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FINANCIAL INSTRUMENTS OF STIMULATING ENVIRONMENTAL PROTECTION

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In this article ecological problems which are connected with human activity are considered. Different world financial tools are presented. The conclusion about the government approach to this instruments is made.

In the modern world, for the sustainable development of the economy, public policy should pay special attention to environmental policy. The transition to an environmentally oriented development, or "green" economy, is currently one of the most important modern trends in economic development in foreign countries.

According to the basic law of economic theory, human needs are endless in conditions of limited resources, resources are being depleted, which leads to natural crises. The accelerator of the onset of the natural crisis is people. But for the most part it does not affect nature directly, but indirectly, through increasing production, the noosphere, accelerating natural and negative processes. In the production of certain goods, manufacturers never include in the price the real value of the consumed natural resources. In this regard, it is necessary that this control is carried out by the government. Only a balanced combination of state resource-saving policies and effective market tools makes it possible to develop a concept of ecological and economic transition and to model the right direction of sustainable development.

To form an effective system of environmental and economic regulation of the Belarusian economy requires the study, analysis and adaptation of foreign experience in this area. Economic instruments to stimulate environmental protection can conditionally be classified as follows:

- government regulatory instruments (environmental taxes and incentives; pollution charges; fines; accelerated depreciation; subsidies, grants, government programs; soft loans);
- market instruments (trade in licenses, pollution quotas; green bonds; environmental insurance; concessions, the use of public-private partnership mechanisms; environmental funds; environmental associations).

Environmental taxes are one of the most effective measures of state regulation used in almost all countries of the world. The need for their application was first approved in the EU Environmental Action Program in 1973, where the principle "polluter pays" was justified. For example, in the Netherlands, Finland, Italy, and since January 2014 and in Mexico, there is a tax on carbon emissions from burning fossil fuels, in Germany and many other countries there is a tax on landfill [1].

Many developed countries have a differentiated system of environmental taxation. For example, in Norway, the oil tax consists of two parts: the general rate and the additional payment, the amount of which depends on the concentration of sulfur in the oil. In Sweden, there are two types of taxes on oil and oil products, the latter being 1/9 of the amount of the tax on oil, which contributes to the development of refining industries [2].

Fines for environmental pollution are widely used in world practice, especially in cases of significant disturbances in the ecological balance, man-made disasters, such as, for example, the oil spill in the Gulf of Mexico, which occurred in April 2010, when the BP-owned Deepwater Horizon platform sank off the coast US state of Louisiana after a 36-hour fire. BP paid a fine of \$ 4.5 billion for environmental damage. 2012, and in total by the end of 2013 spent on compensation caused by a man-made disaster. damage - more than 14 billion dollars [3].

State financing and co-financing of environmental projects in the form of subsidies, grants, implementation of state programs. In Sweden, companies are granted subsidies for the construction of solid waste disposal facilities in the amount of up to 50% of the cost of such facilities. In the United States in July 2014, the Environmental Protection Agency (EPA) provided grants to 21 small businesses in 14 states to develop and commercialize innovative technologies to address environmental concerns [4].

Environmental, or "green", bonds (pollution control revenue bonds) can be issued by states and local governments, corporations, international financial institutions to finance environmental projects. For example, in the United States since the 1980s. corporations issue such bonds to finance the construction of treatment facilities. Since 2008, the World Bank Treasury, together with the Environmental Department, has been issuing green bonds to support World Bank lending to environmental projects to mitigate and adapt to climate change. Over 6 years, green bonds worth over \$ 6.4 billion were issued in more than 67 transactions in 17 currencies [5].

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Liability insurance for environmental pollution of liability consists in the fact that the insurer assumes the obligation to indemnify the damage caused by the insured to a third party or group of persons. This insurance industry is relatively young it is just over 100 years old. The development of liability insurance goes along with technological progress and is supported by various laws and regulations, as it affects almost all areas of life. This insurance industry is of great importance for both the insured and the injured. If the policyholder has caused damage to someone, then it is paid by the insurance company, not the policyholder. Often, the damage caused can be a significant amount and, in the absence of proper insurance, lead to a deterioration in the financial situation of an individual or legal entity. On the other hand, liability insurance increases the chances of the victim, because if there is insurance with the person who caused the damage, the victim will receive compensation quite quickly from the insurance company [6].

In general, to promote the circular economy, the government can apply measures that motivate companies or consumers to replace dirty, polluting production processes and products with cleaner ones. In general, three types of measure are available to this end: the stick, the carrot and the sermon.

- The stick stands for discouraging polluting activities by internalising the environmental costs. Environmental taxes, levies, emission trading systems, setting and raising standards, as well as rules and prohibitions, are the best-known examples of such measures. Fines can be imposed for violations of rules that have been laid down.

- The carrot tempts producers or consumers to adopt the desired environmentally friendly behaviour. Subsidies, tax exemptions, pricing concessions, guarantees and loan facilities, but also preferential treatment through tenders and facilitating knowledge development and innovation policy are part of the repertoire of measures based on the carrot approach.

- Finally, the sermon responds to standards and values, and is related to the information and communication side of the policy mix. By informing producers and consumers about the consequences of their purchasing and user behaviour, it is possible to prompt them to adopt socially desirable behaviour. This involves concepts such as responsible business conduct and good citizenship.

The effectiveness of each of the above-mentioned measures in stimulating the circular economy depends on the specific circumstances, design and intended goals. This does not alter the fact that putting a price on negative societal effects is generally seen as an essential precondition for correcting market failure and promoting social prosperity.

The development of the circular economy is not only beneficial to the effective protection of the ecology and the sustainable exploitation of the resource but also to the adjustment and upgrade of the industrial framework. The circular economy is characterized by low consumption, low discharge, and high efficiency. Policy financing is an effective booster and important guarantee for promoting the circular economy development and transformation of an economy to development mode.

The establishment of a sound green financing mechanism will be a systemic project that requires the coordination amongst central authorities, local governments, financial institutions, and enterprises. In the process, governments have a key role to play in strengthening domestic policy frameworks, better aligning and reforming policies across the regulatory spectrum to overcome barriers to green investment, and providing an enabling environment that can attract both domestic and international investments.

Three types of policies and mechanisms can be designed: increase returns to the circular economy projects; reduce returns to polluting projects; and increase investor, corporate, and consumer responsiveness to these signals.

International cooperation and knowledge sharing is crucial. International organisations, national banks, institutional investors, and banking associations can enhance cooperation to promote the adoption of high environmental standards by lending institutions around the world and enhance their ability to conduct green investments. National governments should actively nurture intermediaries, including the trading platforms, consulting, assessment, legal, accounting, and other intermediaries' services, to cultivate and improve the cultivation of the right to participate in green finance.

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