

Exploring the Impact of Green Finance Initiatives on Sustainable Development Goals: A Cross-Country Analysis

<https://www.doi.org/10.56830/IJGMBS06202405>

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Received: 2 Nov. 2024 Revised: 9 Dec 2024 Accepted: 20 Dec 2024 Published: 31 Dec 2024

Abstract

Addressing global challenges together with weather exchange and environmental degradation calls for progressive financing solutions. Green finance has emerged as a crucial device for mobilizing capital to support sustainable development. This research examines the function of inexperienced finance in accomplishing the Sustainable Development Goals (SDGs), drawing insights from case studies and empirical analysis. The study unearths that green finance can undoubtedly contribute to realizing the SDGs, especially in areas like climate action, low-priced and easy strength, and enterprise, innovation, and infrastructure. However, the research also identifies key challenges, including the lack of standardization in defining "green" and the want for higher alignment among domestic financial frameworks and country wide SDG priorities. The paper affords policy recommendations for governments to create an allowing surroundings for green finance. This includes adopting a proactive method to fostering legal and regulatory frameworks that assist the mobilization of monetary resources for ecological, social, and monetary sustainability. The findings of this research can inform policymakers, financial institutions, and other stakeholders of their efforts to leverage green finance for sustainable improvement.

Keywords: Green Finance Initiative, Sustainable Development Goals, Clean Energy

1. Introduction

Green finance has gained increasing recognition with the assessment of national sustainable development goals globally. Addressing challenges such as climate change, environmental degradation, and lack of social harmony is a global requirement. Overcoming these difficulties necessitates the development and implementation of comprehensive financial innovations. This direction would ultimately contribute to the achievement of the underlying principles associated with the SDGs by underpinning strong interlinkages among

economic, social, and environmental dimensions. Moreover, the inclusion of policy reforms for pro-poor population growth that avoid repression of resources and reversible environmental degradation is essential. Financial implications for the avoidance of harm depend, in part, on harmonious economic progress, justice, and the rule of law. (Lee, 2020).

The finance sector is an important instrument to constructively harness these resources towards facilitating sustainable development objectives. Therefore, there has been growing emphasis on green finance and sustainable finance worldwide. Given the important role of green finance in achieving sustainable development, research in this area is highly relevant. However, the relationship between economic growth and sustainability is deeply interconnected. The mechanism by which environmental aspects promote economic growth via financial reforms, as well as the drivers of these processes, has not been sufficiently addressed. Finally, it is important to explore the impact of such green finance initiatives on national sustainable development goals across countries. (Wang, Zhao, Jiang, & Li, 2022).

1.1. Background and Rationale

Green finance is not a new phenomenon. There are always financial means available for environmentally friendly issues like recycling and renewable energy production. In order to find sustainable solutions for contemporary environmental problems, particularly in climate change, mechanisms and concepts for sustainable investments have recently become more important. This has occurred against the background of an increase in new sustainable financial instruments, like social impact bonds or other types of public-private partnerships in the field of development. More attention is being paid to the harmonization and assessment of the impact dimensions, especially of private sector investment, whether made through official development assistance, blended finance, or as private investments. A detailed framework of policy-level actions was proposed to rectify this when the Addis Agenda addressed the issue broadly. (Kölbel, Heeb, Paetzold, & Busch, 2020).

Numerous international political developments in combating climate change or promoting sustainability have heavily relied on funding from innovative, sustainable financial activities. A strong national relevance is visible if the views of sustainable finance are explicitly integrated into the political context, as it happened within the last four years in various countries. In recent years, there has been a trend in many countries towards underlining more explicitly in policy aims that one or more of the three spheres of sustainability and the political opinion are to be purposefully supported by the transformation of the financial system. There are numerous papers suggesting sticky loan portfolios and indicating where sustainable development goals are left out. Moreover, the analyses stress the transfer of the green taxonomy not only from certain states or regions to others, but also that the high demand for breaches of the respective taxonomy persists. Research on the matter of international commodity trade and chemicals proposes to better support pollutant release reduction, close them, and protect agricultural development projects against a higher environmental burden, econometric disaggregated analysis, and decision aid models for politicians. (Zhan & Santos-Paulino, 2021).

The range of transition to the financial systems that support a transformation towards a

sustainable future is outlined. It asks for clean pathways, environmental and equality pathways, and ecosystem pathways while taking into account the social aspects. The discussion fosters responsible investment, long-term responses to sustainability challenges, and market transparency. The policy and regulatory trends in different regions are examined. Both stress the shift from "reflection" to "application," leaving plenty of room for the measurement challenges by private stakeholders. There is a demand for further scrutiny and a plea for harmonized indicators as public goods, as unreliable and misleading foreign direct investment withdrawal statistics might endanger many international environmental or social strategies in the future. An index is created to measure and compare the uptake of green finance initiatives per country. It is the first one to consider sovereign green bonds, both on the supply and demand side. This is particularly important due to the fast increase in the volume in the field of green sovereign bonds. (Chien, Ngo, Hsu, Chau, & Iram, 2021).

1.2. Research Objectives

This study aims to address whether and how green finance initiatives and investments impact the achievement of the SDGs. In doing so, our study provides an in-depth analysis of a wide range of different green finance and investment frameworks, policies, and projects across a range of countries, including both developed and developing countries. Based on the data collected, we aim to conduct a systematic analysis of differences and similarities in green finance policy and implementation, as well as potential differential success factors from varying contexts. Our objectives are therefore as follows: 1. To outline a number of different green finance frameworks and approaches for the SDGs across a range of developing and developed countries and regions. 2. To analyze the scale of public and private funding devoted to green activities and the contribution of such funds to catalyzing finance overall. 3. To explore how both the process and potential effects of green finance initiatives and investments are taking place in different economies. 4. To investigate the potential effect policy objectives of enhancing sustainable development, and also reducing greenhouse gas emissions, can have on the likelihood of such projects attracting 'green' or additional finance. 5. To identify specific areas of interest to direct investment from a 'transition' perspective, aligned with meeting the goals of the Paris Agreement. 6. To draw on the findings to provide additional practical guidelines, priorities, and metrics to assist governments in the design and implementation of future green finance policies.

2. Literature Review

One of the greatest concerns for the 21st century is environmental degradation and global warming. To combat these issues, green finance plays a significant role in the mobilization of capital for the promotion of sustainable development. Current literature regarding the definition of green finance is theoretically based; however, it is yet related to how it promotes economic and environmental as well as socially beneficial factors.

To bridge this gap and contribute to the existing literature, in this study, we have analyzed the recent green finance initiatives and employed sustainable development goals to check the vulnerability of the relationship. Our results from diverse panel estimations suggest that green finance indeed contributes positively to achieving the sustainable development

goal.

The theoretical literature has already presented the definition of green finance and how it advances sustainable development. However, on theoretical grounds, the present literature will not be able to cover the exact features of what green finance is, how it works, and why it is beneficial for socioeconomic and environmental outcomes. Additionally, in the previous literature, the discussed literature is located in one country, in which the same results cannot be reported for other panel estimations. In this way, more contemporary illustrations related to the above critical relationship need more empirical evidence by including a different set of countries for broader and generalizable results. Further, computational evidence and empirical studies could play a vital role in investigating the existing relationship between green financing and the composite indicator of sustainable development, which may also help sustainability policymakers in making the necessary decisions. By shedding light on the role of green financing in transforming developing countries, our findings are more significant, serving environmental policy and sustainability. The recent literature has been successful, but it is situated in the context of developed countries. (Eriksen, et al., 2021); (Yadav, Kumar, Luthra, Garza-Reyes, Kumar, & Batista, 2020); (Abelha, Fernandes, Mesquita, Seabra, & Ferreira-Oliveira, 2020).

2.1. Conceptual Framework of Green Finance

Green finance is a relatively new concept that has emerged as a consequence of increasing awareness of the need to prevent environmental pollution and the exhaustion of natural resources. Green finance is, therefore, representing existing financial resources directed to environmentally friendly projects. Green finance activities are directed through the development and use of several instruments, such as labels, funds, equity, and debt (refer to figure 1). In Indonesia, several auctions have been carried out for green state bonds since 2018, which had the same rights and obligations as the state bonds; in principle, they are responsible for utilizing green state bond funds for projects that are environmentally friendly, have economic value, and are beneficial to the community to develop green finance. (Bei & Wang, 2023); (Wang, Zhao, Jiang, & Li, 2022).

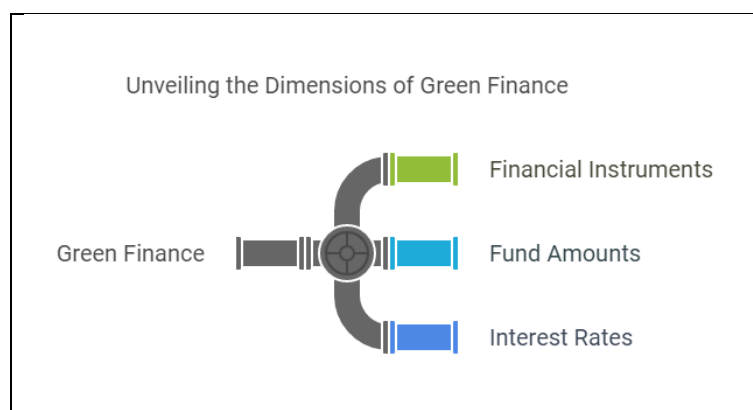


Figure 1: Dimensions of Green Finance

Financial experts hold that a multimodal value perspective should be integrated into organizational finance theory and practice, at the level of capital raising, and also at the

individual project level. Due to the importance supported by various world economic theorists, the assessment of environmental sustainability finance is also supported by the conceptual framework of green finance. We believe that the contribution of green finance activity to achieving SDGs can be seen from the conceptual framework that includes the following measures: the amount of financial instruments issued, the amount of funds floated, and the interest rates set. Therefore, developing the existing conceptual framework is an urgent matter that will be further discussed in the next section. (Ronaldo & Suryanto, 2022).

2.2. Linkages Between Green Finance and SDGs

2.2.1. Direct and Indirect Effects Green finance refers to financial resources that are invested in environmentally friendly projects or companies. Green finance can have direct and indirect effects on the SDGs. For governments worldwide and global audiences, the direct relationship between green finance and environmental SDGs is conspicuous, as it is intrinsically connected to environmental protection and sustainable development. For example, green finance can alleviate greenhouse gas emissions, promote renewable energy sources, and realize green economy transformation, which can directly contribute to Climate Action, Affordable and Clean Energy, and Industry, Innovation, and Infrastructure. Larger empirical evidence has indicated that finance is one of the crucial components to promote the growth of green and clean technologies. Moreover, related policies and mechanisms, including the green credit guidelines, Environmental, Social, and Governance investing, green bond assessment, and environmental financial disclosure, also represent the financial perspective linked to environmental sustainability. From another perspective, there also exist some indirect relationships among the finance area and social and economic SDGs. The realization of one SDG, e.g., poverty-related portions, industry- and infrastructure-related portions, and gender equality-linked segments, can produce a positive trickle effect on the realization of other SDGs. This phenomenon can be explained in connection with the spillover effect in trade. It has been confirmed that the linkage among the social and economic targets and objectives is gradually tightening. This means that doing other things can help to achieve another aim. For instance, the realization of certain kinds of larger precedence portions would make the realization of certain kinds of reduced precedence targets and objectives easier. This also would connote that the solidarity and shared moral nature of the integrated Agenda would implicitly strengthen common efforts to realize and sustain other shared worldwide preceding aims and objectives. (Rasoulinezhad & Taghizadeh-Hesary, 2022).

3. Methodology

Data collection and research design: Data collection will rely on primary and secondary sources. Secondary sources will include books, articles, reports, and working papers. For primary sources, questionnaires, interviews, and telephone conversations will be conducted. The main criterion for the selection of sources is the availability and relevance for the research objectives, as well as methodological accuracy. Qualitative research could be applied to access the data. Our approach is in line with this suggestion, and it would help to

comprehend the nimbleness of the topic.

Analysis: A qualitative analysis will be conducted. An extensive explanation of qualitative data analysis techniques indicates breaking up data and making comparisons. We will code the transcript to identify prominent themes. With the intention of ensuring validity and reliability, we would conduct comparative analysis. We could commence distinguished themes and operationalize the concepts. The readers would begin to perceive the relationship between the variables that have been recognized. As a result, the data obtained would ensure a more robust and well-rounded set of conclusions.

In conducting research, the main ethical issues are the protection of informants and the development of a set of guidelines to be followed throughout the study. Reliability and replicability have conventionally been the key benchmarks of research quality and are needed to be valued equally in social research. Moreover, data collection methods and results ought to be reported in detail to ensure credibility.

3.1. Data Collection and Sources

Data Collection and Selection of Sources: The information used in this study is collected from multiple sources. Various governmental reports, academic publications, and the databases and websites of various international organizations are searched. The primary criterion for inclusion of the source in the comprehensive study involves relevance and coverage of the initiative within and across the 17 SDGs. Validity and credibility of information sources are also considered. For data collection, we gather qualitative findings. Qualitative ones are meant to garner information on the design, implementation, and outcomes. Most of these data cover 2021-2022. Because it has been noticed that certain elements of these plans may change, are not implemented, or adjusted as time elapses, efforts are made to collect information from June 2029 using the same sources, especially government documents, to also confirm the information previously collected and ensure that outdated information is appropriately adjusted. (Diaz-Sarachaga, 2021).

They are more creative, filled with audiences, and are not driven by the search for the truth but rather by the need to entertain and to generate sellable news, which is often based on horrible, sensational news rather than news that is useful to human existence. There are challenges to the consultation of websites and databases, such as accessing accurate and up-to-date information, in particular for online databases. No fewer than 993 green finance initiatives have been consulted, and information on each one collected from their own specific websites. The data used in this study were triangulated in order to enhance their internal validity. Triangulation is the final verification element. It involves the provision of multiple viewpoints and the collection of data from multiple sources, methods, and investigators. (Xin, Zhou, & Gonzalez, 2024).

3.2. Analytical Techniques

The collected responses or data from the social media platform and documentary analysis will be analyzed by using different analytical and statistical tools. Qualitative data and factors have been used for this study to make it more exhaustive and comprehensive. (Płotka-Wasyłka & Wojnowski, 2021).

On the other hand, different qualitative factors can be examined by selecting case studies and through thematic analysis to capture the factor in detail. Hence, adopting qualitative research techniques assists in developing a comprehensive trend environment and accuracy of the study. However, the results and outcomes of the studies are reported in a detailed and explanatory manner, frequently employing a diverse set of tools such as cross-sectional analysis, detailed descriptive statistics, ratios, and graphical methods. Statistical tests that may be used include correlation and regression analysis, analysis of variance, chi-squared tests, and T-tests, time series analysis, factor analysis along with structural equation modeling, and so forth. Many of these tests involve complex calculations requiring the use of computer software and often the use of large amounts of data. It is also important that research is reproducible. This means that other researchers could replicate or at least approximate the same results if they had access to the same data and used the same analytical tools and procedures. In practice, software tools that can be utilized to carry out data analysis. (Zhu, Sari, & Lee, 2020).

4. Green Finance Initiatives in Various Countries

Australia, as part of the Asia-Pacific region; Belgium, Luxembourg; Canada; China; Hong Kong; European Union; Germany; India; Italy; Japan; United States invested in sustainable development technologies in developing countries by the end of 2005. Promoting and implementing green finance at both the national and regional levels, the Chinese government set environmental goals as part of the national agenda and developed strategic goals for the entire country, region, and company level. At the central level, China developed the national New Countryside Development Strategy. China's promotion of sustainable finance awareness complements their national development strategies. Japan is promoting national and regional environmentally sustainable goals. Hong Kong is working to promote renewable energy to reduce emissions. This is done among private market players through various support services. The Swiss government, along with the European Union, recognizes the importance of setting national and regional targets in terms of combating and monitoring climate change. This supports a stable climate and looks ahead to a sustainable policy for the future, including mitigation and the ability to adapt. Singapore is calling on all of society to participate in addressing climate change, which is becoming increasingly severe, so that people understand and live with the major financial and emotional impacts of the future. The Swiss government also encourages society to become one in which sustainable development exists to cope with climate change. The Kenyan government has developed policies that have made the country greener, such as promoting sustainable development that prioritizes renewable energy and conservation in terms of energy and the economy. The Russian government acknowledges that implementing a sustainable development policy will strengthen the Russian Federation. The United States is also moving to promote energy management. The New Zealand government is seeking to improve green finance initiatives outside its national and regional boundaries by collaborating with financial institutions and the public to disseminate green financing and investment incentives. The United Nations organization seeks to enhance green finance effectiveness at the international level by sharing

information among companies and countries. (Crijns-Graus, Wild, Amineh, Hu, & Yue, 2022).

4.1. Case Study 1: China

The analysis aims to explore the impact of national green finance initiatives on the 17 Sustainable Development Goals (SDGs) adopted by all United Nations Member States. China was one of the earliest nations to recognize the potential SDG relevance of green finance, and it has established over a dozen national policy frameworks for green finance in the past decade. As such, it provides various lessons for promoting financial strategies and practices in support of the SDGs and other development priorities. (Lee, 2020).

The objective is to study the influence of national green finance and financial inclusion initiatives on all 17 of the SDGs and to additionally investigate their relationships to sustainable development planning and traditional financial inclusion. As part of a mixed-methods study, we employed a cross-country comparative case study approach to explore the experiences and impacts of two case study nations. In this section, we provide detailed information on our analysis of Case Study 1: China, including the nation's context, the local and national policy frameworks intended to promote the use of renewable energy and reduce greenhouse gas emissions. We report on the impacts and limitations of these national green finance and related mechanisms, which were intended to provide access to sustainable technologies in order to bolster health, well-being, and mitigate poverty in fenceline communities. (Ziolo, Bak, & Cheba, 2021).

As highlighted, the nation's financing mechanisms have supported emissions reductions and access to renewable energy, and they have altered loans and investments at banks and credit unions. Nevertheless, the mechanisms have not sufficiently transformed lending activities to meet all of their stated objectives within the intended communities, and members of these communities have had little say in the financial institutions' investments in their area. This study is unique in its focus on financial inclusion as well as green finance and its cross-comparison of the matter within a single country.

4.2. Case Study 2: European Union (EU)

EU has also embraced the green finance agenda, although the term 'green finance' is not often used in the region. In practice, explicit communication of country-specific definitions, differences, and strategies for green finance are not common. This variant of green finance is coming to India, Mongolia, the Philippines, Sri Lanka, and most recently Zimbabwe. This neo-classical finance concept omits various investment approaches that aid in the region's sustainable development. At the micro level, new market-specific financial tools have been established and tested, covering basic public finance options and private sector financial products. (Ozili, 2022).

Institutional barriers to operationalizing the green finance agenda at the micro level are a major obstacle in EU. At present, incentives to utilize long-term innovations are difficult to support locally. Hence, many of these projects are joint ventures financed by foreign investors that can bring in credit from abroad. This is both positive and negative. Collaboration between different countries and institutions in financing long-term innovations can greatly assist this

small country. It is thus easier to finance sustainable development from outside. The ease with which capital can enter has also created a very cash-rich environment in which the poorest members of society are unable to compete for basic needs with the broader economy. (Omukuti, Barrett, White, Marchant, & Averchenkova, 2022).

A commitment from the public sector to finance green options, combined with a partnership with the private sector, can indeed enhance the ability of a country to achieve sustainability. At present, financial and environmental assessments are, in a way, based on the SDGs, which means that, where possible, projects will contribute to one or more of the targets of the SDGs. To give a few examples: organic vegetable and essential oil production for export which also influences additional SDGs such as poverty, gender inequality, good health and well-being, climate action, etc. Local firms are unable, in general, to borrow to innovate, especially when the state of the global economy is in flux from government and aid donors.

5. Impact of Green Finance on Specific SDGs

In this sub-section, we assess the direct impacts of green finance on several specific SDGs through empirical analysis. It can be argued that green finance directly contributes to accelerating the achievement of several SDGs, particularly in the energy sector. For instance, SDG 7 aims to ensure access to affordable, reliable, sustainable, and modern energy for all. The availability of fossil fuel-free modern energy services has positive effects on broader developmental issues such as sustainable and inclusive growth (including job creation), urban and rural development, health, food and water provision, education, and climate change. (Wang, Zhao, Jiang, & Li, 2022).

The growth is mostly driven by renewable energy and is being influenced further by policy improvements in terms of investment in green energy. Electrification reduces dependence on biomass, particularly as a major source of cooking fuel, which in turn can benefit local economies and improve people's health. Indoor air pollution from the use of solid fuels for cooking, lighting, and heating results in approximately 1.6 million deaths every year in Africa and over 3.8 million deaths in Asia. It can also directly impact climate change by increasing deforestation and carbon emissions. Electrification would also improve access to television, radio, mobile phones, and the internet, as well as drilling purposes along with a variety of other mechanical devices and appliances. (Gebre, Hwang, & Biru, 2024).

5.1. SDG 7: Affordable and Clean Energy

The goal of the seventh sustainable development goal (SDG) is to "ensure access to affordable, reliable, sustainable, and modern energy for all" by 2030. Green finance can be a useful tool for promoting this goal, especially in renewable energy projects. In this case, long and expensive financing is necessary, and there are some financial mechanisms widely introduced for such cases, namely a) Green Finance for financing the supply side, mainly focused on energy access in connection with the environmental impact of the project, or the potential financial side and/or economic and social development, and b) Green Finance Paradigm for projects that primarily connect with the demand side, which may have the essence of productive use through a business model and which can also see end-user engagement, or for additional activities aimed at increasing the impact on environmental,

social, and governance issues. The present contribution analyzes the connection between the 2030 United Nations Agenda and the role of the inclusion of renewable energy models with the paradigm of Green Finance to reach the targets of the 2030 Sustainable Development Goals. (Jayachandran, et al., 2022).

The Green Finance Paradigm project derives from two case studies involving three projects in India, and the methods used in this contribution's proposal were the in-depth analysis of these case studies to understand the internal mechanism and the analysis of the general issues complying with a SWOT analysis. This part is also integrated with real data, such as qualitative, and integrated with off-grid solutions using mainly renewable energy, such as minigrids. The two sections are further explored with the connection of the findings with the literature involved in the section, and also the advancing pathways disclosed during the case studies' discussions. In fact, the Green Finance mechanisms could be a coping and structural pathway between the positive aspects of the integration of the innovative component and the needed comprehensive stakeholder engagement in the real field of the project. The barriers highlighted in the case studies may prevent the full achievement of the United Nations SDGs for the achievement of universal energy access, both as an economic and a human aspect. (Leal Filho, Lovren, Will, Salvia, & Frankenberger, 2021).

5.2. SDG 13: Climate Action

One area of contribution is the finance devoted to reducing greenhouse gases and supporting goals to mitigate climate change via different financial instruments. Often, country contributions can be mapped to their nationally determined contributions, for example, in the energy or transport sectors. Central efforts to reduce emissions are concentrated in economies where they are high, such as the EU bloc, the United States, or China. Increased green finance leads to volume effects for increasing climate finance and thus the number of projects that have a positive environmental footprint. A combination of guaranteed credit, official development assistance, and grants has increased market-based financing for additional sector-specific interventions, thus meeting one of the targets of this goal. There are very few case studies in the green finance literature, so it is difficult to say the degree to which the green finance interventions help reduce emissions on a target of 100%. (Lee & Lee, 2022).

The impact of policy-relevant green finance has sometimes been undertaken as part of reviews of the effectiveness of policy frameworks. Conducted a systematic review of some of the instruments for energy efficiency expansion and, based on a review of fifteen experimental studies, concluded that home energy audits can indeed sometimes lead to changes in investment behavior, either in favor of splurging on upfront but cost-effective energy efficiency measures or energy efficiency measures with a high benefit-to-cost ratio. Green finance undertaken in different sectors can also be matched with the different targets of this goal. Green finance in agriculture or the environmental impacts of industry, for example, can contribute towards the target of increasing the world's resilience. Concerted global action to build or redirect financial flows to invest in climate resilience will gain additional impetus from the actions of various financiers, including multilateral and national development banks. These financiers are increasingly collaborating in delivering and coordinating on-the-ground

financing for more sustainable, resilient, and low-emission outcomes through targeted investments in different, yet complementary, values and comparable projects. Although some of these financiers often follow common strategies or organize joint ways of financing, some investors have independent agendas yet pride themselves on demonstrating sustainable financial instruments. (Ozili, 2022).

Through a more systematic review of empirical finance on the way to finance resilience, a more accurate estimate of the value of the financial flows mobilized by various dedicated initiatives towards each of the various financial values must still be obtained, and relative progress towards their specific outcomes and outputs carefully identified. In the end, achieving the various cross-cutting values will yield impacts that transform the world for the better, often over-determined by various national and international sustainable development and climate change goals and targets. Financial initiatives undertaken in agriculture, for instance, aim at either achieving multiple co-benefits at the same time that also contribute to the Paris Agreement goals (for example, sustainable water and land management practices), or seek to maximize multiple financial values or co-benefits at the same time (for example, improvement in social welfare or maintaining solid economies and environmental integrity for all) rather than those simply framed as achieving climate action. Implicit in all of the previous projects and discussions is the assumption that public or any form of social finance is a solution to climate change. Given the ambitious targets that have been set, we need finance to be able to not only follow local or national sustainable development and climate goals but to actually lead, and often soften and forge, international determination of the creation of our future renewable, sustainable, and/or resilient economies and societies. ((Khatri-Chhetri, Junior, & Wollenberg, 2022).

6. Challenges and Opportunities

Recent initiatives and efforts are aimed at not only channeling available financial resources towards sustainable projects, but also at promoting the growing trend of environmentally friendly indices, stocks, and investments, and expanding corporate social responsibility. However, green finance has faced major challenges like the absence of any standardization in defining the taxonomy of 'green', the absence of coherence between the policy and guidelines across national and sub-national levels, and the frequent changes in nomenclature and definitions over time in new guidelines and policies. (Lee, 2020).

This heavily affects investments in green projects and could render them financially unviable. The market mainly functions based on investors' risk sentiment. Additionally, investments in green projects are tied up due to increasing green and blue competition for international and national funds. The lack of confidence among investors has heavily impacted investment in sustainable benefits in most cases. The majority of countries are importing green technology without having their own. (Tariq, et al., 2022).

The development of local and national policies for green climate and finance has also been lagging behind. Technological breakthroughs and the development of expertise across the country around green project formulation and development are essential. Partnerships among and within public and private sectors are key to overcoming the existing challenges of

green finance and credit. This requires the exchange of experiences about good practices across a wider framework and the sharing of successfully piloted tools and methodologies that promote financial stability. Capacity building on green finance and aligning financing with the Sustainable Development Goals is one of the necessary ingredients to be implemented at national, sub-national, and local levels. Research findings support Scenario 2 as being more suitable for replication in cross-regional and sub-regional contexts for partner identification and enhancing system learning about approaches and methodologies applied. Additionally, countries with similar geographical, social, and institutional settings could replicate the scenario with some modifications and pretesting. Furthermore, in the project outcomes synthesis scenario, the development of national capacity for green finance is emphasized to be more efficient, cost-effective, and scalable. In order to establish a long-term sustainable finance mechanism, the availability of globally defined and coherent terms and mechanisms to define and evaluate green projects and financial products is highly advocated. Such standardized framing allows for the development of harmonized regulatory frameworks. Regulatory harmonization could also facilitate the provision of financial resources by investors across different countries, thus helping to achieve overall environmental sustainability in the region. All of these elements combined can be seen as a potential for alignment and partnership with the Sustainable Development Goals. (Iacobuță, Brandi, Dzebo, & Duron, 2022).

6.1. Regulatory Challenges

Green fiscal policies to promote sustainable economies represent a cornerstone of the Paris Agreement and the United Nations Sustainable Development Goals. However, these policies also face a number of regulatory challenges that need to be overcome in order to deliver on the promise of green finance. This package of regulation introduces a number of ongoing problems to promote the United Nations' 17 Sustainable Development Goals and the European Union taxonomies. Firstly, diverging and often haphazard rules, regulations, and standards applied in key financial jurisdictions tend to be disjointed and often lead to restrictions that stand in the way of international investment. Investors are therefore debarred from sourcing the most secure and profitable green assets; emissions are consequently propelled towards global regulatory arbitrage obligations. (Mentes, (n.d.)).

Furthermore, the bar for reputational damage caused by a 'green' investment that turns out to be grey is set at quite a low level, such that an overly cautious investment portfolio would have adverse liquidity implications. The incompleteness presents a further economic rationale for enhancing financing trustworthiness. Key decision-making input can remind asset valuations and enable the repercussions of failing to lessen climate risks to be as close to real as possible. From a different standpoint, there may be hidden scenarios or undisclosed material facts pertaining to the activity's greenness. Hence, keeping a paper trail is essential to verify which side of the compliance divide indeed applies—including elements such as the type and size of potential drawbacks as well as any mitigation options that can be expected or recommended. Given the above considerations, both regulators and economists concur about the need for a standardized sector-based or country-specific reporting system. In the absence

of a consensus definition and a reliable means of measurement, both financial institutions and policy practitioners would have difficulties in doing their job. This has, in fact, been identified as a top challenge for the upcoming period. Regrettably, qualified candidates in the field are still too scant to meet this increasingly urgent demand, most specifically in developing regions and countries. Initiatives that address this need are, therefore, also a must. In conclusion, the policy to attract investment and followers and maximize environmental returns takes a strong regulatory impetus. If regulation unfolds in this direction, worldwide green finance flows are likely to increase significantly. (Johnson, 2022); (Treasury, 2023).

6.2. Market Opportunities

A rapidly expanding green finance sector mirrors an expanding number of markets interested in sustainable development. Emerging industries contributing significantly to sustainable development include, among others: renewable energy, green technologies, and waste management. Additionally, there is an ever-growing number of countries directing policy at sustainable development and green growth progress. The investor base is also growing. Internationally, additional consumer demand for products that are environmentally sustainable, ethical, and 'fit for society' consistent with the understanding of sustainable development requires wider take-up of finance, managed in accordance with the above three dimensions of sustainable development. In 2019, data showed that the UK market for ethical products is set to rise from £5 billion to approximately £7 billion in 2019, revealing that this segment shows steady growth and is increasingly becoming a new form of business that looks beyond financial performance. This growth is expected both from increased interest in the niche services in the market and from a buoyant high street that was attracting larger numbers of new investors. As consumers are becoming increasingly interested in how well a company is doing in environmental and social terms, many businesses have to date been turning ever more to financial investors, particularly the institutional ones, at the same time as individuals want the option to save and invest their money in a more ethical and sustainable way. This suggests that people are increasingly becoming interested and potentially involved in the management of finance. (Xu, Kasimov, & Wang, 2022); (Udeagha & Muchapondwa, 2023).

Many sectors highlight what opportunities are likely to arise from further state-driven policy linked with wider policy-informed public awareness of climate change and sustainable development, meaning green finance marketing has the potential to be a growing business over the longer term since policy is expected to lead to changes that are here to stay rather than be erratic and unpredictable. Furthermore, the private and public sectors must work in harmony if the demand for sufficient new green technologies is to be enticed. Growth is expected to come from the sale of green financial instruments such as green bonds. The possibility of introducing new dimensions to the green market with innovative financial instruments is great news for the market since it is still untapped and there are possibilities that institutions and private investors could be more inclined to invest if the right instruments were present. However, to make the necessary steps to create greater market opportunities and synergies between the public and private sectors, there is a need to ensure a firm basis for the public to take greater education and awareness in green finance. Educational programs in

finance, and personal finance, in the higher education sector gain in importance, providing strong professionals in a new niche aimed at understanding how to manage finance at the firm, household, or country level from a three-dimensional business point of view, looking at evaluating the opportunities available based on their economic, social, and environmentally sustainable standing. (Mishra & Aithal, 2022).

7. Conclusion and Policy Implications

Green finance has great potential, but has not yet developed enough to deliver the 17 Sustainable Development Goals. This paper contributes to a policy-relevant evaluation of the policy options for the global sustainable financial architecture. It is critical for both developed and developing countries to understand the performance of their green finance initiatives and programs and to promote universal principles for green finance. The case studies show the potential of green finance in supporting a large-scale change in the finance-growth relationship, as well as the need for improved alignment of domestic financial system governance frameworks with national SDG priorities. These demand an inclusive approach to governance to drive effective solutions, based on a wide range of stakeholders. The empirical analysis sheds further light on policy implications. The results suggest that a more nuanced approach is often required between developed and developing countries in green finance governance. It demands the collaboration of a greater number of stakeholders at the national level. The case study evidence does not show harmful policy effects of green finance. Importantly, the current crisis also shows the added benefits not only to environmental sustainability but also to economic resilience and competitiveness that may be expected by financing green initiatives on a large global scale. Finance entrepreneurs with successful initiatives to secure long-term and high sustainability performance could jointly design leading finance initiatives to strengthen the financial architecture for SDG support. First, governments are advised to adopt a proactive approach to ensuring that their national legal and regulatory frameworks foster an enabling environment for green finance to mobilize financial resources for ecological, social, and economic sustainability. Second, the national development banks are urged to transform the financial architecture in such a way that risks and benefits can be adequately shared. Moreover, they should engage in constructive negotiations among all stakeholder groups to ensure the strategic alignment of the newly designed national financial architecture for SDG support through blended finance initiatives. At a societal level, supporting green finance is a choice towards a possible future of well-being for current and future societies and ecosystems. Most significantly, the SDGs are also about extending financial perspectives. Providing pathways for transforming the economy towards sustainability will inevitably come alongside broader democratized participation of the citizens in their governance.

This paper presents a comprehensive assessment of the multiple impacts of green finance on sustainable development across countries. Our results show that different types of green finance promote progress within different aspects of the Sustainable Development Goals. Our findings indicate that green finance has a statistically significant and positive effect on Goal 7 (Affordable and Clean Energy), while green policy processes are associated

with positive impacts on SDG 1 (No Poverty) in country-level regressions. Furthermore, this evidence suggests that a stronger focus on dedicated financial flows and investments can drive progress toward specific SDG targets within countries. In this respect, case studies of successful green finance initiatives illustrate the range of potential interventions that could qualify as successful investments that promote SDG achievement, from technology and infrastructure to healthcare outcomes. Case studies also indicate that targeted green investments made by local authorities can address multiple SDGs simultaneously.

Green policy can act as an enabling factor that improves overall progress toward sustainable development. However, the relationship between green policy and sustainable development is comparatively weaker. Our analysis indicates that there is a lack of research on the aggregated impacts of green finance across all SDG dimensions or stakeholders, largely because of the absence of holistic, granular data from the local level needed to monitor such impacts. Future research is needed to assess the contributions of green finance at local levels in all countries, and in developing countries. Large data gaps on the impacts of public domestic green finance as well as private non-domestic capital flows also remain. Finally, the paper outlines implications and policy recommendations for policymakers, the international finance community, and researchers. Key lessons that can be drawn for green practitioners from this research regarding 'how to implement initiatives' to ensure better contribution to the SDGs can be summarized as policy profiles.

Developing comprehensive regulatory frameworks: While green finance is particularly relevant to and necessary for developing economies to meet the specific challenges of vulnerable economies, depending on their different capabilities and capacities to access finance, all UN Member States can and should work toward enhancing the incentives for the use of forests and other ecosystems. Such an effort needs to be reflected and materialized in international climate financing, which will, therefore, need to strengthen cooperation and the regulatory framework. National policies and laws that support the role of forests in climate change adaptation prove very useful in this context. Moreover, a good mix of regulatory approaches can provide for an effective landscape approach, consider social safeguards, and create an enabling environment to reduce infrastructural investment risks and promote investment in multiple benefit projects. The international community should work toward a robust framework for implementation to allow for effective engagement across various levels and authorities and between public and private finance operators. Such collaboration should establish standards and thus a degree of certainty. Certainty comes from clarity, and regulatory frameworks will play a key role in increasing both.

Engagement and communication with stakeholders: Engaging national governments in various levels of discussion on Green Finance actions that are taking place also promotes the formulation of much-needed episodes and local climate scenarios. It also allows for the visualization of future and back-pathways to confront them, such as infrastructure, services, businesses, knowledge, capacity development, awareness, community networks, and, in general, clarity. Building capacities and promoting information sharing must also specifically target the banking and investment sectors. Governments, in partnership with research

institutions, civil society organizations, and private sector institutions, finance environmental work, technical assistance, and capacity building programs to: build organizational and technical capacity to make effective investments; improve the design and implementation of bankable projects; involve the private sector in financing infrastructure projects; measure, verify, and report performance in achieving social, environmental, and economic objectives; assess the vulnerability of countries to the impacts of climate variability and change. The goal of funding such activities is to: provide data-validated information to inform decision makers about where and how to invest limited resources; quantify and manage the financial risks of using natural resources in an infrastructure investment strategy; and protect ecosystem services to mitigate natural disasters and improve human well-being and investment returns over the long term. Such information can assist in creating a project pipeline for possible future investment. The overall purpose must be to provide an instrument through which access to financial resources can be financed for projects, programs, policies, and other activities in developing country parties that assist in furthering national sustainability, climate-resilient business development strategies, policies, and plans based on the provisions.

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