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GREEN INVESTMENTS: THE EXPERIENCE OF DEVELOPING COUNTRIES

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A B S T R A C T	K E Y W O R D S
In the context of a deepening ecological crisis, green investments have become an integral component of sustainable economic development. The experience of developing countries is particularly relevant, as investments in environmental projects can simultaneously stimulate economic growth, improve social indicators, and reduce environmental degradation. This article examines the theoretical foundations of green investments, their role in building a sustainable economy, and analyzes green investment project implementation across Asia, Africa, and Latin America. Special attention is paid to financing mechanisms, public-private partnerships, and international support.	Green investments, sustainable development, developing countries, climate finance, ecology, green economy, renewable energy, ESG, public-private partnership, environmental reforms.

INTRODUCTION

At the Turn of the 21st Century

Humanity is facing global environmental challenges: climate change, air and water pollution, biodiversity loss. The international community increasingly recognizes the need to reorient economic growth toward sustainability and environmental balance. One of the key instruments in this transition is green investment—capital invested in projects and initiatives that promote environmental modernization of the economy. While green investments are already embedded in the strategic plans of developed countries, in developing nations this process faces many challenges: limited resources, weak institutional systems, and lack of long-term strategies. However, it is precisely developing countries that are the most vulnerable to the effects of environmental crises and are in urgent need of green solutions.

The goal of this article is to provide a comprehensive analysis of the role and mechanisms of green investments in developing countries, identify best practices, and offer recommendations for scaling them.

Theoretical and Methodological Foundations of Green Investments

Definition and Nature of Green Investments

The term "green investments" includes a broad spectrum of capital investments in projects aimed directly or indirectly at protecting the environment, using resources efficiently, and reducing pollution. These include:

- Investments in renewable energy (solar, wind, hydropower);
- Energy-efficient technologies;
- Waste management and recycling;
- Sustainable agriculture and forestry;
- Eco-friendly transport;
- Water conservation and purification infrastructure.

Economists and sustainability experts typically highlight three key goals of green investments:

- Environmental – reducing emissions and pollution, protecting ecosystems, decreasing greenhouse gases;
- Economic – job creation, increased energy efficiency, GDP growth through green sectors;
- Social – improving public health, rural development, and poverty reduction.

The Role of Green Investments in Sustainable Development

The concept of sustainable development rests on three pillars: environment, economy, and society. Green investments help integrate these by fostering balanced progress. The UN "2030 Agenda for Sustainable Development" emphasizes the redirection of financial flows into environmentally sound and sustainable forms.

Instruments and Forms of Green Investment in Developing Countries

Common mechanisms include:

- Government subsidies and tax incentives;
- Issuance of green bonds;
- International climate funds (e.g., Green Climate Fund);
- Environmentally focused foreign direct investment (FDI);
- Collaboration with development banks (e.g., World Bank, ADB).

The success of these instruments depends largely on transparent legal frameworks, political stability, and active private sector involvement.

Green Investment Implementation in Developing Countries

Over the past decades, developing countries have actively participated in green transformation. Their strategies for attracting and using green investments vary depending on economic status, institutional capacity, and natural resources.

Main Investment Sectors

Green investments in developing countries are concentrated in:

- Energy: Solar, wind, small-scale hydropower. Example: Scaling Solar programs in Zambia and Senegal, supported by IFC;
- Transport: Clean public transport systems, electric buses, and bike infrastructure. Example: Electric bus initiative in Bogotá, Colombia;
- Water: Water purification and infrastructure projects in South Asia. Example: India's Clean Ganga

mission;
- Agriculture: Sustainable farming, biofertilizers, soil and water conservation.

Sources of Green Investment Financing

Key sources:

International organizations and funds:
- Green Climate Fund (GCF);
- Global Environment Facility (GEF);
- UNDP, UNEP.

Regional Development Banks:
- Asian Development Bank (ADB);
- African Development Bank (AfDB);
- Inter-American Development Bank (IDB).

Bilateral cooperation:
- Germany (GIZ, KfW), Japan (JICA), and others.

Private sector:
- Green bonds, environmental venture funds, ESG portfolios.

Regional Experiences: A Comparative View

Asia

China leads globally in green investments, allocating over $300 billion in 2023, with more than 50% going to renewables. China uses green bonds and ESG standards.

India's National Solar Mission aims for 100 GW of solar capacity, backed by institutions like IRENA and the World Bank.

Vietnam promotes green growth with EU and World Bank support under the "Green Growth Strategy 2021–2030."

Africa

Despite challenges (drought, poverty, conflicts), green investment is growing:
- Morocco: Noor Solar Complex—one of the world's largest solar projects;
- Kenya: Lake Turkana Wind Power Project—the country's largest private investment;
- South Africa: Just Energy Transition Partnership, supported by developed nations to move away from coal.

Latin America
- Brazil: Amazon forest restoration, sustainable forestry, bioenergy;
- Colombia: Ecosystem rehabilitation and sustainable agriculture;
- Mexico: First in Latin America to adopt a climate law and promote green banking practices.

Challenges and Barriers

Despite progress, several barriers persist:

Financial Constraints:

- Insufficient domestic funding for green projects;
- High loan interest rates due to perceived risk and long ROI.

Institutional Weaknesses:
- Lack of clear green investment classifications and reporting standards;
- Corruption and lack of transparency;
- Shortage of professionals in sustainability and ESG.

Political Instability:
Conflicts and instability reduce long-term investor confidence in regions like the Middle East and parts of Africa.

Technological Lag:
Limited access to environmental technologies and costly imports hinder development.
Recommendations and Future Prospects
To overcome these issues, multilevel cooperation is essential.

Government Support:
- Develop national green strategies;
- Create green investment funds;
- Offer tax benefits for eco-investors.

Legal Frameworks:
- Adopt green taxonomy and standards;
- Enforce ESG disclosure;
- Align national regulations with international ones (e.g., ICMA, ISO 14000).

Partnerships:
- Foster government-business-academia cooperation;
- Strengthen public-private partnerships (PPP);
- Engage diaspora and global development agencies.

Technology and Education:
- Facilitate access to eco-technologies through global platforms;
- Promote environmental education and green skills development;
- Include climate action in economic planning.

Conclusion
In developing countries, green investment is not just financial—it is a strategic path to long-term sustainability. It enables simultaneous ecological protection, economic growth, and social equity. Success depends on the synergy of financial resources, political will, strong institutions, and international partnerships. Cases from Asia, Africa, and Latin America demonstrate that with the right conditions and support, green investment can lead to a new “green renaissance.”

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