

# Research on the Influence of Green Finance Reform and Innovation Pilot Zone Policy on the Debt Financing of Heavily Polluting Enterprises

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## **Abstract**

The Outline of the 14th Five Year Plan clearly proposes the goals of accelerating the green transformation of development methods, building a green development policy system, and developing green finance vigorously. Taking the 2017 released Green Finance Reform and Innovation Pilot Zone Policy as case studies, this article collects data from A-share listed companies from 2013 to 2022, and uses the difference-in-differences method (DID) with multiple periods to examine the treatment effect of the green finance pilot zone policy on the debt financing of heavily polluting enterprises. The research results indicate that, first, under the influence of policies in the pilot zone, the debt cost of heavily polluting enterprises in the region significantly increased, while the debt scale significantly decreased, resulting in a significant weakening of debt financing capacity. Second, regarding the potential heterogeneity, the state-owned enterprises and the large-scale enterprises are less affected by policies than the non-state-owned or small-scale enterprises. Third, in terms of the influencing mechanisms, research and development investment (R&D) has a masking effect. That is, the implementation of policy can stimulate the R&D in heavily polluting enterprises, resulting in the "innovation compensation" effect, which partially alleviates the financing pressure brought by policies. Finally, the level of environmental information disclosure has a negative regulatory effect on corporate debt financing, which can alleviate policy pressure for enterprises. Based on the above theoretical and empirical research results, this article provides suggestions and countermeasures for improving the policies of the green finance reform and innovation pilot zone and optimizing the debt financing decisions of heavily polluting enterprises in the region, providing empirical evidence for further deepening green finance reform and promoting green transformation of economic structure.

## **Keywords**

Green Finance, Debt Financing, Multi Time Point DID, Porter Hypothesis, Environmental Information Disclosure