

Answers of the European Financial Congress¹ in relation to the European Investment Bank's consultation regarding Climate Bank Roadmap 2021-2025: Turning ambition into reality²

Methodology for preparing the answers

The answers were prepared in the following stages:

Stage 1

A group of experts from the Polish financial and industry sectors were invited to participate in the survey. They received the EIB's consultation document and a form with selected consultation questions. The experts were guaranteed anonymity.

Stage 2

Responses were obtained from experts representing:

- banks, insurance companies, investment funds
- industry companies
- the academia.

Stage 3

The survey project coordinators from the European Financial Congress prepared a draft synthesis of opinions submitted by the experts. The draft synthesis was sent to the experts participating in the survey with the request to propose modifications and additions as well as marking the passages they did not agree with.

Stage 4

On the basis of the responses received, the final version of the European Financial Congress' answers was prepared.

¹ European Financial Congress (EFC – www.efcongress.com). The EFC is a think tank whose purpose is to promote debate on how to ensure the financial security and sustainable development of the European Union and Poland.

² <https://www.eib.org/en/about/partners/cso/consultations/item/cb-roadmap-stakeholder-engagement.htm>

Answers of the European Financial Congress to the consultation questions

Q1: Outside of the energy sector, what type of financing and advisory activities should the EIB Group prioritise to most effectively support the transition to low-carbon development?

As regards the industry approach outside the energy sector (i.e. which industries most effectively support the transition to low-carbon development), the EIB should support financing of the following priorities: sustainable transport - both infrastructure projects, e.g. electrification of transport networks, transshipment ports and vehicles providing public transport; RES, including small photovoltaic projects in homes and SMEs; innovative research and development projects; industrial buildings and production processes energy efficiency as well as housing energy efficiency; water supply; energy intensive industry.

On the other hand, in the field of consulting activities, the most effective actions would include the following: general education of consumers and entrepreneurs in ESG; advising financial institutions on ESG products; retraining employees from industries threatened with closures (e.g. mines).

In addition, we would like to add that the vehicles (intermediaries) for dedicated financing of projects supporting the transition to low-carbon development should be local financial institutions, and the instruments should include green bonds, securitisation of sustainable assets, loans and guarantees for SMEs, programs based on non-repayable subsidies and investment in funds focused on sustainable development, e.g. ecological transport.

Q2: What type of financing and advisory activities should the EIB Group prioritise to support climate-resilient development?

Successful transition to climate-resilient development requires funding for diversified priorities in several areas. Major ones include: low-emission energy sector, including RES and energy storage, and gas projects in the transition period; infrastructure, including roads, waste treatment and sewage treatment plants; agriculture and food industry, water retention facilities (large and particularly small) and flood protection infrastructure.

In terms of advisory activities, the most important are those related to risk assessment and management, including those related to climate change and assessment of investment effectiveness under various adopted change scenarios. This is also important for newly implemented technologies to reduce the risk of unsuccessful investment decisions. A flexible approach to assessing the risks associated with climate

change is crucial. Technical consultancy regarding projects themselves is also important, for example, feasibility studies, environmental impact assessments, and environmental ratings.

Q3: How and to what extent should the EIB Group help its clients transition to a low-carbon and climate-resilient pathway, in particular those that are highly exposed to the transition and physical risks (both acute and chronic) associated with climate change?

Those enterprises and industries that are highly exposed to climate risks (whether physical or transition risks) should receive special treatment from the EIB, as they often do not have access to long-term financing. Transition risks in particular are important for companies in Poland and the EU. This EIB financing, in such cases, reduces the risk of other financial institutions joining the project. In special cases, such financing should be provided on preferential terms and be combined with advice and technical support as well as re-training of laid-off workers. Financing of gas technologies should also be considered for transition processes.

Q7: Which type of climate action and environmental sustainability projects are likely to have strong social benefits?

In Poland, the strongest social benefits would be obtained from projects reducing low emissions from households and cars. This can be achieved through projects that improve the energy efficiency of buildings, the development of RES micro installations, including the development of local biogas plants, solar farms and prosumer energy, as well as infrastructure projects leading to the reduction of traffic pollution, low-emission vehicles and energy storage. In addition to smog and polluted air, another threat to sustainable development is energy poverty, which can be limited through the development of dispersed local energy sources. Investments in alternative sources of energy, where jobs, which currently exist in the coal-related industries could have a socially-offsetting benefits. Moreover, investments in fast rail transportation could also create jobs.

Q8: What new types of financing instruments should the EIB Group seek to develop to have a high catalytic effect on other sources of public and private sector finance?

The most important feature of such instruments should be to ensure risk reduction for another financial institution that undertakes financing of ESG projects or sustainable investment. These can be, for example, instruments such as: hedging instruments allowing reducing or eliminating uncertainties regarding assets prices (e.g. energy prices), project-tailored guarantee instruments, or support for private insurance products offered for ESG projects. In addition, instruments such as liquidity loans for banks to finance SMEs, securitisation and hybrid instruments bring significant synergistic effects.

In general, it should also be emphasised that a flexible approach in this area yields the best results.

Q9: How can the impact of climate action and environmental sustainability activities be best measured?

There is no single, universal method to measure the impact of activities on climate change and the environment. However, one may compare the effectiveness of specific intended activities and projects, or the degree of achieving specific goals by various methods. The current industry evaluation method for its climate and environmental friendliness is the European Industry Taxonomy. No other additional method or questionnaire should be introduced, as this would cause additional workload and lack of comparability.