OPPORTUNITIES FOR GREEN FINANCING AND ENVIRONMENTAL PROTECTION IN FINANCING INFRASTRUCTURE PROJECTS

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Annotation: This thesis explores the intersection of green financing and environmental protection in the context of infrastructure projects. As the world faces increasing environmental challenges, the need for sustainable development has never been more critical. Green financing offers innovative solutions that align financial investments with ecological integrity, ensuring that infrastructure projects contribute positively to the environment. This study analyzes current trends, identifies opportunities, and proposes frameworks for integrating green financing into infrastructure development to foster sustainable economic growth.

Keywords: Green Financing, Environmental Protection, Infrastructure Projects, Sustainable Development, Climate Change, Renewable Energy, Green Bonds, Public-Private Partnerships.

Introduction

Infrastructure (Latin: infra - "under") - a set of various auxiliary service areas (organization, enterprise and institution) that serve to ensure the standard conditions necessary for production and commodity circulation, as well as human life activity; intangible production sector. Infrastructure services are intangible goods that satisfy vital needs. Since the infrastructure is a necessary condition, a part of the economic resources is involved in ensuring its operation.

Infrastructure development is a cornerstone of economic growth, providing essential services and connectivity that underpin societal progress. However, traditional infrastructure projects have often prioritized short-term economic gains over long-term environmental sustainability, leading to significant ecological degradation. In response to these challenges, green financing has emerged as a viable solution to align infrastructural investments with environmental conservation goals. This article aims to identify the opportunities that green financing presents for infrastructure projects while emphasizing the importance of environmental protection.

Main Part

due to global environmental changes, such as shifting climates, the depletion of natural resource reserves, a variety of environmental issues, wasteful water usage, pollution, and the sluggish preservation of rural areas and forests. It negatively affects both developed and developing nations' social and economic conditions in addition to the biological environment. The state can become the primary reformer and eradicate green issues in the economy to guarantee economic stability, boost competitiveness with industrialised nations, and improve the socioeconomic standing of the populace.

Because of this, the budget methodology was introduced in accordance with the President of our nation's decision "On measures to increase the efficiency of reforms aimed at the transition of the Republic of Uzbekistan to the "Green" economy until 2030" No. PD-436. This decision aims to integrate disaster risk management and climate change adaptation issues into national policy, socio-economic development planning, and budget processes, as well as to evaluate and disclose information on the appropriateness and impact of taxes and government spending on the green economy.

Global environmental protection has become a top issue. The green economy is based on the reduction of environmental dangers, resource shortages, and inequality. As a result, both public and private funding are required in this instance to sustain extensive green expenditures. On the other hand, economic actors do not show a desire to adequately fund new initiatives because of the low return. A further contributing element is the absence of governmental will and stability. According to the experience of other industrialised nations, climate change is currently seen as the primary environmental issue, and achieving green and low-carbon sustainable development is essential to preserving both the environment and the economy. Green public investment is essential to cutting greenhouse gas emissions, adjusting the energy mix, and stabilizing the climate dramatically.

The "green bonds" market will generate 81.6 billion in revenue between 2017 and 2021 as a result of the governments of numerous nations and international organisations supporting green investment initiatives. 6.3 times more than US dollars, at 517.4 billion. got to US dollars. Additionally, the data shows that even during the pandemic, investments in "Green Bonds" are showing growth dynamics year after year. While the rise of the sales volume has slowed, it has not entirely ceased. Additionally, as the global economy recovers from the epidemic, the green bond market is expected to grow by 517.4 billion in 2020. The sum was in US dollars. It's worthwhile noting that specialists and experts estimate that the market volume of "green bonds" will be 1 trillion in 2025. USA. They are realistic in their forecasts about reaching USD.

The IHTT Paris Partnership on Green Budgeting, held in Paris on 12 December 2015, aimed to develop new, innovative tools to assess and develop improvements in adapting national expenditure and revenue processes to climate and other environmental goals.

According to research by the World Bank, by 2050, climate change could force 216 million people to leave the countries where they live. According to the WHO, 2 billion people suffer from lack of clean drinking water and 600 million suffer from food-related diseases every year, 30% of deaths of children under 5 are food-related.

The term "green budgeting" first appeared in the 1987 report of the Brundtland (Brundtland) Commission, which stated that "governments' central economic and sectoral agencies must now ensure that their policies, programs and budgets support development." should be directly and fully responsible" appeared in the recommendation. This meant environmental and economic sustainability. After this report, experimental integration of environmental issues into public financial management took place in countries such as Norway and France, which introduced the environmental profile of the public budget in 1989. Italy was also a leader in this field, in 1999 the Italian Parliament directed the national government to allocate all resources related to the environment in the annual budget to produce an "Ecological Budget" (ecoBilancio) alongside the draft budget. The exercise continues with the latest "green budget" released in 2022.

Green financing refers to financial instruments that promote investments in projects with positive environmental impacts. This includes funding for renewable energy, energy efficiency, sustainable transportation, and resource conservation initiatives. Instruments such as green bonds, impact investing, and environmentally-focused public-private partnerships (PPPs) are key components of the green financing landscape.

1. Green Bonds

Green bonds are fixed-income instruments specifically earmarked for funding projects that have positive environmental benefits. They have gained popularity among institutional investors seeking to align their portfolios with sustainability objectives. The growth of the green bond market has been significant, with issuances reaching over $300 billion in recent years.

2. Public-Private Partnerships (PPPs)

PPPs combine public and private resources to finance infrastructure projects while sharing risks and benefits. By integrating environmental criteria into PPP agreements, stakeholders can ensure that projects adhere to sustainable practices and contribute to environmental protection.

3. State and international grants

Many countries and international organizations, such as the World Bank or the UN, provide grants to support environmental protection and green infrastructure projects. These funds will help cover part of the project's costs.

4. Green banks

Green banks are financial institutions that specialize in financing environmentally sustainable projects. They offer special financial instruments to attract investment and support environmentally friendly projects.

5. Energy efficiency programs

As part of green financing, there are programs aimed at increasing energy efficiency. These programs aim to reduce energy consumption and, as a result, reduce environmental impact.

6. Private sector cooperation

Partnerships with the private sector, for example through corporate social responsibility (CSR) programs, expand funding opportunities. Large companies can strengthen their brands by investing in environmental projects.

7. Renewable energy sources

Renewable energy projects, such as solar and wind power, are very attractive for financing. These projects are often supported by the government and their implementation brings environmental and economic benefits.

8. Legislation on environmental protection

Environmental laws and regulations developed by states encourage green financing. For example, environmental certificates and standards allow investors to reduce project risks.

Through these opportunities, it is possible to ensure environmental protection and sustainable development in the financing of infrastructure projects. This process will be beneficial not only ecologically, but also economically.

Despite the promising opportunities, several challenges hinder the widespread adoption of green financing in infrastructure projects. There is often a lack of understanding of green financing among stakeholders. Educational initiatives and outreach programs can bridge this gap, promoting awareness of the benefits and mechanisms of green financing. Regulatory frameworks may not adequately incentivize green investments. Policymakers should consider developing supportive regulations that encourage green financing, such as tax incentives for green projects. The absence of standardized metrics for measuring the environmental impact of projects can deter investors. Establishing robust reporting frameworks can enhance transparency and build investor confidence.

Conclusion

Green financing presents a transformative opportunity to align infrastructure development with environmental protection goals. By adopting innovative financial instruments and integrating sustainability into project planning, stakeholders can create infrastructure that not only meets economic needs but also safeguards the environment for future generations. As the global community increasingly prioritizes sustainable development, embracing green financing will be essential for building resilient, eco-friendly infrastructure that supports a sustainable future.

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