

The development of a green economy requires significant investments in new technologies and sectors that will form the basis for future economic growth. The [sustainable development strategy](#) and National [Green Economy Plan](#) of Belarus emphasize the need for green financing, but beyond general mentions, there is limited progress.

- The government procurement website lacks a search for "green" projects, and according to BEROC's assessment, 42% of surveyed entrepreneurs do not understand the essence of green public procurement.

- In December 2022, the Ministry of Finance issued green bonds, which were acquired by Russian investors.

- The rating agency BIK developed an ESG rating in 2022, which has already been received by BNB Bank, Belinvestbank, Sberbank, BSB Bank, and Technobank.

Support for environmental business projects has been provided by several Belarusian banks in collaboration with foreign and international financial institutions. However, after 2020, due to sanctions, international cooperation has nearly ceased.

Reasons to Reform the Green Economy Financing System?

Artificially suppressing the development of the green economy and an unfavorable investment climate have led to a shortage of green projects in the market and the departure of investors from the country.

1. **Green financing cannot progress without a comprehensive legislative framework**, certification, and verification of financial instruments, specialized funds, and banks. It requires the creation of a national system that includes a taxonomy of green projects, auditing of green financial instruments, and assessment of environmental risks.
2. In the banking sector, **green financing developed due to bank initiatives**, without corresponding legislation development or state assistance. Currently, most initiatives are on hold due to the cessation of international cooperation, decreased interest from the government, businesses, and the public.
3. Belarusian financial organizations and companies do **not participate in international green initiatives** such as the Equator Principles, do not adhere to ICMA principles for issuing green and sustainable bonds, and thus do not access international sustainable capital markets. These initiatives are now challenging to implement due to sanctions and reputational risks for foreign investors who do not want to invest in "toxic" projects.

To develop the green economy, Belarus can **learn from the European Union's experience**. The EU aims to achieve climate neutrality by adopting the European Green Deal (EGD). To finance this policy, a comprehensive program has been developed to **redirect investments towards green economic development** and green taxonomy.

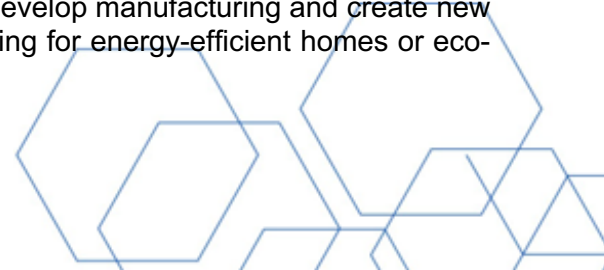
The green taxonomy defines which activities are sustainable and align with ecological goals, such as emissions reduction, climate adaptation, sustainable water resource use, circular economy, pollution reduction, and protection and restoration of biodiversity and ecosystems.

The EU plans to attract over 1 trillion euros in investments over 10 years, use proceeds from emission quota sales, and incentivize businesses to be more environmentally friendly through ESG reporting (environmental impact, society, corporate governance).

To facilitate economic transformation, mechanisms like the Just Transition Mechanism, Technical Assistance and Recommendations Platform, Action Plans, and other documents have been created.

Benefits for Belarusians

The development of green financing will stimulate the growth of the green economy and investment. New jobs will be created in the financial sector, public administration, public relations, business consulting, science, and education. Investments will enable entrepreneurs to develop manufacturing and create new businesses, while all Belarusians will benefit from favorable financing for energy-efficient homes or eco-friendly vehicles.



How to Develop Green Financing in Belarus?

The development of green financing in Belarus requires several essential conditions, including the establishment of a sustainable economy, improving Belarus's international image, creating a favorable investment climate, and fostering international collaboration.

Objectives	Practical Implementation
1. Create Regulatory and Methodological Framework	
<ul style="list-style-type: none"> - Development of laws and regulations on green financing - Alignment of national legislation with international practices - Enhancement of green taxation 	<ul style="list-style-type: none"> - Develop an action plan for green finance development - Establish a green taxonomy following the EU model - Develop a system for verification and certification of green bonds and other mechanisms - Create methodologies for assessing investment attractiveness and environmental effectiveness of projects - Introduce rules for green risk management in banks - Implement non-financial reporting for companies (ESG) - Establish a system for trading CO2 emission quotas
2. Advance Green Financial Mechanisms	
<ul style="list-style-type: none"> - Support green banks and projects - Engage financial institutions in international green initiatives - Evaluate sustainability of fintech products - Enhance environmental and financial literacy among the population and businesses 	<ul style="list-style-type: none"> - Encourage banks to increase the share of green projects through regulation, taxation, and state financial support - Develop green public procurement - Encourage issuance of green bonds, loans, credits, mortgages, insurance, and leasing products - Develop labeling for green mortgages - Organize a section for green debt instruments on the Belarusian Currency and Stock Exchange - Establish a green finance platform following the EU example - Train professionals in environmental management
3. Boost the Investment Market	
<ul style="list-style-type: none"> - Promote high-tech green projects - Create mechanisms for investment protection, including through insurance - Establish a pension fund institute - Form an ecosystem for green startups - Foster the fintech market - Develop venture capital funding 	<ul style="list-style-type: none"> - Develop an investment plan and strategy for the development of Belarus's green economy - Create a Climate Fund (taxes, quota sales) - Reduce mandatory insurance types; develop digital insurance, particularly in the financing of sustainable projects - Incorporate ESG principles in financing - Attract pension funds to green investments - Strengthen fintech's focus on sustainable projects - Establish incubators, accelerators, hackathons, and sandboxes - Enhance legislation in the venture capital financing domain - Develop the market for ecosystem services

Sources of Green Economy Financing

Green economy resources: National carbon trading system, environmental taxes, reduction in raw material and energy costs (up to 2% of GDP), and damage from air pollution and climate change (up to 6% of GDP), renewable energy development (around \$65 billion until 2050).

Domestic resources of Belarus: Privatization, reform of public procurement and pension systems, resources of banks and financial institutions, population savings.

International support: Economic Aid Plan for Belarus (€3 billion), Eastern Partnership programs, UNDP, GEF.

Investments from EBRD, EIB, EAEF, and other financial institutions.

