

2021 ASSESSMENT PROGRAMME

SNAPSHOT OF BARCELONA'S
PERSONALISED REPORT

BARCELONA CENTRE FINANCER EUROPEU (BCFE)

June 2022

Contact

21 - 22

Pilar III

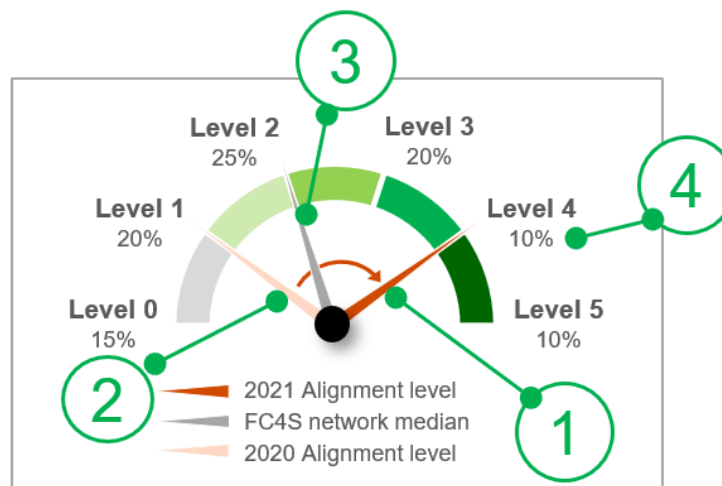
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HOW TO READ

Alignment level graphs



There are alignment levels graphs throughout the report. A level provides 4 types of information:

- 1 The **2021 alignment level** of your financial centre for the related section or question (the orange needle)
- 2 The **2020 alignment level** of your financial centre for the related section or question (the light orange needle) if your centre participated
- 3 The **median alignment level** for the related section or question (grey needle), based on the 29 responding financial centres
- 4 The share describes the **distribution of financial centres** per alignment level for the related section or question

Example

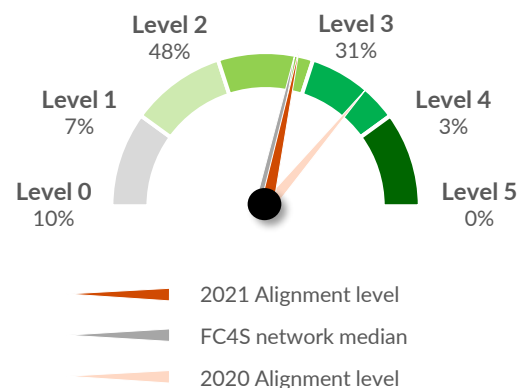
- In 2021, the financial centre is at level 4 on this question, 2 levels above the median score among the 29 responding financial centres on this question.
- The financial centre improved compared to its 2020 level, from an alignment level of 1 to an alignment level of 4 on this question, as is showcased by the orange arrow.
- In 2021, the financial centre is among the top 20% of the 29 responding financial centres since 10% of financial centres are at level 5 and 10% more are at level 4, including the financial centre reviewed here.



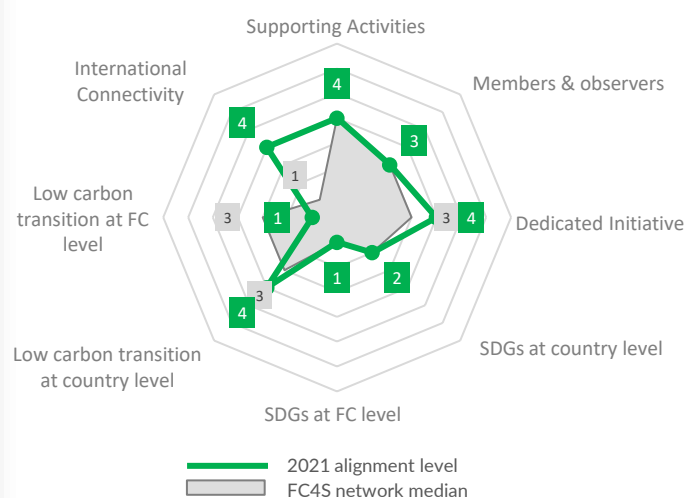
INSTITUTIONAL FOUNDATIONS

This pillar explores the key institutions and ambitions that drive the development of sustainable finance within the financial centre. It examines in detail the actions and activities undertaken to promote sustainable finance.

On **Institutional Foundations**, BCFE scores **2.88 out of 5**, exactly at the FC4S Network median.



Detailed overview

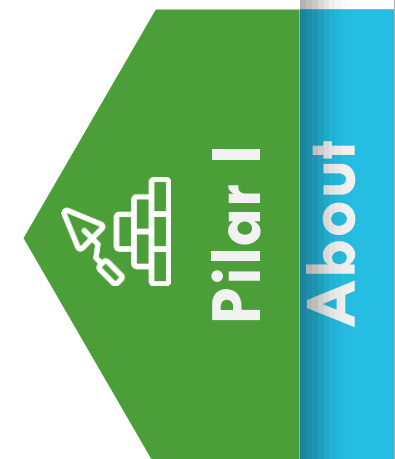


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- BCFE globally reaches the FC4S network median on this pillar. However, the level of alignment of BCFE decreased from a level 3.7 in 2020 to 2.88 in 2021
- Most activities relating to Sustainable Finance have been implemented by the FC. This is supported by the well-established dedicated initiative that implements an extensive action plan for the development of Sustainable Finance, and positions BCFE in the top 40% of FCs in this aspect.
- BCFE stands out for its high international connectivity, especially compared to similar financial centres within its regional cluster. This is a key driver for improvement through the exchange of best practices between peers.

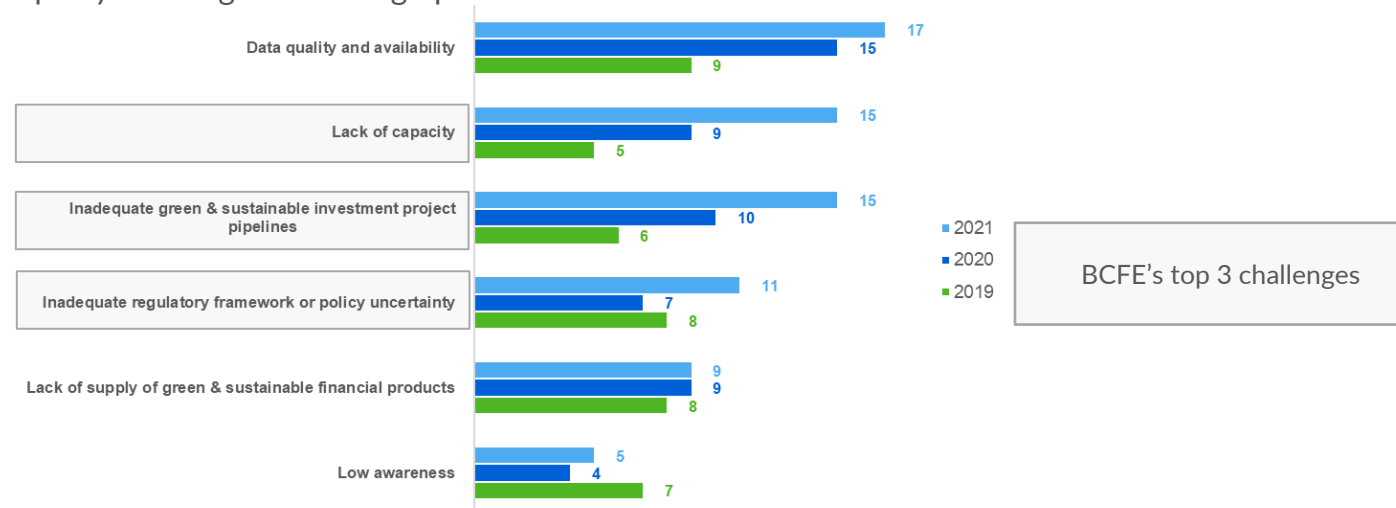
Areas of improvement:

- In terms of SDGs implementation at FC level, BCFE could work on formalising specific strategies, that will improve the alignment to this framework and consequently the score. This could include providing practical guidelines to financial institutions on how they could use the SDGs framework and encourage financial institutions to build their own strategies to allocate growing capital toward the SDGs.
- The same pathway is applicable to climate and low-carbon transition strategy at FC level. BCFE lacks a proper strategy or an action plan on this matter. Nonetheless, the FC could leverage on the existing policies & regulations and public instruments (see questions 2.1.1 and 2.1.2 in the complete report) and on actions taken at national level, to develop a low-carbon strategy supplemented by a rigorous action plan that could bring cascading benefits.

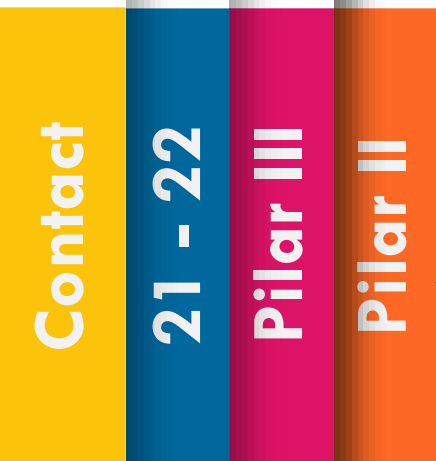
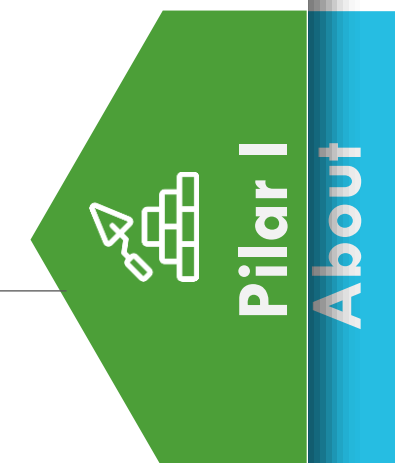
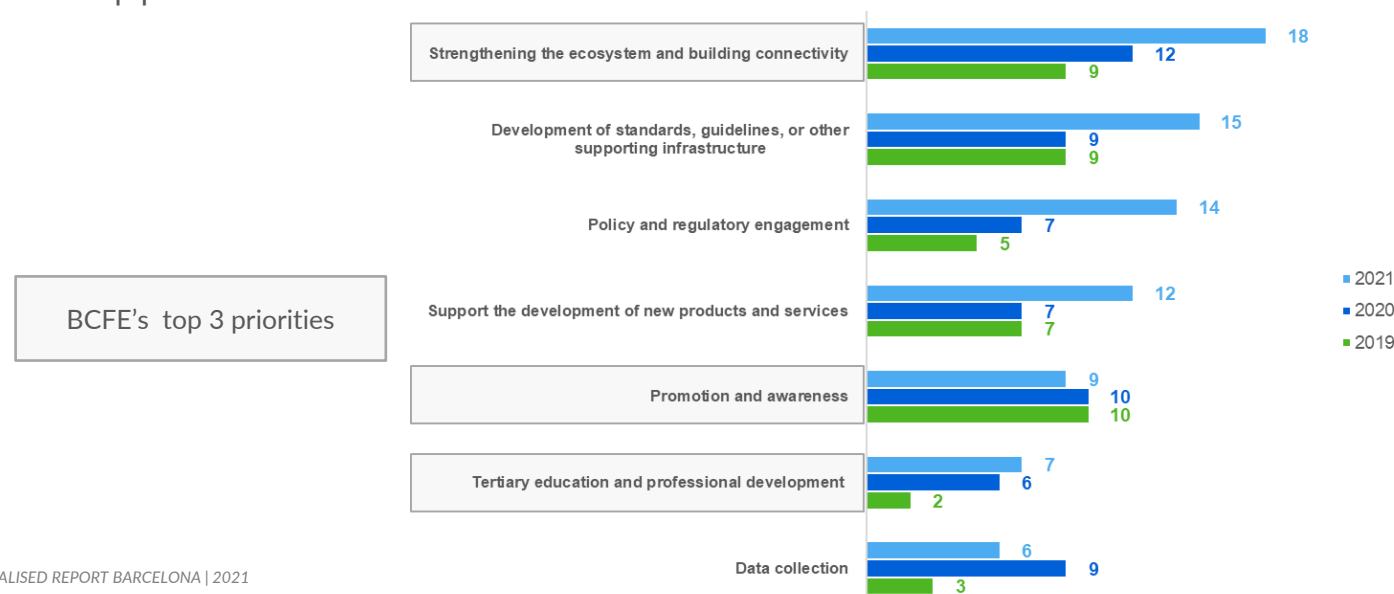


INSTITUTIONAL FOUNDATIONS

1.4.1 - Top key challenges to scaling up sustainable finance in financial centres



1.4.2 - Top priorities for future action on sustainable finance



INSTITUTIONAL FOUNDATIONS

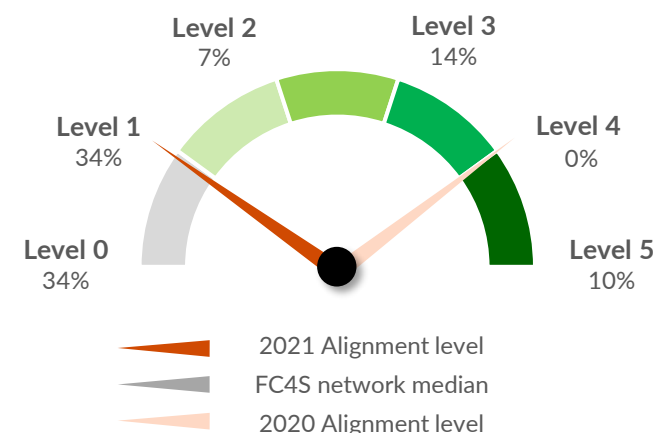
Answers of the regional best-in-class FC
Answers of the median scoring FC
BCFE's answers

Climate action	13	CLIMATE ACTION			
Clean water and sanitation	6	CLEAN WATER AND SANITATION			
Partnership for the goals	17	PARTNERSHIPS FOR THE GOALS			
Life on land	15	LIFE ON LAND			
Decent work and economic growth	8	DECENT WORK AND ECONOMIC GROWTH			
Zero hunger	2	ZERO HUNGER			
No poverty	1	NO POVERTY			
Peace, justice and strong institutions	16	PEACE, JUSTICE AND STRONG INSTITUTIONS			
Life below water	14	LIFE BELOW WATER			
Responsible consumption and production	12	RESPONSIBLE CONSUMPTION AND PRODUCTION			
Affordable and clean energy	7	AFFORDABLE AND CLEAN ENERGY			
Quality Education	4	QUALITY EDUCATION			
Good health and well-being	3	GOOD HEALTH AND WELL-BEING			
Sustainable cities and communities	11	SUSTAINABLE CITIES AND COMMUNITIES			
Reduced inequalities	10	REDUCED INEQUALITIES			
Industry, innovation and infrastructure	9	INDUSTRY, INNOVATION AND INFRASTRUCTURE			
Gender equality	5	GENDER EQUALITY			

1.5.1 - SDGs at Financial Centre level

BCFE is falling behind in comparison with the country level as 5 SDGs (Life on Land; No poverty; Peace, justice and strong institutions; Life below water; Affordable and clean energy) are described as not undertaken. The FC could build on the country-level actions already made to develop its own strategy at financial centre level.

Performance decrease from 2020 to 2021 is mainly due to a change in methodology.



- Measurement and Disclosure
- Action Plan
- Strategy
- Commitment with objectives and quantified targets
- Vision and goals
- Not undertaken

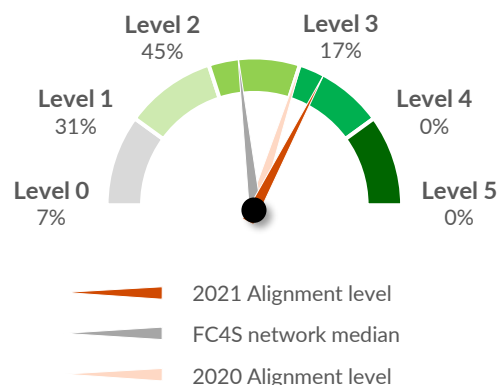


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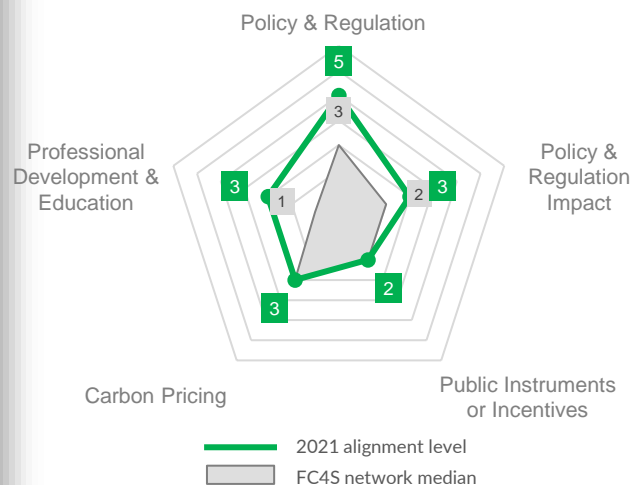
ENABLING ENVIRONMENT

This pillar maps the structures that support the scale up of sustainable finance by providing rules and incentives and building capabilities. It scrutinizes the depth of the regulatory environment and the advancement of the public financing instruments and the ability of the professional development and education ecosystem to provide institutions with a trained and qualified workforce.

On **Enabling Environment**, BCFE scores **3.2 out of 5**, above the FC4S median of 2.2 out of 5.



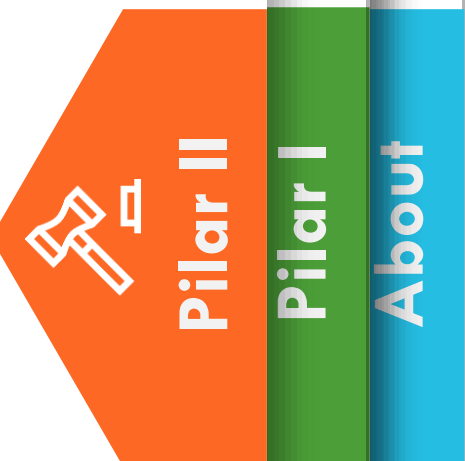
Detailed overview



- BCFE is positioned within the **top-25%** of FC on this pillar, showing a **balanced performance between the 5 dimensions** and systematically outcompeting or equaling the FC4S network.
- As regards to the financial **policy and regulatory environment** of the FC, regulations in place cover **all the proposed measures** which makes BCFE the **best-in-class** within the FC4S network and its regional cluster, as in 2020.
- Professional development and education** are key drivers to scale-up sustainable finance eco-systems. BCFE outcompetes the network and positions in the top 24% with **all key skills assessed covered by courses or other educational activities**.

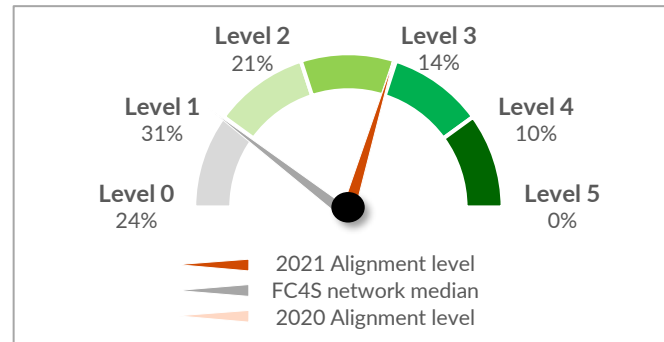
Areas of improvement:

- Improvement on the impact of **financial policies and regulations in place** could involve **an extension in the scope** and the addition of specific requirements to them. Considering that BCFE is one of the few FC able to report quantitative data regarding the volume of listed debt instruments and issued bonds, the FC could reinforce one of its competitive advantages by improving the related framework, providing more clarity to market participants.
- BCFE is aligned with the FC4S network median regarding **public instruments or incentives**. Increasing the awareness of financial institutions for these mechanisms would allow the FC to further improve. More specifically, no instrument is available for risk sharing. Such mechanisms could strengthen the position of BCFE on asset management, generating strong incentives for investors to allocate capital towards impact-oriented investment funds.



ENABLING ENVIRONMENT

2.4.1 – Professional Development & Education



Professional development and education are key drivers to scale-up sustainable finance ecosystems. **BCFE integrated this challenge and offers a variety of types of courses or other educative activities.**

The FC reached level 3 since it declared to have executive courses in the majority of the topics evaluated (4 out of 7), under-graduate courses in 2 topics and finally 1 post-graduate course in place.

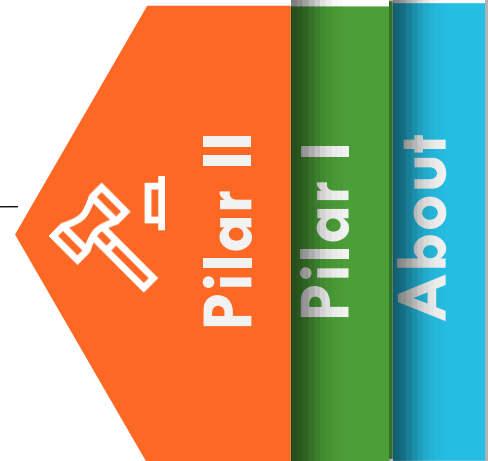
2.2.1 – Public instruments or incentives

BCFE equals the FC4S network’s median on this aspect. The FC considered monetary policy as “not applicable” and reported lower awareness on fiscal incentives compared to 2020, which partially explains a decrease in the performance.

- High awareness of the instrument(s)
- Medium awareness of the instrument(s)
- Low awareness of the instrument(s)
- No instrument available

	1	2	3
Public emission of green, social, or sustainability-linked bonds	High	Medium	High
Subsidies	Low	Medium	High
Monetary policy	No instrument available	Low	High
Publicly backed / state-owned funds and institutions	High	Medium	High
Blended financing instruments	High	Low	High
Risk sharing mechanisms and guarantees	Low	Medium	Medium
Capital requirement modulation	Low	Low	Low
Tax incentives targeting green, social, or sustainability-linked bonds	Low	Low	Medium
Tax incentives targeting sustainable financial products other than bonds and loans	Low	Low	Medium
Tax incentives targeting green, social, or sustainability-linked loans	Low	Low	Medium

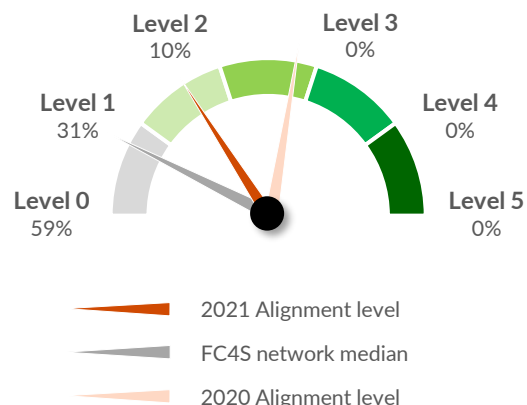
- 1 BCFE’s answers
- 2 Answers of the median scoring FC
- 3 Answers of the regional best-in-class FC



MARKET INFRASTRUCTURE

This pillar analyses how the commitments, strategies, policies, regulations and incentives are stimulating private market participants to mobilise capital. It inspects the dynamism of debt and equity markets regarding sustainable finance solutions and reviews the commitments taken and the sustainable products offered by the main financial industries such as banking, investment and insurance.

On **Market Infrastructure**, BCFE scores **1.79 out of 5**, above the FC4S median of 0.86 out of 5.



Detailed overview



- BCFE is positioned **within the top-10% of** FC on this pillar. The decrease in performance of 2020 is mainly due to a change in methodology.
- The FC is one of the few that reported **quantitative data** which provides valuable insights on the evolution of sustainable finance on several dimensions. Combined with **commitments**, the FC's top banks stand out for committing to increase the volume of **sustainable credits and loans** and already are at the 4th position in terms of volume as of end-June 2021 on this indicator.
- In terms of the sampling, BCFE obtained a very complete sample for Asset Managers and Banking, while for Insurance, just over half of the required players were sampled.

Areas of improvement:

- BCFE is high performing on **Debt Markets**, being amongst the few providing data on Sustainable listed debt instruments market size. However, the financial centre is locked at level 2, due to a **lack of a dedicated exchange segment for sustainable debt instrument**.
- BCFE is already a top-performing centre for providing **quantitative data**. Further improvement could come from gathering quantitative data on **AuM aligned with a 2-degree scenario** and on the **number of targeted sustainable or impact-driven insurance policies marketed**.
- Market players could be encouraged to take more **commitments regarding the exclusion of firms engaging in coal and other fossil fuels activities** or on **increasing the availability of sustainable products** as it would raise broader awareness and drive key performance indicators up.



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MARKET INFRASTRUCTURE



BANKING

Based on the sample of 9 out of 10 banks that were requested in the questionnaire

- BCFE' scoring for **capital allocation**¹ equals the FC4S network's median, while the final scoring on **sectoral exclusion**² **climate alignment**³ and **best practices**⁴ outcompetes the FC4S network's median.
- As in 2020, BCFE was amongst the few FC to provide **quantitative data, both total and within the last 12 months, on the volume of green, social and sustainability-linked loans** and **credits provided or underwritten by the top-banks**. This information provides indicators of the transition's dynamism of the banking system.
- BCFE could further improve by pursuing the **development of commitments for sectoral exclusion**, although this topic remains a challenge for most financial centres.

ASSET MANAGERS

Based on the sample of 10 out of 10 asset managers that were requested in the questionnaire

- BCFE is one of the **leading centres on this aspect**, systematically outcompeting the FC4S network's median in 2021. However, the FC has decreased its overall performance since last year (level 3), mainly due to a change in methodology.
- As in 2020, BCFE was amongst the few financial centres to provide **quantitative data** and stands out for the **high share of AuM** of the top asset managers that benefit **from a negative screening policy and/or an ESG integration policy**.
- BCFE reaches the best 14% in terms of **climate alignment**, driven by the application of a climate scenario methodology.
- The application of the **SDGs framework** is a limiting factor in achieving a higher score in **Best practices**.

INSURANCE

Based on the sample of 6 out of 10 insurance companies that were requested in the questionnaire

- BCFE leads by **systematically outcompeting the FC4S network's median** in 2021, despite lowering its level from 2020 (level 2).
- The FC particularly stands out on **Climate alignment**, by being within the 31% of financial centres at level 2 or above on this subsection. The fact that 67% of top-insurers apply at least partially the recommendations of the TCFD drives this performance up.
- The sampling of the insurance companies could be improved to cover the required 10 financial players.

¹ Includes scores of questions related to commitments, loans and credits, and bonds underwritten by financial centres

² Contains scores of questions related to coal and fossil fuel exclusion, and exposure to the Global Coal exit List.

³ Comprises scores of questions related to climate scenario analysis, TCFD and 2°C alignment.

⁴ Incorporates scores of questions related to PRB signature, equator principles and SDG framework alignment.



The trophy shows the better performing market among the three.



Pillar III

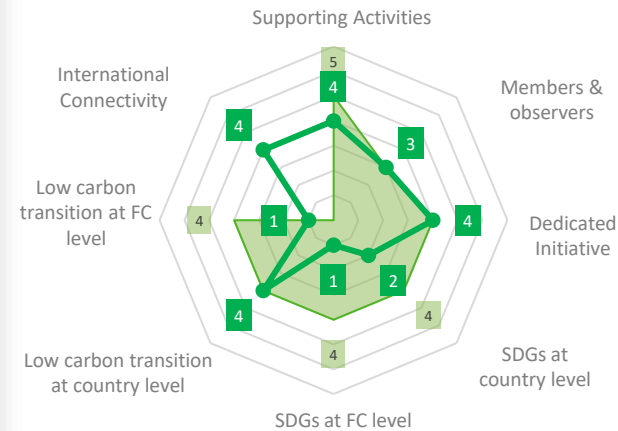
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DETAILED 2020 vs. 2021 COMPARISON

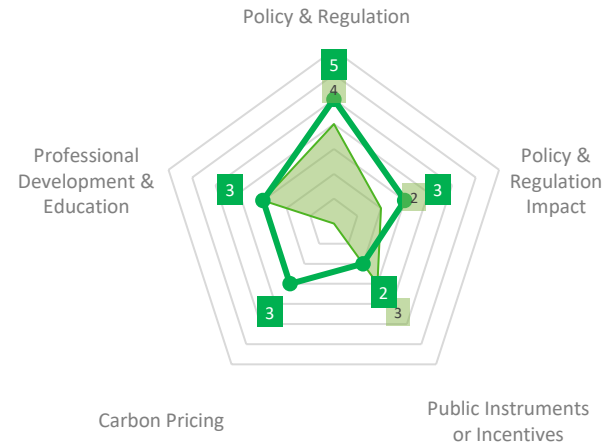
Institutional Foundations



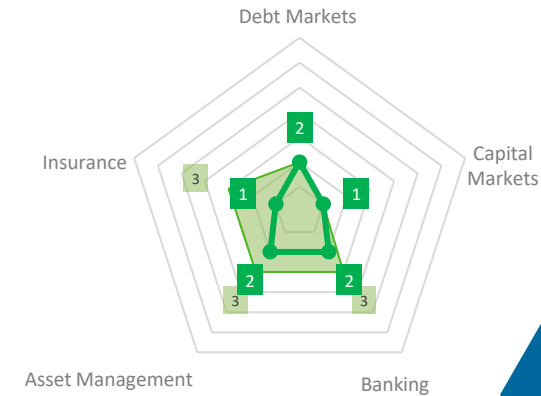
* The SDGs and low carbon transition questions were both a single question in 2020

** New in 2021

Enabling Environment



Market Infrastructure



— 2021 alignment level — 2020 alignment level

BCFE is **systematically below or equal to the 2020 level**.

Variations are due to:

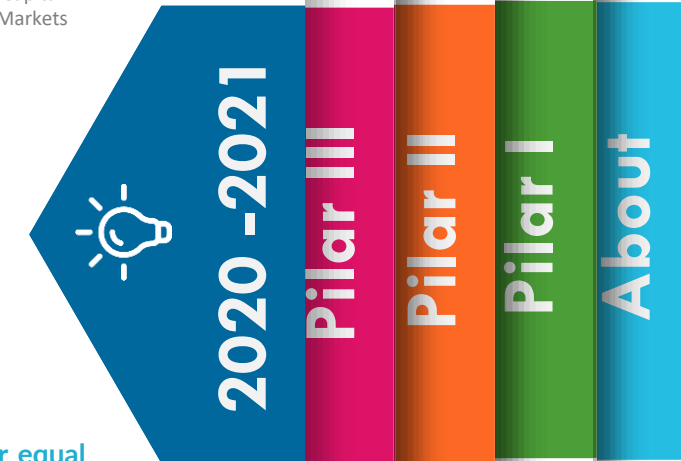
- Research and analysis on sustainable finance topics, External engagement and promotion, Cooperation with public authorities and Initial stock-taking engagement were declared as activities not performed this edition.
- Changes in the methodology of the survey for SDG and low carbon transition questions.

BCFE is **systematically above or equal to the 2020 alignment level**, except in Public instruments or incentives.

- Differences between 2020 and 2021 on public instruments or incentives are due to changes in the methodology of the survey

BCFE is **systematically below or equal to the 2020 alignment level**.

- Differences between 2020 and 2021 on Banking, asset management and Insurance are due to changes in the methodology of the survey.



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