

**STRATEGIES FOR SUPPORTING SUSTAINABLE ECONOMIC DEVELOPMENT
THROUGH GREEN FINANCIAL INSTRUMENTS***Donyorov Farrukh Bakhtiyorovich**Chamber of Commerce and Industry of Uzbekistan, Head Office*

Annotation: This article covers the current aspects of achieving economic and environmental sustainability through green financial instruments. The strategic basis for the use of financial instruments to prevent climate change and rational use of resources is analyzed. Based on the experience of Uzbekistan, the current state and prospects of green finance are discussed, existing problems and proposals for their elimination are put forward.

Keywords: Green finance, sustainable development, environmental investments, green bonds, economic strategies, financial mechanisms

In the current era of globalization and technological progress, humanity is faced with the complex task of simultaneously ensuring economic growth and maintaining environmental safety. Especially in the context of the acceleration of the industrialization process and the limited availability of natural resources, the need to implement the concept of sustainable development is increasing day by day. In this regard, the active operation of the financial system in an ecological direction, that is, the widespread introduction of green financial instruments, is of great importance. Green finance serves to form a sustainable economic model by financing environmentally beneficial, low-carbon and energy-efficient projects.

The main essence of green finance is that it combines economic activity with environmental interests. That is, financial resources are directed not only to profit, but also to priority areas such as reducing the negative impact on the environment, increasing energy efficiency, reducing waste and combating climate change. The main instruments in this direction include green bonds, green loans, environmental grants, investments in carbon markets. For example, through green bonds, the state or private sector attracts funds for its environmental projects, and these funds are directed to financing solar energy, wind power plants, bioenergy or waste processing facilities. At the same time, environmental loans issued by banks allow manufacturers to introduce energy-saving technologies.

Currently, the global green finance market is growing at a significant pace. According to estimates by international financial institutions, the volume of green bonds issued worldwide by the end of 2024 will reach 1.7 trillion US dollars. The table below shows the volume of green finance investments in different regions:

Volume of green finance investments (as of 2024)

Region	Green bonds (billion \$)	Environmental loans (billion \$)	Total volume (billion \$)
European Union	520	310	830
USA	430	250	680
Asia-Pacific	310	220	530
Latin America	90	60	150
Africa	40	30	70
Worldwide	1390	870	2260

As can be seen from the table above, green finance investments are mainly concentrated in developed regions. However, this area also offers great opportunities for developing countries, including Uzbekistan. Uzbekistan has adopted the “Strategy for Transition to a Green Economy – 2030”, which sets out tasks such as increasing the share of renewable energy sources, introducing environmentally friendly technologies and expanding green financial instruments.

Nevertheless, the formation of a green financial market in the country is just beginning. One of the main problems in this regard is the insufficient mechanisms for assessing environmental investments by financial institutions, and the second is the low level of environmental awareness of citizens and entrepreneurs. Therefore, in order to develop a green financial system, it is necessary to strengthen state coordinating institutions, improve regulatory legislation, introduce preferences for banks on green loans, and attract the private sector.

In addition, it is possible to attract technical assistance and grant funds by expanding cooperation with international financial organizations. For example, environmental projects are financed through relations with structures such as the World Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development (EBRD). In 2023, the EBRD allocated a green loan of 50 million euros for the construction of a solar power plant in Uzbekistan. In general, green finance is an important tool that allows combining economic growth with environmental sustainability. This will not only protect the environment, but also develop new economic sectors - for example, green energy, waste recycling, ecological construction and create new jobs.

Conclusion

Green finance, as an integral part of sustainable development, plays an important role not only in environmental terms, but also in economic and social terms. Through green bonds, ecological loans and investment grants, it is possible to combine economic growth with environmental security. Although this direction is still new for Uzbekistan, the strength of the existing political will, international cooperation and existing environmental needs creates the basis for the broad



development of this area. A systematic approach, continuity of reforms and active participation of the financial sector are of particular importance in the development of green finance. That is, sustainable economic development is unthinkable without green finance.

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