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A Sustainable Finance Strategy for Luxembourg and its financial centre

The Luxembourg Sustainable Finance Initiative (LSFI), a public-private partnership that aims to raise awareness, promote and develop Luxembourg's role as a sustainable finance hub, has today launched the Luxembourg Sustainable Finance Strategy (The Strategy). The launch took place in the presence of the Minister of Finance, Pierre Gramegna, and the Minister for the Environment, Climate and Sustainable Development, Carole Dieschbourg, during a virtual event attended by around 300 participants, including national and international experts, sustainable finance stakeholders and press.

The Strategy defines concrete actions based on the Luxembourg Sustainable Finance Roadmap recommendations, a document drafted in partnership with the UN Environment Programme Finance Initiative. At the same time, it determines the LSFI's general action plan with the primary objective to support the financial sector in its transition towards sustainability and to further position Luxembourg as an international hub for sustainable finance. In this respect, the Strategy harnesses relevant activities already being carried out by the Luxembourg Government and the financial sector in the area of sustainable finance. It establishes measurable short-, medium- and long-term goals for the LSFI.

The Luxembourg Sustainable Finance Strategy is built around three overarching pillars:

1. Awareness and Promotion

The LSFI aims to become Luxembourg's central point of information on sustainable finance and support its stakeholders in their efforts to transition towards increased sustainability. The objective is to raise awareness on sustainable finance both among the financial centre community, civil society as well as the general public and consolidate Luxembourg's role as an international sustainable finance hub.

2. Unlocking Potential

In order to further leverage the expertise of Luxembourg's international financial centre, the LSFI aims to become a knowledge sharing and developing platform to unlock Luxembourg stakeholders' potential in integrating sustainability into their business practices and contribute to the development of new and additional sustainable finance initiatives and activities.

3. Measuring Progress

The LSFI will set up a monitoring framework in collaboration with the different public and private stakeholders to help measure the financial sector's progress in transitioning towards sustainable finance.

The LSFI was founded in January 2020 by the Ministry of Finance, the Ministry of Environment, Climate and Sustainable Development, Luxembourg for Finance and the High Council for Sustainable Development.

The LSFI's first official task has been to formulate the initial draft of the Luxembourg Strategy for Sustainable Finance. As part of a public consultation, more than 30 institutions, from financial sector associations to regulators and civil society, provided feedback on the strategy's initial draft.

Claire de Boursetty, General Manager of the LSFI, commented: "The LSFI is looking forward to working with the different stakeholders and becoming a solid partner for the entire financial centre ecosystem in our joint efforts to develop sustainable finance in Luxembourg and beyond".

The presentation of the LSFI and the launch of the Strategy was held virtually on 9th February, in the presence of Minister of Finance, Pierre Gramegna, Minister for the Environment, Climate and Sustainable Development, Carole Dieschbourg, as well as Nicoletta Centofanti, Sustainability Adviser of the LSFI.

The Ministers emphasised Luxembourg's unique opportunity to act as first mover, develop new products and markets and drive forward the sustainable finance agenda.

"By launching the Luxembourg Sustainable Finance Strategy today, the Grand Duchy sends another strong signal of Luxembourg's determination to help mainstream sustainable finance. The Strategy, supported by the government, the Luxembourg Central Bank, supervisory authorities as well as the private sector, will further consolidate and enhance Luxembourg's role as a European and global hub to shift billions to trillions in order to finance the Sustainable Development goals and fight against Climate change." said Pierre Gramegna, Minister of Finance.

Carole Dieschbourg, Minister for the Environment, Climate and Sustainable Development, added: "A reduction of at least -55% of CO₂ emissions by 2030 at the EU level, followed by a global climate neutrality by 2050 at the latest, could limit global warming to 1.5°C. In addition to disastrous consequences for biodiversity loss, loss of ecosystems or water scarcity, inaction on adaptation to the effects of climate change could have significant economic repercussions. The IPCC's Fifth Assessment Report concluded that the longer governments delay, the heavier the burden will be on future generations. Inaction could cause global GDP to decline by 1-4% in 2030, 2-6% in 2050, and 3-11% in 2100. Achieving this goal is still possible, but requires rapid and far-reaching transformations in all areas, including increased removals by carbon sinks to offset residual emissions. The LSFI strategy will bring forward solutions and opportunities to scale up action for a sustainable future. I am happy that we are achieving this goal while further establishing Luxembourg's position as a leader in this field".

About Luxembourg Sustainable Finance Initiative (LSFI)

The Luxembourg Sustainable Finance Initiative (LSFI) is a not-for-profit association that designs and implements the Sustainable Finance Strategy for the Luxembourg financial centre. Our objective is to raise awareness, promote and help develop sustainable finance initiatives in Luxembourg. The LSFI was founded in January 2020 by the Luxembourg Government, Luxembourg for Finance (the agency for the development of the financial centre) and the High Council for Sustainable Development (an independent advisory body to the Luxembourg Government about sustainable development matters that represents the civil society.)

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