MISSION-ORIENTED APPROACH IN GREEN ECONOMY: INNOVATION AT THE HEART OF DEVELOPMENT BANKS

Cristiane Benetti - ICN Artem Business School & CEREFIGE, France
Nirjhar Nigam - ICN Artem Business School & CEREFIGE, France
Afef Boughanmi - University of Lorraine & BETA, France

dx.doi.org/10.18374/IJBS-24-1.1

ABSTRACT

This study investigates how national development banks contribute to bridging the financing gap for climate adaptation and attaining sustainable development goals through innovation. To this end, we focus on the case of the Brazilian Development Bank (BNDES). We analyze the importance of green economy and innovation in the last decade of the 21st century. With documentary research, we present the green innovation projects that BNDES has supported to reach sustainable development goals. As a result, we can observe the great capacity of BNDES to act as the main government promoter of innovation and the Brazilian tendencies for innovative projects and innovative tools to generate investment resources.

Keywords*: development bank, sustainable development, sustainable finance, transport, renewable energy*

1. INTRODUCTION

According to UNEP, a Green Economy is defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. UNEP promotes a low-carbon economy that is resource-efficient and socially inclusive (Piao et al., 2021).

We understand the failure to achieve the United Nations' sustainable development goals of 2030 will have severe unprecedented global impacts, storms, forest fires, rise of sea level, and epidemics and will respect no borders. It will result in extreme poverty, hunger, and forced migrations and will significantly impact the country's economic performance, environment, and social development. Sustainable development is a process that ensures that countries follow not only the pathway for economic sustainability but also environmental and social sustainability (Harris et al., 2001; Porrit, 2007). The shift from an unsustainable economy to a sustainable economy would require a mammoth amount of financing. The financial sector has played a fundamental role in the economic development of countries by efficient resource allocation. The financial sector will have a crucial role to play in the efficient allocation of capital for environmental and social investment projects. The problems with the private financial sector surfaced in the United States during the crisis of 2007-2008 and adversely affected the economies worldwide. For this reason, in this paper, we draw attention to the role of development banks.
Since the First World War, the national development bands have played an important role in mobilizing long-term capital for accelerating economic development (Gutierrez et al., 2011; Torres and Zeidan, 2016). However, over the years, the roles of national development banks have shifted from merely financing industrialization projects to financing more diverse projects related to environment and sustainable development. The financial sector should take the responsibility of mobilizing low-cost capital for efficient purposes (infrastructure, environment, and society) to support the national agenda for sustainable development. Financing for sustainable development should no longer be seen as a cost but should be identified as an investment for a better future. Indeed, development banks can help to overcome market failures help in the creation of a learned and knowledgeable society (Stiglitz and Greenwald, 2015), and increase overall productivity by developing important products and services for social and environmental causes. Despite the size and importance to the economies, surprisingly little