

FRANCE WELCOMES FOREIGN INVESTMENT THAT FACILITATES THE COUNTRY'S ECOLOGICAL TRANSITION

SUPPORTING THE CHANGEOVER TO A GREENER AND MORE SUSTAINABLE ECONOMY

When it comes to the green transition, France is aiming to **achieve carbon neutrality** in 2050. To reach this goal – and to bolster France's appeal and global leadership in respect of climate- and environment-related issues – the [France Relance](#) economic recovery plan contains €30 billion in measures **to support businesses in striving for a greener and more sustainable economy**, which come on top of other recent sustainable financing and climate action initiatives.

➔ RECOVERY PLAN MEASURES FOR A GREENER AND MORE SUSTAINABLE FRENCH ECONOMY

❖ **Help make industry less carbon-intensive, to the tune of €1.2 billion**

The **National Low-Carbon Strategy** sets out France's pathway to achieving carbon neutrality by 2050, in line with the country's COP 21 commitments. For industry, the strategy represents an **81% drop in emissions by 2050** compared to 2015 levels. To help reduce the carbon intensity of industrial facilities, the French Environment and Energy Management Agency (Ademe) [has issued](#) a number of calls for projects, and others with similar scopes will be launched [in 2021 and 2022](#).

❖ **Support expansion of the strategic green hydrogen sector**

The recovery plan has allocated **€7 billion by 2030 (€2 billion between now and 2022)** in investments in this area. For project leaders looking for financial support, the following are planned as from 2020:

- A [call for projects](#) entitled “Regional hydrogen hubs” for the **rollout of large-scale regional ecosystems**, with appropriations of €275 million between now and 2023
- A [call for projects](#) entitled “Technological building-blocks and demonstrators” to develop or improve components and systems relating to the **production and transportation of hydrogen**, and **demonstrator projects** creating significant value in France, with appropriations of €350 million between now and 2023

❖ **Foster the energy retrofitting of buildings and green mobility**

From early 2021 and over two years, **€6 billion will be set aside for the energy retrofitting of public and private buildings** (€2 billion will be allotted for private buildings via households and €4 billion for public buildings via calls for projects). In addition, **the improvement of public transport, the drafting of a bicycle plan and assistance for purchasing “clean” vehicles** will receive €1.2 billion and €1.9 billion respectively under the recovery plan from calls for projects and car scrapping bonuses (*primes à la conversion*).

❖ **Bpifrance's new “Climat” products**

Bpifrance will marshal almost **€2.5 billion in direct financing, debt and equity** over the term of the recovery plan to support and fund businesses' energy and green transition:

- **Green loans** will help speed up the transition of businesses, from VSEs to mid-tier companies
- **“Energy saving”** loans will finance projects including equipment eligible for the standardised operations of Energy Saving Certificates for the industrial and service sectors
- From 2020 to 2022, more than **€500 million per year in equity investments will be channelled into greentech projects**, by integrating leverage on private funds for the fund of funds component

→ FRANCE'S SUSTAINABLE FINANCING MEASURES AT INTERNATIONAL LEVEL

❖ France's contribution to climate finance

France has undertaken to increase its climate-related financing in developing countries from €3 billion in 2015 to €5 billion in 2020. As part of this goal, at the One Planet Summit in December 2017, President Macron announced a rise in **financing for adaptation to €1.5 billion per year between then and 2020** (as against €1 billion previously). In 2019, **France contributed €5.8 billion to climate finance** a 13% year-on-year increase over €5.08 billion in 2018. In fact, financing for adaptation did reach €1.5 billion in 2019 meaning that France achieved its 2020 target a year early, both in respect of overall volume and the volume devoted to adaptation.

❖ Green finance

Green finance revolves around rechanneling **private capital flows towards financing the green transition** with an eye to achieving carbon neutrality in 2050 and limiting the increase in global warming to 1.5°C compared with pre-industrial levels in compliance with the Paris Agreement:

- On 12 October 2020, the Ministry for the Economy, Finance and the Recovery adopted a **bold climate strategy for government export financing** (the phasing out of export guarantees for coal research and production projects had already been decided on in early 2020). From 1 January 2021, France will no longer offer export guarantees for projects that exploit extra heavy oils and non-conventional hydrocarbons. As from 2025, the exclusion will be extended to cover projects for new oil field exploitation. Lastly, in 2035, French exporters participating in new gas exploitation projects will no longer be entitled to government export support.
- France has announced, as from 1 January 2021, a **climate bonus mechanism for sustainable projects**. Drawing on the EU taxonomy for sustainable activities, this climate bonus will allow for more, better and earlier financing of sustainable projects put forward by businesses.
- In July 2019, the Paris financial centre committed to a bold trajectory by agreeing to publish **individual coal divestment policies**. This means that, in 2030, financial stakeholders will no longer finance coal in the EU and in the 37 OECD Member countries and, in 2040, this will be extended to the rest of the world. On Climate Finance Day on 29 October 2020, a Sustainable Finance Observatory was launched to ensure full transparency concerning these commitments.
- As part of the European Commission's Action Plan on sustainable finance, the introduction of an optional European standard for **green bond issuance is a core measure**. The creation of an EU Green Bond Standard (GBS) was announced when the Commission presented the Green Deal Investment Plan in January 2020. **France fully backs the Commission's aim** in this respect, due both to the leading role this type of asset has in financing the transition and to market structuring requirements. France also supported the revision of the EU's climate target to foster a reduction **of at least 55% in greenhouse gas emissions by 2030**, which was endorsed by the European Council on 11 December 2020.