FEAT URES OF STATE INVESTMENT POLICY IN THE CONTEXT
OF THE CONCEPT OF «GREEN ECONOMY»

CECHY POLITYKI INWESTYCYJNEJ PAŃSTWA W KONTEKŚCIE
KONCEPCJI «EKOLOGICZNEJ GOSPODARKI»

ОСОБЕННОСТИ ГОСУДАРСТВЕННОЙ ИНВЕСТИЦИОННОЙ ПОЛИТИКИ В
КОНТЕКСТЕ ВНЕДРЕНИЯ КОНЦЕПЦИИ «ЗЕЛЕНОЙ ЭКОНОМИКИ»

Abstracts
The article considers the essence of "green" investment, the current state of the investment policy of Ukraine and the main trends in this area abroad. The study analyses the peculiarities of "green" investments promoting in investment policy and proposes a structural approach to building "green" investment policy.

Keywords: ecology-oriented development, investments, "green" investments, investment policy, the "green" investment policy.

Streszczenie
W artykule opisano istotę ekologicznych inwestycji, obecny stan polityki inwestycyjnej Ukrainy i główne trendy w tej dziedzinie w ujęciu międzynarodowym. Scharakteryzowano zasadność wprowadzenia osobliwości ekologicznych inwestycji w polityce inwestycyjnej i zaproponowano podejście strukturalne do budowy ekologicznej polityki inwestycyjnej.

Słowa kluczowe: administracja publiczna, ekologiczny rozwój, inwestycje, "zielone" inwestycje, polityka inwestycyjna, ekologiczna polityka inwestycyjna.

Аннотация
В статье рассмотрена сущность «зеленых» инвестиций, исследовано современное состояние инвестиционной политики Украины и основные тенденции в этой сфере за рубежом, проанализированы особенности внедрения «зеленых»

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217
Introduction. The financial and economic crises of the recent years have contributed to the adoption on the high-level political commitment on implementation of eco-oriented model of growth as one of the engines of economic recovery and job creation. Interest in eco-oriented growth motivated by the need to stimulate economic recovery with the help of cost and faster performance targets related to the fight against climate change and other aspects of environmental protection. Plans to restore the national economy from the effects of the financial and economic crisis have provided most of the activities on climate change, energy efficiency, renewable energy, infrastructure development, support eco-oriented products, distribution of professional knowledge on ecology-oriented activities. However, the introduction of these measures is rather slow because of the difficulty of financial, managerial and regulatory nature, which can be overcome only by their comprehensive review in the context of the three basic principles of sustainable development - economic growth, social progress and environmental protection. To achieve the above-mentioned goal, review and reorientation of the national economy to ecology-oriented or "green economy" that is the economy where the emerging relationships in the system of production, distribution, exchange, and consumption, do not harm the environment and human health and promote more efficient use of resources., is imminent to achieve this high goal. Success in building a "green economy" will depend on the state investment policy.

Current economic conditions, which are inherent such qualities as growth of public debt, the need to speed up structural reforms, strengthening of uneven development, infrastructural deficit, do not contribute to creating funding opportunities for greening the economy only at the expense of the state budget. In this regard, the decisive issues in this process are the prospects for attracting investment both from external sources and internal.

Thus, the purpose of the study is to determine the nature and to analyze characteristics of the of public investment policy in the context of the concept of "green economy".

Investigating the problem of ecology-oriented development and establishment of "green economy" are becoming increasingly important for scientists, including I. Bystryakov [2], Y. Berezhnaya [1], L. Marchuk, S. Bila, B. Burkyn'skyi, S. Illyashenko, V. Reutov, M. Stadnyk, V. Potappenko and others.

Also active researches and discussions are focused at international level with the participation of reputable organizations like The United Nations Environment Programme (UNEP) [4], the Organisation for Economic Co-operation and Development (OECD) [5], the United Nations Department of Economic and Social Affairs (UN DESA) [10], the International Monetary Fund (IMF) and others. The question related to the transformation of public investment policy in the context of "green economy" remains problematic and controversial.

1. The essence of the concept of "green investments". As the economic recovery often takes place on the basis of structural changes so the current crisis serves as an opportunity and incentive for more efficient use of energy and materials, and the development of new environmental-oriented industries and activities - those measurements that will benefit both the economy as well and the environment. In this regard, the "green economy" was proclaimed as a key concept that embodies the promise of a new paradigm of development and has the potential to safeguard the earth's ecosystems within the chosen path of economic growth.
while contributing to poverty reduction in the world.

Practical implementation of the "green economy" concept implies the existence of effective legislation in key sectors; the need to increase investment in "green" infrastructure; implementation aspects of sustainable production and consumption; supporting research and innovation; the development and diffusion of environmentally friendly technologies [1, p. 32].

According to I. Bystryakov [2, p. 51], for a short historical period of time dimensions (Stockholm (1972), where an international conference recognized major problem of environmental pollution, particularly air pollution, Nairobi (1982), when participants at the conference stressed the priority problems of biodiversity; Rio de Janeiro (1992), where the paradigmatic idea of the conference was to ensure sustainable development and Johannesburg (2002), where, in fact, stated that the idea of sustainable development for decades has not acquired significant development in practical and methodical activity) achievements in implementing "green economy" is small. Achievement of any results on problems that are solved with the development of eco-oriented activities under the concept of "green economy" directly linked to the accumulation of the necessary financial resources. In this regard, introduces the concept of "green investment".

L. Eyrad and other [3] refers to the investment necessary to reduce greenhouse gas and air pollutant emissions, without significantly reducing the production and consumption of non-energy goods; green investments covers both public and private investment. There are three main components of green investment: Low-emission energy supply (including renewable energy, bio fuels and nuclear); energy efficiency (in energy supply and energy-consuming sectors); and carbon capture and sequestration (including deforestation and agriculture).

### Table 1. Selected indicators of development of Ukraine for the period 2004 - 2014

<table>
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</thead>
<tbody>
<tr>
<td>FDI, mlm grn.</td>
<td>5794.4</td>
<td>9047.0</td>
<td>16890.0</td>
<td>21607.3</td>
<td>29542.7</td>
<td>35616.4</td>
<td>40033.0</td>
<td>44886.0</td>
<td>50333.9</td>
<td>55286.8</td>
<td>58158.9</td>
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<tr>
<td>Capital Investments, mlm grn.</td>
<td>7574</td>
<td>8816</td>
<td>11174</td>
<td>148172</td>
<td>222378</td>
<td>272074.1</td>
<td>157517</td>
<td>215649.1</td>
<td>244214.6</td>
<td>23522.8</td>
<td>204061.7</td>
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<tr>
<td>Exports, % of GDP</td>
<td>-</td>
<td>51</td>
<td>47</td>
<td>45</td>
<td>47</td>
<td>46</td>
<td>51</td>
<td>50</td>
<td>48</td>
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<td>Imports, % of GDP</td>
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<td>54</td>
<td>56</td>
<td>58</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>GDP, mlm $</td>
<td>64328</td>
<td>86309</td>
<td>107753</td>
<td>142719</td>
<td>178382</td>
<td>11752</td>
<td>136420</td>
<td>165239</td>
<td>178308</td>
<td>182028</td>
<td>150908</td>
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<tr>
<td>mlm grn.</td>
<td>34513</td>
<td>44452</td>
<td>544153</td>
<td>720730</td>
<td>948056</td>
<td>913345</td>
<td>1079345</td>
<td>1299981</td>
<td>1404669</td>
<td>1435198</td>
<td>1556728</td>
</tr>
</tbody>
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Importantly, the "green" investments is a very broad term that is used at all levels: major investments in technology and projects; a "green company" and financial products, which they invested, or even whole classes of assets. "Green" investments can be autonomous, part of a broader investment scheme or closely linked to other investment approaches, such as socially responsible investment (RI / SRI), environmental, social and investment management (ESG), a stable, long-term investment and other [5].

So, since "green" investments mainly traditionally been embedded in a broader investment approach, it can be argued that is a part of the investment policy, which is on the

Dr. O. Balueva,
Applicant A. Kumachyova

219
path of sustainable development and the formation of "green economy".

According to UNEP [4], today there is a substantial increase in investment in sectors that are involved in the development and strengthening of the Earth's natural capital or reducing ecological risks and environmental deficit. These sectors include renewable energy, low carbon transport, energy-efficient construction, "clean" technologies, improving waste management, improving the supply of fresh water, sustainable agriculture, forest and fisheries. These investments will promote reform of national policies, the development of international policy and market infrastructure.

2. Statistical evaluation of current investment policy. The state represented by competent authorities should create conditions for sustainable development due to positive economic activity that depends on the process flow of (export) capital in the economy.

As can be seen from the table 1, in the last decade Ukraine remains imports oriented country with low percentage of attracting investment in GDP, most of which are traditionally concentrated in processing industries and is inextricably linked to the privatization process. This at a time when the state budget is not enough to stimulate economic growth, the volume of investments in GDP is also too low to create the foundation for long-term development. In this situation, investment in major long-term projects (eg, infrastructure) that are essential for improving economic development and the implementation of which would further increase the country's attractiveness for investments is complicated and slow process Figure 1 shows that between investment and GDP exists directly proportional relationship. Thus, comparing fall in 2009 due to the financial crisis and in 2014 due to political and social crisis, we note that if in 2009 the GDP decline by 35% accompanied by a reduction in foreign direct investment by 55%, in 2014 GDP fall by 28 1% accompanied by a reduction in foreign direct investment by 81%.

![Graph showing GDP growth and investments in the period 2004 – 2014](source)

Source: Compiled by authors on data of State Statistics Service of Ukraine, [http://www.ukrstat.gov.ua](http://www.ukrstat.gov.ua) [8].

Fig. 1. GDP growth and investments in the period 2004 – 2014 (the average NBU rate for the reporting period)

According to the World Economic Forum in 2013 [7], global investment in renewable energy in 2011 reached a record and increased 17% compared to 2010 and amounted to 257 billion dollars. This amount is six times more than in 2004 and is 93% of this amount in 2007, a year before the global financial crisis. Global agricultural productivity growth higher than the overall rate of population growth and since 1990 more than 2 billion people gained...
access to improved drinking water sources. There is a worldwide trend of energy efficient technologies.

EU countries in 2004 - 2013 increased the share of renewable energy in gross final energy consumption from 8.3% to 15%, greenhouse gas emissions decreased by almost 12%, but energy intensity (the ratio of total domestic energy consumption to GDP) among EU countries over the period increased by 16.3% [6].

This progress, however, remains insufficient; growth of "green investment" is still slow due to intensive investment in fossil fuels, inefficient infrastructure and so on.

3. Features of the implementing green investment policies. Today it is proved that "green" investment and political reform provide mechanisms and funding for the reconfiguration of businesses, infrastructure and institutions, and the adoption of sustainable production and consumption processes. This configuration change leads to increasing the share of green sectors in GDP, landscaping jobs, lower energy and capacity resources production, reduce waste and pollution, and significantly reduce greenhouse gas emissions. It can also help to reduce chronic poverty through conditional grants, new jobs, and improving access and the flow of ecosystem goods and services at the bottom of the economic pyramid [4]. Thus there is a redistribution of private capital from the old energy and resource-spending enterprises to new high-tech and energy and resource-saving enterprises.

In these conditions, the urgent task is to attract such investment to stimulate economic growth and formation of the "green" investment environment.

It should be noted that in the recent years there has been increasing political support for efforts to "green growth." As an example, we note the growth strategy of the European Union by 2020. Developing countries, at present in the process of developing such strategies, but insufficient attention is still paid to policy coordination, and this problem is not seen as a priority, which is probably due to the lack of consensus among policy makers. Also cumulative benefits from the implementation of such policies are probably underestimated and unclearly calculated. Existing approaches are usually limited to climate change or energy policy, many countries do not have the overall strategy of "green growth" for key sectors such as agriculture, water and sanitation, housing, transportation, etc. Today there is a growing awareness of the need to integrate environmental considerations with development plans and poverty reduction in transition economies in transition.

Nevertheless, attracting of necessary volumes of "green investment" may have provided an effective public policy. In many countries state resources are limited today, especially through austerity measures. Thus, the dependence on public sector investment should be minimized, and greater attention should be paid to attracting private capital, which underlies the transition to a "green economy".

Governments need to integrate the whole "green growth" in the process of developing a broader policy of economic development planning (Fig. 1). For example, at the disposal of the OECD today is 71 trillion dollars, but the deployment of these assets towards "green infrastructure" is limited by policy uncertainty, market and technological risks, and reinforced by the reluctance of investors to participate in projects with long-term prospect.

One probable problem solution of attracting "green investment" is to mobilize private funding through clever use of limited public finances. The experience of attraction of investments related to the problems of climate change so targeted use of public finances can be scaled to private financial flows to the "green" investments based on measures such as guarantees, insurance products and incentives, combined with support for the right policy.

There is considerable potential to increase loans by using the proceeds from the sale of carbon and targeted use of guarantee funds combined with technical assistance that will attract much more private investment.

Dr. O. Balueva,
Applicant A. Kumachyova
221
According to experts of the World Economic Forum [1], if public sector investment could be increased to 130 bln dollars and more effectively targeted, it could mobilize private capital in the range of 570 billion dollars. This would also involve 0.7 billion dollars additional investments needed to promote the world towards "green growth." However, the "greening" of the rest of 5 trillion dollars investments in infrastructure remain a major challenge that requires political reform and a stronger impulse to a policy of investment grade.

The desire of the state to create adequate strategic framework for promoting "green" investment flows that support long-term economic growth embodied the principles of environmental sustainability at the macro, meso and micro levels (Fig. 2).

To speed and direction of transformation of the national economy to a "green" growth, public institutions, investors and international organizations need to improve global monitoring, analysis and promotion of "green" investments. For this purpose, the government should take the following immediate actions:

- create reliable institutions on financing development to speed up and streamline the extensive use of tried and tested instruments of state funding, which reduce investment risks for the private sector (loans at lower interest rates in the long term compared with commercial bank loans, state participation in stake or creating attractive conditions for potential shareholders, the introduction of "green" bonds, creating a "climate" investment funds, etc.);

- the direct involvement of private investors in the discussion, joint development and more widespread use of relevant experience of joint funding. Distribution of public-private cooperation to study ways to accelerate attract "green investments" in infrastructure that will eventually lead to the emergence of "green" funds new generation.
Conclusions. In the process of revision of policies towards sustainability the concept of "green economy" is becoming urgency as one that ensures economic system harmonization with the principles of ecology-oriented growth. The driving force behind these processes is the accumulation and distribution of necessary funding or "green investment", which is a part of the investment policy of the state on the path of sustainable development and the formation of "green economy". To achieve progress on that path it is important to agreeing concept of "green economy" with the overall strategy of the national economy. The "green" investments are integrated into state investment policy on three levels - macro, meso and micro levels, which ultimately allows to create a basis for the transition to "green" principles of management and create a basis for the development of "green economy" at the national level. The process of implementation of "green investment" must be based on active
involvement of private investment by and approaches that are widely used in the reviewing public policy and widespread developed world.

**Bibliography:**


