G20 Nations Shifting the Trillions: Impact Investing, Green Infrastructure and Inclusive Growth

The 2017 Spring Meetings coincided with the surprise calling of snap general elections in the UK and military tensions in the Yellow Sea. Our postwar social contract has to cope with unprecedented shocks: Britain’s thorny withdrawal from the EU, worsening Migrant Crisis, rise in populist demagoguery...

But there are also positive signs: the UN’s Sustainable Development Goals (SDGs) and new, more demanding governance norms are making unprecedented advances across the boardrooms of America, Britain, France and China, changing the world economy for the better.

THE G20 HAMBURG SUMMIT AND ‘INCLUSIVE GLOBALIZATION’

The IMF and World Bank Spring Meetings (April 21-23, 2017) saw the greater integration of the European Investment Bank (EIB) into the Global Infrastructure Facility (GIF), a multi-stakeholder investment platform led by the World Bank. Joaquim V. Levy, CFO & MD, World Bank Group, welcomed the strengthened engagement of the European Union’s development bank alongside other multilateral institutions interested in fostering the deployment of sustainability-oriented capital into the developing economies of South Asia, Latin America, Sub-Saharan Africa and the MENA area.

Wolfgang Schäuble, Germany’s veteran Finance Minister and chief architect of the 2017 G20 Hamburg Summit (to be held in July) delivered an impassionate address in favor of the rule of law, legal stability and continued inter-national cooperation. Eschewing abrupt changes and unilateral decisions, his appeal seemed rooted in the stern realm of Lutheran legal philosophy. His words sounded like a political testament, recognizing in part some of the shortcomings of neoliberalism (limited in his opinion). The corrective measures he suggested appeared meant essentially to increase North–South infrastructure and private equity investment in order to stabilize the fledging economies of Africa and the MENA area, and thus alleviate the festering European Migrant Crisis.

“Globalization has lifted hundreds of millions out of poverty, but there is also a growing rise in frustration in some quarters: if left unchecked, it will give rise to more populist demagoguery” said Europe’s wise man, insisting that “development, [national] security and migration are all interlinked” and multilateral insti-
tutions such as the World Bank and
the EIB could help steer stronger
private sector contributions towards
Africa’s economic development.

**IMPACT INVESTING AND
THE BOARDROOM OF THE
FUTURE**

A group of impact investing
tught leaders led by Lauren
Burnhill, Investment Committee
Member, Calvert Social Investment
Foundation, President, Resilience
Resources, Britain’s David Weeks,
Co-Chair, Association of Member
Nominated Trustees (AMNT) and
France’s Nicolas J. Firzli, Director-
General, World Pensions Council,
Advisory Board Member, Global
Infrastructure Facility (GIF), met on
the sidelines of the Paul H. Nitze
School of Advanced International
Studies Global Women in Leadership
conference (Johns Hopkins, April
21 2017). They took stock of the
renewed public policy interest for
environmental sustainability, gender
equality and social inclusiveness, in
the spirit of the UN’s Sustainable
Development Goals (SDGs) and the
AMNT’s Red Line Voting Initiative:
“these are certainly positive steps in
the right direction: call it purposeful,
progressive multilateralism… But
governments and international
institutions need to do more if
they truly seek to ‘unlock’ private
sector capital in a meaningful way.
They have to ask themselves the
following questions: what are the
concrete legal, regulatory, financial
and fiduciary concerns facing
pension fund board members?
How can we improve emerging
industry standards for impact
measurement and help pension
trustees steer more long-term
capital towards valuable economic
devotees at home and abroad,
while, simultaneously, ensuring
fair risk-adjusted returns for future
pensioners?”

The word economics itself comes
from Koine Greek *nemein*, which
means ‘managing’ or ‘allocating’
[assets]. “Ultimately, all economic
decisions will have to be informed
by the Strong Trusteeship praxis
of engaged asset ownership…
It is our duty to accelerate SDG
mainstreaming across all asset
classes: listed equity (‘visible’ blue
chips), venture capital (‘invisible’
SMEs and startups), green
government bonds issued by public
institutions at federal, state and
municipal level, and tangible assets
such as infrastructure…Change
will only be achieved through the
active engagement of pension
board members, who have it in their
power to oversee the chain of asset
ownership for the greater good” said
Weeks and Firzli.

The past five months seem to mark
a turning point when it comes to
trustee assertiveness: some of the
largest Scandinavian pension funds
controlling nearly $300bn of assets
diveested from Ryanair over
employment rights, chastising the
CEO of Europe’s largest airline. On
April 25 2017, the board of directors
of Wells Fargo, “the best bank in
the United States” (Global Finance)
and “7th biggest public company
in the world” (Fortune), had to fight
an unprecedented shareholder
insurgency led by the $315 bn.
California Public Employees’
Retirement System (CalPERS), the
$200 bn. California State Teachers’
Retirement System (CalSTRS) and the $170 bn.
New York City
Employees Retirement Systems
(NYCRS): Wells Fargo Chairman
Stephen Sanger narrowly kept his
seat (55%) through the cynical
maneuverings of Warren Buffett (in
2016, no Wells Fargo board member
drew less than 95%).

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Poland, Russia, Spain and
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Chinese leader also confirmed
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also fostered the notion of green megacities in Eastern Europe, the Maghreb and South Asia, insisting early on that development economists, town-planners, civil engineers and architects need to work holistically, within an integrated framework that incorporates right from the start fiscal, environmental, logistical, cultural and healthcare metrics. On May 23, 2017, the board of Saudi Arabia’s Public Investment Fund (PIF), by far the world’s largest sovereign wealth institution, announced their intention to invest $20 billion in state-of-the-art infrastructure assets across the United States, a significant long-term investment decision aligning with HRH Prince Mohammad Bin Salman Al-Saud’s expressed inclination towards modern Keynesian economics and progressive, infrastructure-driven urban development (known as ‘Ru’yatt-al-Saudiya’ or Saudi Vision 2030).

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(3) Dr. Fausto Felli also played an essential role in that regard: cf. 2014 Italian Presidency of the EU Council (P. Garonna and E. Reviglio Eds.) https://www.luissuniversitypress.it/files/free_download/2016/04/FeBaf%20Investing.pdf

(4) Third annual World Pensions Forum (Nov. 7-8 2013) organized jointly with the Hong Kong Special Administrative Region (SAR) of the People’s Republic of China.
