


Chapter 15

Sustainable Finance: Bridging Investments and Environmental Goals

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ABSTRACT

As the world moves toward sustainability, green technologies have been at the forefront of solving environmental issues and promoting economic growth. The chapter examines the most crucial connection between financial systems and investments in green technology, highlighting how financial sources should be aligned with the goal of promoting environment friendly innovations. It highlights the alignment of financial resources with sustainability goals and examines institutional arrangements, policy frameworks & financial tools for green investments. It examines the motivations for investments in green technology that includes initiatives to combat climate change, increase energy efficiency & promote decarbonization. It investigates how financial players banks, investment funds and development organizations facilitate the distribution of resources toward environmental friendly initiatives.

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it assesses the contribution of innovative financing tools such as carbon credits, sustainability-linked loans and green bonds, which are crucial in directing funding toward eco-friendly technologies.

1. INTRODUCTION

1.1 Definition and Significance Of Sustainable Finance

Sustainable finance considers and incorporates environmental, social, and governance (ESG) criteria into financial services operations with a view to fostering economic development in an environmentally safe manner and with regard for social equality. The importance of sustainable finance depends on the capability of the financial sector to steer economic activities for sustainable purposes towards a resilient, responsible economy. The gradual shift of the financial arrangements from normal to sustainable scheme would be necessary in handling global issues like inequality in society and climate change.

Sustainable finance is an emerging concept, encompassing the direct consideration of environmental, social, and governance (ESG) concerns when making financial decisions (Junaedi, 2024). Sustainable finance includes non-exploitative financial actions with value creation and sustainable development in mind (Goglio & Catturani, 2019). Although there is no widely accepted explanation, the general context of sustainable finance involves putting money into their environmentally and socially acceptable investments (Sisodia & Maheshwari, 2023). Some of its main features include green bonds, impact investing, and ESG criteria' application (Panda, 2024). Sustainable finance can create a significant impact by countering urgent worldwide problems like climate change and social inequities while allowing for economic growth (Junaedi, 2024; Panda, 2024).

1.2 Overview of Sustainable Finance And Its Role In Achieving Global Sustainability

Sustainable finance is a key tool to ensure global sustainability by mobilizing financial capital to environmentally and socially sustainable activities. It consists of a range of financial products and strategies that give environmental, social, and governance (ESG) considerations top priority. This leads to the creation of sustainable development goals and a low-carbon economy. Responsible financing tools, like loans and funding arrangements, that encourage businesses to create sustainable business operations, as well as green bonds and investment funds that raise money for green initiatives, are crucial resources. Through investments in resource-efficient

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