



## **Specialty Conference**

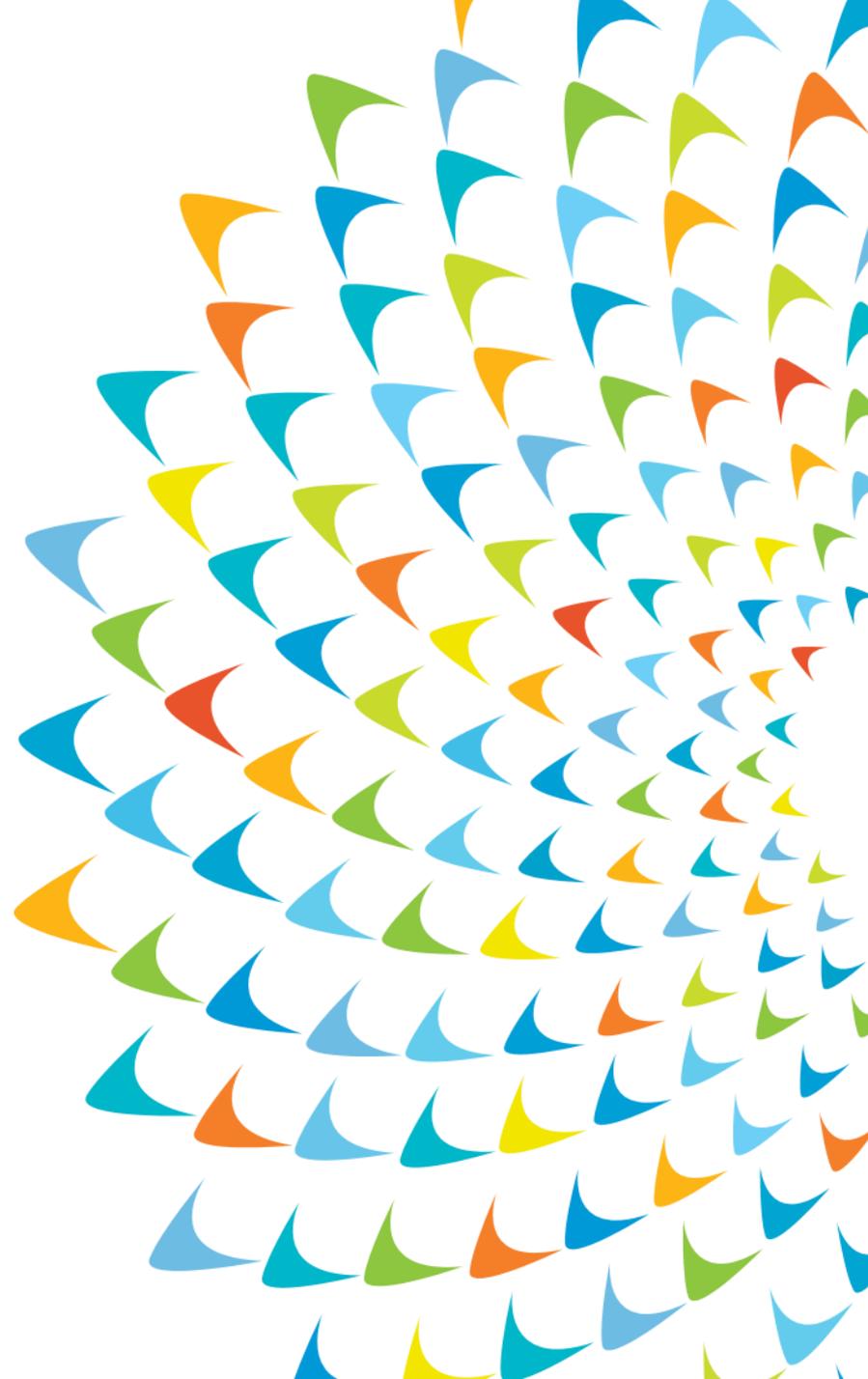
Fintech to Enable Development, Investment,  
Financial Inclusion, and Sustainability

# **Scaling Up Sustainable Investment through Blockchain-based Project Bonds**

Discussion note

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# Summary of paper

- Financial technologies and blockchain-based solutions
  - complement conventional capital markets and facilitate domestic resource mobilization for sustainable Investments
  - improve the implementation of infrastructure projects during entire life cycle by facilitating processes and enhancing transparency
- A proposal for a Blockchain-based Bond for Sustainable Investment
  - Boost transparency in project management on use of proceeds, sustainability impacts and project revenues
  - Allow more diversified investor bases to purchase local-currency assets (comparing to capital markets)



# Discussion I

- Mobilizing domestic savings for sustainable Investments in Asia
  - Foreign investment (including foreign aid, blended finance, and foreign private capital) could pose risk to financial stability during market turmoils.
  - Developing Asia has higher saving rate and positive saving-investment gap.
    - Developing Asia's gross domestic savings rate averaged 41% of GDP during 2010– 2018 with saving rate higher than investment rate by 2.1% of GDP.

**Gross Domestic Savings and Savings–Investment Gaps, (% of GDP)**

	1960– 1969	1970– 1979	1980– 1989	1990– 1999	2000– 2009	2010– 2018
<b>Developing Asia</b>	18.0 (-2.4)	24.9 (-1.4)	27.4 (-1.3)	32.9 (0.6)	36.6 (3.3)	41.0 (2.1)
<b>Latin America and the Caribbean</b>	20.0 (-0.5)	21.2 (-2.5)	23.4 (2.5)	20.1 (-0.3)	21.3 (1.4)	19.8 (-0.7)
<b>Sub-Saharan Africa</b>	...	...	30.7 (1.4)	23.1 (0.1)	23.5 (1.7)	20.2 (-1.6)
<b>OECD</b>	...	25.2 (-1.3)	23.7 (-0.9)	23.4 (-0.1)	22.1 (-0.6)	21.4 (0.1)
<b>World</b>	...	26.0 (-1.1)	24.8 (-1.0)	25.1 (0.2)	25.5 (0.9)	25.1 (0.8)



# Discussion II

- **Benefit of Blockchain technology in finance**
  - Blockchain technology offers flexibility in investment options (different investment size) and can reach out to more investors, especially smaller investors, via tokenize conventional financial instruments and crowdfunding.
  - More local investors provide local currency funding.
  - Block chain technology ensures information transparency that offers better investor protection.
  - Block chain technology can better mobilize local currency savings based on a boarder local investors.



# Discussion III

- A Blockchain-based Bond for Sustainable Investments
  - In table 2: stakeholder interests: For investors: investment opportunities, investment process..
    - *Consider also add risks, such as institutional quality, good governance practice, enhanced information transparency or avoiding green wash, to highlight the benefit of the blockchain-based bond.*
  - Strengthen link to local currency finance and blockchain in the product design. Blockchain can also be used for foreign investments. What is unique to local currency? This element shall be discussed in the design.



# Discussion IV

- The other side of the coin to be discussed
  - Will of institutional investors in participating the DLT platform trading: anonymity
  - Regulation issues: using blockchain technology needs advances in regulation over this new market practice
  - Investor education is also called particularly in frontier markets to avoid risks. Investors need to understand the platform, related technology issues, and risks.

Nice work, thank you!