

Research on the Model Innovation of Green Finance Enabling Rural Revitalization in Anhui Province

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Abstract

The implementation of rural revitalization is an important strategic choice for China to base itself on the new development stage, implement the new development concept and build a new development pattern. Rural revitalization requires green development, and green financial innovation is the only way to promote green development. Relevant departments of Anhui provincial government have launched green financial measures to promote rural revitalization, which has achieved positive results, but there are also constraints, such as single green financial instruments and lack of binding supervision. Based on this, this paper clarifies the mechanism of green finance supporting rural revitalization on the basis of relevant literature review, summarizes the typical characteristics of green finance supporting rural revitalization on the basis of case analysis and field research, proposes a long-term mechanism of green finance supporting rural revitalization, and conducts policy simulation to empirically test the policy effect.

Keywords

Green Finance; Rural Vitalization; Innovate.

1. Introduction

Rural revitalization is an inevitable and urgent choice for today's social development, and its concept has been running through the construction of socialist modern agriculture with Chinese characteristics since the reform and opening up. The report of the 19th National Congress of the Communist Party of China emphasized that the problem of agricultural and rural farmers is a fundamental problem that concerns the national economy and the people's livelihood, and we must always take solving the problem of "agriculture, rural areas and farmers" as the top priority of the Party's work. It further enriches the connotation of rural revitalization, and concretizes it into five goals: prosperous industry, rich life, effective governance, rural civilization and ecological livability. Ecological livability is the key to rural revitalization, which emphasizes the sustainable use of resources, environmental friendliness, and attaches more importance to the restoration and protection of the ecological environment. In 2021, the Opinions of the Central Committee of the Communist Party of China and the State Council on comprehensively promoting rural revitalization and accelerating agricultural and rural modernization emphasized that green financial products should be innovated to support new agricultural business entities and new rural industries, which pointed out the direction for green finance to support rural industry revitalization.

Green finance emphasizes the balanced and dynamic development between economy and ecology. On the one hand, the development of green finance can promote the economic growth of Anhui Province, on the other hand, it has the green ecological function, and can achieve the dual goals of environmental protection and economic development. Therefore, green finance provides an important driving force and innovation force for rural revitalization in Anhui Province, contributes to the sustainable development of rural areas in Anhui Province, and supports the realization of the ecological and livable goal of rural revitalization in Anhui Province.

Rural revitalization is a hot topic in recent years in China, with the continuous development of rural revitalization strategy. In recent years, scholars have shifted their perspective to the study of financial support for rural revitalization. Finance plays the role of "circulation power" and "resource guidance" in the rural revitalization strategy, and is an indispensable and important stimulus factor in the development of rural revitalization strategy. The supporting role of finance to rural revitalization is mainly reflected in promoting rural economic prosperity and improving the income level of farmers. The research of Meng Lingguo and Chen Xuan shows that there is a significant positive spatial spillover effect of financial development on rural revitalization, and the financial development of a region can improve the implementation effect of rural revitalization of its surrounding cities [1].

At present, there are few literatures directly studying green finance's contribution to rural revitalization, mostly from a broad financial perspective. Green finance is an important part of finance. In recent years, with the continuous development of economy, China has paid more and more attention to environmental protection and the sustainability of development. In 1974, when the German Ecological Bank was founded, it defined green finance as "a rational and sustainable financial activity supporting the construction of ecological civilization". He Yilin pointed out that the so-called green finance is a financial concept, strategic planning and green product with sustainable development as the core idea [2]. Therefore, this paper believes that green finance is a financial service that is conducive to the protection of the ecological environment launched by financial institutions through financial means. It guides the flow of funds to green industries, realizes the rational allocation of resources and sustainable economic development, and has a significant role in promoting rural revitalization.

Since the proposal of rural revitalization, the research on green finance serving rural revitalization has been constantly enriched. Zuo Zhenglong pointed out that green financial innovation has four impacts on the implementation of the rural revitalization strategy: promoting the prosperity of rural industries, strengthening rural governance, brewing a civilized rural style, and ultimately guiding rural areas to achieve common prosperity [3]. In recent years, the level of green finance in China has been continuously improved. In terms of boosting rural revitalization, green finance has helped the sustainable growth of rural industry development scale through green credit, the role of green insurance in boosting rural industry security has been improved year by year, and green bonds have helped the rapid formation of a win-win pattern of supply and demand for rural industry revitalization, effectively playing the role of green finance in boosting rural industry revitalization. However, there are still problems such as imperfect government policy system, weak support from financial institutions, and low participation of agricultural business entities [4].

To sum up, most studies are limited to the current situation of rural financial development and green financial development under the background of rural revitalization. In recent years, the research on green finance serving rural revitalization in China is still at the initial stage, focusing on the role of green finance in rural development. The relevant research is relatively macro and mostly normative. There is a lack of in-depth analysis on the realization path of green finance in the field of rural revitalization, less research on specific provinces, and a lack of research reports on optimizing green finance to serve rural revitalization in Anhui Province. Therefore,

this paper provides new ideas for green finance to help rural revitalization in Anhui Province by combining financial knowledge and relevant research reports, drawing on research reports for other regions, and combining the current situation of green finance development in Anhui Province. The conclusions are more targeted.

2. Functional Mechanism of Green Finance Enabling Rural Revitalization

2.1. Green Finance Promotes Economic Growth, and Economic Growth Helps Rural Revitalization

A number of studies have shown that green finance plays a significant role in economic growth. Liu Chuanjiang and Zhang Shaohui's research shows that green finance is a structural supplement to traditional finance and an improvement of functional efficiency, which promotes the "exclusive" of traditional financial structure, and affects total demand and supply through endogenous and exogenous variables of economic growth [5]. Green finance includes a variety of financial services that support green project investment and financing, project operation and risk management. Theoretically, green finance requires financial departments to take environmental protection as a basic policy, consider potential environmental impacts in investment and financing decisions, integrate potential returns, risks and costs related to environmental conditions into daily business, pay attention to the protection of ecological environment and the treatment of environmental pollution in financial operations, and promote the sustainable development of society through the guidance of social and economic resources. The basic requirements of green finance on environmental protection further promote the green transformation of enterprises and promote enterprise innovation. Shi Daimin and Shi Xiaoyan proved that the development of green finance can promote the improvement of green total factor productivity through theoretical models [6]. Based on the above research results, the author believes that the impact of green finance on economic growth is mainly reflected in the following aspects: First, green finance is conducive to the sustainable development of the financial industry itself, avoiding excessive speculation in pursuit of short-term interests, and promoting the long-term healthy development of the financial industry; Second, green finance is conducive to promoting the transformation of financial enterprises to green and low-carbon. The increase in green fund investment has prompted enterprises to increase their production and research and development of green products. According to the Sayi Law, "supply creates demand", "market induction" guides consumers to try new experiences, gradually use green products, and expand green consumption. Third, the implementation of green finance needs to be driven by government policies. Green finance reduces financing costs through preferential policies in terms of interest rates, increases investment through risk management functions, achieves capital accumulation, and urges enterprises to strengthen the construction of green projects.

Economic growth can provide financial security and material basis for rural revitalization, improve rural infrastructure construction, and ensure the equalization of basic public services in rural areas. Economic growth can eliminate poverty, improve the quality of life of rural people, and solve the contradiction between people's growing needs for a better life and unbalanced and inadequate development. Ensuring the healthy and sustainable development of the economy is one of the important ways to implement the strategy of rural revitalization.

Taking Anhui Province as an example, the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China emphasized the need to promote the overall green transformation of economic and social development. In response to the national policy, Anhui Province issued the Implementation Plan of Anhui Green Financial System in 2016, which clearly defined the goal of initially forming a green financial system and promoting the green development of the economy in the province in 2020. In recent years, Anhui Province has

actively introduced relevant incentive policies, taken relevant measures to vigorously promote the development of green finance, and gradually established a relatively perfect green financial system. The total amount of green credit of financial institutions in Anhui has grown steadily. In 2019, the balance of green credit of Bank of Anhui exceeded 200 billion yuan, with a year-on-year growth of 23%. It mainly supported projects such as green transportation, renewable energy and clean energy, natural protection, ecological restoration and disaster prevention and control. By the end of 2021, the balance of green loans was 421.491 billion yuan, up 45.8% year on year. The issuing varieties of green bonds are constantly innovating. In July 2021, Anhui Province issued the fifth medium-term note (sustainable linked) of Huainan Mining (Group) Co., Ltd. in 2021, the first "green" sustainable linked bond of investment, with an issuing amount of 1.5 billion yuan, a three-year term and a coupon rate of 3.88%. This is the largest single amount of sustainable linked bonds in the national coal industry. In November of the same year, Shanying International Holding Co., Ltd. successfully issued the first green debt financing instrument in 2021, marking the successful landing of the first private enterprise green bond in Anhui Province. During the period of vigorous development of green finance in Anhui Province, the disposable income of rural residents continued to increase, and the level of agricultural modernization became higher and higher.

2.2. Green Finance Protects the Ecological Environment, and Ecological Livability is the Key to Rural Revitalization

Compared with traditional finance, the most prominent feature of green finance is that it emphasizes the environmental benefits of human society. It takes environmental protection and the effective use of resources as one of the standards to measure the effectiveness of its activities, and guides economic entities to focus on natural ecological balance through their own activities. Li Jiangtao and Huang Haiyan concluded through empirical model research that green finance has significant environmental protection effects, which can guide enterprises to upgrade technology and accelerate green transformation. Green finance is conducive to the development of the tertiary industry related to environmental protection. The investment direction of green credit should attach importance to both the secondary and tertiary industries, promote the overall reduction of pollution emissions, and improve the quality of the ecological environment [7].

Taking Huangshan City, Anhui Province as an example, by the end of 2021, 24 banking institutions and 3959 enterprises in Huangshan City had settled on the platform, released 111 special financial service products, and solved the financing needs of enterprises by 11.896 billion yuan. We will encourage commercial banks to use the Party building to guide credit village farmers' credit evaluation results to issue credit loans, and support the development and growth of rural industries. By the end of 2021, the credit rating of 133000 households in 182 villages in the pilot county had been completed, with a total credit of 2.74 billion yuan. With the support of green finance, in 2021, the concentrations of six pollutants in the ambient air of Huangshan City will all meet the Class II standard in the Ambient Air Quality Standard (GB3095-2012), of which the annual average values of sulfur dioxide, nitrogen dioxide and inhalable particulates will meet the national Class I standard. The number of days with good air quality throughout the year was 99.7%. Our air quality ranks the third among 168 key cities in China. Ecological livability is the foundation of rural revitalization, and a good ecological environment is the greatest advantage and valuable wealth of rural areas. Keeping green water and green mountains is the basis and guarantee for improving people's living standards, improving people's quality of life, and enhancing people's sense of security and happiness. It is an important livelihood benefit. Only by realizing ecological livability can we better realize the rural revitalization strategy.

2.3. Rural Revitalization Strategy Provides Opportunities for the Development of Green Finance

The implementation of the rural revitalization strategy promotes the healthy development of small and medium-sized enterprises and provides opportunities for the development of green finance. In the context of rural revitalization, many animal husbandry, heavy industry, agriculture and other enterprises have been set up, which are mostly accompanied by environmental problems. According to the inherent requirements of beautiful villages, these enterprises need green transformation, in which green finance plays an important role, providing a good and healthy platform for the development of green finance. As a major agricultural province, our province will have 9840 "three products and one standard" agricultural products in 2021, including 3839 green food products and 1573 organic agricultural products, both ranking third in the country. Expanding the green food industry is conducive to promoting rural revitalization in Anhui Province, and provides a good platform for the development of green finance.

3. Existing Problems and Mode Innovation Approaches of Green Finance Development in Anhui Province

3.1. Existing Problems of Green Finance Development in Anhui Province

Green finance in Anhui Province is still in the initial stage of development. There are problems such as imperfect organizational structure, imperfect information infrastructure, nonstandard relevant legal provisions, insufficient incentive and restraint system, shortage of professional talents, low attention paid by relevant enterprises, lack of product categories, and low degree of product innovation. To accelerate the development of green finance in our province, we need to take multiple measures and implement them accurately.

3.2. Mode Innovation Approach of Green Finance Enabling Rural Revitalization in Anhui Province

3.2.1. Improve the Infrastructure Construction of Green Financial Institutions

Establish a provincial information sharing network platform, and publish the local green financial development data on this platform. Establish a good information sharing mechanism for all parties to use, so that information exchange is smooth and all departments are interconnected. Publishing the relevant policies and development achievements of local governments on the network platform is conducive to the openness of government affairs and public supervision, as well as the exchange and learning of excellent experience among cities. At the same time, clear information on emission rights, charging rights and other related matters on the platform will enable enterprises and individuals to obtain clear and authoritative information through the official platform, which is conducive to further innovation of green financial products. The platform can further launch green finance online business hall, so that consumers can handle green finance related businesses without leaving their homes.

Governments at all levels set up relevant departments to take charge of green finance related matters. At present, Anhui Province has not yet established a leading department and a franchise department specifically responsible for the development of green finance, and the leading mechanism and franchise mechanism of green finance are not perfect. The green finance department of the government formulates clear laws and regulations, improves the identification system of green finance, and increases the supervision of green finance enterprises.

Regularly carry out publicity activities on green financial products, cultivate green culture and promote green values. In the public's understanding, "fish and bear's paw cannot have both", environmental protection and economy have some conflicts in the traditional understanding, and the public's understanding of green finance may be biased. Therefore, relevant publicity and science popularization activities are indispensable in the development of green finance. Only when people fully understand the necessity of green finance and increase their understanding and recognition of green financial products, can green finance have a broader development prospect.

3.2.2. Innovate Green Financial Products and Increase Their Coverage

At this stage, green financial products are mostly targeted at enterprises and governments, and there is still a certain distance between green financial products and people's daily life. Innovate green financial products and make them live. For example, the bank launched a "green credit card". Consumers accumulated "green credit" through tree seedlings adoption, green products consumption, low-carbon travel and other forms to increase their personal credit line. The bank cooperated with farmers to encourage them to produce green food, reduce pesticide use, and introduce green farmland insurance to provide basic guarantee for farmers to produce green crops.

In the context of rural revitalization, green finance is used to promote the green transformation of SMEs. If you want to be rich, build roads first. Under the background of rural revitalization, the construction of a lot of infrastructure has been promoted. In this case, banks and governments can use green credit to guide funds to gather in green enterprises, and encourage enterprises to reduce pollution in the process of infrastructure construction. When purchasing energy consumption facilities such as street lighting, the government gives priority to environmental protection materials and actively cooperates with green friendly enterprises.

The government should vigorously introduce green high-tech agricultural production tools, maintain the name of Anhui Province as a major agricultural province, adhere to the core position of innovation in rural revitalization, and use science and technology to reduce pollution. Take green financial instruments as the driving force to promote the innovative and high-quality development of green agriculture.

3.2.3. Strengthen the Introduction of Green Financial Talents

Whether rural revitalization or green finance development is inseparable from the strength of talent, build a high-level talent team to help rural development. The financial supervision department and the environmental protection department regularly organize village cadres to carry out unified learning, carry out green finance training, and lead relevant local leaders in green finance related businesses. To introduce domestic and foreign middle and senior technicians and senior managers of green finance, colleges and universities in Anhui Province should also speed up the training of relevant talents, increase the reserve of green finance professionals, organize holiday social practice activities, go to the countryside to help the development of rural green finance, and provide talent security and technical security for green finance and the sustainable development of rural revitalization. The government should be good at finding talents, providing a good platform for talents, and delegating power to a certain extent, so that talent teams can dare to innovate and try, and form a good atmosphere of respecting talents and protecting talents.

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