

FINANCIAL INSTRUMENTS TO ENSURE SUSTAINABLE DEVELOPMENT IN THE POST-SHOCK PERIOD OF THE NATIONAL ECONOMY RECOVERY

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Abstract

Within the article, theoretical and applied provisions of the application of financial instruments for sustainable development of the countries in the post-shock period of their recovery are researched. The authors used a range of general scientific methods of scientific research, namely: abstraction, induction and deduction, analysis and synthesis, generalization and content analysis. Special attention is paid to the issue of combining the possibility of financing the projects that are designed to ensure the implementation of the concept of sustainable development, and the need to rebuild the national economy in the conditions of a significant shortage of available financial resources. In the work, the essence of financial instruments, their types and features of use are examined in detail. Considerable attention is also paid to the description of the content and the basic provisions of the sustainable development concept; specific features of this concept use in the conditions of unpredictable external shocks that countries may face in the process of their development are analyzed. To deepen the applied provisions, the example of Ukraine and the experience of this country in ensuring sustainable development of economy are considered. The peculiarities of the implementation of the model of sustainable development in the conditions of stochasticity of the external environment are also substantiated; and the main areas of the application of financial instruments to support such development are specified.

Keywords: *financial instrument, sustainable development, rational use of nature, financial institution, national economy, economic growth.*

JEL Codes: *Q01, O11.*

Introduction

The concept of sustainable development in the modern world is widely promoted by developed countries and international organizations. However, today this concept is not used by a known number of countries in their own economic development or is partially

implemented. Undoubtedly, the use of the principles of this concept requires a more complex and balanced approach to the organization of economic relations in society, the implementation of additional costs for the use of advanced and more innovative technologies in the national economy development. The experience of developed

countries also proves that there is no alternative to the concept of sustainable development from the point of view of creating favorable conditions for ensuring the stable development of the national economy. Most of the advanced countries of the world are trying to gradually implement this model of development.

The issues of implementing the model of sustainable development in the periods of post-shock recovery of economy, after difficult periods of economic recession, become especially relevant. It is precisely such periods of the implementation of new instruments of the state policy to combat the consequences of economic and financial crises that are favorable for simultaneous application of the mechanisms of state regulation of the behavior of business entities in terms of restoring their own activities, taking into account the basic principles of sustainable economy. Again, today it is quite clear that without the intervention of state authorities in building this type of economy, it is impossible to create the conditions for its formation in society. This requires a systematic approach from state institutions in terms of the development of the national economic strategy taking into account the principles of sustainability, compliance with the basic provisions of this strategy in the long term.

It is impossible to implement a model of sustainable development of the national economy without the required financial support. The use of financial instruments to provide support is an integral part of the state regulation system of the national economy. However, the economy recovery in the post-shock period requires the search and use of the specific tools to combat the consequences of the economic downturn and creation of the conditions for gradual recovery of the country's economy. At the same time, the implementation of the sustainable development model requires its own, specific approach in terms of finding financial resources for its gradual implementation, creating conditions for ensuring harmonious social, economic and ecological development of society. This determines the need for new research in this direction.

Therefore, the purpose of the article is to substantiate the features and main directions of using financial instruments to ensure sustainable development in the post-shock period of recovery of the national economy.

Literature review

The issues of implementing the goals of sustainable development, including financial instruments for ensuring sustainable development, and the use of digital technologies become especially relevant during the period of recovery of the national economy (Marhasova V. et al. 2023, Kholiavko N. et al. 2023, Popelo O. et al. 2022, Ivanova N. et al. 2022, 2023). The issues of various aspects of the use of financial instruments are devoted to scientific research (Haag Steffen, 2023; Gerstenecker A. et al., 2023, Mustafa J. Ali et al., 2023; Abhilash Sandeep S. Shenoy et al., 2023; Omar Iqbal Tawfik et al., 2023; Magomedov R., 2021). The aim of the study (Haag Steffen, 2023) is to analyze the possibilities of increasing financing and the application of appropriate financial instruments for the expansion of energy production from renewable sources in Africa in the sustainable development context. The research paper (Gerstenecker A. et al., 2023) is devoted to the development of a form of financial capability instrument that involves performance-based measurement of everyday financial skills. The article (Mustafa J. Ali et al., 2023) examines the role of Fintech payment instruments in the development of account ownership as the main indicator of financial availability; their effectiveness is determined depending on different levels of income in countries. The basis of the study (Abhilash Sandeep S. Shenoy et al., 2023) was the analysis of the use of renewable energy sources until 2050, the activity of using financial products focused on the environment, social problems and management. Within the scope of the study (Omar Iqbal Tawfik et al., 2023), the risks to which conventional Islamic financial instruments are generally exposed, such as market risk, credit risk, liquidity risk and other risks, are considered.

Supporting the scientific achievements of scientists (Tahiri-Jouti Ahmed, 2022; Zhukovska A. et al., 2021), we'd like to note their relevance and timeliness in the development of financial instruments and ensuring sustainable development. The publication (Tahiri-Jouti Ahmed, 2022) proposes the creation of financial instruments in accordance with the Sustainable Development Goals. Within the article (Zhukovska A. et al., 2021), it is proven that financial and legal instruments for promoting the implementation of the sustainable development policy of the state require a detailed study of the application of financial and legal instruments for the implementation of the Global Sustainable Development Goals by 2030.

Considering a significant number of publications on the mentioned topic, it is advisable to pay attention to the fact that the issue of using financial instruments to ensure sustainable development in the post-shock period of the national economy requires further study and research.

Methodical approach

The article uses a spectrum of general scientific methods of scientific research. In particular, methods of abstraction, induction and deduction to specify the essence of sustainable development and the economic content of financial instruments. Based on the application of methods of analysis and synthesis, the types of financial instruments are specified and the features of their use in conditions of shortage of financial resources are described. The methods of generalization and content analysis were also used in the justification of the specifics of the use of financial instruments to ensure the sustainable development of countries in the conditions of the post-shock recovery of their economies as a result of the influence of unpredictable external factors.

Results

It is quite difficult to ensure the development of the national economy on the basis of sustainability in periods of shock challenges, as most economic entities try to survive in such periods and counteract the destructive influence of external factors. Such challenges that society and the national economy may face include the following:

- military aggression, military actions on the territory of the country or near its borders, which causes a number of complex and difficult to predict economic and social processes;

- civil wars, aggravation of problems in the political life of the country, mass demonstrations and protests;

- complex destructive processes in the development of the national economy, the emergence and development of global economic crises;

- deterioration of relations with neighbors, trade wars, economic blockades of goods, closure of borders for citizens to cross;

- environmental disasters and their destructive impact on the development of society, population migration, economic decline;

- climatic changes that are gradually occurring in the country;

- global epidemiological crises, their rapid spread and subsequent global economic recession;

- revolutions, political instability, constant change of power, seizure of power by individuals;

- complex internal politics, mass arrests, persecution of citizens, imposition of a new ideology and model of economic development;

- terrorist attacks that can have a systematic nature and affect the functioning of society, undermine the economic development of the country, its cooperation with other countries and international institutions, etc.

The outlined challenges in general, as evidenced by experience, arise and spread in a complex manner, creating extremely difficult conditions for economic recovery and improvement of the population's life. In the vast majority of cases, the effects of the outlined processes are observed for a long time and inhibit the development of countries for many years.

Of course, in difficult conditions of socio-economic development, the concept of sustainable development is difficult to implement in society, when most of the population is on the verge of poverty, or society is constantly in a situation of political instability, military conflicts. However, on the other hand, the recovery of economic growth in the post-shock period should already take place taking into account the basic principles of sustainable development, the gradual implementation of measures to achieve its goals. This allows in the long term to ensure the gradual modernization of the national economy, taking into account modern global trends in the harmonious functioning of the economic, social and environmental spheres of society.

In some cases, the use of the concept of sustainable development gives impetus to the development of new industries and spheres of the national economy, which, in the vast majority of cases, are innovative or use modern innovative technologies in their development. At the same time, under the condition of stable state support, the outlined innovative directions of development and restoration of the national economy can have a multiplier effect on the development of other areas of the economy, causing their gradual transformation. This is especially relevant today, in the era of the formation of the digital economy all over the world.

Simultaneously with the emergence of new branches of the national economy, the conditions for their development also change, institutional support is formed, including new methods and forms of financing the implementation of new projects and the creation of new subjects of entrepreneurial activity are emerging, new credit and

investment products are being developed by financial institutions. A favorable institutional environment and the availability of available financial resources are mandatory conditions for building a model of sustainable development of the national economy in any country.

Financing itself is an important component of the modernization of the country's economy taking into account the main provisions of sustainable development, since the implementation of new projects within the framework of the introduction of such a concept requires significant resources, the involvement of which does not always allow obtaining colossal financial results, but at the same time creates the opportunity to achieve certain social and environmental goals, which is not always effective from the point of view of conducting business and using loan resources. However, in developed countries, both the subjects of the real sector of the national economy and financial institutions understand that it is not possible to ensure the quality of life of citizens solely on the basis of classical business approaches. Today, it is necessary to achieve not only financial results in one's work, but to try to take an active part in the systemic changes taking place in society and the environment, to carry out entrepreneurial activities based on the concepts of responsible business. This, in turn, contributed to the active development by financial institutions of new areas of their own activity to support other economic entities in their intentions to implement environmental and social projects, to combine the principles of corporate responsibility with the construction of an effective business model for their own development.

The following are among the features of project financing in the concept of sustainable development:

- development of special financial products for the implementation of environmental projects, which are implemented among all business entities;
- use of separate financial instruments to ensure rational nature management;

– a combination of financial and non-financial results from financial support for the implementation of projects within the framework of the concept of sustainable development;

– involvement of financial institutions in the implementation of sustainable development (as creditors and investors, as institutions for carrying out relevant calculations, implementation of state programs to support businesses that operate on the basis of sustainability);

– the important role of state institutions in supporting projects in the direction of sustainable development, development of new programs and tools;

– the importance of taking into account the international experience of attracting internal and external resources to form a financial basis for the sustainable development of society, etc. features.

As part of the sustainable development of the economy, among the main financial instruments that are actively used in many countries today, it is possible to single out both traditional methods of attracting financial resources and new, modified instruments. Let's consider their essence in more detail (Fig. 1).

Classic financial instruments to ensure sustainable development of economy include well-known instruments for stimulating economic development in the country, namely: budgetary, tax, credit and investment instruments. At the same time, in fact, the specific tools for stimulating the sustainable development model are by their nature also classical, but modified taking into account the specifics of the development of certain branches of economy, development of which will contribute to the construction of the sustainable development model.

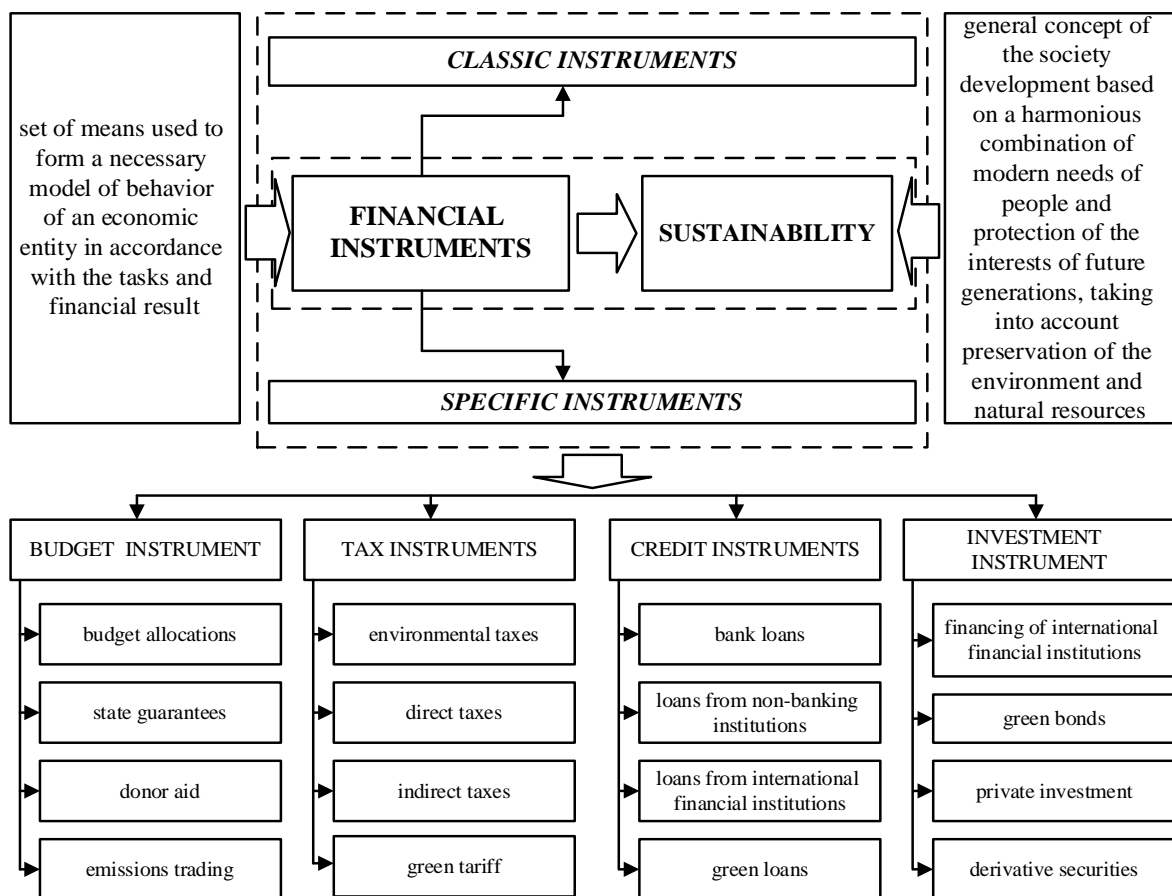


Figure 1. Essence and main types of financial instruments

*Source: compiled by the authors.

Today, in most developed countries, the entire range of both classical and specific instruments for sustainable development is simultaneously used. A significant number of economic entities, using traditional financial services and traditional sources of obtaining capital, implement projects that can also be attributed to those that contribute to sustainable development of society. In this case, such subjects also implement it to ensure the effectiveness of their own activities, which affects the development of the social and ecological spheres of society (rational nature management, efficient consumption of electricity, water resources, processing of garbage and waste from operational activities, etc.).

On the other hand, various options of already specific financial instruments were developed by state authorities and financial institutions based on the classical financial instruments, which were used to create specific financial products to promote the construction of a sustainable development model. Among such instruments, for example, the following can be distinguished: green loans, green investments, green bonds. The listed financial instruments primarily concern the attraction of financial resources to the energy field, development of renewable energy sources. However, in fact, within each branch of the national economy, projects can be implemented that are designed to increase both the efficiency of business entities and rational use of the resources available to them, provide comfortable working and living conditions for local residents, improve interaction with local self-government bodies, and generally form a positive image of the company.

The further spread of the sustainable development concept in the world will increasingly contribute to the transformation of financial relations between financial institutions and those business entities that today are involved in building their own businesses using this concept. The experience of developed countries shows that the sustainable development model with its gradual implementation makes it possible to really create favorable and comfortable

conditions for the life of citizens. At the same time, economy is actively developing, investment resources are being actively attracted to the national economy, social security conditions for citizens are gradually improving, and what is becoming most important today, the conditions are being formed for the rational use of natural resources and the thrifty attitude of citizens to the environment.

The sustainable development model is important in modern conditions for building a truly highly innovative economy. At the same time, the connection between the innovative development level of the country and the level of introduction of the sustainable development concept in society is already clearly visible. The more economically developed a country is, the more actively the outlined model is implemented. In part, this situation can be explained by the availability of appropriate financial resources in the countries that are actively and effectively developing, and the high level of development of their financial system.

Accordingly, the issue arises how to introduce the sustainable development concept of society to the countries that are at the initial stages of implementing the sustainable development model, or in general have found themselves in difficult economic circumstances of their own functioning. It is quite clear that it is especially difficult to implement the outlined concept in those countries that faced deep crisis events in their development.

To study the application provisions of the implementation of the sustainable development model in the conditions of stochasticity and unpredictability of the economic functioning of countries, we will consider the case of Ukraine, which today is in extremely difficult conditions of its own functioning, which is due to the following reasons: war, high level of population migration, occupation of the fifth of the country, significant destruction of infrastructure facilities in the country, which restrains economic development, a large number of dead and injured citizens, social

tension in society, mining of a large area of the country.

In more stable conditions of their own functioning in Ukraine, they gradually introduced a sustainable development model, developed appropriate programs both at the level of central authorities and individual regions. At the same time, significant results were achieved in the field of green energy and agriculture. Although during the war, part of the built objects that contributed to the implementation of the country's sustainable development model were destroyed. However, in our opinion, further recovery of the country should still take place taking into account the need to achieve the basic goals of sustainable development. This can be realized only with the participation of state institutions and with the support of society, understanding the importance of restoring economy, taking into account the need for rational use of nature, use of renewable energy sources, effective application of modern innovations for sustainable development of agriculture, which plays one of the key roles in the development of the country .

Of course, in the post-shock, post-war period, the recovery of Ukraine will be accompanied by a difficult period of economic development, a shortage of financial resources, and a significant deterioration in the social security of citizens. However, in our opinion, this restoration should be carried out taking into account the sustainable development concept, implementation of those projects that allow achieving the goals of this development. For this, important attention should be paid to the issues of sustainable financing, formation of the conditions for the interest of economic subjects in the implementation of projects aimed at ensuring the the national economy development based on sustainability.

The application of financial instruments for the gradual implementation of the sustainable development model in Ukraine should be carried out using both classical and specific financial instruments.

Among the main areas of activation of funding in this area, in our opinion, the following should be singled out:

1) stable functioning of the Ukrainian banking system and ensuring the conditions of macroeconomic stability;

2) ensuring a high level of gold and foreign exchange reserves in the country and stability of the national currency in the long term;

3) gradual reduction of the credit interest rate for all economic entities, especially for business development;

4) financing of the program to support projects in the field of energy, effective use of natural resources, which can be implemented through the state banks of the country;

5) encouraging state banks to develop their own credit products to support the implementation of projects that will contribute to sustainable development of the country in various areas (in Ukraine, state banks account for more than 50% of all assets of the banking sector in terms of assets);

6) promoting attraction of the international aid for its provision directly to representatives of small and medium-sized businesses;

7) carrying out educational work among entrepreneurs regarding the possibilities of attracting international aid for the development of their own business, especially in the sustainable development field;

8) using the mechanism of the public-private partnership for the restoration of the key infrastructure facilities, which will allow attracting private capital, rather than financing the creation of complex and expensive projects exclusively at the expense of the state budget;

9) creation of the conditions for attracting investments in those areas that play a key role in ensuring sustainable development of the country. For example, according to the report of the International Finance Corporation (IFC), on a global scale, there are opportunities for climate investments in the amount of about 23 trillion USD in developing markets, while in Ukraine they are estimated at 73 billion USD (Magomedov R., 2021);

10) development and gradual implementation of the appropriate state policy in financing the sustainable development of society and the country's economy, i.e. in the direction of sustainable financing.

Conclusions

Thus, in the article, features of the application of financial instruments to ensure sustainable development in the conditions of a difficult macroeconomic situation and a significant shortage of financial resources are analyzed. In particular, in the article, the main challenges of an unpredictable nature that can arise within macroeconomic systems and have a destructive effect on their further development, contribute to the rapid unfolding of crisis situations in the country are analyzed. Considerable attention is paid to the study of the essence of financial instruments and consideration of their types, which are expedient to use in the process of ensuring sustainable development of the country's economy. Two groups of such instruments were directly identified: classical and specific. In the article, the features of using these tools and their basic types are analyzed in detail. In particular, it was established based on the foreign experience that it is the bodies of state power and local self-government that have the greatest influence on the process of sustainable development.

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For a more detailed consideration of the features of the implementation of the concept of the sustainable economic development, a study of the current state of Ukraine, which periodically faces new external challenges that have a destructive effect on its economic condition, was conducted in the post-shock period of the recovery of the national economy.

In the article, the peculiarities of building society on the basis of sustainability in the periods of post-shock recovery of the national economy is analyzed in detail. It was determined that despite the significant shortage of financial resources during this period, the country should develop and restore its economy taking into account the basic provisions of the sustainable development concept. For this, the main areas of application of financial instruments for such development are detailed. As a result, it was found that a successful combination of the capabilities of state institutions, the experience of developed countries and the help of international institutions will ensure the recovery of economy on the basis of sustainability, gradually achieving the defined goals of sustainable development of the country.

Prospects for further research include the analysis of financial instruments for ensuring sustainable development under the influence of digital technologies.

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