

2nd Annual Conference of the Green Growth Knowledge Platform (GGKP)

4-5 April 2013
OECD Conference Centre

5 April - Measurement and reporting on Green Growth , Sub-session 4 – Private sector initiatives

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1 Introduction

Reporting has the potential of serving as a catalyst for Green Growth... and reporting in the financial sector has the potential of serving as a catalyst for the mainstreaming of Green Growth.

My talk will address three questions:

- (i) Where is reporting happening?
- (ii) Why is "best practice" not yet common practice?
- (iii) How are EU regulators trying to make it happen?

2 Where is it happening?

2.1 In corporations

- publicly-owned;
- large;
- champions supported by leading accounting firms.

2.2 Sectors

- financial services (equity for shared, long-term value creation; impact investment - no trade-off between profit and green);
- energy, energy utilities, and energy-related activities;
- construction (materials).

2.3 Industrialized countries, although not exclusively

3 Why is "best practice" not yet common practice?

3.1 Barriers to reporting

3.1.1 Internal

- cost and the time;
- lack of legitimacy: "pedigree" of the data, trustworthiness, completeness, consistency, no academic consensus on theory.

3.1.2 External

- regulation (or the absence thereof);
- poor supplier commitment;
- industry specific barriers.

3.2 Drivers of reporting

3.2.1 External: External drivers more important than internal, which are the exception rather than the rule (notwithstanding the heartwarming vignettes)

- regulatory;
- customers;
- competition;
- society.

3.2.2 Non-drivers: Suppliers – more of an obstacle.

4 How are EU regulators trying to make it happen?

4.1 Via support to eco-innovation: To qualify for support you must “prove” yourself as “green”. Moreover, innovation is an important driver for green growth (OECD, 2011, Towards Green Growth).

- Green Public Procurements;
- Pre-market demonstration projects (products, services, processes, business solutions);
- Market-based financial instruments (equity, eligibility criteria, debt guarantee, loans);
- Environmental Technology Verification (ETV) scheme;
- Network of financiers (management support, matchmaking, etc.).

4.2 Protection of biodiversity: Valuation of natural capital

4.3 EC legislative proposal

- Voluntary reporting does not work to the extent it should;
- National obligations only in a small number of EU Member States;
- Must address potential mismatch between institutional setups and the corporate reality, esp. for SMEs;
- Soon to be published.

5 Conclusion

5.1 Reporting has the potential of serving as a catalyst for Green Growth;

5.2 We must carry the enthusiasm in this room outside of this room;

5.3 Only so, do we stand a chance of making "sustainability a market qualifier", using Prime Minister Balkenende's words yesterday.