Introducing: Reparations Finance Lab

High Level Meeting on THE ECLAC

Caribbean Resilience Fund,

Antigua

July 26-29,2022

Overview

1. Introduction to RFL
2. Mission and Approach
3. RFL Tool Box
4. RFL Financial Interventions
5. Collaboration Opportunities

EST 2021

REPARATIONS FINANCE LAB

What do Prince Charles, The Vatican, Harvard University, Denis O’Brian (Digicel), Michelle Bachelet (United Nations High Commissioner for Human Rights) and Rastafarians have in common?

They all support the call for Reparations to descendents of the Transatlantic Slave Trade

“If you have a trillion dollar problem, you cannot solve it with a million dollars.”

- *Dr Gene Leon, President of the Caribbean Development Bank*

Mission and Approach

The Reparations Finance Lab is a financial services nonprofit organization that seeks to engage capital markets through design of innovative financial products and processes that will deliver Reparative capital to the descendants of the Transatlantic Slave Trade.

Estimates of the cost of reparations for the descendants of those enslaved by the Bristish in the Caribbean are estimated to be as much as $3 trillion. The RFL is believes that that only intentionally directed financial reparations- including the deliberate allocation of private capital -can deliver this sum in a meaningful way.

Mission and Approach

The Reparations Finance Lab believes that the private capital markets, financial intermediaries and other financial actors have a broad duty to engage in the Reparations mission given their inextricable historic ties to the Transatlantic Slave Trade and the continued economic exploitation and extraction of Afro-American and Afro-Caribbean communities. These continued patterns of abuse have resulted in a palpable and indisputable present day Black -White wealth gap that exists from individuals up through the state level.

The RFL further believes that the mission of Reparations is a global one given the global nature of enslavement, colonialism and Black economic disenfranchisement.

RFL Tool Box

REPARATIONS FINANCE LAB

- IMPACT INTENTIONALITY
- CAPITAL MOBILIZATION
- FINANCIAL INNOVATION
- HUMAN-CENTERED DESIGN THINKING
- PROTOTYPING
- BLENDED FINANCE
- IMPACT MEASUREMENT AND MANAGEMENT

RFL Tool Box

REPARATIONS FINANCE LAB

IMPACT INTENTIONALITY

CAPITAL MOBILIZATION

FINANCIAL INNOVATION

HUMAN-CENTERED DESIGN THINKING

PROTOTYPING

BLENDED FINANCE

IMPACT MEASUREMENT AND MANAGEMENT

RFL Proposed Financial Interventions

REPARATIONS FINANCE LAB

DEBT RESTRUCTURING AND THE USE OF REPARATIVE DEBT STRUCTURES

BLENDED FINANCE USING GOVERNMENT GUARANTEES AND PRIVATE CAPITAL

INNOVATIVE TECHNOLOGIES - BLOCKCHAIN and DeFI

INSURANCE AND PENSIONS

MORTGAGES

MUNICIPAL BONDS

The Reparations finance Lab will be looking at the following products. These present a high-level overview of the Lab's aspirations and ideas.

Topline Executive Summary

REPARATIONS FINANCE LAB

1

Flat Post-Pandemic Growth Amid Persistent Global Inflation

Expanding inflationary dynamic, contracting equity valuations, and systemic risk in alternative/decentralized investments are driving increased appetite for sovereign and corporate debt products to meet portfolio objectives

2

High Growth of Green Financing Inflows

In the wake of COP26 in Glasgow and broader awareness of the climate crisis, increased global inflows observed into green debt instruments. Large scale capital investments, led by China are also fueled by an emerging performance track record, strong 'shovel-ready' project pipeline and increased ESG reporting standardization.

3

Emergence of Digital-First Financing Innovation

The explosive growth and development of digital currency and trading tools have created massive opportunities to introduce increased operational efficiency, reporting transparency and lower transactions cost and friction for both potential institutional and retail buyers

4

Institutions Own Majority of "Sustainable" Capital Holdings

Asset Managers, Commercial Banks and other institutional investors comprise the majority of Sustainable capital demand. Emerging buyers include retail investors and family offices

Global Macroeconomic Risk Factor Overview, Q2 2022

Baseline Forecast Exposed to Range of Downside Headwinds

REPARATIONS FINANCE LAB

Risk Factor	Overview	All-In Directional Impact
Accelerated Technology Adoption	Communication and automation technologies proven over the pandemic become more ubiquitous, generating an uplift in productivity	**Positive**
Transition to Cleaner Energy	Starving fossil fuel makers of investment leads to price hikes and price volatility in conventional energy, potentially driving energy supply shortages. Secondary impact may include markets that abandon or delay energy transition.	**Initially Negative, Long-Term Positive**
Extended Equity Valuations	At the beginning of 2022, valuations across most major asset markets considered rich - stock multiples elevated, bond yields low and credit spreads tight; this presents risks in both directions, depending on prevailing policy	**Mixed**
Climate Change	More frequent or more extreme weather events leading to destruction of productive assets and disruptions to food and basic materials supply	**Negative**
Conventional Warfare / Conflict	Further expansion of Russian invasion of Ukraine and or inflammation of pockets of known tension in Middle East and Asia-Pacific regions become more sustained conflicts; may also include persistent and meaningful growth in cyber conflict and impact core physical and digital infrastructure	**Negative**
Incremental Pandemic Waves	Vaccine resistant strains of COVID-19 or entirely new pathogen emerges, necessitating rolling lockdowns and creating disruption to supply chain globally	**Negative**
Accelerated Monetary Tightening	Central banks become more proactive in tackling inflation risks and in a synchronized fashion tighten monetary policy	**Negative**

CRF Contextual Macro Indicators

REPARATIONS

Category / Subcategory	Summary / Overview	Overall Impact on CRF Viability
Public Policy		
Monetary, U.S.	Quantitative tightening and US Fed balance sheet reduction is lowering supply of money in the financial system, leading to lower liquidity, higher rates and ultimately lower growth	**Negative**
Fiscal, U.S.	Improving fiscal conditions in FY 2022 suggest foundational economic strength and longer-term secular growth prospects	**Positive**
Market Returns		
US Equity Returns	Declining US returns triggered by structural, non-transient inflation and raising interest rates are leading a reversion to historical valuation (PE) ratios for all sectors of the equity market, particularly technology (e.g., FANGs)	**Positive**
ROW Equity Returns	Rising input prices driven by growing secular inflation, lower consumer savings rates and spending growth and food supply disruptions from the Russia-Ukraine conflict are driving down equity valuations across most sectors in non-US markets	**Neutral, Trending Negative**
Financial Engineering / Innovative Financing		
US Markets	As part of growing ESG strategy development, “mainstream” innovations (e.g., Green Bonds) have found broad adoption among corporates; post 2008-crisis rules have somewhat limited the scope of advanced innovative security instruments	**Neutral**
ROW Markets	Key EM markets are the ‘tip of the spear’ in terms of innovation instrument development. China continues to outpace all markets in terms of Green Bond volume (both issuance and total value).	**Positive**

ESG Investment Macro Landscape

2022 Perspective Synthesis

REPARATIONS FINANCE LAB

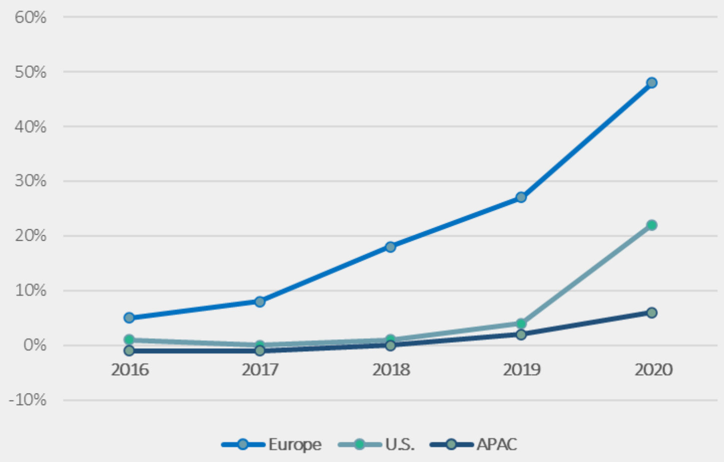
Tailwinds: Broad Interest & Upside Performance

1	Interest in sustainable investing, is growing globally, driven by investors trying to increase risk-adjusted returns ("doing well") and support sustainable outcomes ("doing good") - particularly corporate and sovereign commitments made at COP26
2	Large scale investment inflows primarily limited to publicly listed equities and corporate & supranational debt
3	ESG fund composition expanding to include both listed/public equities and fixed income instruments

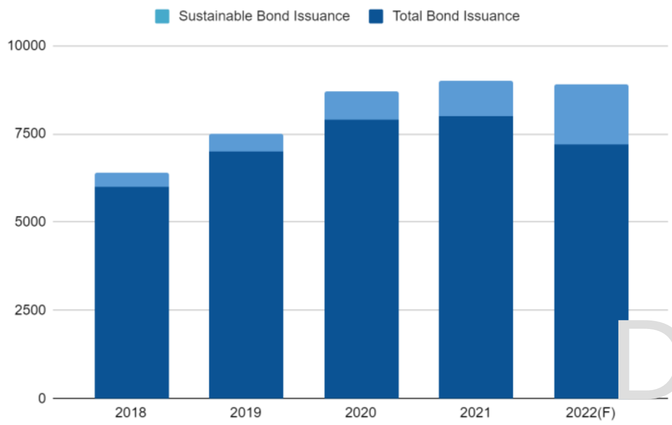
Headwinds: Non-Standardized Reporting & Limited Buyer Types

1	However, ESG alignment and performance measurement not fully standardized or transparent for retail or institutional investors
2	On the buy side, asset managers and other institutionals (ex. public equities) comprise majority of demand

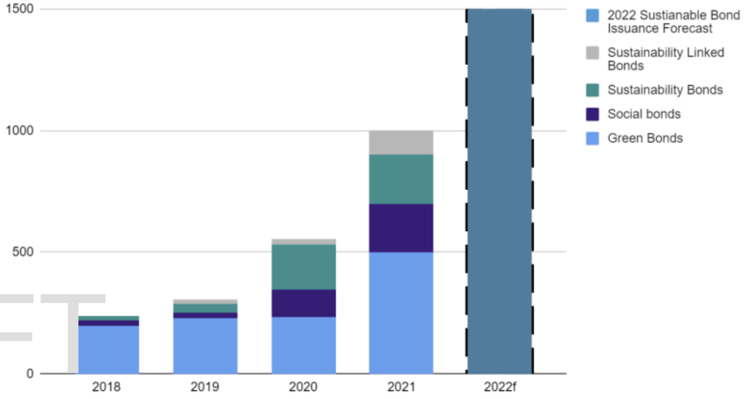
Flows Into Sustainable Investment Strategies as Percentage of Total Inflows



2022 Sustainable Bond Issuance to Surpass $1.5T



DRAFT



Strategic Perspective

Countercyclical Growth Environment
Growing ESG focus post COP-26 will drive double digit growth across innovation debt market in 2022

"Year of the Greenium"
2021 was the year of the "greenium" – the trend that there is pricing advantage to sustainable issuance with multiple deals pricing inside their secondary curve

Potential Upcoming Headwinds
Higher U.S. rates expected to be a speed bump to issuance totals in 2022. Policy could become larger hurdle depending on hike trajectory, cadence and regional spread

Thank you!

REPARATIONS
FINANCE LAB

Contact: Enith Martin Williams

ewilliams@17assetmanagement.com

reparationsfinancelab.org