

WHAT DRIVES FIRMS' INVESTMENT IN CLIMATE ACTION?

Evidence from the EIB Investment Survey

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Outline - Agenda



- ❑ **EU note: Are EU firms climate ready?**
- ❑ **Country scoreboards**
- ❑ **Country dashboards**

Country scoreboards

Where each country stands compared to other countries?

What are the observed trends between the last two EIBIS waves?

How do you read the country scoreboard?

□ All sample

□ SMEs

□ Large

Country	Perceptions to Climate risk		Climate-related characteristics		Investments			
	Transition impact	Physical Impact	Energy costs concerns	Set climate targets	Invested to address climate risks	Plans to invest in climate change	Invested in energy efficiency (EE)	EE investments over total investments
EU		59% ▲	66%	42%	43%	46%	37%	8%
Austria		60% ▲	66%	37%	48%	48%	46%	9%
Belgium		50% ▲	64%	50%	57%	57%	42%	8%
Bulgaria		50% ▼	62%	37%	23%	33%	28%	12%
Croatia		57% ▼	75%	54%	22%	43%	39%	10%
Cyprus		60% ▼	87%	41%	13%	40%	24%	4%
Czech Republic		45% ▼	70%	47%	39%	34%	39%	8%
Denmark		53% ▲	33%	53%	58%	58%	42%	9%
Estonia		56% ▼	44%	45%	27%	38%	41%	16%
Finland		55% ▼	39%	51%	54%	59%	47%	12%
France		55% ▼	51%	42%	37%	38%	25%	7%
Germany		57% ▲	78%	42%	48%	49%	44%	10%
Greece		58% ▲	82%	45%	17%	27%	25%	5%
Hungary		61% ▲	46%	54%	29%	49%	46%	13%
Ireland		57% ▼	71%	17%	14%	39%	24%	5%
Italy		59% ▼	67%	47%	35%	43%	35%	9%
Latvia		53% ▼	80%	41%	29%	42%	30%	9%
Lithuania		65% ▲	57%	29%	49%	52%	23%	5%
Luxembourg		45% ▼	64%	37%	36%	49%	36%	7%
Malta		44% ▲	54%	53%	42%	43%	29%	10%
Netherlands		47% ▲	19%	46%	68%	63%	34%	5%
Poland		64% ▲	80%	52%	39%	48%	36%	10%
Portugal		72% ▼	76%	44%	36%	50%	39%	9%
Romania		72% ▼	63%	31%	40%	57%	25%	7%
Slovakia		57% ▲	71%	55%	27%	43%	39%	8%
Slovenia		49% ▲	68%	57%	26%	40%	52%	12%
Spain		78% ▲	81%	59%	34%	47%	40%	12%
Sweden		45% ▼	46%	64%	40%	49%	38%	9%
UK		44% ▼	64%	40%	22%	49%	48%	8%
US		63% ▲	70%	21%	28%	40%	34%	7%

Legend	
Opportunity	>75%
Risk	50=<x<75
No impact	25=<x<50
	x<25
	For the remaining categories:
	>75%
	50=<x<75
	25=<x<50
	x<25
	▲ the value has increased from 2020
	▼ the value has decreased from 2020

Country dashboards

What's the climate performance of firms within each country?

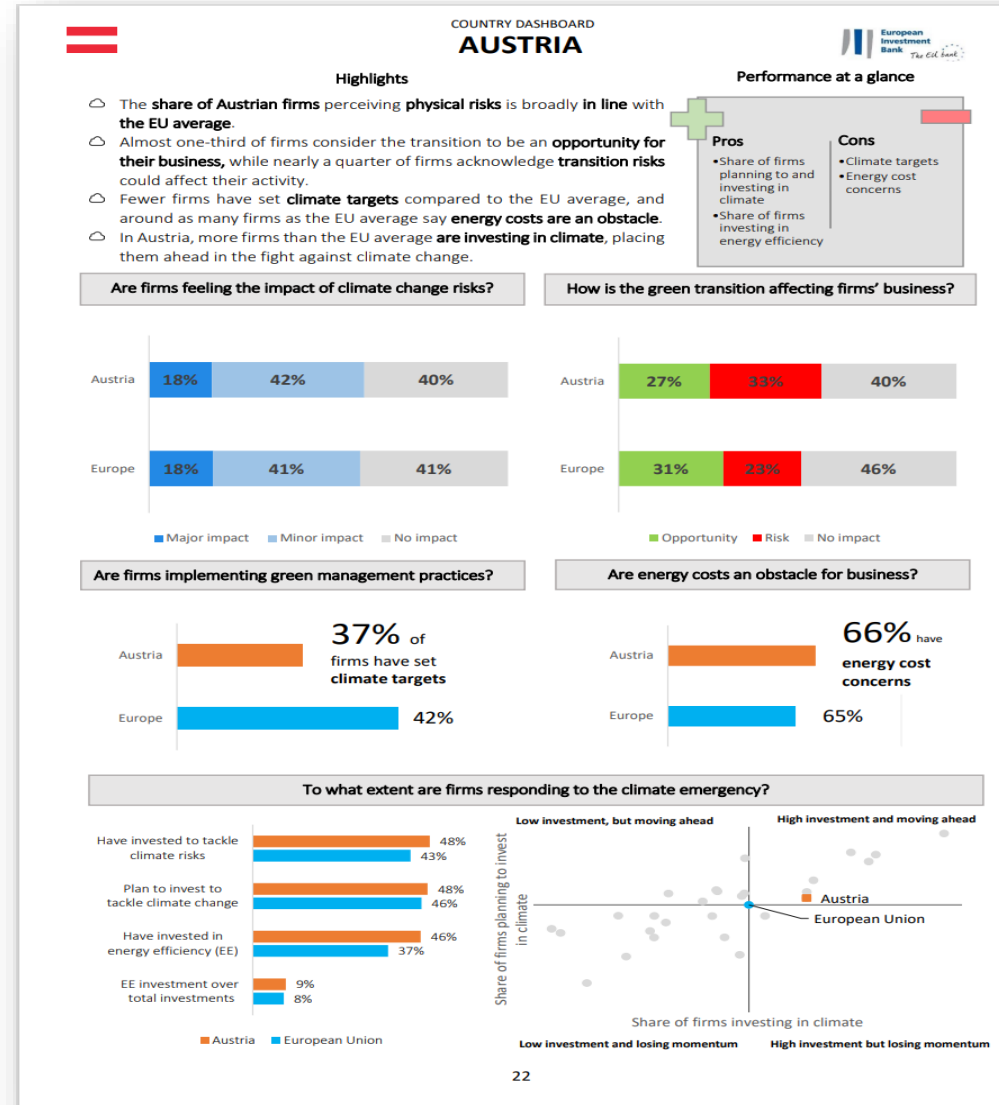
How do you read the country dashboard?

Summary of the findings →

Physical risks →

Green management practices →

Climate investment →



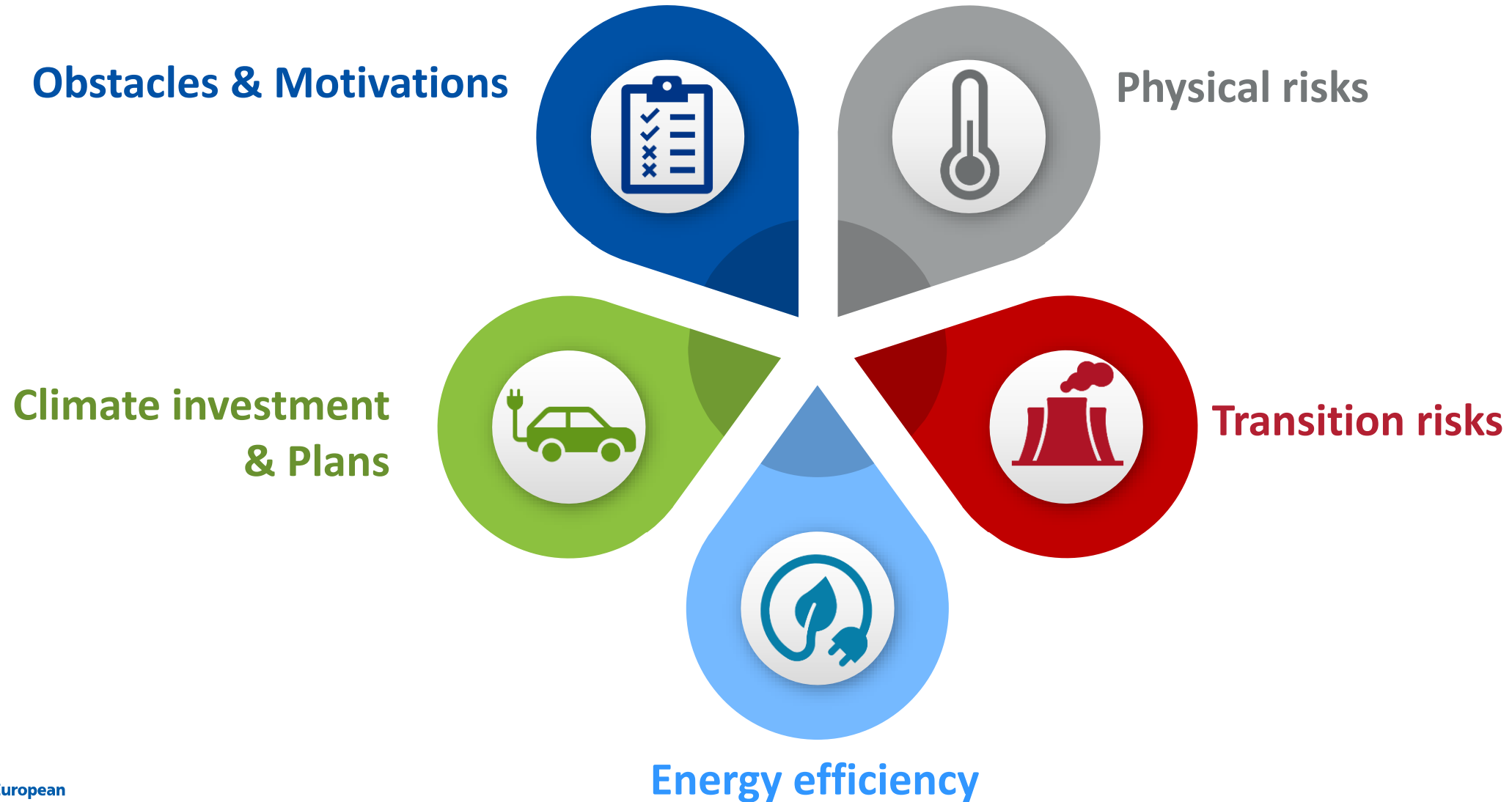
← Strengths and weaknesses

← Transition risks

← Energy cost concerns

← Investment status

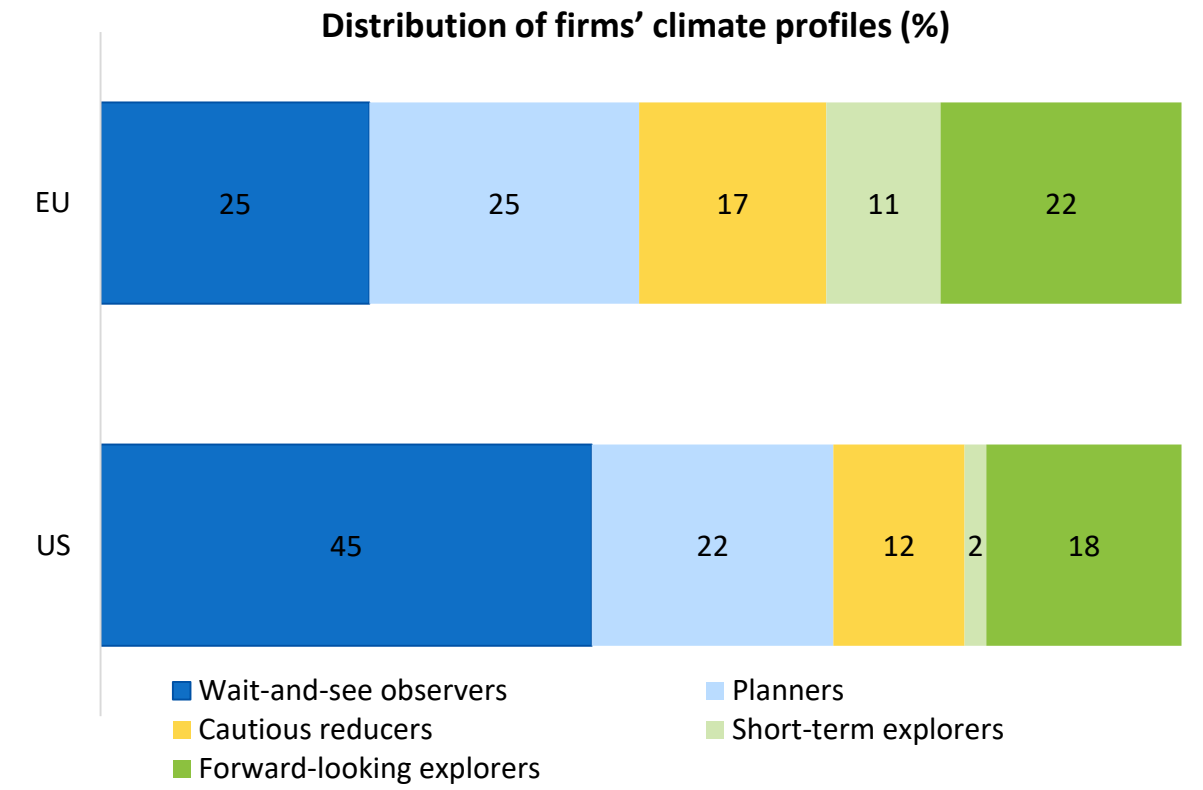
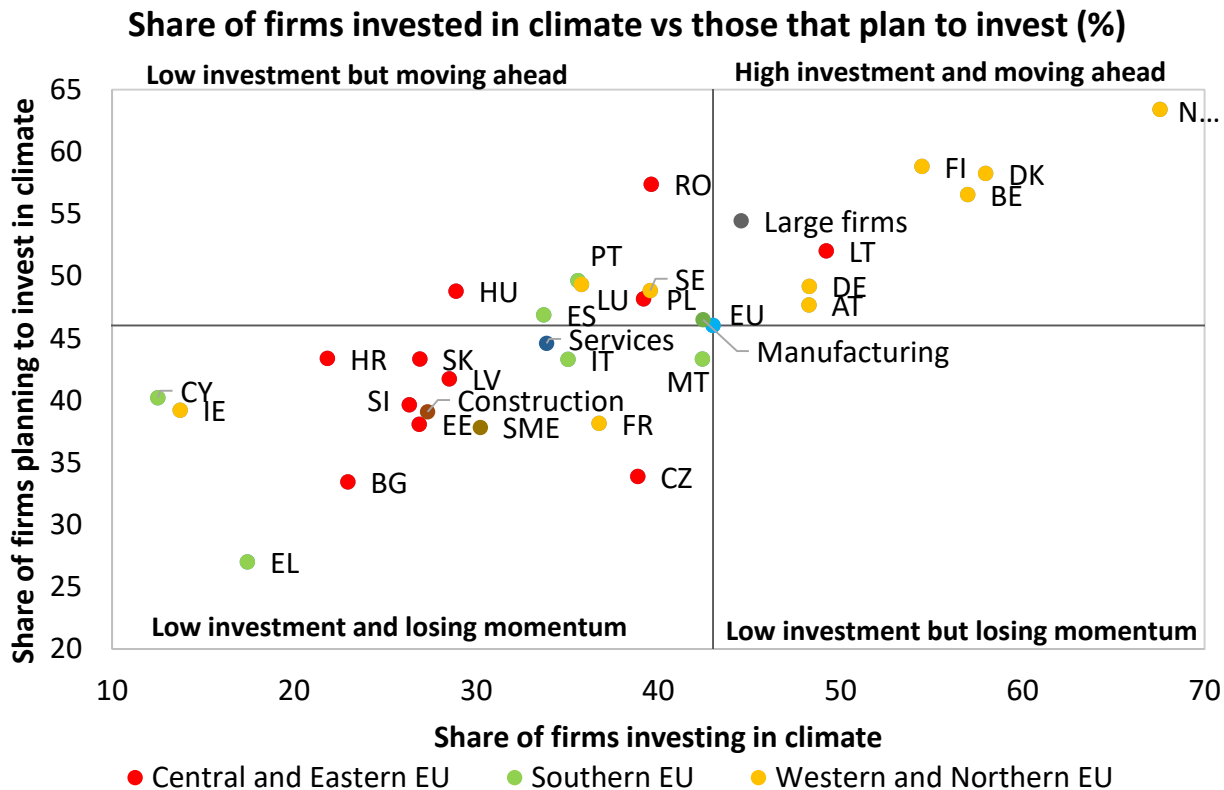
Deep dive – are EU firms climate friendly?



Climate investment stalls but the future looks brighter

Great heterogeneity in climate action (% of firms) across countries and sectors

EU vs. US firms are more climate-friendly, but the potential is still unexplored

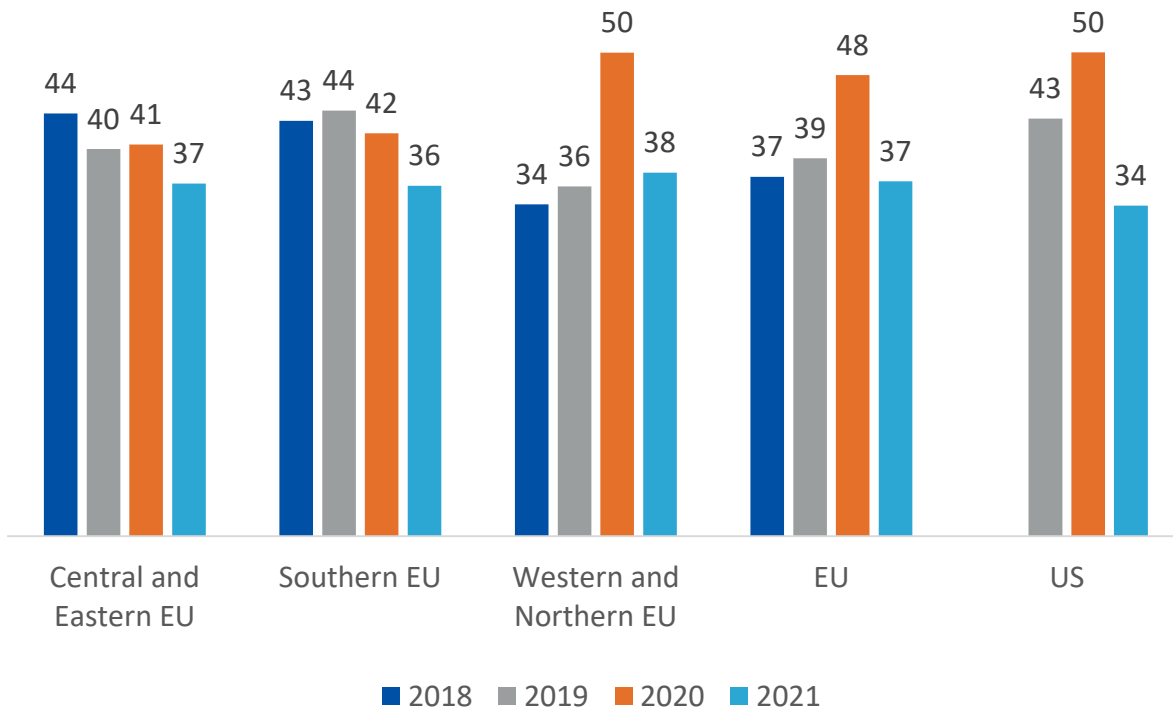


Source: EIBIS 2021

The pandemic brings new challenges to energy efficiency investment

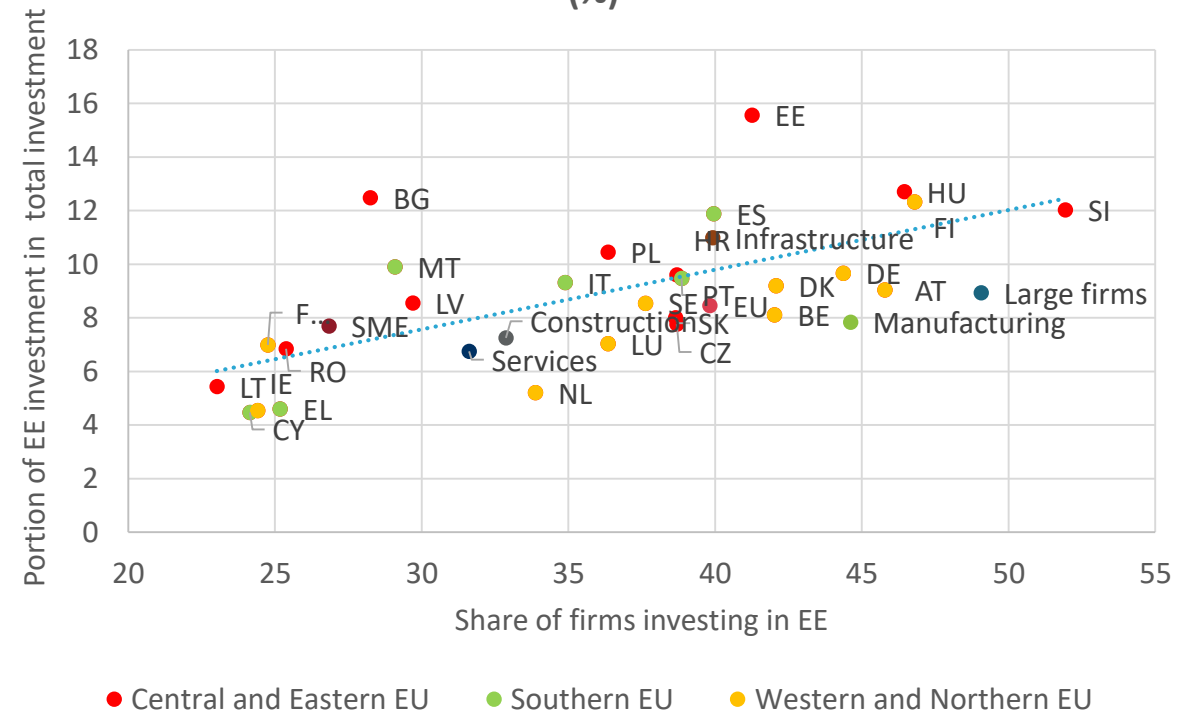
EE investment slow down

Share of firms investing in EE (% of firms)



Investment intensity and the share of firms investing go hand-in-hand

Share of firms investing in EE vs EE in investment budget (%)

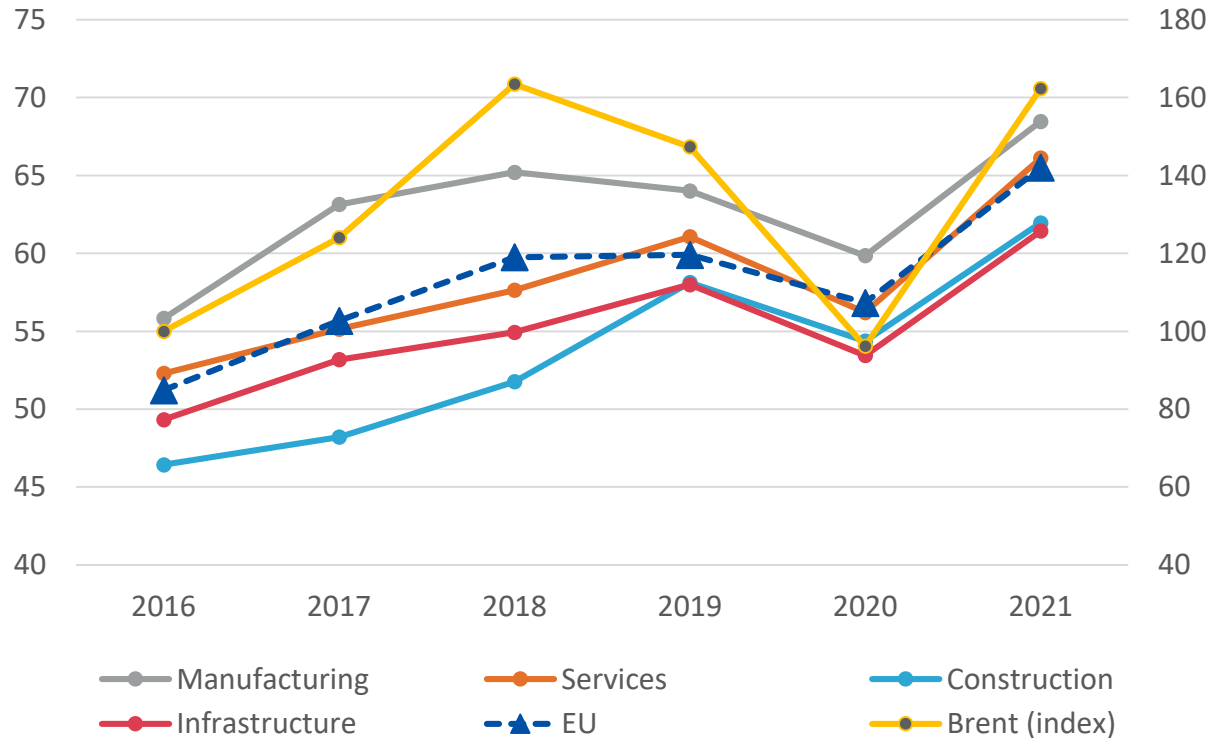


Source: EIBIS 2021

Firms warn of investment implications as energy costs soar, but....

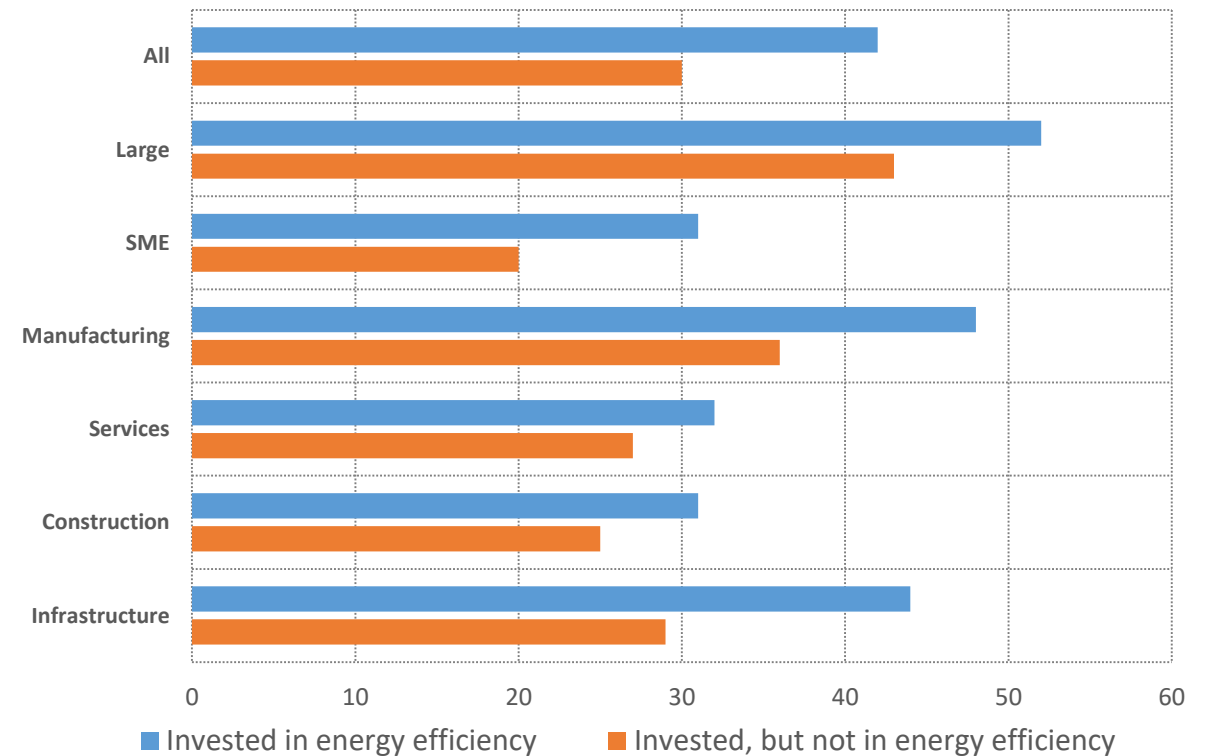
Growing concerns in sectors – aligned with Brent price evolution

Energy cost as an obstacle (% of firms) and Brent prices (2016=100)



Sings of a “modernization” than “downsizing” effect

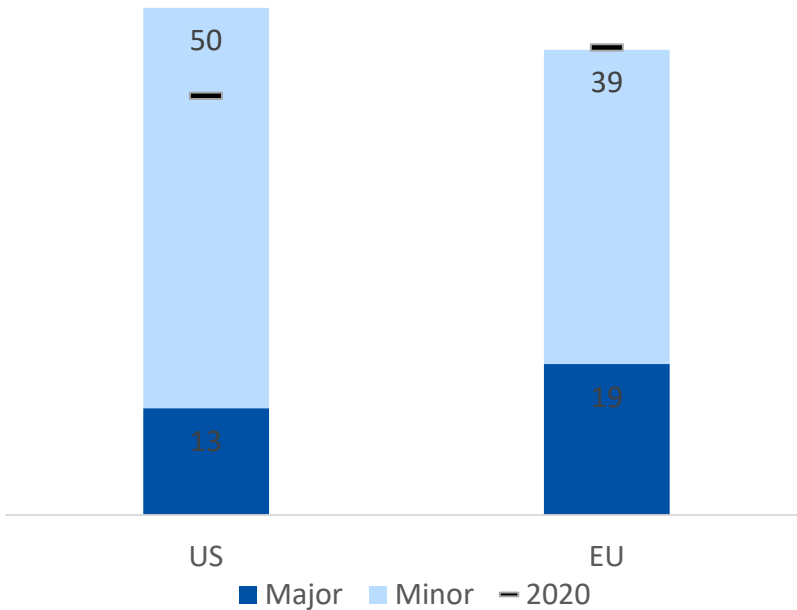
Firms (in %) perceiving energy costs as an obstacle and invested or not in energy efficiency



Climate change and transition are becoming a binding reality

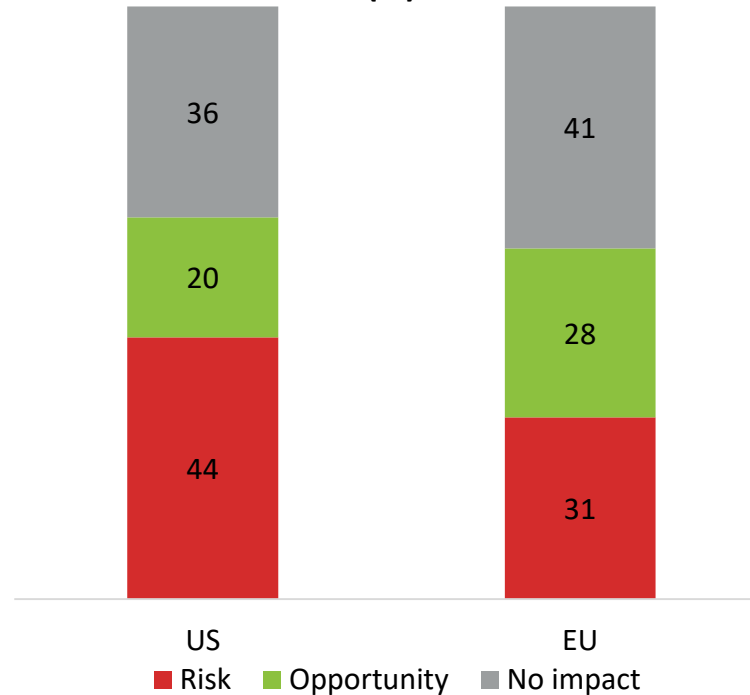
Physical risks top firms' list of concerns

Share of firms affected by climate change (%)



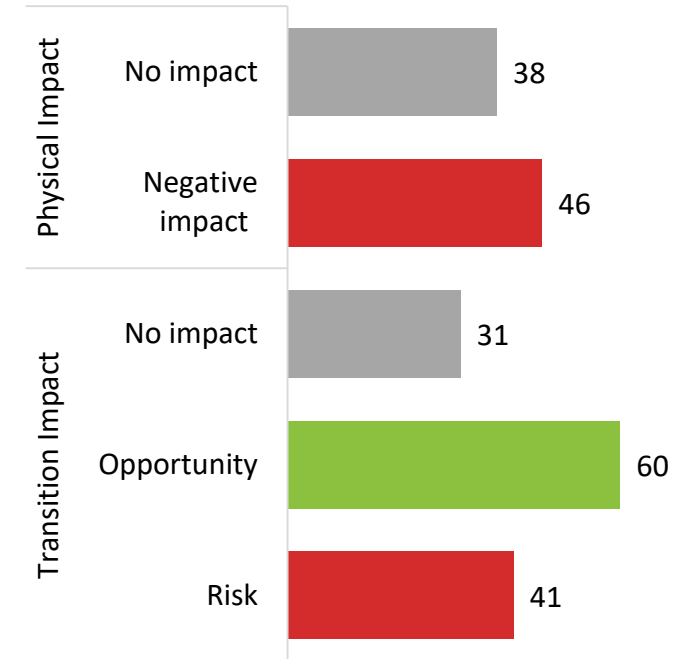
Risks abound, as do opportunities

Firms' perceptions of transition impacts (%)



Awareness is key to investments

Share of firms investing in climate by perception impact (%)

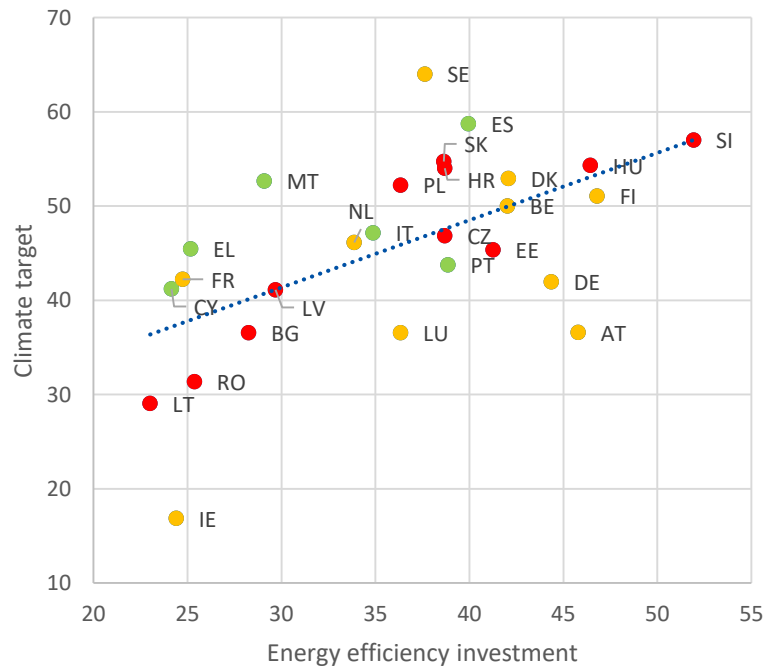


Source: EIBIS 2021

Uncertainty, finance and green management practices matter

Target setting is accompanied by actions

Share of firms investing in EE vs those with target setting (%)



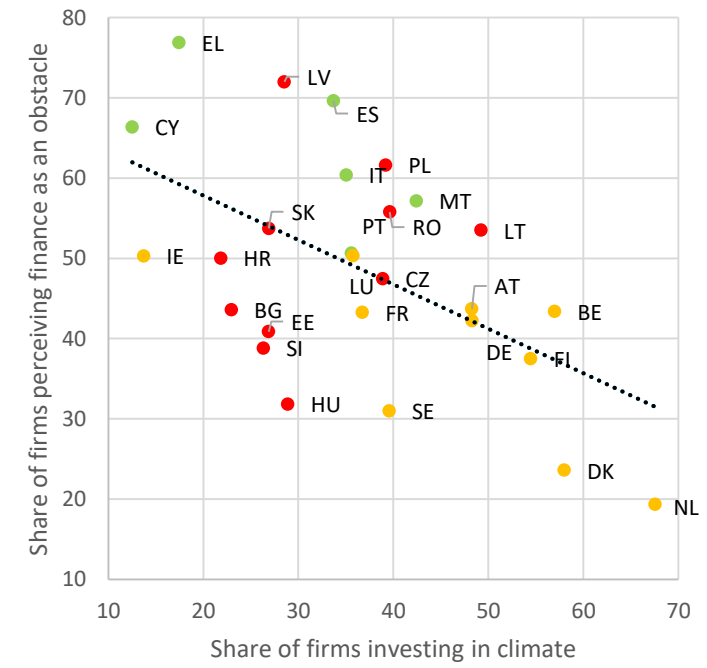
Uncertainty hinders investment decision

Uncertainty as an obstacle vs climate investment (%)



Finance is linked with investments

Finance as an obstacle vs climate investment (%)



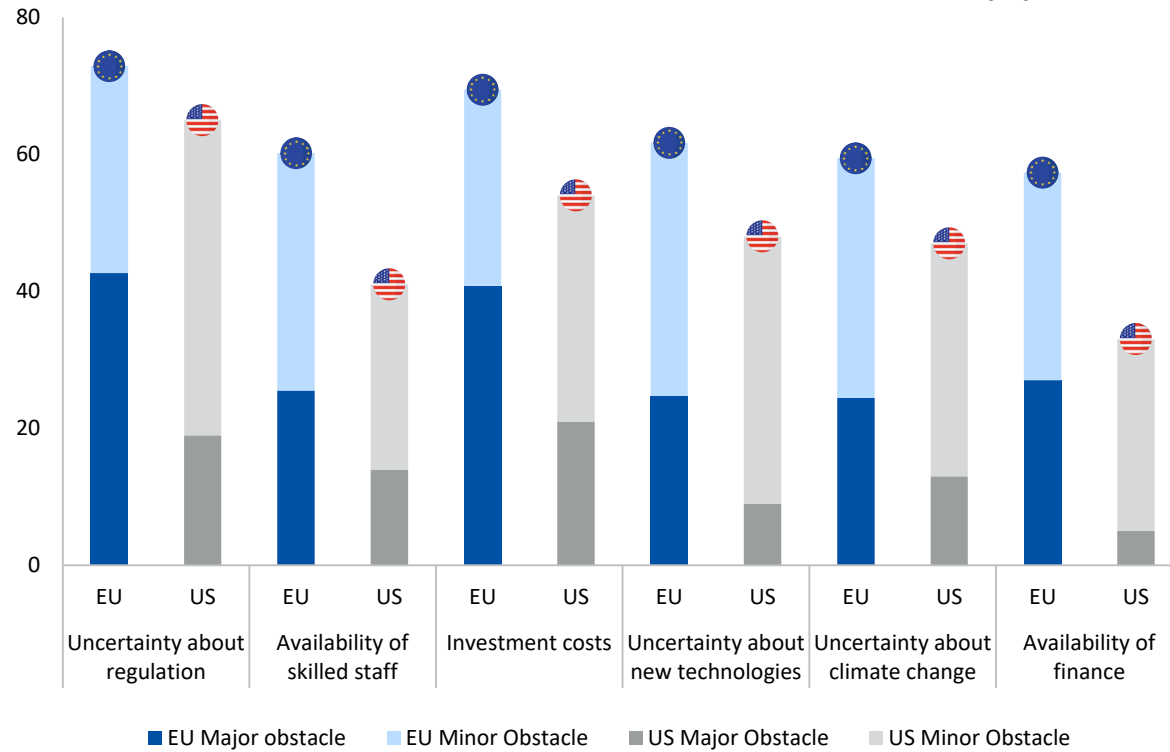
● Central and Eastern EU ● Southern EU ● Western and Northern EU

Source: EIBIS 2021

Uncertainty about regulation and taxation cited as the biggest threat

EU firms more likely to report obstacles

Obstacles to climate investment in the EU and the US (%)



Some obstacles seem to be linked with specific characteristics

Marginal effects of firms reporting investment obstacles (pp.)



Source: EIBIS 2020

Going forward – paving the way to a net zero-carbon future

02

Set up climate strategies

- ✓ Promote green management practices
- ✓ Assess impacts, vulnerability and risks
- ✓ Set targets and decarbonization paths

01

Increase awareness

- ✓ Raise awareness and ambition
- ✓ Share knowledge and guidance
- ✓ Engage smaller firms

03

Create an enabling environment

- ✓ Improve access to climate finance
- ✓ Strengthen the technical capacity
- ✓ Remove regulatory uncertainty