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PECULIARITIES OF GREEN BANKING FOR SUSTAINABLE DEVELOPMENT IN UKRAINE

These theses are dedicated to analyzing sustainable development in the economic system with a focus on social and environmental aspects. The implementation of green bonds as a tool for attracting investments in energy efficiency and renewable energy projects has been evaluated. The peculiarities of Ukraine`s legislative framework regulating the issuance of green bonds have been identified. It has been established that banking capital and state incentives are key factors in financing environmental projects, promoting sustainable development, and environmental responsibility.

Keywords: *sustainable development, green lending, green bonds, environmental responsibility, bank capital.*

The modern economic system is oriented towards social and environmental aspects, striving for sustainable development. Sustainable consumption and production mean the efficient use of resources, the creation of sustainable infrastructure, access to social services, green jobs, and improving the quality of life. The main goal is to enhance the quality of life. This requires cooperation between entrepreneurs, consumers, politicians, and scientists. It is important to engage consumers through education and standards.

The financial and credit mechanism supports the rational use of resources and environmental protection measures, including preferential lending, subsidies, and transfers for environmental purposes. The state provides preferential loans for enterprises for ecological projects using budget and bank resources. The main advantage of bank lending compared to state lending is adherence to the principles of payment, return, and targeted use of funds, which ensures the quick implementation of environmental measures. State incentives for banks to participate in sustainable development include lowering profit tax rates and subsidies to compensate for loans.

Significant steps in the development of green financial intermediation were the creation of the Global Alliance for Banking on Values (GABV) in 2009 and the Sustainable Banking and Finance Network (SBFN) in 2012 with the support of IFC [1]. In Ukraine, this initiative has been supported by the National Bank and the National Securities and Stock Market Commission (NSSMC) since 2020. In 2015, the UNEP Financial Initiative developed

recommendations for green banking, leading to the creation of the Green Infrastructure Investment Coalition (GIIC) [2]. In 2017, the Sustainable Finance Initiative (SFI) was launched, aiming to develop a sustainable financial sector considering environmental, social, and economic aspects.

The institute of green banking is based on the 1992 UN Framework Convention on Climate Change and the Paris Agreement, regulating banks' activities in green financing. "Green" banks adhere to documents such as the Equator Principles (2003), the UN Principles for Responsible Investment (2006), the UNEP Green Economy Initiative (2008), and the UNEP Guide to Sustainable Banking (2011) [3]. In 2021, the formation of an institutional environment for the development of green financial intermediation began in Ukraine. The NSSMC approved recommendations for green bonds, and the National Bank of Ukraine developed the Policy for Sustainable Financing Development until 2025. For the implementation of the green bond market to attract investments in energy efficiency and renewable energy projects, the State Agency on Energy Efficiency and Energy Saving developed guidelines for managing green bonds, which include project evaluation and selection, fund management, and reporting. The Law of Ukraine "On Capital Markets and Organized Commodity Markets" (No. 738-IX of June 19, 2020) defines the regulatory framework for green bonds as a new class of financial instruments [4]. According to IFC estimates, the potential of green financing in Ukraine by 2030 is 73 billion USD, with 36 billion USD being the green bond market. Ukraine actively uses this instrument in the global green investment market.

Green bonds are financial instruments issued to raise funds to support and finance projects aimed at environmental preservation and sustainable development. Green bonds are considered one of the most attractive options for investors after the war. Many infrastructure projects will require credit. Such financing should be classified as green financing, requiring guarantees such as green bonds, pledge obligations, prepayment guarantees, and, in some cases, financial guarantees.

In conclusion, it should be noted that most of these financial instruments do not receive funding. Even though such an approach is not financed, it also requires banking capital. Thus, by providing capital for green projects, banks help sustainable development projects.

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