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GREEN FINANCE MARKET IN RUSSIA: TENDENCY AND PERSPECTIVES

Аннотация: Актуальность темы «зеленого» финансирования обусловлена растущей связью мирового финансового рынка с проблемой устойчивого развития и экологии. Суть этой проблемы - остановить пагубное воздействие деятельности человека на окружающую среду. В результате правительства, бизнес и финансовый сектор начинают задаваться вопросом, как глобальные экологические риски повлияют на макроэкономические показатели стран, секторов и финансовых рынков и как эти риски необходимо минимизировать. Проанализированы аспекты, отражающие развитие «зеленого» финансирования в России: инвестиции в основной капитал, направленные на охрану окружающей среды и рациональное использование ресурсов, и их доля в инвестициях в основной капитал; рынок зеленых облигаций; структура финансирования инвестиционных проектов крупными компаниями.

Ключевые слова: устойчивое развитие, зелёная экономика, зелёное финансирование, зелёные облигации, инвестиции.

Annotation: The relevance of the topic of "green" financing is due to the growing connection between the world financial market and the problem of sustainable development and ecology. The essence of this problem is to stop the harmful effects of human activities on the environment. As a result, governments, business and the financial sector are beginning to question how global environmental risks will affect the macroeconomic performance of countries, sectors and financial markets, and how

these risks need to be minimized. Aspects reflecting the development of "green" financing in Russia were analyzed: investments in fixed assets aimed at environmental protection and rational use of resources and their share in investments in fixed assets; green bond market; structure of financing investment projects by large companies.

Keywords: sustainable development, green economy, green financing, green bonds, investments.

INTRODUCTION

Insufficient attention is paid to the problem of interaction between the economy and the environment. However, the fact that economic growth is linked to increased pollution and environmental degradation is undeniable. This manifests itself in climate change, disruption of the biosphere balance and depletion of natural resources, which limits the possibilities for further development.

Today, the so-called green economy concept has become the guiding principle for long-term global development. This term is understood as development in which the ability to meet the needs of the future generation is not undermined by the satisfaction of the needs of the present generation. Thus, the "green" economy should be considered as a low-carbon, resource-saving and socially inclusive model of the economy [2].

Indeed, it seems possible to make the transition to a green economy with the help of green finance, which is understood as financial support for economic activity aimed at positively changing the state of the natural environment, making better use of natural resources and eliminating the negative impacts of climate change. [1].

Based on the foregoing, it seems that under the "green" financing it is understood the instrument for ensuring the implementation of "green" projects, technologies, events, which has a long duration, which has a positive impact on the environment and, as a consequence, on the welfare of the population.

Despite the fact that the principles of responsible investing in Russia are still viewed rather skeptically due to the lack of sufficient motivation for business, the

country's development potential is now outlined in the mainstream of the "green" economy, as evidenced by the growing interest of investors in "conscious" investment.

During the studying the Russian green finance market, we will consider three aspects:

1) statistical indicator - investments in fixed assets aimed at environmental protection and rational use of resources and their share in investments in fixed assets;

2) the green bonds market;

3) the structure of financing investment projects by large companies that are not interested in "greening" the economy, for example, banks.

It is important to note that when considering investments in fixed assets aimed at protecting the environment and rational use of resources, we do not include in it the volume of the derivatives market, but we mean investments in the real sector of the economy, for which these investments are a source of financing for modernization, thanks to which is possible to approach a "green" economy.

Up to 2017, inclusive, the largest share in "green" investments in Russia was occupied by investments aimed at the protection and rational use of water resources, which accounted from 43.2 to 52.0%. In 2018, investments in the protection of atmospheric air took the first place, the share of which increased by 8.3 percentage points during the analyzed period. The share of investments for protection and rational use of land, on the contrary, tends to gradually decrease.

An analysis of the sectoral section showed that about 50% of the invested funds are directed to processing industries, namely, the greater part to the production of coke and oil products. Considering the small volume of investment in fixed assets aimed at environmental protection and rational use of resources for a country focused on the production of petroleum products and gas production, it can be understood that these funds are clearly not enough to maintain the ecosystem at the proper level. This is precisely the main problem of the formation of a "green" economy in Russia.

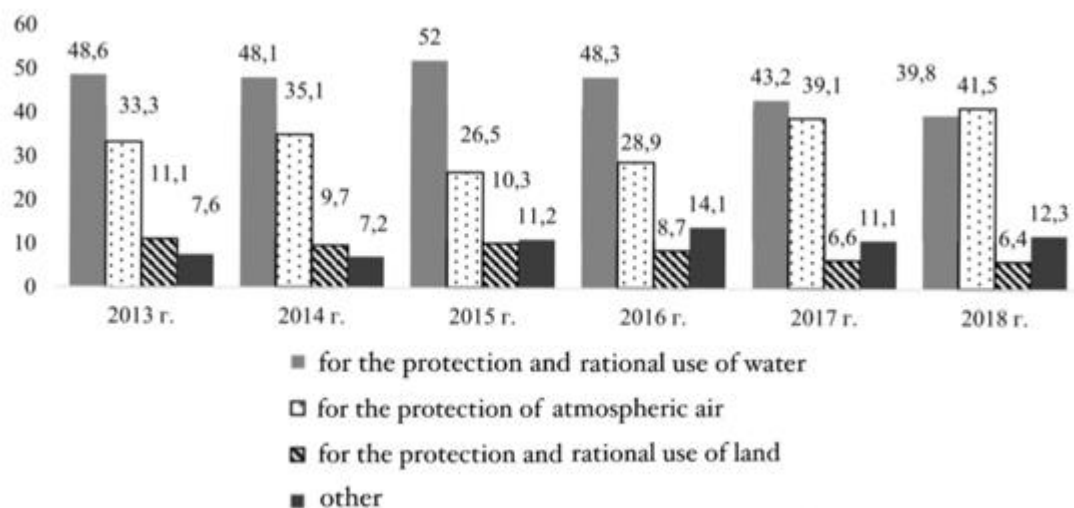


Figure: 1. Structure of investments in fixed assets aimed at environmental protection and rational use of resources,%

In parallel with all this, it is advisable to analyze such instruments of “green” financing that were not taken into account in the above indicator. As we noted earlier, investments in fixed assets aimed at environmental protection and rational use of resources do not include the volume of the financial derivatives market, for example, the market for green bonds, although this is one of the most important instruments of green finance. Green bonds are not something fundamentally new; their distinguishing feature is the “green” component in the structure, which produces a new quality. The "green" bond is exactly the same debt security, however, the funds raised with their help can only be used to finance projects that benefit the environment. It should be noted that in order for the bond to become "green" in the eyes of foreign investors, it is necessary pass a number of certification procedures [5].

In order to develop financing of projects in the field of ecology, environmental protection, socially significant initiatives, in August 2019, the Moscow Exchange, with the support of the Ministry of Economic Development of Russia, created a sector of sustainable development securities, the composition of which is represented by the following segments: green bonds, social bonds and national projects [4]. At the same time, this segment uses securities that contribute to the implementation of investment projects.

Table 1. Companies-issuers of "green" bonds

Issuer	Bond type	Issue volume	Goal	Investment project industry	Included in the international register of green bonds
LLC "Resource saving KhMAO"	corporate	RUB 1.1 billion	creation of 5 inter-municipal landfills MSW in the Khanty-Mansiysk region	Housing and communal services, MSO	yes
JSC "Russian Railways"	Eurobonds	2 issues: 1 - 500 million euros; 2 - 250 million Swiss. francs	purchase of passenger trains "Lastochka" and electric locomotives through loans and refinancing	railway transport	yes
PAO KB "CentrInvest"	corporate	RUB 250 million	implementation of energy efficient projects in the field of renewable energy sources and environmentally friendly transport through loans and refinancing	industry, transport	yes
JSC "Commercial real estate FPK Garant-Invest"	corporate	RUB 500 million	Modernization of commercial real estate objects, introduction of "green" technologies in the framework of the company's investment projects	construction	no
LLC "SFO RuSol 1"	structural	3 issues with a total volume of 5.7 billion rubles.	construction in the field of solar energy by refinancing	solar power plants	no

Next, we will consider the list of "green" bonds presented on the Russian market, their issuers and the main objectives of the issue (Table 1).

After examining Table 1, we can conclude that the Russian market for green bonds is not numerous - only 5 national companies are issuers of green bonds. The launch of "green" bonds is the first placement of "green" bonds of LLC Resursosberezhnie KhMAO in the amount of 1.1 billion rubles. to create a landfill for placement, disposal and processing of MSW [7]. The largest volume of issue was demonstrated by two companies: JSC Russian Railways and LLC Siberian Federal District RuSol 1.

Let's take a closer look at the green bonds issued by Russian Railways. The corporation implements projects that can reduce the negative impact on the environment: construction of treatment facilities, construction of new railway lines to reduce vehicle emissions, electrification of track sections to reduce greenhouse gas emissions, etc. In 2019, Russian Railways became the first in Russia on the market Green Eurobonds, thanks to which the company raised EUR 500 million, which will be used to finance and refinance the purchase of Lastochka passenger electric trains. In general, the growth in bonded loans can be attributed to the growth of financing for environmental investment programs. Given the fact that most often investors look at the ratio of profitability and risk, the "green" bonds of Russian Railways were not in demand among non-institutional investors - the yield is the lowest in the history of placement of Russian issuers (2.2% - the first issue, 0.82 % - second issue). About 45% of bonds were bought by funds, 40% fell on the banking sector, 14% of the issue was bought by other investors. Moreover, about 50% of the issue was bought by foreign investors.

Thus, having examined the Russian green bond market, we can conclude that while the market is at the stage of formation, many infrastructure elements are practically absent. The main reason for this is that it is impossible to ensure the development of the market neither "from above" or "from below". Development "from below" is complicated by the restrictions of the Budget Code of the Russian Federation, and "from above" by the lack of an official status of "green" bonds, as well as insufficient preferences for issuers, which, in our opinion, can be: compensation for issuance costs, tax incentives, subsidizing part of the coupon, etc.

Let us consider the third aspect of "green" financing - the degree of participation of the banking sector of the economy in the implementation of investment environmental projects by Russian companies in the real sector of the economy. The banking sector has a huge impact on where, how and in what volume financial flows are directed. This process can be considered as one of the key ones in the formation of the Russian "green" economy due to the fact that bank funds are an additional source of financing for the implementation of large-scale environmental projects. To date,

only two banks are implementing the concept of conscious investment - Alfa-Bank and Sberbank of Russia. Also in 2018, Internationale Nederlanden Groep (ING), a Dutch bank operating in Russia, began to provide a syndicated loan, the interest rate of which is tied to indicators of sustainable development ("Sustainability Improvement Loan") [6]. The bank provided loans to two companies - Polymetal and Metalloinvest. The mechanism of lending is that the interest rate on the loan changes following a change in the rating or other indicator of sustainable development of the borrower.

In support of this assumption, let us consider the structure of financing investment projects of one of the systemically important banks in the country - Sberbank of Russia. It should be noted that before financing "green" projects, any bank needs to conduct an extensive analysis of the effectiveness of the project, paying particular attention to the analysis of risk-return [9]. Since 2017, Sberbank has been actively financing projects in the field of ecology. The reason for this interest in "green" projects may be the bank's participation in the Project Financing Factory. The Project Finance Factory ensures the implementation of the project financing mechanism in priority sectors of the Russian economy. The Project Finance Factory focuses on the responsible finance sector by raising funds from commercial banks to directly finance green projects. The above facts determine the active investment of Sberbank in projects in the field of ecology.

In 2018, Sberbank, within the framework of a public-private partnership, begins to invest about 200 billion rubles into the Clean Air project, and also becomes an agent of the Ministry of Nature to attract investments in this project. At the end of 2018, the bank placed debt financing products in accompanying investment projects under the Clean Air. Also, within the framework of green financing, about 7 billion rubles were invested in the construction of a solar power plant. However, the largest amount of funds was spent on investment projects aimed at ensuring food security and similar goals - 54.9 billion rubles.

CONCLUSION

Summarizing the above, it is important to note that it is now becoming clear that the raw material model cannot ensure sufficient growth of the Russian economy,

therefore, it is necessary to begin its reorientation. The development of responsible investment, and, as a consequence, the market for "green" financing can become a driver of growth in Russia and corresponds to the global trend. Unfortunately, in Russia there is no sufficient motivation for investors to "green" the economy, however, if we consider the prospects for the further development of "green" financing, we can say that a number of preferences from the state, as well as the creation of a special block of regulatory legal acts that clarify the concept of "green" bonds can stimulate investment in "green" investment projects. Having studied the green bond market, it is important to note that it is practically undeveloped. Given the current market trends, potential bond issuers for the near future may be the federal government (since Russia is experiencing problems in the field of pollution, circulation with dangerous and communal income), as well as large corporations (for example, Russian Railways) that finance their own environmental investment projects. Funds and large banks can become potential buyers. Moreover, taking into account the experience of selling green bonds of Russian Railways, more and more green bonds will be bought by foreign investors.

Despite the fact that a significant part of the Russian economy is accounted for by nature-exploiting industries, this is not the only industry in which you can introduce "green" financing. A promising industry is also a service sector that implements digital solutions that allow reduce resource use.

It should be noted that the demand for a "green" economy will only increase after the COVID-19 pandemic, which showed the negative consequences of underestimating the risks for supply chains of certain goods and raw materials between countries [11], as well as the inevitability of raising the question of the need to ensure proper sovereignty of the country in critical product range.

It should be noted that the trend in the world, as well as in the Russian economy, is precisely "green" financing, the competitiveness of "green" projects is growing rapidly, and accordingly, the demand for such projects is growing. In the near future, Russia will need huge investment resources to launch the green financing mechanism.

Mobilizing the resources of such a systemically important credit institution as Sberbank can help develop the green finance market in Russia.

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