

Investing "Green" Economy in Russia

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Abstract

The authors consider the existing financial opportunities and tools used to Finance the "green" economy. The analysis of the main world results achieved in the field of "green" investment is made. The structural analysis of Russian companies from the standpoint of the availability of investment in "green" projects has been carried out. The preconditions and measures aimed at developing the market of "green" Finance in Russia are revealed.

Keywords: green economy, green Finance, green investment, green lending.

1 INTRODUCTION

The discussion of the "green" economy is not a novelty for Russia, but due to the relative novelty of this issue, there are several little considered issues in this regard.

The financial opportunities that exist in the world for the development of "green" sectors, but in which Russia today is practically not represented now, are as follows:

- Network renewable energy—6 trillion dollars In the US until 2040;
- Isolated RES – 25 trillion dollars USA in 2025;
- "Green" buildings - 300 billion USA dollars annually;
- Investments in green transport will increase to 900 billion USA dollars a year by 2025;
- Investments in water treatment infrastructure - 13 trillion dollars USA by 2030 [1].

2 THE MAIN INTERNATIONAL RESULTS IN THE FIELD OF "GREEN" FINANCE

Let us outline the main international results in the field of "green" Finance. First of all, the positions of sustainable development and "green" investments are moving from the national level to the corporate one. The most significant projects in the field of "green" investment are:

- The international coalition for an environmentally responsible economy (1989) focuses on mobilizing investors and the business community to create a sustainable environmental economy. The coalition brings together 146 institutional investors.
- Global reporting initiative (1997) development of a sustainable development reporting standard. The standard has a list of specific indicators for reporting on social, environmental and economic activities of enterprises.
- UN global compact (1999) – this initiative is aimed at promoting sustainable economic growth and increasing the level of environmental responsibility of business. As of August 2018, the initiative was supported by 13,270 companies from 166 countries.
- Network of Central banks and financial Supervisory agencies for the development of "green" financing (2017) was established with the aim of concentrating capital for the development of the environment, is also implementing a climate risk management in the financial market.
- The included development index (2018) covers 12 indicators, created to provide comprehensive information on the sustainable economic development of countries.

-The international initiative "Green bonds" (2018). Its participants position the implementation of projects with a focus on sustainable development, considering the preservation of the environment, commit to Finance their projects with the help of "green" bonds [2].

Analysis of trends in the world economy and assessment of the volume of the market of "green" Finance, existing now allow us to consider the possibility of a decent existence of the green bond market in Russia. However, for the development of the "green" Finance market in Russia, such issues as the development of a common terminology in the field of responsible financing, regulatory procedures are of fundamental importance, there is no single policy of the state in the field of "green" economy, "green" development and, accordingly, "green" Finance.[1]

3 PROBLEM STATEMENT

Despite the matured need to activate "green" Finance in Russia, there is a lack of clear criteria for the transition from the model of economic development currently used in Russia to the model of "green" economy, providing the economy with green Finance. [3] Legislative changes regarding the best available technologies are only part of a sustainable and natural economy, it is necessary to develop the methodological basis for the development of "green" Finance. The experience of placing the first green bond issue in Russia has shown that there is a clear analysis of the activities of rating agencies in this direction, however, they do not have competence in the field of assessment of climate and environmental effects. There is also an inverse relationship: those who can calculate environmental and climatic effects do not have the skills to assess financial risks.

4 RESEARCH

According to the results of the research in the field of green investment in Russia, the companies were divided into 4 groups:

1. The first group - the companies that provided information on their websites on their "green" investment projects, by economic activities, the data are as follows: 28% were companies in the electricity sector, 14.29% were in the chemical and petrochemical industries, telecommunications and communications, engineering, oil and gas industry and the banking sector.

2. This group consists of companies investing in environmental measures aimed at minimizing the negative impact on the environment. In this group, 16.67% of the projects were in ferrous metallurgy, 15% received oil and gas industry, 13.33% - chemical and petrochemical industry, 10% was electric power, food industry nonferrous metallurgy - 6.67% for each direction, 3.33% - engineering, industrial and infrastructure production, precious metals and diamonds industry telecommunications and communications transport and logistics, the coal industry accounted for 8.33% and 1.67% accounted for the forest, woodworking, engineering, wholesale, retail, energy asset management, pharmaceutical industry.

3. The third group consisted of companies that do not provide specific information on their projects on their websites but position the implementation of environmental measures or focus on the introduction of principles of environmental risk accounting in their activities.

4. This group includes those companies that do not associate their activities today (based on information on official websites) with the implementation of "green" projects and "green" financing. Structurally, these companies are located in the group as follows: engineering - 17.86%, wholesale trade and oil and gas industry - 10.71% each, electricity, chemical and petrochemical industry, transport and logistics, retail trade, engineering – 7.14% for each activity, ferrous and nonferrous metallurgy, service companies, construction, housing and communal services, agro-industrial complex banks – 3.57%.

The final conclusion based on the results of this analysis is that 62.5% of the total number of companies studied in Russia do not consider the possibility of implementing "green" projects and processes of "green" financing(group 4), 10.6% - only declare "green" positions (group 3), 24% of companies carry out "green" investment in environmental activities (group 2), and only 2.7% of companies (group 1) can be fully attributed to "green".[4]

Noting a certain readiness of the Russian business community to move to the position of "green" investment, today the Bank of Russia forms the basic elements necessary for the formation of the market of "green" Finance. Since the pilot issue of green bonds has shown good results, special

emphasis is placed on this instrument. A preliminary independent external evaluation of the green bond issue by issuers voluntarily is recommended. The examination assesses the compliance of the planned issue of "green" bonds with the standards of climate bonds, the standards of "green" bonds, it allows to assess the risks and the target nature of investment.

It should also be noted that a "Road map" has been created, which aims to create a market for "green" Finance. The main activities are as follows:

1. Development of the ideology and concept of regulatory bodies at the national level
2. Formation of a methodological centre for management in the field of "green" Finance
3. Formation and approval of principles, standards and taxonomy.
4. Development of a system for verification of "green" financial instruments.
5. Formation and development of green Finance market infrastructure.
6. Creation and promotion of a system of state support measures for green bonds. [2]

5 RESULTS

The inevitability of state regulation of green economy and development of green financing is obvious. Financing of the "green" economy should be carried out by the business itself. The task of the state is to create and use stimulating tools for the development of "green" industries, discouraging projects that do not fall under the green priorities. [5]

The best world practices existing in the field of application of the developed mechanisms of state support of "green" investment are as follows:

- application of environmental taxes and charges on a differentiated scale - with increased coefficients for those activities that are classified as "carbon-intensive" and benefits for representatives of "green" business
- weighted system of electricity tariffs;
- availability of direct state financing of investments in "green" projects;
- availability of direct state lending to business,
- subsidizing by the state to green business structures of a certain share of the costs of those loans that provide for the implementation of "green" projects,
- subsidies to credit institutions part of the loans to the green projects from the state.

It should also be noted the widespread use of market instruments of green Finance in the world practice:

- "green" banking. For banks, lending to green projects is part of socially responsible investment.
- "green" bonds. These instruments demonstrate active growth in Europe, which confirms the possibility of their application in Russian practice.
- "green" certificate. Certificates are present both in documentary and electronic form. Act as the subject of sale between several parties. [6]

6 FINAL CONCLUSION

According to experts, investments in the production of green energy create three times more jobs than the same funds invested in the development of energy based on fossil fuels. In Russia, there is a need to create a single methodological center, which will be able to combine both economic competence and consideration of ESG-factors, in order to achieve two General goals of society – stable economic growth to prevent the increasing degradation of the natural environment of the planet, to achieve harmony between man and nature. [7]

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