UNEP FINANCE INITIATIVE
ANNUAL GENERAL MEETING 2008
Latin American Task Force (LATF)

Chairs:
• Christopher Wells, Environmental Risk Manager LATAM, Banco Real Grupo Santander, Brazil
• Ruben Chavez, Credit Director, HSBC Mexico

ACTIVITIES
Capacity-building for the LATAM Financial Sector

New: Eco-efficiency Online Training Course

- **Target Audience:** financial institutions, personnel working in the general service area, who have a direct responsibility with the management of the institutional resources
- **Contents:** What is ecoefficiency and what does it consist on? Impact on: expenditures, environment, reputation. Implementation.
- **Delivery:** Three weeks online + two weeks of in-house implementation with tutor guidance

*Pilot edition just finished, 2 courses to be held in 2009*

http://www.gc21.de
ACTIVITIES

Tools for the LATAM Financial Sector

The Environmental & Social Responsibility Observatory (ESRO)

• An interactive online database of real life stories of environmental & social risk as well as illustrations of successful cases of finance for sustainability.

• Designed in 2007 by UNEP FI / LATF and the Ecobanking Project (INCAE/InWEnt), expanded from “risk stories” only to “finance for sustainability stories” in 2008 with the WFWS and the BSWS.

• ESRO is about identifying dos and don'ts which will advance the implementation and mainstreaming of sustainable finance, not about naming and shaming.

http://www.unepfi.org/observatory
Welcome to ESRO, the Environmental and Social Responsibility Observatory.

- Looking for information on real situations of environmental and social risk?
- Want to know more about how to go about lending & investing in projects that make the world more sustainable?
- Need examples for a particular industry?
- Interested in finding out how other financial institutions deal with sustainability and sharing your own experience?

ESRO, a tool devised jointly by UNEP FI and the Ecobanking Project, is an interactive online database which provides information about real situations faced by financial institutions. Register today to find out how your peers are dealing with the risks and seizing the opportunities.

Registered Users sign-in:

Email
Password

Sign-in

Not registered yet?
Sign-up now for full access to the database

Want to take a sneak peek first?
Come in and do a preliminary search
Search the Database

**Search for Environmental and Social Risk Analysis Stories**
Find out what environmental and social risks that FI have encountered in financing all sorts of projects throughout the world.

**Search for Finance for Sustainability Stories**
Find out how FI have been seizing opportunities in the new sustainability market by financing activities/projects that directly address environmental and/or social problems. Areas of focus: climate change mitigation & adaptation, water, biodiversity & ecosystem services.

**Search for All Stories**

Enrich the Database

Enrich the ESRO database by submitting your own

- Environmental and Social Risk Analysis Stories
- Finance for Sustainability Stories

New to ESRO and not sure what’s what? Read the Frequently Asked Questions.
Enrich the Database

Interested in contributing a story of your own?

If your financial institution has had an experience (positive or negative) in terms of socio-environmental issues and/or financing of sustainable development projects, please contact us: the more cases are registered in the database, the more useful ESRO will be.

If you are not a financial institution but have relevant information for the database please be in touch too.

Before you send us a case, please familiarize yourself with our:

- [information handling policy](#)
- [story submission guidelines](#)

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<tr>
<th>Environmental and Social Risk Analysis Stories</th>
<th>Finance for Sustainability Stories</th>
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<td>These Stories should illustrate cases of financial transactions across all economic sectors which have been confronted with pressures/difficulties stemming from environmental, social, and governance (ESG) risks. They should highlight the negative financial impacts of ESG failure and the business value of appropriate risk management.</td>
<td>These Stories should illustrate cases of financial transactions directed towards activities/projects that directly address environmental and/or social problems by contributing to their solution. They should not focus on ESG risk management but rather on the financial opportunities unleashed by the improvement of social and environmental parameters. Areas of focus: climate change mitigation and adaptation, water and sanitation, biodiversity and ecosystem services.</td>
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The main aim of this water & sanitation project is to ensure the 100% coverage of the targeted 19,874 beneficiaries, the entire population of 25 rural villages within the Furi District of the Indian state of Orissa, with water connections as well as sanitation and hygienic facilities.

Over a period of 5 years (2008-2012), this will be achieved through the provision of micro-loans to private households, their resulting procurement with water facilities and sanitary units, the exploration of ground water resources as a reliable and sustainable source of safe drinking water as well as the undertaking of mass awareness raising activities among the local authorities and communities.

The financial structure is such that SNS Reaal's Water Fund provides a direct loan of USD 2 Million to the project sponsors BISWA - the Bharat Integrated Social Welfare Agency, a non-governmental organisation with activities in eight Indian states and the largest partner of the water and sanitation mission of the state of Orissa - which subsequently channels the funds as micro-loans to the targeted beneficiaries for installation of individual household toilets in their houses.

The transaction fulfills SNS Reaal Water Fund's minimum requirement of a return on investment of at least 5.00 %. The tenor of the loan is of 6 years.

Contact: observatory@unepfi.org
The entrepreneurial adventures of a pasta factory owner in southern Latin America came to a dramatic halt. The Peruvian authorities claimed $150 million in compensation for damages. Furthermore, the entrepreneur faced a potential trial for trading in influences. This situation originated with the construction of a factory in 1996 in the marshlands of a natural reserve. The factory was meant to produce 35 million tons of pasta per year. However, due to environmental and social issues, local authorities sentenced for the definitive closure of the factory in December 2002, resulting in losses of approximately $51 million for the company.

In 1996 the pasta enterprise asked the municipality for a permit to build a factory in the buffer zone of the marshlands of its natural reserve area. The entrepreneur specifically wanted to establish the plant in the marshlands because he wanted to show that his product was "clean", cohabitation with nature and the local bird life was part of the image that the company was trying to convey about its products.

The local community expressed its views about the project through a number of local organizations, whose views were predominantly negative, with most people rejecting the idea. Environmentalists seeking to protect the marshlands organised several protests in front of the factory, in some cases mobilizing thousands of people from all of Lima. Protests focused, among other things, on the horrendous noise generated by the factory, the floods which were destroying homes, as well as the company using up the local community's water supplies.

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ACTIVITIES

Tools for the LATAM Financial Sector

Sustainable Finance Gap Analysis Tool for the Mexican Financial Sector

An interactive website hosted by the Mexican Banking Association, developed in collaboration with the research arm of the Mexican Environment Ministry (INE/SEMARNAT).

Contents

• Virtual “tour” of the ideal universal bank department by department: explains key sustainability actions & shows examples of existing best practice
• Set of questions to be answered by visiting FI in each department, generates the FIs sustainability profile and a few suggestions on how to improve.

Project Status

• Tool launch in Q4 2008.
• Potential for replication in further countries /regions (interest already expressed in India).
THANK YOU