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The role of the government in the development of green financing

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Abstract

The study focuses on the role of the government in financing the green economy and the development of the market of socially responsible investment. The paper considers the Russian and foreign experience of governmental support of green financing, as well as some tools to stimulate green investments. Conclusions are drawn about the effective configuration of the state and the private sector to stimulate green investments.

Keywords: green investments, green financing, socially responsible investments, green economy, green bonds.

Аннотация

Исследование посвящено вопросам роли государства в финансировании «зеленой» экономики и развитии рынка социально ответственного инвестирования. Рассматривается российский и зарубежный опыт государственной поддержки «зеленого» финансирования, а также инструменты стимулирования «зеленых» инвестиций. Сделаны выводы об эффективной конфигурации государства и частного сектора для стимулирования «зеленых» инвестиций.

Ключевые слова: «зеленые» инвестиции, «зеленое» финансирование, социально-ориентированное инвестирование, «зеленая» экономика, «зеленые» облигации.

Introduction. Currently, high rates of economic growth are accompanied by negative externalities, one of which is the aggravation of environmental risks associated with climate change, environmental pollution, depletion of natural resources, etc.

At the moment, green financing is becoming an integral component in achieving global and national sustainable development goals and the formation of a low-carbon economy, determining further prospects for the development of the international financial system through the active growth of the green segment of the global financial market and responsible investments. In this regard, many governments are committing themselves to the transition to a green economy, the implementation of innovative environmental projects and the development of national markets for green securities.

Studying the role of the government in the development of green financing seems necessary to identify the most effective ways to stimulate socially responsible investments and assess the future prospects for the development of the green financing market.

Materials, methods and objects of research. As part of this study, an analysis of academic literature on green financing was carried out, reports and materials of international organizations were studied and analyzed, and the prospects and barriers of governmental stimulation of green financing were identified.

Purpose of research. The purpose of this research is to study the role of the government in the development of green finance.

Research results.

The role of the government in the development of green financing.

At present, the role of the government in financing the green economy is concentrated mainly on strategic directions and only to the extent that provides attractiveness for private investment.

While governments are faced with the need to qualitatively change the structure of the national financial systems in accordance with the goals of sustainable development, public policy measures aimed at supporting the green sectors, along with government regulation and support of the banking system, the insurance system, the stock market, institutional investors are one of the main levers to ensure the stability of the financial system and the transition to green growth [Ministry of Finance, 2018].

Informational role of the government.

One of the key government measures to stimulate socially responsible investment is to raise the awareness of businesses and the public about the potential benefits of the implementation of green innovation projects, informing them about responsible production and consumption. The informational role of the government is also to create an effective regulatory framework for green financing for investors, within which it is necessary to outline the key requirements and definitions of green standards and projects. Harmonization of national and international standards plays a special role here [Fedorova, 2020].

Coordinating role of the government.

The coordinating role of the government in the development of the national green finance system is to develop strategic documents in the field of socially responsible investment – concepts and roadmaps for long-term development, taking into account the environmental component, the creation of national standards and guidelines for green finance.

Expert and analytical role of the government.

Among the measures in this area, it is necessary to highlight the examination of green innovative projects in order to identify the potential environmental benefits achieved during their implementation, and to support investors in assessing the investment attractiveness of the project.

Regulatory role of the government.

Among the methods of government regulation of the market for green financing, it is necessary to highlight such measures as the creation of an emissions trading system; using subsidies and tax preferences to adjust the cost of green projects for investors; support of green projects by government organizations [Fedorova, 2020].

Stimulating role of the government.

Incentive measures include the provision of guarantees, the insurance systems to banks to stimulate investment in green projects; the launch of government-regulated innovations in the financial sector: the issuance of green bonds/securities backed by ABS assets, the creation of profitable companies (Yieldcos).

Meantime, at the moment there are a number of problems associated with government regulation of green financing. One such problem is the acute shortage of private investment. Currently, the main investor in green projects is the government – significant amounts of the federal budget are directed to green financing, while private investment does not show a tendency to replace the public. Moreover, government green finance instruments continue to play a primary role in the green bond market, while market-based instruments are not widely used. To overcome these limitations, national governments are looking for new innovative approaches aimed at stimulating green economic growth and generating sources of green financing [Ministry of Finance, 2018].

Russia's experience in stimulating green financing.

Today, one of the strategic directions of the development of the Russian Federation is the development of a green economy and the formation of a market for green securities. At the same time, the current Russian level of green investment is insufficient for green development, and green bonds account for only 0.9% of investments in fixed assets [Semenova, 2020].

In order to stimulate the development of socially responsible investment in Russia, it is necessary to take a set of government support measures aimed at creating a favorable

investment climate, attracting private capital and raising public awareness of the potential benefits associated with the implementation of green innovative projects.

Currently, green financing mechanisms are used in Russia in the implementation of the national project “Ecology” (2019–2024), the key goal being to enhance the environmental situation in the country and improve the health of the population. The total amount of funding for the project is about 4 trillion rubles, of which 3 trillion rubles are planned to be attracted from extra-budgetary sources [Government of the Russian Federation, 2019].

One of the measures taken to stimulate the issuance of environmental bonds is the adoption in 2019 of the Government of Russia’s Resolution No. 541 dated April 30, 2019 “On Approval of the Rules for Granting Subsidies from the Federal Budget to Russian Organizations to Reimburse the Costs of Payment of Coupon Yields on Bonds Issued as Part of the Sale Investment Projects to Introduce the Best Available Technologies”. This document, among other things, establishes the conditions and procedure for granting subsidies to Russian organizations to reimburse part of the costs of paying income on bonds issued for the purpose of implementing projects to reduce the negative impact on the environment [Garant, 2019].

In 2019, the Bank of Russia published the Concept for the Organization in Russia of a Methodological System for the Development of Green Financial Instruments and Responsible Investment Projects (hereinafter referred to as the Concept). Within the framework of the Concept, it is proposed to create the National Council for Green Finance and Sustainable Development, the main goal of which will be the development of a system of green financing in Russia. Currently, work is underway in this direction [TASS, 2019].

In 2020, the Russian government development corporation, the government investment bank VEB.RF, developed Guidelines on Green Financing in cooperation with the government, private business and experts, which set the further vector for the development of socially responsible investment in Russia. In preparing the guidelines, the experience of the world’s largest organizations in this area, as well as of the leading countries in the field of green financing was taken into account [VEB.RF].

Experience of individual states in stimulating green financing.

Sweden.

Sweden is currently one of the world leaders in green finance: its financial institutions were among the first to actively develop the green bond market (SEB, Nordea, Kommuninvest, Vasakronan). Numerous research programs in Sweden cover this topic and explore the opportunities of public-private partnerships for socially responsible investment.

The Stockholm Sustainable Finance Center (SSFC, 2017) operates in the country, seeking the solutions to attract financial flows to the implementation of innovative green projects. The Center provides training for specialists on the implementation of sustainability principles in financial solutions. SSFC also participates in the Green Investment and Climate Risk project, which aims to analyze the motivation of investors and issuers in the national green securities market, as well as to prepare Guidelines on Sovereign Green Bonds [Central Bank of the Russian Federation, 2019].

The UK.

In 2016, the City of London Corporation partnered with the British government to launch the Green Finance Initiative, which aims to provide national leadership in sustainable finance, promote the UK as a leading global hub for green financial and professional services, and stimulate government-private partnership in the green economy.

In 2019, the UK Green Finance Strategy was published, which sets out economic policies for sustainable and balanced growth. As part of the Strategy, it was decided to establish the Institute of Green Finance, the key role of which is to create a platform for discussing green projects and cooperation between investors and enterprises [Ermakova, 2020].

France.

France is one of the world leaders in the issuance of green bonds, largely due to the successful public policy in the field of green finance. Currently, on the basis of the French Ministry of Ecology, there are three divisions, whose work is aimed at developing a green economy:

- Committee on Green Economy, seeking to develop proposals for mobilizing private finance for green transformation;
- The Economic Council for Sustainable Development, which prepares reference materials and advises on the green economy;
- GreenTech Project, which aims to explore the opportunities of using digital tools to achieve the Sustainable Development Goals; within the framework of the project, a network of green incubators was created [Central Bank of the Russian Federation, 2019].

The Netherlands.

In 2016, the Netherlands created the Dutch Sustainable Finance Platform, which aims to facilitate the cooperation of financial actors to develop the green securities market. Within the platform, a few working groups were created to discuss specific financial topics, whose members represent a wide range of stakeholders. The members of the working groups carry out research, discuss the results obtained during meetings, and publish the relevant reports [Central Bank of the Russian Federation, 2019].

China.

In 2016, the People's Bank of China published a Guide to Building a Green Financial System, seeking to promote sustainable development, create a green financial system, and create a regulatory framework for the effective functioning of the green securities market.

In 2017, China issued Green Bond Certification Guideline and Green Bond Guidelines related to financial support for infrastructure investments. The purpose of these documents was to increase investor confidence in the green bond market. In the same year, the country for the first time issued a series of Green Bond indexes, which imposes certain requirements for the certification and valuation of green bonds in China [Savinsky, 2019].

Japan.

In 2017, the Japanese government published the Green Bond Guidelines, which provides the governing principles for the functioning of the green bond market to help issuers, investors and other market stakeholders to make decisions about securities.

Japan also uses a Green Bond Promotion Platform to collect and disseminate information on the current situation and trends in the socially responsible investment market [Central Bank of the Russian Federation, 2019].

Conclusions. The development of green finance has been one of the key strategic objectives of the international community in the past few years. To stimulate socially responsible investment and support green innovation projects, national governments are formulating long-term sustainable development strategies, guidelines for issuing green bonds, and various methodological recommendations. At the same time, the main problem in the field of green finance remains the lack of private investment, while the government remains the main investor in green projects. In this regard, one of the key tasks of the government is to attract private investment in the green economy, increase the awareness of business and the public regarding the benefits obtained from the implementation of green projects.

Governments will need much more than a selection of instruments from a set of green economy policies to implement their green economy transitions. This will require them to set clear goals and objectives, synergies and compromise between different options for development vectors to achieve their goals, effectively plan and implement priority actions,

and monitor progress and analyze their strategies over time through a continuous adaptive management process.

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Prospects for the development of a public-private partnership in the fisheries management complex of the Kamchatka Krai

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Abstract

The article discusses the main provisions of legislation in the field of public-private partnership in the Russian Federation and identifies the main factors influencing its development, and an analysis of the activities of the fisheries complex of the Kamchatka Krai was carried out in 2020; An evaluation was made of the effectiveness of the implementation of State programmes in the fisheries management complex of Kamchatka Krai, proposals were made for the development of public-private partnerships in the fisheries sector of the region, and an assessment was made of corruption risks.

Keywords: Kamchatka Krai, fisheries management complex, aquaculture, public-private partnership.

Various models of public-private partnerships in various spheres of human activity are widespread throughout the world now. For Russia, public-private partnership (hereinafter PPP) is a relatively new mechanism for economic development, the role of which will increase with development and adaptation.

The formation of institutions for interaction between the State and business in the current conditions is an essential factor for effective and sustainable economic and social development, both at the federal and regional levels. In view of the need to improve the competitiveness of efforts to improve the quality of life of the population, there is a need for a new economic model based on private initiative and State regulation of economic processes. One of the proven tools for achieving these goals is the use of public-private