Climate change

Energy financing

Fortis is involved throughout the complete energy value chain. We finance businesses active in oil and gas production, energy infrastructure, power generation and distribution, and water and waste. The two greatest challenges currently facing the energy market are climate change and security of supply. Conventional energy will remain crucial in this respect, while renewable power sources are set to grow exponentially.

For these reasons, Fortis will continue to focus on both conventional and renewable energy. We believe that nuclear power will be part of the solution to the two key energy challenges too, although there will have to be an intense focus on safety and security. With respect to renewables, Fortis has been a financial pioneer in this market for over ten years now and we are determined to further expand this position. Renewable energy accounts for a steadily greater proportion of our growing energy portfolio.

Fortis had another highly successful year in terms of renewable energy financing. We closed 16 new deals worth EUR 468 million of new production – significantly higher than the EUR 399 million recorded in 2006 and EUR 253 million in 2005. The majority of our deals are still wind-related, but our contribution to other technologies is growing too.

Credit facilities per sector (in %)

Highlight

Putting carbon finance to work for sustainable development

Fortis has been selected by the United Nations Development Programme (UNDP) as the Financial Services Provider (FSP) to the MDG Carbon Facility for its initial pipeline of compliance projects. This strategic partnership with UNDP aims to demonstrate that effective and efficient carbon abatement as required under the EU ETS can be employed to further social, environmental and economic progress in developing countries, in line with the Millennium Development Goals (MDGs) and Fortis’s Corporate Social Responsibility (CSR) Agenda.

Former US Senator Timothy Wirth is President of the United Nations Foundation, which provided much of the Facility’s start-up funding. “Harnessing the power of the marketplace is essential in the fight against harmful global climate change,” he says. “The MDG Carbon Facility is a creative market-based strategy that promises to produce double dividends – carbon reductions and economic progress in the world’s less-developed countries.”

UNDP, as an established leader in technical assistance to environmental projects, will leverage its extensive country office network and strong local relationships to develop projects that create high-quality carbon credits which contribute to achieving the Millennium Development Goals (MDGs). The MDG Carbon Facility has two key objectives:

- Broaden access to the global carbon market and carbon finance by enabling a wider range of developing countries to participate, particularly those countries that are presently under-represented.
- Promote carbon projects which contribute to the MDGs, yielding additional sustainable development and poverty reduction benefits and thus enhancing the quality and credibility of the carbon credits.

Kemal Dervis, UNDP Administrator:

“As we reach the halfway point to the 2015 target for achieving the Millennium Development Goals, it is clear that business has a critical role to play in advancing sustainable human development. We are delighted to have an eminent partner like Fortis join us in working to use carbon finance to transform markets, help mitigate the effects of climate change and promote a more sustainable future for all.”