

Stakhova K. O., Graduate student
Demydonok I. A., Graduate student
Financial Research Institute
State Educational and Scientific Establishment
«The Academy of Financial Management»
Kyiv, Ukraine

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**GREEN ECONOMY AND GREEN FINANCE
IN THE CONTEXT OF THE PROBLEMS
OF SUSTAINABLE RURAL DEVELOPMENT**

The problems of green economy, ecological modernization, greening of finances are beginning to be widely discussed in Ukraine, in particular in the framework of achieving the Sustainable Development Goals (SDGs) and sustainability of rural ontogenesis. However, the prospects for ensuring the sustainability of the environment through the modernization of production, the beginning of a green economy, as well as increasing the literacy of the population in the field of resource conservation and

environmental protection have not been yet determined. To date, the main priorities and indicators of development have been identified, but there is a gap in the lack of programs, both strategic and operational, that could be implemented despite the increased attention to this issue in recent years.

There are several reasons for the unfavorable environmental situation in Ukraine. First of all, it is the obsolete equipment and treatment facilities at agro-industrial enterprises. Therefore, the Government regularly initiates the modernization of the food industry and agricultural production. These attempts are also colored by economic inefficiency and low competitiveness of Ukrainian producers. However, in recent years there has been an awareness of the need for tough measures to stabilize and improve the environmental situation. Accordingly, the measures to reduce the socio-environmental inequality between the regions of Ukraine should be intensified, which should be aimed primarily at reducing harmful industries and minimizing harmful effects on the environment. These changes are part of a global program to move to the SDGs. Modern realities require an integrated approach to solving social, environmental and economic problems, so the transition to a green economy and greening of finances is inevitable, despite the fact that there is some resistance in the business community to it. However, the recent researches show that the green economy and finance can not only have a positive impact on the environment, but also be attractive for investment (green economy) and act as an investment source (green finance). Environmental monitoring and sociological expertise will play an important role in this process.

Since the middle of the last decade, a number of European Union member states, as well as the United States and Japan, have experienced the peak energy consumption both in industry as a whole and in agriculture. As a result, the share of coal and oil

consumption in the fuel and energy balance of these countries began to decline noticeably, and renewable energy sources were a segment of energy consumption that began to grow significantly [1]. The use of solar and wind energy has increased in almost all countries. Also in the US, Brazil, EU member states in the current decade there has been a noticeable increase in interest in biofuels (the limit of growth of this market segment at the current level of technology development was at a very high level – if in 2000 liquid biofuels produced per day could replace 187 thousand barrels of oil, in 2019 – already 1.8 million barrels [2]). Declining consumption of non-renewable fuel sources, especially coal and oil, indicates the movement of developing countries in the post-industrial model of development to a low-carbon, green economy. The reduction in energy consumption occurs against the background of achieving a high standard of living and economic growth, although not characterized by high rates.

Recently, the green economy, as an integral part of the concept of sustainable rural development, has been the subject of heated debate at both the global and regional levels. The green economy is especially reflected in the policy documents of the United Nations and its specialized agencies. It is worth noting the United Nations Environment Program (UNEP) 2008 and the Millennium Declaration 2000, replaced in 2015 by the UN General Assembly Resolution 70/1 «Transforming our world: the 2030 Agenda for Sustainable Development», which became the foundation for global SDGs, which, we recall, in 2017 were ratified by Ukraine as well. Of course, 17 goals and 169 tasks, that include many of the provisions of the green economy and a third of which directly or indirectly relate to sustainable rural development, must be achieved by 2030. However, as previous experience of implementation of the Millennium Development Goals (MDGs) shows, there are a number of factors that hinder the full and

comprehensive achievement of this concept. And this is where green finance should «get engaged» as investments from public and private sources in the development and implementation of the projects and programs in the field of:

first, the rational (balanced) use of nature, including maintaining the sustainability of ecosystem services (e.g., water management, soil protection, biodiversity conservation);

secondly, production of ecological goods and services (e.g., production of nature-saving equipment and technologies, waste management, liquidation of oil spills, development of rural tourism [3]);

thirdly, the development of low-carbon technologies and the reduction of greenhouse gas emissions and/or adaptation to climate change and its effects (e.g., energy efficiency, breeding and use of drought-resistant varieties of crops, etc.). The latter component acts as a «climate finance», although it is often allocated to a separate category and considered as an independent object of study [4–5].

The broad interpretation of green finance and its role in sustainable rural development, in addition to the mentioned above, includes financial mechanisms to stimulate (subsidize) the implementation of alternative energy projects that reduce greenhouse gas emissions and adapt to climate change, such as special grid tariffs for energy from the renewable sources, as well as financial institutions–organizations and special regulatory and administrative support for their activities, specializing in the above mentioned green investments (e.g., carbon exchanges, which sell quotas for greenhouse gas emissions; funds such as Green Climate Fund), or green finance instruments and hedging (e.g., green bonds).

It should be noted that all the above definitions of green finance use a qualitative, although not very clear criterion – ensuring

activities to reduce environmental and climate risks of development. This leaves enough room for subjectivism to classify one or another type of economic activity as «green», which often happens, making it much more difficult to collect and analyze the necessary statistics. Possible ways to overcome this difficulty include, in particular, the allocation (labeling) of specific economic activities as «green» objects of national (international) statistics, especially in the system of national accounts (e.g., waste management; production of environmental equipment, etc.).

Thus, the development of a green economy and green finance in the context of sustainable rural development in the near future will require a more detailed and flexible approach to reduce the destructive effects, associated with the conjuncture of events of the new reality.

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