

The role of public investment policy and responsible investment in sustainable development financing

Alex Plastun, Yulia Yelnikova, Asiyat Shelyuk, Anna Vorontsova, Alina Artemenko

Abstract

Purpose. The aim of the article is to study the role of public investment policy in financing sustainable development and the concepts of responsible investment as an applied tool and mechanism for implementing this policy.

Methodology / approach. The role of the public investment policy in financing sustainable development was investigated within the structural-and-functional analysis, which allowed investigating it by sectors and directions of financial flows and stages of the investment chain, directions of interventions, as well as bodies implementing this policy.

Results. The article explores the concepts of responsible investing as an applied tool and mechanism for implementing public investment policy. The relationship between ESGs – investment decision criteria and sustainable finance categories – is identified. The relationship between investment resources, the direction of financial flows and stages of the investment chain, and the role of public investment policy within the financial system of sustainable development by economic sectors and its key directions are determined.

Originality / scientific novelty. Aspects and measures of the public investment policy according to the Sustainable Development Goals are analysed. Based on this, a two-level theoretical and methodological approach to determining the role of public investment policy and the place of responsible investing mechanism in the formation of a financial system oriented towards the achievement of these goals is developed. The identified areas of public investment policy are first and foremost consistent with the priority directions of reforming the financial systems of the countries of the world on the principles of sustainable development, and associated with certain entities of the investment chain in view of their relevance and priority, as well as the lack within the national financial infrastructure and regulatory framework.

Practical value / implications. The most priority directions of the public investment policy in the context of the responsible mechanism of its implementation, the most relevant for responsible investors Sustainable Development Goals and ESG – criteria are offered. These measures can be used to improve public investment policy by its regulators.

Keywords: ESG criteria, public investment policy, responsible investment, sustainable development goals, sustainable development finance.