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**APPROACHES TO THE IMPROVEMENT OF STATE POLICY  
MECHANISMS IN REGARD TO THE SUSTAINABLE DEVELOPMENT OF  
THE "GREEN" ECONOMY IN UKRAINE**

*In accordance to the results of the study, approaches to improving the mechanisms of the state policy of sustainable development of the "green" economy have been determined. The essence of these mechanisms, on the one hand, boils down to more active cooperation of state authorities, enterprises, public organizations, etc., aimed at reducing environmental pollution, which should become a priority in improving the mechanisms for implementing the state policy of sustainable development of the "green" economy. On the other hand, their essence boils down to borrowing the experience of other countries regarding the introduction of energy-efficient technologies, which will make it possible to practically protect the natural environment from pollution.*

**Key words:** *public policy, sustainable development, "green" economy, legal mechanism, economic mechanism, administrative mechanism, information mechanism.*

**Formulation of the problem.** Determining the features and specifics of state regulation is the basis of the state policy of sustainable development of the "green" economy. The main condition is the creation of development strategies and plans for their implementation, with specific tools for achieving the planned tasks, defining the mechanisms for applying the selected tools and measures for monitoring and evaluating

the achieved results. In accordance with the set goal, all this should be carried out in every sphere of state regulation, which participates in the formation and implementation of the state policy of sustainable development of the "green" economy.

**Analysis of recent research and publications.** Practical and theoretical aspects of state regulation and approaches to improving mechanisms of state policy for the sustainable development of the "green" economy are explored in the works of many well-known Ukrainian and foreign scientists, such as: V. Dyma, S. Dombrovska, N. Karpenko, A. Kyrycenko, O. Kraynyukov, O. Kulyk, A. Omarov, V. Shevchuk, O. Akhmedova, P. Aliieva, Yu. Batyr, L. Golovko, T. Hubanova, A. Kanakova, L. Kopytsia, M. Kutsevych, I. Lopatchenko, A. Ruban, S. Stankevych, O. Yara, Yu. Zelenin, and the others.

**The purpose of the article:** generalization of approaches of improving the mechanisms of the state policy of sustainable development of the "green" economy in Ukraine.

**Presenting main material.** In order to introduce international experience and take into account the best domestic practices for the formation and implementation of a full cycle of the "green" economy policy of the European model, with the provision of control over the effectiveness of its implementation, evaluation of effectiveness and improvement, it is necessary to organize an analysis of strategic issues regarding the reformation and further development of "green" governance with the involvement of all interested parties. It is necessary to create platforms for discussing projects, appropriate decisions and legal acts, as well as familiarization with the best environmental protection practices and innovations in the field of "green" economy and environmental protection.

Activation of the stimulating action of the legal mechanism consists in improving the current legislation. This is achieved, in particular, by adapting the norms of Ukraine's international obligations regarding decarbonization, as well as by developing and implementing a number of strategic documents, such as the Strategy, the Program for Sustainable Development of the "Green" Economy. This will have a positive impact on the formation of not only the general legislative framework, but also contribute to the improvement of legislation at the level of sub-legal normative legal acts [3].

In order to improve the legal mechanism, it is necessary to solve the following tasks:

1. development and approval of new laws, in particular: on zones of emergency environmental situations, environmental insurance, environmental (natural and man-made) safety; zones with special conditions of nature use; about "green" economy, environmental information, environmental education;

2. introduction of amendments and additions to the following Laws of Ukraine: "On Environmental Protection", "On Animal World", "On Nature Reserve Fund", "On Environmental Audit", as well as to the Forest Code of Ukraine, the Water Code of Ukraine, the Code on of Ukraine, Land Code of Ukraine;

3. preparation of legal acts approved by the Cabinet of Ministers of Ukraine, namely: Rules for compensation for damages caused by violations of environmental legislation, Regulations on environmental control, Regulations on environmental licensing, Regulations on certification of environmentally hazardous products, Procedure for setting limits for emissions of pollutants into the atmosphere, levels of harmful biological and physical effects, etc;

4. development and approval of normative legal acts of specially authorized state management bodies in the field of environmental protection and use of natural resources. In particular, this applies to the Rules of import of animals into Ukraine and export from it, Rules of compensation for damages caused by violations of the legislation on environmental protection, etc [2].

The information mechanism is decisive due to the functioning of Internet platforms, digital systems of public management of local economic development, the implementation of electronic systems for wide involvement of the public and business in environmental protection, greening of production, etc [3].

An integral ecological information system is being formed, which is obliged to provide solutions to the following tasks involved in the formation and implementation of projects in the field of "green" economy:

– preparation of information on the state of the natural environment, forecasting of possible consequences of social activities and providing recommendations

regarding the choice of options for safe "green" development of the state for support and decision-making systems;

- modeling of processes occurring in the environment and the results of management decisions;
- establishment of institutional foundations for the implementation of active informing of the population about environmental risks;
- creation of informational electronic maps that will reflect the state of the environment of a certain territory;
- collection and processing of data from monitoring results and setting environmental parameters;
- exchange of information with other information systems about the state of the environment and the implementation of "green" projects;
- provide data to the mass media for monitoring compliance with laws, development of public education in the field of "green" economy, etc [7].

The administrative mechanism will promote the development of the "green" economy through the creation of various institutions (funds, agencies, organizations, etc.) that implement numerous investment and social "green" projects [3].

To improve the administrative mechanism, further actions of the authorities in the following directions are required:

- definition, authorization and registration of activities in the field of environmental protection (waste management, use of natural resources, relevant facilities, etc.);
- monitoring and verification of compliance of these facilities with the legal requirements and conditions specified in the permit documentation;
- implementation of effective sanctions and fines for non-compliance with such requirements in order to stimulate their implementation;
- provision of technical resources (equipment, etc.) in sufficient quantity and of appropriate quality;
- implementation of information systems for data collection and processing;

- clear and proper documentation of the results of monitoring and inspections of facilities operating in this area.

Improvement of environmental monitoring will guarantee further development of the country and optimization of actions in accordance with international standards, coordination of observation programs, unification and improvement of technical, scientific and methodological support.

The economic mechanism provides for the implementation of a balanced budget and tax policy in relation to business entities that implement production and consumption greening projects. We are talking about establishing optimal tax rates, providing tax benefits for the import of innovative equipment and other measures that stimulate capital investment in modernization [3].

Approved national strategies and individual measures of state regulation in practice do not significantly affect state budget expenditures. Allocating the necessary financial resources for the implementation of certain tasks takes place according to the residual principle. The problem of combining diverse fiscal priorities, budget expenditures, as well as the plan of measures within the framework of the strategy has not yet been resolved.

Budgetary support should be sufficient to obtain the planned results. It takes place with the support of the following events: organization of providing financing of state-targeted projects in the planned amount while maintaining the schedule in the creation and implementation of the methodology for coordinating government-targeted projects with the process of developing the state budget for the medium-term period, as well as the possibility of changes in it in accordance with budget expectations; decrease in the share of state funds in the total financing of state projects when they are replaced by soft loans, investments, and private business funds; the following systematization of programs:

- a) first-priority, which must be financed in full during the required time;
- b) relevant, the financial support of which may be reduced due to the lack of sufficient budget funds;
- c) secondary ones, that have lost their importance as a result of changes in domestic priorities;

- d) giving priority to those projects that are innovative, listed and substantiated;
- e) summarizing the results by degrees of progress in achieving important goals, the effectiveness of budget expenditures and their targets;
- f) increasing the responsibility of executors of government targeted programs for their implementation [6].

The main taxes that should stimulate their respective payers (subjects of natural monopolies and rent payers for the use of subsoil), as well as be a source of accumulation of budget funds, which should be directed to environmental protection measures and restoration of damage caused to the environment by economic activities, include the environmental tax. To ensure the effectiveness of this tool, the tax rate should be on a level that makes it profitable for enterprises to modernize production than to pay the tax. An important aspect in the field of environmental taxation is the distribution of funds between the levels of the budget system and the direction of their spending. During the entire period of existence of the environmental tax, the proportions of distribution of tax revenues between budgets and the regulatory framework that determines them were constantly changing. The allocation of funds from the environmental tax between budgets is currently determined by the Budget Code of Ukraine. Environmental tax belongs to the national taxes, and therefore it is mandatory to pay within the entire territory of Ukraine.

As you can see, the distribution of environmental tax funds is imperfect, which is manifested in the following aspects:

- almost half of the environmental tax is "dissolved" in the general fund of the State Budget. Funds from the general fund are directed to the financing of various expenses without a specific, in particular, environmental purpose;
- non-target nature and insufficient transparency of the use of revenues from the environmental tax at the level of local self-government.

The sources of income in the funds are environmental tax funds, as well as administrative fines paid by violators of environmental legislation. Funds received from the State Environmental Protection Fund are distributed by the Cabinet of Ministers at the request of the Ministry of Ecology and Natural Resources of Ukraine.

The funds of the Fund can be used only for targeted financing of nature protection and resource saving measures. They can also be spent on: scientific research in this field, maintenance of the state cadastre of territories and objects of the nature reserve fund, measures to reduce the impact of environmental pollution on the health of the population, financing of environmental protection measures approved by the Resolution of the Cabinet of Ministers of Ukraine dated September 17, 1996 No. 1147 "On approval of the list of activities related to environmental protection measures" [8].

The resolution does not specify the main criteria that determine environmental protection measures in sufficient detail, which makes it possible to direct funds to the implementation of measures that are not essentially environmental protection. The process of selecting winners for event financing from among submitted requests is also not transparent. The order, procedure, and selection criteria vary depending on the specific area. The lack of pre-project and post-project monitoring of environmental parameters before and after environmental protection measures can be attributed to the shortcomings. The procedure for approving the financing of environmental protection measures takes quite a long time (months pass from the time when the executor submitted the request to the actual receipt of funds and the start of work).

Therefore, it can be said that the system of environmental taxation needs to be improved, because the environmental tax currently does not fulfill its functions. In order to improve the financing of environmental protection measures in Ukraine, the following is necessary:

1. Gradual increase of the tax rates, according to the "polluter pays" principle, because currently the amount of environmental tax that is paid by enterprises is small, and owners are not encouraged to carry out technical modernization.

2. Revision of the allocation of funds between state and local budget funds, by improving the list of environmental protection measures and increasing the share of local budgets, and organizing public control over the expenditure of environmental tax funds. The accumulation of funds in a special fund (funds) must be clearly prescribed in the Budget and Tax Codes only for targeted use.

We propose to credit environmental tax funds to special funds in the following proportions:

- 20% to the state budget;
- 25% to regional budgets;
- 55% to local self-government budgets (rural, settlement, city budgets, united territorial communities).

Today, for the development of our state, in the process of forming and implementing the state policy of sustainable development of the "green" economy, the issue of using international aid and attracting investments receives special attention. Compared to other Central European countries, Ukraine spends a relatively small (up to 0.3% of the country's budget) share of national income on environmental needs. However, there is a significant gap between needs and available funding, in particular, the share of investment funding is much smaller among total costs.

Spending funds for other purposes does not allow to achieve ecological results. In the programs that have been approved, there is no analysis of "costs - effectiveness", implementation mechanisms and real financial plans. And even if the program includes investments to be made by the private sector and the state, there is no incentive for potential investors. In this case, limited resources are distributed among a large number of programs and projects, which mostly remain underfunded and unfulfilled.

Environmental agencies do not realize the real economic value of reducing environmental loads and responsibility for providing environmental services, goods and infrastructure. The reform of the financial system at the national and regional levels in the field of "green" economy should be carried out in two interrelated directions:

1) Funds received from fines for violations of environmental legislation, renewal and maintenance of natural resources, environmental fees, rent payments for the use of subsoil and fees for the use of other natural resources, should be directed to the relevant priority goals for the implementation of "green" and environmental projects;

2) It is necessary to create a state financial institution that would manage environmental payments in regards to the actions presented below:



- creation of the National Green Fund of Ukraine on the basis of and instead of a large number of environmental protection funds at the national and regional levels;
- these funds must function under the rights of a legal entity and be combined into a single financial system;
- the management of these funds should be carried out through supervisory boards (up to 15 people), which will include representatives of management bodies (ministries, departments, self-government and executive authorities, public, environmental organizations);
- the income base of the National "green" fund should be environmental payments, funds from fines and lawsuits for compensation of damages;
- fund expenditures will be directed to the implementation of "green" and ecological and economic projects, which provide for the receipt of income;
- establishment of transparency and openness of receiving funds from funds on the basis of competition (according to officially established evaluation and selection criteria and the procedure for ranking projects);
- provision of an annual report on the work and use of funds, including publications in mass media.

The creation of the National "green" fund will allow the following:

1. creation a financial system for managing environmental payments on a market basis with a qualified workforce;
2. coordination and directing of funds from various sources to finance priority "green" and environmental protection projects;
3. encouragement nature users to implement nature protection measures by providing financial assistance (soft loans, grants);
4. attraction of funds from other sources (especially foreign);
5. objective financing priority projects and works through the Supervisory Board;
6. application of environmental payments and other targeted revenues in full and for their intended purpose, to ensure their extended reproduction;

7. unification of environmental funds in a single financial structure while fully preserving all elements of the independence of regional funds will provide opportunities for mutual lending and concentration of resources for the implementation of joint "green" and environmental projects.

One of the main tasks of the National "green" fund would be to attract investments for large amounts of funds and long-term terms of their implementation. In particular, the fund could implement a "green" investment credit, which means the amount of funds corresponding to the tax payment for environmental pollution, in the amount of the holdings that remained at the enterprise for the purpose of its own environmental protection activities. The condition for repayment of a "green" investment loan is the fulfillment of a credit agreement between the nature user and the "green" investment fund, agreed with the financial authorities, as well as a plan of environmental protection measures, agreed and approved by the environmental protection department of territorial local self-government bodies. At the same time, the use of such a mechanism also plays a stimulating role, since the principle of payment for credit is implemented.

The basis for granting a "green" investment loan is the credit agreement of the nature user with the "green" investment fund, agreed with the financial authorities, as well as the plan of environmental protection measures, agreed and approved by the environmental protection department of territorial local self-government bodies.

The main condition for the "Green" investment fund to provide investments in any form is the development of environmental protection programs, the definition of environmental protection tasks and measures, the search for their executors, which must be carried out on a competitive basis based on the presented business plans of the relevant "green" projects. It is clear that with the help of interest subsidies, exactly those project environmental solutions that have an economic perspective will be implemented, since the financial risk is assessed by an external financial and credit organization.

**Conclusions.** Therefore, the need to attract investments in the process of implementing the state policy of sustainable development of the "green" economy is consistent with the need to reform the entire system of financing environmental protection

and measures related to the reproduction and maintenance of natural resources in proper condition in Ukraine in accordance with market relations.

The proposed ways of improving the mechanisms for implementing the state policy of sustainable development of the "green" economy in Ukraine in the conditions of European integration can become one of the ways of transforming European mechanisms into domestic mechanisms of Ukraine. Particular attention should be paid to the combination of European standards and principles with the use of Ukraine's own means and levers of the state policy of sustainable development of the "green" economy. The main means of improving the mechanisms for the implementation of the state policy of sustainable development in Ukraine can be the legislative consolidation of the principles of the implementation of the state policy of sustainable development of the "green" economy and the introduction of a comprehensive approach to the implementation of the state policy of sustainable development of the "green" economy.

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