



**European
Partners for the
Environment**



Financing a Sustainable New Deal

A Roadmap
To Mobilise Private Capital

No “sustainable new deal” without Banking leadership

As stated in the FUNDETEC report (2007):

“To meet the financial challenges of tackling climate change and securing an energy efficient and sustainable economy, public institutions will need the help of commercial-type funding on a very large scale. Innovative instruments must tap into private pools of capital, as public resources will prove insufficient to meet the new financing requirements. But these segments cannot act in isolation from each other; much more cooperation between players in public and private finance is required.”

Citizens: an inevitable actor

- No return to Business as Usual
- The Financial Sector is seeking “*A New Deal Between Finance & Society Restoring Confidence and Responding to Public Concerns*”
- Citizens, as savers or investors, are co-responsible for the type of change catalyzed by the banking crisis.

Banks are an “enabling industry” to be “turned for the better”

The Business model for many banks needs to be changed:

- From CSR ‘window dressing’ to ESG risk management
- Banks staff and agency training on ESG
- Banks board members also responsible for ESG management
- Mandatory ESG reporting (as done in France, art 82 Grenelle de l’environnement II)

Banks “helped” by the Belgian Federal or Regional Governments

Private-sector banks, which enjoyed the protection of the State or in which the State invested, have a responsibility to public policy concerns and should have a new mandate :

- Engage to mobilize their levers and accelerate the passage to a low carbon, resource-efficient economy
- Create new ‘sustainability’ products, services, employment, and profits
- Have a Board member responsible for ESG
- Board Members representing the State should report to Government and Parliament on how they contribute to financing a sustainable new deal.

Belgium Leverages for a 2010 Leading Role

- KBC, DEXIA, BNP Paribas-Fortis
- BNP Paribas (Global)
- EU Presidency : Post-Lisbon Strategy adoption
- EU Presidency : Informal ECOFIN 2010

Support to President Barroso *'Transformational Agenda'*

5 Years Framework Agreement “State-Banks-Civil Society, Trust and Sustainability Leadership” focused on how to :

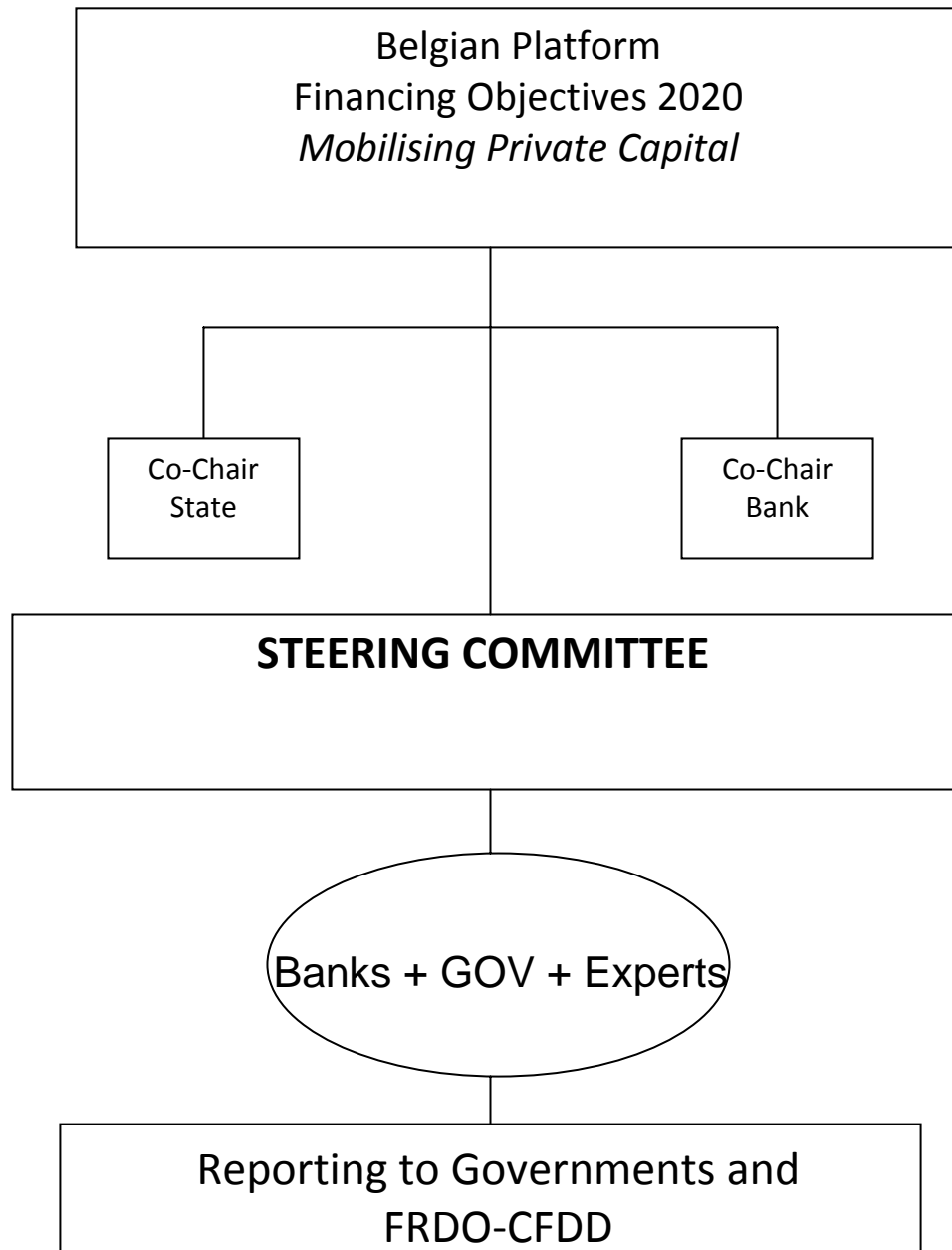
1. finance the implementation of EU Objectives 2020
2. contribute to a Global Sustainable New Deal
3. accelerate the shift to make European Cities more “resilient” to climate change
4. make European financial industry more “competitive” on the “green market”
5. finance more good projects (95 % are not eligible for venture capital)

First semester 2010

A Belgian Roundtable “*Financing Objectives 2020. Mobilising Private Capital*”

with participation of :

- Federal Ministries
- Regional Ministries
- Cities
- Banks active in Belgium
- FRDO-CFDD



Second Semester – European Conference 2010

- A European Conference “*Financing a Green New Deal. Mobilising private capital*”
- Under the patronage of the Belgian Minister of Finance (requested) to be scheduled for second half 2010 back to back with an informal ECOFIN.
- With support, so far, of FEBELFIN and the ECBA
- Presentation of the Member States Platforms
- Launching of the European Forum ‘*Financing a Green New Deal. Mobilising private capital*’ and a first 2 years action plan.

Support to President Barroso *'Transformational Agenda'*

The framework agreement might include initiatives at:

- **Member State level**, a “Platform Financing Objectives 2020. Mobilising private capital”
- **European Union level:**
 - the launching of a EU Tripartite Forum
 - an “observatory” of financial products and services,
 - incentives and regulations accelerating the shift to green growth
 - a regulatory agenda and post-Lisbon strategy guidelines
- **International level:** Joint initiatives related to Basle II.

Post-Lisbon Strategy

Banking Guidelines

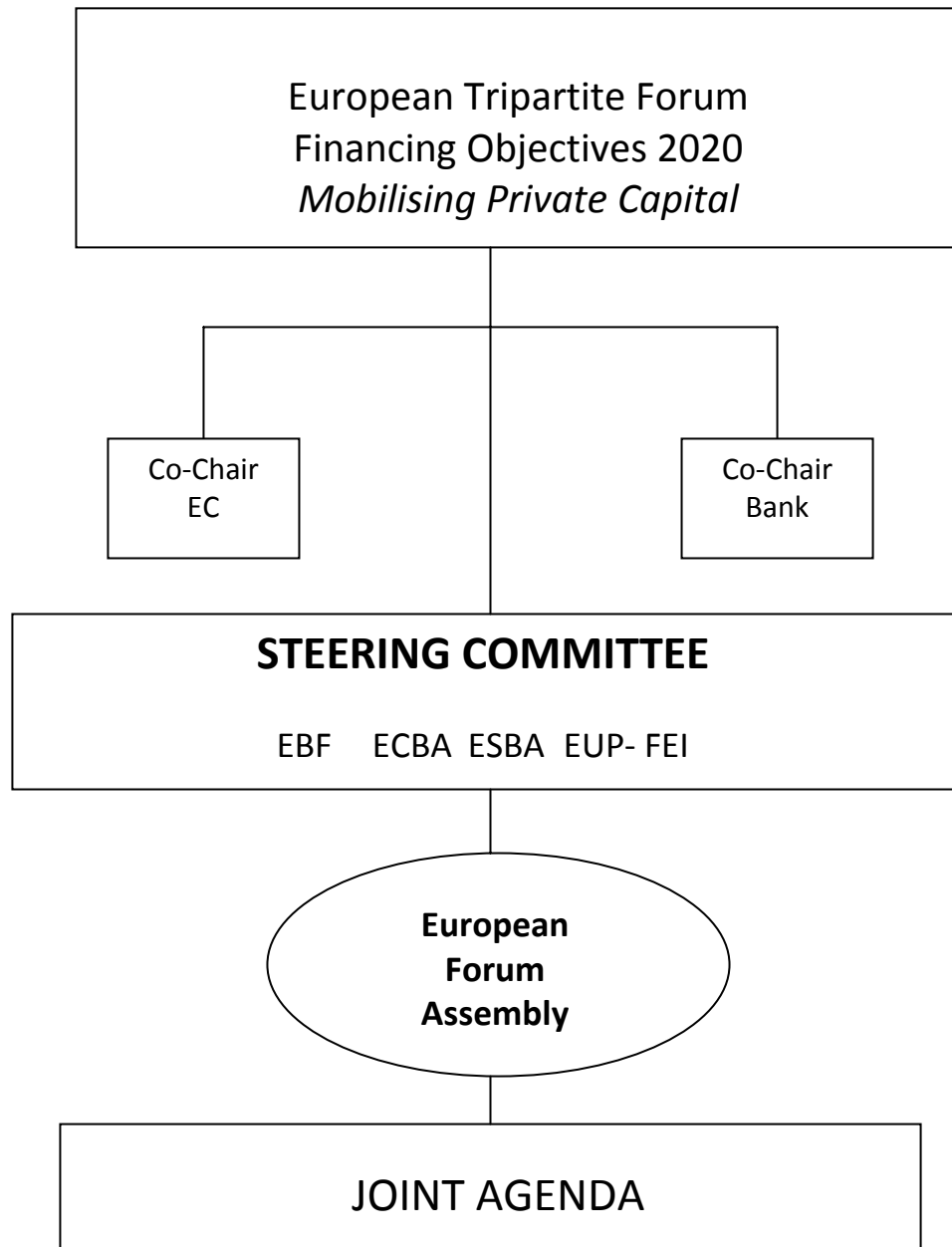
- Bank governance: long term perspective on investment
- Screening: ESG performances
- Investment focus: mechanism to evaluate projects that meet ESG criteria and contribute to Objectives 2020
- Co-operation: partnerships between public and private banks
- ESG Reporting: becoming mandatory
- Banks Audit Rules: addressing ESG

UNEP-FI Guidelines, a source of inspiration for the Post-Lisbon “guidelines”

- be fully transparent about investment strategies pursued, including to what extent such strategies incorporate ESG considerations
- seek expert advice on how best to incorporate ESG considerations into investment analysis and decision-making processes.
- state clearly guidelines on ESG considerations.
- undertake a periodic independent audit that takes into account ESG considerations
- adopt the UN Principles of Responsible Investment that are relevant
- request the appointment of a board member with specific responsibility for ESG issues
- request a remuneration package partly tied to ESG issues

Partnership at EU level

- New EU regulatory framework and Basel II (minimum capital requirements)
- State guarantee fund and EU Competition rules (guarantee fund for 95% of viable resource efficient projects not eligible for venture capital)
- A European Sustainability Saving Account



Fantastic Time for Banks

“We are having a fantastic time creating opportunities by focusing, not on incremental changes, but on a jump forward. For a bank to address the sustainability agenda means new banking products, new clients and fields of interest, such as carbon trading. Banks are an **enabling industry** to be **turned for the better** through creating real value for clients/members by solving real economic scarcities and contributing to the implementation of the Millennium Goals. The culture of investment banking, built on mergers and acquisitions, is not helping to make the transition to a new sustainable economy possible (through mechanisms such as the Millennium Goals, Green Economy, and a new urban/rural equilibrium). We need to embark on a new policy. Bankers should reconnect with the long term. We need long-term investors that are attached to their banks. New governance models with clients/members following a general assembly model at a local bank level and a bank parliament model at a regional/national level. These are powerful policy tools. The question should be ‘what have you created with your clients to achieve a better world?’ We need to redefine the ‘good life’. There is a need for a **mindset change** from both the supply and demand side.”

- Daan Dijk. Rabobank



- Report “Sustainable Banking. The role of the State within private banks” available on www.epe.be
- More information on the process :
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