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Making real financial sustainability through formal and informal indicators assessment[1]

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María Lidón Lara Ortiz[1]

Abstract

This paper aims to offer an outlook which will allow the determination of the sustainability rating indicators for being useful to analyse the degree of achievement of the Sustainable Development Goals through the financial system. More sustainability is feasible since theirs analysis could lead us to get to know the weaker points of the whole issue. In these sense, it is possible to distinguish two kinds of items: the formal and the informal ones. The former ones are determined through financial regulations, and the latest ones are extracted from other sources, but all of them are useful.

Keywords: Sustainable Development Goals, financial regulation, financial globalization, green finance, measuring indicators.

JEL classification: K22, K23, F30.

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Contents

1. Introduction.

Achieving sustainable development at a global level has multidisciplinary implications since its scope encloses environmental, economic, social, and governance aspects. The financial system can decisively contribute to the achievement of a more sustainable world through sustainable finances that are already being promoted. But, it is a must to standardize the indicators to measure the accomplishment degree of the sustainability targets and the exchange of data collected in this scope, which are issues currently evolving slowly (Bese Goksu, E. and Tissot B. (2018)).

The indicators about data that allow statistically rating the degree of sustainable development achieved are essential to promote more sustainability in the more depressed scopes, because they will highlight the weaker points. Statistical analysis of data can strongly contribute to a further sustainability, showing the real situation (Sánchez Almaraz J. (2021)). The indicators could be extracted from two types of sources: the formal and the informal ones.

Thus, a first group of indicators that we could name formal indicators, are those that can be identified as sustainability milestones and actions in favour of sustainability, being the result of the traditional sources of analysis such as legal or regulatory requirements. The accomplishment of these indicators can be known through analysis of the data publicized by the transparency imposed on the public sector or on the financial entities. An example of this, in the financial field, is the obligation of disseminating information that results from the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on the disclosure of information related to sustainability in the financial services sector.

A second group of indicators are informal in nature, but no less relevant since they are expanding. This second group includes some international guidelines and other documents, as reports, that label different kinds of tools as sustainable products and mechanisms, and the indicators related to the data that make possible to rate compliance with the social responsibility of the administrations -in the public sphere-, and of corporate social responsibility -in the private scope-. As an example, we can quote the 18/2018 Act, of July 13, of the Valencian Government, for the promotion of social responsibility in the public sector, which is a regional regulation applicable to a part of the Spanish territory, from which we can extract different elements as data indicators of environmental, economic, governance, and social sustainability.

Finally, the purpose of this paper is offer a template with an initial scheme of the indicators that could be useful to rate de sustainability achievement in a holistic sense. The template offered in the epigraph "proposed template for rating sustainable impact of the financial activities" is a first approach to the useful indicators to rate the sustainability development through the financial sector, which could be enhanced and amended considering future financial regulations in a global scale.

2. The evolution of the concept of "sustainability" and the effectiveness of the regulations on its defence.

It is needed to start by clarifying the current concept of "sustainability" at a global scale. It leads us to determine the extent of the concept for rating the accomplishment of the whole scope of it, and it evidences the main material indicators.

The most widespread definition of sustainability was coined decades ago in the report "Our Common Future", issued by the United Nations World Commission on Environment and Development, and which has also been called the 1987 Brundtland Report. This Commission coined the concept of sustainable development as the one that satisfies current needs without endangering the ability of future generations to meet their own needs (United Nations (1987)). Although it is true that the interest of the international community on sustainability has been increasing since the end of the eighties, it is also true that one of the biggest problems to achieve effective results has been the legal implementation of measures with enforcement, so that all states could be obliged to effectively regulate mechanisms in defense of the sustainability. The lack of legally binding nature of the former international agreements, and the existence of some conflicts of interest of economic nature, have generated, for years, a situation of recurrent regulatory ineffectiveness at the international level, since the guidelines that we found in this area are considered the kind of rules of *soft law* (Nava Escudero C. (2018)). Thus, the main drawback in making any initiative enforceable has long resided in the voluntary nature of its compliance (García Sánchez I.J. (2013)). Given state sovereignty, the will of each state is decisive to ensure international guidelines in its own territory (Chicharro A., (2013); Mazuelos Bellido A. (2004); Alarcón García G. (2010); Abbot K.W. and Snidal D. (2000)). As we will see, this disadvantage can be supplied, to a certain extent, with citizens' awareness, which needs to be useful that the citizens have been properly informed regarding sustainable actions, and they have been formed on financial culture, when sustainability is related to the financial market. In this sense, the values of transparency and public or corporate social responsibility are essential.

Despite all, this feature is changing since the Paris Agreement of December 12, 2015, was signed (United Nations, 2015), because it leads us to the "2030 Agenda" proposed by the United Nations General Assembly, as a new global framework for sustainable development, that has been described as the first universal and legally binding agreement in this area (Linares P. (2018); Moreno J.M. (2016)). This agreement determines the goals of sustainability as a common target of international relevance, with a real commitment from the signatory States to apply specific and particular means in each nation. So, the current extension of the concept of sustainability is defined by the targets included in each and every one of the seventeen Sustainable Development Goals (hereinafter, SDG) included in the 2030 Agenda, considered as a binding agreement. Precisely, unfolding the targets of these SDGs, a complete framework of indicators have been elaborated according with the Resolution adopted by the General Assembly on 29 January 2014 of the United Nations about *Fundamental Principles of Official Statistics* (United Nations (2014)). The official document that identifies these indicators is the *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development of United Nations* (United Nations (2021a)), which includes 169 targets (United Nations (2021b)), and, as a consequence, all of them are indicators of sustainability. Thus they have been included in the "proposed template to rate sustainable impact of financial activities”, despite some of them are related to rate the national achievement in every State through others activities, so, we must considerer that in these cases the assessment of the proposed template must be understood as how the activity of any financial entity assessed are contributing to achieve every national target on material sustainability.

3. Formal indicators of sustainability.

Indicators based on material goals

The SDGs encompass goals to achieve sustainability in the social, economic, environmental, and governance dimensions, so the SDGs allow a reinterpretation of the concept of sustainability, giving due relevance to all the dimensions of sustainability included in the 2030 Agenda. From a holistic point of view, they all will ease to size the degree of compliance of sustainability in those areas determined by the 2030 Agenda, as social, economic, environmental and governance goals, and which should be considered indicators to measure the degree of inherent sustainability in activities considered sustainable finance. We will consider the goals of the 2030 Agenda as formal indicators, since international treaties are formal legal instruments, and as they determine the content of the current concept of sustainability, they should be considered as material sustainability objectives. According with it, we are including them in the “proposed template to rate sustainable impact of financial activities”.

Also, the requirements contained in current regulations to feature some financial products as “green finance” could be considered as formal indicators of sustainability too, because they are elements that contribute to achieve sustainability in any of its areas. But there are some difficulties for outlining a complete sample of international impact indicators as formal ones, due to the fact that the initiatives undertaken at this level are merely soft law actions, which means that in some cases we should include them as informal indicators, being treated in the next section. However, there are indicators that can be extracted from formal sources and that have a transnational character, mainly in the recent regulation of the European Union in relation to sustainable finance. The “sustainable finances” are defined as those that allow the financing of institutional and market arrangements that contribute to the achievement of strong, sustainable, balanced and inclusive growth, through direct and indirect support to the framework of the Goals of Sustainable Development (European Banking Authority, 2020). It is noteworthy that both direct and indirect actions that impact on the achievement of the SDGs are included.

When we analyze the current regulation on sustainable finance, we see that despite the conceptual expansion of sustainability, the environmental aspect is the one that is generating a more wide regulatory reply, which not only exceeds other aspects of social, governance, or economic sustainability, but also it has a greater enforcement capacity than in previous phases. This is due to the fact that there is currently a well-founded concern about the fight against climate change, included in the “2030 Agenda” as SDG-13 (Climate Action), and which is closely related to the SDG-14 (Underwater life) and SDG-15 (Life of terrestrial ecosystems). Environmental protection and more specifically the fight against climate change, is more encouraged than other facets of sustainability through the regulation of "sustainable finance", precisely because some of the effects that have been manifesting lately as derived from climate change are already serious[2], and because there is a direct relationship between the stability of the international financial system and the risks linked to climate change (Roldán T., García Pascual A. and Rey P. (2020)).

In this context, the G20 defines sustainable finance or green finance as the financing of investments that provide environmental benefits in the broader context of environmental sustainable development. Indeed, sustainable finance includes efforts to internalize environmental externalities and adjust perceived risk in order to encourage environmentally friendly investments and reduce the harmful ones. With this approach, measures to internalize environmental externalities should be valued as sustainable, and finances that affect transition risks should also be valued as sustainable, through the promotion of investments that are favourable to the environment. But, this concept is incomplete because it is focused exclusively on environmental sustainability, forgetting the social, economic and governance dimensions of it.

Indicators based on actions emerged in the green finance scope. Direct and indirect sustainable actions.

Sustainable finances affect a wide range of institutions and financial assets, both public and private ones, and they involve the effective management of environmental risks through the financial system (G20 (2016)). Therefore, sustainable finances are useful to control the risks directly liked to climate change, and have the potential to give rise to an immense boost forward sustainability as an inserted value in all types of businesses, due to the fact that it will be valued positively by consumers in general, regarding any kind of products financed through sustainable financial instruments. This value is an incentive for private companies, as a competitive advantage (Rivas L.A., Matellán A., and Garcimartín C. (2021)), and also it is for the public sector. Including sustainability in all kind of products and services, could suppose obtaining greater acceptance -when it is referred to financial products-, or obtaining more financing facilities -when it is referred to other types of products for whose production financing is required-.

The connection between the risks associated with climate change and a subsequent hypothetical instability of the world wide economy as a consequence of climate imbalances, has already been considered by the Advisory Scientific Committee of the European Systemic Risk Board -hereinafter, ESRB- (Belando Garín B. (2021)), as a cause that could seriously affect the stability of the global financial system, and that, therefore, should be considered as a systemic risk. For this reason, the ESRB has stated that the resilience of the financial system to the challenges raised from climate change is a priority for the European institutions, including the ESRB itself. The ESRB has noticed that climate change creates physical risks, such as extreme weather events, and transition risks evolving the real economy towards a more sustainable production (European Systemic Risk Board (2020)). In this sense, climate change is considered a systemic, global and urgent risk for the financial system (Tapia Sánchez M. R. (2020)). The global character of the hazard is a consequence of the fact

[2] In this sense: the extreme snowfalls that occurred on January 2021, in Spain (Portillo, G. (2021)), the floods that occurred on July 2021, in Germany, Belgium, and Austria (Informativos Telecinco-Europa Press (2021)), and in addition, the outbreak of new viruses capable of jeopardizing health global security (Gascueña D. (2020)). All they reflect how the phenomenon of change climate has a potential impact on global economic stability as a consequence of these disasters.

that financial operations are manifested on a global scale, and therefore, the harmonization to face these global risks must follow the lines marked from international instances (Belando Garín B. (2021)), giving rise to a global response that avoids the fragmentation of the markets. However, at this level we still find difficulties for international guidelines to be effectively applied, as indicated above.

The European Central Bank (hereinafter, ECB) differentiates physical and transition risks (ECB (2019)). The physical risks are those associated directly with the climate change process (Aguilar P., González B., and Hurtado S. (2021)), and transition risks are those related to initiatives to slow down the climate change process (Belando Garín B. (2021)). Thus, it can be stated that the European Union differentiates as well two kind of actions included in the concept of sustainable finance: one kind are those actions that seek to alleviate physical risks or disasters, and the second kind of actions are those that seek to alleviate transition risks with an indirect impact on the process towards sustainability. This distinction offers us new categories of indicators to measure the impact on the sustainability of financial activities: those directly linked to sustainability, and those indirectly linked to sustainability. These categories should also be included in the template proposal that we will formulate later.

Regarding the question of how to include its assessment, it must be considered that on the financial regulation of the European Union there is a tendency to appreciate sustainability as an element that must be controlled in a prudential sense (García Álvarez G. (2018)), related to the macroprudential and microprudential aspects, as it is a factor that can generate risks to the financial stability because it has the potential to generate illiquidity or insolvency (NGFS (2019); and Banque de France (2020)), which are classic risks that must be controlled, and which are always the core of financial regulations (Laguna de Paz J.C. (2014); and Lara Ortiz M.L. (2018)). The regulation on sustainable finance by the European Union tries to mitigate the risks derived from climate change related to microprudential and macroprudential aspects through the EU own powers that had been unfold in the reform implemented in the last decade. These powers on financial regulations related to banking activity reside on the ECB who exercises them with the cooperation of the Competent National Authorities[3]. The securities and insurance and pensions sectors in the new European supervisory system are also influenced by EU regulation, but in these sectors the character is much more harmonizing than in the credit sector (Lara Ortiz M.L. (2018)), unless there are implications in the banking sector stability due to the existence of systemic risks, which is possible as a consequence of climate risk.

In order to determine the indicators for measuring the promotion of sustainability extracted from European regulations, we must analyze some instruments of different regulatory scope. Thus, in 2016 a Group of European Experts on Sustainable Finance was created, and the European Commission presented its Commission Action Plan for a greener and cleaner economy, on March 8, 2018 in which it was proposed to integrate non-financial statements values in the accounts of financial market agents: banking, stock market and insurance (Belando Garín B. (2021)). This initiative is consistent with the European Green Deal, of December 11, 2019 (COM (2019 640 final)), through which the European Commission aimed to integrate the perspective of sustainability into all its public policies. It is followed by the proposal for a Regulation of the European Parliament and of the Council

[3] As it results from the legal framework of de Single Supervisory Mechanism. Especially, in accordance with Regulation (EU) 1024/2013, October 15; and Regulation (EU) 468/2014, April 16.

establishing the framework to achieve climate neutrality and amending Regulation (EU) 218/1999, "European Climate Act", on March 4, 2020. With regard to sustainable finance more specifically, the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on the disclosure of information related to sustainability in the sector of financial services, in force from March 10, 2021, has been amended and complemented with Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investments. It follows that "sustainable investments" are investments in those economic activities that actively contribute to an environmental objective, or that passively, do not significantly harm any of the environmental or social objectives set out on Regulation (EU) 2019/2088. Therefore, this leads us to include both positive and negative indicators, because a so-called sustainable action will not be sustainable indeed if it also damages the same or other material goals of the 2030 Agenda (as shown in the epigraph "proposed template to rate sustainable impact of financial activities").

On February 2, 2021, the three authorities of the European System of Financial Supervisors -the European Banking Authority, the European Securities and Markets Authority, and the European Insurance and Occupational Pensions Authority- presented the *Final Report on Regulatory Technical Standards* that complements the former regulations, by developing their content, methodologies and transparency requirements, especially those required on Regulation (EU) 2019/2088. The documents are grounded on the rationale that the promotion of financial products pursuing environmentally sustainable objectives is an effective way to channel private investment towards sustainable activities, and also on the rationale that the risks linked to climate change can affect the European financial system stability.

With all, some types of sustainable finance indicators can be identified as actions to face direct risks, and actions to face transition risks. The first ones are actions to alleviate climate change consequences or improve the environment with a clear effect on the fight against climate change. The second ones are referred to any other indicator referred to any other goal included in the 2030 Agenda as target of the SDGs. Furthermore, in any one of both categories must be size the positive and the potential negative effect that could neutralize the sustainable effect of the actions. This question is something that is very specified in the rules on taxonomy of the European Union, that are relevant to specify when an action is sustainable or not and when it can be detrimental in terms of sustainability.

Direct indicators of sustainable finance result from regulations on prudential supervision. Particularly, they result from Regulation (EU) 575/2013, of the European Parliament and of the Council, of June 26, on the prudential requirements of credit institutions and investment companies, which has been modified and now include the contribution to sustainability as a prudential requirement. Mainly, it is required that large entities that issue securities traded on a regulated market should disclose prudential information on environmental, social and governance risks, including physical risks and transition risks (Belando Garín B. (2021)). In addition, pursuant article 501 bis, letter o), numbers i) and ii) it is provided an adjustment of entities' funds requirements for dealing with credit risk exposures, applying a correction factor of 0.75, when the assets issued by them contribute to enhance environmental objectives, specifically when contributing to mitigate climate change and to facilitate the adaptation to climate change. With this measure, it is being boosted the contribution for fighting against climate change, but there is no reference to other SGDs.

Similarly, Delegated Regulation (EU) 2021/1256 of the Commission, on April 21, 2021, aims to integrate sustainability risks in the management of insurance and reinsurance, in accordance with other international initiatives that seek to publicize the information on the environmental impact in the prudential aspect, as the *Application Paper on the Supervision of Climate-related Risks in the Insurance Sector*, of October 13, 2020, of the International Association of Insurance Supervisors (IAIS).

Regarding the investment entities the consideration of sustainability has been introduced through the Directive (EU) 2019/2034 of the European Parliament and the Council of November 27, 2019, related to the prudential supervision of the investment services. In relation with investment entities must be highlighted that Regulation (EU) 2019/2033 has changed the concept of credit entity to extend it to the enterprises of investment services. In this scope, the sustainability is considered in relation with the environmental, social and governance risks, on prudential issues and improving transparency to ease citizens' control.

Consequently, from the former regulations we can extract positive indicators of sustainability, from a prudential point of view, as the dissemination of information on the fulfillment of sustainable objectives, and, where appropriate, the adaptation of capital requirements when contributing to environmental objectives.

In the other hand, indicators of actions in the fight against transition risks are, above all, those that reflect the promotion of investment in sustainability. In this area, the issuance of so-called green bonds is often used, such as debt securities issued to obtain capital for the financing of projects related to the climate or the environment, and which can be issued by international financial organizations, large companies, banks and even national governments and municipalities, allowing to facilitate investment in sustainability to a multitude of agents. They are currently being promoted through the *Proposal of the European Commission to the European Parliament and the Council for the Regulation of European Green Bonds*, of July 6, 2021, COM (2021) 391 final, and also through informal sources of international nature. This proposal is worthy as it aims to improve investors' ability to identify and trust high-quality green bonds, facilitate their issuance by clarifying the definitions of green economic activities, and reducing potential reputational risks for the issuers of the bonds, and standardize the practice of external review, as well as improve trust in external reviewers by introducing a voluntary registration and oversight regime (Belando Garín B. (2021)). Although at the moment, it is only a proposal, its content is very important, and it should be supported by the transparency of the financial system and the taxonomy regulation that are briefly analyzed below.

Transparency and financial culture as sustainability indicators.

Transparency is essential for the proper functioning of the financial system; it not only favors the control deployed by regulators and authorities of the system, but also gives investors and depositors a certain power of control. The role of investors, depositors and, in general, consumers of financial products is very important, because through supply-demand processes they can enhance the preferential consumption of those products based on sustainability. For that, two elements are essential. The first one is that investors and depositors ought to have access to financial information, especially the one referred to the prudential aspect of entities and referred to their sustainable investments. Both aspects are related to the Sustainable Finance Action Plan, issued by the European Commission on July 6, 2021 (European Commission(2021)), following the recommendations of the European Banking Authority in this regard (European Banking Authority (2021)). The second one is that investors and depositors should have the ability to understand the information provided to them, for which the promotion of financial culture is essential. Financial culture has been the target of financial regulators during years, but some authors consider that it is still insufficient (Humbert F. (2019)).

Regulation (EU) 2019/2088, on its article 4, includes the obligation to disseminate information on due diligence of financial institutions through their websites, as a transparency measure that facilitates the control of sustainability by investors and depositors. The obligation of financial advisers is also imposed to disseminate in the pre-contractual information provided theirs clients and investors the information about the sustainability risks associated with investment products that they trade, pursuant articles 3, 8 and 9. Regulation (EU) 2020/852 is consistent with this, since it defines on its articles 5 to 8, the conditions to consider that the obligations of transparency and disclosure of pre-contractual information and periodic reports have been fulfilled in relation to: environmentally sustainable investments, products that promote environmental features, other financial products, and corporate transparency in non-financial statements. The transparency obligations are not closed on the provisions of Regulation (EU) 2020/852, since it, in its recital 37, makes express mention of the need for further development on this point through regulation techniques as guidelines, so that the currently existing regulation, foreseeably, will be the object of further development.

In this sense, the consideration of compliance with transparency obligations and the deployment of actions to promote financial culture should be two indicators of financial sustainability inasmuch as they are actions that favor its control by regulators and by citizens. Especially, it eases control by consumers of financial products, and even indirectly, of other products of the same issuing entities. It should not be ignored that, in addition, the promotion of transparency and the financial culture are aligned with the fulfillment of the SDG-12 -responsible production and consumption-, for which, without a doubt, they contribute to generate awareness for a more sustainable consumption and production. As such, they have been included in the epigraph "proposed template to rate sustainable impact of financial activities".

Universal taxonomy regulation

For determining how to extract indicators of one kind or another, it is essential to apply a universal taxonomic system that defines what is sustainable and what is harmful for sustainability. The European Commission stated that it was necessary to specify indicators that would make possible to measure the effectiveness of the so-called sustainable finance, whatever their form was. And this is because the lack of a standardized list of indicators (European Commission (2020)), and of uniformity of concepts to facilitate the measurement of risks, and the degree of development or the impact of the activities that favor sustainability, could make the set of projected sustainable initiatives fail, and, in addition, could avoid the acknowledgment of the impact of sustainable-friendly actions. This fact could generate a lack of confidence regarding the achievement of the SDGs (Gómez Expósito A. (2020)). For the moment, we have some transnational regulations on taxonomy in the Eurozone, being convenient to stablish some international criteria following the same or similar scheme.

So, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 regarding the establishment of a framework to facilitate sustainable investments, was approved to establish the criteria for determining whether an economic activity is considered environmentally sustainable, with the effect of setting the degree of environmental sustainability of regulatory actions and investments, pursuant its article 1.1. Taxonomy in the Eurozone seeks to avoid market fragmentation on this issue (Romo González L.A. (2021)), looking for the application of a common language between investors, legislators and companies (Tapia Sánchez M. R. (2020)). The Regulation defines the relevant concepts to identify any type of instrument or mechanism with a sustainable financial element, and therefore, contains definitions about the elements that must be considered to stablish an international taxonomy system, if possible. In this sense, article 2 and article 9 are relevant, as they refer to the environmental objectives as target of sustainable finance, including the following: a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems. These criteria can be included as clear indicators of the achievement of SDG-13, SDG-14, and SDG-15, which are related one with another and, to some extent, they are related with the SDG-12 too. They are formal indicators and they have a material nature. In consequence, they could be included in the "proposed template to rate sustainable impact of financial activities", in the crossed information of material objectives and actions taken, as a specification of sustainable actions that could be implemented.

Regulation (EU) 2020/852 introduces on its articles 3 and 4 the criteria applicable to environmentally sustainable economic activities, and rules for the application of the criteria that determine environmentally sustainable economic activities through public measures, standards and labels. It also clarifies on its articles 10 to 15 what is considered a substantial contribution to the mitigation of climate change, to adaptation to climate change, to the sustainable use and protection of water and marine resources, to the transition towards a circular economy, to the prevention and control of pollution, and to the protection and restoration of biodiversity and ecosystems. In addition, on its article 16 it specifies the activities that are considered easers to achieve environmental objectives. These standards are very useful to clarify the interpretation of each one of the objectives included as indicators, and should be taken into account when carrying out the analysis of the sustainability referred to a financial entity through its activity.

As the reverse of all, it is also defined on article 17, what is considered significant damage to environmental objectives, under the hypothesis that through any instrument or mechanism classified as sustainable finance that caused positive effect for the achievement of the environmental sustainable objectives, it might also be caused one or more adverse effects that counteracts the favorable effects on sustainability. For this reason, it is essential to include in the "proposed template to rate sustainable impact of financial activities" a column that indicates whether a product is harmful to any of the sustainability goals. This will allow us to assess the final sustainable impact of the financial activity, being possible to classify it as positive or negative, and to rate the entity assessed with more or less points.

These criteria must be extended not only to the environmentally sustainable effects indicated on Regulation (EU) 2020/852, but also to all material sustainability indicators included on the 2030 Agenda, so it could be possible to size the real impact of the activity on the social, economic, environmental an governing sustainable targets. In these sense, it would be wishful to stablish some international criteria on taxonomy that follow the path opened by the European Union regulations on this issue, but that improve this regulation including definitions about favorable and harmful financial sustainable actions regarding all the SDG of the 2030 Agenda.

4. Informal indicators of sustainability. International reports, international standardization, and corporate social responsibility.

Informal indicators to measure sustainability are all those that result from other non-regulatory initiatives, or that, although they arise from them, have an eminently voluntary nature in terms of compliance, or cannot be qualified as regulatory requirements to determine that we are facing a sustainable activity but have an impact on it. Informal indicators can be obtained too from other initiatives that can be assessed within the framework of what we know as corporate social responsibility or social responsibility of public administrations, depending on whether the agent is private or public.

These informal indicators are relevant since there are some difficulties at the international scope to impose regulatory rules with the character of hard law, because they could supply de weaknesses of the international guidelines. In this sense, we find some relevant international documents that have defined which tools or mechanisms can be identified as favorable for sustainability, considering them sustainable finance. The number of mechanisms of this type is quite huge, so entities and countries could introduce sustainability through different sustainable actions. As such, they can be included as indicators in one of these two sections of the "proposed template to rate sustainable impact of financial activities": 1. Issuance of products classified as sustainable finance, or 2. Investment in products classified as sustainable finance.

In this regard, the mechanisms included in the report *Financing the 2030 Agenda, An Introductory Guidebook for UNDP Country Offices* of the United Nations Development Program, of January 2018, are financial instruments and innovative mechanisms applicable in this sector, valuable for their advantages (United Nations (2018)), and that would be useful for facing transition risks related to climate change. This report includes combined finances or blended finances as sustainable-friendly mechanisms. They are the strategic combination of financing flows for public and private development, with other public or private capital to improve resources for investment in key areas such as infrastructure that can involve public and private financial partnerships. These mechanisms combine different financial products to achieve greater profitability of the sustainable actions. Other mechanisms include facilities for improving access to credit and guarantees for development, impact investments, which use different traditional investment instruments such as private equity debt issuance or fixed income securities, issued with the purpose of generating a social or environmental return. The "Funds for company challenges" or "Enterprise Challenge Funds" are also used, as a mechanism that can also serve to promote a systemic change in favor of sustainability. Similarly, "Social and Development Impact Bonds", although are not bonds in the traditional sense, offer a fixed rate of return and repayment of principal at maturity, or respectively, repayment by an outcome funder only if the specific social outcomes to which they refer are improved. "Crowdfunding" and "debt-for-nature swaps" (DNS) are also used for investing in local conservation efforts, based on the debt-equity swap model in which the discounted debt is exchanged for investments in the assets of an indebted country (United Nations (2018)).

Among all the mechanisms, the "green bonds" stand out. They are financial instruments that link the product issued as a bond to environment-friendly investments. The issuers of these bonds can be private entities, supranational institutions (such as multilateral banks), and public entities, both state and regional entities. The largest issuer of green bonds is, at the moment, the European Investment Bank, which, by issuing the "Climate Awareness Bonds", favors financing in support of energy projects, especially in high-income economies. Following the same line, the World Bank reported that, by the end of 2015, it had carried out around a hundred of transactions in eighteen different currencies to support about seventy climate adaptation projects in developing countries (United Nations (2018)). The issuance of green bonds is being carried out by several Central Banks nationwide throughout the world, and the G20 has also referred to them in its *Green finance synthesis report* issued by the Green Finance Study Group of the G20, on September 2016. The same report proposes the voluntary adoption at the national level of different strategic mechanisms to mobilize capital towards environmentally sustainable investment, including (G20 (2016)):

- The adoption of clear strategic policies for environmental investment.
- The promotion of voluntary compliance principles to assess progress in sustainable banking, responsible investing, and other key areas for sustainable finance.
- The expansion of knowledge-based networks on sustainable finance, such as the Sustainable Banking Network (SBN), or the UN-backed Principles for Responsible Investment (PRI).
- The inclusion of mechanisms for supporting the local or regional development of green bond markets.
- The promotion of international collaboration to facilitate international investments in green bonds.
- The promotion of the dissemination of knowledge on environmental and financial risk.
- And the improvement of activities on sustainable finance and its impact.

Despite all the former actions, regulation on sustainable finance must overcome some difficulties that affect its efficiency. In this sense, the main challenges have been highlighted regarding the environmental aspects on sustainability, and they are related to the difficulties to internalize environmental externalities and asymmetries in the information accessed by investors and recipients, as well as to the inadequacy of the analytical capacity related to the lack of clarity in definitions of what is environmentally sustainable. The current regulation of the European Union is dealing with all these challenges, as indicated, but the drawbacks of it are the character of no-international, but transnational of the regulation, and the partiality of the material scope of the regulation, because it is only focused on environmental sustainability. So, the guidelines that could be stated at the international scope should try to overcome all this cons.

Another source of informal indicators can be found through the normalization or standardization of quality that puts in value sustainability actions, but with the limitation of their voluntariness. The measurement of these indicators allows gauging those initiatives that are out of a real commitment to initiate actions favorable for sustainability. Notwithstanding, the not-compulsory feature of standardization, it is interesting for entities to accomplish the standards because it allows them to offer an improved corporate image to gain good public opinion. So, the rules of standardization or normalization related to environmental quality intend to reflect an enhancement of the public image of the company or public administration. Anyhow, the important thing is the result or impact on sustainability as a result of the accomplishment of standards, and for this reason it must be included as an indicator in the "proposed template to rate sustainable impact of financial activities". In this area, we can highlight the ISO-14001, as an international standard for environmental quality management, and the ISO-50001 that establishes the requirements of an Energy Management System, in order to carry out systematic and continuous improvements to the energy performance of both public and private organizations. These initiatives are voluntary and, for the moment, only allow improving the public image within the framework of social responsibility. For a much more accurate rating of the sustainable effects of standardization, it would be desirable the development of a more detail framework on international standards about the different sustainable material indicators, it is, about all the targets of SDGs.

Other initiatives from which indicators can be obtained are related to corporate social responsibility of the entities or the social responsibility of the public sector. There are different nationwide or region-wide initiatives regarding this issue but not yet an international unification in this area. However, we can refer, as an example, the 18/2017 Act, of July 13, of the Generalitat Valenciana (a Regional Government in Spain), for the promotion of social responsibility in the public scope, which on its articles 17 and 18 refer to the Valencian Social Responsibility Plan and the Annual Report of social responsibility, as a tools that show the achievement of the aims on social responsibility. Particularly, this Act includes that the Plan and the Annual Report must mention the actions undertaken in defense of the environment in compliance with the article 9 of the same Act, that states: "Public administrations will promote measures, actions and practices to minimize the environmental impact of its decisions and its activity, in order to reduce the effects of climate change and promote respect for biodiversity and the preservation of Valencian ecosystems, landscape and cultural and historical heritage. In decision-making, and beyond compliance with legal requirements, they will adopt complementary measures that are respectful with the environment and that promote, among others, aspects such as energy saving, waste reduction, radiation reduction, emission control, renewable energies, programmed obsolescence control, recycling and the consumption of certified ecological products". Moreover, on article 9.2 it is stated too that "Public administrations will encourage private entities and economic sectors of the Valencian Community to carry out actions or measures to save energy and water, reduce waste and emissions, promote of the circular economy, the use of renewable energies and the protection of biodiversity". Consequently, the actions taken in the public or public-private scope must have a reflection as indicators to size de degree of accomplishment of the SDGs. The indicators could be obtained through the results of the social responsibility plan and the annual report on social responsibility (in the case of the Valencian Act), that are publicized pursuant the Spanish Transparency Act of 2013, in accordance with the Transparency Act and Good Governance of the Valencian Community of 2015. But this could be applied regarding others plans and reports on social responsibility (corporate or public ones) all over the world.

The good results on corporate social responsibility in the public and in the private spheres are useful for the promotion of sustainability as transversal mechanisms. Precisely, in the field of public procurement, the promotion of sustainability is expressly made positive through "green nudge", which is identified as acting in favor of sustainable actions, in a transversal or horizontal way, but directly, for example, including certain conditions for sustainability in public procurement tenders, or including sustainable clauses in procurement documents (Terrón Santos D. (2019)). This kind of actions can be considered as positive indicators when evaluating public financial entities, and for this reason, we have also included it in the "proposed template to rate sustainable impact of financial activities".

Finally, it should be noted that corporate social responsibility in the private sphere also has regulations throughout the world (Friedman M. (1970); Kramer M.R. and Porter. M.E. (2007)), which allow more indicators to be identified, since corporate social responsibility includes the environmental, social and governance dimensions (Esteban Ríos, J. (2021)), which are coincident with part of the SDGs that we have considered material indicators of sustainability and on which there is international consensus. But in the social responsibility scope some standardization framework is needed (Reyes Reina F.E. (2021)), to ease the statistical task.

Specifically, in the field of financial entities, the concept of corporate social responsibility has also emerged and established itself, being included as a value to be implemented by several documents of financial regulators. In Spain, for example, it has been the *Comisión Nacional del Mercado de Valores* who has referred to its application to listed companies (CNMV (2020)). In the field of the credit market, European regulatory advances to improve corporate social responsibility are focused on the aspect of the governance of entities as part of sustainability, in alignment with the SDG-16 (Peace, justice and strong institutions). All this is because after the financial crisis of 2008, weaknesses related to the banking corporate governance structures (Esteban Ríos, J. (2021)), were considered as an aspect included under the prudential control of regulators (Lara Ortiz, M.L. (2016)). In this sense, the existence of controls about the compliance of some goals of corporate social responsibility may be included as positive indicators of sustainability in relation to the accomplishment of prudential regulations that we have already considered when dealing with the formal indicators in the "proposed template to rate sustainable impact of financial activities". However, in territories where there is no similar regulation in force, it is possible to also include the existence of controls on corporate social responsibility as an indicator of informal nature for favoring sustainability, at least, because it is useful to the achievement of the SDG-16.

5. Results. Proposed template to rate sustainable impact of financial activities.

As result of the previous sections, we offer below an initial proposal for a template useful to assess the impact on sustainability of the activities carried out by public or private financial institutions. It could be applicable to assess each entity periodically by crossing data about sustainable actions taken and the material indicators on SDGs determined by UN (these last ones included in the left column), which are referred in some cases to the national situation of each country or territory in where the entity assessed has developed its actions by having there its registered main office. The official data of each whole country, in relation with all activities, are publicized periodically by State authorities (for example, in Spain, by the Instituto Nacional de Estadística, that has determined 232 indicators for monitoring the 2030 Agenda accomplishment in Spain[4]) and could be compared with the results of the actions of the assessed entity in relation with each target, in the same period, to analyze the degree of contribution of its actions on sustainability.

This template could be completed and improved for a better determination of the achievement of sustainability values through sustainable finance and on formal or informal indicators, including more future indicators. For determining them, in the international scope, it is needed enhancing financial inclusion on sustainable finances through definitions or taxonomy, Central Banks contributions, internal coordination, data collection, international cooperation, and international data-sharing (Tissot B. and Gadanecz B. (2018)).

The template we propose could be as follows:

Assessment on sustainable finances						
Sustainable finance actions						
Positive effects						**Harmful effects**
	Direct actions on sustainability –Against direct risks-		Indirect actions on sustainability –Against transition risks-		Other actions	
	Prudential requirements accomplishment	*Transparency requirements accomplish-ment and financial culture promotion*	*Sustainable finance issuance (green finance and others)*	*Sustainable finance investment (green finance and others)*	*According with informal indicators*	
Material indicators of sustainability						
Social Goals						
Goal 1. End of poverty in all its forms everywhere						

[4] As it is shown on the website INEbase (2021): *Indicadores de la Agenda 2030 para el Desarrollo Sostenible*, Instituto Nacional de Estadística (Spain), available in https://www.ine.es/dyngs/ODS/es/index.htm

1.1.1 Proportion of the population living below the international poverty line by sex, age, employment status and geographic location (urban/rural) 1.2.1 Proportion of population living below the national poverty line, by sex and age 1.2.2 Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions 1.3.1 Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable 1.4.1 Proportion of population living in households with access to basic services 1.4.2 Proportion of total adult population with secure tenure rights to land, (*a*) with legally recognized documentation, and (*b*) who perceive their rights to land as secure, by sex and type of tenure 1.5.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population 1.5.2 Direct economic loss attributed to disasters in relation to global gross domestic product (GDP) 1.5.3 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 1.5.4 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies 1.a.1 Total official development assistance grants from all donors that focus on poverty reduction as a share of the recipient country's gross national income 1.a.2 Proportion of total government spending on essential services (education, health and social protection) 1.b.1 Pro-poor public social spending		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities 'Funds for company challenges" or "Enterprise Challenge Funds" Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 2. End hunger, achieve food security and improve nutrition, and promote sustainable agriculture 2.1.1 Prevalence of undernourishment 2.1.2 Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES) 2.2.1 Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age 2.2.2 Prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight) 2.2.3 Prevalence of anaemia in women aged 15 to 49 years, by pregnancy status (percentage) 2.3.1 Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size 2.3.2 Average income of small-scale food producers, by sex and indigenous status 2.4.1 Proportion of agricultural area under productive and sustainable agriculture 2.5.1 Number of (*a*) plant and (*b*) animal genetic resources for food and agriculture secured in either medium- or long-term conservation facilities 2.5.2 Proportion of local breeds classified as being at risk of extinction 2.a.1 The agriculture orientation index for government expenditures 2.a.2 Total official flows (official development assistance plus other official flows) to the agriculture sector 2.b.1 Agricultural export subsidies 2.c.1 Indicator of food price anomalies		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities 'Funds for company challenges" or "Enterprise Challenge Funds" Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 3. Ensure healthy life and promote well-being for all at all ages 3.1.1 Maternal mortality ratio 3.1.2 Proportion of births attended by skilled health personnel 3.2.1 Under-5 mortality rate 3.2.2 Neonatal mortality rate		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment	

3.3.1 Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations 3.3.2 Tuberculosis incidence per 100,000 population 3.3.3 Malaria incidence per 1,000 population 3.3.4 Hepatitis B incidence per 100,000 population 3.3.5 Number of people requiring interventions against neglected tropical diseases 3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease 3.4.2 Suicide mortality rate 3.5.1 Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders 3.5.2 Alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol 3.6.1 Death rate due to road traffic injuries 3.7.1 Proportion of women of reproductive age (aged 15–49 years) who have their need for family planning satisfied with modern methods 3.7.2 Adolescent birth rate (aged 10–14 years; aged 15–19 years) per 1,000 women in that age group 3.8.1 Coverage of essential health services 3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income 3.9.1 Mortality rate attributed to household and ambient air pollution 3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services) 3.9.3 Mortality rate attributed to unintentional poisoning 3.a.1 Age-standardized prevalence of current tobacco use among persons aged 15 years and older 3.b.1 Proportion of the target population covered by all vaccines included in their national programme 3.b.2 Total net official development assistance to medical research and basic health sectors 3.b.3 Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis 3.c.1 Health worker density and distribution 3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness 3.d.2 Percentage of bloodstream infections due to selected antimicrobial-resistant organisms		"Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	"Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	"Green nudge" or "sustainable nudge"
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 4.1.1 Proportion of children and young people (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex 4.1.2 Completion rate (primary education, lower secondary education, upper secondary education) 4.2.1 Proportion of children aged 24–59 months who are developmentally on track in health, learning and psychosocial well-being, by sex 4.2.2 Participation rate in organized learning (one year before the official primary entry age), by sex 4.3.1 Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex 4.4.1 Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill 4.5.1 Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated 4.6.1 Proportion of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex 4.7.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment 4.a.1 Proportion of schools offering basic services, by type of service 4.b.1 Volume of official development assistance flows for scholarships by sector and type of study 4.c.1 Proportion of teachers with the minimum required qualifications, by education level		***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"

Goal 5. Achieve gender equality and empower all women and girls. 5.1.1 Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex 5.2.1 Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months, by form of violence and by age 5.2.2 Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence 5.3.1 Proportion of women aged 20–24 years who were married or in a union before age 15 and before age 18 5.3.2 Proportion of girls and women aged 15–49 years who have undergone female genital mutilation/cutting, by age 5.4.1 Proportion of time spent on unpaid domestic and care work, by sex, age and location 5.5.1 Proportion of seats held by women in (*a*) national parliaments and (*b*) local governments 5.5.2 Proportion of women in managerial positions 5.6.1 Proportion of women aged 15–49 years who make their own informed decisions regarding sexual relations, contraceptive use and reproductive health care 5.6.2 Number of countries with laws and regulations that guarantee full and equal access to women and men aged 15 years and older to sexual and reproductive health care, information and education 5.a.1 (*a*) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (*b*) share of women among owners or rights-bearers of agricultural land, by type of tenure 5.a.2 Proportion of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control 5.b.1 Proportion of individuals who own a mobile telephone, by sex 5.c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 6. Ensure availability and sustainable management of water and sanitation for all 6.1.1 Proportion of population using safely managed drinking water services 6.2.1 Proportion of population using (*a*) safely managed sanitation services and (*b*) a hand-washing facility with soap and water 6.3.1 Proportion of domestic and industrial wastewater flows safely treated 6.3.2 Proportion of bodies of water with good ambient water quality 6.4.1 Change in water-use efficiency over time 6.4.2 Level of water stress: freshwater withdrawal as a proportion of available freshwater resources 6.5.1 Degree of integrated water resources management 6.5.2 Proportion of transboundary basin area with an operational arrangement for water cooperation 6.6.1 Change in the extent of water-related ecosystems over time 6.a.1 Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan 6.b.1 Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	

7.1.1 Proportion of population with access to electricity 7.1.2 Proportion of population with primary reliance on clean fuels and technology 7.2.1 Renewable energy share in the total final energy consumption 7.3.1 Energy intensity measured in terms of primary energy and GDP 7.a.1 International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems 7.b.1 Installed renewable energy-generating capacity in developing countries (in watts per capita)		'Funds for company challenges" or "Enterprise Challenge Funds" 'Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)		
Economic Goals					
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 8.1.1 Annual growth rate of real GDP per capita 8.2.1 Annual growth rate of real GDP per employed person 8.3.1 Proportion of informal employment in total employment, by sector and sex 8.4.1 Material footprint, material footprint per capita, and material footprint per GDP 8.4.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP 8.5.1 Average hourly earnings of employees, by sex, age, occupation and persons with disabilities 8.5.2 Unemployment rate, by sex, age and persons with disabilities 8.6.1 Proportion of youth (aged 15–24 years) not in education, employment or training 8.7.1 Proportion and number of children aged 5–17 years engaged in child labour, by sex and age 8.8.1 Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status 8.8.2 Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status 8.9.1 Tourism direct GDP as a proportion of total GDP and in growth rate 8.10.1 (*a*) Number of commercial bank branches per 100,000 adults and (*b*) number of automated teller machines (ATMs) per 100,000 adults 8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider 8.a.1 Aid for Trade commitments and disbursements 8.b.1 Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities 'Funds for company challenges" or "Enterprise Challenge Funds" 'Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 9.1.1 Proportion of the rural population who live within 2 km of an all-season road 9.1.2 Passenger and freight volumes, by mode of transport 9.2.1 Manufacturing value added as a proportion of GDP and per capita 9.2.2 Manufacturing employment as a proportion of total employment 9.3.1 Proportion of small-scale industries in total industry value added 9.3.2 Proportion of small-scale industries with a loan or line of credit 9.4.1 CO_2 emission per unit of value added		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities 'Funds for company challenges" or "Enterprise Challenge Funds" 'Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	

9.5.1 Research and development expenditure as a proportion of GDP 9.5.2 Researchers (in full-time equivalent) per million inhabitants 9.a.1 Total official international support (official development assistance plus other official flows) to infrastructure 9.b.1 Proportion of medium and high-tech industry value added in total value added 9.c.1 Proportion of population covered by a mobile network, by technology				
Goal 10. Reduce inequality within and among countries 10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population 10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities 10.3.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law 10.4.1 Labour share of GDP 10.4.2 Redistributive impact of fiscal policy[2] 10.5.1 Financial Soundness Indicators 10.6.1 Proportion of members and voting rights of developing countries in international organizations 10.7.1 Recruitment cost borne by employee as a proportion of monthly income earned in country of destination 10.7.2 Number of countries with migration policies that facilitate orderly, safe, regular and responsible migration and mobility of people 10.7.3 Number of people who died or disappeared in the process of migration towards an international destination 10.7.4 Proportion of the population who are refugees, by country of origin 10.a.1 Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff 10.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows) 10.c.1 Remittance costs as a proportion of the amount remitted		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" 'Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable 11.1.1 Proportion of urban population living in slums, informal settlements or inadequate housing 11.2.1 Proportion of population that has convenient access to public transport, by sex, age and persons with disabilities 11.3.1 Ratio of land consumption rate to population growth rate 11.3.2 Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically 11.4.1 Total per capita expenditure on the preservation, protection and conservation of all cultural and natural heritage, by source of funding (public, private), type of heritage (cultural, natural) and level of government (national, regional, and local/municipal) 11.5.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population 11.5.2 Direct economic loss in relation to global GDP, damage to critical infrastructure and number of disruptions to basic services, attributed to disasters 11.6.1 Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated, by cities 11.6.2 Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted) 11.7.1 Average share of the built-up area of cities that is open space for public use for all, by sex, age and persons with disabilities 11.7.2 Proportion of persons victim of physical or sexual harassment, by sex, age, disability status and place of occurrence, in the previous 12 months		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" 'Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"

11.a.1 Number of countries that have national urban policies or regional development plans that (*a*) respond to population dynamics; (*b*) ensure balanced territorial development; and (*c*) increase local fiscal space 11.b.1 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 11.b.2 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies 11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials					
Goal 12. Ensure sustainable consumption and production patterns 12.1.1 Number of countries developing, adopting or implementing policy instruments aimed at supporting the shift to sustainable consumption and production 12.2.1 Material footprint, material footprint per capita, and material footprint per GDP 12.2.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP 12.3.1 (*a*) Food loss index and (*b*) food waste index 12.4.1 Number of parties to international multilateral environmental agreements on hazardous waste, and other chemicals that meet their commitments and obligations in transmitting information as required by each relevant agreement 12.4.2 (*a*) Hazardous waste generated per capita; and (*b*) proportion of hazardous waste treated, by type of treatment 12.5.1 National recycling rate, tons of material recycled 12.6.1 Number of companies publishing sustainability reports 12.7.1 Degree of sustainable public procurement policies and action plan implementation 12.8.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (*a*) national education policies; (*b*) curricula; (*c*) teacher education; and (*d*) student assessment 12.a.1 Installed renewable energy-generating capacity in developing countries (in watts per capita) 12.b.1 Implementation of standard accounting tools to monitor the economic and environmental aspects of tourism sustainability 12.c.1 Amount of fossil-fuel subsidies (production and consumption) per unit of GDP		***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities “Funds for company challenges” or “Enterprise Challenge Funds” “Social and Development Impact Bonds” “Crowdfunding” and “debt-for-nature swaps” (DNS) ***Action with the purpose of…*** a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other purposes	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities “Funds for company challenges” or “Enterprise Challenge Funds” “Social and Development Impact Bonds” “Crowdfunding” and “debt-for-nature swaps” (DNS) ***Action with the purpose of…*** a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other purposes	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment “Green nudge” or “sustainable nudge”	
Environmental Goals					
Goal 13. Take urgent action to combat climate change and its impacts 13.1.1 Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population 13.1.2 Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030 13.1.3 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies 13.2.1 Number of countries with nationally determined contributions, long-term strategies, national adaptation plans and adaptation communications, as reported to the secretariat of the United Nations Framework Convention on Climate Change 13.2.2 Total greenhouse gas emissions per year 13.3.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (*a*) national education policies; (*b*) curricula; (*c*) teacher education; and (*d*) student assessment 13.a.1 Amounts provided and mobilized in United States dollars per year in relation to the continued existing collective mobilization goal of the $100 billion commitment through to 2025		***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities “Funds for company challenges” or “Enterprise Challenge Funds” “Social and Development Impact Bonds” “Crowdfunding” and “debt-for-nature swaps” (DNS) ***Action with the purpose of…***	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities “Funds for company challenges” or “Enterprise Challenge Funds” “Social and Development Impact Bonds” “Crowdfunding” and “debt-for-nature swaps” (DNS) ***Action with the purpose of…***	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment “Green nudge” or “sustainable nudge”	

13.b.1 Number of least developed countries and small island developing States with nationally determined contributions, long-term strategies, national adaptation plans and adaptation communications, as reported to the secretariat of the United Nations Framework Convention on Climate Change			a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes	a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes		
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development 14.1.1 (*a*) Index of coastal eutrophication; and (*b*) plastic debris density 14.2.1 Number of countries using ecosystem-based approaches to managing marine areas 14.3.1 Average marine acidity (pH) measured at agreed suite of representative sampling stations 14.4.1 Proportion of fish stocks within biologically sustainable levels 14.5.1 Coverage of protected areas in relation to marine areas 14.6.1 Degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing 14.7.1 Sustainable fisheries as a proportion of GDP in small island developing States, least developed countries and all countries 14.a.1 Proportion of total research budget allocated to research in the field of marine technology 14.b.1 Degree of application of a legal/regulatory/ policy/institutional framework which recognizes and protects access rights for small-scale fisheries 14.c.1 Number of countries making progress in ratifying, accepting and implementing through legal, policy and institutional frameworks, ocean-related instruments that implement international law, as reflected in the United Nations Convention on the Law of the Sea, for the conservation and sustainable use of the oceans and their resources			***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities ‘Funds for company challenges" or "Enterprise Challenge Funds" ‘Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS) ***Action with the purpose of...*** a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS) ***Action with the purpose of...*** a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss 15.1.1 Forest area as a proportion of total land area 15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type 15.2.1 Progress towards sustainable forest management 15.3.1 Proportion of land that is degraded over total land area			***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities ‘Funds for company challenges" or "Enterprise Challenge Funds"	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds"	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	

15.4.1 Coverage by protected areas of important sites for mountain biodiversity 15.4.2 Mountain Green Cover Index 15.5.1 Red List Index 15.6.1 Number of countries that have adopted legislative, administrative and policy frameworks to ensure fair and equitable sharing of benefits 15.7.1 Proportion of traded wildlife that was poached or illicitly trafficked 15.8.1 Proportion of countries adopting relevant national legislation and adequately resourcing the prevention or control of invasive alien species 15.9.1 (*a*) Number of countries that have established national targets in accordance with or similar to Aichi Biodiversity Target 2 of the Strategic Plan for Biodiversity 2011–2020 in their national biodiversity strategy and action plans and the progress reported towards these targets; and (*b*) integration of biodiversity into national accounting and reporting systems, defined as implementation of the System of Environmental-Economic Accounting 15.a.1 (*a*) Official development assistance on conservation and sustainable use of biodiversity; and (*b*) revenue generated and finance mobilized from biodiversity-relevant economic instruments 15.b.1 (*a*) Official development assistance on conservation and sustainable use of biodiversity; and (*b*) revenue generated and finance mobilized from biodiversity-relevant economic instruments 15.c.1 Proportion of traded wildlife that was poached or illicitly trafficked		"Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS) ***Action with the purpose of***... a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes	"Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS) ***Action with the purpose of***... a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes		
Governance Goals					
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels 16.1.1 Number of victims of intentional homicide per 100,000 population, by sex and age 16.1.2 Conflict-related deaths per 100,000 population, by sex, age and cause 16.1.3 Proportion of population subjected to (*a*) physical violence, (*b*) psychological violence and (*c*) sexual violence in the previous 12 months 16.1.4 Proportion of population that feel safe walking alone around the area they live 16.2.1 Proportion of children aged 1–17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month 16.2.2 Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation 16.2.3 Proportion of young women and men aged 18–29 years who experienced sexual violence by age 18 16.3.1 Proportion of victims of violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized conflict resolution mechanisms 16.3.2 Unsentenced detainees as a proportion of overall prison population 16.3.3 Proportion of the population who have experienced a dispute in the past two years and who accessed a formal or informal dispute resolution mechanism, by type of mechanism 16.4.1 Total value of inward and outward illicit financial flows (in current United States dollars) 16.4.2 Proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments		***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	

16.5.1 Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months 16.5.2 Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months 16.6.1 Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar) 16.6.2 Proportion of population satisfied with their last experience of public services 16.7.1 Proportions of positions in national and local institutions, including (*a*) the legislatures; (*b*) the public service; and (*c*) the judiciary, compared to national distributions, by sex, age, persons with disabilities and population groups 16.7.2 Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group 16.8.1 Proportion of members and voting rights of developing countries in international organizations 16.9.1 Proportion of children under 5 years of age whose births have been registered with a civil authority, by age 16.10.1 Number of verified cases of killing, kidnapping, enforced disappearance, arbitrary detention and torture of journalists, associated media personnel, trade unionists and human rights advocates in the previous 12 months 16.10.2 Number of countries that adopt and implement constitutional, statutory and/or policy guarantees for public access to information 16.a.1 Existence of independent national human rights institutions in compliance with the Paris Principles 16.b.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law				
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development 17.1.1 Total government revenue as a proportion of GDP, by source 17.1.2 Proportion of domestic budget funded by domestic taxes 17.2.1 Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI) 17.3.1 Foreign direct investment, official development assistance and South-South cooperation as a proportion of gross national income 17.3.2 Volume of remittances (in United States dollars) as a proportion of total GDP 17.4.1 Debt service as a proportion of exports of goods and services 17.5.1 Number of countries that adopt and implement investment promotion regimes for developing countries, including the least developed countries 17.6.1 Fixed Internet broadband subscriptions per 100 inhabitants, by speed[5] 17.7.1 Total amount of funding for developing countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies 17.8.1 Proportion of individuals using the Internet 17.9.1 Dollar value of financial and technical assistance (including through North South, South South and triangular cooperation) committed to developing countries 17.10.1 Worldwide weighted tariff-average 17.11.1 Developing countries' and least developed countries' share of global exports 17.12.1 Weighted average tariffs faced by developing countries, least developed countries and small island developing States 17.13.1 Macroeconomic Dashboard 17.14.1 Number of countries with mechanisms in place to enhance policy coherence of sustainable development 17.15.1 Extent of use of country-owned results frameworks and planning tools by providers of development cooperation 17.16.1 Number of countries reporting progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the Sustainable Development Goals		***Through:*** Blended finances Credit and guarantees fo development, Impact investments, a private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Developmen Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities Funds for company challenges" or "Enterprise Challenge Funds" Social and Development Impact Bonds" Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"

17.17.1 Amount in United States dollars committed to public-private partnerships for infrastructure 17.18.1 Statistical capacity indicator for Sustainable Development Goal monitoring 17.18.2 Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics 17.18.3 Number of countries with a national statistical plan that is fully funded and under implementation, by source of funding 17.19.1 Dollar value of all resources made available to strengthen statistical capacity in developing countries 17.19.2 Proportion of countries that (*a*) have conducted at least one population and housing census in the last 10 years; and (*b*) have achieved 100 per cent birth registration and 80 per cent death registration						
Final Assessment Impact quantification of the sustainability achieved TOTAL RESULT*: **Include the difference between the favorable effects and the harmful effects, which must be positive to be considered sustainable finance actions*	Sum:	Sum:	Sum:	Sum:	Sum:	Sum:

Sources: Performed by the author, María Lidón Lara Ortiz, 2021. Considering the indicators formerly quote in the paper, especially the *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development of United Nations*[5], regarding the material indicators.

[5] United Nations, Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development -Global indicator framework adopted by the General Assembly in A/RES/71/313 (Annex), annual refinements contained in E/CN.3/2018/2 (Annex II), E/CN.3/2019/2 (Annex II), 2020 Comprehensive Review changes (Annex II) and annual refinements (Annex III) contained in E/CN.3/2020/2 and annual refinements (Annex) contained in E/CN.3/2021/2-, available in: https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202021%20refinement_Eng.pdf (last access on August 20, 2021).

6. Conclusions.

Sustainable finances are fundamental instruments to achieve international sustainability. There are some difficulties for implementing an international financial system accompanied by mandatory homogeneous regulation, and at this level, there is a certain degree of voluntary compliance. However, the determination of the indicators to measure the degree of sustainability of financial instruments and actions of all kinds can be obtained by extracting formal indicators from the existing regulations, among which the European Union stands out due to its transnational nature and because it has several in force or projected regulatory initiatives on this issue. In the other hand, informal indicators can be obtained as well from other sources that are voluntarily applied. All of them are equally valuable for making a template that collects indicators to assess the degree of sustainability of financial institutions, as indicated. Indeed, the informal indicators analyzed are applicable to all the targets of the SDGs while the formal ones are mainly focused on the environmental targets. So, it would be desirable to unfold more formal indicators by enhancing regulations regarding all the SDGs, because it will ensure the compulsory accomplishment of all the targets included on the 2030 Agenda, and not only the environmental ones.

The proposed template can be improved and completed, but it is a first approach of what should be evaluated to determine the sustainability degree achieved and the contribution extent of each financial entity to achieve the 2030 Agenda. This last one, undoubtedly, provides us with valuable information to determine the material indicators of sustainability in all areas. The indicators provided by the 2030 Agenda should be crossed with those indicators obtained by actions on sustainable finances, which will yield a result after quantifying the number of actions implemented and their positive or harmful impact on sustainability. The result must always be positive for a financial entity or action to be considered sustainable.

This first approach needs to be supported by a universal regulation or guidelines on taxonomy that provides clarity on the assessed concepts, following the path initiated by the European Union. With this and with the development of future standards and guidelines on sustainable finance, this proposal for an assessment template would evolve and be improved, becoming a tool for making real financial sustainability in a forthcoming future.

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MAKING REAL FINANCIAL SUSTAINABILITY THROUGH FORMAL AND INFORMAL INDICATORS ASSESSMENT

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1. INTRODUCTION

- Achieving sustainable development at a global level has multidisciplinary implications since its scope encloses environmental, economic, social, and governance aspects.

- The financial system can decisively contribute to the achievement of a more sustainable world through sustainable finances that are already being promoted.

- But, it is a must to standardize the indicators to measure the accomplishment degree of the sustainability targets and the exchange of data collected in this scope.

- These indicators are essential to promote more sustainability in the more depressed scopes, because they will show the weaker points.

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2. THE EVOLUTION OF THE CONCEPT OF "SUSTAINABILITY" AND THE EFFECTIVENESS OF THE REGULATIONS ON ITS DEFENSE

- "Our Common Future" report or 1987 Brundtland Report (United Nations (1987)). → Concept of sustainable development as the one that satisfies current needs without endangering the ability of future generations to meet their own needs.

- The lack of legally binding nature of the former international agreements have generated, for years, a situation of recurrent regulatory ineffectiveness at the international level, because the mail rules were considered *soft law.*

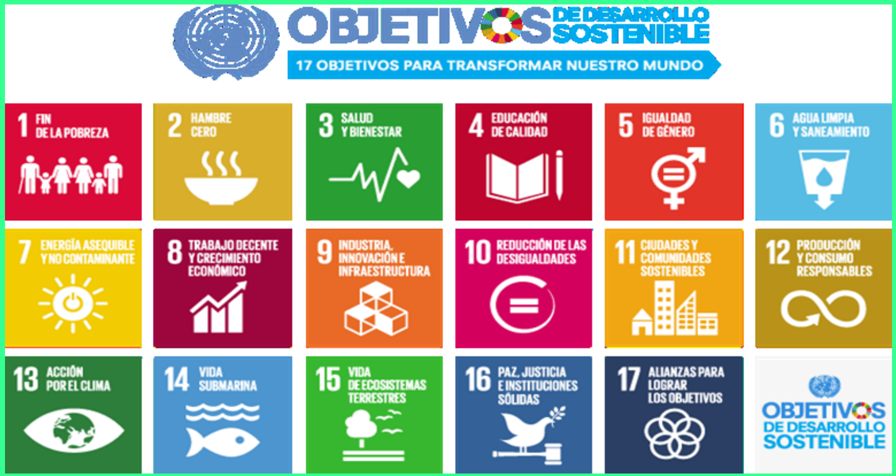
- This feature is changing since the Paris Agreement of September 25, 2015, was signed, because it leads us to the "2030 Agenda" proposed by the United Nations General Assembly. It is a new global framework for sustainable development, that has been described as the first universal and legally binding agreement on this area.

- This agreement determines the goals of sustainability as a common target of international relevance. And developing it → the *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development of United Nations* includes 169 targets, that are indicators of sustainability.

3. FORMAL INDICATORS OF SUSTAINABILITY.

Formal indicators → are those that can be identified as sustainability milestones and actions in favour of sustainability, being the result of the traditional sources of analysis such as binding international agreements, and legal or regulatory requirements.

Indicators based on material goals



Source: www.un.org

Indicators based on actions of the green finances scope

- **Direct sustainable actions**
  → To deal with direct risks (related to climate change)
  - Prudential requirements accomplishment
  - Transparency requirements accomplishment and financial culture promotion
- **Indirect sustainable actions**
  → To deal with transition risks (related to climate change)
  - Sustainable finance issuance (green finance and others)
  - Sustainable finance investment (green finance and others)

- Transparency and financial culture as sustainability indicators

- Universal taxonomy regulation + <u>DEFINITION OF HARMFUL EFFECTS</u>

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4. INFORMAL INDICATORS OF SUSTAINABILITY.

Informal indicators → Are those that could be extracted from some international guidelines and other documents, as reports, that label different kinds of tools as sustainable products and mechanisms, and the indicators related to the data that make possible to rate compliance with the social responsibility of the administrations -in the public sphere-, and of corporate social responsibility -in the private scope-.

International reports indicators	International standardization	Corporate social responsibility / Public social responsibility
• Blended finances • Credit and guarantees for development • Impact investments, as private equity debt issuance or fixed income securities • "Funds for company challenges" or "Enterprise Challenge Funds" • "Social and Development Impact Bonds" • "Crowdfunding" and "debt-for-nature swaps" (DNS)	• ISO-14001, as an international standard for environmental quality management- • ISO-50001 that establishes the requirements of an Energy Management System, in order to carry out systematic and continuous improvements to the energy performance of both public and private organizations. • Many others in accordance to other targets related to the SDGs	• Quality standards accomplishment • Existence and accomplishment of Social Responsibility Plan • Existence and issuance of periodical Report on social responsibility accomplishment • "Green nudge" or "sustainable nudge".

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5. RESULTS

As result of the previous sections, we offer below an initial proposal of a template useful to assess the impact on sustainability of the activities carried out by public or private financial institutions.

It could be applicable to assess each financial entity periodically by crossing data about sustainable actions performed and the material indicators on SDGs determined by UN (these last ones showed in the left column) –*see paper for more detail*-, which are referred in some cases to the national situation of each country or territory in where the entity assessed has developed its actions by having there its registered main office.

This template could be completed and improved for a better determination of the achievement of sustainability values through sustainable finance and on formal or informal indicators, including more future indicators.

Assessment on sustainable finances						
	Sustainable finance actions					
	Positive effects					Harmful effects
	Direct actions on sustainability –Against direct risks-		Indirect actions on sustainability –Against transition risks-		Other actions	
	Prudential requirements accomplishment	*Transparency requirements accomplish-ment and financial culture promotion*	*Sustainable finance issuance (green finance and others)*	*Sustainable finance investment (green finance and others)*	*According with informal indicators*	
Material indicators of sustainability						
*In this column are included the indicators formerly quote in the paper, especially the *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development of united Nations*, regarding the material indicators. *See paper for more detail.*			***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	***Through:*** Blended finances Credit and guarantees for development, Impact investments, as private equity debt issuance or fixed income securities "Funds for company challenges" or "Enterprise Challenge Funds" "Social and Development Impact Bonds" "Crowdfunding" and "debt-for-nature swaps" (DNS)	Quality standards accomplishment Existence and accomplishment of Social Responsibility Plan Existence and issuance of periodical Report on social responsibility accomplishment "Green nudge" or "sustainable nudge"	

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5. RESULTS

			Action with the purpose of... a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes	***Action with the purpose of...*** a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and recovery of biodiversity and ecosystems g)Other connected purposes		
Final Assessment Impact quantification of the sustainability achieved	Sum:	Sum:	Sum:	Sum:	Sum:	Sum:

TOTAL RESULT*:

*Include the difference between the favourable effects and the harmful effects, which must be positive to be considered sustainable finance actions

6. CONCLUSIONS

- The determination of the indicators to measure the degree of sustainability of financial instruments and other financial actions can be obtained by extracting formal indicators from the existing regulations, and informal indicators from other sources that are voluntarily applied.

- All of them are equally valuable for making a template that collects indicators to assess the degree of sustainability of financial institutions, as indicated. Indeed, the informal indicators analyzed are applicable to all the targets of the SDGs while the formal ones are mainly focused on the environmental targets. So, it would be desirable to unfold more formal indicators regarding all the SDGs.

- The material indicators provided by the 2030 Agenda should be crossed with those indicators obtained by actions on sustainable finances, which will yield a result after quantifying the number of actions implemented and their positive or harmful impact on sustainability. The result must always be positive for a financial entity or action to be considered sustainable.

- This first approach needs to be supported by a universal regulation or guidelines on taxonomy, that provides clarity on the concepts to be evaluated, following the path initiated by the European Union. With this and with the development of future standards and guidelines on sustainable finance, this proposal for an assessment template would evolve and be improved, becoming a tool for making real financial sustainability in a forthcoming future.

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THANK YOU VERY MUCH

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