La Fabrique Ecologique
FONDATION PLURALISTE DE L'ÉCOLOGIE

SAVINGS SERVING ENERGY TRANSITION

Green finance : a powerful and citizen-oriented tool

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SYNTHESIS

The lack of funding is often considered, especially by public decision-makers, as one of the major reasons for the slow-down of implementation of energy transition. However, savings and cash flow have never been so abundant. With exclusive money creation, facilitated by very accommodating monetary policies implemented by central banks, financial markets are overflown with cash flow.

This paradox underlines that **the issue is not caused by the lack of financial means but rather on the lack of tools favouring the allocation of such means to energy transition.**

Investments needs are considerable, ranging from 60 to 70 billion Euros each year, which represents approximately 3% of the European GDP. On the European level, expenses supposed to be dedicated to energy transition are valued around 350 to 400 billion Euros each year during 10 years, or, once again, around 3% of the European GDP. The issue is mainly to allocate investments differently rather than increasing their global volume.

Public authorities are not able to manage such investments directly and on their own. However, while private players from the financial sector haven taken initiatives and commitments, these have so far proven insufficient in comparison with the scope of the challenge. It is true that public authorities have often avoided acting directly on financial players. However, **finance is not a neutral tool and its players, being part of the economy, have a specific role to play.**

Beyond the necessary development of local and public funding mechanisms favouring sustainable development projects – which were not dealt with by the working group – this memo focuses on essential tools to create an efficient mechanism which supports huge allocation of savings on energy transition.

Thus, it stresses out a global and innovative proposal with strong potential consequences, involving the implementation and the generalization of an "energy transition" label for financial products, in order to enable the earmarking of savings to energy transition funding.

To take all these elements into account, this measure will be completed by a series of regulatory, tax and incentive provisions favouring the possession of "green" products: establishing a tax system approving individuals' green savings, rallying institutional investors and recognizing climate as a systemic risk in regulations.