

Greening the Zebra:

The Role of Financial Institutions in Promoting Sustainability



What does 'greening the zebra' have to do with sustainability and financial institutions?

I'm glad you asked. To answer, I need to bring another stakeholder into the story, the tsetse fly. The relationship between the tsetse fly and the zebra provides an interesting analogy, whereby both creatures take on roles for stakeholders from the financial sector.

The only animal that eludes the tsetse fly is the zebra.

A tsetse fly could conceivably starve to death amidst a herd of zebras as the eye of the fly cannot register the black and white pattern of the zebra's hide. Hence zebras are 'invisible' to the tsetse fly. As a zebra in West Africa, you have a genetically ingrained risk avoidance strategy, a position which financial institutions also favour.

Technically, the tsetse fly itself is not the problem, which is similar to the operations of financial institutions, not in themselves big polluters. But just as the tsetse fly carries malaria around, earning its living by sucking blood and laying eggs, financial institutions can loan money to businesses that have poor environmental performance and invest in projects without proper environmental assessments. While in 2020, there are changes afoot, the questions must be asked, are changes occurring fast enough? Are right things being done right, and in the right order?

Think. Will changing the colour of the zebra (i.e. financial institutions), greening its hide and potentially exposing its flanks, leave it prey to attack by the tsetse fly? Similarly, will money held by the banks in trust for their depositors be exposed to higher levels of risk? Holding off on the green paint and adopting a 'wait and see' attitude, could expose the zebra to other risks. For example, the loss of habitat could leave the zebra with no access to water or a food source (which is rather like stranded assets, with no access to capital).

Rather than increase risk to depositors, shouldn't financial institutions promote the adoption of sustainable practices? This would include investing in those companies or infrastructure projects, for example, that have adopted 'green' practices, preferably supported by a robust, credible and reliable environmental management system?

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