERSON)

Group presentation

SESSION 12 (LIVE IN-PERSON)

Group presentations

EVALUATION CRITERIA

criteria	percentage	Learning Objectives	Comments
Class Participation	15 %		Students are encouraged to read the materials before the class and have an active participation with questions suggestions and comments
Group Work and final presentation	45 %		The project should reflect the sustainability concepts built through the course and will be evaluated as follows: (1)WHY: Justification of why this solution is needed and why it might work (2)HOW: Explanation of how the proposed solution works (3)CLARITY: Clarity of ppt and presentation delivery.
Intermediate tests	40 %		

FAILING GRADE AND REASSESSMENT

Group presentation:

Project to work on and to be presented during sessions 11 and 12 will be discussed during the first session.

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

