GreenInvest was established at the G20 Leaders Summit in Los Cabos, Mexico, in 2012 to accelerate investment in green priorities in developing countries. Since then, green finance has risen up the agenda of both policymakers and markets. It aims to become the G20 platform for promoting policy dialogue, leadership and public-private initiatives with and for developing countries in advancing the mobilization and mainstreaming of green finance in the context of broader sustainable development objectives.

In an interconnected global financial system, the processes through which the international financial architecture is designed and developed have an impact on all countries and on all financial market players. The rules, standards and norms that result from these processes tend to apply to all. Among the international processes that most directly shape the international financial rules are those of, or related to, the G20. The vast majority of developing countries have very limited access to the G20 process, especially those forums in which financial cooperation is discussed. This is despite some developing countries being G20 members, or being invited by the incumbent presidency.

GreenInvest exists to help address this challenge. It helps to organize and structure developing country inputs to G20 processes and to other international forums where green finance reform is discussed. This might take the form of specific inputs to particular processes (such as the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures), around specific topics of particular concern to developing countries, specific convenings around topics on the agendas of international green finance processes, and others still to be developed.
RELAUNCH OF GREENINVEST

GreenInvest was relaunched under the German G20 Presidency at an event in Singapore in January 2017 to strengthen the connection between green finance momentum and the insights, innovations and needs of developing countries.

The Singapore Consultation aimed to advance each of its specific goals and themes. The Singapore Consultation was the first meeting held under the German G20 Presidency, and initiated for the first time dialogue on:

- How international initiatives on sustainable finance can work to improve their coordination and information sharing.
- How developing countries discuss and contribute to the work of the FSB Task Force on Climate-related Financial Disclosures.
- How green Foreign Direct Investment (FDI) can best be shaped through work planned going forward involving UNCTAD and other expert institutions.
- How the nexus between green finance and fintech – specifically for developing countries – can be exploited as a policy and market opportunity.

The second GreenInvest event – the Berlin workshop in May 2017 – aimed to foster dialogue between G20 countries, non-G20 developing countries and the private sector, with a view to making developing country voices heard. The workshop included representatives from G20 countries, international networks and intergovernmental organizations, as well as the Vulnerable Twenty (V20) Group of Ministers of Finance of the Climate Vulnerable Forum. Over two days, workshop participants explored:

- Green financial technology (fintech): The connections between the emerging digital finance agenda and the sustainable development and environmental agenda, particularly the issues most relevant to developing countries.
- Green Foreign Direct Investment: The opportunities to unlock the potential of green FDI as a source for sustainable and low-carbon development, particularly for developing countries.

Specifically, during the German G20 Presidency, GreenInvest has facilitated the following:

- Raising awareness among developing countries of current international developments and opportunities, enabling learning and contributions of experience and perspectives, such as ongoing green finance work across the G20 and the Financial Stability Board.
- Encouraging a coordinated approach among sustainable finance initiatives to improve their effectiveness on the ground in developing countries, such as the Principles for Responsible Investment, the Principles for Sustainable Insurance, the Sustainable Banking Network, the Sustainable Insurance Forum and the Sustainable Stock Exchanges initiative.

In addition to this approach to enhancing the role of developing countries in international cooperation on green finance, GreenInvest will focus on two specific themes:

- Building understanding on how to green FDI flows to and among developing countries as well as the impacts of these compared to traditional investment.
- Understanding how to maximize the positive impact of financial technology on green finance (and how to minimize the negative impacts).
GREEN FINTECH

Financial technology—‘fintech’—has emerged as a powerful disruptor that is rapidly reshaping the financial sector on a global scale. Multiple forms of fintech – mobile payment platforms, high-frequency trading, crowdfunding, virtual currencies, blockchain, peer-to-peer (P2P) lending – are transforming the financial landscape, as part of a broader technological revolution that includes ‘big data’, machine learning and artificial intelligence, and the ‘Internet of Things’. By changing the way people pay, lend and invest, fintech is threatening the continued viability of the modern financial sector, as well as its fundamental policies, regulations and norms.

Fintech could help accelerate the development of green and inclusive financial markets, and help realign finance to support sustainable development. It offers the prospect of quickening the integration of the financial system with the real economy, which will in turn enhance opportunities for greater decentralization and increased participation. It could also impact developing countries’ strategic priorities and help them leapfrog many stages of development. Recent fintech innovations have explored areas such as facilitated access to investment capital, domestic resource mobilization at small, medium and large scale, investment in small and medium-sized enterprises (SMEs), access to credit, social enterprise and community-level initiatives, and the promotion of mini-credit and mini-insurance. Given that trillions of dollars will be needed to finance sustainable development, it is essential that policymakers make use of fintech to contribute to the greening of the global financial system and achieving a sustainable future for humanity.

GREEN FDI

Developing countries require substantial investment to realize their sustainable development ambitions. Critically they need inflows of foreign capital to drive the investment process.

In many developing countries, the possibility exists to leapfrog traditional energy and pollution-heavy stages in development and invest directly in clean technology and greener forms of production and consumption. Transforming technologies, industrial processes, energy sources, mobility, and patterns of production and consumption will require investment on a large scale. The Sustainable Development Agenda, including the Addis Ababa Action Agenda on Financing for Development, envisions that the financing required will come through domestic resource mobilization, fiscal reform and, importantly, cross-border investment.

Much is known and studied about the drivers of Foreign Direct Investment, including the particular issues relating to investment in developing countries, and the steps that countries might take if they wish to improve their attractiveness as an investment destination. There is robust debate about the strengths and weaknesses of the legal agreements that govern such investment, including in bilateral investment treaties, preferential trade agreements, and investor-host government agreements. We also know more and more about the impact on sustainable development of investment disputes. Many organizations including UNCTAD and the OECD are repositories of useful data and bibliographies of relevant research.

Comparatively little is known, by contrast, about the “green” dimension of FDI, despite greater attention to the need for more “green” FDI as opposed to traditional FDI. There are no broadly accepted definitions, no established methodology for calculating the volumes and flows of green investment, and little robust analytical work done on the impacts of green investment in comparison to regular investment. As we promote and encourage green investment and search ever further for such investments in developing countries, it is important to have a better understanding of the pros and cons of green forms of investment and how strategic and impactful “green” FDI might best be encouraged.
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