Federal Ministry
Republic of Austria
Climate Action, Environment,
Energy, Mobility,
Innovation and Technology

Federal Ministry
Republic of Austria
Finance

EU 2021/241, RRP, Reform 4.D.6., Milestone 161

Report on Monitoring and Evaluation of the Austrian Green Finance Agenda

Monitoring and Evaluation Report on the Austrian Green Finance Agenda

To implement the Austrian Green Finance Agenda in an impactful and cost-efficient way, the BMF and the BMK have developed an indicator-based monitoring and evaluation concept as stipulated in the operational agreement between the European Commission and Austria in accordance with Regulation (EU) 2021/241.

Setting a sustainable course

The Green Finance Agenda aims to channel private financial flows into low-emission and sustainable investments and to better manage sustainability risks. The Agenda points the way towards a climate-friendly, environmentally sustainable financial sector and identifies strategic measures and fields of action that trigger a boost in growth and innovation for climate-friendly investments and the systemic redirection of financial flows to achieve climate targets.

The Austrian Green Finance Agenda was adopted by the Federal Government and published by the Federal Ministry of Finance (BMF) and the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in September 2023 as a strategy including specific steps for implementation based on expertise in markets, science and administration. A wide range of stakeholders has been involved in the dialogue process to develop the Green Finance Agenda. The stakeholder-based Focal Group Green Finance was instrumental in designing the Green Finance Agenda.

Monitoring

The monitoring scheme provides the basis for consistent, continuous and traceable evaluation of the implementation of the Austrian Green Finance Agenda. For each of the 25 measures quantitative and/or qualitative indicators have been selected in order to measure the achievement of the implementation steps. The two responsible ministries for the Austrian Green Finance Agenda, BMF and BMK, are also primarily responsible for the measurement and data availability. However, the financial market supervisory authority and the Austrian National Bank also carry responsibilities in the area of green finance and in implementing the Austrian Green Finance Agenda. Information from the market is obtained via the Focal Group Green Finance, which meets on a regularly basis.

This report supplements the measures of the Green Finance Agenda with disclosure on the implementation status per 1 April 2024 and the underlying indicators and monitoring responsibilities:

Mobilising capital – Action areas, implementation steps and indicators to monitor the implementation

Issuing government green bonds

A government green bond scheme helps to ensure transparency with regard to pricing and improving reporting on green investments. An allocation report is published annually and this, along with an impact assessment, provide useful information – even after the bonds have been issued – on which environmental targets have been achieved with the help of issuing green bonds.

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Green Instruments
  - Volume of Green Instruments
  - CO2 mitigation
- Monitoring responsibility: BMF

Expanding the catalogue of reliable investments and enshrining sustainability in the Federal Act on Corporate Staff and Self-Employment Provision (BMSVG)

Amending the Federal Act on Corporate Staff and Self-Employment Provision (Betriebliches Mitarbeiter- und Selbständigen-Vorsorgegesetz; BMSVG) could help to ease these restrictions. In addition, sustainability needs to be explicitly incorporated into the BMSVG as an investment criterion.

- Implementation status: In implementation
- Indicator/s:
  - Assessment is conducted (yes/no) and possible legal proposal
- Monitoring responsibility: BMF

Utilising scope for action for prospectus requirement

Investments/securities with a total value of more than EUR 2 million are currently subject to a prospectus requirement. However, the EU legal framework allows the national legislator to set a higher threshold of EUR 8 million. Making use of this scope to raise the limit would make it possible to avoid the requirement to publish a prospectus on green investments.

- Implementation status: Completed
- Indicator/s:
  - Assessment is conducted (yes/no), if yes: legislative proposal
- Monitoring responsibility: BMF

Breaking down further barriers to sustainable investment

To exploit the full potential of sustainable investments, all potential obstacles need to be systematically identified in a collaborative process involving both the public and private sectors – for example, through stakeholder events and other dialogue formats. As a consequence, they need to be thoroughly examined by the relevant institutions as a basis for coming up with possible solutions for overcoming them.

- Implementation status: In implementation
- Indicator/s:
  - Identification took place (yes/no) – if yes: description
  - Number of discussion points (TOPs) in the Focal Group

- Monitoring responsibility: BMK

Continuing the dialogue with Austrian stakeholders

In the interest of creating the opportunity to share experiences across institutional boundaries, the BMK together with the BMF launched the Focal Group Green Finance. This dialogue will be continued in the future. The Focal Group Green Finance is set to continue meeting regularly in response to industry requests. Furthermore, the cornerstones are set for other exchange formats to ensure a broad dialogue.

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Number of meetings
  - Number of recipients of the Green Finance Newsletter
- Monitoring responsibility: BMK

Boosting green project financing

The need to build the right kind of bridge between the project level and the financing level is particularly important in the case of Austria. To achieve this, dialogue opportunities, workshop programmes, and networking schemes need to be further strengthened. The findings, process models, blueprints, and other information gained from these need to be made available to all stakeholders to achieve the desired scaling effects. The acceptance of models by end users, such as investors, is a key success factor in this regard.

- Implementation status: In implementation
- Indicator/s:
  - Number of grants approved
- Monitoring responsibility: BMK

Expanding the range of green forms of investment for the public

Citizens, as small-scale investors or consumers, and small and medium-sized enterprises (SMEs) are crucial to enabling the green transformation. The task of improving the public's understanding of finance is already included under the "transparency and long-term approach" pillar of the Green Finance Agenda and is being put into practice at national level as part of the "green financial literacy" action area (see Section 3). National schemes

need to continuously be evaluated and implemented in line with findings from European projects.

- Implementation status: In implementation
- Indicator/s:
  - Qualitative description (yes/no)
- Monitoring responsibility BMF

Bolstering green projects at municipal and provincial level

Meeting Austria's climate and energy targets in a cost-efficient way also requires effective measures at the level of the provinces and municipalities. With this in mind, the development of climate-friendly infrastructure at municipal and provincial level is to be channelled through existing federal/provincial agreements in the future.

- Implementation status: In implementation
- Indicator/s:
  - Consideration of environmental and climate priorities in financial equalization through targets in the Future Fund, 2024-2028 (yes/no)
  - Financial allocation to municipalities for local public transport companies, regulated in FAG 2017 and from 2024 in FAG 2024 (annual, performance figure)
- Monitoring responsibility: BMF

Using existing federal instruments to bolster green finance and raise private capital

In addition to a green finance funding programme (Climate and Energy Fund), an Austrian Green Investment Pioneers programme (klimaaktiv) has been launched, clearly signalling the public sector's intention to step up green finance. The federal government plans to continue using its existing instruments and initiatives to maximise the efficiency of the green finance measures put in place and provide them with the best possible support.

- Implementation status: In implementation
- Indicator/s:
  - Number of grants approved
- Monitoring responsibility: BMK | BMF

Green Finance Alliance

Under the Green Finance Alliance, participating financial companies commit to gradually aligning their portfolios with the climate targets of the Paris Agreement and expanding green activities within their core business. The aim is to establish an alliance of pioneers to help transition the Austrian financial sector towards a business model that is compatible with the Paris Agreement. Climate performance or the implementation of defined criteria within individual companies is reviewed on an annual basis.

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Percentage of criteria met
- Monitoring responsibility: BMK

Establishing Taxonomy-aligned financial instruments for the Austrian market

Steering private capital towards climate- and environmentally friendly investments in line with the objectives of the Taxonomy Regulation requires green financial instruments. These link financial companies to sustainable projects, such as schemes to develop renewable energies or measures to improve energy efficiency. The federal government is supporting efforts to redirect private capital flows towards sustainable investments by adjusting existing instruments (e.g. grants, guarantees) with Taxonomy criteria in mind.

- Implementation status: In implementation
- Indicator/s:
  - Implemented Recommendations/Measures from the Spending Review Module 3
- Monitoring responsibility: BMK | BMF

Using digitalisation to promote green finance

Digitalisation is changing existing business models. The FinTech Advisory Council set up by the BMF in 2018 is discussing the challenges being faced and potential improvements to the framework.

The Government Programme 2020 - 2024 plans for increasing use of digitalisation in the Austrian capital market, as well as in other areas. When it comes to monitoring and reporting in particular, FinTech can use blockchain technology to also help reduce the transaction costs of green investments and monitor compliance with sustainability criteria

such as the Taxonomy Regulation more efficiently. The FinTech Advisory Council serves as an ideal forum for discussing possible options.

- Implementation status: In implementation
- Indicator/s:
  - qualitative description
  - Number of companies in the OeKB ESG Data Hub
- Monitoring responsibility: BMF | BMK

Investing public funds in an environmentally sustainable way

One of the biggest Austrian investors in equity participations is the federal government. Government participations have the potential to set an example when it comes to implementing the long-term targets of the Paris Agreement. Possible supporting measures range from amending the ÖIAG Act 2000 to using the Paris Agreement Capital Transition Assessment (PACTA) tools to regularly review the extent to which investments are in line with climate targets.

- Implementation status: Planned
- Indicator/s:
  - Integration of sustainability indicators into the ownership strategies of the BMF Sustainability indicators in company reports in accordance with CSRD
  - Implementation of the Spending Review Module 4
- Monitoring responsibility: BMF

Creating a green business location that is competitive and stable

The idea of introducing a “green supporting factor”, i.e. lower equity requirements for loan-financed environmental projects, has been rejected for the time being at European level as it has been deemed impractical and not worth the risk. To set some measures in motion in the meantime, the decision has been made to offer supervisory incentives to encourage banks to press ahead with their activities in a risk-appropriate and environmentally worthwhile way.

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Active participation in committees at European level & description of specific activities

- Monitoring responsibility: BMF

Managing risks – Action areas, implementation steps and indicators to monitor the implementation

Guide for companies in the financial sector on managing sustainability risks

This initiative launched by the Austrian Financial Market Authority and Oesterreichische Nationalbank (OeNB) provides information, guidance, standardised methods, and key performance indicators to support companies in incorporating climate and environmental risks into their risk management systems.

Monitoring:

- Implementation status: In implementation
- Indicator/s:
  - Publication of Guidelines and Updates on managing sustainability risks
- Monitoring responsibility: BMF

Measuring and managing the extent to which financial flows are geared towards climate compatibility

Back in 2020, the BMK, together with the BMF, invited Austrian financial companies to take part in a national PACTA analysis, as featured as a measure in the NECP[1]. The results for Austria can be found on the BMK's website. As a follow-up an analysis of the climate orientation of the Austrian financial market on the compatibility of Austria's lending and investment portfolios with a decarbonisation pathway is in progress with a broader scope of participants.

- Implementation status: In implementation
- Indicator/s:
  - Results of analysis on compatibility of Austria's lending and investment portfolios with a decarbonisation pathway

[1] National Energy and Climate Plan: energy.ec.europa.eu/system/files/2020-03/at_final_necp_main_en_0.pdf

- Monitoring responsibility BMK

Climate risk management initiative

The development of the Green Finance Agenda has been supported by various supervisory authority activities. The supervisory authorities offer regulatory and supervisory guidance to help the financial market and those involved in it transition to a sustainable business model. Methodological support is also needed going forward to reinforce the focus on sustainability.

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Number of topic-related formats (webinars, events)
  - Number of participants
- Monitoring responsibility: BMF

Generating research findings for the financial sector that are relevant to practice

Research and education can help highlight and build an understanding of climate-related risks in the financial market and put them in context. In addition to managing the financial market's exposure to climate risk, it is important to analyse the effect of green finance measures on the real economy.

- Implementation status: In implementation
- Indicator/s:
  - Survey at Universities and Colleges on the number of chairs for sustainable finance
  - Number of SF-related university courses
- Monitoring responsibility: BMK

Developing strategies and taking measures to avoid declines in value

To avoid declines in value, financial companies need to know the extent to which they are affected by climate and environmental risks and how much their assets are exposed to them. They therefore need to strategically align their portfolios with the Paris climate goals, calculate the carbon footprint (weighted carbon intensity) for all their relevant portfolios, and disclose this as recommended by the Task Force on Climate-Related

Financial Disclosures (TCFD), and carry out an assessment of climate and environmental risks relating to investments, participations, project financing, and lending.

- Implementation status: In implementation
- Indicator/s:
  - ESG Risk Management Scenario Analysis
  - Stress test results & follow-up
- Monitoring responsibility: BMF

Promoting transparency, a long-term approach, and effective impact – Action areas, implementation steps and indicators to monitor the implementation

Creating uniform standards and criteria for green financial products and standardising ESG ratings for businesses

A number of binding and non-binding minimum standards for green financial products are currently being developed or revised at both national and European level (e.g. EU Green Bond Standard, EU Ecolabel for Financial Products, EC legislative proposal on ESG ratings, Austrian Ecolabel). The Austrian federal government is supporting the negotiations on the European level and helping to fast-track the implementation of the Taxonomy Regulation by providing information for stakeholders and taking this regulation into account in national standards, such as the 2022 aws[2] Guarantee Guidelines.

- Implementation status: In implementation
- Indicator/s:
  - Number of UZ49-certified retail financial products/payment accounts
  - Volume of UZ49-certified retail financial products/payment accounts
- Monitoring responsibility: BMK

[2] Austrian promotional bank: „austria wirtschaftsservice“

Standardising methods and KPIs

The Austrian Financial Market Authority recommends that disclosures about sustainability risks be continuously updated in accordance with the latest scientific developments. The Austrian federal government is supporting the development of ambitious and consistent reporting standards and is actively involved in consultation processes (e.g. EFRAG's European Sustainability Reporting Standards [ESRS] on formalising CSRD requirements).

- Implementation status: In implementation
- Indicator/s:
  - Participation in relevant working groups (national | international)
- Monitoring responsibility: BMK

Publishing qualitative and quantitative environmental KPIs and systematically using them for informed decision-making

To promote transparency and disclosure of climate and environmental impact, companies operating in the financial sector and the real economy are advised to calculate and disclose their CO2e emissions based on the GHF Protocol (Scope 1, 2, and 3) and to publish indicators of negative effects on sustainability (adverse ESG impacts) in line with the Sustainable Finance Disclosure Regulation

Oesterreichische Kontrollbank (OeKB) has developed an ESG Data Hub that enables all companies (directly or indirectly) subject to reporting obligations in future to calculate and upload their data in a straightforward way and make it easily accessible to organisations in the financial sector.

- Implementation status: In implementation
- Indicator/s:
  - Qualitative description
  - Number of companies in the OeKB ESG Data Hub
- Monitoring responsibility: BMK

Standardised pricing of CO2e emissions in investment and financing decisions

A clear CO2 price for emissions outside the EU Emissions Trading System (EU ETS) was introduced on 1 October 2022. This is steadily being increased based on a given price path and may potentially be incorporated at European level, while the EU ETS may be

expanded to other sectors. The price per tonne of CO2, which is currently a fixed price, was EUR 30 in 2022 and stands at EUR 35 in 2023. It is set to rise to EUR 45 in 2024 and EUR 55 in 2025. After that, emission allowance trading will move into a market phase (or into a European system).

- Implementation status: Completed | Ongoing
- Indicator/s:
  - Development of national CO2 price
- Monitoring responsibility: BMF

Incorporating long-term environmental objectives into economic decision-making processes

Companies in the financial sector and the real economy, along with state-owned enterprises and state-affiliated organisations, are advised to evaluate their business (area) strategies with environmental and climate aspects in mind and to adapt their objectives and internal requirements where necessary. For financial companies, it is particular important to implement long-term scenarios with regard to lending and risk management.

- Implementation status: In implementation
- Indicator/s:
  - Number of Green Finance Alliance Members
  - Analysis of CSRD disclosure obligations
- Monitoring responsibility: BMK

Green financial literacy

There are numerous activities aimed at promoting financial literacy with regard to sustainability in Austria.

A key aspect of the National Financial Literacy Strategy involves working with individual programmes and initiatives to raise awareness of the importance of ESG factors and warns against the effects of greenwashing Furthermore, the Austrian financial education portal is scheduled to go live in 2024, providing another channel for highlighting topics related to sustainable finance.

To foster a financially sustainable and forward-thinking industry, climate and environmental aspects must be integrated into existing financial processes at all levels.

Comprehensive skills and knowledge development is therefore needed on topics relevant to the environment and climate and their interrelationships with the financial sector.

- Implementation status: In implementation
- Indicator/s:
  - Number of measures promoting green financial literacy
- Monitoring responsibility: BMF | BMK

Enhancing impact and cost-efficiency

To make sure the Green Finance Agenda is implemented in an impactful and cost-efficiant way, regular and systematic success monitoring is required.

The first step is the monitoring and evaluation report for implementing the Green Finance Agenda, as stipulated in the operational agreement between the European Commission and Austria in accordance with Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility which displays the implementation status per 1 April 2024 around six months after the publication of the Green Finance Agenda.

Moreover, the Green Finance Agenda itself needs to be evaluated regularly and adapted as required. The evaluations, including the terms of reference for the review, will be carried out by the BMF in collaboration with the BMK. The first of these joint reviews must be carried out by 31 December 2026.

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Media owner, publisher, editor:
Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology,
Radetzkystraße 2, 1030 Vienna, Austria