Plenary session II
Financing and Investments for a green economy – main conclusions

In their comments and questions panellists and participants have underlined the following:

- Transition to the green economy requires huge investments in structural and technological changes in key sectors such as energy and transport infrastructure, water and land use, waste management, etc.

- Investments can speed up transition to the green economy, but as they go far beyond public funds, new innovative financial sources must be created.

- Securing adequate public funding and mobilising private finance is the main challenge for governments. Finance is a precondition, but GOVs must create conditions for mobilising green public financing and to unlock the private finance potential.

- Sectoral policies must be reviewed, be better aligned and designed to achieve a sustainable economy and to contribute to the achievement of Sustainable Development Goals (SDGs). Cooperation between ministries of environment and finance is crucial, but all sectors must be involved.

- Funding is “a blood” to the green economy, but it is not only about finance as such, but also about design and the creation of new tools and ways of financing. New green financial instruments and green subsidies need to be developed to attract private funds. State subsidy systems should be reviewed to support the green economy. In order to create the right conditions, the existing taxation systems need to shift the burden from taxing labour to taxing consumption.
- Finance must be used more effectively and targeted at greening the economy and duplication must be avoided. To attract private financing financial risks must be assessed. Risk is much bigger if companies are stuck in an old economy and if risk assessment is carried out according to linear principles.

- Governments, financial institutions and private investors need not only to co-operate, but must work together for sustainable global economy. Governments need a structural reform in order to ensure finance does not lag behind.

- Companies clearly recognize that the green economy has not only environmental, but also economic benefits. Green business is a potential for green jobs creation. Responsible investors already take green economy aspects into consideration and some of them already systematically integrate social and environmental factors into their activities. But they need to get more information, should be aware of green investment possibilities and need to understand that doing nothing is the most expensive solution. Governments should support companies to create a political framework for innovative businesses. Only companies figure that out early on will survive.

- Investment in the green economy must be very climate-oriented in order to limit climate change risk. There is a need for consistent climate change policies and a right pricing of carbon, including carbon taxation. But investment must be oriented also towards other sectors important to the green economy - energy and transport infrastructure, sustainable farming, the sustainable blue economy, etc.

- Financial institutions cooperate with investors and governments on green projects via green bonds, loans, etc. Some of them are, together with investors and initiators, developing their own voluntary best practices guidelines for green bonds. They co-operate with local banks and help with capacity building in order to increase efficiency of financing.