Financing the Future
The Future of Finance

A WAAS-Initiative on how to finance our SDGs

Session 3: Digital Financing for Sustainable Development
World Bank, 16-17.2019 Washington DC

Brunnhuber
UN-Sustainability Development Goals

‘A future road map…’
A. Four Preliminary empirical findings
Living in new era
Sustainability revised
Getting the figures right
The real tragedy of the commons

B. The Six-pack
Conventional financial engineering & the residuum
Empirical evidence for a dual currency system
Blockchain - A general purpose technology for the good
Riding a bike with two wheels

C. The TAO of Finance-Initiative (WAAS)
Living in a New Era: Normal is over
Sustainability revised: The missing Link

Lietaer & Brunnhuber 2014ff
Putting the figures into perspective
Global Commons: High Return on Investment
‘Awakening the sleeping giant…’

- Universal access to contraception: 120
- Aspirin as Heart attack therapy: 63
- Expanded immunization: 60
- Make beneficial ownership info public: 49
- High blood pressure medication: 47
- Allowing more migration: 45
- Reduced child malnutrition: 45
- Tripple preschool in Sub Sahara Africa: 33
- Mobile broadband developing countries: 17
- Reduce assaults: 17
- Phase out fossil fuel subsidies: 15
- Modern cooking fuels for 780M people: 15
- Better cook stoves to cut indoor air pollution: 10
- End extreme poverty by money transfer: 5

Copenhagen consensus 2018-19
How to Finance our Future?

‘Why this is so difficult…‘

• SDGs: A total of 5 Trillion USD annually
• The financial system is unstable: >10 events annually
• Resistent to change: Multiple Lock-In effects
• Time is not on our side: it takes a century to balance the world
• SDGs: 2/3 are global commons
• Illicit transactions: miss-invoicing, fraud, corruption, informal sector
• Changing the Mind-set
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The global value chain simplified 'Central banks - Commercial Banking - Goods and Services - Shadow market and the rest…’

Lock-in effects

Carbon bubble

Entropic sector

Shadow economy

‘End-of-Pipe’ Financing: Redistribution

Co-financing: taxes, fees, regulation, de- and reinvestment: 0.5-2%

5 Trill USD?

SDG

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Global Consensus - Impact - Timeline:
'The Six-pack and the Residuum…'

1. Regulation: CSR, Taxonomy, Stress tests
2. Taxation, Fees, Subsidies, Philanthropy
3. Impact Funding: De-risking, State Guarantees
4. Ex-Swap Strategies: Exiting, Alternative Investments
5. Hybride Private Public Partnerships

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Parallel Digital Currencies: Additional targeted Liquidity

'Untapped Potentials: 4 bill people under- or unbanked globally…'

- **Central Bank Digital Currencies (CBDC): >15**
  - Controll Regulation Steering
  - extended base money/mandatory non-defaultable loan public

- **Crypto Currencies (CyC): >2300**
  - Investment Speculation Commercial
  - denationalization of money - private high capitalization (350 Bill USD) decentralized smart contract
  - Ripple, Etherium, Skyledger, Corda, Libra ao.

- **Community Currencies (CoC): >3400**
  - Social /Environmental Business
  - social capital consumptive intermediary low capitalization case to case evidence
  - Time Dollars (50%) LETS (41%) Barter (1,5%) RegioMoney (7%)

- **Parallel Currencies**

- Top down
- Bottom up

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Global Consensus - Impact - Timeline:
'A Parallel Digital Currency System…'

1. Regulation: CSR, Taxonomy, Stress tests
2. Taxation, Fees, Subsidies, Philanthropy
3. Impact Funding: De-risking, State Guarantees
4. Ex-Swap Strategies: Exiting, Alternative Investments
5. Hybride Private Public Partnerships
6. Parallel Currencies: CBDC, Crypto-Community Currencies

Residuum

Time line 15 years

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The rational behind block chain technology: 'Complementary - Parallel - Optional - Regulated - Liquidity Beyond Redistributing Money…’

- Shadow economy
- Lock-in effects
- Carbon bubble
- Entropic sector
- CBDC Cryptocurrencies Community Currencies
- Positive Feedback

‘End-of-Pipe’ Financing: Redistribution
Co-financing: taxes, fees, regulation, de- and reinvestment: 0.5-2%

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Why Blockchain Technology?
'A general purpose technology…‘

• **Trust** - social capital

• **Transparency** - minimizes tax evasion, fraud, illicit transactions, corruption

• **Targeted** - ensures investment/consumption - smart contract

• **Resilient** - anti-cyclical, steering, regional, sectoral wealth multiple second round effects

• **Pareto-superior** - creates jobs, green growth, additional tax revenues, stabilizes CPI, decreases negative externalities
The Full Picture: A Systemic Approach To SDG’s

'Like riding a bike with two wheels…'

- Overcoming the 'new normal'
- Steering and Stability
- Green growth & jobs
- Alternative technologies
- Public revenues
- Impact on informell sector
- 2. round effects

'End-of-Pipe' Financing: Redistribution

Co-financing: taxes, fees, regulation, de- and reinvestment: 0.5-2%

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Multiple Sustainability Solutions

'We chronically miss one component….'
The 'TAO of Finance’-Initiative (WAAS)

Parallel - additional - regulated - targeted liquidity

Provides a mechanism that enables to shift towards SDGs

Does not rely solely on CSR, charity, voluntary commitment, resolutions or moral imperative, taxes or fees

Top down - bottom up: Public versus Private

If done in the right way: cheap - fast - resilient - fair

Pareto-superior

Mind set: Patrifocal (take-have) and matrifocal (maintain-give)
"When the wind of change blows, some build walls and the others windmills."

- Chinese Proverb -
The TAO of Finance
The Future Wealth of Nations
A Mechanism that can change the world
A Report to the World Academy of Science and Arts

WAAS-Initiative on 'Financing the Future-The Future of Finance'

Last 3 Months:
International Press Conference Berlin July 2019
European Academy of Science and Arts joined the project
Film with the Birkelbach-Media Group in the making (part 1-5)
Multiple talks, keynotes and panels national and international
Multiple expert meetings
Keynote at the executive central banker summit Frankfurt
Cooperation with media designers and Film makers
Request from WEF/Davos
Modeling with London/Simudyne
Meeting with SAP, GL brain, Block chain community, Deutsche Bank
Joint venture with GL Brain (green'-Libra)

Next steps and requests
Meeting with experts in politics, financial officers, regulators and investors
BIS
List of contributors and supporters
Multiplier Team & Blogger required
Funding
Translations & Publishing Houses