

Environmental Finance and partnerships to support the implementation of environmental policies and programmes

Keynote address by Gunnar Boye Olesen, ECO-Forum and International Network for Sustainable Energy

Dear ministers, ladies and gentlemen,

I am happy to address you here to speak about one of the key issues of development: financing, and in particular environmental finance. From the ECO-Forum we have from the start of the Environment for Europe process advocated for increased financing in environmental activities, and at the same time that all financing must be for the benefit of the environment, as part of a sustainable development.

We are glad to see the continued focus on environmental financing in the Environment for Europe process. Environmental ministers as well as local and regional authorities have important roles in managing and directing financing for a better environment, and international cooperation is a way to strengthen this important work.

We are glad to see the focus on environmental financing addressed in the document on mobilising finance for environmental priorities and an energy efficiency equity fund. The mobilising of financing for environmental investments need a special attention as these necessary investments often have lower returns than many other investments, and therefore do not have high attention of commercial investors. And in the transition economies there is often a lack of practical financial opportunities for environmental investments. This includes including financing for activities that are highly cost-effective in social economic terms, such as most investments in energy efficiency.

We agree that private investments can play important roles as mentioned in the documents; but we have to draw your attention to the problems created by private investments in sectors where there is no functioning competition. As an example of this is water supply as well as wastewater treatment that are typical monopoly services. Here privatisation can lead to a shift of focus from the provision of good quality services at affordable prices to optimising to profits for the investors. This is why in many cases NGOs have been campaigning for water supply to remain in public ownership or consumers ownership. Such campaigns are based on bad examples of privatisation of for instance water supply in different European countries, leading to deteriorating quality of service and/or higher prices. Similar bad examples exist for private control of other monopoly sectors such as heat supply, gas supply, waste management, etc. In these sectors there have to be ownership by the public or by consumers, or alternatively a strong and efficient regulation of the sector.

We also welcome the proposed fund for energy efficiency. It is certainly welcome that a new fund is coming into existence with focus on energy efficiency in a number of areas such as efficiency of street lighting, public buildings, and district heating. These are areas, where investments typically can bring benefits for the environment as well as for the economy, and where public bodies can benefit from investments, also investments from external funds when pay-back and interests are lower than the savings. An energy efficiency fund is not a new idea; but with the rising energy prices the number of cost-effective investments are larger than ever, and therefore the chances of success are higher than ever. From the environmental citizens organisations we feel that the environmental ministers should go beyond welcoming this particular fund and call for substantial increased funding for energy efficiency as well as for renewable energy and other environmental investments from multilateral development banks, as well as from other sources.

While environmental investments are important, we have to look beyond them. It must also be the responsibility of environmental ministers to ensure that all investments are for the benefit of the environment, that investments do not lead to environmental degradation, and that they reduce pollution as well as climate change impacts, etc. This is why we call upon governments to take speedy measures to ensure that investments by the public sector are subject to environmental impact assessment, including assessments of their impacts on climate change, biodiversity, and sustainability. This must not the least be the case for investment of WB and EBRD, EIB and EU structural funds. Also private investments must be subject to environmental impact assessments, and should be regulated based on rules for use of Best Available environmental Technologies. External costs, including environmental costs, must be included in economic evaluations as a standard practice.

Further we call for financing, in particular from international institutions, to be adapted to fund small scale projects, that are often the most efficient in delivering environmental improvements, including improvements of energy efficiency, recycling, efficient water use, and increased use of renewable energy.

Additional to that there is still a need to improve transparency of financial assistance, loans as well as grants. All relevant information about ongoing and planned projects must be readily available for the public. There must also be regular and independent evaluation of the effectiveness for sustainable development of financial assistance.

From environmental citizens organizations we welcome financing and partnerships that contribute to a better environment and sustainable development, within a framework of sustainable production and consumption patterns, also on the Pan-European level. We from environmental citizens organizations have specific roles in this, and we hope to cooperate with you in making future finance contribute efficiently to sustainable development.