

NIROV 'Watercities in Transition', August 23, 2010

Public-private finance for the Delta Program

Presentation by Roelof Balk, expert on finance for environment and infrastructure.

Mr. R. Balk
roelof.balk@slimmevos.nl
www.slimmevos.nl

1. Where do we find finance for the Delta Program? The costs to meet the challenges of climate change are huge. € 1.7 billion yearly is required for investments in The Netherlands alone.
2. So far, the approach to the Delta Program has been rather classical: a public investment, needing public finance. The government wants to create a Delta Budget Fund (Deltafonds als begrotingsfonds) within the regular Budget Scheme of the government. National gas revenues will be allocated to this fund, € 1 billion a year from 2020. This is too little, too late. Already today we do not fully meet the advanced safety standards for water management anymore. The Delta Program should start today. "We need the money now!"
3. In my view, we should create a public private financial basis for the Delta Program. In spite of the economic downfall there's still plenty of private capital available. These private savings provide the great opportunity for the Delta Program.
4. To understand that, we should take a closer look at the preferences of the people behind the private savings. They don't like risks anymore. The bad results on stock markets and all the troubles with commercial banks and their advanced saving products have frightened many people for the next ten years to come. This risk averse profile applies above all to senior people, from 50 years of age and older. An expanding group. The Delta Program should be appealing to them: investing in a safe environment for now and future generations.
5. "Groen beleggen", the Green Investment Tax Regulation, can help us to guide these savings into the Deltafonds. This tax incentive for investments in environment was introduced in 1995. It was an instant success. There's a huge market for 'groen beleggen', it's potential is still enormous. Banks like Rabobank, Triodos Bank en ASN cannot meet the demand, because of a lack of projects that qualify for the environmental, 'green' status, within the rules set by the government. Banks could easily raise an additional € 300 or 400 million a year under the Green Investment Tax Regulation.

The money is there, we only have to collect it.

6. How? I conclude with three simple recommendations:
 - Allow for public-private finance in the Deltafonds, (Deltawet)
 - Select the Delta Program for the Green Investment Tax Regulation (Ministry of VROM)
 - Allow the Deltafonds tot issue Green bonds and loans on it's own account (Deltawet).

These measures will mobilize the private capital required to overcome the next years of budget restraints and meet the challenges of Climate Change in the European Delta.