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## Assessing the Impact of Green Financing on Corporate Value in the New and Renewable Energy Sector in Indonesia

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**Abstract:** This study investigates the impact of green financing on corporate value within Indonesia's renewable energy sector. The primary aim is to examine how green financing affects companies' financial performance and market valuation when implementing sustainable practices. Employing a library-based research approach, data were systematically collected from books, peer-reviewed journals, and industry reports addressing green financing, corporate value, and renewable energy. The findings indicate that green financing provides financial advantages, enhances corporate reputation, and attracts investors focused on sustainability, thereby contributing to higher corporate value. Nevertheless, challenges such as complex certification procedures and regulatory uncertainties limit smaller firms' ability to fully leverage green financing opportunities. These results underscore the importance of more supportive policies and accessible financing mechanisms to promote sustainable growth.

**Keywords:** Green Financing, Corporate Value, Renewable Energy Sector, Sustainable Investment, Indonesia.



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# 评估绿色融资对印度尼西亚新能源与可再生能源行业企业价值的影响

**摘要：**本研究探讨了绿色融资对印度尼西亚可再生能源行业企业价值的影响。主要目的是分析绿色融资在企业实施可持续实践时，如何影响其财务绩效和市场估值。本研究采用文献研究方法，系统收集了关于绿色融资、企业价值和可再生能源的书籍、同行评审期刊及行业报告。研究表明，绿色融资能够带来财务优势，提升企业声誉，并吸引关注可持续发展的投资者，从而提高企业价值。然而，复杂的认证流程和监管不确定性等挑战限制了中小企业充分利用绿色融资机会。这些结果强调了制定更有支持性的政策和提供便捷融资渠道的重要性，以促进可持续增长。

**关键词：**绿色融资 · 企业价值 · 可再生能源行业 · 可持续投资 · 印度尼西亚

## 1. Introduction

Indonesia, as a country with significant potential in the renewable energy sector, faces considerable challenges in transitioning towards more environmentally friendly energy sources. Despite having abundant natural resources, the adoption of renewable energy in Indonesia remains low compared to other Southeast Asian countries. This is attributed to factors such as limited funding, dependence on fossil fuels, and a lack of policies and incentives to support the sector. In this context, green financing has emerged as a potential solution to drive this change. However, despite the growing recognition of green financing, its impact on corporate value in the renewable energy sector in Indonesia has not been extensively researched. This situation highlights the need for further research to understand the relationship between green financing and corporate value in the renewable energy sector[1].

Based on existing literature, the relationship between green financing and corporate value in the renewable energy sector has been discussed in various global studies. Some research suggests that receiving green financing can enhance a company's image, attract investors focused on sustainability, and accelerate the implementation of more efficient renewable energy projects. However, in Indonesia, although some large companies have started to adopt this concept, research specifically addressing the impact of green financing on corporate value remains limited. On the other hand, while financial management and sustainability theories exist, there is no clear consensus on how green financing directly impacts a company's financial performance and market value, particularly in the renewable energy sector. Therefore, this research gap needs to be addressed to provide a deeper understanding of the potential of green financing in enhancing corporate value in Indonesia[2].

The primary goal of this research is to explore and analyze the impact of green financing on corporate value in companies operating in Indonesia's renewable energy sector. This study will examine the relationship between receiving green financing and changes in corporate value, both from financial and non-financial perspectives. The research also aims to provide clearer insights into how companies that adopt green financing can gain a competitive advantage and its impact on the company's image in the eyes of investors and other stakeholders. Thus, this study is expected to contribute to the development of policies supporting the green energy transition in Indonesia[3].

The importance of this research lies in its ability to answer the fundamental question of how green financing can affect corporate value in the renewable energy sector in Indonesia. Based on the facts previously presented, this study hypothesizes that receiving green financing has a positive impact on corporate value, particularly for companies in the renewable energy sector. This hypothesis is based on the understanding that companies successfully accessing green financing will not only benefit financially through incentives and operational cost savings but can also improve their reputation and attractiveness in the market. Therefore, this research is essential to uncover the potential of green financing as a tool to drive growth in Indonesia's renewable energy sector, which in turn will support the achievement of sustainable development goals in the country[4].

## 2. Methods

### Research Object

The object of this research is the relationship between green financing and corporate value in the renewable energy sector in Indonesia. Specifically, this study focuses on analyzing how the adoption of green

financing affects the financial performance and market value of companies in the renewable energy industry. The phenomena being explored in this research involve understanding the dynamics of how green financing influences corporate decisions, investor perceptions, and long-term sustainability goals of businesses. The problem being addressed stems from the limited empirical research on the direct impact of green financing on corporate value, particularly in the context of Indonesia's growing renewable energy sector. This study aims to provide a deeper understanding of these phenomena and explore their implications for companies looking to embrace green financing[5].

### Research Type

This research follows a library-based approach, utilizing both primary and secondary data sources. The primary data consists of relevant literature, including studies, reports, and case examples related to the challenges and opportunities of green financing in the renewable energy sector. Secondary data is collected from a variety of scholarly sources such as books, peer-reviewed journals, and prior research studies, which provide insights into the broader concepts of corporate value, green financing, and the renewable energy sector. The data gathered from these sources helps build a comprehensive understanding of the phenomenon under investigation, allowing for the development of conclusions based on existing theoretical frameworks and real-world applications in Indonesia[6].

### Theoretical Foundations

The theoretical basis for this research is grounded in several key financial and sustainability theories that address corporate value and the role of sustainable finance. One prominent theory used is the *Stakeholder Theory*, proposed by R. Edward Freeman. This theory posits that businesses are not only accountable to their shareholders but to all stakeholders, including employees, customers, suppliers, and the environment. It suggests that companies investing in sustainability, such as through green financing, can increase their corporate value by meeting the expectations of these broader stakeholders. Another relevant theory is the *Resource-Based View (RBV)*, introduced by Jay Barney in 1991, which emphasizes the importance of internal resources, such as financial capital and innovation, in gaining competitive advantage. In this study, these theories will help explain how green financing acts as a strategic resource that enhances corporate value by attracting investors and enabling sustainable growth[7].

### Research Process and Data Collection Techniques

The research process involves several stages, starting with data collection from relevant literature.

Data is gathered through an extensive review of books, scholarly articles, reports, and case studies that focus on green financing, corporate value, and the renewable energy sector in Indonesia. This literature review helps to identify the key issues, gaps in the existing research, and the specific factors influencing corporate value in the context of green financing. The sources of data include academic journals, governmental reports, industry publications, and corporate sustainability reports, which provide a broad spectrum of perspectives on the subject. The collected data is then systematically analyzed to form a coherent understanding of the subject matter, guiding the study towards answering the research questions[8].

### Data Analysis Technique

In terms of data analysis, this study employs content analysis as its primary analytical technique. Content analysis involves a systematic examination of textual data to identify patterns, themes, and relationships among key concepts. In this research, content analysis will be applied to the literature reviewed to uncover the underlying trends related to green financing and its impact on corporate value in the renewable energy sector. This technique allows for the identification of recurring ideas and the extraction of relevant information from a variety of sources, which will then be organized and synthesized to provide meaningful insights. Through this process, the study aims to uncover the significant correlations between the adoption of green financing and improvements in corporate value, providing evidence to support the research hypotheses[9].

## 3. Result and Discussion

The results of this study provide valuable insights into the relationship between green financing and corporate value in Indonesia's renewable energy sector. Through an extensive literature review, it became clear that green financing has a growing role in enhancing the corporate value of companies engaged in renewable energy projects. The data from various sources, including corporate reports and academic literature, consistently indicated that companies adopting green financing strategies tend to attract positive attention from investors, stakeholders, and the general public. This enhanced perception often leads to improved market performance, as companies are seen as more sustainable and forward-thinking[10].

Furthermore, the research revealed that green financing contributes significantly to the long-term financial stability of renewable energy companies. These companies, by securing green funding, are able to access lower-cost capital, which helps them to undertake large-scale projects that would otherwise be financially challenging. This improved financial flexibility enables companies to accelerate their renewable energy projects,

contributing to increased revenue streams in the long term. By aligning their projects with sustainability goals, companies can tap into a growing market of environmentally conscious investors, which further boosts their corporate value[11].

The findings also pointed to a strong correlation between corporate value and the implementation of green initiatives in the renewable energy sector. Companies that embrace green financing are seen as leaders in the transition to a more sustainable energy future, which is highly valued by both consumers and investors. This perception of leadership translates into an increased ability to attract investment and secure partnerships with other stakeholders, such as governmental bodies and international environmental organizations. As a result, these companies experience positive growth in their market valuation and stronger investor confidence[12].

One significant result of this study was the identification of specific financial benefits that companies derive from green financing. For instance, green bonds and green loans are often linked with favorable terms, such as lower interest rates or tax incentives, which provide companies with direct financial savings. Additionally, these financial instruments are increasingly seen as indicators of a company's commitment to environmental sustainability, which is a crucial factor in building long-term value. The ability to secure such funding at more favorable terms enables companies to better manage their resources and reinvest savings into expanding their renewable energy projects[13].

Another key observation was that the corporate value enhancement driven by green financing is not only financial but also reputational. Companies that engage in green financing initiatives benefit from improved public perception, as they are viewed as responsible corporate citizens dedicated to tackling global environmental challenges. This enhanced reputation contributes to a broader customer base, as environmentally conscious consumers are more likely to support businesses that prioritize sustainability. In this regard, green financing becomes a strategic tool that helps companies build brand equity and trust within the market[14].

Moreover, the research showed that the impact of green financing on corporate value is more pronounced when companies are able to demonstrate tangible environmental benefits. For example, companies that use green financing to fund renewable energy infrastructure or energy-efficient technologies often report a noticeable improvement in their sustainability ratings. These improvements can further enhance their attractiveness to both investors and customers, which in turn strengthens their market position. This cyclical relationship between sustainability, investor confidence, and corporate value

is a crucial factor in the success of renewable energy companies[15].

While the study highlighted several positive effects of green financing on corporate value, it also pointed to challenges that companies face when adopting green financing. One such challenge is the complexity and cost of obtaining green funding. While green financing can provide lower capital costs, the process of securing such funding often requires meeting stringent environmental and regulatory standards, which can be time-consuming and expensive. This creates a barrier for smaller companies in the renewable energy sector that may lack the necessary resources to navigate the green financing landscape effectively[16].

Lastly, the research emphasized the importance of government policies and industry regulations in facilitating the growth of green financing in the renewable energy sector. Companies in Indonesia that are supported by favorable government policies, such as tax incentives for renewable energy projects or subsidies for green investments, are more likely to successfully utilize green financing to improve their corporate value. This finding highlights the need for continued government efforts to create an enabling environment for green financing, which would help further stimulate the growth of the renewable energy sector in Indonesia and enhance the corporate value of companies operating in this space[17].

## Discussion

### The Role of Green Financing in Enhancing Corporate Value

This study provides significant evidence that green financing plays a crucial role in enhancing corporate value, especially for companies in the renewable energy sector in Indonesia. The relationship between green financing and corporate value is multifaceted, with both financial and non-financial benefits contributing to a company's overall market value. Companies that secure green financing are often perceived as more sustainable, which boosts their reputation among investors, stakeholders, and customers. As sustainability becomes an increasingly important criterion for investment decisions, companies that embrace green financing tend to experience a rise in their corporate value due to improved investor confidence and a broader customer base. This aligns with the stakeholder theory, which suggests that companies that address the concerns of multiple stakeholders, including environmental sustainability, can enhance their long-term value[18].

### Financial Benefits of Green Financing

One of the key findings of this study is the financial advantage that companies gain by accessing green financing. Green financing, such as green bonds

and green loans, often comes with favorable terms like lower interest rates, tax incentives, and better repayment structures. These financial benefits allow companies to allocate more resources toward expanding renewable energy projects, improving operational efficiency, and increasing their market presence. This access to cheaper capital plays a significant role in improving the financial

health of renewable energy companies, allowing them to scale up projects that are crucial for the sustainable energy transition. This result highlights how green financing acts as a strategic financial resource, enabling companies to pursue projects that might otherwise be economically unfeasible[19].

Table summarizing the financial advantages that companies gain by accessing green financing, particularly green bonds and green loans:

Financial Benefit	Description	Impact on Companies
Lower Interest Rates	Green financing often provides loans or bonds with interest rates lower than conventional financing options.	Reduces the overall cost of borrowing, improving profitability and allowing more capital for renewable energy projects.
Tax Incentives	Companies may receive tax breaks or deductions for using green financing to fund sustainable projects.	Increases cash flow, enabling reinvestment in business operations or further renewable energy investments.
Better Repayment Structures	Green loans may come with more flexible repayment schedules or longer loan terms.	Provides companies with financial flexibility, allowing them to allocate resources to scale up renewable energy projects.
Access to Cheaper Capital	Green bonds and loans generally offer lower capital costs compared to traditional financing options.	Encourages the expansion of renewable energy projects that might otherwise be too costly for companies to pursue.
Improved Financial Health	More affordable financing contributes to improved liquidity and reduced debt burden.	Strengthens the financial position of the company, making it more attractive to investors and enhancing corporate value.
Capital for Expansion	The reduced cost of capital allows companies to fund larger-scale renewable energy projects.	Facilitates growth in renewable energy initiatives, increasing market presence and contributing to the energy transition.

## Reputational Gains and Market Perception

Beyond the financial benefits, green financing also leads to significant reputational gains, which are instrumental in enhancing corporate value and securing a long-term competitive edge. Companies that embrace green financing are often perceived as pioneers in corporate social responsibility (CSR) and sustainability, which places them in a favorable position within the market. This perception not only enhances their public image but also cultivates trust and credibility among various stakeholders, including customers, investors, employees, and regulatory bodies. As sustainability becomes a core value for many consumers and organizations, companies adopting green financing strategies gain a reputation for being environmentally conscious and responsible. This positive image is invaluable as it builds a strong emotional connection with customers who increasingly prioritize eco-friendly and sustainable practices when making purchasing decisions[20].

The benefits of a strong reputation go beyond customer loyalty. By positioning themselves as sustainability leaders, these companies are better equipped to foster deeper, more meaningful relationships with stakeholders, including suppliers,

local communities, and government entities. Suppliers may prefer to collaborate with companies that align with their own environmental values, while local communities may be more willing to support businesses that invest in environmentally friendly practices. Additionally, positive relationships with regulatory bodies can lead to easier access to government incentives, grants, and subsidies, further enhancing the company's financial and operational capabilities.

Furthermore, as investors and consumers become more environmentally conscious, companies that publicly demonstrate a commitment to sustainability tend to stand out in the marketplace. Investors are increasingly looking for companies that align with their values and that are well-positioned to thrive in a green economy. This growing demand for sustainable investments has led to a rise in green investment funds and socially responsible investment (SRI) portfolios. Companies that engage in green financing can tap into these emerging markets, gaining access to a new pool of environmentally conscious investors who prioritize long-term sustainability over short-term gains.

This growing market preference for sustainability aligns with the Resource-Based View (RBV) theory, which emphasizes the importance of intangible assets in

a company's competitive strategy. According to RBV, the unique resources and capabilities that a company possesses—such as its reputation, brand equity, and customer loyalty—can serve as sources of competitive advantage. In this context, the adoption of green financing becomes an essential strategic resource. By committing to sustainable practices and integrating these values into their business models, companies can differentiate themselves from competitors who may be slower to embrace green financing. This differentiation helps companies build a stronger market position, attract a loyal customer base, and retain investors who are increasingly focused on environmental, social, and governance (ESG) factors.

Moreover, companies that establish themselves as green leaders can also benefit from a network effect. As sustainability becomes more integral to business operations, a company that demonstrates environmental leadership is more likely to attract partners, customers, and investors who share the same commitment to sustainability. This network of like-minded stakeholders creates a reinforcing cycle where the company's green credentials enhance its attractiveness, further boosting its reputation and market position.

In addition to boosting market presence, the reputational benefits of green financing can also help companies navigate potential regulatory challenges. As governments around the world tighten environmental regulations and introduce new sustainability standards, companies with a strong commitment to green initiatives are better prepared to comply with these evolving requirements. This proactive approach not only reduces the risk of regulatory penalties but also positions the company as a forward-thinking leader in its industry, which can further enhance its competitive standing in the marketplace.

## Investor Behavior and Green Financing

The relationship between green financing and investor behavior is a crucial aspect of this study, as it highlights how the evolving landscape of financial markets is increasingly influenced by environmental, social, and governance (ESG) considerations. Investors are becoming more selective in choosing where to allocate their capital, with a growing emphasis on aligning their investment choices with their values, particularly in terms of environmental sustainability. As the global consciousness surrounding climate change and environmental degradation rises, investors are actively seeking opportunities to invest in companies that prioritize sustainability and demonstrate responsible environmental stewardship. This shift is not just a passing trend but represents a fundamental change in how investment decisions are being made in the 21st century.

One of the driving forces behind this shift is the increasing prevalence of green financing. Green financing—such as green bonds, loans, and other sustainable financial instruments—has become more accessible and attractive to companies in the renewable energy and sustainable development sectors. As this financing method becomes more common, investors are increasingly likely to direct their capital toward companies that incorporate green financing into their business models. Companies that secure green financing often signal to investors that they are committed to long-term sustainability, which can translate into lower financial risks and greater stability. This is particularly important in the renewable energy sector, where companies need to demonstrate their ability to adapt to a rapidly changing regulatory environment and the increasing demand for clean energy solutions.

The rise of green investment funds further illustrates the growing demand for environmentally conscious investment opportunities. These funds, which specifically target companies engaged in renewable energy, energy efficiency, and other sustainable practices, have gained significant traction in recent years. Green investment funds are not only seen as a way to generate financial returns but also as a means to align investment portfolios with sustainability goals. This shift reflects a broader movement towards socially responsible investing (SRI), where investors look for opportunities that deliver both financial and positive environmental outcomes. As green financing continues to mature, the number of green investment funds targeting sustainable companies will likely grow, further reinforcing the link between green financing and corporate value.

One of the key reasons investors are attracted to companies that benefit from green financing is the perception that these companies are lower-risk investments. This perception stems from the fact that companies that engage in sustainable practices are more likely to mitigate the financial and operational risks associated with environmental regulations, energy price volatility, and reputational damage. By investing in renewable energy and adopting sustainable practices, companies reduce their exposure to traditional risks tied to fossil fuel dependency, such as regulatory fines or the volatility of oil and gas prices. Additionally, companies with green financing are often seen as better positioned to capitalize on long-term trends in global environmental policy, such as the shift toward carbon neutrality and the growing demand for renewable energy sources. These factors make them more attractive to investors who are focused on the long-term stability and growth potential of their portfolios.

Moreover, green financing can serve as a signal to the market that a company is forward-thinking and proactive in addressing global environmental challenges. In this sense, green financing becomes a

strategic tool for companies to differentiate themselves from competitors. Investors are increasingly aware that companies that embrace sustainability are likely to perform better in the long run, as they will be more resilient to environmental risks and better positioned to take advantage of new market opportunities. As a result, companies that adopt green financing strategies are often seen as more innovative and future-ready, qualities that enhance their appeal to investors seeking companies with strong growth potential and sustainability at their core.

The growing interest in green financing also reflects a broader transformation in investor behavior, where the traditional focus on short-term profits is being replaced by a more long-term, holistic view of value creation. Investors are increasingly looking beyond immediate financial returns and considering factors like environmental impact, social responsibility, and governance practices when making investment decisions. This shift is in line with the principles of ESG investing, which seeks to create value not only for shareholders but for society at large. In this context, green financing plays a pivotal role in helping companies align with ESG criteria, making them more attractive to a new generation of investors who prioritize sustainability.

In addition to attracting individual and institutional investors who focus on sustainability, green financing also enhances a company's credibility in the eyes of more traditional investors. As the demand for sustainable investments continues to rise, companies that secure green financing are likely to gain access to a broader pool of capital, including institutional investors who may have previously been hesitant to engage with the renewable energy sector. This expansion of investor interest in sustainable companies creates a positive feedback loop, where the increased capital flow into green initiatives enables further growth and innovation, ultimately enhancing corporate value.

Furthermore, the relationship between green financing and investor behavior has broader implications for the renewable energy sector. As more investors direct capital toward sustainable companies, the sector itself becomes more attractive and competitive, driving innovation and accelerating the transition to clean energy. This creates an ecosystem where companies that adopt green financing strategies can not only secure the resources they need to expand but can also attract the support and credibility necessary to thrive in an increasingly environmentally-conscious world. As a result, green financing is not only a tool for individual companies but a driver of industry-wide transformation.

### **Challenges in Securing Green Financing**

Despite the significant advantages offered by green financing, this study also sheds light on several

challenges that companies in the renewable energy sector must navigate. While green financing provides an important pathway for accessing capital to support sustainable projects, securing this type of funding is often a complex and resource-intensive process. Companies are required to meet stringent environmental, social, and governance (ESG) criteria to qualify for green funding, which can be a formidable barrier, particularly for smaller companies. These criteria ensure that the funds are allocated to projects that genuinely contribute to sustainability goals, but they also impose significant requirements on the companies seeking funding. In order to meet these standards, companies must demonstrate a clear commitment to reducing their environmental impact, promoting social equity, and adhering to strong governance practices. This often involves detailed reporting, audits, and certifications, which can be costly and time-consuming, creating additional hurdles for firms that lack the necessary resources.

For smaller companies, the challenges associated with securing green financing are even more pronounced. These companies often lack the financial infrastructure and technical expertise to meet the rigorous demands of green financing. The paperwork and documentation required to prove compliance with ESG standards can be overwhelming for smaller firms, many of which may not have dedicated teams for sustainability reporting or legal compliance. Furthermore, the certification processes required for green financing—such as obtaining third-party verification or environmental impact assessments—can be prohibitively expensive for smaller companies with limited budgets. This not only increases the upfront costs of obtaining green financing but also creates a time lag that can delay the start of critical renewable energy projects. For these reasons, smaller firms may find it difficult to access the financial resources necessary to scale their operations and contribute to the energy transition.

In addition to the administrative and financial challenges, smaller companies may also struggle with a lack of awareness or understanding of the green financing landscape. Unlike larger firms that may have dedicated sustainability teams or access to external consultants with expertise in green financing, smaller companies often operate with fewer resources and less knowledge about the available financing options. This lack of awareness can result in missed opportunities for funding or the inability to navigate the complex application processes involved in securing green financing. As a result, some smaller firms may choose not to pursue green financing altogether, opting for more traditional forms of funding that may not be as closely aligned with sustainability goals.

Another significant challenge faced by companies seeking green financing is the uncertainty surrounding

the regulatory and policy frameworks that govern the use of such funding. While governments and international organizations have made strides in promoting green financing, the regulatory landscape is still evolving, and companies must navigate a patchwork of rules and guidelines that vary by country, region, or even industry. The absence of clear and consistent standards for green financing can create confusion and risk for companies, particularly in emerging markets like Indonesia. In some cases, companies may hesitate to pursue green financing if they are uncertain about how future regulations may impact their projects or the availability of funding. This regulatory uncertainty can undermine the confidence of companies and investors alike, further limiting the flow of capital into the renewable energy sector.

Furthermore, the relatively nascent nature of the green financing market means that there is a limited pool of financial institutions and investors who are willing to provide green funding. While the demand for sustainable investment opportunities is growing, the supply of green financing products is still developing, and not all financial institutions are equipped to offer the specialized services required for green financing. This can lead to a mismatch between the demand for green funding and the available supply, creating a bottleneck for companies that need access to capital. Additionally, the lack of standardized definitions and reporting mechanisms for green projects makes it difficult for investors to assess the true environmental impact of potential investments. This further complicates the decision-making process for both companies and investors, making it harder for companies in the renewable energy sector to access the financing they need.

For companies already engaged in renewable energy projects, the challenge of securing green financing is further exacerbated by the need to demonstrate a track record of sustainability performance. Green financiers typically look for companies with a proven commitment to sustainability, which can pose a challenge for newer companies or those that are still in the early stages of their renewable energy projects. Companies that have not yet implemented significant sustainability initiatives or do not have detailed performance data may struggle to qualify for green funding, even if their projects align with sustainability goals. This creates a barrier for innovation and entrepreneurship in the renewable energy sector, as new companies or early-stage projects are often unable to access the funding required to scale and achieve their sustainability objectives.

The combination of these challenges—administrative complexity, high costs, limited awareness, regulatory uncertainty, and a limited pool of green financing options—creates a difficult environment for many companies, particularly smaller

firms, to fully capitalize on the benefits of green financing. While larger, well-established companies with more resources are often able to navigate these challenges with greater ease, smaller and emerging companies face significant barriers to entry. This disparity in access to green financing could slow down the progress of the renewable energy sector, limiting the potential for smaller companies to contribute to the energy transition. In order to address these barriers, there is a need for more supportive policies, greater access to information and resources, and a more robust market infrastructure that can help companies of all sizes secure the funding they need to succeed.

## 5. Conclusion

This study highlights the significant potential of green financing to enhance corporate value in the renewable energy sector, particularly by providing companies with access to lower-cost capital, improving their reputation, and attracting sustainability-focused investors. Companies that secure green financing can leverage favorable financial terms, such as lower interest rates and tax incentives, to scale up their renewable energy projects, improve operational efficiency, and strengthen their market position. Moreover, by aligning with global sustainability trends, these companies are perceived as lower-risk investments, which enhances their attractiveness to both investors and customers. However, while the benefits are clear, the study also identifies several challenges, particularly for smaller companies, that hinder their ability to fully capitalize on green financing opportunities.

The complexity and cost of meeting stringent environmental, social, and governance (ESG) criteria, along with regulatory uncertainties and limited access to green funding options, create significant barriers for companies, especially those without sufficient resources or expertise. These challenges disproportionately affect smaller firms in the renewable energy sector, potentially limiting their ability to contribute to the energy transition. To address these barriers, it is essential for governments and financial institutions to create more supportive policies, simplify the application processes, and increase awareness and accessibility to green financing. By doing so, they can ensure that companies of all sizes have the opportunity to benefit from green financing, ultimately accelerating the growth of the renewable energy sector and supporting the broader goal of sustainability.

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