



Green Recovery and Transition to a Green Economy in Uzbekistan

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Abstract

In the nation, extensive measures are being adopted with the goals of accelerating structural change, modernizing and diversifying the core economic sectors, and fostering concurrent regional socioeconomic development. The economy's low level of energy efficiency, the wasteful use of natural resources, the sluggish pace of technological advancement, and the inadequate involvement of small businesses in the introduction of novel solutions for the growth of the "green economy" obstruct the achievement of the most important national objectives and tasks in the area of sustainable development of the nation.

Keywords: *Basics of "Green" Economy; Renewable Energy Sources; Green Technologies; Green Lending; Venture Financing*

Introduction

Uzbekistan carefully follows the green development path nowadays in an effort to stabilize the ecological situation. The recent economic reforms have made it possible for Uzbekistan to advance to the next stage of market reforms. As a method of introducing the green economy, it is considered as a key factor for the development of the economic sector on a global scale. This method may be more advantageous for Uzbekistan if the economic reforms are "greener" and the economy is stable. In fact, a "green economy" is an economy that "improves human well-being and social equality, and significantly reduces environmental risk and ecological scarcity", according to UNEP (the United Nations Environment Programme)¹. After all, the green economy is a new phase of development focused at producing environmentally friendly goods based on clean or "green" technologies, and it incorporates cutting-edge innovations and ecosystems that support and benefit nature. Additionally, this approach will surely pave the way for new economic sectors that will contribute to enhancing the development of the country. There hasn't been enough research done in this area because the "green" transition is a new stage for the economy of our nation. The World Bank is running various studies and debates, though. These talks have led to a variety of viewpoints to expressed on the steps being taken to create a "green"

¹ <https://wedocs.unep.org/handle/20.500.11822/36977>

economy, based on the method of introducing the green economy for doing so. Tax incentives, such as accelerated depreciation, property tax or income tax reduction, especially preferential loans and green investments in technologies, can be utilized to raise the proportion of the green sector in the state economy.



Fig. 1 - Uzbekistan Green Economy Transition Priorities. Source: World Bank

In order to rapidly develop the national economy and ensure high growth rates, the active introduction of "green" economic technologies in all areas is one of the goals of the Development Strategy of New Uzbekistan for 2022-2026.

We still have a lot to learn because studies by international organizations like the OECD (2011) and CEDEFOP (2009) reveal that human resource development significantly contributes to the "greening" of the economy.²

The Organization for Economic Co-operation and Development (OECD) estimates that, by 2050, compared to the year 2000, 61 to 72 percent of the flora and fauna would have disappeared, and natural areas will shrink by 7.5 million square meters (9). The annual resources of our planet (the quantity that may be consumed and subsequently renewed) were depleted in 2015, according to estimations made by the scientific team behind the Global Footprint Network project, in just 7 months and 13 days. Since the 1970s, scientists have been performing these computations, and every year they see that the annual resources are depleting more quickly. For instance, in 2015, the amount of resources was depleted six days earlier than in 2014, which undoubtedly demonstrates the necessity to promote the idea of resource management and guarantee national progress without endangering the environment.

Environmental issues including over use of natural resources (particularly water), air pollution, deforestation, land degradation, and climate change will be helped addressed by the shift to a "green" economy. The proportion of people with advanced IT skills in the rising population has a bigger influence on the expansion of "green" employment than any other factor.

Analysis and Results

Uzbekistan is taking actions towards the "green" transition because it is not a separate process but rather a crucial step in creating a secure and inclusive market economy. The Organization for Economic Co-operation and Development (OECD) has embraced the "green growth" economic policy, which facilitates this shift abroad, as a strategic direction for the long-term (until 2030) development of all its

² <https://www.usaid.gov/sites/default/files/2022-07/SF-Uzbekistan-April-2025.pdf>

members. Innovative fiscal tools can be used to support the transition to a "green" economy. Governments can more effectively find incentives for the widespread adoption of renewable energy and clean fuels by using economic modeling of carbon and fuel levies. The Organization for Economic Co-operation and Development has conducted research that shows if present production practices and consumption levels. In Central Asia, Uzbekistan is a low-income, double-landlocked nation that is abundant in copper, gold, oil, natural gas, and uranium. The country was rated as having a medium level of human development in the 2008 Human Development Report. Uzbekistan has been enacting reform strategies since gaining its independence in 1991 in order to get away from the institutions that it inherited from the old Soviet Union. It has been extremely difficult to dismantle the systems, institutions, and ways of thinking that have been built up over the past 70 years.³ During the time period under consideration, UNDP significantly aided in the growth of Uzbekistan. This contribution occurred at a moment of great transition, which included the introduction of important reforms, brisk economic expansion, and a shift in the nation's relations with the international world.

In 2016, Uzbekistan began to transition from a planned economy to a market economy.⁴ Market reforms have been activated in many important sectors. The government has been able to implement reforms during the COVID-19 pandemic while reducing poverty, supporting economic growth and stabilizing the economy. These efforts have yielded the desired results and today people in Uzbekistan feel that their welfare and living conditions have improved. The next stage of economic reforms aims to reduce poverty by half and to turn Uzbekistan into an upper-middle-income country by 2030. By introducing "green" goals to economic reforms, Uzbekistan will have the opportunity to strengthen the transition process and increase the benefits from this process. This synergy is recognized in the "Strategy of the transition to the "green" economy of the Republic of Uzbekistan".

- "Towards new opportunities: the Green recovery and the forward path of Uzbekistan" made it possible to discuss the impact of the pandemic on socio-economic development and develop plans for a "green recovery", as well as existing political and financial means to increase the productive of resource use. *Forum of transition of Uzbekistan to "Green economy"*.
- "Finding Uzbekistan in search of shortages and opportunities for green recovery" made it possible to study the strategy of the green economy and establish its involvement with plans to restore the country after the COVID-19 crisis. UNDP reaffirmed its commitment to the agreements and willingness to support the National Interagency Council on the green economy in every possible way by providing consultative and coordination support, providing technical assistance and helping to attract funds from donors and investors. *Forum of transition of Uzbekistan to "Green economy"*.
- "Deep access to green financing tools": covers the experience of current national and international work with relevant financial instruments, as well as existing international funds and institutions that fund relevant projects, identifying risk-reducing factors for Green Investment. *Forum of transition of Uzbekistan to "Green economy"*.
- "Optimal environment for digital transformation in the private sector": provides an opportunity to consider the problems associated with the legal framework, financing, communication and infrastructure encountered in attempts to fully liberate the potential of the private sector in promoting the digital transformation and green recovery of Uzbekistan. *Forum of transition of Uzbekistan to "Green economy"*.

³ <https://www.oecd.org/countries/uzbekistan/46820458.pdf>

⁴ <https://thediplotmat.com/2023/02/uzbekistans-transition-to-a-green-economy-challenges-and-opportunities/>

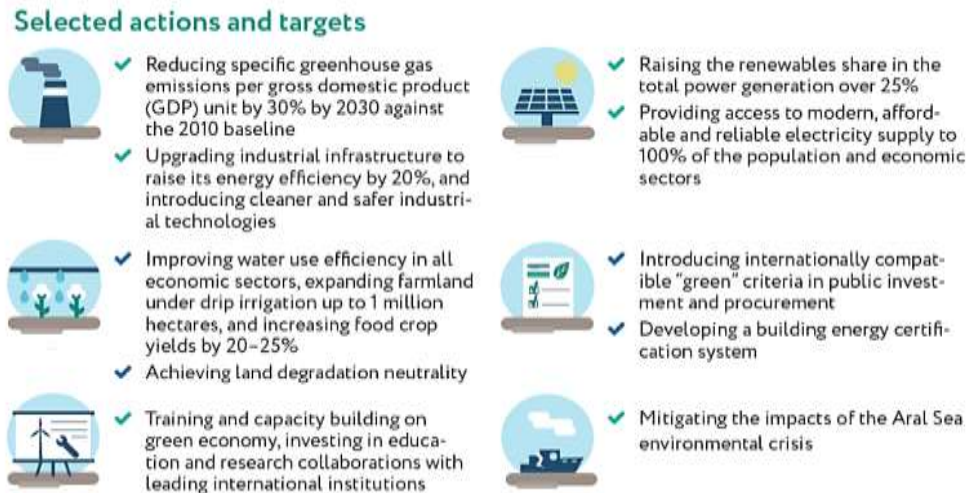


Fig. 2 - Uzbekistan's 2019–2030 Green Economy Transition Strategy - Selected actions and targets.
Source: World Bank ⁵

A green economy is one that seeks to promote sustainable development without endangering the environment through lowering environmental hazards and ecological scarcity. Although it has a more politically practical bent, it is strongly tied to ecological economics. According to the UNEP's Green Economy Report, for an economy to be green, it must also be just and efficient. Recognising equity on a global and national level, particularly by guaranteeing a fair transition to a low-carbon, resource-efficient, and socially inclusive economy, is a requirement for fairness.

According to Lynn Margulies, a "green economy" is specifically defined as any economic theory in which the economy is a part of the ecosystem in which it exists. Economic concepts are typically combined with a variety of other disciplines, depending on the individual thinker, in a holistic approach to the subject. The phrase has been used to denote a wide range of concepts outside of conventional economics by proponents of feminism, postmodernism, the environmental movement, the peace movement, Green politics, green anarchism, and the anti-globalization movement.

The political distinction of Green parties, which are formally organised and claim the capitalised term Green as a special and distinguishing symbol, further defines the use of the term. Therefore, it is typically advisable to consult the informal school of "green economists".



Fig. 3 - Green Financing and Private Sector Can Support Uzbekistan's Transition to a Green Economy.
Source: The Asian Development Bank (ADB) ⁶

⁵ <https://www.worldbank.org/en/events/2021/09/21/uzbekistan-policy-dialogues-green-growth-and-climate-change>

⁶ <https://www.adb.org/news/green-financing-and-private-sector-can-support-uzbekistan-transition-green-economy-ADB>

To achieve the "green" transition strategy until 2030 and create a long-term plan for decarbonizing the economy until 2050, Uzbekistan will receive assistance from international development partners. eco-system ("Green Economy"). The idea's main goals are to promote investment activity, guarantee sustainable economic growth, safeguard the environment, and improve social integration. The following are among the green growth priorities:

- ✓By providing financial and other emergency help to population protection, impacted areas, population groups, and economic sectors, one can increase their preparedness for natural disasters and their resistance to climate change.
- ✓"Green" investments and technologies to aid in the transition of several economic sectors to a "green" model;
- ✓Assisting the people and areas most impacted by inclusive and sustainable urbanisation and the shift to a "green" economy, including skill-building and the creation of "green" jobs.

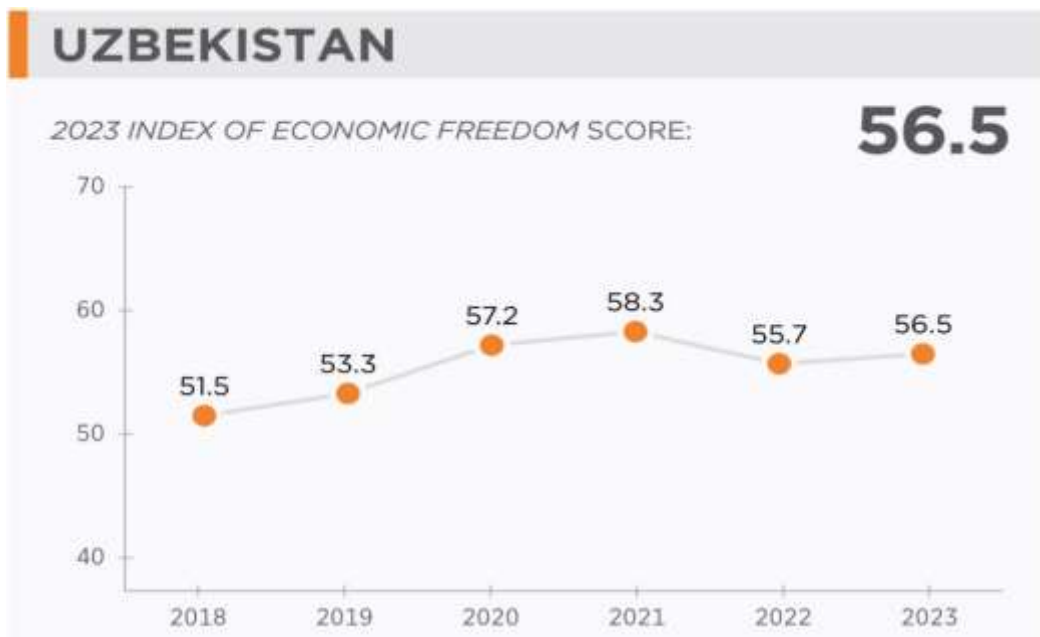


Fig. 3 - Uzbekistan Economy: Population, GDP, Inflation, Business, Trade Source: Heritage in the world⁷

Eco-innovation is defined as any innovation that aims to make a significant and obvious progress towards achieving the objectives of sustainable development, lessening adverse environmental effects, and using natural resources more wisely and effectively. The green economy is generally understood to not exist, according to this definition. The United Nations Environment Programme (UNEP) views the "green economy" as a form of economic activity and provides a thorough explanation of this idea, stating that "a green economy enhances human well-being and secures social justice, environmental "substantially decreases risks, and degrades of nature." This definition of the "green economy" is almost identical to that of the widely accepted notion of sustainable development.

Conclusion

The "green economy" primarily promotes economic growth and guarantees increases in the gross domestic product, national income, population employment, and unemployment rates in the nation. In

⁷ <https://www.heritage.org/index/country/uzbekistan>

addition, the shift to a "green economy" will lessen the likelihood of global problems including climate change, mineral loss, and water scarcity.

Uzbekistan is cognizant of its unique chance today to go beyond the boundaries of its current development model and to increase its economic competitiveness in a global market that is becoming more environmentally and climatically conscious. The nation depends on the quickening of structural changes to build low-carbon, climate-resilient "green" cities based on Adaptive, Inclusive, Sustainable, and Efficient utilisation of natural resources, while generating new jobs in emerging industries for its people, economy, and environment. However, the nation must focus on current environmental issues and other risk factors that impede economic growth if it is to become a more stable and "green" economy.

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