Scaling up green finance in France

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1. Greener regulation

**Greening non-financial reporting requirements**
 Disclosure obligation of climate-related information (art. 173 of the Energy Transition Act)
- For corporates: climate-related information, including impact assessment
- For financial institutions: “comply or explain” regarding climate-related risk evaluation

**Labels with transparent and rigorous criteria**
 Alongside a SRI dedicated label, France created a green label for investment funds.
- € 4bn assets are covered by this green label
- € 49bn assets are covered by the SRI label

**Making green finance accessible to all citizens**
 Financial intermediaries committed to enable retail investors to “go green” within each of the main saving products.
- All newly subscribed life insurance contracts should contain an green or SRI investment offer.
- Allowing citizens to put theirs savings in SRI regulated accounts (“Livret Développement durable et solidaire”).
2. Encourage and support actors’ commitments

→ Domestically
• Public financial institutions committed to “align their balance sheets” with the 2°C goal.
• Voluntary commitments of the French financial sector (push & pull):
  • “Green loans” to support low-carbon vehicles’ purchases, with reduced interest rate and fees
  • Phasing out of coal financing (banks & institutional investors)

→ Internationally
• France hosted the One Planet Summit in December 2017
Key economic and financial players committed to take action towards carbon neutrality.
  • Network for Greening the Financial System
  • Climate action 100+
  • Sovereign Wealth Funds
  • Support of TCFD’s final recommendations.
• France actively supports the EU sustainable finance action plan
3. Focus: the French sovereign green bond

- **France has issued a sovereign green bond, the “Green OAT”**
  - First issuance in January 2017; Outstanding amount: € 16.5bn.
  - compliant with Green Bonds Principles and CBI Framework.
  - eligible expenditures include tax expenditures, subsidies and investments
  - **four environmental objectives**: climate change (mitigation and adaptation), biodiversity protection and pollution reduction.

- **The additionality of the Green OAT lies in:**
  - The **depth and liquidity** it brings to the green bonds market
  - its contribution to the development of high reporting standards, specifically in the area of **environmental impact evaluation**.
  - **three reports are provided to investors:**
    - an annual report on allocation
    - an annual report on output indicators
    - a report on environmental impact, at an appropriate frequency.
• The Council is in charge of evaluating the environmental impact of green eligible expenditures

• It is a commitment to transparency and independence
  - Its members are nine international experts of green finance and policy evaluation, including its chair, Manuel Pulgar Vidal, WWF Global Climate and Energy Practice Leader.
  - Impact evaluation studies are reviewed by independent referees.
  - The Council is constantly providing feedback and reviewing all documents, from the definition of terms of reference of the evaluation until its final release.
  - Council’s opinions are public and underline both strengths and weaknesses of evaluation studies.

• The first impact evaluation study was released in November 2018.
  - It covers a tax credit for energy renovation in buildings.
Thank you for your attention

For more information:
www.tresor.economie.gouv.fr