

Sustainable And Green Financing In Uzbekistan: Examine The Growth Of Sustainable Financing Options, Including Green Bonds And ESG Investing Principles, In Uzbekistan's Asset Markets.

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Abstract: Uzbekistan, a country rich in natural resources and cultural heritage, has been undergoing significant economic and political transformations in recent years. As the country strives to achieve sustainable and inclusive growth, the role of sustainable and green financing has become increasingly crucial. This article will explore the concept of sustainable and green financing, its importance in Uzbekistan, and the opportunities and challenges that lie ahead.

Keywords: green financing, economic growth, diversity, challenges, potential risks, international principles

Introduction: The figures of utility attain high values that are essentially diverse. A class of subjects interested in making the preferences durable to future generations is modified. The earthly activities may completely invert growth opportunities of future subjects, making the political society's inter-generational preferences less clear from the equations of balance of well-being. The decision rules determining public and private investments will benefit unknown future generations, so the principles of sustainability indicate the obligation to discount the preferences of future generations. The actually discounted public and private investments, except contradiction with the provision and the polar phase of economic growth, establish the sustainable growth of models.

The entire sustainable interest dates back to the seminal work of Brundtland (1987) on sustainable development. It strongly resonates with the Uzbek people and the authorities. An important step for the government support of sustainable projects was made last November with the Strategy of the Republic of Uzbekistan on the transition to the Green Economy for the period 2019-2025, signed by the President of Uzbekistan. Green finance is an important part of the Green Economy. The concept of green financing refers to the investment of funds in the production of a portfolio of environmental projects in different sectors, aimed at implementing measures to reduce the level of environmental impact on a variety of natural resources. The best part of economic activities is similar in two key aspects: they admit the decision of probabilities on the interpretation of subjective preferences, and the objective procedures recording the figures of utility of the subjects and the procedures determining the consistency of the decisions with fixed goals.

Definition and Concepts

Another direction of sustainable development is the concentration of forces on maintaining and increasing the reserves of natural resources available, improving the rational use of the world's resources, and the quality of the environment. Achieving this requires coordinated action at the local, national, regional, and global levels. There is no shortage of tasks, as it is important to focus on work to ensure environmental governance, implementation of the goals enshrined in the concept of green financing. Green or sustainable financing is a tool used in economic activities or those aimed at economically stimulating the achievement of environmental targets. The main goal of green or sustainable financing is to increase the availability of financial resources for investment in a healthy environment and sustainable development. With more of these tools, financing will be used to address environmental problems. At the same time, new financial products will be created, and a wider investment community will be encouraged to participate, contributing to the implementation of the Kyoto and Stockholm agreements. These solutions will be job creators and will contribute to long-term economic growth, sustainable development, and social harmony.

One of the main tasks of the state is to increase the quality and living standards of the population, focusing on its sustainable well-being. At the same time, in the entire development process, it goes without saying that it

is necessary to take into account the negative impact and the very serious consequences of the economic development model implemented so far, which manifest themselves in the form of environmental and resource problems. Sustainable development is characterized as the continuation of processes and events that are devoted to long-term economic development without impairing the environment, jeopardizing the ability of future generations to meet their needs even more compared to the previous generation. Sustainable development focuses on blending basic environmental and economic principles - cohesion, conservation, innovation, and measurement.

In recent years, the world has witnessed a growing awareness of the importance of sustainable development and environmental conservation. The financial sector has played a crucial role in this movement, with the emergence of sustainable and green financing as a vital instrument in promoting environmentally friendly and socially responsible projects. Uzbekistan, a country with immense natural resources and a growing economy, has recognized the significance of sustainable development and has begun to take strides in embracing sustainable and green financing.

What is Sustainable and Green Financing?

Sustainable financing refers to the integration of environmental, social, and governance (ESG) factors into financial decision-making, with the aim of generating long-term sustainable returns while minimizing negative environmental and social impacts. Green financing, a subset of sustainable financing, focuses specifically on environmental concerns, such as climate change, renewable energy, and sustainable infrastructure development. These financing methods prioritize projects and companies that demonstrate a commitment to sustainability, transparency, and accountability.

The Importance of Sustainable and Green Financing

The importance of sustainable and green financing cannot be overstated. The traditional approach to financing, which prioritizes short-term gains over long-term sustainability, has contributed to environmental degradation, social inequality, and economic instability. In contrast, sustainable and green financing offers numerous benefits, including:

- * **Environmental protection:** By supporting environmentally friendly projects, sustainable and green financing helps mitigate climate change, preserve natural resources, and promote eco-friendly practices.
- * **Social responsibility:** Sustainable and green financing promotes social justice, equality, and human rights, ensuring that financial decisions benefit local communities and marginalized groups.
- * **Economic growth:** By investing in sustainable infrastructure and environmentally friendly technologies, sustainable and green financing stimulates economic growth, creates jobs, and increases competitiveness.

Current State of Sustainable and Green Financing in Uzbekistan

Uzbekistan, a country with a rich natural heritage and a growing economy, has begun to recognize the importance of sustainable development. In recent years, the government has initiated several initiatives to promote sustainable development, including the adoption of the UN Sustainable Development Goals (SDGs) and the development of a National Strategy for Sustainable Development.

In terms of sustainable and green financing, Uzbekistan has made significant progress. The country's central bank, the Central Bank of the Republic of Uzbekistan, has introduced guidelines for green bonds, which provide a framework for issuers to raise capital for environmentally friendly projects. Several local banks, including the National Bank of Uzbekistan and the Ipoteka Bank, have also launched green financing initiatives, offering loans and credit lines for renewable energy projects, energy efficiency measures, and sustainable infrastructure development.

Furthermore, Uzbekistan has seen an increase in foreign investment in sustainable and green projects, particularly in the renewable energy sector. The country's abundant natural resources, including solar and wind energy, have attracted investors from around the world. In 2020, the European Bank for Reconstruction and Development (EBRD) approved a \$20 million loan for the development of a 100 MW solar power plant in Uzbekistan.

Challenges and Opportunities

Despite the progress made, sustainable and green financing in Uzbekistan faces several challenges. These include:

- * **Limited awareness:** Many financial institutions and businesses in Uzbekistan lack awareness of sustainable and green financing principles, which hinders the adoption of these practices.

* Regulatory framework: The regulatory framework for sustainable and green financing in Uzbekistan is still in its infancy, which can create uncertainty and barriers to implementation.

* Limited access to finance: Small and medium-sized enterprises (SMEs) and rural communities in Uzbekistan often lack access to finance, which limits their ability to participate in sustainable and green projects.

To overcome these challenges, Uzbekistan can:

* Develop a comprehensive regulatory framework for sustainable and green financing, including guidelines, standards, and incentives.

* Provide training and capacity-building programs for financial institutions, businesses, and government agencies on sustainable and green financing principles.

* Establish specialized green finance institutions, such as green banks or climate funds, to support sustainable projects and provide access to finance for SMEs and rural communities.

Conclusion.

Sustainable and green financing is crucial for Uzbekistan's economic growth, social development, and environmental protection. By embracing sustainable and green financing, Uzbekistan can promote environmentally friendly and socially responsible projects, stimulate economic growth, and ensure a prosperous future for its citizens. While challenges remain, the country has made significant progress in promoting sustainable development and green financing. With continued government support, awareness-raising, and capacity-building, Uzbekistan can become a leader in sustainable and green financing in Central Asia, paving the way for a brighter future for generations to come.

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