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## THE CONCEPT OF TRANSITION TO A GREEN ECONOMY: OPPORTUNITIES AND RISKS

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The aim of the paper is to analyze the concept of the „green” economy as an important component of the sustainable development of society, including its difference from the traditional „brown” economy, its principles, priorities and strategy - ensuring „green” economic growth.

Research methods such as analysis (to reveal the key theoretical provisions of the concept), induction (to identify the main trends and the sequence of changes) and synthesis (to formulate conclusions) were used.

The concept of a „green” economy is associated not only with environmental issues, but also with issues of social well-being of society, which implies an active position of the state, public organizations and cooperation between countries. The example of the countries of the European Union shows that the introduction of technological innovations, public consciousness, rational use of natural resources and resource conservation are the key to the effectiveness of the „green” economy.

An attempt is made to determine the optimal solution to the contradiction between the simultaneous development of the „green” economy and economic growth.

**Keywords:** „green” economy, „green” growth, sustainable development, resource conservation, environment.

### CONCEPTUL DE TRANZIȚIE CĂTRE O ECONOMIE VERDE: OPORTUNITĂȚI ȘI RISCURI

Scopul lucrării este de a analiza conceptul de „economie verde” ca o componentă importantă a dezvoltării durabile a societății, inclusiv diferența acesteia față de economia tradițională „brună”, principiile, prioritățile și strategia acesteia - asigurarea creșterii economice „verzi”.

Au fost utilizate metode de cercetare precum analiza (pentru a dezvălui principalele prevederi teoretice ale conceptului), inducția (pentru a identifica principalele tendințe și succesiunea schimbărilor) și sinteza (pentru a formula concluzii).

Conceptul de „economie verde” este asociat nu numai cu probleme de mediu, ci și cu aspecte legate de bunăstarea socială a societății, ceea ce implică o poziție activă a statului, a organizațiilor publice și a cooperării între țări. Exemplul țărilor din Uniunea Europeană arată că introducerea inovațiilor tehnologice, conștientizarea publicului, utilizarea rațională a resurselor naturale și conservarea resurselor reprezintă cheia eficienței economiei „verzi”.

Se încearcă să se determine soluția optimă la contradicția dintre dezvoltarea simultană a economiei „verzi” și creșterea economică.

**Cuvinte-cheie:** „ecologie”: economie „verde”, creștere „verde”, dezvoltare durabilă, conservarea resurselor, mediu.

### Introduction

In modern conditions, many countries of the world are adopting a course for the development of „green” economy, which is considered as a guarantor of sustainable development of the country. This is becoming an inevitable necessity due to environmental problems, namely climate change, as well as social and economic problems. The world is unbalanced and unpredictable, which leads to the concern of international organizations representing the interests of society as a whole. In order to achieve sustainable development, action by all States is required, and the concept of transition to a „green” economy is one of the most important tools for economic development, taking into account the interests of both, society and the environment.

According to expert predictions, if current consumption rates are maintained, agricultural production will have to be doubled by 2050, energy production will have to be increased by 85%, and water consumption – by 55%. (Pakina, 2019). In this regard, the transition to the principles of „green economy” seems to be almost the only way to reduce environmental risks of future economic development.

The term „green economy” first appeared in the scientific world in the work of English scientists D. Pearce, A. Markandya and E. Barbier „Blueprint for a Green Economy” in 1989, which substantiated the need for economic support of environmental policy. (Pearce and all, 1989). At the same time, the concept was practically not developed until 2000.

The purpose of the present study is to analyze the concept of „green economy” as an important component of sustainable development of society, including its difference from the traditional „brown” economy, its principles and priorities. It also considers the directions of impact of the green economy on economic, social and environmental spheres of activity.

In order to achieve the goal set, in the work such research methods as analysis (to reveal the key theoretical provisions of the concept), induction (in order to identify the main trends and sequence of ongoing changes) and synthesis (to formulate conclusions) were used.

The conclusion is made on that the concept of „green economy” is related not only to environmental issues, but also to the issues of social well-being of the society, which implies an active position of the state, public organizations and cooperation between countries in the process of transition to a „green” economy. The example of the European Union countries shows that the introduction of technological innovations, social awareness, rational environmental management and resources preservation are the key to the effectiveness of the „green” economy. Transition to a new model of economic development is also relevant for the Republic of Moldova.

An attempt to determine the optimal solution to the contradiction of simultaneous development of „green” economy and economic growth is made.

### Literature review

The concept of green economy marks a shift from a consumerist economic development model that views environmental protection as an economic burden to a model that uses environmental protection as one of the driving forces for economic development. The United Nations Environment Program (UNEP) has proposed the following definition: „green economy is an economy that leads to improved human well-being and social justice by significantly reducing environmental risks and scarcity of environmental benefits” (14). Such a definition reflects both, specific directions of development and specific results of its development. UN experts suggest such directions as increasing energy efficiency, reducing resource intensity and socially oriented development. Thus, the transition of society to the principles of green economy implies assessing the development through the achievement of economic results with the reduction of environmental costs.

In general, the „green” economy is often seen as a new economic model that involves the use of new economic instruments and practices to address pressing environmental global problems under the impact of climate change (Lipietz, 2013; Jessop, 2012).

The concept of green economy in one form or another has already been adopted by many developed countries and on its basis the share of renewable energy sources in the modern global economy, supported by various economic instruments – taxes, credits, subsidies, etc., is increasing [4]. Even now the share of renewable energy sources for electricity generation in Germany has reached almost 40%.

As defined by the United Nations Environment Program (UNEP): „The green economy” it is „one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities” (1). It is low carbon, resource efficient, and socially inclusive. The concept of a green economy does not replace the concept of sustainable development, but it is now increasingly recognized that achieving sustainability depends to a large extent on the development of an economy that would be the basis for sustainable development and would develop on the principles of sustainable development, i.e. development that involves a trade-off between the current and future needs of society and environmental quality.

Important features of such an economic model are „(1):

- Efficient use of natural resources;
- Preservation and increase of natural capital;
- Reduction of pollution;

- Low carbon emissions;
- Prevention of biodiversity loss;
- Increased income and employment.

### **Materials and discussions**

The green economy is sometimes equated with „green” growth. We support the opinion of a number of researchers that there are differences between these concepts. Thus, experts of the International Chamber of Commerce believe that „green” growth allows at the micro level to „green” technologies, processes, products and services, to increase investment in „green” research and innovation. In contrast, a „green” economy involves macro-level strategic planning to respond to the systematic challenges of the economy (13). The „green” economy more explicitly addresses global environmental concerns and prioritizes of human well-being than „green growth”.

There are also theories of antigrowth (GDP degrowth), according to which in the foreseeable future the growth rates of the world economy and the economies of individual countries should be significantly reduced. This concept appeared as an alternative to economic growth, the main indicator of which is GDP dynamics. The consequences of high rates of economic growth, both, for the environment and for humans, were also pointed out by D. Meadows in his work „Limits to Growth” (Meadows, 1972).

At the same time, some authors believe that „green” growth is characterized by the emergence of new economic opportunities, the development of innovative solutions, which will allow the transformation of the economy (6).

The indicators of economic growth and consumption of natural resources are now growing in parallel. Thus, the volume of greenhouse gas emissions, primarily CO<sub>2</sub>, shows a correlation with the rate of development of the global economy. Therefore, the most important task facing the green economy is to overcome the proportionality of economic growth and natural resource consumption, i.e. to ensure the „decoupling” effect. This term reflects the relationship between „economic benefits” and „environmental failures” and means a drop of the rate of growth of environmental load during the development of the economy over a certain period.

We are of the opinion that economic growth should give way to economic development. The new economic model should be developed not through quantitative growth of GDP, but through qualitative development of the environment, improvement of the population’s welfare and achievement of social justice while maintaining the balance of the global geo-ecosystem (Kallis, 2011).

Transition to a green economy will require a long period of economic modernization and changes in public consciousness. In this case, the basis of the green economy are the following sectors of the economy: agriculture and fisheries, water and forestry, industry (primarily energy), construction, transport, tourism, domestic and industrial waste management. The most important role in the green economy will be played by reducing the consumption of non-renewable resources, reducing emissions, deeper processing of raw materials, scientifically based methods of land treatment, preservation of geo-ecosystems.

Realization of the concept of green economy is also relevant for the Republic of Moldova. The country is experiencing an increase of emissions from road transport, in particular due to the increase of the number of vehicles, import of old cars, intensification and increase of the traffic duration. According to statistics, emissions from stationary sources remain stable, but do not reflect the real situation, as small and medium-sized enterprises, which constitute the majority of enterprises in the country are still not covered by this system of statistical reporting and monitoring. Over the last 5 years, the generation of household waste has increased, including per capita, while the share of recycled waste, by category, still remains at a rather low level (5).

In Moldova, attention to the formation of the institutional framework for the development of a „green” economy is paid. Thus, the Government approved the Environmental Strategy for 2014-2023, which sets national and sectoral priorities of the „green” economy in agriculture, transportation, energy, industry, construction, regional development, education and procurement. Short-term national „green” economy targets included in the draft Roadmap were identified: development of „green” agriculture, „greening” of small and medium-sized enterprises, energy sector and promotion of „greener” products. Implementation

of „green” economy principles in the Republic of Moldova implies their combination with economic development and social well-being. (5).

Transformation of the economy based on the principles of „green economy” pursues long-term goals: preservation and sustainable use of ecosystems and natural resources; ensuring stable and sustainable economic development and sustainable structure of production and consumption in order to increase the share of „green” GDP in the economy; priority human development and ensuring human well-being. Currently, international organizations and UN institutions have developed strategic benchmarks of the „green” economy, which are acceptable and important as goals for all countries.

To implement the ideas of green economy in practice, foreign experience should be used. Today, many countries of the world have built their climate change mitigation strategies (Climate Change Mitigation) on tracking trends in carbon dioxide emissions, and their implementation is one of the most significant proofs of adherence to the principles of sustainable development. National reports on the results of such strategies are issued in Germany, Sweden, China, India and many other countries. Annual reports on greenhouse gas emissions from the energy sector and their impact on the climate are published by the International Energy Agency (IEA). One of the key indicators of the degree of „environmental friendliness” of the world and national economies is the energy intensity of GDP. According to the World Bank, energy consumption (in kilograms of oil equivalent) per 1,000 dollars of GWP in the period from 1990 to 2015 has been steadily decreasing (Бобылев, 2017).

The key role in the implementation of the concept is the solution of the problem of financing green initiatives, to which the UN includes international economic programs, platforms, partnerships, funds and other institutions that promote the introduction of green economy principles in practice (13). The importance that the world community attaches to green finance is evidenced, for example, by the adoption by the UN of new 17 sustainable development goals and the assessment of annual costs for their financing and the establishment of a working group within the framework of the G20 to study the processes of green finance (Green Finance Study Group), etc. (2). Green finance involves financing investments that provide environmental benefits to ensure environmentally sustainable development. No coincidence that one of the generally accepted indicators of financing the green economy is the amount of investment in renewable energy sources.

At the same time, there is still a lack of common understanding of green finance mechanisms (e.g. green loans), which creates obstacles for investors, companies and banks. We support the view that not so much an increase of traditional sources of financing for green investments, but rather a search for innovative, non-traditional sources of financing will solve this problem (Yacovlev and all, 2017).

## Conclusions

The following conclusions can be drawn:

1) the concept of „green” economy includes not only environmental issues, but also issues of social well-being of society;

2) the need for transition to a „green” economy requires an active position of the state, public organizations and cooperation between countries;

3) introduction of innovations, along with reducing the use of non-renewable natural resources, is the most important task of the „green” economy;

4) public awareness, rational environmental management and integrated approach are the key to the effectiveness of the green economy (the example of the European Union countries);

5) resolution of the contradiction between economic growth and green economy implies taking into account the interests of society and the environment, which should be reflected in global and national strategies for building a „green” economy.

The need to form a new model of economic development is practically beyond the question. Professor Tim Jackson of the University of Surrey (UK) in his work „Prosperity without growth” draws such a model of the economy of the future: „Enterprise as a service, work as participation, investment as a commitment to the future and money as a social good” (Jackson, 2012). According to the author, following these principles will create an economy that ensures the prosperity of society.

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