



BUSINESS AND ENTREPRENEURSHIP IN THE GREEN ECONOMY IN UZBEKISTAN

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Abstract

The "green" economy is an important direction aimed at ensuring environmental protection and balanced economic development, and this article analyzes the process of green economic transition in Uzbekistan, its impact on business and entrepreneurship.

Keywords: Green economy, green energy, environmentally friendly products, organic products, biofuels.

Introduction

In the modern world, environmental sustainability and the transition to a green economy are becoming a global trend. Uzbekistan is also actively participating in this process and is among the countries striving to introduce an environmentally responsible economic model. A green economy is a model that, along with ensuring economic growth and social well-being, includes saving natural resources and protecting the environment. This process requires the introduction of new technologies and efficient use of resources in industry, agriculture, energy and the service sector.

The green economy has the following advantages:

- Rational use of natural resources
- Reduction of atmospheric pollution
- Ensuring sustainable economic development
- Creation of new jobs

The government of Uzbekistan is implementing a number of strategies and programs to transition to a green economy. Including:

- The "Strategy for Transition to a Green Economy" adopted in 2019,
- Development of solar and wind energy,



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- Widespread introduction of environmentally friendly vehicles,
 - Investment in energy-efficient technologies.

These reforms are creating new business opportunities in the country and encouraging entrepreneurs to invest in green technologies.

The development of a "green" economy in our country involves ensuring environmental sustainability, reducing greenhouse gas emissions, and introducing new, clean technologies in the energy sector. This process stimulates the country's economic growth through energy conservation in agriculture, industry, and transport, efficient use of natural resources, and the creation of sustainable jobs.

The transition to a "green" economy also ensures Uzbekistan's active participation in the fight against global climate change and the implementation of a priority policy aimed at the well-being of the population.

Discussion and Results

The green economy opens up new directions for business. For example:

1. Production and use of green energy sources. Green energy is a type of energy that, unlike traditional hydrocarbon sources, has a low environmental impact, is renewable and can be continuously produced. Green energy primarily includes solar energy in the conditions of sunny Uzbekistan. In Uzbekistan, sunlight lasts up to 3,000 hours a year, which allows for the efficient production of solar energy. Therefore, large solar power plants such as "Nur Navoi Solar" and "Sherabad Solar PV" are currently being built. The government also plans to produce 8 GW of solar energy in the country by 2030. One of the green energy sources is wind energy. Today, wind farms are being built in Navoi, Bukhara and Karakalpakstan. In 2023, a 1.5 GW wind farm project was launched in partnership with ACWA Power. In Uzbekistan, there are opportunities to implement both biogas and biomass technologies. Biogas production from agricultural waste is also one of the sources. Such projects can be a convenient source of energy for greenhouses and livestock farms. There are also business opportunities in the field of green energy, namely:

- ✓ Production and sale of solar panels and wind generators;
- ✓ Opening of service and engineering companies specializing in green energy;
- ✓ Participation in public and private tenders for the use of green energy is of particular importance.



2. Production of environmentally friendly products. Within the framework of the green economy, the demand for environmentally friendly products is growing. This market is developing not only domestically, but also internationally. The production of organic cotton, fruits and vegetables and other products has been launched. In 2022, more than 15 farms in Uzbekistan received organic certificates for European markets. There are great opportunities for export in this regard, since the demand for organic products is high in Europe and the USA.

In addition, it is advisable to create environmentally friendly building materials. It is possible to contribute to the green economy by switching to building houses from energy-efficient and natural materials (for example, geoconcrete, straw and bamboo); producing products from recycled materials for dishes and coatings; producing office products from recycled materials instead of paper. It is also very important for the republic to switch to the production of containers made of cardboard and corn starch instead of single-use plastic. This direction is very promising, since the increase in plastic waste is currently a serious problem in Uzbekistan.

Of course, there are also business opportunities in the field of production of environmentally friendly products, namely:

- ✓ Opening and exporting organic farms;
- ✓ Production and sale of environmentally friendly building materials;
- ✓ It is very important to establish competitive production in the market of biodegradable products.

3. Recycling and resource-saving technologies. The recycling industry is important for the efficient use of natural resources, waste reduction and sustainable economic development. According to data, about 3 million tons of household waste are generated in Uzbekistan annually. Therefore, new products can be produced by recycling plastic, paper, glass and metal waste. Uzbekistan is also among the countries with a textile industry. The trend of recycling in the clothing industry is growing rapidly in Europe. Adapting to this market will help create environmentally friendly brands.

Food waste can be recycled. In particular, leftover products from restaurants and supermarkets can be recycled as biofuels and fertilizers. This will not only reduce waste, but also stimulate the production of natural fertilizers for agriculture.



Business opportunities in the implementation of recycling and resource-saving technologies:

- ✓ Opening plastic and paper recycling enterprises;
- ✓ Creating environmentally friendly clothing brands;
- ✓ Introducing a waste recycling system for restaurants and food trade.

In Uzbekistan, the private sector is especially actively participating in the green economy. For example, the number of enterprises producing solar panels in the country is increasing. At the same time, the trend towards organic production in agriculture is gaining momentum.

4. State support for entrepreneurship. In order to develop the green economy and support ecological entrepreneurship, the government of Uzbekistan is implementing a number of measures. These initiatives serve to develop the country's economy in a sustainable and environmentally safe direction. The state provides assistance to companies and startups operating in the field of green business and ecological entrepreneurship in several main areas.

1) Loans and grants for green projects

In order to stimulate green entrepreneurship, various loans and grants are allocated by state and international organizations. These funds are mainly directed to the development of environmentally friendly technologies, solar and wind energy, the processing industry, and green agriculture.

Main programs and sources of financing:

□ Green loans through commercial banks:

- Entrepreneurs are provided with preferential loans for the purchase of green technologies and energy-efficient equipment.
- Green loans allocated by commercial banks such as Agrobank, Qishloq Qurilish Bank and Ipoteka-Bank are provided for a period of 5-7 years and at low interest rates.
- For example, \$500 million was allocated in 2023 under the Green Economy Development Program.



□ **International grants and investment funds:**

- International financial institutions such as the World Bank, the Asian Development Bank (ADB), and the European Bank for Reconstruction and Development (EBRD) are providing grants to support green business in Uzbekistan.
- In 2022-2023, the World Bank allocated \$200 million to support renewable energy projects.
- In 2023, the Asian Development Bank provided a grant of \$150 million for the "Green Industry Development" program.

□ **Local grants and investments in Uzbekistan:**

- The state allocates preferential loans to local entrepreneurs for a period of 5-10 years through the Green Business Support Fund.
- 50% state subsidy will be allocated to entrepreneurs who are focused on installing solar panels and wind turbines.

2) Tax benefits

In order to develop a green economy in Uzbekistan, entrepreneurs who introduce environmentally friendly technologies and renewable energy sources will be provided with a number of tax benefits.

□ **Tax benefits for green technologies:**

- Exemption from value added tax (VAT) for producers of renewable energy (solar, wind)
- Exemption from customs duties on the import of environmentally friendly equipment
- Exemption from income tax for companies in the green business sector for 3-5 years
- Enterprises engaged in waste processing will be exempt from land and property taxes.
- Tax rates for manufacturers of recycled products have been reduced by 50%.
- Starting in 2024, it is planned to exempt entrepreneurs producing energy-efficient building materials from paying income tax for 3 years.



3) Favorable conditions for foreign investors

International cooperation and attraction of investments in the field of green economy is one of the priorities for the government of Uzbekistan. Therefore, a number of favorable conditions have been created for foreign investors. Investment guarantees are provided for green projects, that is, foreign investors can work on the basis of preferential contracts for solar and wind energy projects, which can be extended for up to 20 years. Companies investing in the energy sector can take advantage of tax benefits for up to 10 years.

It should be noted that special free economic zones (FEZs) have been created for green industrial enterprises in Navoi, Jizzakh and Syrdarya. Infrastructure costs in these areas are covered by the state. Foreign participants in the energy market have also been given wide opportunities. In 2023, major international companies such as Saudi ACWA Power, Masdar (BAA) and TotalEnergies (France) made significant investments in green energy projects in Uzbekistan.

Economic and environmental projects are essential in the transition to a green economy. The iCRAFT project, which the Uzbek government is implementing in partnership with the World Bank, aims to reduce greenhouse gases and finance the first carbon trade in Central Asia.

The implementation of this project, with a total cost of \$46 million, will play an important role in increasing energy efficiency in our country and entering international carbon trading.

In 2024, the World Bank allocated \$7.5 million for this project under the “Reduced Emissions Purchase Agreement” (ERPA). These funds are intended to accelerate the transition to a “green” economy, create a greenhouse gas emissions monitoring (MRV) system, support the activities of the newly established Energy Market Development and Regulation Agency and Uzenergosotish JSC, support families in need of social protection through the installation of solar panels, and increase energy efficiency.

Conclusion

In conclusion, it is worth noting that the transition to a green economy is an important factor in ensuring economic stability and environmental cleanliness for Uzbekistan. The use of environmental approaches in the field of entrepreneurship has a positive impact not only on environmental protection, but also on economic efficiency. Therefore, business and the state need to work together.



These three areas of the green economy - green energy, environmentally friendly products and processing technologies - create huge opportunities for business in Uzbekistan. These areas not only protect the environment, but also allow entrepreneurs to enter new markets and increase competitiveness.

For the development of the green economy in Uzbekistan, preferential loans, tax breaks and a favorable environment for foreign investors have been created. These opportunities open up great prospects for entrepreneurs and investors.

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