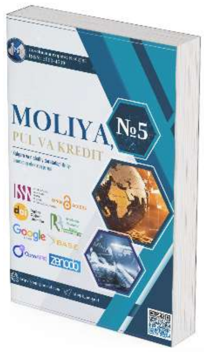
"MOLIYA, PUL VA KREDIT"
mahalliy va xalqaro miqyosidagi ilmiy-ommabop elektron jurnal
2025-yil, may-iyun. №5-son
www.info@mpkuz.uz
https://mpkjournal.com/index.php/MPK



FINANCING THE GREEN ECONOMY: INTERNATIONAL EXPERIENCE AND ITS RELEVANCE FOR UZBEKISTAN

YASHIL IQTISODIYOTNI MOLIYALASHTIRISH: XALQARO TAJRIBA VA UNING O‘ZBEKISTON UCHUN DOLZARBLIGI

[1]Mekhmonaliev Abbosjon

[1]PhD., Candidate, Tashkent State University of Economics.
G-mail: *mexmonaliyev4464@gmail.com* ***ORCID:*** *0009-0002-7441-1243*

Annotation
Annotatsiya

Eng. - The article highlights the necessity of sustainable development, the use of clean energy sources, and the rational utilization of natural resources. Furthermore, it examines mechanisms for transitioning to a green economy based on the experience of developed countries, emphasizing the integration of economic, social, and environmental factors and recommendations are developed to improve the institutional and financial mechanisms for financing the green economy in the context of Uzbekistan.

Uzb. - Maqolada barqaror rivojlanish, ekologik toza energiya manbalaridan foydalanish va tabiiy resurslardan oqilona foydalanish zarurati yoritiladi. Shuningdek, rivojlangan davlatlar tajribasi asosida iqtisodiy, ijtimoiy va ekologik omillar uyg‘unligida yashil iqtisodiyotga o‘tish mexanizmlari o‘rganiladi hamda O‘zbekiston sharoitida yashil iqtisodiyotni moliyalashtirishning institutsional va moliyaviy mexanizmlarini takomillashtirish bo‘yicha tavsiyalar ishlab chiqiladi.

Keywords:
Kalit so‘zlar:

❖ *green economy, sustainable finance, green bonds, public-private partnerships, regulatory framework, carbon finance.*

❖ *yashil iqtisodiyot, barqaror moliya, yashil obligatsiyalar, davlat-xususiy sheriklik.*

Introduction.

In recent decades, the concept of a green economy has emerged as a strategic response to both environmental degradation and unsustainable economic growth. The aim of the green economy is to reduce environmental issues, and enhancing human well-being and social equity at the same time. According to the United Nations Environment Programme (UNEP) green finance refers to financial investments that support sustainable development, reduce environmental risks, and promote low-carbon, resource-efficient activities. It includes public and private mechanisms such as green bonds, sustainable banking, and climate finance, aiming to align economic growth with environmental preservation and poverty eradication [1].

The growing urgency of global environmental challenges has significantly increased the demand for financing mechanisms that support the transition to green economies, particularly in developing countries. For Uzbekistan the adoption of a green economy model is essential to ensuring long-term sustainable development, promoting economic diversification, and achieving compliance with international environmental commitments. Green finance in this context serves as a strategic instrument for mobilizing investments aimed at low-carbon, energy-efficient, and ecologically responsible growth.

Uzbekistan has already taken initial steps toward the strategy for transition to green economy for 2019-2030. Nevertheless, obstacles can be challenging in terms of attracting green investments and building institutional capacity. Uzbekistan can utilize more effective approaches to reduce emission and promote sustainable growth by analyzing developed countries' structure in this field.

Literature review.

The green economy has gained considerable attention in academic and policy circles as a framework for achieving sustainable development by integrating environmental, economic, and social dimensions.

Green finance refers to structured financial products and services that support investments generating positive environmental outcomes. According to OECD (2021), green finance includes green bonds, green loans, carbon markets, sustainability-linked investments, and public-private partnerships [2]. These instruments aim to internalize environmental externalities and promote long-term investments in sustainable infrastructure.

The UNEP (2016) further categorizes green finance into market-based instruments (such as green bonds), non-market interventions (subsidies and guarantees), and institutional reforms (green taxonomies and disclosure standards). The emergence of ESG (Environmental, Social, Governance) criteria has accelerated interest in sustainable finance, as investors increasingly consider non-financial risks in portfolio decisions [3].

Globally, countries have adopted different mechanisms to mobilize capital for green initiatives. The European Union is considered a frontrunner, having launched the European Green Deal and a taxonomy regulation to guide sustainable investments [4]. The EU's sustainable finance strategy has been instrumental in scaling up green bond markets and directing private capital toward climate-aligned sectors.

China has become the world's second-largest issuer of green bonds by establishing clear domestic standards and integrating green finance into its national development agenda. The People's Bank of China has promoted pilot zones for green finance and facilitated access to capital through incentive-based mechanisms [2].

South Korea, through its Korean Green New Deal, has blended fiscal stimulus with climate objectives by investing in renewable energy, smart grids, and green innovation [5]. The Korean example illustrates how public finance can be a catalyst for private sector engagement in green transformation.

According to statistics, the EU is a leader in promoting green finance in a globe. Its European Green Deal targets to turn Europe into climate-neutral by 2050. In 2023, China had issued over 300 billion dollar in green bonds. The Green New Deal has been adjusted as one part of national strategy for sustainable developments in South Korea.

Empirical studies demonstrate that ESG-aligned portfolios yield competitive returns compared to traditional investments, challenging the assumption that sustainability compromises profitability. This growing evidence base has led to increased investor demand for green financial instruments globally.

Studies by the World Bank highlight that institutional collaboration, climate risk disclosure, and alignment with global standards are essential for mobilizing both domestic and international capital [6]. Moreover, access to multilateral climate finance mechanisms like the Green Climate Fund (GCF), Climate Investment Funds (CIF), and the Global Environment Facility (GEF) offers significant opportunities for countries like Uzbekistan to scale up green investments.

Despite global momentum, many emerging markets, including Uzbekistan, face structural challenges in accessing green finance. These include underdeveloped capital markets, limited institutional capacity, and regulatory uncertainty. However, several countries have shown that enabling frameworks—such as green taxonomies, sovereign green bond issuance, and targeted financial incentives—can accelerate progress.

Research methodology.

In carrying out this research work, methods widely used in scientific research methodology were used. In the process of scientific analysis, these scientific research methods were widely used, in particular, observation, generalization, grouping, comparison, analysis and synthesis methods were used.

Analysis and discussion of results.

In 2021, Uzbekistan issued its first sovereign green bonds in international markets. In fact, the Ministry of Economy and Finance as well as Central Bank of Uzbekistan have begun developing a national green taxonomy with the help of global standards like the EU taxonomy [4]. Uzbekistan can unlock important opportunities to scale up green finance by adapting best practices. Uzbekistan is eligible to access funds from mechanism, for instance, Green Climate Fund (GCF), Climate Investment Funds (CIF), Global Environment Facility (GEF). These can pave the way for grants and risk guarantees. To effectively finance its green transition, Uzbekistan needs a multi-level strategy aimed at strengthening the enabling environment and attracting long-term investment. The primary proposals include developing a national green finance framework, strengthen the domestic capital market, promote financial sector capacity building, leverage digital solutions and so on.

Table 1 compares Green Bond Issuance (2020–2023) across the EU, China and South Korea.

Table 1

Green Bond Issuance (2020–2023) in Billion USD

Year	*EU*	*China*	*South Korea*
2020	*250*	*220*	*30*
2021	*300*	*260*	*45*
2022	*325*	*280*	*60*
2023	*350*	*300*	*75*

The table illustrates the volume of green bond issuance across the European Union (EU), China and South Korea from 2020 to 2023. Overall, all three economies demonstrated positive growth in green bond activity, though the scale and maturity of their markets vary significantly.

The EU leads consistently, increasing its issuance from 250 billion dollars in 2020 to 350 billion dollars in 2023. This growth reflects the EU's strong regulatory framework and policy initiatives such as the European Green Deal, which has mobilized significant private and public capital towards climate objectives. China follows closely, with green bond issuance rising from 220 billion dollars to 300 billion over the same period. Its rapid growth indicates an expanding green finance sector backed by government incentives and its national green taxonomy.

South Korea, while issuing lower volumes, shows a steady increase—from 30 billion dollars in 2020 to 75 billion in 2023. This reflects the country's commitment to green transition through the Korean Green New Deal, which integrates digital and ecological development strategies.

In contrast, Uzbekistan's green bond market is at a nascent stage. With negligible issuance in 2020 and only reaching around $1 billion by 2023, the country has only recently entered the green finance landscape. This modest start highlights the challenges facing emerging markets, such as regulatory gaps, limited institutional capacity, and low investor confidence.

The data underscores the importance of policy consistency, investor protection, and market development. For Uzbekistan, the experience of the EU, China and South Korea provides a roadmap to scale up its green finance ecosystem and unlock broader climate investment opportunities.

Table 2

ROI Comparison: ESG vs Traditional Funds (2018–2022)

Year	ESG Funds ROI (%)	Traditional Funds ROI (%)
2018	6,5	6,0
2019	7,2	6,8
2020	9,1	8,5
2021	8,3	7,4
2022	7,7	6,9

The table presents a five-year comparison of the Return on Investment (ROI) between ESG (Environmental, Social, Governance) funds and traditional funds. Overall, ESG funds consistently outperform traditional counterparts, highlighting their growing financial attractiveness alongside environmental and social benefits.

From 2018 to 2020, both fund types experienced growth, with ESG funds rising from 6,5% to a peak of 9,1%, while traditional funds increased from 5,9% to 8,5%. This upward trend reflects heightened investor confidence in sustainable finance, particularly during the global shift to resilient portfolios amid early pandemic volatility.

Between 2021 and 2022, returns for both categories declined. However, ESG funds maintained a lead, ending 2022 at 7,7%, compared to 6,9% for traditional funds. This continued outperformance demonstrates that ESG investments are not only ethically aligned but also economically competitive.

The table reinforces the viability of ESG investing as a core component of green finance strategies. For countries like Uzbekistan, encouraging ESG-integrated funds could be instrumental in attracting long-term, stable investment for sustainable development.

Conclusions and recommendations.

One of the most pivotal step to improve the potential of green financing is to establish a national green finance framework that coordinated by the Ministry of Economy and Finance and The Central Bank. In addition, the process of advancements include promoting green bonds at both national and municipal levels through regulatory support and incentives. Next step is educational awareness of green economy. It is required to encourage universities and research institutes as well as train bank staff, investors, and regulators. All the steps play a crucial role on economy. This is mainly because, for Uzbekistan, the transition to a green economy is not only an environmental imperative but also a strategic economic opportunity.

By learning from international experiences and building robust, inclusive, and well-regulated financial systems, Uzbekistan can ensure long-term resilience, attract sustainable investment, and lead regional green transformation in Central Asia [8]. All things considered, green finance is essential for achieving environmental goals and economic diversification. In the following years, there is a huge potential for Uzbekistan to spread green economy across all the regions in the purpose of balancing environmental issues such as carbon emission and desertification.

List of used literature:

1. *United Nations Environment Programme. (2011). Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication. UNEP* https://www.unep.org/resources/report/towards-green-economy-pathways-sustainable-development-and-poverty-eradication

2. *OECD. (2021). Green Finance and Investment: Mobilising Capital for Green Projects.* https://www.oecd.org/environment/green-finance.htm

3. *UNEP. (2016). Definitions and Concepts: Green Finance.* https://unepinquiry.org/wp-content/uploads/2016/09/1_Definitions_and_Concepts.pdf

4. *Vela Almeida D., Kolinjivadi V., Ferrando T., Roy B., Herrera H., Vecchione Gonçalves M., Van Hecken G. The "Greening" of Empire: The European Green Deal as the EU first agenda // Political Geography. – 2023. – Vol. 105. – Article 102925. – DOI: 10.1016/j.polgeo.2023.102925.*

5. *Korea Ministry of Economy and Finance. (2020). The Korean New Deal: National Strategy for a Great Transformation.* https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4947

6. *World Bank. (2022). Public-Private Partnerships in Uzbekistan: Toward Sustainable Infrastructure.* https://www.worldbank.org/en/country/uzbekistan/publication/ppp-opportunities

7. *UNDP News Release: UNDP, with EU and AFD, helps the Government of Uzbekistan on Green Bonds Impact Monitoring and Reporting* (https://www.undp.org/uzbekistan/news/undp-eu-and-afd-helps-government-uzbekistan-green-bonds-impact-monitoring-and-reporting)

8. *Government of Uzbekistan (2019). Strategy for Transition to a Green Economy.* https://www.lex.uz/docs/4405883