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17. konferencija o održivom razvoju

Green Finance amid Geopolitical Turbulence – Does It Pay Off to Be Green(er)?

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Zatvaramo krug, otvaramo prilike!

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Why Green Finance?

Green transition requires massive capital flows into sustainable projects.

Annual climate investment flows and needs to reach a 1.5°C trajectory and mitigation potential in 2035, bn USD, Emissions Gap Report 2024

What is Green Finance?

Green finance

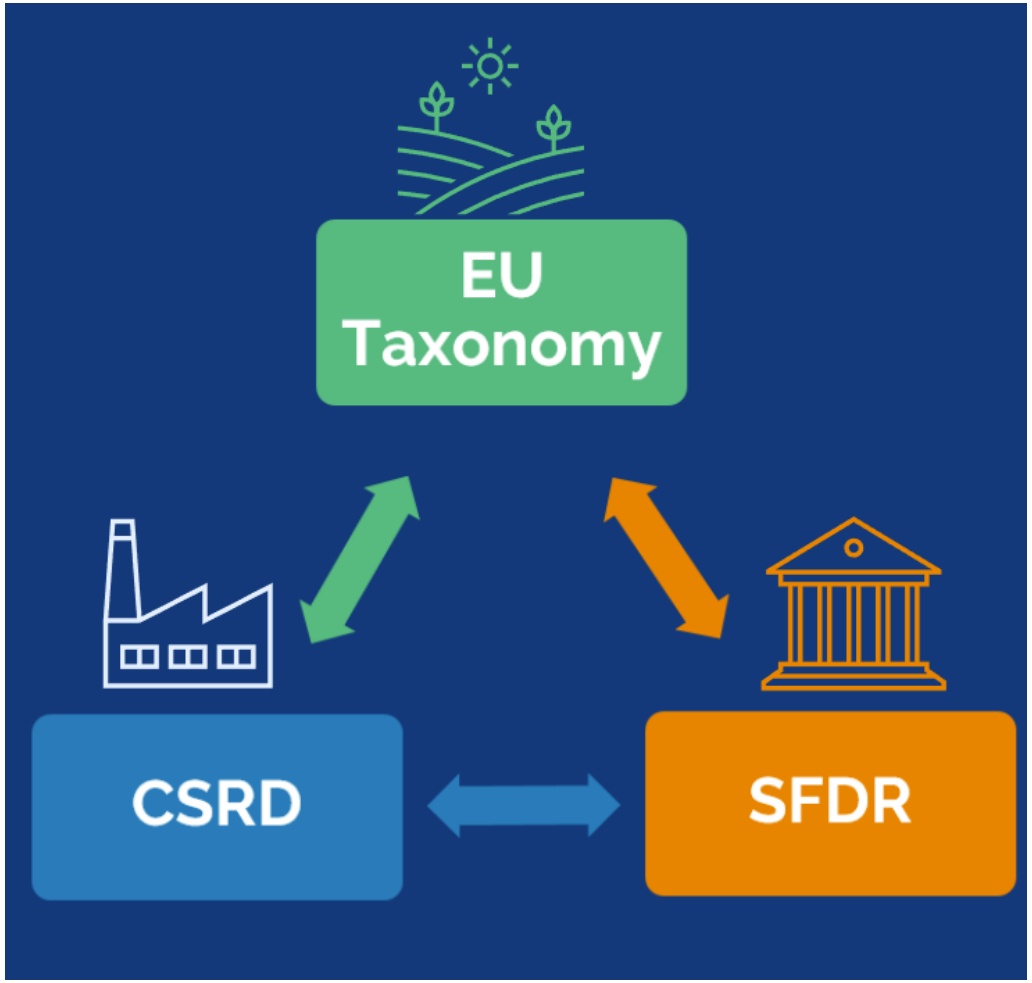
=

Financial activities

+

Positive environmental impact

The EU „Green Trilogy“



EU Taxonomy Regulation (2020) – Cornerstone of Green Finance

- Classification system
- Environmentally sustainable economic activities - make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards
- Criteria for compliance

The role of Taxonomy is to standardize green investment disclosure and drive green private and public sector investments, encourage a transition towards sustainability in order to achieve the EU's climate and environmental goals.

EU Taxonomy Regulation

6 environmental objectives

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Substantial contribution

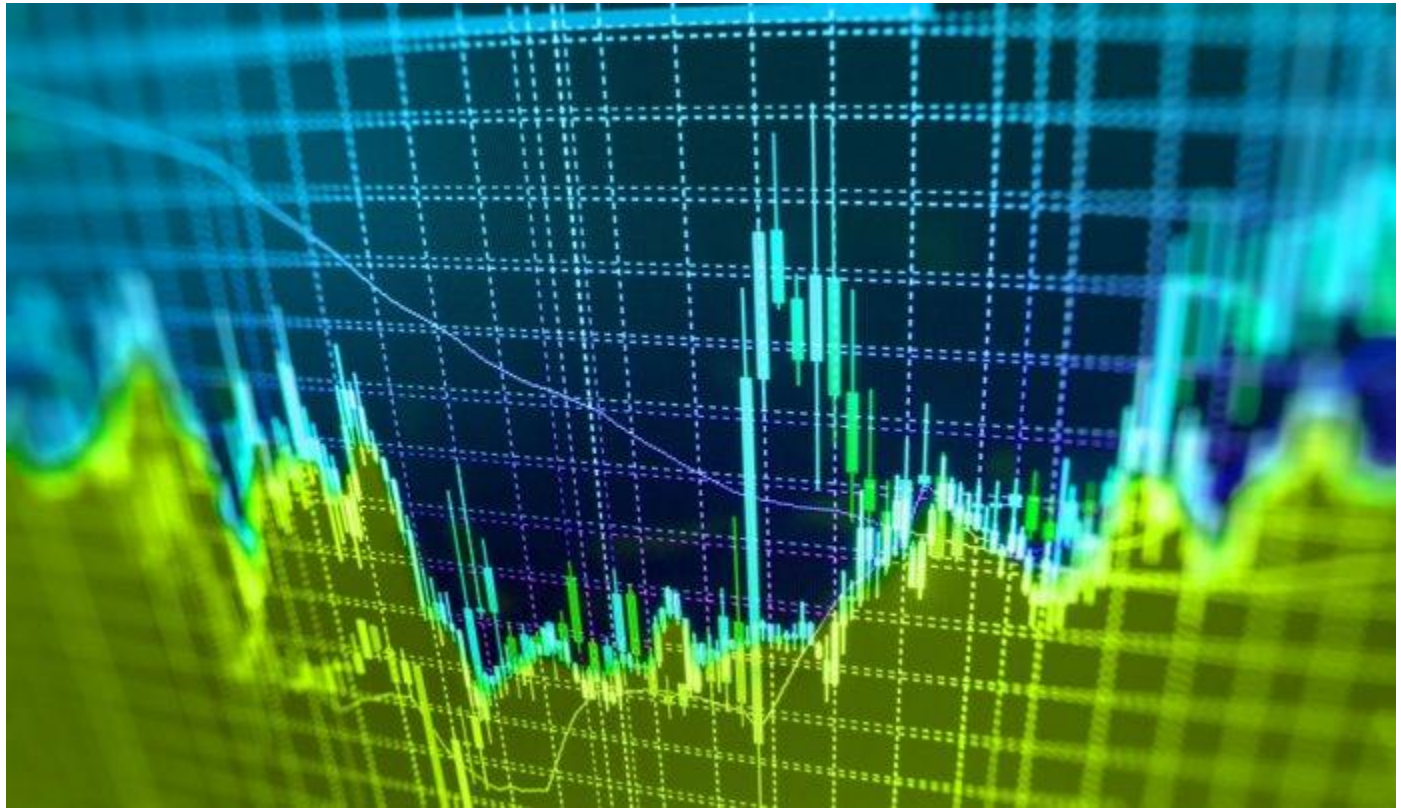
DNSH to any of other 5 environmental objectives

Minimum safeguards

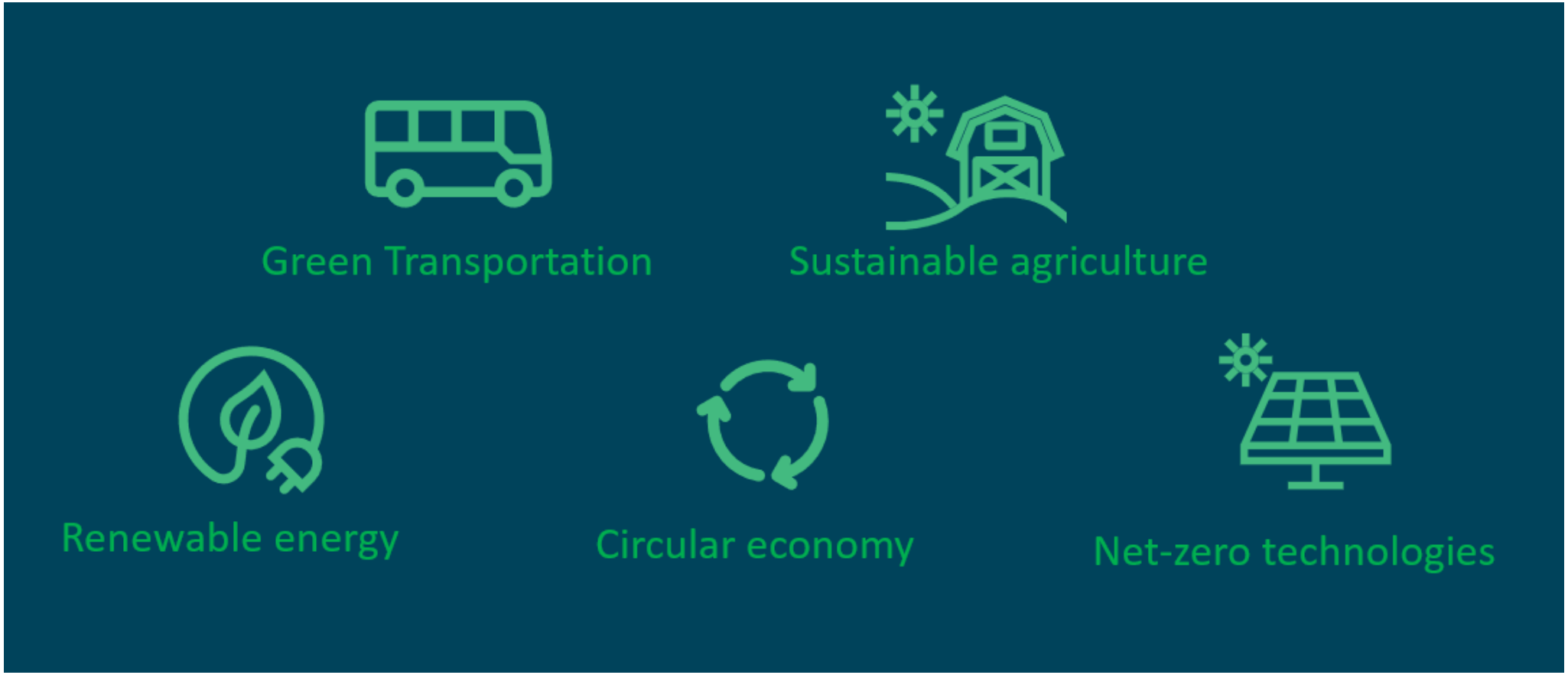
Comply with applicable technical screening criteria

Green Financial Products

- Green bonds
- Green loans
- Green leasing
- Green mortgages
- Green deposits
- Green investments
- Green guarantees



Green Innovation – Investment Opportunities

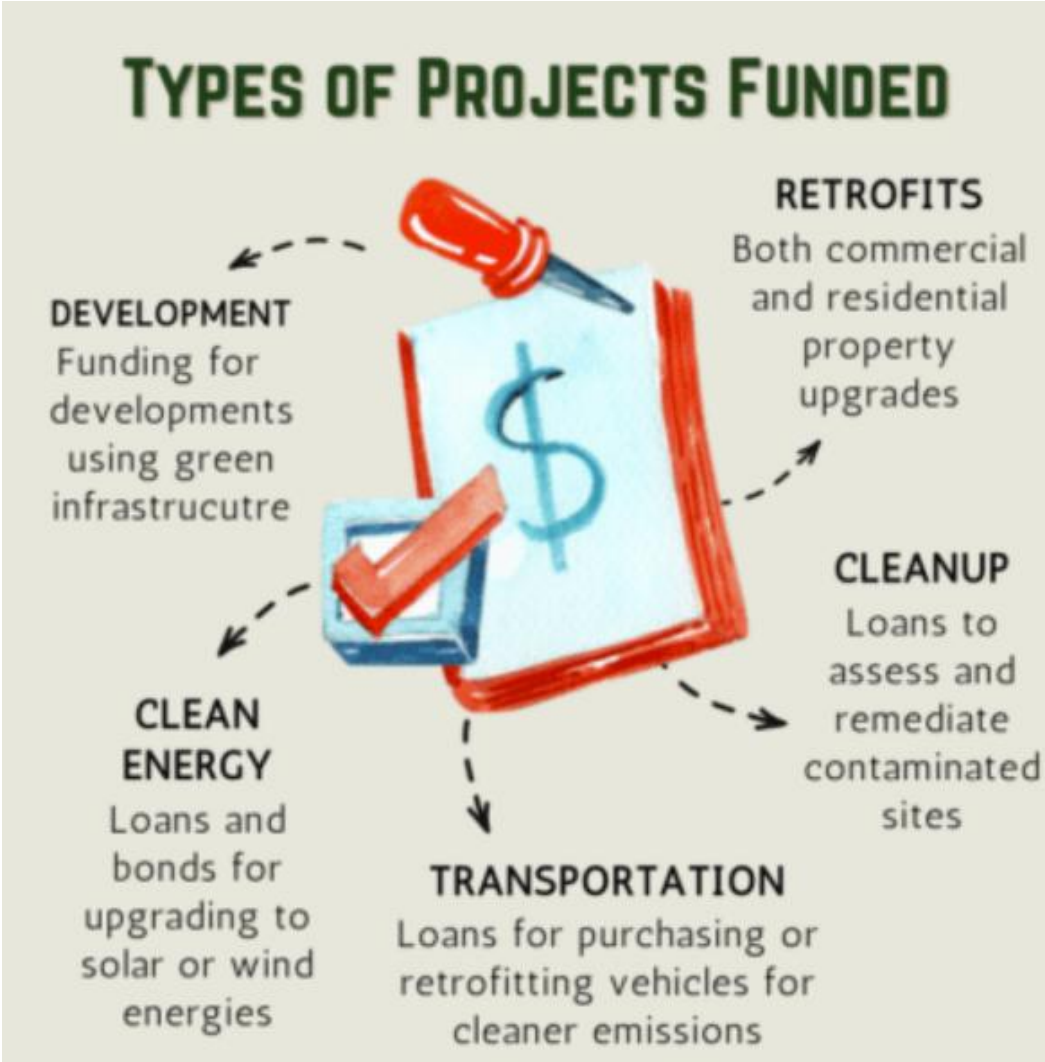


Does it pay off to be green(er)?

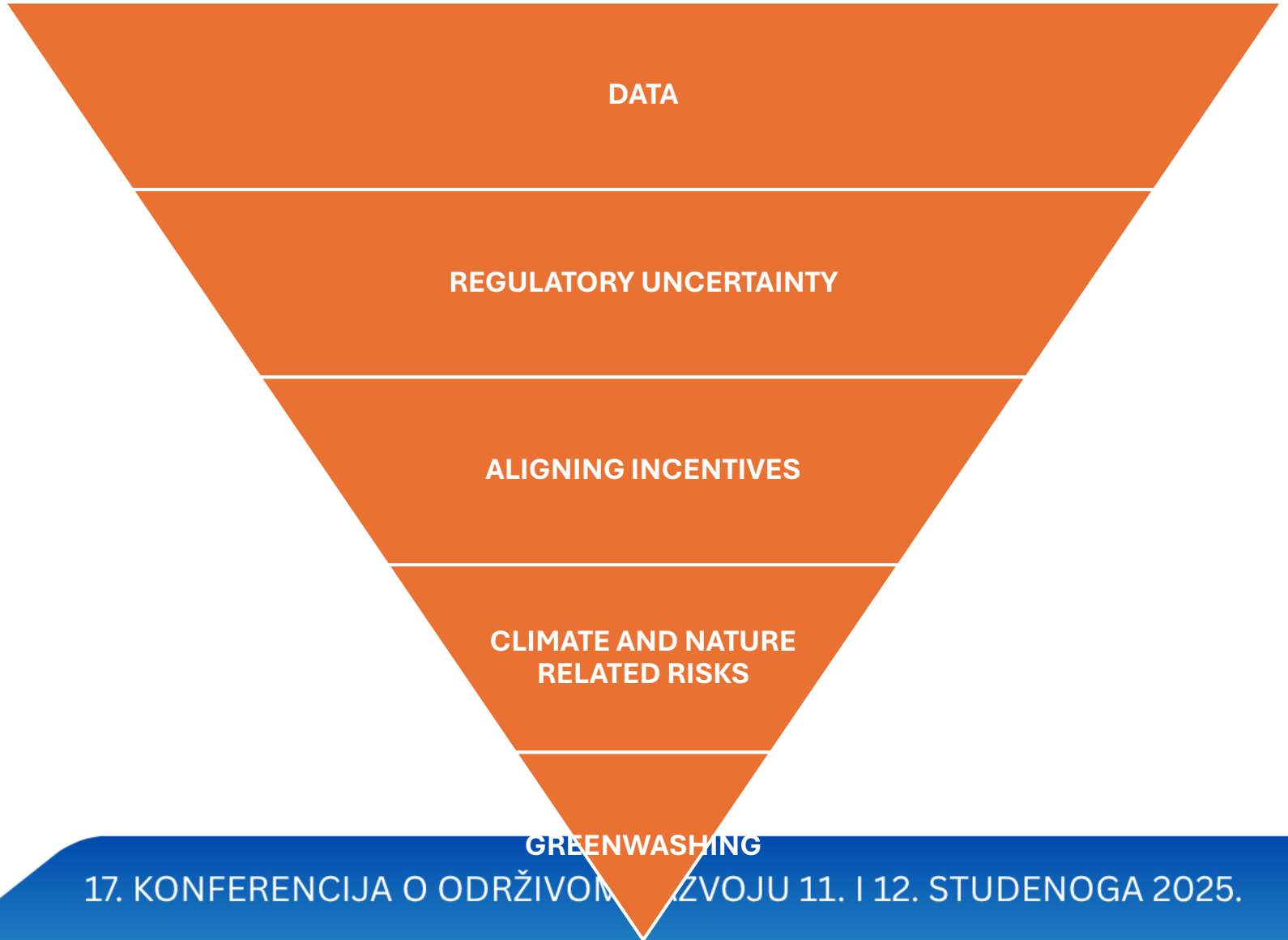
- Consideration of risks stemming from climate change and natural resources depletion
- Accounting for value of ecosystem services
- Long-term view

The Greenaissance?

- Banks and investors are looking for green opportunities
- Better terms and/or interest rates (greenium!) are often offered for green projects

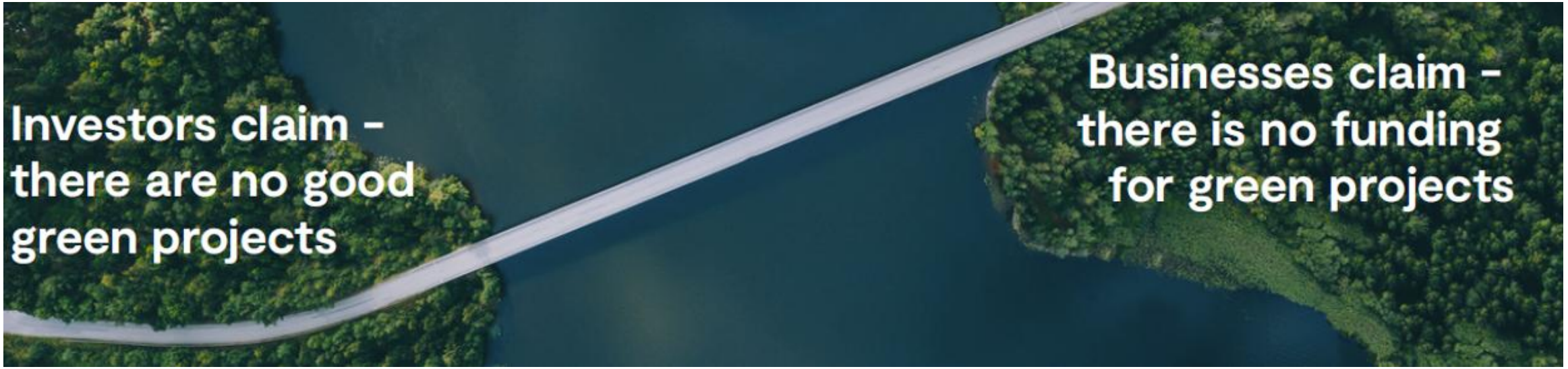


Challenges in Accessing Green Finance



Green Finance – How to?

Data is key.



Helping SMEs - VSME

B1 – Applied Accounting Practices
B2 – Actions, Policies, Initiatives, and Goals Related to the Transition Towards a More Sustainable Economy

- C1 – Strategy, Business Model, and Link to Sustainability
- C2 – Actions, Policies, Initiatives, and Goals Related to the Transition Towards a More Sustainable Economy

B3 – Energy and Emissions
B4 – Pollution to Water, Air, and Soil
B5 – Biodiversity
B6 – Water Consumption
B7 – Resource Consumption

- C3 – Emission Reduction Targets
- C4 – Climate Risks

B8 – Employees, General Conditions
B9 – Employees, Health and Safety
B10 – Employees, Compensation, Agreements, and Training

- C5/C9 – Gender Composition in Management
- C6 – Human Rights Policies and Processes
- C7 – Significant Violations of Human Rights

B11 – Corruption and Bribery

- C8 – Revenue from Activities in Specific Sectors

Helping SMEs - VSME

Green Finance – How to?

Data is key.

Alignment with the EU Taxonomy –

EU Taxonomy Navigator:
https://ec.europa.eu/sustainable-finance-taxonomy/home

Green Finance for Renewable Energy

EU Taxonomy – wind, solar, geothermal, etc.

- substantial contribution automatic ✓
- „Do No Significant Harm“ (DNSH) priciple
- minimum safeguards

Green Finance for Energy Efficiency Improvements

EU Taxonomy

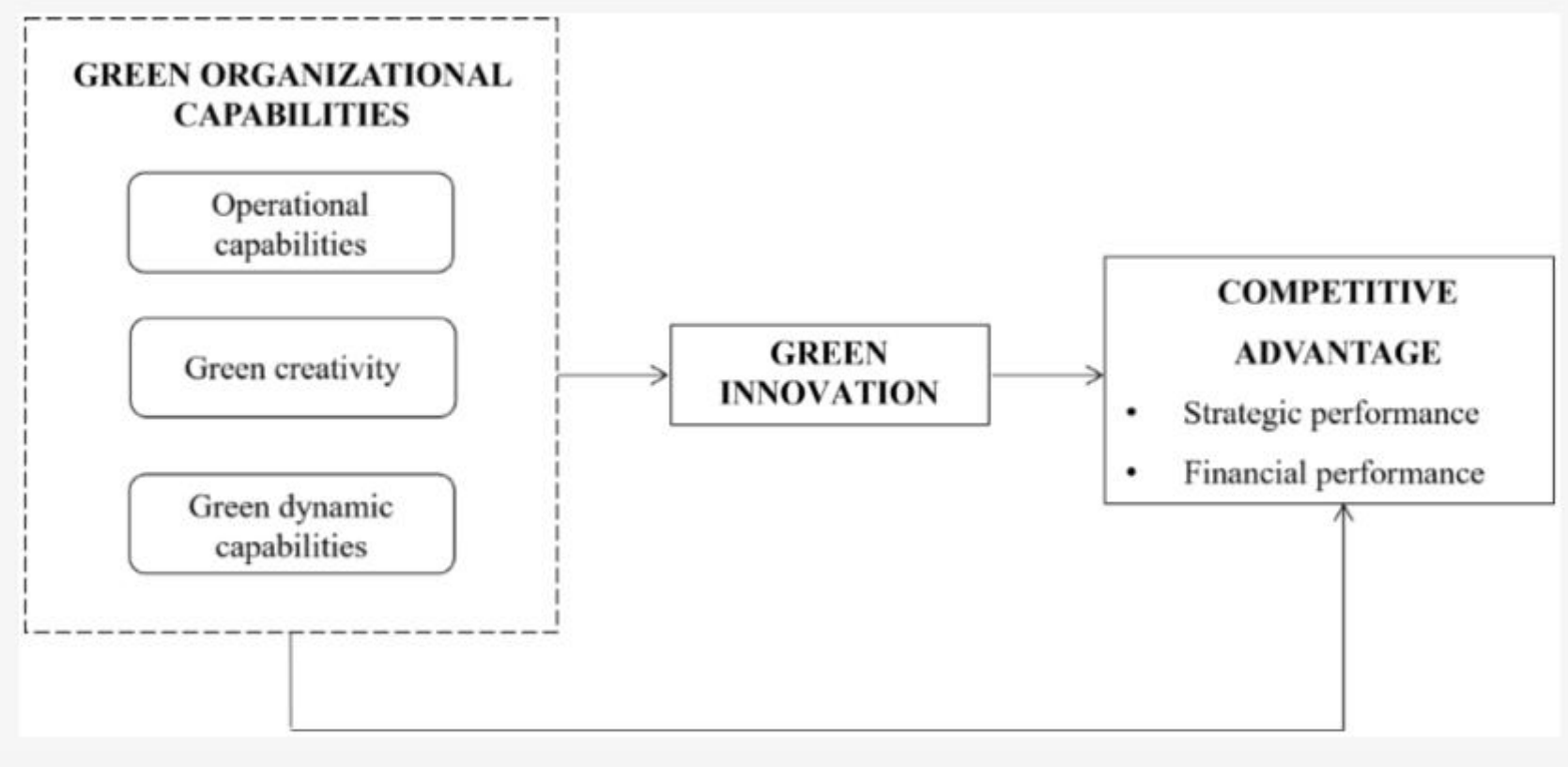
- Significant contribution if certain reduction in prime energy demand (for ex. 30% for multi-apartment building renovation)
- DNSH
- Minimum Safeguards

Green Finance for Low Carbon Technologies

EU Taxonomy

- Significant contribution - quantified life-cycle GHG emission savings verified by an independent third party (of certain threshold)
- DNSH
- Minimum Safeguards

Being Green is a Competitive Advantage



Sustainability vs Resilience

- Energy Independence
- Resource Resilience
- Supply Chain Resilience
- Environmental Effects
- Community Support

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Thank you!

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