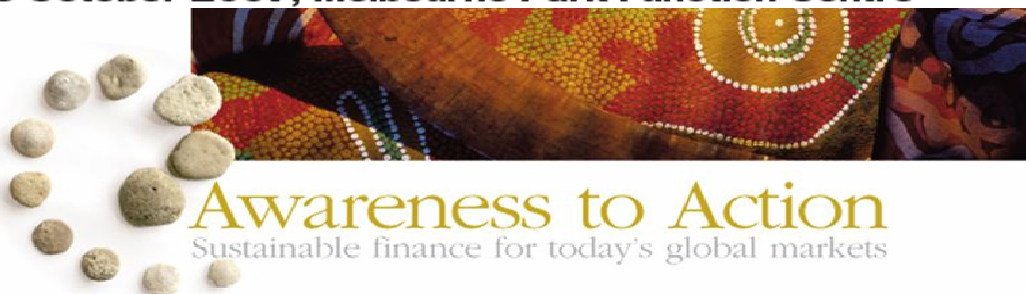




## Session Summary

<b>DAY 1</b> <b>Wednesday 24 October</b>	
<b>Session Details</b>	<b>Workshop 1.3.4</b> <b>“Hidden Treasure: The Sustainable Upside to Emerging Markets”</b> 11:15am – 12:45pm
<b>Speakers</b>	<ul style="list-style-type: none"> <li>• Toshiro Nishizawa, Deputy Director General, JBIC Institute, Japan Bank for International Cooperation</li> <li>• Justin Smith, Head of Governance and Sustainability, Nedbank</li> <li>• Daniela Mariuzzo, CSR Manager, Rabobank</li> <li>• Juan Segundo, Country Executive, ABN AMRO Mexico</li> <li>• Christopher Wells, Environmental Risk Manager for Latin America, ABN AMRO Banco Real</li> <li>• Moderator: Jeremy Baskin, Director, Australian Office, The Cambridge Programme for Industry</li> </ul>
<b>Notable Highlights</b>	<ul style="list-style-type: none"> <li>• Understanding and managing risk in emerging markets is key – need to look beyond traditional models and consider using informal regulators</li> <li>• Microfinance has moved into the mainstream – it’s difficult to engage with the population over sustainable investment when the majority doesn’t have access to basic financial services</li> <li>• Partnerships seem to be successful in promoting sustainability in emerging markets</li> <li>• Inability to rely on government enforcement in emerging markets – leaving it to companies to direct corporate behaviour and multilateral development banks to enforce behaviour</li> </ul>
<p>In countries where 70% of the population has their hands on just 10% of the wealth, it’s not surprising that a key challenge for emerging markets is access to financial services. More than 3 billion people live in emerging markets – many without access to basic financial services. A key challenge for emerging markets is how to reach the majority of the population over sustainable finance and investment opportunities, when they’re not included in financial services. The answer, according to Daniela Mariuzzo, CSR Manager, Rabobank, is microfinance. For years, microfinance has firmly been within the realm of NGOs – but not anymore.</p> <p>According to Justin Smith, Head of Governance and Sustainability, at South African’s Nedbank, emerging markets such as South Africa, provide a great many opportunities, but there are still significant challenges ahead. While the South African market is not developed from a business perspective, it has a well-developed finance sector. This sector has witnessed a change in consumer demand, which is driving an increase in ethical investment. In a nation like South Africa, where there</p>	

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are great opportunities in renewable energy, particularly solar power, he says that it's frustrating that 95% of the power still comes from coal. The lack of investment in alternative infrastructure is a major challenge. So too is the lack of government enforcement of policy. Justin comments that it is falling to companies to direct corporate behaviour and multilateral development banks to enforce behaviour.

Dialing-in from Brazil, Chris Wells from ABN AMRO, commented that banks in his region are now positioning themselves in the corporate and environmental responsibility arena. ABN AMRO has recognized that society is changing and therefore banks are changing. A major challenge for traditional financial institutions is understanding risk in emerging markets. Traditional models aren't geared around the issues facing emerging markets, so banks are increasingly reliant on informal regulators such as labour unions and NGOs to guide investment.

After more than five years looking at environmental risks, Chris said that they have identified two lessons: firstly that there are definitely financial risks in emerging markets and often these stem from environmental risks; and secondly, that they have observed a high rate of co-incidence between companies with environmental problems and those with financial problems. Chances are, if a company has environmental problems, they will also have financial problems. He said that if you have good management, including environmental management, then you're doing everything right.

Toshiro Nishizawa, Deputy Director General, JBIC Institute, Japan Bank for International Cooperation, said that his bank has responded to climate change by increasing investment in cross-border transactions, particularly those in emerging markets. Co-financing and partnerships are business models that seem to be successful in promoting sustainability in emerging markets, particularly in India. This approach is helping to deepen and broaden awareness.

This partnership approach was echoed by ABN AMRO, whose Brazilian operations have been closely involved in establishing dialogue within the banking sector around identifying the types of sustainable activities banks should be moving into.

Responding to the need for greater awareness around environmental and social risk in emerging marketplaces, such as Africa, Central and Eastern Europe, Latin America and South East Asia, UNEP FI is now providing an e-learning course on environmental and social risk management in financial institutions and is launching a forum for sharing real cases of environmental risk occurring in financial transactions.