promoting efficient resource utilization. Consistent and coordinated policies reduce uncertainty in the economy, fostering a stable environment for investment and growth. It requires continuous communication, shared objectives, and sometimes, legislative frameworks that guide the coordination process. Such a coordinated approach facilitates the achievement of congruent objectives and stimulates economic recovery and development.

1.3. The role of state regulation in fostering sustainable economic growth

The issue of financial support for comprehensive economic, social, and ecological development has been at the forefront of global community attention for at least the last 20 years. Concurrently, the challenges of ensuring sustainable development are compounded by factors such as climate change, deteriorating economic and social dynamics, the repercussions of the COVID-19 pandemic, and Russia's war against Ukraine, which has already inflicted significant environmental damage.

According to estimates by the Bank for International Settlements, environmental challenges represent a source of systemic financial risks and could trigger the next global financial crisis. Hence, the sustainable development goals outlined in the UN Summit's outcome document "Transforming our world: the 2030 Agenda for Sustainable Development" [30] necessitate the intensification of actions by individual countries and the international community. In response to these challenges, a new concept has emerged – sustainable finance, which defines a novel approach to the allocation of financial resources and the consideration of environmental, social, and governance (ESG) factors in financial decision-making. To counter climate challenges and achieve a sustainable future, countries adhere to global agreements such as the United Nations Framework Convention on Climate Change [31] and the Paris Agreements [32]. In 2015, representatives from 195 countries in Paris approved the UN's Sustainable Development Agenda for 2030 and the Paris Agreement on climate change, which stipulates that one of the three ways to combat climate threats in the context of sustainable development is to ensure the consistency of financial flows with a low-carbon and climate-resilient development path. Ukraine participates in key international agreements aimed at addressing problems caused by environmental challenges. Ensuring conditions for sustainable development and forming sustainable financing is a joint task for all state and private institutions.

The concept of "sustainable development" was first mentioned in 1987 in G. Bruntland's report "Our Common Future", where it was stated that among the main mechanisms for ensuring change are: creating prospects for improving the existence of the population and the environment, as well as solving problems development of industry, energy, regional and international relations. That is, we are talking about development that meets the needs of society in our time, but does not endanger the capability of people in future to provide for their own potential needs, namely, the minimization of the adverse consequences of the reduction of natural resources and environmental pollution as a result of the rapid socio-economic development of mankind for the sake of the future [32]. Sustainable economic growth is an integral part of the broader concept of sustainable development, which combines economic progress with environmental care and social inclusion. It's increasingly recognized as essential for long-term prosperity and well-being, moving away from the traditional focus on GDP growth as the sole indicator of economic success.

In November 2021, the National Bank of Ukraine (NBU) presented the "Policy for the Development of Sustainable Finance until 2025," offering a comprehensive view on the creation and further development of the sustainable finance sector in Ukraine. The main directions of this policy include [34]: integration of ESG criteria into financial services, crucial for ensuring prolonged economic prosperity less dependent on limited resources and environmental exploitation, more socially inclusive, and encompassing closely linked ecological, social, and economic aspects; management of environmental and social risks, integrating a system for managing these risks into the overall risk management system of financial institutions; assessment and selection of projects for financing based on their role in sustainable development, where financial institutions will be obliged to evaluate their impact on the environment, economic resilience, and energy efficiency. The NBU's policy on sustainable financing is a comprehensive document that allows financial market participants to consider the NBU's vision in their plans for the coming years and prepare in advance for discussing regulatory changes and their implementation. Additionally, in December 2021, the National Securities and Stock Market Commission of Ukraine (NSSMC) developed an ESG addendum to the Corporate Governance Code. This addendum is part of an initiative to develop sustainable financing and includes: justification for the implementation of advanced ESG practices; description of necessary ESG information; description of operational and reporting standards for structuring sustainable corporate practices. These innovations and additions contribute to strengthening trust in companies and the implementation of the best global ESG practices, which are key to the sustainable development of the corporate sector in Ukraine. The addendum was developed in collaboration with the International Finance Corporation and the Ukrainian Academy of Corporate Governance [35]. Thus, Ukrainian financial market regulators actively incorporate the best international ESG support practices into their activities and create a new institutional environment for all market participants to ensure sustainable economic growth in Ukraine.

Additionally, the integration of budget planning for Sustainable Development Goals (SDGs) is one of the key priorities within the government's financial policy. During 2016-2017, a broad and comprehensive process of adapting the SDGs took place, considering the Ukrainian context. Each global goal was reviewed, taking into account the specifics of national development. In the summer of 2021, a national UNDP consultant conducted work on reflecting the SDGs in the budget using the best approaches of partner countries, involving multilateral participation at national and local governance levels, and deep analysis of budget programs to properly relate them to SDG tasks and indicators [36]. Currently, state and local Ukrainian budgets finance all 17 goals with corresponding tasks. However, the distribution of programs and their varying levels of effectiveness result in a lack of assessment of funding volumes for each SDG [38]. Of course, in the current conditions of Ukraine's economic development, the full implementation of SDGs in national budgets faces several difficulties and challenges, such as limited financial resources, increased defense spending, macroeconomic instability, and social tension. However, in the post-war period, returning to the issue of budget planning for sustainable development goals will be one of the first priorities.

The National Bank of Ukraine, the Ministry of Finance of Ukraine, the National Securities and Stock Market Commission, and the Deposit Guarantee Fund for Individuals (DGF) have approved a new Strategy for the Development of Ukraine's Financial Sector. This strategy sets forth current priorities and objectives for the development of the financial sector, focused on resisting Russian aggression and the country's reconstruction. Its development is stipulated in the Memorandum of Economic and Financial Policy between Ukraine and the International Monetary Fund [39].

This strategy envisages that the combined actions of financial sector regulators, the Ministry of Finance, and the Deposit Guarantee Fund for Individuals will be directed towards achieving five strategic objectives: macroeconomic stability; financial stability; a financial system that works towards the country's recovery; modern financial services; and the institutional capability of regulators and the DGF. The measures envisaged by the Strategy are conditionally divided into short-term actions aimed at ensuring stability, preventing deterioration in the financial sector and the economy overall, and medium-term measures that will form the basis for future reconstruction and economic growth.

The development of the financial sector and ensuring its continuous operation, the gradual unwinding of extraordinary prudential measures, diagnostics of banking assets, monitoring and resolving the problem of non-performing loans, creating a comprehensive system for rehabilitation and removal of insolvent market participants, and implementing an early response system for the problematic nature of financial institutions are the immediate priorities defined by this strategy. Under favorable and stable macroeconomic conditions, a gradual liberalization of financial markets and a return to inflation targeting with a floating exchange rate are envisaged. Also justified is the need for the continued technological development of financial services as a necessary prerequisite for further expansion of financial inclusion and ensuring cybersecurity. Important measures also include the restoration of financial infrastructure in de-occupied territories, ensuring the accessibility and inclusiveness of the financial sector.

The model of comprehensive macroeconomic architecture and post-war guidelines for ensuring the reconstruction of the economy and further sustainable growth are outlined in the report "Post-War Macroeconomic Architecture for Ukraine," developed by the Centre for Economic Policy Research (CEPR) PRESS. This report emphasizes that sound public finances, a balanced monetary policy, a predictable and fair regulatory base, and flexible labor markets are fundamental for the successful development of human capital, foreign direct investments, technological leaps, and many other elements of reconstruction [40].

Ukraine's financial policy is positioned at the crossroads of numerous challenges. On one side, the complex socio-economic situation arising from the onset of the full-scale invasion has led to increased external and internal risks, social and financial instability, migration of skilled labor, and a slowdown in economic growth, all of which define the challenges and tasks of contemporary macroeconomic regulation aimed at addressing the most pressing issues in the fiscal and monetary spheres. On the other side, in the context of changes in the global economic order and long-term planning necessary for reconstruction, Ukraine faces the task of adapting its financial policy to the demands of sustainable development. This encompasses ensuring macroeconomic stability, stimulating growth and innovation, and addressing socio-economic challenges.

State financial policy for sustainable development acts as a strategic economic management tool aimed at achieving balanced growth, social justice, and ecological resilience. It encompasses a comprehensive set of measures and strategies that regulate the mobilization, allocation, and utilization of state financial resources for forming a competitive national economy, ensuring socio-economic growth, enhancing population welfare, and strengthening the state's status in the global geopolitical arena amid rising external challenges and threats [41].

Ensuring sustainable economic development requires forming a comprehensive approach to financial policy aimed at achieving a balance between economic growth, social justice, and ecological resilience. The systematization of sustainable development financial policy measures is presented in Figure 1.1.

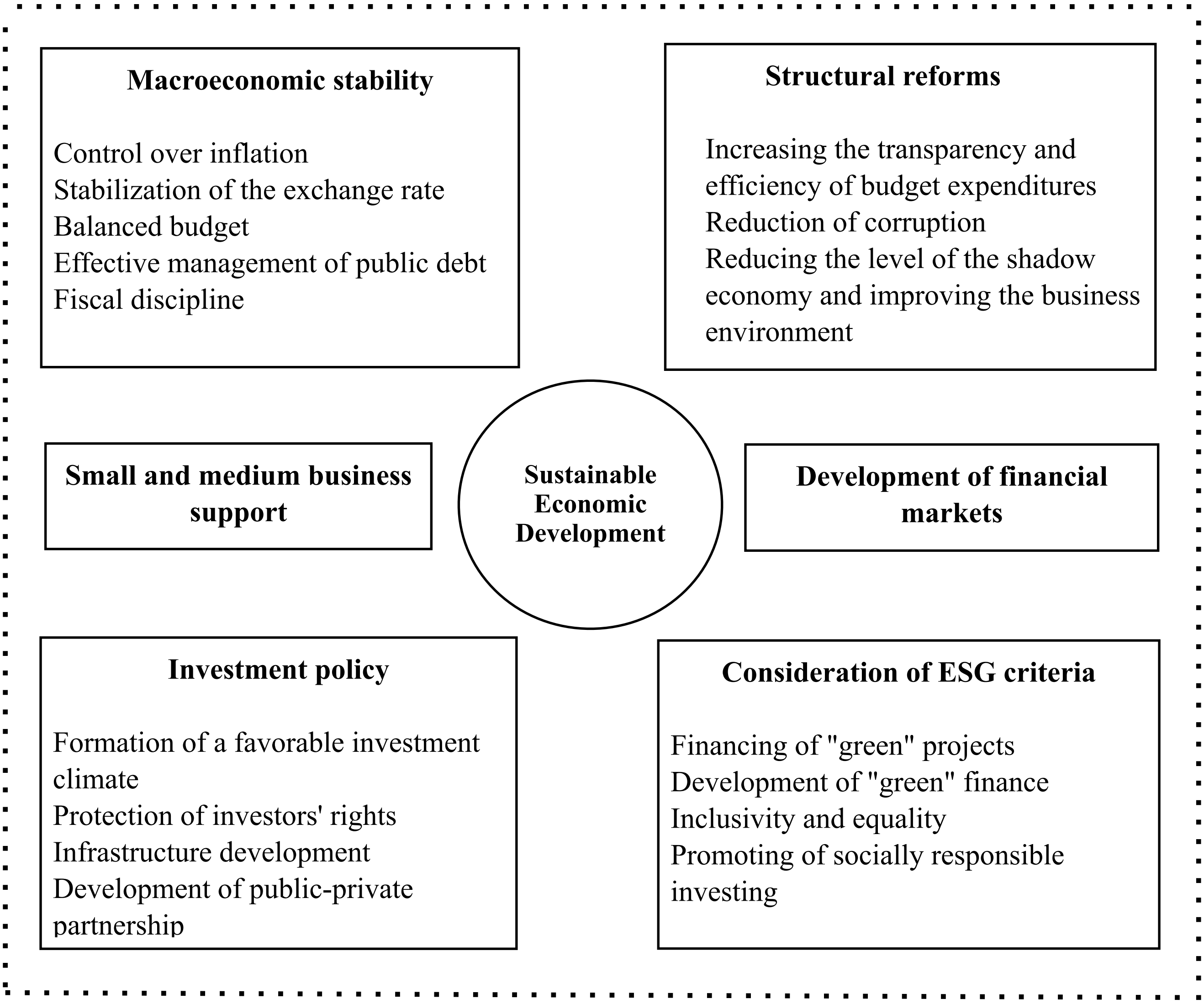

Figure 1.1. Comprehensive measures of financial policy for sustainable economic development

Source: Compiled by the authors

In recent years, the consideration of ESG factors in financial decision-making has gained particular relevance. Environmental resilience within financial policy requires a strategic approach to integrating environmental aspects into all areas of economic planning and management, including financing "green" projects and developing "green" finances. This involves developing and implementing policies that consider not only short-term economic interests but also promote long-term ecological stability and sustainable development. Equally important is the development and implementation of socially responsible financial policies, ensuring social protection, inclusivity, equal opportunities, and countering discrimination in all areas.

As noted in previous sections, the foundation of sustainable development is macroeconomic stability, which includes controlling inflation, stabilizing the exchange rate, balancing the budget, effective management of public debt, and fiscal discipline. Stability is a necessary condition for creating an environment conducive to long-term investment decisions essential for sustainable development. This also necessitates structural reforms in public financial management, aimed at increasing transparency, reducing corruption, and improving the business environment, thereby enhancing the efficiency and transparency of economic processes.

The next direction is increasing the efficiency of investment policy to attract domestic and external investments. This involves forming a favorable investment climate, improving the system for protecting investors' rights, developing infrastructure, and fostering public-private partnerships, all essential conditions for capital attraction. Alongside this, developing financial markets and creating conditions for capital access, innovation stimulation, and support for small and medium-sized enterprises are crucial. The latter is a particularly important direction, as small and medium-sized businesses are vital drivers of economic development and job creation.

Ukraine's financial policy in the context of sustainable development requires a comprehensive approach, incorporating macroeconomic environment stabilization, structural reforms, investment stimulation, financial market development, and active support for small and medium-sized businesses. Implementing these directions requires coordinated efforts from the government, private sector, and international partners. Considering global economic trends and challenges, as well as adapting to the changing conditions of the world economy, are key to ensuring prolonged economic growth and welfare in Ukraine.