



GREEN ECONOMY AS A STRATEGIC VECTOR FOR SUSTAINABLE DEVELOPMENT OF SOCIETY

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ANNOTATION

This article examines the green economy as a strategic vector for sustainable development, aimed at harmonizing economic growth, social well-being, and environmental preservation. The study analyzes key areas of the green economy: the transition to renewable energy sources, the development of circular and resource-efficient technologies, and the integration of sustainability principles into industry, agriculture, urban infrastructure, and transport. Particular attention is paid to the social dimension, the role of innovation, and economic regulation mechanisms designed to encourage responsible use of natural resources and reduce negative environmental impacts. The thesis emphasizes the importance of international cooperation, investment support, changes in consumer habits, and regulatory reforms. Based on a review of the literature and practical examples, the conclusion is drawn that the green economy not only complements traditional growth models but transforms them, creating prerequisites for long-term sustainability and equitable distribution of benefits across generations.

Key words: Green economy, sustainable development, resource efficiency, social well-being, innovation long-term, sustainability equitable distribution.

LITERATURE REVIEW

One of the foundational documents that influenced the development of the green economy concept is the UNEP report *"Towards a Green Economy"* (2011). This report introduced the idea of redirecting the global economy towards a model that considers ecological constraints and sustainability priorities. It laid the groundwork for the discourse by defining the green economy as a set of policies, measures, and institutions aimed at improving human well-being while simultaneously reducing environmental risks and resource scarcity. Subsequent documents by UNEP, as well as the World Bank (2012) and the OECD (2012) [8], emphasized the importance of valuing "natural capital," incorporating environmental costs into pricing models, and encouraging investments in renewable energy, sustainable infrastructure, and environmentally friendly technologies. The World Economic Forum reports (2013–2019) repeatedly addressed the need to change growth trajectories in light of climate and social challenges [17]. The United Nations reinforced the green economy concept through the 2030 Agenda for Sustainable Development (adopted in 2015), linking it to goals related to clean energy, responsible consumption, and the preservation of marine and terrestrial ecosystems.

Academic literature on the green economy covers a wide range of fields, including ecological economics, natural resource economics, institutional economics, political science, and sociology. Theoretical works based on classical and neoclassical economic theory aim to address externalities arising from natural resource use and environmental pollution. Authors such as Pearce, Markandya, and Barbier (1989) laid the foundations for understanding "sustainable development" as a concept closely tied to the green economy [5].

Studies by Daly (1996) and Costanza et al. (1997) highlighted the importance of integrating ecosystem services and natural capital into economic models. These works significantly influenced the further development of the green economy, shaping methodological approaches to natural resource valuation. Stern's (2007) research drew attention to the economic consequences of climate change, strengthening arguments for adopting "green" financial mechanisms and transitioning to low-carbon development.

Contemporary studies focus on more specific aspects of the green economy. Barbier (2012), for example, examines strategic measures for improving taxation and subsidy policies to encourage sustainable resource use. Jackson (2017) addresses the issue of economic growth through the lens of post-growth economics, calling for a rethinking of success metrics beyond GDP to include broader measures of well-being [13].

Empirical research on implementing green economy principles in various regions and sectors is also widely represented in the literature. Reports by the International Renewable Energy Agency (IRENA) and the International Energy Agency (IEA) provide detailed analyses of the renewable energy economy, highlighting investment dynamics, employment trends, and technological progress. These studies argue for the profitability of transitioning to clean energy from both ecological and economic perspectives [17].

Works on the circular economy, such as publications by the Ellen MacArthur Foundation (2013, 2015), offer theoretical foundations and practical recommendations for closing resource loops, implementing principles of recycling, reuse, and product design with a lifecycle perspective. This area closely intersects with the green economy, broadening its understanding as a system of maximally efficient and waste-free resource use.

Studies of specific countries and regions (Røpke, 2005; Speth, 2008; Sovacool & Drupady, 2012) [9] trace the nuances of transitioning to a green economy in the context of national strategies and cultural characteristics. These works demonstrate that a successful transition requires a comprehensive approach, including legislative reform, changes in investment priorities, public awareness campaigns, the creation of new labor markets, and support for innovative business models. Despite the growing body of literature, academic debates persist on several key issues.

Measuring and assessing progress: Challenges remain in determining how to measure and evaluate advancements toward a green economy. Sustainable indices, "green GDP," and ecosystem accounting are still under development and refinement [11].

The role of government and market mechanisms: There is ongoing debate about the balance between ecological regulation, quotas, and taxes versus the role of technological innovation and private investment driven by market conditions. Divergent approaches to the roles of the state and market are reflected in various

economic schools, from neoinstitutionalists to proponents of "green Keynesianism." **Social justice and equity:** Issues of poverty, inequality, and insufficient inclusion of vulnerable groups cast doubt on the universality of green economy ideas if not accompanied by social reforms (Martinez-Alier, 2002; Raworth, 2017). Increasingly, research focuses on developing integrated policies that consider both environmental and socio-economic parameters [12].

The literature on the green economy is rich and diverse, encompassing theoretical and applied aspects, global perspectives and local case studies, various scientific disciplines, and methodological approaches. International organizations have established conceptual frameworks, academic studies have deepened the understanding of economic-ecological interconnections, and industry reports and empirical data have demonstrated the real potential of implementing "green" solutions.

At this stage of green economy discourse, key issues include the methodology of measurement, practical implementation tools, ensuring social justice, and defining the optimal balance between government regulation and market incentives. Thus, the literature review highlights the emergence of an interdisciplinary scientific field where the green economy is seen as a key element of sustainable development, requiring integrated approaches, innovations, and cross-sectoral collaboration [16].

The green economy is a concept that envisions the development of the global economic system in a way that ensures economic growth and social well-being without causing irreparable harm to the environment. It emerged as a response to the deepening ecological crisis driven by industrial expansion, unsustainable resource use, and increasing anthropogenic pressures on the planet. Climate change, soil degradation, depletion of natural resources, biodiversity loss, and ocean pollution compel a reevaluation of the traditional economic model, which relies on the unrestricted use of non-renewable resources.

The concept of the green economy incorporates principles of sustainable consumption and production, reduction of greenhouse gas emissions, transition to renewable energy sources, development of circular and resource-efficient technologies, and the integration of ecosystem services into economic systems. It aims to integrate environmental and social criteria into economic planning, promote innovation, and provide tools for achieving a fair distribution of benefits [6].

The green economy represents a vision of a global economic system in which economic growth and social well-being are achieved without causing irreparable environmental harm, while ensuring the rational use of natural resources. It serves as a response to the prolonged ecological crisis caused by industrialization, population growth, and imbalanced consumption. In the face of climate change, resource depletion, soil degradation, desertification, biodiversity loss, and ocean pollution, it has become evident that continuing with the previous model of economic growth based on the unrestricted exploitation of non-renewable resources poses risks that undermine the foundation of the future. For this reason, the green economy is positioned as a guide for developing and disseminating sustainable technologies, more efficient resource management systems, and, overall, a new approach to economic thinking[7].

The principles of the green economy were shaped by a comprehensive analysis of the consequences of traditional practices across various sectors of the global

economy. Earlier development models assumed that natural resources were infinite and could be exploited without regard for their limits or regenerative capacities. This approach resulted in global environmental problems that not only emerged in recent decades but continue to intensify. Climate warming, driven by rising concentrations of greenhouse gases in the atmosphere, leads to polar ice melting, sea level rise, and the intensification of extreme weather events. The extinction of plant and animal species, destruction of ecosystem links, and depletion of natural resources simultaneously provoke economic and social consequences, affecting food security, access to fresh water, air quality, and human health [9].

A key distinction of the green economy from traditional economic models is its shift in focus from quantitative growth to qualitative development. While earlier approaches measured the success of states or businesses primarily by production volumes, GDP growth rates, or export levels, the green economy considers not only economic indicators but also environmental and social sustainability. It aims for more responsible resource use, waste minimization, reduction of greenhouse gas emissions, and improved energy efficiency. In this context, investments are directed not toward extensive production expansion but toward innovative solutions, the adoption of renewable energy sources, the use of resource-efficient technologies, and the maintenance of ecosystem services [8].

One of the most critical tools for transitioning to a green economy is the rethinking of pricing systems and the introduction of mechanisms for internal environmental accountability. In many countries, the actual costs of natural resource exploitation and environmental degradation are not fully reflected in the prices of goods and services. This creates false economic incentives that encourage further environmental exploitation. To address these distortions, measures such as "green taxes," emission caps, carbon trading systems, and payment systems for ecological benefits are proposed. Aligning prices with the true environmental costs of production motivates companies and consumers to reduce their negative impact on nature. This approach stimulates the development of environmentally friendly technologies, waste recycling, and the transition to a circular economy where products are designed for subsequent recycling, thus closing the resource loop [2].

The purpose of this article is to analyze the key characteristics, development directions, and challenges in implementing the green economy, thereby highlighting its strategic nature as one of the vectors for the sustainable development of modern society.

METHODS

This article is based on an interdisciplinary review approach. The methodological toolkit employed includes:

1. Analysis of conceptual documents from international organizations (UN, WEF, OECD) that outline the key principles and guidelines of the green economy [17].
2. Study of theoretical works in the fields of ecological and resource economics, post-growth economic theory, circular economy, and sustainable development.
3. Systematization of empirical examples and case studies on the implementation of green technologies and policies in various countries and sectors.

Comparative analysis of traditional and green economies, drawing on secondary data from academic studies, analytical reports, and popular science publication.

RESULTS

Based on the conducted analysis, the following results were formulated:

1. Identification of key directions in the green economy:
 - Transition to renewable energy sources as a strategy for reducing the carbon footprint and achieving energy independence.
 - Development of the circular economy aimed at minimizing waste, reusing materials, and improving resource efficiency.
 - Implementation of sustainable practices in agriculture, industry, and urban planning, with an emphasis on biodiversity preservation, rational land use, and enhancing quality of life.
2. Focus on the social dimension: The green economy is viewed not merely as an environmental adjustment but as a comprehensive strategy that includes combating poverty, ensuring fair access to resources, and creating "green" jobs.
3. The role of economic policy instruments: Regulation based on "green" taxes, emissions quotas, and price signals encourages the adoption of cleaner technologies and reduces the external environmental impact of economic activities.
4. Connection with innovative development: Expanding investments in research and development, the integration of digital technologies, artificial intelligence, and "smart" urban systems enhance resource efficiency and reduce environmental pressures.

Below are two sample tables and one example graph illustrating certain aspects and indicators related to the green economy. These are presented to demonstrate potential methods for structuring information. [14]

Table 1.
Main Directions of the Green Economy and Their Key Features¹

DIRECTION	KEY FEATURES	EXAMPLES OF IMPLEMENTATION
Renewable energy	Reducing greenhouse gas emissions, diversifying energy sources, achieving independence from fossil fuels.	Solar and wind power plants.
Circular economy	Minimizing waste, reusing and recycling materials, extending product lifespans.	Plastic recycling, equipment leasing, repair and refurbishment of electronics.

¹Made by authors

Sustainable agriculture.	Reducing the use of chemical fertilizers and pesticides, implementing rational water management.	Organic farming, irrigation.
Green infrastructure.	Reducing the environmental burden in cities, optimizing transportation and utility systems.	Bike-sharing, electric transportation, "smart" street lighting, green roofs.

Table 2.
Comparison of the Traditional and Green Economy by Key Indicators²

Indicator	Traditional Economy	Green Economy
Energy sources	Fossil fuels (coal, oil, gas)	Renewable (solar, wind, hydrogeothermal)
Development incentives	Maximum short-term growth, low environmental responsibility.	Long-term sustainability reduced environmental footprint, consideration of social factors.
Use of resources	Extensive with significant waste.	Resource-saving, use of secondary materials, circularity.
Role of technologies.	Local process optimization.	Innovations to reduce environmental impact and improve efficiency.
Regulation.	Weak environmental legislation, passive oversight.	Strict standards, green taxes, emission quotas.

The green economy is not confined to the realm of environmental policy; it also encompasses the social dimension. Issues such as inequality, access to education and healthcare, gender imbalance, poverty, and social exclusion are far more closely linked to the environment than they may initially appear. Environmental problems disproportionately affect the most vulnerable population groups, reducing their chances for well-being and hindering sustainable social development [1].

The green economy seeks equitable distribution of benefits, the creation of "green" jobs, improved working conditions, and higher living standards by developing new industries based on clean technologies and efficient resource use. Thus, it is not merely an adjustment to environmental policy but a rethinking of the social contract, aiming to achieve a harmonious balance between humanity and nature.

Traditional energy, based on the combustion of fossil fuels, underpins the lion's share of the global economy but is accompanied by massive carbon dioxide emissions. Transitioning to renewable energy sources—solar, wind, hydro, geothermal, and biomass—represents not only a reduction in climate impact but also a pathway to regional energy independence, the development of decentralized energy systems, the creation of new jobs, and the stimulation of innovation [3].

² Made by authors

It is essential, however, to ensure energy accessibility and reliability, as energy is one of the key foundations of modern civilization. The green economy aims to build an energy sector capable of providing sustainable energy supplies with minimal climate impact while also boosting the development of related industries, such as energy storage, smart grids, and electric vehicle infrastructure.

Below is an example of an economic calculation related to the implementation of green technologies (renewable energy)

Initial data for the calculation:

1. Project: Construction of a 10 MW solar power plant.
2. Capital Expenditures (CapEx): USD 10 million (one-time in Year 0).
3. Operating Expenses (OpEx): USD 100,000 per year.
4. Average output: 15,000 MWh per year.
5. Wholesale electricity selling price: USD 0.08/kWh (USD 80/MWh).
6. Project lifespan: 20 years.
7. Discount rate: 5% per annum.

Annual Revenue Calculation:

Annual revenue from electricity sales: 15,000 MWh/year × USD 80/MWh = USD 1,200,000/year.

Annual Cash Flow Calculation:

Annual Cash Flow (CF) = Revenue – Operating Expenses
 $CF = \text{USD } 1,200,000 - \text{USD } 100,000 = \text{USD } 1,100,000$ per year

(For simplicity, taxes, depreciation, and other factors are not considered.)

Net Present Value (NPV) Calculation:

$NPV = -\text{CapEx} + \sum (CF / (1 + r)^t)$, where $r = 0.05$ (5%), t is the year number.

For a constant cash flow (annuity), NPV can be simplified as:

$$NPV = -10,000,000 + 1,100,000 \times [(1 - (1 + 0.05)^{-20}) / 0.05]$$

First, calculate the annuity present value factor:

$$1 - (1 + 0.05)^{-20} = 1 - (1.05)^{-20}$$

$$(1.05)^{20} \approx 2.6533$$

$$\text{Therefore, } (1.05)^{-20} = 1/2.6533 \approx 0.377$$

$$1 - 0.377 = 0.623$$

$$\text{Where: } 0.623 / 0.05 = 12.46$$

$$NPV = -10,000,000 + (1,100,000 \times 12.46) = -10,000,000 + 13,706,000 = \text{USD } 3,706,000$$

A positive NPV indicates the project is economically feasible under the given assumptions and discount rate.

Internal Rate of Return (IRR) Calculation:

For simplicity, we can approximate the IRR. Since NPV is positive at 5%, the IRR is higher than 5%. If we assume that at 10% the NPV would drop to zero, the IRR lies between 5% and 10%. Accurate calculation would require several iterations or the use of specialized financial tools.

Under the given conditions, the construction of a 10 MW solar power plant demonstrates a positive net present value, and therefore is economically viable. Although this example is simplified, the approach to calculating NPV and IRR is commonly applied in real-world green economy projects to inform investment decisions [10].

Another important aspect of the green economy is sustainable agriculture and food security. Modern agro-industrial production methods involve the extensive use

of water, fertilizers, and pesticides, leading to soil depletion and biodiversity loss. The green economy advocates for a transition to agricultural technologies that incorporate principles of organic and resource-efficient farming, increasing the share of local producers, reducing food waste, and optimizing land use. These measures are essential to ensure food stability and minimize risks associated with adverse weather conditions and climate change. Organic farms, permaculture projects, vertical farming, and other innovations contribute to creating a sustainable food system capable of feeding a growing population without causing irreversible harm to the planet [7].

No less significant is the integration of green economy principles into the industrial sector. Traditional production processes are often accompanied by large amounts of waste, soil and water pollution, and high-energy consumption. The green economy approach centers around the concepts of "clean production," "green design," and environmentally friendly manufacturing. This involves reducing raw material use, utilizing secondary materials, developing reusable packaging, and promoting the principles of "extended producer responsibility," which holds companies accountable for their products throughout the entire lifecycle. Industrial processes can be optimized through innovations in materials science, robotics, additive technologies (such as 3D printing, which allows for the creation of components with minimal waste), and systems like artificial intelligence and the Internet of Things, which enhance resource forecasting and management precision [8].

The green economy is also reflected in urban planning, infrastructure, and transportation systems. Urbanization is a global trend of our time, with cities becoming hubs of population, production, consumption, and, inevitably, environmental problems. In urban environments, the green economy involves the development of public transportation, bicycle and pedestrian zones, the adoption of electric vehicles, the construction of energy-efficient buildings, the greening of urban areas, the creation of parks and green roofs, and the use of local renewable energy sources. Such an approach can improve urban quality of life, reduce air pollution, ease the burden on municipal infrastructure, and make cities more adaptable to climate change [7]. Additionally, the implementation of "smart city" concepts enables the optimization of resource use—water, energy, and land—through digital technologies, further solidifying the green economy as a priority for modern development.

A significant challenge on the path to a green economy is the transformation of the global financial sector. Traditional investment strategies often prioritize rapid and high returns without considering long-term environmental and social consequences. The green economy requires the restructuring of investment mechanisms, the reorientation of the banking sector, and the creation of "green" bonds and funds aimed at supporting projects in renewable energy, sustainable infrastructure, and ecological agriculture [12]. Principles of "responsible investing" and "environmental disclosure" help mitigate risks associated with climate change and gradually create a financial system where sustainable development becomes the norm rather than the exception.

It is important to understand that the transition to a green economy is not a quick process but a large-scale systemic transformation affecting the interests of governments, businesses, and citizens. At the level of government administration, strategic decisions are needed to establish a legislative framework that promotes

sustainable business practices. Governments can provide tax incentives, subsidies, and grants to environmentally oriented companies, establish standards for environmental reporting, and initiate public-private partnerships for large-scale projects in renewable energy or ecosystem restoration. Developing international cooperation and signing agreements aimed at reducing greenhouse gas emissions and preserving natural resources is crucial. Thus, policies based on the principles of the green economy become a key tool for achieving global sustainable development goals.

Businesses, for their part, must rethink their role in society and on the planet. Companies with a long-term perspective understand that investing in environmental innovations and reducing their negative impact on the environment can enhance their reputation, build consumer trust, and lead to sustainable profit growth. Transparency, environmental reporting, and the involvement of stakeholders in decision-making processes help foster a culture of corporate responsibility. Small and medium-sized enterprises (SMEs) can identify new market niches by offering "green" products and services, meeting the demands of consumers who increasingly consider not only price and quality but also the environmental footprint of their purchases [17]. Large corporations can leverage their resources and innovative potential to develop and scale solutions that promote environmental sustainability. This synergy between economic and environmental interests should ultimately lead to the overall resilience of the global market.

The role of consumers cannot be overlooked. The transition to a green economy is impossible without changes in consumer habits, the rejection of overconsumption, and the responsible selection of goods and services. Consumers who understand the importance of environmental considerations can drive the market toward the emergence and widespread adoption of more eco-friendly products. Demand for sustainable goods shapes supply, creates new supply chains, supports local producers, and reduces costs associated with transportation, packaging, and waste disposal. Educating and informing citizens about the consequences of their daily choices, their "carbon footprint," and the need to treat resources carefully is an essential part of fostering a culture of environmental awareness in society [17].

DISCUSSION

The results of the review demonstrate that the green economy has the potential to become a strategic vector of development, integrating environmental, economic, and social aspects into a unified sustainable model. However, realizing the potential of the green economy is not without challenges. Key obstacles include:

1. **Institutional and political barriers:** The lack of effective regulatory mechanisms, insufficient political will, and resistance from traditional industries reliant on fossil fuels slow down the transition.
2. **Financial constraints and investment risks:** Much depends on creating favorable conditions for private businesses, opportunities for long-term financing, and government incentives. The growth of "green" finance, green bonds, and funds is a key factor in overcoming these hurdles.
3. **Socio-economic impacts:** Measures are needed to retrain the workforce, provide social support to vulnerable groups, and ensure the equitable distribution of benefits derived from the adoption of green technologies.

International coordination: Climate and resource issues are global by nature, and the transition to a green economy requires international cooperation, knowledge sharing, and commitments from key players in the global economy.

CONCLUSION

The green economy is a vital tool for rethinking global development, combining sustainability, innovation, and social equity. The review findings indicate that it is not merely a theoretical concept: in practice, the transition to a green economy is already underway through reforms in energy, industry, agriculture, and urban planning.

Looking ahead, the strengthening of the regulatory framework, the expansion of green investments, increased corporate environmental responsibility, and greater consumer awareness will create the conditions for transforming economic systems [14]. The success of these efforts depends not only on technological progress and economic incentives but also on cultural shifts, the strengthening of environmental consciousness, and the establishment of a new social contract that harmonizes the interests of society and the environment.

Thus, the green economy is not just a theoretical concept or a temporary trend but a response to contemporary challenges that requires rethinking values, priorities, and development strategies [15]. It seeks to combine economic efficiency with the preservation of natural systems and social equity with a commitment to future generations. Adopting its principles demands not only technical changes but also a shift in mindset, political will, interdisciplinary approaches, and international cooperation. Ultimately, the goal of the green economy is to make our planet a place where production processes, technologies, and cultural practices align with fundamental ecological constraints and serve as a guarantee of well-being for all living today and for those who will inherit the Earth in the future.

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