FINANCIAL INSTRUMENTS AND INNOVATIVE SUSTAINABLE DEVELOPMENT INSTRUMENTS

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Abstract. *The current multi-crises generated by the current challenges existing globally, lead us to think about new economic models at the level of the financial industry that are adapted to the needs of the individual and society as a whole and in the context of both digital technologies and finance open.*
Financial instruments in the field of insurance know a 3600 development with a direct impact on the economic sectors and on the population at global level. In this paper we aim to reflect on these insuretech innovations based on existing practical applications globally and existing empirical studies in scientific literature.
At the same time, in the context of the new EU growth strategy to promote the transition to a climate-neutral economy by 2050, both the launch of the European Green Deal Investment Plan (Sustainable Europe Investment Plan) and new models are being developed at the level of the member states, actively contribute to the redefinition of innovative financial instruments and the architecture of the financial system.

Keywords: financial instruments, sustainable development, collaborative economy.

Introduction. At a global level, there have been numerous scientific concerns regarding financial instruments that need to be aligned with the decisions and actions of policymakers addressing the phenomenon of global warming, which directly affects climate change. A relevant example is provided by the alarm signal raised, through the published report, by the Intergovernmental Panel on Climate Change [5], regarding the proposal of urgent measures to limit climate change. The report once again presents scientific evidence that the global warming of the atmosphere, oceans, and land is largely caused by human activities [1].
Empirical research supports the notion that the introduction of green financing, and its subsequent increase, contributes to the development of activities with a reduced environmental impact, as well as the fact that exposures to green investments are indeed less risky. One valuable work supporting this

perspective, as well as emphasizing the need for caution before introducing a Green Supporting Framework (GSF) to boost green financing, is the study by Brühl, V. [1]

Simultaneously, considering the regulatory framework at both the European and national levels, it is necessary to transition from the current economic model to one based on ecological transformation across all sectors of activity, not confining it solely to the energy sector, agro-food sector, and inter-sectorial mobility. It is evident that this transition can be accomplished through the required volume of investments, yet it remains challenging to quantify due to the global nature, multisectoral vision, and the lack of harmonization of reliable data at the global level.

In the context of these global challenges, according to the aforementioned study [1], estimates have been made regarding the investments needed to transition to low-carbon emissions. These estimates range from $1.6 trillion to $3.8 trillion annually between 2016 and 2050, focusing solely on investments in the energy system [5].

Although climate financing has reached record levels, it remains significantly below what is required in a 1.5°C scenario [2, p. 3]. Out of the total global climate financing of $579 billion (average for the years 2017/2018), approximately $326 billion comes from the private sector, while $253 billion is provided by the public sector. In light of this, the financial sector plays a crucial role in the sustainable and successful transformation of the global economy. One of the most comprehensive and predictable documents in the current literature, providing a long-term perspective on green financial instruments, is the European Green Deal, which outlines the EU's commitment to achieving climate neutrality by 2050 [3].

This intentional transformation of the EU will require massive investments from both the public and private sectors. For instance, in the EU, it is estimated that approximately €350 billion in additional investments annually until 2030 are needed, specifically in the energy system, to meet the 55% emissions reduction target [4].

Research methodology. Based on the data accessed/provided by the European Commission, the European Parliament, the European Economic and Social Committee, the Committee of the Regions, and other sources, the authors present arguments supported by analytical materials regarding the need to address and develop innovative financial instruments for the economies of nations globally. At the same time, we conduct a general analysis of the issue of existing sustainable financing systems in Europe by identifying all existing funding programs. In this study, the authors applied research methods such as monography, data comparison, and graphical methods to depict the entire process of sustainable financing within the member states of the European

Union, in accordance with bibliographic sources and the data identified and presented in the study.

Research Results/Discussion. To finance the European Green Deal in 2019, the European Commission announced an investment of a total of 1 trillion euros in the ecological transformation of the European economy, with a direct impact on the economies of the member states. These funds were intended to be generated within the Multiannual Financial Framework (MFF) 2021-2027 and the Next Generation EU Fund, with a total volume of 750 billion euros. Although, at an initial assessment, this seems a substantial amount, there is still a funding gap of at least 2.5 trillion euros, which is expected to be predominantly covered by the private sector. To further encourage investments in environmental, social, and governance (ESG) areas, appropriate regulatory frameworks and incentives are necessary, supported both at the European level through regulations and directives and through the specific national legislation of each member state.

Multidisciplinarity, interdisciplinarity, transdisciplinarity, and pluridisciplinarity support the complementarity and interdependence between various climate protection programs and sustainable financing activities established so far in the European Union. Innovative financial instruments need to be adapted and responsive to the current needs of beneficiaries. Key regulatory initiatives, such as the Taxonomy Regulation, as well as disclosure frameworks and other aspects of financial market regulation, are explained in the context of the European Sustainable Finance Strategy. Finally, some missing elements that could contribute to further mobilizing capital for financing the European Green Deal are discussed.

Concluzion. Corporate leaders need a deeper focus on the nuances of organizational capital. Human capital is not just a labor input; people are the fundamental asset of any company. The workplace should work for employees, with coaching that helps them develop, support structures, and workflows that alleviate frustrations. Employees know what works on the front line, and their voices and perspectives should inform any redesign. In addition to improving the day-to-day experience for workers at every level, these principles can enhance competitiveness and adaptability in a rapidly changing world.

In some cases, changing company-wide policies and systems could drive positive changes. In others, it will require a shift in leaders' behavior. While CEOs can articulate the vision and set an example, frontline and middle managers are key players, as they set the tone for individual teams, have greater visibility into what works, and can have the most significant influence on the employee experience. Not all companies will choose to follow the P+P Winner template. Some are singularly driven by financial outcomes; focusing on people may not be in their DNA. Refashioning organizational culture is a challenging, ongoing

commitment that requires energy, self-reflection, and a willingness to change familiar patterns.

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