



The Financial System We Need

Achieving sustainable development requires investment in an inclusive, green economy. Today, mismatches between what is financed and what needs financing contributes to continued environmental deterioration of natural capital and insufficient investment in infrastructure and people to secure inclusive prosperity.

Financial decision-making responds to price and policy signals in the real economy, but is also impacted by how the financial system is organized, informed particularly by the actions of the financial system's governing institutions, including government ministries, central banks and regulators, and rating agencies, standard setters and stock exchanges.

The UNEP Inquiry has explored how changes in financial system design can bring the environment more effectively into financial decision-making. Its insights have been informed by an international Advisory Council and insights from practical country experience and extensive international engagement and research reflected in over fifty research papers.

THE INQUIRY'S THREE KEY MESSAGES ARE THAT:

- 1** Financing for sustainable development can be delivered through action within the financial system, as well as in the real economy.
- 2** Policy innovations from developing and developed countries demonstrate how the financial system can be better aligned with sustainable development.
- 3** Systematic national action can now be taken to shape a sustainable financial system, complemented by international cooperation.

The Inquiry's insights suggest an historic opportunity in shaping a financial system that can more effectively finance the development of an inclusive, green economy. Such an opportunity can be achieved through leadership committed to developing the financial system to ensure it meets its broader purpose through complementary and coordinated action by financing institutions, those governing the system, and policymakers.



THE INQUIRY WILL LAUNCH 'INQUIRY LIVE', ITS KNOWLEDGE MANAGEMENT AND COUNTRY PORTAL ON THE 8TH OF OCTOBER IN CONJUNCTION WITH ITS FINAL REPORT IN LIMA AT THE WORLD BANK/IMF ANNUAL MEETINGS. INQUIRY LIVE WILL MAKE AVAILABLE A BODY OF KNOWLEDGE CONSISTING OF OVER 50 RESEARCH PIECES, AS WELL AS A PORTAL FOR ITS CURRENT MEMBER COUNTRIES.

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Inquiry: Design of a Sustainable Financial System

Welcome to the Inquiry Live

Mobilizing the world's capital is essential for the transition to a sustainable, low-carbon economy. Today, however, too little capital is supporting the transition, and too much continues to be invested in a high-carbon and resource-intensive, polluting economy.

Market participants and others recognize that prevailing rules and incentives governing financial markets can disadvantage long-term, sustainable behaviour. Long-term environmental risks are not being effectively counted and green opportunities are inadequately valued. Such distortions can lead to a misallocation of capital and a danger of systemic risks to the economy and the natural environment.

Search



“ In the wake of the global financial crisis, there is growing recognition that the financial system must be not only sound and stable, but also sustainable in the way it enables the transition to a low-carbon, green economy.”

Achim Steiner
Executive Director,
United Nations Environment Programme



Simon Zadek
Co-Director



Mahenau Agha
Head of Outreach



Nick Robins
Co-Director

For more information on the Inquiry's work going forward: inquiry@unep.org, [@fininquiry](https://twitter.com/fininquiry)