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## TRANSITIONING TO A GREEN ECONOMY: OPPORTUNITIES AND CHALLENGES FOR DEVELOPING COUNTRIES

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### Abstract

The transition to a green economy presents both opportunities and challenges for developing countries. This paper explores how sustainable economic growth can be achieved through the adoption of renewable energy, eco-friendly production, and green employment initiatives. It highlights the importance of policy reforms, technology transfer, and international cooperation in promoting environmentally responsible development. While the green transition offers significant social and economic benefits, such as poverty reduction and job creation, it also poses financial and infrastructural challenges that must be addressed to ensure inclusive and equitable progress.

**Keywords:** Green economy, sustainable development, renewable energy, developing countries, environmental policy, green jobs, climate change

### Introduction:

In recent years, the concept of a green economy has gained global attention as nations seek sustainable pathways to economic growth while addressing environmental degradation. For developing countries, the transition to a green economy represents both a pressing necessity and a strategic opportunity. These nations are often heavily dependent on natural resources and face growing challenges such as climate change, pollution, and resource scarcity. Embracing green economic models allows them to pursue growth that is inclusive, resilient, and environmentally responsible. However, the process of transition is complex and requires overcoming barriers related to finance, infrastructure, and technology. This article discusses how developing countries can successfully



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navigate this transformation, the benefits it can bring, and the policies needed to ensure a just and sustainable transition.

«Green» economy has become a central theme in Uzbekistan's national agenda. President Shavkat Mirziyoyev has issued a number of decrees and initiatives that provide a clear «roadmap» for the transition to a green economy. These directives cover a wide range of measures, including:

Promoting renewable energy sources such as solar and wind power to reduce dependence on fossil fuels.

Implementing energy efficiency measures in all sectors of the economy.

Creating a national waste management system with a focus on recycling and waste reduction.

Preserving and restoring natural ecosystems, including forests, wetlands, and water resources.

Investing in green technologies and infrastructure to support sustainable economic development.

#### **Key Strategies and Programs to Stimulate «Green» Development**

The Uzbek government is actively working to create a legal and institutional framework for the transition to a green economy. In 2019, Presidential Decree adopted the “Strategy for the Transition of the Republic of Uzbekistan to a Green Economy for the period 2019-2030,” which is the main document aimed at integrating climate change issues into the sustainable development of the national economy.

The main goal of the Strategy is to achieve sustainable economic progress that contributes to social development, reduces greenhouse gas emissions, and improves climate and environmental sustainability through the integration of green economy principles into structural reforms.

To achieve these goals, the following tasks are envisaged:

Improving energy efficiency and rational use of natural resources through technological modernization and the development of financial mechanisms.

Integrating green criteria into state investments and expenditures based on international standards.



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Supporting pilot projects for the transition to a green economy through state incentives, public-private partnerships, and cooperation with international financial institutions.

Developing a system for training personnel for a green economy through investments in education and cooperation with international educational and scientific institutions.

Measures to mitigate the environmental crisis in the Aral Sea region.

Strengthening international cooperation in the field of green economy, including the conclusion of bilateral and multilateral agreements.

Presidential Decree of December 2, 2022, “On Measures to Increase the Efficiency of Reforms Aimed at the Transition of the Republic of Uzbekistan to a Green Economy by 2030”, approved the following strategic documents and systems:

Program for the transition to a green economy and ensuring green growth in the Republic of Uzbekistan until 2030, aimed at achieving strategic goals.

Concept of the transition to a green economy and energy saving in industries.

Action Plan for the transition to a green economy and ensuring green growth in the Republic of Uzbekistan until 2030.

Target parameters for saving fuel and energy resources in sectors of the economy for 2022-2026, aimed at reducing the energy intensity of output by 20% by 2026 compared to 2022, etc.

International Cooperation and Investment in «Green» Economy

In recent years, the growing public awareness of environmental problems and the need for a rapid transition to a new type of green, low-carbon development in many countries has led to an increase in the number of various international and regional organizations, forums, and partnerships with a wide range of participants, contributing to the implementation of national programs and policies in the field of green economy.

Uzbekistan, as a country with a rapidly growing economy and significant environmental challenges, understands the importance of integrating green practices into its economy. Cooperation with international organizations such as the World Bank, the European Bank for Reconstruction and Development, the European Union, the French Development Agency, the Asian Development



Bank, and the German Society for International Cooperation plays an important role in supporting the country's green economy, contributing to infrastructure modernization, job creation, and the development of local companies.

It is worth noting that in May 2022, Uzbekistan joined the Global Methane Pledge initiative. The initiative implies that its participants undertake to voluntarily take measures to reduce global methane emissions by at least 30% compared to the 2020 level by 2030.

In addition, in May 2023, the Ministry of Economy and Finance became a member of the Coalition of Finance Ministers for Climate Action. These principles include adapting policies to the commitments of the Paris Agreement, sharing experience in climate change, and mobilizing private investment to address climate challenges.

International cooperation and investment in the green economy are becoming key factors for countries striving for sustainable development. Uzbekistan, recognizing its environmental challenges and potential, is actively integrating green practices into its economy through partnerships with international organizations, creating opportunities for economic growth, infrastructure modernization, and improving the quality of life of its citizens.

**Analysis of the Role of International Partnerships and Investments in the Development of Sustainable Technologies and Practices**

As part of the “Innovative Application of Carbon Resources for Energy Transition – iCRAFT” project, the World Bank plans to allocate \$46.2 million to Uzbekistan in 2024. This project aims to reduce greenhouse gas emissions through tariff reforms in the energy sector and establish trade in reduced greenhouse gas emissions.

In addition, as part of the “Assistance and Policy Advice to the Private Sector in Uzbekistan” project, implemented jointly with the German Society for International Cooperation (GIZ), €12.0 million is allocated to the Uzbek government to implement green industrialization projects.

Thus, international partnerships and investments play a decisive role in Uzbekistan's transition to a green economy. The total inflow of investments and financing from international organizations allows the country not only to adapt to the challenges of climate change but also to create a sustainable economy



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capable of supporting social development and improving the quality of life of its citizens.

### **Results to Date, Plans, and Prospects**

To date, Uzbekistan has achieved certain successes in the transition to a green economy.

In particular, to develop and stimulate the use of renewable energy sources in the Uzbek energy system, a system of “green energy certificates” has been introduced. This system allows renewable energy producers to sell “green certificates” to end consumers, which confirms the “cleanliness” of energy and contributes to increased sales and exports, as well as attracting green investments and loans from international financial organizations.

In addition, temporary regulations on the procedure for implementing projects for organizing international trade in greenhouse gases were approved, which will allow Uzbekistan to participate more actively in global initiatives to reduce carbon emissions. This regulation creates a legal framework for trading in reduced greenhouse gas emissions, contributing to attracting investments in green projects and improving the environmental situation in the country. It is also aimed at increasing transparency and efficiency in managing greenhouse gas trade, which will allow Uzbekistan to fulfill its international obligations in the field of climate policy.

At the same time, our country pays special attention to increasing sources of renewable energy: in recent years, 9 solar and wind power plants with a total capacity of 1.6 gigawatts have been connected to the network in Bukhara, Jizzakh, Kashkadarya, Navoi, Samarkand, and Surkhandarya. 6 hydroelectric power plants with a total capacity of 183 megawatts were launched in Andijan, Samarkand, Surkhandarya, and Tashkent region.

In addition, based on the nationally determined contributions (NDCs) submitted to the UN Framework Convention on Climate Change in accordance with the obligations undertaken by Uzbekistan under the Paris Agreement, the development and submission of a new version of the NDCs of Uzbekistan to the UN Framework Convention on Climate Change is planned for 2025. All





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participants of the Paris Agreement are obliged to draw up this document and update it every five years.

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