Ivory Towers Hide Hidden Gems at Davos

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Having crossed the rubicon from finance into civil society during 2022 after a covid epiphany, I realised my schizophrenic point of view from experiencing Davo could actually be helpful. Whilst it is too easy for both camps to have polarising opinions, the reality is that whilst the forum does need to evolve, Davos does still create meaningful and actionable outcomes.

Yearning for the opportunity to get back to my natural habitat around finance people on day one I found myself facing closed doors at many of the finance events, ironically at one point with part of the Malaysian delegation who also 'had the wrong badge'! This was an uncomfortable and demoralising feeling! Davos is different to COP in this respect, nestled in an alpine village that is transformed into a conference arena, it is clearly invitation only. Shops, restaurants and offices are converted into the high end Davos HQ for the good and the great in the corporate world, as well as a handful of countries looking to cement their global reputation or attract investment.

Whilst I know from the inside there are many incredible people within finance looking to champion change, who have a strong sense of social responsibility through their work, I do also know the cold and material incentives that power it. I felt at that moment the criticism of the finance system at Davos was justified. However, as the week progressed and I learned the etiquette that pervades in this icy village, my spirits were lifted.

I realised that once I got into the room, there were some great conversations taking place. Perhaps this strictly controlled access created a safe space for leaders to talk freely? I was also relieved to see that civil society was also in these events, albeit selectively and not obviously. There was a notable shift away from being defensive about shareholder value to the acknowledgement that creating multi-stakeholder value was the only way forward.

Hearing CEOs chairpeople and executives talk about the need for courage to break old moulds, to step away from the pack and hold the line with longer term plans rather than the short term immediate reaction gave me hope.

Many of you will have already heard the key takeaways from Davos, with opinions from all sides. Having gone to Davos with the intention of helping build trust and understanding between civil society and financial institutions, I was looking for acknowledgement of the problems faced and examples of progress made to amplify and scale across the financial system.

We all know there is an issue with narrative, with different stakeholders speaking fundamentally different languages. I have realised it is not always that they disagree, it is just that they come at problems with solutions from completely different angles. Clearly equivalent Pythagoras is a common framework created and bought into by all stakeholders – we have these with TCFD, with TNFD in the pipeline for Nature, and all eyes on ISSB. These are all moments from COP. Let's be clear, Davos is all about business, so whilst these bigger wins are being hammered out, let's keep moving forwards on those within easier reach.

One of the areas where the narrative seems the closest is between research students and investment research. I hear about passionate students working on amazing solutions but having no idea how to take them to market. Whilst there are well known prizes to spotlight leading ideas, surely there is a lot more that finance can do. Over recent years we have seen financial institutions work with academia on sustainability, however how do we replicate and accelerate finding and financing potentially game changing ideas? Re-building trust is essential for this to happen, and having open doors not closed ones has to be the starting point. This reduces the risk for both parties collaborating and not feeling they are being compromised.

Creating transparency with financial institutions through disclosure is not only essential to build trust to foster collaboration, to show where market forces do and don't work to guide policymakers on drafting good regulation, and most importantly I argue, to demonstrate the art of the possible. The whole industry must rise together to enable us to get to scale, and whilst it is in finance's natural DNA to be competitive, especially in a time of cost cutting, the whole industry would surely benefit coming together and upping momentum on building a sustainable economy. The risks reduce if the industry moves forward together.

The common complaint is that financial institutions want to spend their time working out how to build sustainability into their financing rather than reporting on it. With regulation increasing, pressure from all sides mounting, this is not a defendable argument. Disclosure identifies the state of play and also measures progress in joining the dots across the system. I talk about the domino effect in the financial system, that if we can align the financial actors in the right order, understanding the hierarchy and flow of money, we can trigger the amplifying effects of the finance system positively. Key is going with gravity in finance and not against it. Whilst Davos creates the environment to informally delve into discussions, for this to reach a wider audience who can also act on it, disclosure is essential.

One such example is the common complaint I hear on the lack of investable deals available to institutions, and whilst they have the desire to invest they are struggling to match these to their own capacity constraints. To the contrary, I often hear entrepreneurs looking to raise money but unable to do so with those institutions or investors who can take the risk or lock money in as their deal sizes or too small. Large financial institutions who provide scale typically need a minimum of $200 million not $20 million, let alone $2 million! It was during a multistakeholder brainstorm on future prosperity by chance I was sitting next to someone creating an amalgamation platform with smaller deals with a de-risking government mechanism to create capacity for the large financial players. This is separate to the high level wranglings going on about reforming the development banks, and proof that just getting on doing it can and should still be taking place. As an NGO assessing institutions on their financing for SMEs, we can amplify these examples of the art of the possible.

One of the most inspiring moments of the week was also the most surprising. I non-altruistically joined drinks with a leading American bank on how to economically empower women. Perhaps ironic as this was amongst the privileged, but the stories were no less impressive. A Saudi Chair woman who spent decades quietly and gently pushing for change to enable her to rise through the ranks of a bank, empowering many women along the way and taking that power into philanthropic initiatives. A global bank CEO was quietly there to acknowledge her in this small group despite probably having many other invitations. We heard from a Palestinian woman and the sacrifice of her mother to enable her to get educated, stories from Latin America and US women of colour now heading major listed companies. They had clear, meaningful practical advice on what everyone in that room could do to empower other women. Relevant to the financial system as examples of gender bonds raising billions for women economic empowerment and also new blueprint between banks and sovereign wealth funds backing female owned businesses. World Benchmarking Alliance assesses global financial institutions on funding female entrepreneurs in our Financial System Benchmark. Showcasing the art of the possible – finding reasons to talk in the positive – is how we create cultural change in a system and how we build scale. Disclosure of the work being done means that we don't have to rely on chance attendance at a drinks reception.