



Thursday, 20 October 2011

Plenary 2

Earth Summit 2012: Financing the Rio vision

Synopsis: The Earth Summit 2012, or “Rio+20”, comes 20 years after the first Earth Summit of 1992 in Rio de Janeiro. This session debated what forward thinking financial institutions should seek out of Rio+20 as far environmental, social and governance needs are concerned.

Summary: Moderator David Runnalls, Outgoing President and Distinguished Fellow, IISD, opened the discussion by pointing out that eight months ahead of Rio+20, a final agenda for the conference had yet to be set in stone. Rio+20 should bring economics to the table in order to resolve both the financial crisis and the climate crisis, said Runnalls. The cross-cutting agenda could come together more effectively if it were to come from the private sector, Runnalls added, highlighting that because 1% to 3% of global GDP is the amount needed to meet carbon reduction targets by 2050, private finance has a major role to play.

Speaker Roberto Dumas Damas, Head of Environmental and Social Risk, Banco Itau BBA, meanwhile warned that moving towards a green economy was hindered by the use of expressions such as “sustainable investment,” which gave a negative connotation of low returns. Instead, said Dumas Damas, a green economy’s aims should be consistent with fiduciary duties to maximize return.

CEO of Aviva Investors, Paul Abberley, spoke of the necessity for companies to do more reporting in order to increase transparency. Abberley lamented that the process is not moving quickly enough to build a sustainable global economic model and that regulatory support is needed. In a recent development, however, governments are now being asked to develop at Rio+20 a convention with which companies would be required to embed in reports the sustainability of their long-term strategy, noted Abberley. Such a framework would constitute a concrete outcome to Rio+20, he added.

President and CEO of The Nature Conservancy, Mark Tercek, argued that nature should be valued as both an infrastructure and capital when looked at from a financial lens. Tercek spoke of water funds across Latin America – whereby downstream users of a waterway invest in upstream conservation to keep their water supply clean and steady –

as examples of a valuation of natural capital. Water funds, noted Tercek, are effective, and yet they are neither cases of philanthropy nor corporate social responsibility.

