

# Introduction to Sustainable Finance

## Syllabus

# Contents

## 1. Introduction

About PAGE

About the STA

## 2. Background

## 3. At a glance

## 4. Target Audience and Language

## 5. Learning Objectives and Structure

**Module 1:** Fundamentals of Sustainable Finance

**Module 2:** The Sustainable Finance Market

**Module 3:** Sustainable Finance Products: Green Bonds and Green Loans

## 6. Methodology

Types of Learning Activities

Completion Criteria and Certification

Navigation and Tracking

## 7. Evaluation

## 8. Technical requirements

# 1.Introduction

The Partnership for Action on Green Economy (PAGE) and the Strategic Alliance on Green Bond Market Development in G20 Emerging Economies (STA) are pleased to present this new e-learning course on Sustainable Finance. The interactive and practice-oriented course seeks to provide interested participants from governments, financial sector, businesses, and civil society with an introduction to various approaches to promote and harness opportunities related to sustainable finance.

The course has been reviewed by an Advisory Board composed of relevant organizations in the field of sustainable finance, including:

- **United Nations Environment Programme – Finance Initiative (UNEP-FI)**
- **Affirmative Investment Management (AIM)**
- **European Investment Bank (EIB)**
- **International Financial Corporation (IFC)**

## About PAGE

The Partnership for Action on Green Economy (PAGE) seeks to put sustainability at the heart of economic policies and practices to advance the 2030 Agenda for Sustainable Development. It supports nations and regions in reframing economic policies and practices around sustainability to foster economic growth, create income and jobs, reduce poverty and inequality, and strengthen the ecological foundations of their economies.

PAGE brings together five UN agencies – UN Environment, International Labour Organization, UN Development Programme, UN Industrial Development Organization, and UN Institute for Training and Research – offering integrated and holistic support to countries on building inclusive green economies. PAGE funding partner include the European Union, Germany, Finland, Norway, Republic of Korea, Sweden, and Switzerland.

## About the STA

The Strategic Alliance on Green Bond Market Development in G20 Emerging Economies is a developPPP.de partnership between SEB AB and GIZ where the latter has worked for three years for the public benefit to support the development of robust and sustainable green bond markets in emerging economies. The GIZ approach is to raise awareness and build competence among the different market actors through trainings, bilateral advisory support, as well as through knowledge products such as research, publications, webinars and this e-learning.

The Nordic Financial Services Group SEB AB collaborated with The World Bank and a handful of Institutional Investors throughout 2007/2008, in developing the World Bank's first Green Bond. SEB led several path-breaking Green Bond issuances, including the first municipal Green Bond, the first non-supranational Green Bond and the first corporate Green Bond. SEB is one of the founding banks of the Green Bond Principles. It's a member of The Green and Social Bonds Executive Committee. Both SEB and SEB's clients have received a large number of awards for their issuances from institutions such as Global Capital, Environmental Finance and IFR.

GIZ is a German public-benefit federal enterprise that works jointly with governments, international organizations, businesses, civil society actors and research institutions worldwide to foster international cooperation for sustainable development. Through the developPPP.de programme, we work on behalf of the German Federal Ministry for Economic Cooperation and Development with the private sector supporting innovative projects in developing and emerging economies for sustainable development.

## 2. Background

According to the Finance Initiative of UN Environment (UNEP-FI) the capital needed to realize the 2030 Agenda for Sustainable Development worldwide amounts to USD 5-7 trillion a year. However, the overall cost of transforming to a low carbon society is not significantly more expensive than continuing with high carbon investments. For example, large investments in energy infrastructure will in any case be required to maintain and match future energy demand, regardless of whether this contributes to a high carbon or low carbon scenario. Given the scale of capital needed, it is of vital importance to implement market mechanisms to reflect the potential benefits of sustainable investments and attract interest from potential investors. The international community has made clear that the private sector – including financial institutions – plays a fundamental role in the realization of the Agenda and the delivery of the Sustainable Development Goals (SDGs) in the years to come.

The cooperation between asset owners and investment managers seeking profitable and SDG-compliant investment opportunities is explicitly highlighted in the UN Alliance for SDG Finance. Currently, investors representing more than USD 62 trillion in assets under management have signed the UN Principles for Responsible Investments. In addition, of the more than 22,000 investors worldwide surveyed by Schroders for its Global Investor Study 2017, 78% claimed they place more emphasis on sustainability than they did five years before. 64% indicated that they have increased their allocations to sustainable funds over the same period.

Within the wider field of sustainable finance, green bond markets have gained increased attention and enjoyed significant growth in issuance volumes over the past five years. The global market grew from USD 11.3 billion in 2013 to USD 158.9 billion in 2017. The dynamic growth in sustainable finance is, however, limited by a general lack of understanding of what sustainable investing is and the benefits it can achieve in comparison to traditional investments, from issuers to regulators to investors. Providing relevant stakeholders in governments, the financial sector and businesses with better information and expertise on the topic can enhance the chances of bringing sustainable finance into the mainstream.

This e-learning programme aims to speed up the transition to a sustainable economy at the national and international levels and to pave the way for wide array of sustainable finance products by raising awareness among interested stakeholders.

## 3. At glance

<b>Length:</b>	<b>3 MODULES, 13 LESSONS</b>
<b>Effort:</b>	<b>120 MIN TOTAL, 10-15 MIN PER LESSON</b>
<b>Price:</b>	<b>FREE</b>
<b>Subject:</b>	<b>SUSTAINABLE FINANCE</b>
<b>Level:</b>	<b>INTRODUCTORY</b>
<b>Language:</b>	<b>ENGLISH</b>
<b>Platform:</b>	<b>UN CC:ELEARN</b>
<b>Assessment:</b>	<b>3 QUIZZES</b>
<b>Certification:</b>	<b>YES</b>

## 4. Target Audience and Language

The proposed programme targets groups and individuals from the public and private sectors, and civil society interested in learning about how sustainable finance can transform the way today's economies work. The programme will be suitable for introductory level learners but can also be used by learners with existing knowledge and experience related to sustainable finance. Prospective participants include:

- Government officials involved in developing and setting up policy frameworks for sustainable development and in particular sustainable finance;
- Individuals from public and private sectors and institutions that are potential issuers or investors in sustainable finance products;
- Professionals involved or interested in underwriting, research, consultancy or other professional services for sustainable finance products;
- Other individuals/institutions with an interest in sustainable finance.

## 5. Learning Objectives and Structure

The e-learning programme provides technical knowledge on why and how to choose sustainable finance solutions over conventional investment. For that, participants will begin to acquaint themselves with basic skills and tools for applying the sustainable finance mechanisms to a real-world policy or business context. After completing the course, participants will be able to:

- Describe, understand and discuss current developments and trends in the area of sustainable finance;
- Distinguish between different types of sustainable finance products and relevant eligibility criteria;
- Discuss opportunities, challenges, and enabling conditions for countries to benefit from growing sustainable investment opportunities;
- Identify opportunities for the public and private sectors to issue green bonds and green loans;
- Apply sustainable finance mechanisms to a real-life investment case study.

The e-learning programme is divided into three modules:

- **Fundamentals of Sustainable Finance**
- **The Sustainable Finance Market**
- **Sustainable Finance Products: Green Bonds and Green Loans**

Each module is composed of several lessons. Participants can navigate through the modules and lessons according to their individual interests and level of knowledge.

### Module 1: Fundamentals of Sustainable Finance

Module 1 presents the background of sustainable finance. The module is composed of five lessons:

- **Lesson 1: What is Sustainable Finance?**
- **Lesson 2: Sustainable Finance and International Agreements**
- **Lesson 3: Incorporating Sustainability into Organizations and the Financial System**
- **Lesson 4: Introduction to Environmental, Social and Governance (ESG) Risk Management**
- **Lesson 5: Key Challenges for Sustainable Finance**

After completing Module 1, participants will be able to:

- Describe the broad concept of sustainable finance;
- Explain the potential of sustainable finance for achieving the Sustainable Development Goals and the commitments on the Paris Agreement;
- Explain the motivation and the different processes for incorporating sustainability into organizations and financial systems;
- Correlate environmental, social and governance issues with return on investments;
- Explain current challenges for mainstreaming sustainable finance products in the market.

## Module 2: Sustainable Finance Market

Module 2 presents the principles of the sustainable finance market and explains in more depth how the market works, what kind of projects are financed, what policies exist and what standards and methodologies are applied. The Module is composed of lessons 6 to 11.

- **Lesson 6: The Five Pillars of Sustainable Finance Concept**
- **Lesson 7: An Overview of Sustainable Finance Market Participants**
- **Lesson 8: Sustainable Finance: Policies and Regulation**
- **Lesson 9: Impact Reporting and Communication**

After completing Module 2, participants will be able to:

- Explain the five pillars of sustainable finance concept;
- Identify the sustainable finance market participants and explain their motivation and roles;
- Explain how regulation can boost the sustainable finance market;
- Explain the key elements of a sound impact report and why it is important for the integrity of the market.

## Module 3: Sustainable Finance Products: Green Bonds and Green Loans

Module 3 focuses in delivering in-depth knowledge and examples on two specific sustainable finance products: green bonds and green loans. The Module is divided into two lessons:

- **Lesson 10: Sustainable Finance Products**
- **Lesson 11: The Green Bond Market**
- **Lesson 12: The Green Loan Market**
- **Lesson 13: Green Bond Projects around the World: Examples**

After completing Module 3, participants will be able to:

- Distinguish between different sustainable finance products;
- Explain the differences between a green bond and a green loan in comparison to regular bonds and loans;
- Explain the principles that guide market participants in green debt markets;
- Identify eligibility criteria for projects to be financed through green bond and green loan instruments under the Green Bond and Green Loan Principles;
- Explain the process of creating and issuing a green debt instrument;



## Special Module: An Applied Exercise on Sustainable Finance

The special module takes the learner through three practical tasks that different sustainable market participants are likely to undertake. The module takes the perspectives specifically of the regulator or policy maker, who needs to identify the pros and cons of a regulation that is put forth, the green bond issuer, who needs to draft a green bond framework and the investor, who needs to review the impact report of a green bond she invested in. The learner then engages in an exercise to complete these tasks.

This exercise is formative and will provide qualitative feedback to the learner instead of a grade or score. Therefore, the module requires no passing score and completion will be granted to all learners to attempt and complete the tasks. Note: The Special Module will be added to the course at a later point.

## 6. Methodology

The course pedagogy is adapted to professionals employed on a full-time schedule. The course is self-paced, unmoderated and comprised of series of short learning lessons.

### Types of Learning Activities

Each module features ungraded exercises (formative assessments) and a summative assessment or quiz at the end. The final special module exercise is a formative assessment which allows learners to take the perspective of three of the key target audience groups and apply what they have learned to a realistic scenario.

### TYPES OF FORMATIVE ASSESSMENTS

<b>Facts</b> (e.g. eligibility criteria for projects, current green bond & market features)	Recall & Multiple choice exercises
<b>Concepts</b> (e.g. environmental, social and governance challenges)	Drag & Drop, concept map exercises
<b>Problem Solving</b> (e.g. how to issue a green debt instrument)	Simulation exercises (special module)

### Completion Criteria and Certification

At the end of each module, participants take quizzes that correspond to the learning objectives for the module. The quizzes appraise the comprehension of key facts and concepts discussed in the module. To receive a Certificate of Completion, the learner is required to complete at 3 quizzes (with a minimum of 70% of correct answers).

## Navigation and Tracking

There is no pre-determined order in which modules or lessons need to be completed. Learners can open and transition to any module or lesson at any time using the course page navigation. Their progress towards the course completion can be followed through the course 'Achievements' page.

This page features:

Number of learning units completed (referring to viewing lessons and additional materials)

Number of required learning units completed (referring to quizzes)

Certificate (if available)

## 7. Evaluation

To collect feedback on the course, a final evaluation questionnaire is made available to all participants who completed the course. Completing the course evaluation is a prerequisite for obtaining the certificate.

## 8. Technical Requirements

Access to internet is an essential condition for participation. UNITAR also recommends the following as a minimum in hardware and software to take this e-learning course:

- Platform: Windows XP / Windows Vista / Windows 7; MacOSX
- Software: Microsoft Word 2007/2010, Adobe Acrobat Reader (free download at <http://www.adobe.com>)
- Browser: Internet Explorer 8 or higher, or Mozilla Firefox Note: Java, cookies and pop-ups must be enabled.