

**GLOBAL EXPERIENCE OF GREEN FINANCING AND POSSIBILITIES OF ITS  
IMPLEMENTATION IN UZBEKISTAN****Ashurova Oltin Yuldashevna**

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**Abstract:** This article analyzes global experience in green finance, its development, stages of development, and mechanisms for its application. It examines the economic and environmental effectiveness of financial instruments such as green bonds, green loans, and carbon markets, using examples of their successful implementation in developed and developing countries. Based on international experience, practical proposals are developed that can be applied in our country, and prospects for achieving sustainable development goals through green finance are highlighted.

**Keywords:** green finance, global experience, green bonds, environmental finance, sustainable development, green investments, financial instruments, climate change, financial stability.

In recent years, climate change, environmental challenges, and the depletion of natural resources have necessitated new economic approaches based on the principles of sustainable development on a global scale. One such approach is the concept of a green economy, which supports economic activity aimed at ensuring environmental safety, increasing energy efficiency, and reducing the carbon footprint. Effective functioning of a green economy requires, first and foremost, the development of financial mechanisms that support its financing—that is, green finance instruments.

"Green finance" is considered an important tool for combining environmental sustainability with economic development. This financial mechanism stimulates investment in areas such as environmental protection, energy efficiency, renewable energy development, and carbon emission reduction. "Green" financial instruments, including green bonds, green loans, and environmental certification systems, play a significant role in financing environmental projects, and their successful global practices have been recognized as effective in many countries. Furthermore, our country is implementing a number of measures to transition the economy to a green one. Issues such as improving energy efficiency, investing in renewable energy sources, and ensuring environmental safety are relevant for our country. However, the necessary financial mechanisms, legal framework, and infrastructure for implementing green financing have not yet been fully developed. Therefore, it is important to study global experience and adapt it to Uzbekistan's conditions in achieving the Sustainable Development Goals.

Green finance is a system for attracting and channeling financial resources to support projects that reduce environmental impacts and facilitate adaptation to climate change. This approach not only ensures environmental sustainability but also strengthens the security of financial systems, diversifies investments, and supports long-term economic growth. In this context, green finance is acquiring strategic importance for the global community. This financial approach serves as an essential tool in combating issues such as climate change, natural resource scarcity, and water and air pollution.

Key green finance instruments include:

- **Green bonds:** These financial instruments operate like traditional bonds, but the proceeds are used exclusively for environmentally friendly projects. Several major international organizations and financial institutions are actively involved in the green bond market, including the European Investment Bank (EIB), the UN Sustainable Development Goals, and other important international financial institutions.
- **Sustainable Development Loans:** These loans are designed to finance projects or activities aimed at ensuring environmental and social sustainability. For example, projects such as renewable energy, green building, green transportation systems, and water technologies are supported by these loans.
- **Green Investment Funds:** These funds focus on energy efficiency, renewable energy, and clean technologies. The returns of green investment funds differ from those of traditional investment funds because they support projects focused on environmental and social aspects. Therefore, these types of funds aim not only to generate profits but also to be socially and environmentally responsible.
- **Carbon trading mechanisms and emission allowances:** With these instruments, companies attempt to achieve environmental balance by limiting their own carbon emissions or purchasing carbon allowances from other companies.

Instruments such as green bonds, sustainable development loans, and climate funds are being implemented in many developed and developing countries today. These instruments strengthen financial cooperation between the public and private sectors in the fight against environmental problems. At the same time, the impact of such instruments on economic and financial security remains a pressing issue. After all, the misuse of green finance, ignoring investment risks, or insufficiently developed market infrastructure can lead to economic instability.

Some countries have made significant progress in developing green finance. For example, developed countries such as the European Union and the United States have widely implemented green bonds and environmental certification systems, creating successful experiences in combating energy efficiency and climate change. Green bonds have attracted significant investment, expanding investment opportunities in renewable energy projects. China is placing significant emphasis on developing global carbon markets and has achieved tangible results in reducing carbon emissions. By early 2025, China had reduced carbon emissions from electricity generation to a record low—CO<sub>2</sub> emissions per kilowatt-hour of electricity fell to 492 grams/kWh. This figure represents an improvement over the 2024 and 2023 targets.

Furthermore, developing countries such as Brazil, Mexico, and Thailand have accumulated their own experience in financing environmental projects. All this demonstrates the successful practice of green finance and effective ways to develop it globally. The Republic of Uzbekistan is also placing significant emphasis on developing a green economy and financing mechanisms in implementing the Sustainable Development Goals, and the importance of green finance is growing. Three organizations stand out as potential leaders in green finance: the Entrepreneurship Development Company (EDC), the Business Development Bank (BDB), and the Uzbekistan Mortgage Refinancing Company (UzMRC). EDC already finances solar energy and other green projects and plans to direct 35% of its funds to support green initiatives by 2026. The Business Development Bank (BDB) is integrating sustainability principles into its operations and setting climate finance targets, while UzMRC is preparing to issue green bonds and could play a significant role in green housing financing. The country is implementing various initiatives to develop renewable energy sources, improve energy efficiency, conserve natural resources, and strengthen the fight against climate change. For example, in recent years, the Republic of Uzbekistan has been implementing a number of important initiatives to develop

environmental sustainability and a green economy. In particular, in 2019, the "Strategy for the Transition to a Green Economy" was adopted. This document outlines such areas as improving energy efficiency, reducing emissions, and conserving water resources. For information, it's worth noting that Uzbekistan issued its first green sovereign international bonds worth 4.25 trillion soums and international bonds worth \$660 million on the London Stock Exchange. Funds raised through these bonds were used for projects in clean energy, water infrastructure, and waste management. Green energy projects are also being implemented jointly with international financial institutions. For example, the share of alternative energy sources is increasing through the construction of solar and wind power plants. However, existing challenges include the lack of a comprehensive regulatory framework, standardized assessment systems, and sufficient knowledge and experience among local investors in green finance. This demonstrates the need for a systemic approach to developing the sector. These instruments not only ensure environmental protection but also create new jobs, reduce energy dependence, and diversify the economic system.

To successfully implement green finance in Uzbekistan, several key steps must be addressed. First, financial instruments such as green bonds and green loans must be developed and widely implemented.

Second, support programs must be provided to the public and private sectors to mitigate climate risks and attract investment in environmental projects.

Third, it is important to create the necessary legal framework for green financial instruments, including legislation aimed at improving environmental certification systems and developing carbon markets.

Uzbekistan's contribution to green finance could be increased, particularly in the following areas:

- Renewable Energy: Financing small and medium-sized energy production projects.
- Energy Efficiency: Investments aimed at improving the energy efficiency of industry and household consumption.
- Carbon Emissions Reduction: Investments in clean technologies through green loans and bonds.

Important tasks include creating a strong institutional and legal framework to ensure environmental sustainability, developing financial instruments, and improving the environmental and financial literacy of the population.

Based on this, the following proposals can be put forward:

1. Implementing systems that meet international standards for assessing and monitoring green projects;
2. Increasing the number of green projects implemented through public-private partnerships;
3. Establishing special credit lines for green finance within financial institutions and banks;
4. Ensuring the creation of tax incentives and other incentive mechanisms for green investments;
5. Strengthen awareness-raising efforts on the green economy and financing among the public and entrepreneurs;

Global experience in green financing and the prospects for its implementation in Uzbekistan open up new economic opportunities for our country. The development of green financing mechanisms in the country plays a crucial role in protecting the environment and ensuring economic stability. At the same time, the development of additional resources and strategies for green financing contributes to increased economic, environmental, and social stability.

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