

GREEN ECONOMY IS THE BASIS OF SUSTAINABLE ECONOMIC GROWTH

<https://doi.org/10.5281/zenodo.11668416>

Jalolova Madina Shopo'lat qizi

Tashkent State University of Economics

Abstract: *This abstract explores the concept of a green economy with sustainable development in Uzbekistan. The country has shown a commitment to transitioning towards a more environmentally-friendly economy, with a focus on reducing carbon emissions, promoting renewable energy sources, and implementing sustainable practices in various sectors. The abstract discusses the potential benefits of this transition, including job creation, improved public health, and enhanced quality of life for Uzbekistan's population.*

Key words: *Green economy, Sustainable development, Environmentally friendly*

INTRODUCTION

Environmental conservation and sustainable development have always had a significant and positive effect on each other. As the world continues to achieve sustainable economic growth, it faces many environmental challenges that the world has recognized and continue to negatively impact the environment in order to achieve sustainability, not only in terms of economic growth, but also in terms of ecology. Uzbekistan aims to transition to a "green economy" by 2030. According to experts, transition to "green economy" will bring many bonuses to Uzbekistan.

Unlike the traditional economy, which focuses primarily on expanding "output," i.e., gross domestic product (GDP) or gross national income (GNI), the green economy promotes a triple bottom line of sustaining and advancing economic, environmental and social well-being. A green economy can also serve as a powerful vehicle to achieving the Sustainable Development Goals (SDGs); because of the transversal nature of the SDGs green economy measures can be found in targets across many goals, as illustrated below.



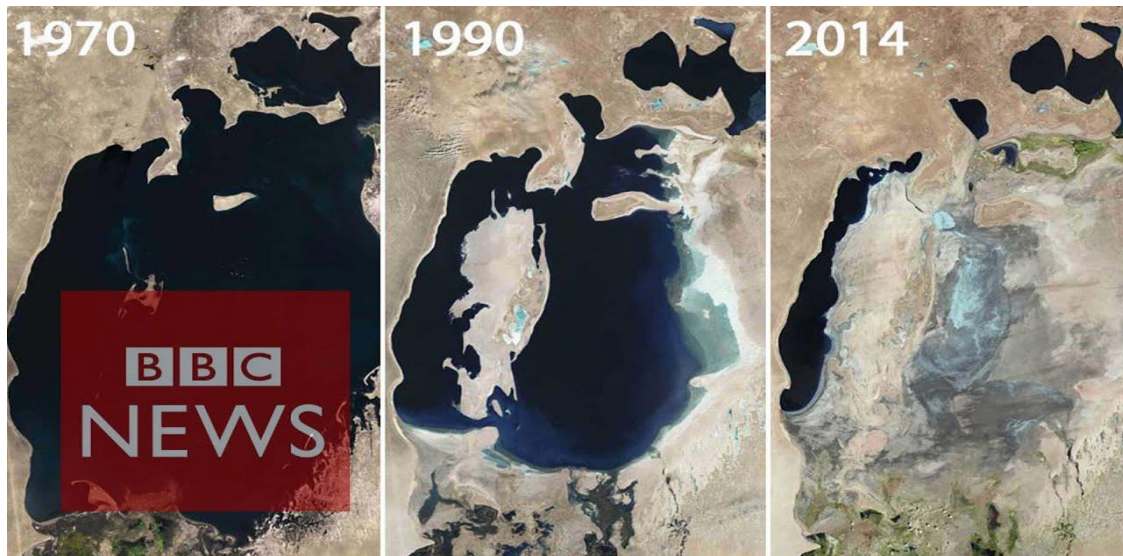
The pathway to sustainable and climate-smart economic growth, meeting the SDG targets, and achieving a green economy will be aided by what the World Bank has called, Uzbekistan's unique development momentum. The Government's vision 5 to transform Uzbekistan into an industrialized, upper-middle-income country by 2030 enjoys popular support, and difficult reforms on price liberalization, land ownership and agriculture have been proposed with some already in place. The predominantly inward-looking economic model applied until recently has been jettisoned and new policies are encouraging the integration of private businesses into global and regional value chains. A trend of poverty reduction reflects robust pre-COVID19 GDP growth, rising incomes of micro and small businesses, regular minimum wage increases, remittance inflows and the Government's targeted safety net programs. On human capital, the country is positioned to reap a demographic dividend from its large young population by offering productive employment opportunities, encouraging economic initiative and innovation, and strengthening future work capabilities and digital skills. Not least, the country is blessed with natural capital, especially land and abundant sunshine.

For Uzbekistan, the pandemic particularly underscores the conviction that the path to achieving its National Green Economy Strategy objectives is through a planned green recovery. To get on that path, the Government's support for businesses and households needs to aim not only to restart the economy, but to transform it. Initiatives could include direct investments in environmentally friendly solutions in addition to incentivizing private investments in low-carbon technologies. For the energy sector, this would be a less costly path than supporting fossil fuel infrastructure (40 percent of which is at the end of its life) that might be 'stranded' as the cost of renewables continues to drop and as importers of carbonbased energy undertake their own transition. Such spending would also make it possible to meet the country's Paris climate commitment and implement its Nationally Determined Contributions (NDC).

Much of what has been proposed as "green" across the various national and sector plans in the way of policy, regulatory and fiscal measures needs implementing. Elsewhere, efforts are still fledgling, and many needed actions have yet to be agreed. Further integration of sectoral policies is needed in order to harmonize budgeting, regulations and standards, promote efficiency and synergies as well as ensure implementation at all levels. Also critical are additional and stronger incentives for private and state actors to channel financial, technological, management and human resources to sustain natural resources and reduce pollution and carbon emissions. Importantly, industry will need to be encouraged to adopt genuine corporate and social responsibility and environmental, social, governance principles and practices.

One of the most vulnerable areas of Uzbekistan in terms of ecological imbalance remains the Aral Sea area. The issue of landscaping and reforestation of the dried Aral Sea bed is the most urgent on the agenda of the "green" development of the republic. In recent years saxaul and other desert plants have been planted on the dried bed of the Aral

Sea on an area of 1.7 million hectares, and the area of green plantations has increased by two million hectares. Work in this direction will continue in the coming years. In particular, in 2023-2026 it is planned to create a green cover on the area of 400 thousand hectares.



This is certainly a significant contribution to solving the consequences of an environmental disaster that goes far beyond the regional scale. Meanwhile, in addition to the great efforts being made to preserve the ecological balance at the national level, international support is still important. Uzbekistan attaches great importance to effective interaction with international and donor organizations in combating the effects of climate change and achieving ecological balance. For the purpose of practical cooperation and exchange of experience, our country actively cooperates with such organizations as the UN and its subdivisions, the World Bank, the Asian Development Bank (ADB), the Islamic Development Bank (IsDB), the Global Environmental Facility (GEF), the International Bank for Reconstruction and Development (IBRD), the European Bank for Reconstruction and Development (EBRD) and others.

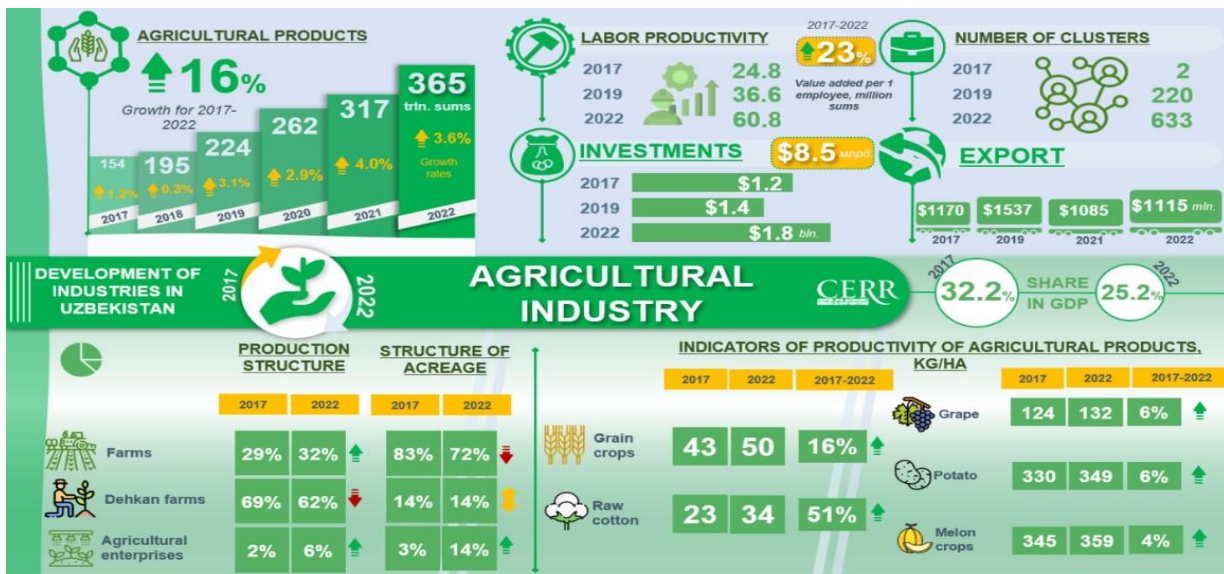
Projects implemented with the support of international partners include climate change mitigation, environmental protection, energy efficiency, introduction of renewable energy sources and sustainable management of natural and water resources. They not only make it possible to obtain the necessary financial and expert support, but also to exchange best practices and technologies in order to achieve ecological balance and sustainable development.

RESULTS AND ANALYSIS

Uzbekistan is among the 25 countries most exposed to water stress, and water scarcity will be exacerbated by climate change. Inefficient water use and poor on-farm agricultural practices are causing low productivity and severe land degradation through soil salinization, forcing land out of production and contributing to toxic dust storms in the Aral Sea basin. While overall 73% of population has access to clean drinking water, there are significant spatial discrepancies in access to water and sanitation. Wastewater management is heavily underdeveloped and needs substantial financing. Centralized sewerage system penetration covers only 15.6% of the population against the Government

target of 31.4% by 2030. The wastewater treatment efficiency rate is also low at 55%, as infrastructure is old and needs replacement³⁵.

Uzbekistan's agriculture sector is the second biggest emitter of GHGs and the largest user of water. More than three-quarters of pasture land has been degraded, and productivity on good land has dropped by half in last 20 years, with yields of fodder declining by an average of 2% per ha per year. 'Greening' agriculture, coupled with agricultural sector liberalization launched after 2016, has the potential to significantly increase productivity, employment and income, and cut water use. Agriculture employs more people than industry and trade sectors together. The recently adopted agricultural strategy for Uzbekistan has an implicit jobs agenda. What is needed is a "roadmap" for realizing job potential in the sector while 'greening' it³⁶.



Inefficient energy use costs at least 4.5% of the GDP annually, with electricity generation, heating supply and buildings being important sources of energy loss. Almost 40 % of Uzbekistan's available generation capacity is past its service life leading to power outages 8. In the absence of policies to encourage energy efficiency and decarbonization, Uzbekistan by 2030 will find itself facing sharp reductions in oil and gas production (and exports) and increasingly reliant on coal. Research shows that potential of renewable energy sources in Uzbekistan is 270 million tons of reference fuel, which is more than three times the annual need for energy resources, and most of this potential is in solar energy. Solar electricity costs have fallen 80% worldwide in 10 years, and are even more favorable in Uzbekistan, which enjoys plenty of sunshine.

The industrial sector, dominated by chemical manufacturing and mining, uses almost a quarter of total energy use in the country, and almost all of it natural gas. The

³⁵ Rakhimov, Eshmurod Normurodovich. "Scientific-Theoretical and Practical Aspects of Increasing the Tax Potential in Ensuring the Economic Security of the Regions." *International Journal of Multicultural and Multireligious Understanding* 8.12 (2021): 216-226.

³⁶ Rahimov, E. N. "Ensuring The Well-Being of The Population Through Macroeconomic Stability and Economic Development." *International Conference of Economics, Finance and Accounting Studies*. Vol. 2. 2024.

sector is challenged not only to cut emissions and become less polluting, but also to respond to the rapidly reshaping of global production systems which require cleaner production processes, innovation and a talented labor pool to remain competitive. A Presidential decree goes some way to support an industrial policy, calling for “the formation and implementation of a tax and tariff policy that encourages the reorientation of the economy from the export of raw materials to the production of high-quality products and deep processing,” and more is needed.

CONCLUSION AND RECOMMENDATIONS

As a foundation for considering the specific, short- and longer-term sectoral recommendations made in this paper, it is advisable to put in place a set of actions and policy measures which address a broader set of principles and institutional, financial and human capacities for implementation. Among them could be the following:

1. A green industrial strategy might be considered, making subsidies and other government support for specific industries conditional on both environmental improvements (including GHGs emissions) and better overall resilience (including for the workforce). This might include transition energy pricing to reflect full costs of energy provision and internalized externalities, and developing social protection measures to mitigate potential negative effects on vulnerable groups. Fossil-fuel subsidies need to be phased out, and consideration should be given to introducing carbon pricing that includes social protections (e.g. using carbon pricing revenue to mitigate distributional implications for

households, as well as to finance support for structural adjustment of workers and communities).

2. Increase ambition of long-term environmental objectives (including net-zero GHG emissions, NDC obligations) and ensure that policies and investments triggered through stimulus packages are aligned with those outcomes. The National Climate Strategy and revised NDCs, that are currently developed by the Center of Hydrometeorological Services, are expected to include measurable targets and an implementation plan for the reduction of carbon intensity. A strengthening of the linkages between the National Green Economy Strategy and the National Climate Strategy is needed. In particular, the revised NDC targets could serve as one of the primary quantitative goals for achievement under the National Green Economy Strategy.

3. Actively support development of green finance flows to improve resilience, encouraging longer-term horizon for financial decisions. There is a need to promote robust and transparent definitions, standards and taxonomies for green finance to guide financial allocations and investments. There is also a need to increase and improve capacities to assess, manage and publicly disclose climate change-related financial risks. As “green criteria” are soon to be introduced for publicly-funded investment projects, the same approach needs to be applied for private investments, offering private actors an enabling business environment, including friendly legal and institutional support, and lucrative

commercial opportunities. Finally, the potential for public finance to catalyze private investment needs to be enhanced by further empowering public finance institutions, including by increasing their lending authority and ability to co-invest.

To avoid being locked into technology and systems that will be much costlier to divest from later, Uzbekistan must begin greening its economy immediately. Prioritizing green goals should be integral to ongoing efforts in the more significant transition to a market economy. Other green measures, like improving resource efficiency and developing green employment and finance, can bring near-term benefits to Uzbekistan. However, the country must also consider the impact of the green transition on society. Supporting green sectors and turning away from carbon- and resource-intensive activities will alter the pattern of investment and job creation, creating winners and losers. Moreover, it is essential to support communities that are the worst affected. These values stand at the center of efforts toward a just transition.

LIST OF USED LITERATURE:

1. Rakhimov Eshmurad, Normuradovich. "Issues of Strengthening the Economic Security of the Region." *International Journal on Economics, Finance and Sustainable Development* 4.10 (2022): 35-41.

2. Rahimov, E. N. "Factors Affecting Economic Security." *International Conference of Economics, Finance and Accounting Studies*. Vol. 2. 2024.

3. Rakhimov, Eshmurod Normuradovich. "The role of digital banking in the development of the country's economy." *li international correspondence scientific and practical conference" international scientific review of the problems and prospects of modern science and education"*. 2018.

4. *SDG, National Voluntary Review 2020*

5. Rahimov, E. N. "Factors Affecting Economic Security." *International Conference of Economics, Finance and Accounting Studies*. Vol. 2. 2024.

6. Rahimov, E. N. "Ensuring The Well-Being of The Population Through Macroeconomic Stability and Economic Development." *International Conference of Economics, Finance and Accounting Studies*. Vol. 2. 2024.

7. *Sustainable Infrastructure for Low-Carbon Development in Central Asia and the Caucasus Hotspot Analysis and Needs Assessment*, OECD, 2019

8. Allayarov, Shamsiddin Amanullaevich, and Eshmurod Normurodovich Rakhimov. "The Importance of Tax Potential on Increasing Economic Security of Regions." *International Journal of Multicultural and Multireligious Understanding* 9.2 (2022): 394-399.

9. Rahimov, E. N. "Regional Economic Security and Its Main Features." *European journal of business startups and open society* 4.2 (2024): 100-107.

10. Bakieva, Iroda Abdushukurovna, Shavkat Shahobidinovich Fayziev, and Eshmurad Normuradovich Rakhimov. "The Role Of Entrepreneurship In Increasing The