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THE GREEN BANK AS A CLIMATE FINANCIAL INSTRUMENT TO BUILD A GREEN AND LOW CARBON ECONOMY

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Overview

The paper analyzes the possibility of establishing a Green Bank in Italy on the model of Britain's "UK Green Investment Bank".

The world economy is no longer sustainable for our planet; almost all are in agreement on this point: governments, enterprises, civil society, citizens, and of course the environment that suffers the devastation of modern economic cycles. It is clear that the global economy, based on fossil fuels and the use of natural resources and territory, is no longer tolerable for the cycles of natural ecosystems, as well as for the local population; it is necessary change course, to build a Green and Low Carbon Economy that could be compatible with the barriers that the planet imposes.

At the same time there are problems that unfortunately are not allowing the rapid and desirable development of the Green Economy. In fact, despite the institutions (United Nations, European Commission, national governments, etc.) efforts to understand the importance of environmental issues, their fallout on the global economy and the need and the urgency of action, they have not yet been able to provide instruments appropriate to the environmental cause.

The level of sensitivity and interest in sustainable investments for banks and financial institutions is still at an early stage. In addition, also due to the current economic and financial crisis, there is a high risk aversion on the part of financial institutions, which hinders on sectors with a higher propensity to innovate, such as those related to the Green Economy.

Methods

The most innovative financial initiative supporting Green Economy is the UK Green Investment Bank, the first "Green Bank" that exclusively finances technologies and sustainable investment projects. Strongly supported by the Prime Minister of the United Kingdom, David Cameron, to lead the UK economy towards a low-energy future production of emissions, the "UK Green Investment Bank" aims to promote and encourage private investments into profitable projects through positive environmental impact. The Green Bank appears as an instrument of economic policy, which intends to create the market conditions necessary to ensure that the private sector can operate autonomously in line with environmental strategies. Considering also the crisis of recent years, it is very difficult for traditional channels of financing to be willing to accept high risks inherent in the development and implementation of green technologies; on the contrary, the "UK Green Investment Bank" has the objective of providing financial solutions to accelerate investment in the transition to the Green Economy, it also reduces the chance that important environmental projects with great potential remains unfulfilled. This kind of bank could become a tool to overcome the current gap in financing green investments. Recently an additional Green Bank was born in New York State (200 million US Dollars of base fund, to increase to 1 billion US Dollars) to finance energy efficiency and renewable investments.

Results

Analysis conducted in the paper show that in Italy, there is the possibility of setting up an Italian Green Bank (*Banca Verde*), modeled on the UK Green Investment Bank, based initially on public funds, to boost national economic growth by leveraging on the Green Economy and everything that follows: new job opportunities (green jobs), technological innovation and research (green start-ups), development of supply chains and business combinations (technology clusters, business networks), all with positive effects in terms of reduction of environmental impact. In this work possible technological areas of priority intervention were chosen: energy efficiency, energy from biomass, reuse and recycling of waste.

Conclusions

The paper analyses design and plan of the Italian Green Bank, with strengths and weaknesses of the project. The public financial coverage for the first five years of activity of the prospective Italian Green Bank is possible through resources from the proceeds of the auctioning of CO₂ allowances referred to in Article 1, paragraph 11 of Directive 2009/29/EC. An Italian Green Bank would be able to increase economic and financial benefits in both private and public sectors in the country.