

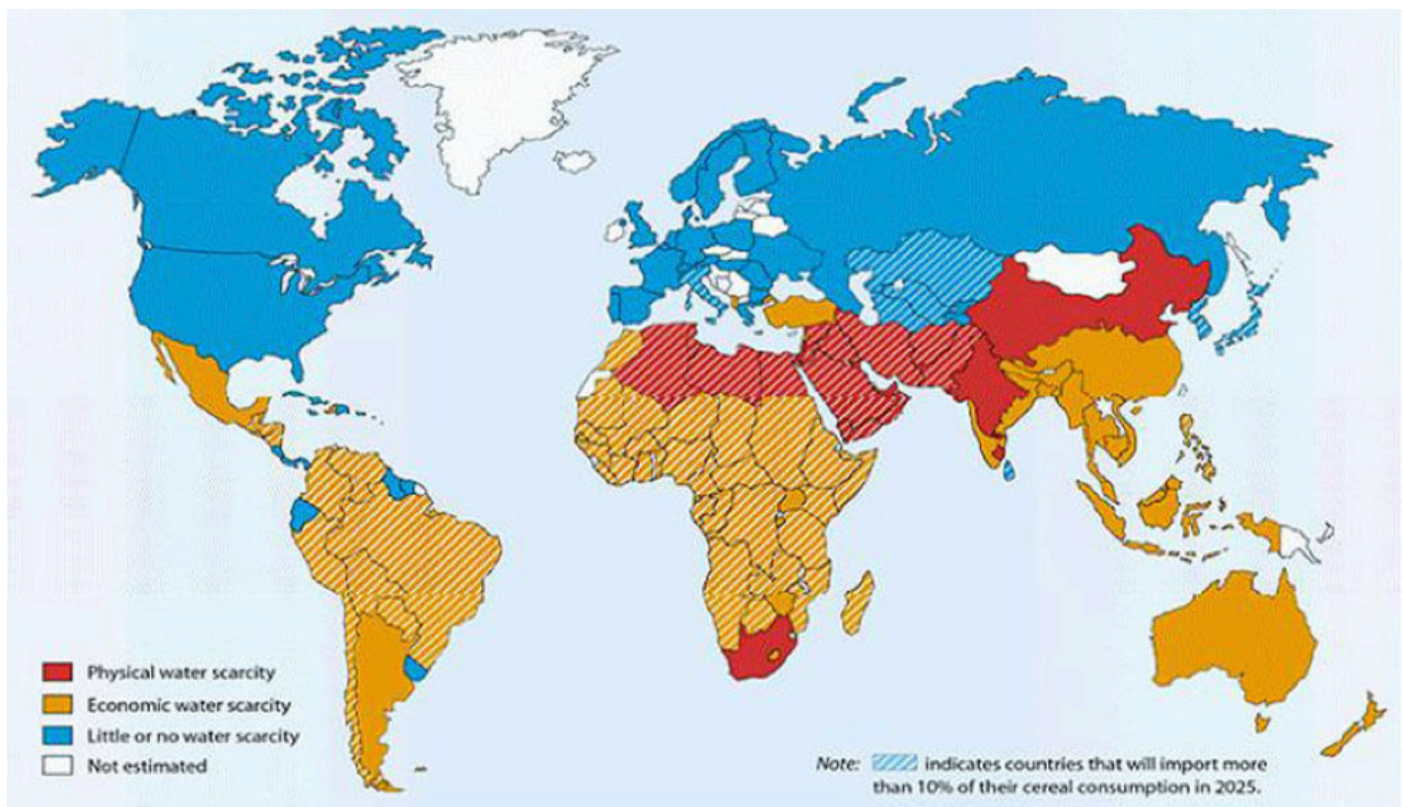
## Foreign green investments: definitions, forms, and risk mitigation

*Ayoola Brimmo,  
Senior Technology Advisor,  
Green Business Norway,  
Email: Ayoola@greenbuisness.no*



Sustainable and green investments generally refer to financing solutions aimed at achieving competitive returns while positively impacting their physical and social environment. These “green” assets typically include low carbon emitting systems, smart grids, pollution control initiatives, recycling, waste management/conversion, social enterprises or technologies solving environmental problems. While being more inclined towards moral uprightness, from a performance perspective, sustainable and green investments are subject to similar ups and downs experienced by regular funds-- they may do very well for some period, then hit a down slope, depending on the uncertainties of external factors like politics, legislations and subsidies. The rollercoaster euphemism of the solar industry serves as a testimony to this. However, history has proven that foreign [green] investments are more prone to having their dreams tragically dashed on the downward slope; mainly due to a lack of in-depth local business insights.

Exporting green technologies from countries with a high expertise and experience in producing them, to other parts of the world, is an important step for propagating a globally green impact. This could also be seen as a “foreign green investment” and while this approach often gives local green businesses a competitive advantage, there are some limitations: adapting these technologies to a local environmental conditions different from the original design criteria could be challenging and, applications of these technologies are mostly limited to the custom forms adapted in the country of origin. Take the solar PV panels as an example; while the US and China are more technologically advanced in these technologies, none of these locations experience the same average temperatures typically recorded in the Middle East. As such, based on the design criteria, the life span of solar panels could dramatically reduce when exported to the Middle East. Furthermore, since access to fresh water is not problematic in both the US and China, PV applications are mostly focused towards energy generation in those regions. However, in the Middle East, same technology can be easily adapted for portable desalination technologies with a little tweak. Undoubtedly, these specific insights are now commonplace but for new technologies, reaching similar realizations requires insights into the social, economic, and technological landscapes in both the originating and destination locations of the investment. As such, a dynamic portfolio, backed by two-sided market and technology intelligence analyses, is key to bridging this gap, and most importantly, in effecting a more sustained social and environmental impact for foreign green investments.



**Figure 1: Water scarcity map of the world. In the US and China, there is no physical water scarcity so desalination is not widely required. Source: [www.kysearo.com](http://www.kysearo.com)**

Nordic countries – Norway, Sweden, Denmark, Iceland and Finland – are well known for leading the pack in terms of sustainability development. These countries have also previously demonstrated a viable model for promoting green investments towards the export their green technologies. A salient example lays in the facilitation of the export of Tområ's, a Norwegian Waste Management Company, sorting and recycling technologies to Poland. Based on the intelligence gathered by Green Business Norway's (a consortium of Norwegian green businesses) team, who has experience in doing business in both Poland and Norway, adequate product-market fitness was established for each project. The projects, which were co-financed by the Green Industry Innovation program, involved the export of Norwegian automated sorting technologies for Polish Municipality Solid Waste (MSW), and further sorting of metal and plastic waste in recycling factories. Since completing the projects, the overall sorted recyclables from the Municipality Solid Waste (MSW) increased by 20%, and metal and polymer recycling have been increased by an average of 300%. Returns of the facilities have also been improved by an average of 80%. To sustain this green growth and further improve returns on this green investment, Green Business Norway (GBN) is currently involved in; the environmental and economic optimization, development of secondary material production strategies, and the assessments of waste-to-energy opportunities for the current systems.

In a similar fashion, in order to manage the investment risks on Nordic green technologies, from the Middle East, a similar mechanism has been put in place called Green Business Scandinavia (GBS). Green Business Scandinavia (GBS) is a professional organization located in Masdar City Abu Dhabi, with a Business Intelligence program serving to secure international investments for its Nordic members while managing investment risks in the Middle East. The Business Intelligence program achieves this by providing custom-made, robust and dynamic internationalization strategies towards the region. GBS also contributes to innovation, enabling co-operation and project development on behalf of its members. These serve to significantly expand the market size, ease transition from applications in the Nordic context to establishments in the Middle East environmental conditions, and reduce the barrier for entry respectively. A key component of the organization's innovative effort

is discovering alternative Middle Eastern applications of the exported technology for a more dynamic market segment. The organization also has business and technical teams located in the UAE that aids its member company fine tune their exported technologies to local conditions and hence remove all technological barriers. While doing these, GBS is also looking to broadening its spread within region.



**Figure 2. Structure of the Business Intelligence program.** Source: <http://www.thinksofttech.com>