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## Financing the Green Transition

The results of the project on-the-field survey – the challenges of the Green Transition for the market and the finance sector in Europe

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## PROJECT CONSORTIUM

Coordinator:

Beneficiaries:

Affiliated:



Associate Partners:



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**# An approach to green transformation  
in light of the project's research  
findings**

**# SMEs' needs**

**# Internal and external engagement**



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## An approach to green transformation in light of the project's research findings

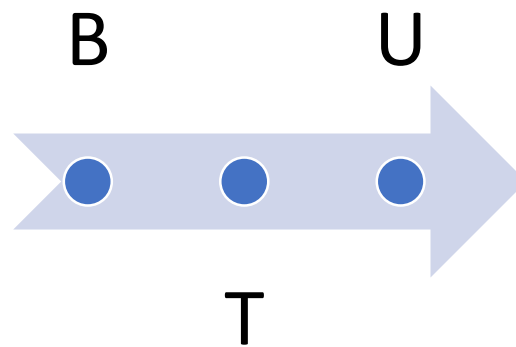
- Green transformation is an epoch-making process. The actions about green finance and financial skills in the financial sector should be realized in all levels: international, national, and local and organization and every possible channel. It is good idea to start by changing bad habits. Climate change and the solution to climate change need to be approached comprehensively, not just in one place, one country but everywhere (IDI\_9\_FR).



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## An approach to green transformation in light of the project's research findings (1)

- The trade union strengthen or introduce to enable a green economy and the creation of green jobs in couple of levels. The first level is increasing the awareness about ecological issues, and among them the importance of green jobs.



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## An approach to green transformation in light of the project's research findings (2)

- The General attitude toward the Green Deal is diverse between countries. It depends largely on historical, political and cultural conditions, as well as the level of economic development and even infrastructural deficiencies (IDI\_9\_FR, IDI\_14\_SK, IDI\_10\_RO, IDI\_11\_HU). There are countries that have already put green at the centre of their interests for many years. In these countries, programs aimed at protecting public health and conserving natural resources were already implemented several years ago. They show the strongest acceptance of the green deal, an understanding of the need for changes aimed at monitoring environmental protection and a willingness to promote pro-environmental behaviour among other countries. Good examples can be France and Nordic countries as well as Slovenia.



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## An approach to green transformation in light of the project's research findings (3)

- In Nordic countries, the green deal is present in the discourse in a broader context (IDI\_13\_SWE). In the case of Slovenia, government support for the implementation of the green deal is clearly highlighted, as are the concerns for future generations. Conversely, countries like Montenegro address the Green Deal and its related directives in a dual manner: formally, both the government and individual companies adopt numerous initiatives to integrate European objectives into the national context, but in practice, they face significant challenges in achieving this transition (IDI\_3\_MNE).



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## An approach to green transformation in light of the project's research findings (4)

In the case of countries from the post-communist bloc, greater reluctance to the regulations imposed by the European Union is signalled. This lack of a positive attitude is due to the communist past and people's reluctance to submit to top-down decisions (IDI\_10\_RO). In addition, greater concern is raised about the effects of implementing a green deal, mainly on the economy and workers. A strong fear of job losses, especially in brown sectors, is prevalent in these countries.





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**Green transformation is an epochal process but very complex and difficult. It should be a just transformation. The discussion and implementation of the process is also difficult because of the cultural differences in Europe. This is a big challenge.**



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## SMEs' needs

- While the general perception of the Green Deal is differentiated in different countries, what is at least partly related to the meaning of fossil fuels in energy mix in each of them, opinions on small and medium-sized enterprises (SMEs) in the Green Deal context is similar by country.
- The importance of SMEs in economy implies that regulations related to ESG are needed also for SMEs. The chance for more dynamic spreading ecological transition in SMEs, especially run by young owners, could be actual trends in society. Climate change, greening daily life behaviours, promotes greening economic activity.

*It is a buzzword, so to say, to be sustainable these days, and if you can show that you are in a company that works (...) In a modern way to try to transform the industries that is of often seems as very positive (ISI\_13\_SWE).*



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## SMEs needs (1)

- In this context, SMEs can look at green finance as an opportunity for business development in a specific direction related to pro-environmental activities. They will soon have to become interested in the green deal in the context of meeting standards, generating pollution, and reporting information on the harmfulness of their activities. Government subsidies encourage environmentally friendly activities. In the case of a green deal, there should also be some incentive.



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## SMEs needs (2)

- The interviews point out a common fundamental challenge in executing and managing ecological transition processes. Among these challenges, there is a notable economic and financial difficulty in making production method changes aimed at green transition and simultaneous productivity enhancement. As desk research study shows, climate change policies and climate change itself impact the bottom line of SMEs. First, there are costs associated with climate change policies, such as adherence to regulations and standards. Secondly, SMEs suffer from rising energy costs, due to carbon taxes and other pricing mechanisms. Thirdly, SMEs face changing demand patterns. Finally, there is the impact of climate change itself, which is also felt by SMEs (*Report on the Desk research on the European strategy to the Green Economy transition and sociological implication*, GreenFin project internal report, 2023). Financially, the core issue lies in the lack of effective entities providing information on transition process funding or managing SMEs according to their specific peculiarities (IDI\_3\_MNE).



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## SMEs' needs (3)

- For SMEs, advisory assistance from banks would be valuable too. The role of bank employees should move in the direction of being experts (IDI\_10\_RO).

*I think that could really be useful to get advice on how to go about and how to also. Maybe tweak your idea to make it more adaptive and so I think that is, I mean that could be of course part of what the banks are doing (...) There are initiatives linked to the universities or other that can help SMEs with new ideas (IDI\_13\_SWE).*

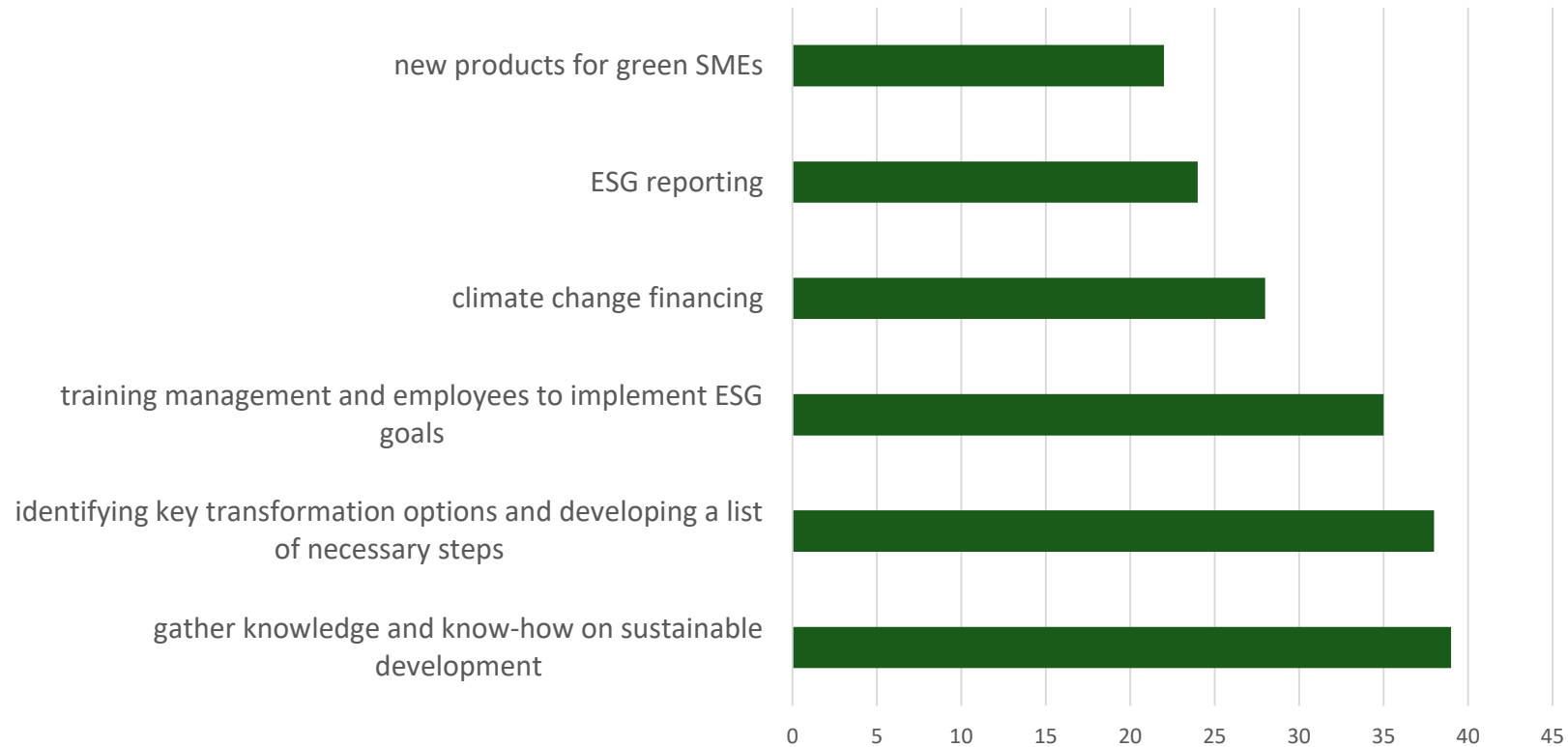
- Banks could inform SMEs about the green transformation.



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## SMEs' needs (4)

Graph 1. GreenFin online survey – training & consulting needs of SMEs (Q28)



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## SMEs' needs (5)

*Maybe such information as the board/the management sends to us, could be sent to the SME (IDI\_14\_SK).*

- Banks could develop such transitional programmes so as not to suddenly impose too many obligations on SMEs. Some banks are already undertaking green deal initiatives in relation to SMEs, but the level is varied and rather low.



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**The needs of small and medium-sized companies are spelled out. The banking sector can relate to them. Certainly, an adequate response will benefit the competence and well-being of employees and also the image of banks.**





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## Internal and external engagement

- Specific policy tools and actions proposed by unions to promote a green economy and the creation of green jobs include, according to gathered interviews, a comprehensive union policy, ranging from educational and cultural initiatives to introducing new mechanisms and collaboration models with the company and other stakeholders, i.e., mechanisms related to worker involvement, such as including indicators in worker assessment criteria that have a direct impact on environmental, economic, and social sustainable development (IDI\_5\_IT).



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## Internal and external engagement (1)

- Similarly, due to the breadth of transition processes, it is essential to involve an increasing number of stakeholders in the creation and management of these transitions. Not only does it seem necessary internally for the union to establish a dedicated working group or a specialized committee to address this issue (IDI\_2\_EWC), but it is also imperative that the internal theme is shared with workers, institutions, and territories to respond effectively to challenges and capitalize on opportunities to engage even those who might be excluded or affected by the potential negative impacts of the transition (IDI\_5\_IT).



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## Internal and external engagement (2)

- Among the various challenges emerged, there is a notable lack of comprehensive information on this matter, especially concerning the relationship with companies or sector employer associations. Consultations or relevant details are significantly absent, posing the obvious risk that the union is not involved upstream in the decision-making processes about the transition (IDI\_2\_EWC). Similarly, the same European and national regulations, namely policies supporting transformation and reconversion paths, often do not involve the trade union associations.
- It is necessary to increase awareness of society that environmental responsibility is an obligation of each country. An effective environmental policy requires the interaction of public authorities and society as a whole. Environmental responsibility starts with providing information to people on which solutions to start using for the greening of the economy, private lives, households and workplace.



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**Including numerous and diverse stakeholders in the green transformation process in accordance with the idea of participation can improve communication, provide qualitative information, and increase the sense of agency, engagement and involvement.**

