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2021 P4G Seoul Summit

“Special Session on Green Finance”

Opening Remarks

2021. 5. 29. 20:00

Financial Services Commission

Chairman Eun Sung-soo

1. 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.

2. 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**¹⁾ 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.

1) Green New Deal stimulus package: US 1.7trn USD, UK 12bil GBP, South Korea 73.4trn KRW

3. 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 trillion²⁾**.

Also, **quarterly issuance of green bonds** has risen to **\$150 billion³⁾**.

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**.

2) Source: Morning Star (2021 March)

3) Source: Bloomberg (2021 1Q)

4. Challenges for Green Finance: 3 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**⁴⁾, 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.

4) 21.2.16, Financial Times, “Blended finance will make us stronger”

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.

5. 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.