

# Scaling up **green finance** to achieve the **climate targets**: macro-financial opportunities and challenges for **Austria**

Irene Monasterolo, Andrea Mazzocchetti, Michael Miess (WU), Asjad Naqvi, Nepomuk Dunz (IIASA),  
Angela Koepl, Daniela Kletzan-Slamanig (WIFO), Luca de Angelis (UNIBO)

## Green Deal financing in Austria: research questions and methods

**WP1:** What role markets, policies, institutions play in driving/hindering green finance?

*M1: Textual analysis, experts' survey, policy analysis*

**WP2:** Are Austrian investors (mis)pricing green finance risks/opportunities for returns?

*M2: Latent class analysis, financial econometrics, market model*

**WP3:** Credible **policies** advocated to signal the market but **uncertain design, implementation,** impacts (competitiveness, public debt, markets, inequality)

*M3: Macroeconomic analysis: EIRIN Stock –Flow Consistent Agent Based Model*

**WP4:** Disorderly transition could drive **carbon stranded assets** in Western Balkans and cascade via networks of financial exposures to Austria

*M4: Two-regions macro financial network model*

**WP5:** development of operative green finance toolkit inform Austrian decision-makers

*M5: stakeholders' knowledge co-production, research-policy interface*

## Contextualization of research in post COVID-19 world

- **How to finance the Green Deal?** Complementarity of mission-oriented policies, instruments
- To what extent **COVID-19** affects the Green Deal implementation?
- Challenges for stakeholders' engagement in project implementation

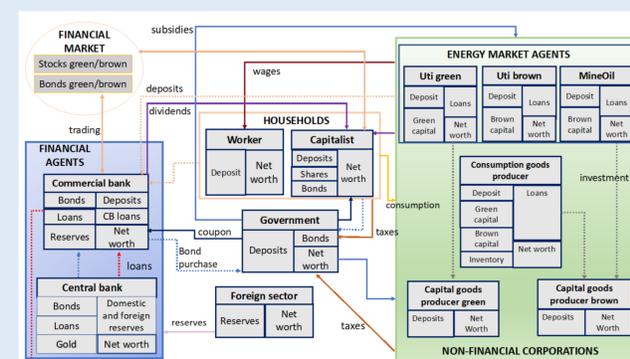
## Progress and preliminary results

- EIRIN model further development and application:
  - **European Central Bank (ECB)** Climate Stress-test (Monasterolo ea 2020a)
  - **World Bank (WB)** in compound climate-COVID risk (Monasterolo ea 2020b)
- Two-regions SFC model development: application to EU green fiscal and macropru (Dunz. ea 2020)
- Identification of stakeholders' network
- Financial market analysis: database, model development

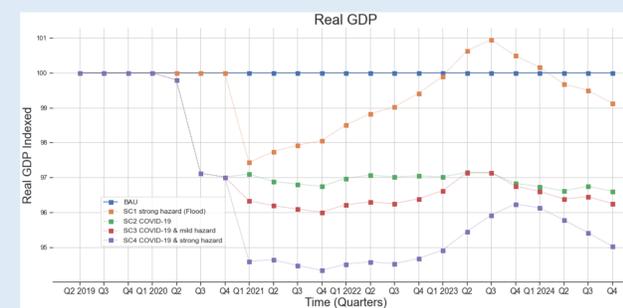
### DISSEMINATION:

**Presentations.** Past: EIOPA, COP25, ECB, WB, UZH Sustainable Finance. Forth: CREDIT 2020, EAEPE2020, EC Summer school

**Publications:** Ecological Economics, Journal of Financial Stability, Annual Review of Environment and Resources, **G20** chapter, **NGFS** chapter, Financial Times, UN PRI, Euractive



Monasterolo et al. 2020a



Monasterolo et al. 2020b

Impact on	GSF (SC1)	CT & without climate sentiments (SC2)	CT & with climate sentiments (SC3)
GDP (y)	~	↓↓↓	↓↓
Relative Prices (Green vs. Brown) ( $y^g/y^b$ )	↓	↓↓↓	↓↓
Green vs. Brown Productivity	↑↑↑	↑	↑↑
Capital Adequacy Ratio Volatility (CAR)	↑	↑↑	↑↑
NPL F ( $NPL^F$ )	~	↑	↑
NPL B ( $NPL^B$ )	↑	↑↑	↑↑
NPL G ( $NPL^G$ )	↓↓↓	↓	↓↓

Dunz et al. 2020

Learn more and engage: <http://greenfin.at/>

Contact: Dr. Irene Monasterolo (PI) irene.monasterolo@wu.ac.at