

---

# Abstract

The role of finance is important to bridge the gap in green investment necessary to achieve 2050 carbon neutrality. As awareness of the risks of climate change to finance has increased due to COVID-19, ESG and climate risk are emerging as key factors directly affecting financial performance beyond corporate social responsibility. Accordingly, the size of the global green finance market is growing rapidly.

Green finance is important as a means of securing new growth engines by facilitating investment in green industries while procuring financial resources for the Gyeonggi-do Green New Deal projects and energy transition by efficiently linking public and private capital.

According to a survey of promising small and medium-sized businesses in Gyeonggi-do, the response was high that ESG and carbon net-zero related trends directly or indirectly affect their business management but most companies were not prepared for this. However, awareness of green finance and the related policy support are very insufficient.

In this paper, three strategies and 20 tasks are presented as a way to activate green finance for energy transition in Gyeonggi-do. First, ESG and climate risk should be integrated into public sector decision-making by reflecting green finance indicators in public institution evaluation and selection of safe depository managers. It is recommended to install a green finance center and in the mid to long term Gyeonggi Green Finance Corporation.

Second, in order to mobilize private financial resources necessary for low carbon infrastructure investment, a climate fund should be installed. More innovative means such as a green financing model such as green bonds, green factoring, On-Bill financing and PACE also should be introduced.

Third, Gyeonggi-do will expand finance for green investment through green guarantees, interest rate support, green finance cooperation with local governments, and carbon net zero funds, and increase the capacity of small and medium-sized enterprises to respond to global ESG and carbon net-zero trends.

For green finance to be promoted, carbon net-zero goal must be clearly set. In particular, since partnership with private financial institutions is important for green finance, it is desirable to review the feasibility of establishing the Gyeonggi Green Finance Corporation as an institution in charge of this role. Lastly, we propose the formation of a Gyeonggi-do Green Finance Working Group to prioritize the proposed tasks and implement in stages.

**Keyword** Green Finance, Carbon Net-Zero, ESG, Gyeonggi-do, Small and Medium-Sized Business