

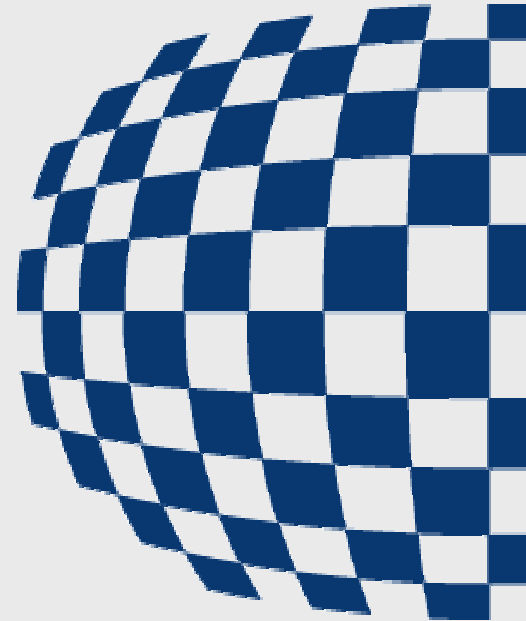


**UNEP Finance Initiatives**  
Innovative financing for sustainability

**November 2, 2001**  
**Parallel Session #2:**

**Venture Capital,  
Micro Finance and  
FDI for Sustainable Futures**

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For mainstream finance – the commercial potential of new sustainability markets is of interest but **fully fledged sustainability** markets are not yet with us.



The Hydrogen economy remains a distant dream and old energy intensive industries continue to dominate. Building shareholder value remains locked into these sunset industries...

**However, if a financial institution mishandles an environment or sustainability issue...**



Mass Media  
The Internet  
NGOs  
Ethical Consumers

**Market & reputation value can suffer.**



# BACKGROUND

Conceived at the 1992 Rio Earth Summit, UNEP FI has grown from from 6 banks to some 270 financial institutions by 2001.

There are two UNEP FI statements of commitment: one each for the banking and insurance sectors. A company joins UNEP FI by signing one of these statements.



# ROLE

The UNEP Finance Initiatives (UNEP FI) are a voluntary pact between UNEP – *the environmental arm of the UN* - & 270 institutions globally.

UNEP FI promotes sustainability excellence across the finance sector.

UNEP FI builds the business case for banks, insurers, and asset managers to become sustainability leaders.



## **UNEP FI has new 2001-2002 work programme:**

A Finance sector report for World Summit for Sustainable Development in South Africa, September 2002.

Five regional conferences - Asia-Pacific, Latin America, Africa, Economies in Transition and Gulf States - by April 2002.

UNEP FI's regional task forces will be relaunched.

In Manila, UNEP FI launches the development of Sustainability Performance Professional Development (SPDP) programmes.

Three specialist working groups on Asset Management, Climate Change and Environmental Management and Reporting.



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# IFS – Microfinance

## **Innovative Financing for Sustainability Report for WSSD**

Co-operative activity with World Bank

Multi-stakeholder dialogue to construct a report focusing on:

**Macroeconomic:** Payment for ecological services; Creating a positive carbon economy; Environmental taxes and subsidies

**Thematic:** Capital Formation Around Renewable Energy Technologies; Finance and the Global Water Challenge; Sustainability of Global Supply Chains; **Microfinance and the Scale Up Challenge.**



## **Introduction**

Lack of access to financial services limits the accumulation of assets by the poor and the development of domestic enterprise.

## **Barriers**

Organization and techniques differ from those used by standard lending banks.

Profit and market information is scarce.

The perception of high lending risks and transaction costs.

## **Solutions**

De-repression of markets.

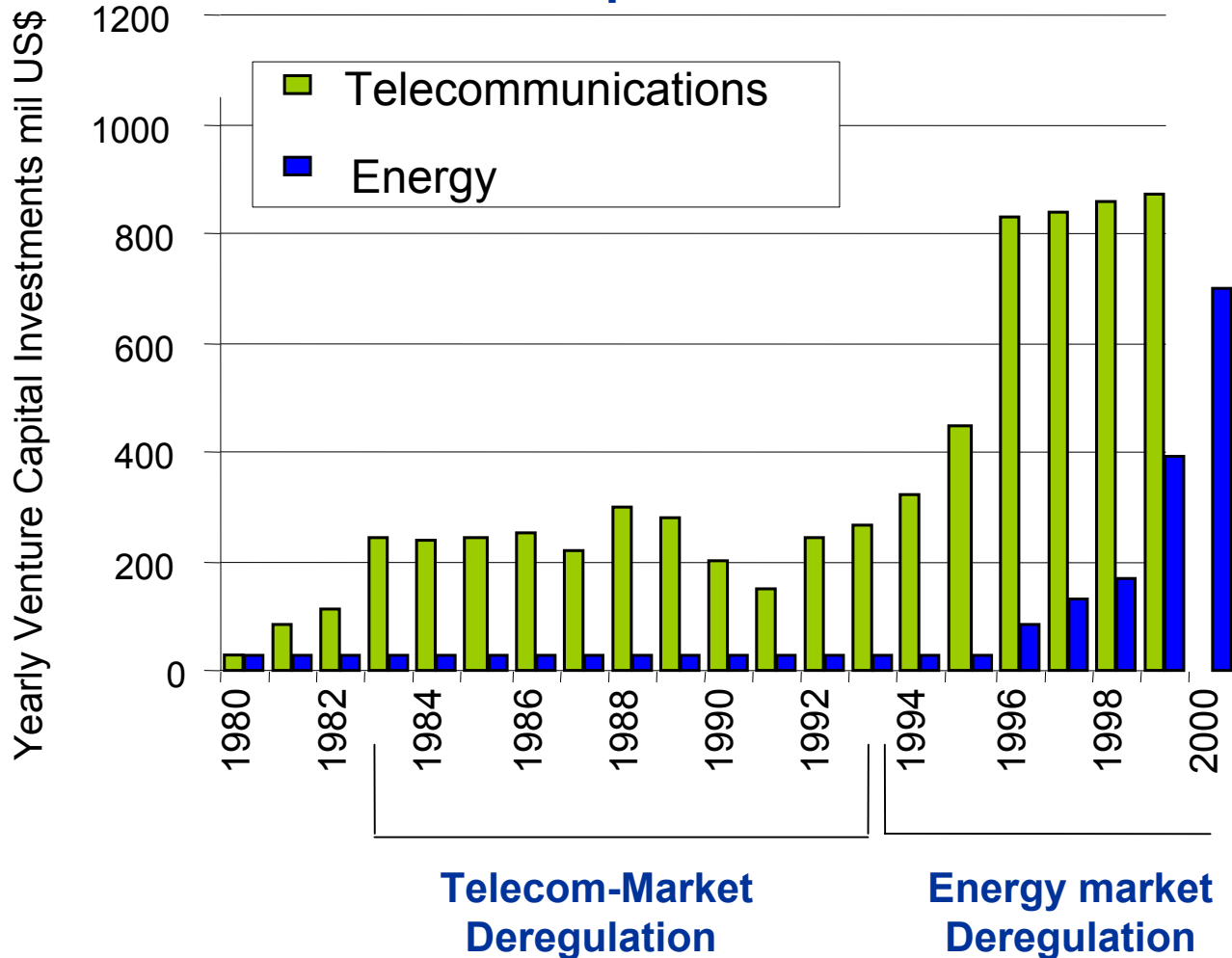
Information-provision networks at the client-focused, national and international level.

A reappraisal of potential fiscal tools.



# RENEWABLE ENERGY INVESTMENT ON THE RISE

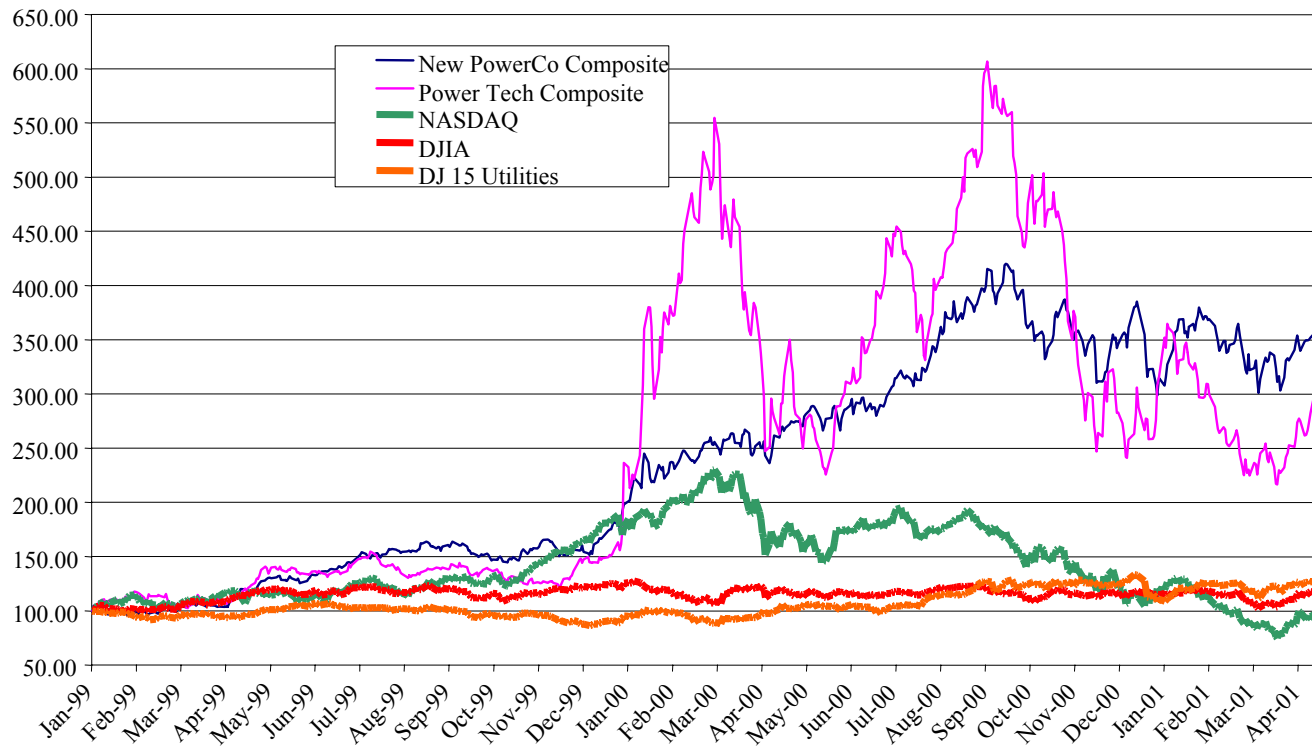
## Venture Capital Investments





# RENEWABLE ENERGY INVESTMENT ON THE RISE

## RENEWABLES Innovative Energy and Energy Technology Corporates versus NASDAQ





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# ENERGY

UNEP Energy, UNEP FI and BASE are cooperating to produce an inventory of renewable energy funds.

Re-engineering the UNEP FI Greenhouse Gas Indicators tool to serve needs of Small and Medium-Sized Enterprises (SMEs).

Environmental training workshop for 70 Export Credit Agency staff held mid October 2001 in Paris.





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“More and more financial institutions: investors, bankers and insurers; are realizing that their future depends on backing the right kind of economic development.”

*Dr. Klaus Töpfer*