

STAKEHOLDERS IN THE JUST TRANSITION

N°3 TERRITORIES AND LOCAL COMMUNITIES

This third article in our series entitled «Stakeholders in the just transition» highlights the need for financial institutions to integrate the concerns of territories and local communities into their Just Transition strategies.

Taking into account the issues of territories and local communities is essential to ensure a just transition, that is chosen and equitable, and not suffered by the greatest number. Given the economic, social and environmental disparities observed locally, some people will be more affected than others. Some territories are already socially weakened by the energy transition, especially those structured around fossil fuels. Therefore, to be just, the transition must look at its consequences for each territory, in order to benefit from its geography, its economic and social assets and its specificities, to create new opportunities where current jobs are threatened. For investors, the challenge consists in financing projects in the most affected territories, but also in integrating local communities as full actors in the transition.

In collaboration with La Banque Postale, *Finance for Tomorrow* provides an overview of the key financing needs for a Just Transition for local communities, and provides tools to integrate this issue into investment strategies. In this article, the Paris Financial Centre commits to:

- Promote development and innovation around financial vehicles integrating both environmental and social objectives across several asset classes
- Encourage the dialogue between companies and investors on this topic
- Promote the dialogue with local authorities and synergies between the public and private sectors

These reflections and proposals are also relevant in the context of COP26, where the engagement coalition of *Finance for Tomorrow* «Investors for a Just Transition» will aim to promote internationally a socially acceptable transition to low-carbon economies.

INTRODUCTION

The goal of a «just transition» was enshrined in the Paris Agreement on Climate Change in 2015. It aims to make the transition to low-carbon economies fair for all stakeholders: workers, consumers, local communities and society as a whole. In this paper, we want to explore the impact of such transition on local communities, which we define as groups of people occupying the same territory and facing common problems.

Achieving the European objective of reducing greenhouse gas emissions by 55% by 2030 requires a rapid shift that will have concrete consequences for the territories and the lives of the communities that inhabit them. For political and economic actors, integrating local issues into their global strategy to combat climate change represents a major challenge. However, taking into account territories and local communities is essential to ensure that the transition is just, that is to say chosen and not suffered by the greatest number of people.

Given the economic, social and environmental situations and disparities observed at the territorial level, some will be more affected than others. Some territories are already socially weakened by the energy transition, especially those structured around fossil fuels. In Eastern Europe, for example, the mining regions of Śląskie (Poland), Zagora and Sliven (Bulgaria) are at risk of losing 39,000 jobs by 2030.¹ When it comes to social risks, this territorial heterogeneity exists both at a European and national level. To be just, the transition must focus on its consequences for each territory, in order to take advantage of its geography, its economic and social assets and its specificities to create new opportunities where current jobs are threatened. These include opportunities related to clean energy, the sustainable use of land and natural capital, the conversion of industries to low-carbon models, the development of clean mobility or the energy renovation of buildings.

The challenge for investors is to finance projects in the most affected territories but also to integrate local communities as full actors in the transition. As of today, few tools exist to reconcile social and environmental impact. In this article, the third in our series entitled «Just Transition Actors», we propose to take stock of the main financing needs of a just transition for communities, and then we present tools to integrate this issue into investment strategies.

¹ EPSON, Policy Brief, Structural change in coal phase-out regions, Novembre 2020
<https://www.espon.eu/structural-change>

1/ TERRITORIES IN THE JUST TRANSITION

The main sources of greenhouse gas emissions worldwide are heat and electricity production (25%), agriculture, forestry and land use (24%), industry (21%), transport (14%), other energy production (10%) and buildings (6%)². For these sectors, the most directly affected by the transition, questions with social scope immediately emerge: how to find a job in your region when a polluting industry disappears? How to heat your house if oil taxes increase? How to move around without a thermal car in isolated areas?

Providing answers to these questions is essential to win the broadest support and make local communities allies of the transition, because the difficulties it entails will be mastered and because the benefits will be visible and significant for local communities.

Alongside public policies, **job-creating companies and investors who finance businesses and infrastructure have a decisive role to play, developing concrete solutions in the territories concerned.**

AGRICULTURE AND LAND USE

Agricultural land is at the front line of climate change consequences, with increasing droughts, floods and extreme events (frost, hail, etc.). As a witness to climate change, the agricultural and forestry sector is central to the transition, since it acts as the emitter and sensor of greenhouse gases. While climate issues related to agriculture and land use are prominent, **the transition must not neglect the social challenges specific to the rural world:** population decline, disappearance of farms, withdrawal of public services, social malaise, etc.

Industrial agriculture, which consumes fertilizers and pesticides, has led to significant productivity gains, but is highly greenhouse gas-emitting and depletes natural resources. **According to the scientific community, the transition to sustainable agriculture could offer the same yield while decreasing the ecological footprint**³. The conversion of farms involves significant upfront costs. It is here, precisely, that financial actors can intervene to support farmers towards a form of sustainable agriculture that generates jobs. One good example is the **Alter'NA agroecology fund** of the Nouvelle Aquitaine Region, set up with Crédit Mutuel, Banque Populaire and Crédit Agricole, which generated €230 million in loans. Farmers who wish to finance agro-environmental projects (diversification of production, construction of an eco-greenhouse, removal of pesticides, etc.) can apply for this fund to benefit from a guarantee on their bank loan.

Beyond this lies the question of land use and natural resources, and the impact of economic activities on landscapes and the living environment. Any new infrastructure (transport, energy, networks, tourism, etc.) is of both general interest and an impact for riparian communities and biodiversity. These impacts must be taken into account by companies and investors.

2 IPCC 2014, The Working Group III contribution to the IPCC's Fifth Assessment Report (AR5)
https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_full.pdf

3 IAASTD «Une expertise internationale qui marque un changement de paradigme pour l'agriculture et le développement», 2009
<https://agriculture.gouv.fr/telecharger/63683?token=62667aa450117e-de37e9b1e68795db98c8712b307770f170cacf8b1e16293fb3>

The need for dialogue with the communities can be illustrated in the example of the installation of wind turbines, the source of many hostilities, especially on the theme of «not in my backyard»⁴.

The question of the balance between economic development and respect for territories arises in particular for islands, coasts or mountainous regions where natural capital constitutes both a wealth and a risk factor if it is overexploited. Aware of this risk, actors such as Banque des Territoires assess projects' level of local sustainability before granting financing for infrastructure. It is this knowledge of territories and their issues that allows to make investments adapted to local needs and perceived as useful by the communities.

RECONVERSION OF TERRITORIES

Industry and energy are at the heart of just transition issues. As national plans to reduce the share of fossil fuels multiply, entire communities are under pressure. This is particularly the case in Eastern Europe. In Ida Viru, Estonia, in a region largely devoted to oil shale, 1,000 jobs were cut in 2020, and 16,000 people live in households dependent on the sector.⁵ This situation is an emblematic case of how **global decisions result in a concentrated impact on a limited territory and can jeopardize the future of entire communities.**

In our first publication, we outlined ways to integrate workers into the just transition⁶. Alongside the issue of employment lies the issue of support for communities and the conversion of territories. Companies are beginning to incorporate these aspects into their strategies. This is the case of Iberdrola, which adopted the concept of just transition. While Spain's Lada and Velilla coal plants closed, Iberdrola initiated green transformation projects in these regions.⁷ These projects include investments in renewable energy, R&D and purchases from local businesses that helped to save jobs. The company has also launched a citizen platform to support and train former coal employees in new jobs.

4 The Energy Journal, «Drivers of People's Preferences for Spatial Proximity to Energy Infrastructure Technologies: A Cross-country Analysis», Jason Harold, Valentin Bertsch, Thomas Lawrence, Magie Hall

<http://www.iaee.org/en/publications/ejarticle.aspx?id=3703>

5 Coal Transitions, Towards a Just Transition – Ida-Virumaa Regional Fact Sheet, Mars 2021

<https://coaltransitions.org/news/towards-a-just-transition-ida-virumaa-regional-fact-sheet/>

6 Finance for Tomorrow, Intégrer les travailleurs dans les cadres d'investissement et de financement

<https://financefortomorrow.com/actualites/publication-les-acteurs-de-la-transition-juste-1/>

7 Iberdrola completes the closure of its coal plants and moves towards green transformation

<https://www.iberdrola.com/sustainability/thermal-power-plants-closing-against-climate-change>

While the transition is ecological, it is also digital, and connectivity plays a major role in the territories' access to employment, services and information.

Where easily automated jobs are disappearing, investments in digital training and connectivity must enable as many people as possible to benefit from digital opportunities. For instance, the French recovery plan anticipates an investment of 250 million euros for digital inclusion and the recruitment of 4,000 digital advisors deployed throughout the country. The program⁸ is led by Banque des Territoires, which runs the network and provides grants to the structures that host advisors. La Banque Postale is also strengthening its actions to support the digitally excluded with the launch of the first digital banking inclusion community in partnership with the social start-up WeTechCare. The objective is to raise awareness and train the community of 7,000 digital caregivers listed on WeTechCare's «Les Bons Clics» platform.

Thus, companies and investors can contribute to the just transition by targeting their investments in regions historically dependent on fossil fuels or carbon-intensive industries. This geographical targeting must be accompanied by extra-financial objectives to ensure that investments benefit local communities. **Research on just transition highlights the importance of long-term investment and training to diversify activity into more promising and sustainable sectors.**⁹ Therefore, financial actors have an interest in designing their financing with companies, local elected officials and public authorities to integrate the issues of training, professional mobility and territorial dynamism.

CLEAN MOBILITY

The mobility of people is a key factor in individual freedom, access to employment, link between territories and attractiveness. While the EU plans to ban the sale of thermal vehicles by 2035, mobility is undergoing a rapid transition that crystallizes social demands as shown in particular by the yellow vest protests. Accordingly, the transition to clean mobility raises issues of purchasing power for the consumer¹⁰ but also of planning and territorial equality. Indeed, research shows that physical mobility is closely linked to social mobility and that transport plays a vital role for the quality of life of communities and the attractiveness of territories.

8 Ministère de l'économie, des finances et de la relance

<https://www.economie.gouv.fr/plan-de-relance/inclusion-numerique-recrutement-conseillers-numeriques>

9 "Systematic Review Of The Key Elements Of A Just Transition For Fossil Fuel Workers", Sandeep Pai, Kathryn Harrison

10 Finance for Tomorrow, Les consommateurs
https://financefortomorrow.com/app/uploads/2021/06/F4T_Les-acteurs-de-la-Transition-Juste-2_Les-consommateurs.pdf

The car is now the majority and structuring means of transport outside metropolitan areas, with 74% of working people using it daily to get to work¹¹. The lack of public transport in rural territories creates a real dependence on cars. In order to be just and accepted, the transition must allow people, especially rural people, to move with the same ease and at no additional cost. **Finding a low-carbon alternative to thermal cars is a major challenge that requires anticipation and investment in infrastructure (public transport, electric charging stations, etc.) and in innovative industries such as that of batteries.** Whilst public authorities are responsible for public transport, the private sector has a role to play in disseminating innovations. Examples include car manufacturers like Renault, which with Envision is setting up a battery factory in Douai with 2,500 new jobs created by 2030. The private sector invests as well on infrastructure: Ionity, the Joint Venture between BMW, Mercedes, Ford and Volkswagen, has already installed 358 charging stations on major European roads.

Faced with the risks of deindustrialization and job losses due to the abandonment of thermal engines, electromobility brings many opportunities. **According to the Nicolas Hulot Foundation¹², up to 15,000 jobs in battery production, 9,000 in recycling, 5,700 in retrofit (conversion of a thermal vehicle to electric) could be created within the decade in France.** The just transition scenario proposed by the Foundation is based, in particular, on the restructuring of the productive apparatus of the sector around electromobility to maintain industrial activity in France. Territories such as the Hauts de France, weakened by deindustrialization and the exit from fossil fuels, could become the new major poles of electromobility. ADEME¹³, the French Transition Agency, believes that the jobs created in collective passenger transport and charging stations will largely offset the job losses linked to the abandonment of thermal vehicles (freight, maintenance, etc.) at the regional level. **On that account, the just transition in the transport sector faces three challenges: reducing the carbon footprint while preserving jobs in the sector and leaving no territory without a mobility solution.**

11 Insee, La voiture reste majoritaire pour les déplacements domicile-travail, même pour de courtes distances
<https://www.insee.fr/fr/statistiques/5013868>

12 Fondation Nicolas Hulot, «Comment relever le défi d'une transition juste», Juillet 2021
<https://www.fondation-nicolas-hulot.org/automobile-notre-scenario-pour-transition-juste/>

13 ADEME, «Enjeux énergétiques et emplois en Hauts-de-France», Mai 2018

ENERGY RENOVATION OF BUILDINGS

The construction sector accounts for a significant share of global emissions: 38% of total global energy-related CO₂ emissions¹⁴. Decarbonization of the sector is then essential to achieving carbon neutrality by 2050. UNEP estimates that CO₂ emissions from buildings must be halved by 2030 to meet this target. Although renovation solutions exist, in France nearly 5 million homes are poorly insulated («thermal strainers») and 3.8 million households have difficulty paying their heating bill.¹⁵ These figures illustrate both the ecological and social dimension of energy renovation of buildings. Investing in energy efficiency means cutting emissions and spending for households.

Current stimulus programs are an opportunity to boost new dynamics that can create jobs, encourage economic activity and activate local value chains. As part of its sustainable recovery plan, **the International Energy Agency (IEA) estimates that up to 30 manufacturing and construction jobs would be created for every million dollars invested in modernization or efficiency measures in new constructions.** The French Recovery plan, for example, makes the energy renovation of private housing and public buildings one of the priority sectors and devotes 6.2 billion euros over two years.

The private sector already plays a major part in investment and the topic of energy efficiency is emerging in the form of green standards and ratings for the construction and operation of buildings. The labels HQE, LEED or BREEAM are all guarantees that allow investors to direct their investments towards projects combining quality of life and energy sobriety. Building projects contribute to the development and attractiveness of the territories. This is the case with «smart city» projects such as the one concluded between Toulouse Métropole and Électricité de France (EDF). The territory benefits from technical innovations such as an adaptive public lighting system while a second chance school allows to train the long-term unemployed around digital technologies.

Innovative projects like the ones mentioned drastically reduce the emissions of a district or territory by making the most of its energy characteristics. However, it is important to note that while most investments are focused on new constructions, relatively little is destined to the renovation of individual dwellings, which constitutes the main issue.

14 AIE, 2020 GLOBAL STATUS REPORT FOR BUILDINGS AND CONSTRUCTION, Décembre 2020
<https://globalabc.org/news/launched-2020-global-status-report-buildings-and-construction>

15 Ministère de la Transition Ecologique, Juin 2021
<https://www.ecologie.gouv.fr/renovation-energetique>

2/ INTEGRATING TERRITORIES INTO FINANCING AND INVESTMENT FRAMEWORKS

The just transition must be based on local consensus to be in line with the needs of communities and the specificities of territories. Once this dialogue has been established, the question of financing the transition naturally arises. In this context, it is important to understand how financial actors can integrate the territorial dimension and communities into their strategies.

The transition creates risks and opportunities that translate into financial needs and require the mobilization of private capital. The financial sector has a fundamental role to play in directing capital towards projects that contribute to a successful and, thus, just transition for local communities and territories as a whole. In this chapter, we will examine how financing and investment frameworks can be adapted to ensure social equity and geographical balances in the transition.

A GLOBAL EUROPEAN PLAN TO TRIGGER LOCAL DYNAMICS

The EU has fully embraced the issue of just transition and is raising awareness of all stakeholders on the social consequences of the transition. Beyond this political and educational exercise, **the Commission has developed an ambitious financial plan¹⁶ with the Just Transition Fund.** With a total amount of 17,5 billion euros over four years (2021-2024), this fund aims to cushion the economic effects of the climate transition for the most affected European regions. In France, for example, the selected territories are Hauts de France and Bouches du Rhône. The InvestEU scheme and loans by the European Investment Bank (EIB) will finance just transition projects throughout Europe. The challenge for Europe is twofold: to leverage and mobilize 100 billion euros of public and private financing for a just transition and to reach the most fragile territories, including small communities.

Two types of territories are particularly targeted:

- **territories dependent on activities destined to disappear (coal, oil sands, etc.).** Here, for instance, just transition plans aim to create new opportunities by transforming mines into wind projects. More broadly, it is a question of diversifying the economy and offering opportunities for retraining to former fossil fuel employees.

territories where highly emitting industries (cement, paper, etc.) must be transformed with the support of the European Union. Innovation or infrastructure financing can enable an industry to make its transition while preserving jobs.

Hence, EU funding is intended both for the promotion of human capital (training, digital or technical skills, etc.) and physical capital, with green infrastructure generating employment. Finally, the EU also desires to promote local entrepreneurship and innovation to create positive territorial dynamics.

An essential aspect of this European plan is the obligation to consult local actors and involve them in the implementation of projects. For example, in Romania, where there was no grouping of local actors, a structure associating municipalities and unions was created. This approach seeks to anchor the principle of just transition in all territories, ensuring that the initiatives are managed as close as possible to the communities concerned. Therefore, the financial plan is accompanied by the establishment of regional and European platforms to help actors prepare a transition plan and decide on the future of their territory.

In this context, private financial actors have two essential functions:

- Firstly, **finance already mature and cost-effective transition projects** that do not require additional consensus;
- Secondly, **finance new economic opportunities** created by transition projects decided locally and initiated with European funding.

Some indicators allow both governments and investors to target and measure the impact of funded projects. One can cite, notably, the number and quality of jobs created. Other indicators such as local tax revenues and income inequality measure both the economic dynamism of a territory and the fairness of the activity created.

¹⁶ EU Funding Overview, Just Transition Fund (JTF) – Just Transition Mechanism
<https://eufundingoverview.be/funding/just-transition-fund-jtf-just-transition-mechanism>

Even if the EU is not intended to finance profits, it can nevertheless initiate this virtuous dynamic and, with the mobilization of private actors, guarantee greater equity between the territories. **Public actors and the private world have a complementary role to play** and it is essential that privately funded projects emerge. For example, Engie and Total are developing the largest green hydrogen production unit in France, at the La Mede biorefinery site in Bouches-du-Rhône.

CONSIDERATION OF LOCAL COMMUNITIES AND TERRITORIES IN INVESTMENT FRAMEWORKS

ON PROJECTS

The construction of an infrastructure can be accompanied by local objections or even legal remedies. The project leader is on the front line to respond to concerns and provide solutions, but **the funder, also primarily concerned by the success of the project, has the possibility of integrating territorial issues upstream.**

This is the case with Banque des Territoires, which provides loans to communities and invests in land use planning. The bank takes into account the positive local acceptance of the project in its investment criteria and dialogue with local elected officials. To ensure that projects are sustainable in the territory and socially just, the bank conducts a project-by-project analysis. Among the indicators studied are the number of jobs created, the number of premises connected to very high-speed broadband, the impact on biodiversity, etc. This analytical framework, which includes just transition issues, makes it possible to integrate territorial and social matters into the investment process before they become a source of local opposition.

Another major challenge for financing projects at the local level is the difficulty of accessing green finance resources for small municipalities. To overcome this problem, for example, La Banque Postale, in conjunction with its partner the Société de financement local (SFIL), has decided to launch **green loans** in June 2019 intended to finance projects with a high environmental impact such as waste recovery, energy renovation of public buildings or ecological mobility (clean transport). These loans of a minimum amount of 500,000 euros refinanced by green bonds have allowed municipalities of all sizes to access green finance, whereas in the past it was dedicated to large issuers on bond markets.

IN COMPANIES

Businesses, through the jobs they create and the services they offer, are a crucial part of the development of territories. However, the measurement of their involvement in projects with positive spinoffs for territories and communities is not systematic today. Indeed, **the topic of territories is less mature than others** and the information that exists in extra-financial reports is still granular and not very comparable. In this regard, data providers propose indicators that aggregate information on territorial issues. La Banque Postale Asset Management (LBPAM) makes the development of territories a strong axis of its ESG policy through the **GREaT approach** (Governance, Resources, Energy and Territory). This approach values companies that assist in the promotion of employment and training, and the creation and development of local activities. This analysis tool is used in the investment process in the same way as more conventional ESG criteria. To build a «Development of Territories» score, LBPAM combines indicators from different data providers covering: engagement and investment in local socio-economic projects, consideration of the social and economic impacts of their activities, promotion of digital access and management of restructuring.

La Banque Postale Asset Management: Criteria related to territories

Controlled management of restructuring	The criterion concerns to the company's commitment to ensure, in a concerted and tangible manner, the prevention of redundancies and the effectiveness of collective and individual measures appropriate to the maintenance in activity or the reclassification of its employees during its restructuring (transfer activity, merger-acquisition, reorganization).
Commitments to the economic and social development of the territory of establishment	The criterion concerns the commitment of the company to contribute sustainably to the economic and social progress of the host territories through the optimization of local economic benefits related to its activity: local investments, local employment promotion policy, technology and skills transfers, and taking into account the impacts of restructuring the local employment portfolio.
Access to communications	The criterion assesses how companies take advantage of growth opportunities in historically fragile markets, including developing countries and vulnerable populations in developed countries (such as rural areas and the elderly). Companies with significant activities in developing countries score highest, and those with significant operations focused on expanding access to communications through relevant initiatives and philanthropic efforts. Companies focused primarily on developed countries and well-served populations score lower. (Score: 0-10)
Consideration of the societal impact attached to the products/services developed by the company	The criterion concerns the commitment of the company to formulate and deploy voluntary initiatives in order to take into account the societal impact attached to its product or service.

DEDICATED THEMATIC TOOLS

Ecological issues are at the heart of the just transition to the same degree as societal issues. When it comes to just transition, the issue of respect for biodiversity is important. **While CO₂ emissions can be measured, it is also vital to develop tools dedicated to measuring the impact of companies and investments on natural habitats, which constitute the wealth of many territories.**

From this perspective, it is interesting for investors not to limit themselves to carbon and social objectives but to consider the objectives of preserving the natural capital available to each territory. Today investors are poorly equipped with effective and convergent

indicators on these issues. Yet methodologies are developing to integrate this dimension into an investment strategy. For example, on the theme of biodiversity, Caisse des Dépôt's CDC Biodiversity has developed a **Global Biodiversity Score** which establishes a quantitative link between a company's activity and its impacts on biodiversity through value chains. This tool is already used by some asset managers to measure the overall impact of their portfolio on biodiversity. Eventually, it could be territorialized and allow a fine analysis of the territorial impact. This type of tool should enable the private sector to better measure the impact of their activities on the territories, and therefore to act in favor of their vitality, both socio-economic and environmental.

3/ THE PARIS FINANCIAL CENTRE: A LEADER ON THE INTEGRATION OF TERRITORIES AND LOCAL COMMUNITIES

The subject of territories and communities is at the heart of issues on the just transition that the Paris Financial Centre wishes to bring forth. The commitment of financial actors to the transition must lead to the development of a clear road map. Thereby, the Paris Financial centre commits to:

PROMOTE THE DEVELOPMENT OF FINANCIAL VEHICLES INTEGRATING BOTH ENVIRONMENTAL AND SOCIAL OBJECTIVES ACROSS MULTIPLE ASSET CLASSES

The transition of territories to a decarbonized economy that leaves no community behind requires significant funding. While green finance has experienced rapid development and is beginning to reach a certain maturity, ***Finance for Tomorrow promotes the development and innovation of financial vehicles integrating both environmental and social objectives.***

This approach concerns all asset classes: fixed income, public equities, private equity, real assets, etc. Consequently, the question of territories and communities is at the center just transition challenges. Financial innovations such as green loans distributed by La Banque Postale illustrate how financial actors can promote the development of territories. ***Innovation in this area also relies on the development of indicators that allow investors to set goals and measure their impact.*** Thematic indicators such as biodiversity scores or labor market data could constitute the starting point of a just transition strategy focused on the development of territories.

While each investor must reflect on the subject and develop their own methodology, this paper has presented examples of indicators and tools already used by financial institutions. Finance for Tomorrow intends to rely on innovating actors to disseminate best practices.

ENCOURAGE DIALOGUE BETWEEN COMPANIES AND INVESTORS ON THE SUBJECT

Companies, through their choice of location and the services they offer, participate in the life and development of territories. Thus, engagement with companies can be a useful way for owners and managers of assets to define investor expectations in terms of just transition. ***Investors can thus encourage companies to integrate the issue of territories and communities into their strategy.*** Engagement can be exercised through various means: regular dialogue with management, sending letters to company boards of directors, voting on shareholder resolutions, etc.

This is precisely the objective of *Finance for Tomorrow's* investor coalition on the just transition «Investors for a Just Transition» launched ahead of COP26. By providing investors with a platform for collaborative engagement, this coalition contributes to three distinct goals:

- Encourage companies to integrate the just transition into their ESG strategy by maintaining ongoing dialogue with them;
- Promote good practices in sectors most affected by the transition to a low-carbon economy;
- Facilitate collaboration between investors and major issuers.

Likewise, members of *Finance for Tomorrow* develop a base of expertise within dedicated working groups, organize joint events and participate in collaborative work to highlight the leadership of the Paris Financial Centre on the theme of territories and communities in the just transition.

PROMOTE DIALOGUE WITH LOCAL AUTHORITIES AND SYNERGIES BETWEEN THE PUBLIC AND PRIVATE SECTORS

Local authorities are key players in the development of territories. While they have the knowledge and experience, they often lack the means to make the investments they need. The public and private sectors therefore have complementary purposes in the development of territories and communities. **The Paris Financial Centre encourages dialogue between financial actors and local authorities to identify the needs of communities and carry out projects that are supported locally.**

Local authorities face more difficulties than States in accessing private financing. Yet many local projects are profitable and are not intended to be funded by grants. Private actors can then partner with local actors in public-private partnerships or, for example, via bundling mechanisms (grouping local claims into a single vehicle). *Finance for Tomorrow* encourages such public-private financing methods which ensure that transition projects are performed locally while benefiting from the necessary resources.

In conclusion, for the coming transition to be just, it must benefit all territories and be chosen by as many people as possible. Today the question of the transition's territorial impact is being highlighted in particular by the European Union. *Finance for Tomorrow* encourages financial actors to take this opportunity to reflect on the local impact of their investments. **It is this joint public and private mobilization that must create the opportunities for sustainable growth needed by communities impacted by the transition.** While indicators and tools are still underdeveloped, the Paris Financial Centre aims to identify existing obstacles and mobilize financial players today in order to make the transition as just as possible for all communities.



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FINANCE FOR TOMORROW

Finance for Tomorrow is the branch of Paris EUROPLACE launched in June 2017 to make green and sustainable finance a driving force behind the development of the Paris Financial Centre and position it as a reference on these issues. The nearly 80 members and observers of Finance for Tomorrow commit to a common charter to help redirect financial flows towards a low-carbon and inclusive economy, in line with the Paris Agreement and the UN Sustainable Development Goals (SDGs). *Finance for Tomorrow* is chaired by Thierry Déau, CEO and founder of Meridiam.

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