

# Role Of The Esg Report In The Implementation Of National Goals And Tasks Of Uzbekistan In The Field Of Sustainable Development Until 2030

**Khoshimov Sabir Murtazaevich** - Doctor of Philosophy in Economics (PhD), Tashkent state university of economics

**Ganiev Shahiriddin Vohidovich** Ph.D., professor, institut ISFT

**Annotation:** The article discusses the legislative framework and practice of providing non-financial reporting on sustainable development in Uzbekistan, international guidelines and standards for disclosing ESG data, the importance of a universal reporting system for market development and attracting investments, and provides a conclusion and recommendations.

**Key concepts:** ESG data disclosure, sustainability reporting, sustainable development goals, investments, national reporting standards, ESG ranking.

## Introduction.

In 2023, as a result of the implementation of measures aimed at ensuring economic activity in the country, the GDP growth rate was 106.0 percent. According to the forecasts of the World Bank in January 2022, Uzbekistan was noted as a leading country in the Europe and Central Asia region, and high economic growth was expected in 2022-2023.

Achieving the Sustainable Development Goals worldwide will require significant financial resources, estimated by the World Bank to be in the range of \$2-4 trillion per year, or 14% of global GDP annually by 2030.

According to IMF estimates, before the COVID-19 crisis, the total need for additional development financing for Uzbekistan to achieve the Sustainable Development Goals was estimated to be about 7.9 percent of the country's GDP annually. However, as a result of the crisis, the amount of funds required was higher than these figures.

Meeting the need for additional financing will require a significant increase in public and private investment. Most measures involve increasing public spending by expanding existing programs or creating new ones, as well as expanding incentives for private businesses to meet the Sustainable Development Goals. In general, improving the financing of sustainable development goals requires the implementation of measures in a number of areas, including: - increasing the volume of state revenues in order to expand the resource base of state financing and increasing the efficiency of planning and spending state funds; - by improving the conditions for the development of the private sector, to expand the potential of its participation, as well as to encourage participation in the financing (co-financing) of achieving the goals of sustainable development; - expanding the diversity and increasing the activity of public-private partnerships, increasing the flow of investments.

In connection with the global goals of sustainable development (SDG) adopted in the world economy, many important changes have recently occurred in the formation of the system of values and interests of investors, which in turn affected the flow of investments. There is a growing interest in non-financial information that reflects the environmental, social and governance responsibility or ESG approach to business operations.

## Literature analysis.

In order to show the real achievements of Uzbekistan in achieving the agreed target parameters for sustainable development until 2030, to determine the scope of implementation of specific goals and tasks, to identify existing imbalances and opportunities, and to identify the most important steps that still need to be taken, in the analysis of data from the legislative and regulatory documents of Uzbekistan, UN reports, The information on the website of the State Statistics Agency of Uzbekistan, the websites of bank activity news, the requirements of international guidelines on the disclosure of ESG information and other sources were used.

### Research methodology.

Methods such as abstract-logical thinking, generalization, etc., were used to illuminate this topic.

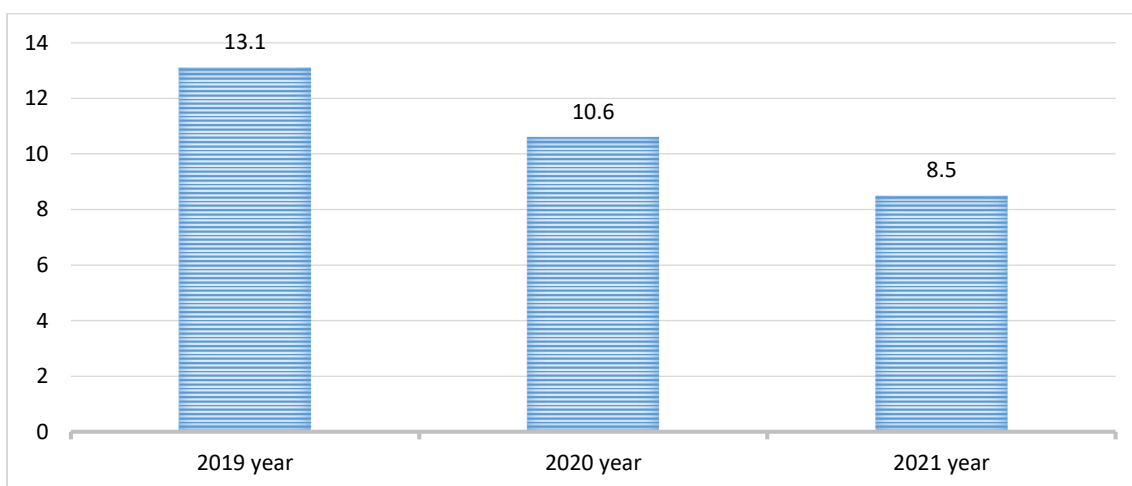
### Analysis and discussion of results.

In the rapidly developing world, it is important for investors that each company or organization adheres to ESG standards, i.e. E-environmental - not harming the environment, S-social - contributing to the development of society and G-governance - management principles. ESG is a non-financial indicator used to measure the impact of a company or organization on the environment and society and to monitor compliance with management principles.

In more detail, the company's environmental impact is assessed by measures such as its energy consumption, air pollutant emissions, waste generated by the company, and transition to the use of renewable energy sources in its operations. Its social, i.e., impact on society is evaluated by measures such as the safety of the organization's products and customer satisfaction, the relationship with the organization's employees, and the company's contribution to charity. The third criterion, governance, is evaluated taking into account the company's structure and governance mechanisms, transparency, risk management and internal control mechanisms.

Since the adoption of sustainable development goals commitments by countries in national development strategies and the subsequent signing of the Paris Agreement on carbon emission reduction by UN member states, many guidelines, recommendations and standards have been developed for the implementation of sustainable development goals. The most common are the guidelines compiled by the international organizations Global Reporting Initiative (GRI), Sustainable Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP).

For the purposes of sustainable development in Uzbekistan, the new economic model for ecology and environmental safety can be called "circular cycle economy". The circular economy is a means of stabilizing consumption and production, which is mainly connected to the green economy. The circular economy is also included in the second goal of the Green Growth Strategic Framework, which is a broader second form of the Green Economy Strategy for 2019-2030, that is, "Development of a green, low-carbon industry and economy." These periodic goals are also included in the Solid Waste Management Strategy for 2019–2028. For example, 60 percent of solid waste generated and 25 percent of separate solid waste are recycled. In cooperation with the European Union, SWITCH Asia, the World Bank and the United Nations Development Program, an analysis of the necessary conditions for a circular economy was conducted in Uzbekistan.



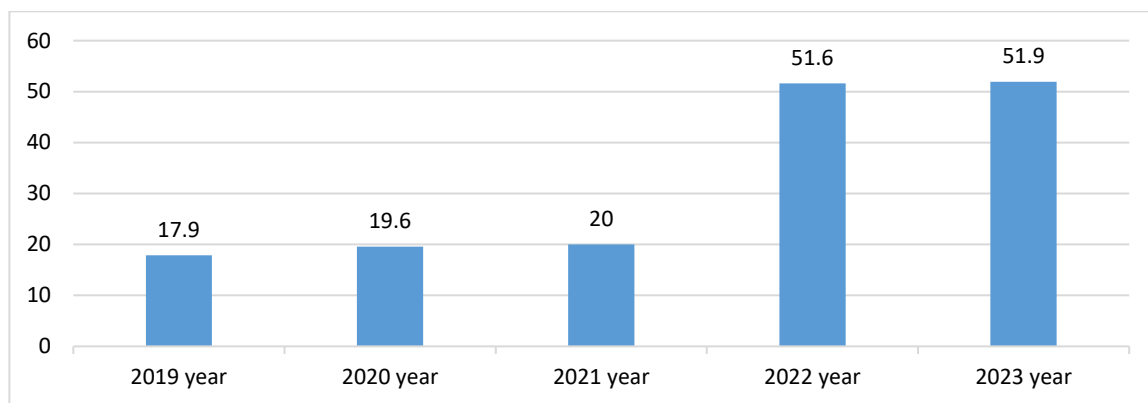
**Figure 1. Generation of hazardous industrial waste of category 1-3 per capita (kg)**

On average, 7 million tons of household waste is generated in Uzbekistan every year. The recycling rate increased from 21.9% to 26%, despite only 1.8 million tonnes being processed. Currently, 307 processing enterprises are operating in the republic and 1400 tons of products are produced from waste.

According to the analysis, in 2019-2021, the generation of toxic industrial waste per capita decreased from 13.1 kg to 8.5 kg.

The development of the green economy in Uzbekistan is one of the priorities of the ongoing reforms. This is reflected in the development and implementation of targeted official administrative and legal documents, the introduction of green development principles into state programs, the development of measures to combat climate change and gas emissions, and the acceleration of the transition to the use of renewable energy sources. The main results of the implementation of the developed measures: - in recent years, more than 20 official documents were adopted, providing for more than 154 measures aimed at the green transformation of the economy. "Strategy for the transition to a "green" economy for 2019-2030" (04.10.2019), "Resolution of the President on measures to increase the effectiveness of reforms aimed at transitioning the Republic of Uzbekistan to a "green" economy until 2030", "Improving the energy efficiency of economic and social sector networks" , including the Presidential Decision "on intensive measures for the introduction of energy-saving technologies and the development of renewable energy sources".

According to the International Data Base (EDGAR), in 2021, the carbon capacity of GDP in Uzbekistan was 0.465 tons and decreased by 6.6% compared to 2019. Until 2030, the concept of environmental protection envisages a 10% reduction in polluting emissions, an increase in the volume of solid household waste processing from 18% to 65%.



**Figure 2. Share of manufacturing industry in GDP, %**

The industrial sector of Uzbekistan is developing at a steady pace. The recycling sector makes the main contribution to the development of the industry. In the last five years, there has been a steady increase in its contribution to GDP, reaching 51.9 percent in 2023 (Figure 2).

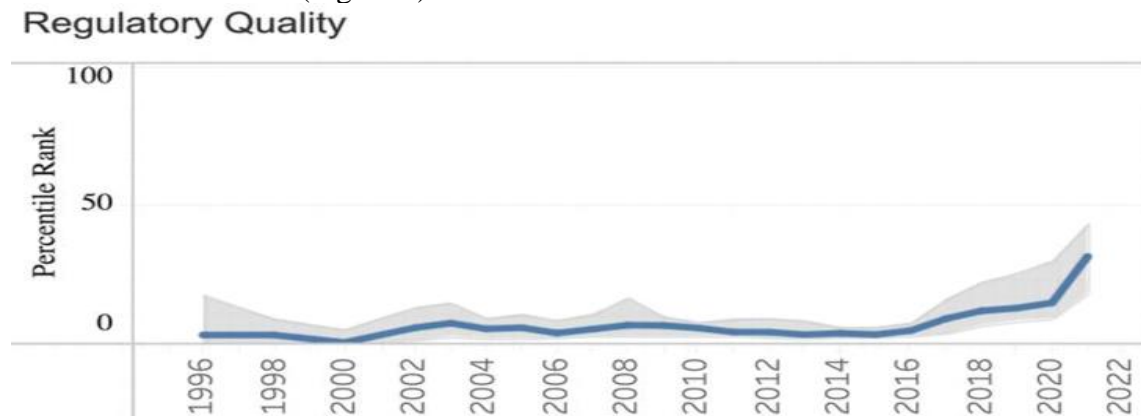
Such important indicators of growth were also helped by the timely and effective implementation of strategies and programs of regional and regional development, which envisage the construction of new enterprises, modernization and technological re-equipment of existing facilities, development of the raw material base of the industry, and deepening of the processing of industrial raw materials. Among the significant investment projects in the industry, Uzbekistan GTL for the production of synthetic liquid fuel, Tashkent Metallurgical Combine, photoelectric power stations using renewable energy technologies in Navoi and Samarkand regions, Toraqorgon IES, textile, tailoring, petrochemical, cement industry and a number of other projects have been launched. should be noted separately. The growth of the export volume and its structural changes were influenced by measures to promote the production of finished products for sale to foreign markets.

When it comes to the social aspects of the country's sustainable development, we can talk about human rights and labor relations, personnel management, health and safety. Uzbekistan is taking important positive steps towards the protection of human rights, which is the basis of any rights-based approach to sustainable development. Measures to strengthen the guarantees of reliable protection of citizens' rights, in particular: - decriminalization of certain categories of crimes, the list of punishments for deprivation of liberty has been expanded; - In Uzbekistan, acts of torture, mental, physical and other violence, the use of any information obtained illegally during the course of a criminal case, including physical evidence, audio and video materials, are strictly prohibited, and the responsibility for those who committed such acts has been increased.

In recent years, positive trends have been observed in achieving the goals set for the provision of public health. In particular, many normative legal documents have been adopted in our country in order to reduce maternal mortality by one third in the period until 2030.

In Uzbekistan, governance reform is a key driver in achieving these sustainable development goals and has become part of the government's comprehensive reform program as part of the national strategy.

According to the World Bank ranking, in 2021 the indicators of the quality of public administration (Global Governance Indicators) have improved in all six components. The quality of regulation sub-indicator also improved (which reflects the government's ability to formulate and implement sound policies and regulations that enable and promote private sector development). In particular, by the end of 2021, the country rose by 33 positions and was ranked 144th (Figure 3).



**Figure 3. Quality of public administration**

In order to improve the quality of law-making, an evaluation institute was introduced. Due to the fight against corruption and gender-legal expertise, the types of legal expertise have been expanded. Over the past few years, more than 4,000 documents have been invalidated by the "regulatory guillotine" method. As a result, the current legislation was reduced by 10 percent.

### Summary.

The adopted "New Uzbekistan" strategy, aimed at expanding the market and actively attracting investments, shows the need to develop methods of evaluating investment projects that are understandable for local businesses and at the same time meet international standards. Given the relatively small number of large industrial enterprises in Uzbekistan, but the presence of significant potential for the implementation of modern technological projects in the small and medium business segment, the need for standard reporting forms is increasing. The introduction of the national ESG standard in Uzbekistan will help systematize assessments and reports, primarily for medium and small companies, taking into account national characteristics. This accelerates the implementation of the principles of sustainable development. Striving to comply with ESG criteria and applying relevant practices contribute to the growth of small and medium-sized businesses, reduce risks and improve the quality of management. Sorting suppliers according to ESG criteria gives small and medium-sized businesses the advantage of having a high level of environmental responsibility. For large companies, a single standard for checking suppliers, counterparties or borrowers simplifies the work and reporting process.

We can say that the following steps are important to achieve the national goals and objectives of sustainable development, the target parameters until 2030:

- assessment of energy efficiency, rational use of natural resources, environmentally friendly materials and secondary raw materials, use of renewable energy sources, and environmental cleanliness of purchased goods (works, services);
- implementation of "green" projects on energy conservation and development of renewable energy sources;
- Review the creation of a ranking of companies that comply with ESG (environmental, social and corporate governance) principles.

- Continue to fulfill the obligations voluntarily accepted under the Paris Agreement.

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