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The Role Green Economy in Sustainable Development as Long-Term Environmental and Economic Stability: A Literature Review

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Abstract

The purpose of this journal is an attempt to discuss the issues and role of the green economy in the stability of long-term economic and environmental growth. The concept of green economy is one of the global strategies that have links to social, economic and environmental crises. The issue of the green economy concept can achieve the goal of building sustainability where the achievement of sustainable development goals (SDGs) is a major challenge for nations. In particular, SDGs related to environmental sustainability and economic sustainability are most challenging due to high pollution. This research uses the literature review method by looking at and analyzing research data from article and scientific journals that have been reviewed with a series of activities including collecting library data, reading and recording, and managing research materials. The results of this research concept presented in the form of journal articles can be a reference.

Keywords

Green Economy, Sustainable Development, Economic Growth

1. Introduction

The concept of a green economy has garnered substantial attention in recent years as a strategic pathway to achieve environmentally sustainable economic progress. El-Kafafi (2022), defines it as an economic system focused on utilizing renewable energy, reducing emissions and pollution, improving energy and resource efficiency, as well as creating green jobs and technologies. According to Perez (2015), a green economy aims to promote economic growth while conserving the natural environment and ecosystems. It encapsulates a broader vision of welfare, predicating economic activities on principles of environmental sustainability and social equity. This green growth economic system is oriented towards the relationship between natural ecosystems and human resources based on knowledge and technology. The green economy does not rely on fossil fuels. The existence of a green economy is useful to minimize the impact of human economic activity on climate change and global warming (Syah, 2022).

Sustainable development is a system that is interrelated and influences each other (Le Blanc, 2015; Tsalis et al., 2020). Sustainable development needs to be understood more comprehensively by looking at how the relationship and interaction between indicators in each dimension and between dimensions. The interaction between indicators in sustainable development goals can be seen using qualitative and quantitative approaches (Castañeda, et al, 2018; Pradhan, et al, 2017; Nilsson, et al, 2016). Being in the vicinity of an industrial estate has many positive and negative impacts. of course. As the economy is growing, ongoing development can provide benefits to the progress of economic conditions.

However, being surrounded by factories or companies can also threaten environmental damage. environment. Problems that can occur as a result of this include, waste pollution and air pollution. In addition, the dense population and rapid development of MSMEs in this area also affects the level of waste disposal. Whether both household waste and food waste. Therefore, green growth is economic growth that contributes to the responsible use of natural capital, prevents and reduces pollution, and responsible use of natural capital, prevents and reduces pollution, and creates opportunities to improve overall social well-being by creating opportunities to improve overall social welfare by building a green economy and ultimately building a green economy, and ultimately enabling the achievement of sustainable development goals. sustainable development. Thus, these three terms cannot be separated: green growth green economy, and sustainable development (Kasztelan, 2017).

Indonesia, the fourth most populous country in the world Kurniawan et al. (2021), has 270 million inhabitants according to 2019 statistics, has achieved significant growth in economic development with an influential rise in gross domestic product (GDP) per capita from $800 in 2000 to nearly $4000 in 2018. This growth has been achieved through better improvement in business activities in all fields. Increased business operations in various industries have boosted economic growth through better income generation along with increased income-generating opportunities as well as employment. Economic development has increased considerably in line with the increase in population (Hamta et al., 2022).

Existing studies on sustainable development show that improvements in the social and economic dimensions in Indonesia are not directly proportional to environmental conditions (Fauzi, 2014). Bakri (2017) shows the relationship between indicators in sustainable development by using the method of principal component analysis and cluster analysis to group indicators related to sustainable development in Indonesia. This study is expected to be a follow-up study related to interactions and review materials regarding cross-sector policy coordination. The object of this research is the indicators of sustainable development goals in 34

provinces in Indonesia, so the research unit is a region. In the description above, a study was conducted using SEM with a PLS approach to forming a structural model applied to sustainable development goals in Indonesia in 2015.

The pillars of sustainable development are economic sustainability, social sustainability, and environmental sustainability, all three of which must develop in a balanced manner; otherwise, development will be trapped in a conventional development model that emphasizes economic growth alone and leaves social and environmental development. The results of conventional development include the distribution of development results being very unequal, with 20 percent of the world's population in developed countries controlling 80 percent of world income and 80 percent of the world's population (developing countries) only controlling 20 percent of world income. As a result, conventional development is hampered or constrained by social conditions (health, education, and poverty) and shrinking natural resource reserves (non-renewable fossil fuel energy and coal) as well as deteriorating environmental quality due to air, water, river and lake pollution, as well as water shortages in the dry season and floods in the rainy season in many places in Indonesia and in other developing countries and also in developed countries (Aziz, et al, 2019). It is hoped that this research can provide an overview of the indicators of the sustainable development goals in Indonesia, as seen from the social, economic, environmental, and institutional dimensions. In addition, the relationship between population-related development indicators can also be seen.

2. Methods

The research method used is literature study or literature. Literature study can be interpreted as a series of activities that with regard to data collection methods data collection methods, reading, recording, and processing research materials. Literature study can also study various reference books and the results of previous research that is similar so that it can be used to obtain a theoretical basis the problem to be studied (Sarwono, 2016). Literature study also means data collection techniques data collection techniques by reviewing books, literature, notes, and various reports related to the problem to be solved. Meanwhile, literature study is a theoretical study, references, and other scientific literature related to culture, values and literature relating to culture, values, and norms that developed in social situations that are norms that develop in the social situation under study. The type of data used in this research is secondary data. Information was obtained from various institutional reports, scientific articles, websites, books, and related regulations. The focus of the data acquisition source is credible journal publishers.

Data collection techniques in this study is documentation, namely looking for data about - things or variables in the form of notes, books, papers or articles, journals and so on (Arikunto, 2013; Ruhyat & Wahidin, 2024). After all the data has been collected, the next step is for the author to analyse the data so that a conclusion can be drawn. so that a conclusion can be drawn. To obtain correct and precise results in analyzing the data, the author uses the critical analysis technique. Critical analysis is a view that states the researcher is not a free subject when looking at research. Critical analysis generally stems from certain views or values believed by the researcher. values believed by the researcher. Therefore, the researcher's partisanship and the researcher's position on a problem determines the text/data problem determines the text/data that is interpreted. interpreted. Analysis as one of the author's efforts in facilitating understanding by analyzing the truth through the opinions of experts which then takes the meaning and essence of the opinions of these experts.

3. Results and Discussion

The research results showed that the green economy has enormous potential to support economic growth in Indonesia from the perspectives of both Islamic and conventional economics. The principles of Islamic economics encourage the wise and sustainable utilization of natural resources. In a green economy, this approach will promote using natural resources such as water, land and forests while still considering the balance of ecosystems and the interests of future generations. Thus, the Indonesian economy will have a solid foundation for sustainable long-term growth. The green economy also encourages investment in renewable energy which aligns with the principles of human obligation to protect nature and the environment in Islamic economics. The implementation of a green economy applying Sharia principles can generate a model of growth that is sustainable and beneficial across all levels of society in Indonesia. Achieving a sustainable green economy faces many challenges. Some of the key challenges that need to be addressed include changing consumption and production patterns, reliance on fossil energy, capacity and access gaps, and policy uncertainty.

However, there is also a great opportunity to drive a shift towards a more sustainable and environmentally friendly economy. The change towards a green economy can be driven by improved resource efficiency, green technology innovation, increased public awareness and participation, and investment and business opportunities. In the long term, the economic benefits of this transition can be a strong attraction for the business sector and society. In addition, it is necessary to emphasize that supportive, coordinated, and consistent policies are essential. Policies that have clear regulations and incentives can encourage investment and progress in a sustainable green economy. To ensure that the policies and actions taken meet the needs and aspirations of the community, it is essential to have active public participation and involve all stakeholders. In general, the transition to a sustainable green economy requires cooperation from various parties, including governments, industry, society, and international institutions. Therefore, build a sustainable economy and maintain environmental stability for the long term by addressing existing challenges and taking advantage of existing opportunities.

In a green economy, physical-technological and financial capital or capital built on wealth is generated at the cost of over-reliance on fossil fuels, depletion of natural resources, and environmental losses. On the other hand, the green economy is sized towards natural capital, which can achieve growth. To achieve the transition to a green economy, eight key sectors of the economy need to be considered with the capacity to: reduce poverty, invest in natural capital and its recovery, create jobs and increase social equality, and promote renewable energy and energy efficiency. Based on the UNEP document, "towards a green economy," can be observed through its energy goals, mobility, and urban sustainability.

Table 1. Key sectors of the economy to achieve the transition to a green economy

Sector	Description
Forestry	Reducing deforestation, increasing reforestation, certification of products from forests, and payment for environmental services.
Agriculture	Changing the management practices of fertilizers, water, seed; Management, Comprehensive Pesticides and Nutrition
Water	Sources Conserve groundwater and surface water resources by using resources efficiently to produce quality-of-life conditions that are acceptable to residents.
Fishing Resulting	In a continuous increase of innovative production activities and financing to reduce overfishing worldwide.
Ecotourism	leads to economic development with increased participation of local and vulnerable groups in the tourism chain.
Renewable energy	Increasing the energy matrix from renewable sources, investing in biofuels, as well as photo voltaic and wind applications
Transportation	Transforming private transportation into public given that mobility depends on the use of the area
Manufacturing industry	Strengthen production by extending the useful life of products with redesign and recycling processes and improving the efficiency of natural and energy use of natural resources.

To optimize the implementation to achieve a green economy requires an annual investment of 2% of global GDP which will allow maintaining the current level of global economic growth and in turn achieve changes towards a sustainable process (Kahuthu, 2006). The state should promote fiscal incentives and economic instruments that help conserve natural resources (Putri et al., 2023). All investments along with political reforms must drive the transformation of the sectors involved in the green economy to gain a competitive position in the long term (Clemens & Kremer, 2016). Economic reconfiguration towards a sustainability framework can lead to eco-efficiency, i.e. more efficient use of natural resources and benefits to society, such as the creation of "green jobs" at the macro level to reduce poverty, minimize income inequality, and achieve an economy with inclusive growth (Mardiah et al., 2023). To achieve this goal, the options are broad and diverse, including from the direct creation of green jobs, access to environmental goods and services by marginalized communities, the structuring of certain conditional cash assistance strategies, direct subsidies to certain industrial sectors, and the restructuring of national public procurement policies. In addition to investment, it is also necessary to consolidate aspects such as a strong regulatory framework, limiting spending in areas that deplete natural resources, implementing taxes and market-based instruments that allow modification of consumer preferences and stimulate green investment and innovation, investment in training and capacity building, and strengthening governance processes at all levels (Pulungan, 2023).

Other important considerations for achieving the transition to a green economy are found at the international level in multilateral environmental agreements, legal and institutional frameworks established to address global environmental challenges (Aidt, 2010). These agreements include the United Nations Framework Convention on Climate Change (UNFCCC) and the renewal of the post-Kyoto treaty on carbon. But in the same way, all these considerations cannot be addressed ambiguously for all countries, but different ways should be proposed in terms of the green economy approach, which proposes to divide countries into three groups with specific characteristics. At the same time with several levels of responsibility as follows:

1. Developed countries have a pioneering role and are obliged to change their production and consumption patterns.
2. Developing countries: with the possibility of achieving their goals in sustainability schemes.
3. Industrial countries: which must guarantee financial and technological assistance to developing countries.

The model formed for sustainable development indicators uses a reflexive relationship with multidimensional constructs. The analysis of confirmatory factors for construct testing is carried out through two stages, namely the analysis in the first order, namely the dimensional latent construct reflected/formed by the indicator and in the second order, namely the construct reflected/formed by the dimension. The first order in this study is described in relationships between indicators and each dimension, for example the relationship between indicators of poverty, education, health and social dimensions, as well as economic, environmental and institutional dimensions. The second dimension describes the relationship between the social, economic, institutional and environmental dimensions with the Sustainable Development Goals (SDG) dimension. The approach to second-order analysis is as suggested by Aji & Kartono (2022), using a repeated indicators approach or also called the hierarchical component model.

The sustainable development model that was formed aims to see the relationship between the goals of sustainable development and how the achievement of development is described by the construction of development quality. This construct itself is formed based on the HDI variable representing the social dimension, GDP to assess economic development, the environmental dimension using IKLH and the institutional dimension using the IDI measure (Fauzi & Oxtavianus, 2014). In the long term, green growth policies can improve well-being by improving resource management and productivity, encouraging economic activities to take place where they provide the best benefits to society in the long run, and leading to new and innovative ways to meet these goals. The implementation of policies that can be carried out for example is to make policies in reducing air pollutant emissions, limiting energy and economic carbon intensity, to reducing freshwater abstraction and in expanding the number of protected areas. There is also evidence that absolute separation between economic growth and CO2 emissions are no longer associated at all with growth) has occurred in some countries, although less often compared to relative decoupling increases in emissions are smaller than growth (Putri et al., 2023).

Governments need to integrate green growth in broader economic policymaking and development planning. Frameworks are usually limited to climate change or energy policy and there is some risk that climate-related questions overshadow other important environmental and development issues such as biodiversity and water (Abbas & Sağsan, 2019). Analysis of the effects of green growth on poverty and inequality is often underdeveloped and many countries do not have an overall green growth strategy for key sectors such as agriculture. Awareness of the need to integrate environmental issues into development or poverty reduction plans in developing countries is on the rise (Thiele, 2020). Institutional and governance capacity to implement broad policy reforms is an essential condition for green growth. Currently, many ministries are involved in the development and implementation of green growth policies. Unclear responsibilities between the national and sub-national levels and a lack of guidance and capacity at the city level often hamper policy implementation. Influencing change in a cost-effective way requires ongoing coordination between public and government agencies involved in policymaking. Green growth policies will only have a real impact if the policy is implemented and monitored together with the person in charge who elaborates the

implementation. Rigorous policy evaluations need to be further developed to better calibrate support and ensure that resources are directed to the most cost-effective use. It requires precise information and the development of relevant between policy and performance indicators (Kennet, 2007).

Green patents are an important driver of green innovation. Successful innovations are more likely to occur in fast-growing economies or sectors (Aprilia & Sisdianto, 2024). Therefore, policies that encourage diffusion strengthen the market for green innovation, and change user behaviour need to be considered. In particular, the regulation of hazardous substances and activities, performance standards, green labels and certificates, as well as technology-based standards appear to be one of the most successful instruments (Signore & Fazio, 2014). Public procurement and consumer subsidies can also help ensure the economic feasibility and diffusion of environmentally friendly product services. Such policies need to be well designed to ensure that they support and do not distort market formation. This requires a mix of policies within a coherent policy framework. Many of the supporting conditions for green innovation are the same with innovation in general. For example, a well-designed intellectual property rights system is important to provide incentives for innovation and the spread of new technologies. The optimal approach is to combine taxes imposed directly on activities that harm the environment with broad policies that address key barriers to innovation.

4. Conclusion

The green economy becomes a model that promotes growth, income creation and employment that seeks to change the interaction between economic progress and environmental sustainability, especially if wealth is measured by taking into account natural assets and not just productivity. The green economy contributes substantially to reducing social inequality between countries and alleviating poverty in the world. From the results of the research that has been carried out, it can be concluded that the implementation of the green economy can achieve technological changes that allow the implementation of sustainable environmental strategies by utilizing natural resources and waste from their activities can be reintroduced into the production process so as to reduce the causes of pollution. To achieve this goal, alternative green economy policies must be implemented through the allocation of economic resources, stricter environmental regulations, the creation of subsidies, to environmentally friendly activities and the optimization of the regional planning process. There needs to be a new economic framework that can be implemented without ignoring the fundamental premise of sustainable development. The green economy aims to alleviate poverty by involving vulnerable social sectors to achieve economic development within sustainability parameters, namely the maintenance of a healthy environment and a decent environment.

The principles of green economy development are based on aligning economic recovery measures with the achievement of medium- and long-term climate change mitigation and sustainability goals. Renewable energy is a key sector in decarbonizing the economy and achieving climate goals. In this context, there are certain strengths of public policy scenarios to encourage a green recovery. Policy-making is highly determined by the state to strengthen pro-nature policies by setting natural capital-oriented outcome targets, ensuring the availability of consistent funds to implement policies and policy determination. Good governance is essential for this. In addition, governments need to work to minimize policy gaps such as policies or programs with adverse natural capital impacts, address the absence of vital environmental regulations, consider long-term recovery targets and address missing policies, data and assessments. Global lessons from the green recovery, global targets and commitments, and global, regional, and national cooperation between stakeholders. The results of this study show that in the medium and long

term there will be advantages in implementing a green economy. The green economy can basically be a tool to deal with the economy to multilateral problems. The implementation of the right policies accompanied by the monitoring and involvement of various parties is very possible that the green economy function will be on target and can be beneficial to the country and the world.

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