

## IMPLEMENTING THE IDEAS OF GREEN ECONOMY: GOVERNMENT LEVEL AND BUSINESS LEVEL

### IMPLIMENTAREA CONCEPTELOR ECONOMIEI VERZI: LA NIVEL DE GUVERN ȘI LA NIVEL DE ÎNTREPRINDERE

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**Abstract.** Întrucât mediul înconjurător și starea acestuia devin teme din ce în ce mai proeminente în ziua de astăzi, e necesar de adoptat un șir de măsuri care să aibă ca scop implementarea economiei verzi – o economie care presupune asigurarea dezvoltării economice a țării în ritm adecvat, în timp ce nivelurile de emisii de substanțe nocive, respectiv - nivelurile de daune aduse mediului sunt minime și nivelul de trai al populației este luat în considerație. Scopul acestei lucrări este de a identifica metodele prin care diferite instituții, anume guvernele și întreprinderile, se pot implica în implementarea economiei verzi și ce acțiuni sunt luate în aplicate la fiecare nivel. După analiza documentară a materialelor care enumeră și descriu particularitățile implementării conceptelor economiei verzi la cele două nivele și a datelor privind contribuția fiecărui tip de instituție la dezvoltarea sustenabilă, am ajuns la concluzia că raza de acțiune a deciziilor fiecărei instituții e diferită, iar dimensiunea impactului unei instituții asupra mediului și a economiei nu depinde în totalitate de categoria instituției, ci și de felul de prioritizare a problemelor ce necesită intervenție, astfel organizațiile non-guvernamentale prezintă o contribuție la progresul evoluției sustenabile în marime de 61%, pe când guvernele naționale – 7%.

**Cuvinte-cheie:** economie verde, principiile economiei verzi, sustenabilitate, politică guvernamentală, nivel de întreprindere.

**JEL CLASSIFICATION:** E62, G38, O43, O44

#### INTRODUCTION

Analysing the evolution of the quality of the environment in the last decades, it is possible to affirm that countries need to design a plan, a strategy for their economies to create as little harm to the environment as possible, while still being able to fully operate, continuously develop, and ensure their citizens with adequate living conditions. The model of such an economy is the green economy.

Currently there is no standard definition to encompass the complete and complex meaning of green economy, however there are multiple sources that describe the content of this notion. The United Nations Environment Programme (UNEP) states that ‘green economy’ describes an economy that emits low levels of carbon, manages its resources efficiently, is socially inclusive, all while preventing the loss of biodiversity and natural ecosystems [1].

Today, there is a great amount of choices to consider when deciding to implement actions aimed at achieving green economy. These choices refer to multiple types of subjects, and further are evaluated by the country governments and businesses. So, while the goal stays the same for all subjects, the process of putting the decisions into action materializes differently for governments and for businesses.

#### CONTENT

**Green economy: notions and principles.** In relation with the notion of ‘green economy’ are the terms ‘green growth’ and ‘green transition’. The green transition refers to the social

change strategy that will allow to turn the current unsustainable global situation into a new sustainable model that aims development and peace, trying to improve the living conditions of the society, and involves combating climate change through specific actions, such as the limitation and reduction of greenhouse gas emissions or the amounts of waste that makes its way into the oceans [2].

Green growth means supporting economic growth and development while ensuring that natural assets continue to provide the resources and environmental services that support the life and integrity of the human society [3]. To do this, investment and innovation must be organized, they will establish sustained growth and give rise to new economic opportunities. This theory provides a reasonable path for achieving perceptible progress in the areas of economic and environmental development, while also taking into consideration the social consequences of these processes.

According to the Green Economy Coalition, the efforts focused around the green economy are mainly directed towards 5 principles [4]:

- A green economy enables all people to create and enjoy prosperity.
- A green economy promotes justice within and between generations.
- A green economy safeguards, restores and invests in nature.
- A green economy is geared to support sustainable consumption and production.
- A green economy is guided by integrated, accountable and resilient institutions.

**Implementing green economy at the government level.** A major driving force in the implementation and promotion of the principles of green economy mentioned above are the governments. They can choose from a wide range of policy interventions and financing measures to participate to the transformation of industrial systems, improve energy efficiency, undertake environmental pollution, and protect and restore natural capital.

First of all, when analysing and promoting green economy at macroeconomic level, usually these main issues should be considered [5]:

- how do the current economic decisions take into account the welfare of future generations;
- what are the effects of environment degradation and environment spending on aggregate supply and demand;
- what significant changes in economic patterns should be put in place in the transition towards the green economy, considering that green growth is a process of structural change;
- and how are the actions concerning this subject going to be financed at the global level.

From the perspective of the direction of government intervention, there can be distinguished two types of actions: restraining and encouraging [6].

Restraining actions can include adopting approaches including green taxes on harmful environmental activities, more strict regulations, and new environmental standards and certification for energy performance, emissions and pollutants.

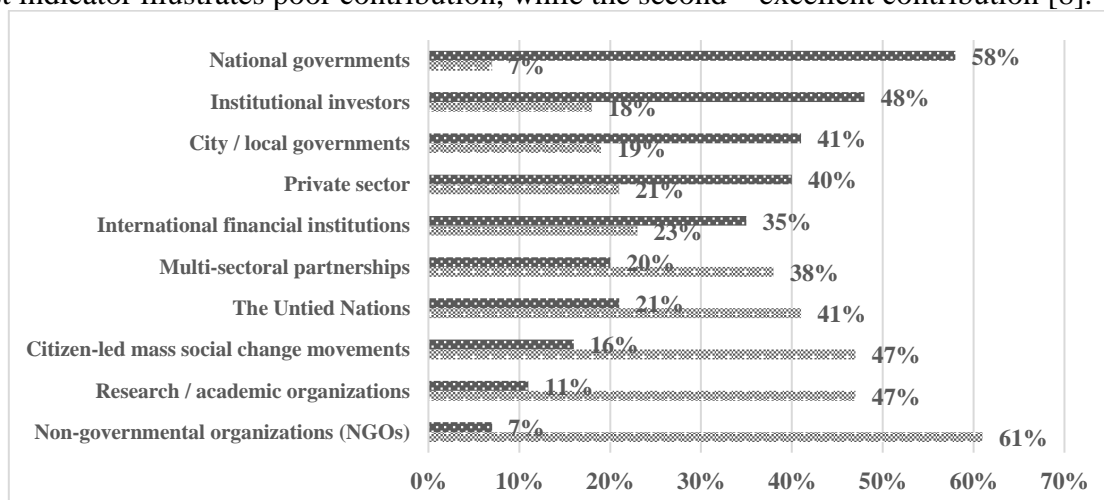
Encouraging actions can be classified based on the period of implementing into short-term (or relatively short-term) and long-term. The short-term can consist of many examples of loans and grants for green investments in sustainable projects (agriculture, renewable or low-carbon energy sources, public walkways and cycleways and electric vehicle (EV) infrastructure, etc.), subsidies and tax rebates are additional tools to boost demand for green products and services (like EV, solar panels or renewable energy). The long-term actions can be offering subsidies and grant funding to research institutes, academic institutions and private research and development (R&D) firms to create innovation and develop technologies such as renewable energy, carbon capture, waste management, and energy efficiency; so, their effect is to be expected and implemented in the future.

**Implementing green economy at the business level.** Green economy is generally referred to as a macroeconomic issue, meaning that is the responsibility of the governments to

promote and implement the principles of green economy. Nevertheless, there are possibilities for microeconomic actions and changes, at the business level. Since now there are business trends that emphasize the importance of green economy, social responsibility and sustainability, the process of ‘going green’ is shifting from a non-mandatory option to an opportunity worth considering. Furthermore, now businesses are presented with a set of methods of supporting green economy [7]:

- Embracing technology in order to make the production process more efficient and use less resources; many businesses are already well on their way with this, particularly triggered by the COVID-19 pandemic;
- Reviewing the supply chain, choosing suppliers that prioritize sustainability; this will increase business’ resilience to changes in global politics and reduce reliance on imports;
- Reviewing the carbon footprint of materials and methods of production, maybe replacing some elements of the product with eco-friendly alternatives;
- Using energy and other resources more efficiently, more mindful, thus reducing the quantity of wasted resources (turn appliances off when not in use, recycle more, only print when necessary etc.);
- Hosting virtual meeting in order to reduce the outcomes of travelling; this can also reduce the outgoings and make the business more accessible to all geographic regions and to those with mobility issues;
- Allowing more work from home, thus eliminating commute and fuel consumption;
- When hiring new employees, choosing the candidates that prioritise sustainability, creating opportunity for improvement for both the company and the employee;
- Advocating for causes that value green economy principles, by supporting charities, allowing the staff to engage in volunteering activities, etc.;
- Working on a company policy that emphasizes environmental sustainability, outlines the steps to take as a company to accelerate action, set clear targets and review/update the document regularly, etc.

**Statistics on contribution to green economy.** Below it is presented Figure 1. containing the statistics of the ‘Contributions to progress on sustainable development by institution’ provided by the GlobeScan / SustainAbility Survey: 2021 Sustainability Leaders’, where the first indicator illustrates poor contribution, while the second – excellent contribution [8].



**Figure 1.** Contributions to progress on sustainable development since the 1992 Earth Summit in Rio, % of experts, 2021

*Source:* Elaborated by the author based on the data from the ‘The 2021 GlobeScan / SustainAbility Leaders Survey | Report & Webinar.’ [8]

Analyzing the data from the graph, it is possible to infer that the top three types of institutions that make up the largest part of the total contribution to progress on sustainable

development are the non-governmental organizations (NGOs), research / academic organizations and citizen-led mass social change movements; on the other side of the spectrum are the institutions that make up the smallest part of the total are: local governments, institutional investors and national governments. So, although the government decisions have the greatest mass impact, only certain organizations generate the most noticeable progress.

A number of factors are preventing governments from realizing their sustainability initiatives [6]: political short-termism (without defined budgets, policies, regulations, etc. to support pledges, it's hard to evaluate progress), competing priorities for policies and funding (eg. the COVID-19 recovery), economic pressures and industry lobbying (many governments are under pressure to preserve industries which are strategically important and account for a significant share of jobs and gross domestic product – GDP).

## CONCLUSION

Both governments and individual businesses are capable and responsible to create policies and adopt decisions that correspond with the provisions of green economy. While the targeted principles of green economy are the same for these institutions, the mechanisms, the impact, and the characteristics of the implementation are distinctive. The business decisions affect its production, employees, image, etc. On the other side, government decisions aim for specific companies, sectors, certain means of pollution, etc. But even when the government implementations are at a large scale, a number of organizations are actually accountable for the largest contribution to progress on sustainable development. This is mainly due to governments turning their attention to more prioritized phenomena or lobbying certain industries.

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