To meet the global climate goals, enormous investments are needed in green and sustainable technologies and services. International treaties can increase investment flows by providing incentives and protecting investors from excessive risks.

The challenge:

Drafting a new treaty that states can adopt to encourage green investments.

The Stockholm Treaty Lab is an innovation contest that challenged teams to draft a model international treaty encouraging green and sustainable investments. A treaty that would both serve the states’ needs and interests, and offer investors incentives and protections. This challenge was accepted, through the crowdsourcing platform HeroX, by more than 40 teams from across the globe. In addition to legal experts, team members ranged from climate diplomats to environmental scientists. The submissions were assessed by a jury of relevant experts, and the results were announced in July 2018.

The winners

The Creative Disrupters propose a treaty that encourages green investments, disincentivizes unsustainable investments, and addresses a just transition to a low-carbon economy.

Team Innovate proposes a treaty that builds on the existing framework of investment law, adding a layer of additional protection and incentives for green investments.
How can international law be used to mobilize the enormous investments needed to meet the objectives of the Paris Agreement and the Sustainable Development Goals?

The Stockholm Treaty Lab innovation contest challenged participants to draft model treaties that would incentivize investments in climate change mitigation and adaptation. Here are some of the ideas and policy proposals to emerge from the model treaties submitted in the contest.

• In addition to incentivizing green investments, one model treaty also creates disincentives for investments classified by the signatory states as unsustainable.
• One team proposes the establishment of a financing mechanism that will fund, among others, political risk insurance guarantees and concessional loans for green investors.
• Recognizing the impact of global food production and distribution on climate change, one model treaty specifically encourages investments that would reduce food waste.
• Recognizing the impact of deforestation on climate change, one model treaty specifically encourages investments that would promote sustainable forestry and reduce deforestation.
• One model treaty addresses the need for a just transition to a low carbon economy, by safeguarding the rights of those whose livelihoods are inevitably affected by the transition.
• One team submitted a model treaty that establishes a carbon pricing mechanism and encourages states to redirect the resulting revenues toward green investments.
• One model obliges states to phase out fossil fuel subsidies in a transparent manner, taking into consideration the interests of the poor and the affected communities.
• Recognizing the difficulty of amending the current system of 3,000+ investment treaties, one team proposed a protocol that superimposes a layer of protection and incentives for green investments on the existing legal framework.
• One model treaty includes provisions to use blockchain technology as a decentralized means of crowdfunding investments in climate change mitigation and adaptation.
• One model treaty proposes to use blockchain technology for certificates of origin and other means of monitoring the sustainability of green investments and traded goods.