



UZBEKISTAN'S TRANSITION TO A GREEN ECONOMY: NATIONAL POLICIES, GLOBAL CONTEXT, AND THE ROLE OF STATE FUNDS

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Abstract

This thesis discusses the concept of a green economy as a sustainable development model that balances economic growth with environmental protection. It analyses global trends using the 2022 Green Growth Index and focuses on Uzbekistan's efforts to develop a green economy through policy reforms and state-backed financing. The role of state institutions in promoting renewable energy, efficiency, and environmental protection is emphasized.

Keywords: Green economy, sustainable development, Uzbekistan, state funds, renewable energy, Green Growth Index, environmental policy, climate change mitigation.

Introduction

The need to balance economic progress with ecological sustainability has made the green economy a global priority. Many countries, including Uzbekistan, are now adopting green strategies to combat climate change and resource depletion. This paper explores the concept and Uzbekistan's national efforts in building a greener future.

As we increasingly look to balance economic growth with environmental sustainability the concept of a green economy is becoming essential. It's an economic system that prioritises reducing environmental risks and ecological degradation while promoting sustainable development. This concept is especially relevant in today's society as we face global challenges like climate change and resource depletion.



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The green economy is an economic framework that integrates considerations for the environment and sustainability into economic growth. It aims to generate economic development and job creation while ensuring that we don't deplete the planet's natural resources - which are essential for our survival. This approach focuses on reducing environmental risks and ecological scarcities.^[1]

An inclusive green economy is one that improves human well-being and builds social equity while reducing environmental risks and scarcities. An inclusive green economy is an alternative to today's dominant economic model, which exacerbates inequalities, encourages waste, triggers resource scarcities, and generates widespread threats to the environment and human health.

Over the past decade, the concept of the green economy has emerged as a strategic priority for many governments. By transforming their economies into drivers of sustainability, these countries will be primed to take on the major challenges of the 21st century – from urbanization and resource scarcity to climate change and economic volatility.^[2]

The 2022 Green Growth Index presents scores for 186 countries in efficient and sustainable resource use (ESRU), 197 countries in natural capital protection (NCP), 151 countries in green economic opportunities (GEO), and 174 countries in social inclusion (SI). Between 42 and 43 percent of the 186 countries with ESRU scores have either high (80 countries) or moderate (78 countries) performance. The NCP is dominated by high scores, with 122 countries, or 62 percent of the 197 countries with scores for this dimension. GEO has the highest number of countries with a very low score, 43 percent of the 151 countries. Moreover, it is the only dimension where no country scores either high or very high. With 40 countries scoring above 80, SI has the highest number of countries with very high scores.

The geometric aggregation of the dimension scores resulted in 147 countries with Green Growth Index scores. The four green growth dimensions are equally important, so Index scores were not computed for countries with missing scores for at least one dimension. No countries score very low or very high on the 2022 Green Growth Index. Of the 147 countries, 43 countries (29 percent) have high scores, and 89 countries (61 percent) have moderate scores. The remaining 15 countries have a low Green Growth Index score, mainly in Asia. The highest-scoring country is



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Austria, with a score of 77.78, which still needs to reach the sustainability target of 100. The lowest-scoring country is Syria, with only a 25.86 score. Between 2010 and 2021, the countries showing above five percent increase in scores were predominantly in Asia (21 countries) and Europe (18 countries). ^[3]

In recent years, Uzbekistan has committed to transit to a green economy, including through cutting greenhouse gas emissions, expanding renewable energy, improving energy and water efficiency, and enhancing urban green spaces. These initiatives are more than environmental and climate adaptation efforts—they are strategic steps toward accelerating the country's shift to market principles and building a resilient model for future growth. ^[4]

Uzbekistan's Green Turn: A Strategic Shift Towards Sustainability

The concept of a green economy has become a key pillar in Uzbekistan's national development strategy. President Shavkat Mirziyoyev has introduced a series of decrees and initiatives that outline a clear roadmap for transitioning to a more sustainable economic model. These efforts are aimed at balancing economic growth with environmental responsibility.

Key priorities of this green shift include:

- **Expanding renewable energy** – particularly solar and wind power – to reduce dependence on fossil fuels.
- **Improving energy efficiency** across industries, housing, and transport sectors.
- **Developing a national waste management system** with a strong focus on recycling and waste reduction.
- **Protecting and restoring ecosystems**, including forests, wetlands, and water resources.
- **Investing in green technologies and infrastructure** to support long-term sustainable development.

Uzbekistan's commitment signals a broader recognition of environmental challenges and the need for innovation-driven solutions to secure a greener future. ^[5]



Uzbekistan's Green Economy: The Role of State Funds

Uzbekistan is transitioning to a green economy by cutting emissions, expanding renewables, and improving resource efficiency. **State-owned financial institutions (SOFIs)** and **state-owned enterprises (SOEs)** are central actors. SOFIs provide 70% of loans, while the **Uzbekistan Fund for Reconstruction and Development (UFRD)** will invest around 10% of GDP in green sectors by 2024. The **Ministry of Economy and Finance (MEF)** can lead by mandating green investment targets for these institutions.

Key players include:

- **Entrepreneurship Development Company (EDC):** 35% green financing target by 2026
- **Business Development Bank (BDB):** Integrating sustainability into operations
- **Uzbekistan Mortgage Refinancing Company (UzMRC):** Preparing to issue green bonds

Also important are the **Uzbekistan Direct Investment Fund (UzDIF)** and the **Fund for State Support for Agriculture (FSSA)**—supporting green investment and climate-resilient agriculture. State funds are vital to scaling up green finance and enabling sustainable development. [4]

Conclusion

The transition to a green economy is not only environmentally essential but also economically strategic for Uzbekistan. Government-led reforms, such as the expansion of renewable energy and investment in green infrastructure, demonstrate a strong political commitment. State-owned financial institutions and development funds play a central role in mobilizing resources for this transition. However, challenges remain—particularly in ensuring effective policy implementation, attracting private investment, and raising public awareness. With continued effort and institutional support, Uzbekistan is well-positioned to become a regional leader in sustainable economic development.



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