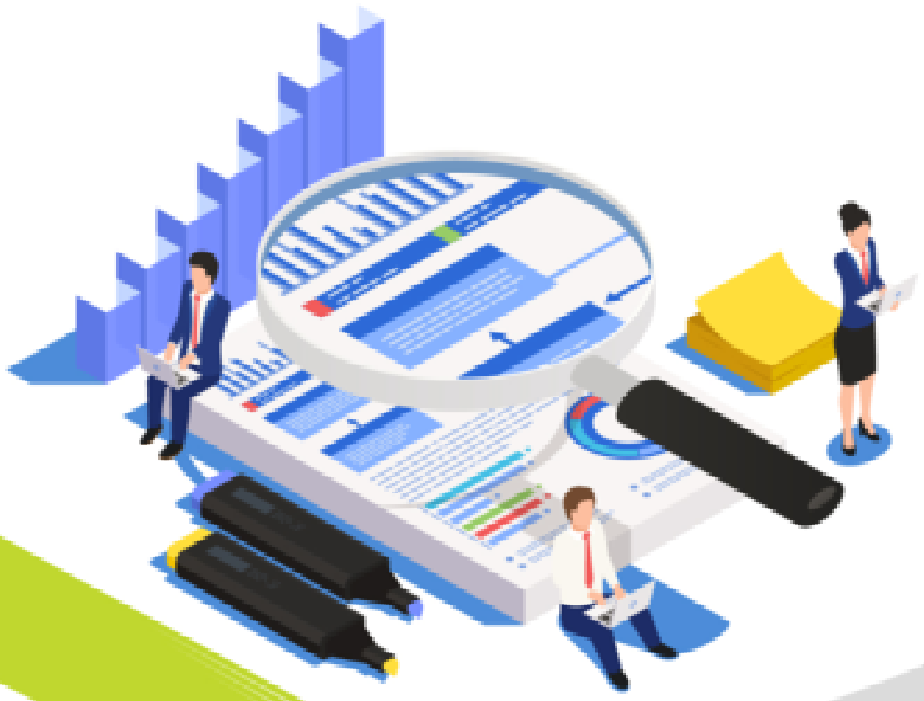


INTERNATIONAL JOURNAL OF BUSINESS

MANAGEMENT AND ACCOUNTING

International Journal of Business, Management and Accounting

Volume 4, No.2, April 2024

Internet address: http://www.ejournals.id/index.php/IJBMA/issue/archive
E-mail: info@ejournals.id
Published by ejournals PVT LTD
Issued Bimonthly
DOI prefix: 10.52325
Potsdamer Straße 170, 10784 Berlin

Requirements for the authors.

The manuscript authors must provide reliable results of the work done, as well as anobjective judgment on the significance of the study. The data underlying the work shouldbe presented accurately, without errors. The work should contain enough details andbibliographic references for possible reproduction. False or knowingly erroneous statementsare perceived as unethical behavior and unacceptable.

Authors should make sure that the original work is submitted and, if other authors'works or claims are used, provide appropriate bibliographic references or citations. Plagiarismcan exist in many forms - from representing someone else's work as copyright to copying orparaphrasing significant parts of another's work without attribution, as well as claimingone's rights to the results of another's research. Plagiarism in all forms constitutes unethicalacts and is unacceptable. Responsibility for plagiarism is entirely on the shoulders of theauthors.

Significant errors in published works. If the author detects significant errors or inaccuraciesin the publication, the author must inform the editor of the journal or the publisher aboutthis and interact with them in order to remove the publication as soon as possible or correcterrors. If the editor or publisher has received information from a third party that thepublication contains significant errors, the author must withdraw the work or correct theerrors as soon as possible.

CHIEF EDITOR

EDITORIAL BOARD

ESG DEVELOPMENT IN UZBEKISTAN

Muzaffar M. Mirzayev
PhD, as.prof.
Diplomat University,
Tashkent, Uzbekistan

Abstract. The article discusses the concept of "green taxonomy", its relevance and significance in promoting sustainable development, and the need for a "green taxonomy" in Uzbekistan, as well as the potential benefits of implementing such a system.
Keywords ESG, Carbon Exchange, ESG funds,

Introduction

The European Union (EU) is a political and economic union of 27 European countries. The origins of the EU can be traced back to several treaties signed after the Second World War. In 2020, the EU adopted the "Taxonomy Regulation," which sets out a framework for assessing the environmental sustainability of economic activities. This framework provides businesses and investors with a standardized language to identify sustainable financial products and investments. The European Commission is currently considering extending the scope of this framework to include social and governance aspects. The final report from the Platform will serve as a basis for the Commission's proposed new regulations in this area.

The COVID-19 pandemic has significantly hampered economic growth in most countries and has halted or, in some cases, significantly reversed progress towards achieving the 2030 Agenda for Sustainable Development goals.

For Uzbekistan, economic growth in 2020 was significantly reduced and poverty levels increased for the first time in two decades. The paper, prepared by the United Nations Development Programme (UNDP), proposes a framework for recovery from the COVID-19 pandemic by focusing on building a more sustainable and green economy.

The document provides an overview of the main principles of green recovery, key sectors that have the potential to contribute to a green transition, including energy, agriculture, industry, waste management, water resources, urban development (with a focus on housing and infrastructure), transport, and finance. It also suggests a set of priorities and policy measures that could be implemented to promote green growth.

The national green priorities align with Uzbekistan's ambitious international commitments. In 2018, the government adopted the 2030 Agenda, which includes commitments to environmental goals, such as ensuring access to clean water, promoting sustainable consumption and production, addressing climate change and conserving land and forests (SDGs 6, 12, 13 and 15).

In 2021, the government, in line with its commitment to the Paris Agreement, pledged at the 26th Session of the UN Climate Change Conference (COP26), to reduce greenhouse gas emissions per unit of gross domestic product (GDP) by 35 percent by 2030, compared to 2010 levels [4]. Additionally, in 2022, Uzbekistan joined the Global Methane Pledge, aiming to reduce methane emissions by 30 percent by 2030 relative to 2020 levels (190.6 million tonnes of carbon dioxide equivalent). [4]

To implement these national targets and meet international commitments, it is essential to monitor indicators related to building a green economy and achieving sustainability

goals.Several national processes can be mentioned in this regard. The most significant process is the monitoring of 16 national Sustainable Development Goals (SDGs) and 125 indicators, which were adopted in 2018 and revised in 2022. The national SDGs encompass environmental indicators and objectives to protect the planet, ensure access to clean water, promote sustainable consumption, adapt to and mitigate climate change, and conserve land and forests (SDGs 6, 12, 13, 15). Monitoring of the SDGs is entrusted to the SA, which releases annual reports on implementation since 2016, serving as a baseline year. In addition, starting in 2011, the SA regularly collects data from various official sources and publishes open data on select environmental, ecological, and energy indicators, including protected areas, volumes of pollutants released, forest coverage, population access to clean drinking water and wastewater treatment, energy supplies, and the share of renewable energy in electricity generation.Another national process at the heart of the green transformation by 2030 is the framework for monitoring green growth, which consists of eight indicators (see Table 1.2). This framework was introduced on December 3rd, 2022, as part of the "Decree of the President on measures to improve the effectiveness of reforms aimed at transitioning Uzbekistan to a green economy until 2030" (hereinafter referred to as the "national Green Growth Strategic Framework" or "GGSF").

The GGSF Program and Action Plan envision the establishment of a modern system for monitoring, reporting, and verification (MRV) of greenhouse gas (GHG) emissions. The Ministry of Ecology and Environmental Protection (MoEF) will implement the MRV system in collaboration with the Ministry of Environmental Protection and Climate Change (MoEEPCC) - Uzhydromet Center from January 1st, 2024.

The national GGSF indicators and monitoring processes are further discussed in Chapter 7 of this report. The indicators for the national Sustainable Development Goals (SDGs), the GGSF program and action plan, and the Organization for Economic Co-operation and Development (OECD) Green Growth Indicators (GGIs) partially overlap.It is therefore essential to ensure that these three monitoring processes complement, rather than overlap, in order to maximise the added value of each monitoring activity. Table 1.1 provides a comparative analysis of the indicators used by the three monitoring processes.

Table 1.1. Comparative table of indicators

OECD-based green growth indicators	National SDGs	National indicators for monitoring the transition to a green economy by 2030
Environmental and resources productivity of the economy		
• Production-based CO_2 productivity • Energy productivity • Energy intensity by sector • Share of renewable energy sources(and electricity) • Production-based materialproductivity • Solid waste generation intensity andrecycling ratio • Nutrient flows and balances in agriculture (N, P) • Water productivity	SDG 7: Clean energy SDG 11: Sustainable cities and communities SDG 13: Climate action	• energy intensity per unit of GDP • share of energy from solar power plants • share of renewable energy sources in total electricity generation • energy consumption in the industry • solid waste recycled
Natural asset base		
• Freshwater resources • Forest resources • Land resources • Wildlife resources and protected area	SDG 6: Clean water SDG 15: Life on land	• urban green (forest) areas • stocks of trees and shrubs on forest lands
Environmental dimension of quality of life		
• Environment induced healthproblems and related costs • Exposure to natural or industrial risks and related economic losses • Population connected to sewage treatment • Population with sustainable accessto safe drinking water	SDG 3: Health SDG 6: Clean water and sanitation	population access to improved drinking water
Economic opportunities and policy responses		
• Research and development expenditure in green growth • Environment-related innovation • International financial flows in green growth	SDG 9: Innovations and infrastructure SDG 13: Climateaction	No indicator
• Environment-related taxationand subsidies • Energy pricing • Water pricing	SDG 16: Partnership	
Socio-economic context		
• Economic growth and structure • Trade • Inflation and commodity prices • Labour force participation and unemployment • Population growth and structure • Life expectancy • Inequality Gini index, N • Educational attainment: Access to education	SDG 1: No poverty SDG 4: Quality education SDG 8: Decent work and economic growth SDG 10: Reduced inequalities	No indicator

Source: Authors' compilation [1],[4],[5]

The government authorities of Uzbekistan, the Ministry of Environment and Forestry (MoEF) and the State Agency for Statistics (SA), may establish a mechanism for collecting and reporting data on green growth indicators (GGIs) on a regular basis. Developing a set of GGIs based on the Organisation for Economic Co-operation and Development (OECD) model for Uzbekistan would complement the existing monitoring processes in the country.

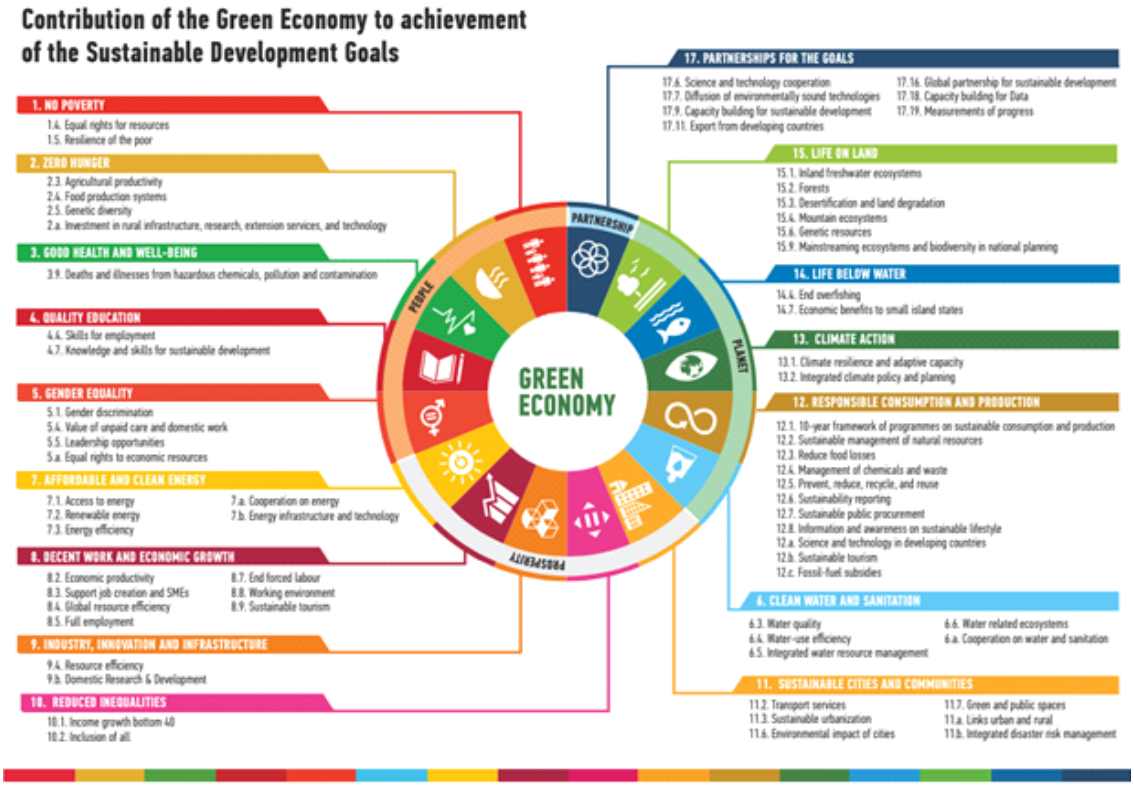
Although the national Sustainable Development Goals (SDGs) and the 2030 Green Growth Strategy Framework (GGSF) have target values that are used in monitoring processes, the GGIs based on OECD standards do not require specific targets. Instead, they provide a trend over time that helps policy makers make informed decisions.

The OECD framework also enables comparison of Uzbekistan's performance with other countries. This report represents the first attempt to evaluate Uzbekistan's progress towards a sustainable and green economy using OECD-adapted GGIs. The report reveals historical trends in green growth between 1991 and the latest available data, or 2022.

There is no single definition of a green economy, but there is a general consensus on what it encompasses: an economic system that promotes human well-being, social equity, and environmental sustainability, while minimizing ecological risks and scarcities. The goal is to achieve sustainable development that does not compromise the environment.

Unlike the traditional economic model, which focuses primarily on increasing "output" in terms of gross domestic product (GDP) and gross national income (GNI), the green

economy emphasizes a three-pronged approach to sustaining and enhancing economic, environmental, and social well-being. The green economy has the potential to significantly contribute to achieving the United Nations' Sustainable Development Goals, as it encompasses measures that can be applied across multiple goals due to its cross-cutting nature.



The path to sustainable and climate-resilient economic growth, achieving the SDGs, and establishing a green economy would be facilitated by what the World Bank has described as Uzbekistan's unique development trajectory.

The government's vision to transform Uzbekistan into an upper-middle-income industrialized country by 2030 has widespread support, and several difficult reforms have been proposed and some have already been implemented. These reforms include price liberalization, land ownership, and agricultural reforms. The previous economic model that focused mainly on the domestic market has been abandoned, and new policies encourage the integration of businesses into global value chains.

A trend towards poverty reduction reflects strong GDP growth prior to the COVID-19 pandemic, rising income for micro and small enterprises, regular increases in the minimum wage, inflows of remittances, and government safety net programs targeting vulnerable groups.

With regard to human capital, Uzbekistan has a large young population that could benefit from a demographic dividend if the government provides productive employment opportunities and encourages economic initiative and innovation. This would help strengthen future work capabilities and digital skills, which are essential for the country's economic growth. Not least, the country has a wealth of natural resources, particularly land and an abundance of sunshine.

For Uzbekistan, the COVID-19 pandemic has reinforced the belief that the country's

path to achieving its national green economy goals lies through a planned and sustainable recovery.

To achieve this, the government's support for businesses and households should aim not only to restart the economy, but also to transform it. This could include direct investment in environmentally friendly solutions, in addition to encouraging private investment in low-carbon technologies.

For the energy sector, this would be a more cost-effective approach than continuing to support fossil fuel infrastructure, which accounts for 40% of the total, and which may become "stranded" as the cost of renewable energy continues to decline and as countries importing carbon-based energy sources undertake their own transitions. Such spending could also help the country meet its Paris climate commitments and implement its nationally determined contributions (NDCs).

Discussion and Conclusions

Participants acknowledged the open and inclusive platform provided for each of the eleven policy dialogue sessions and the opportunity to enhance technical expertise and knowledge in the areas of climate change and sustainable growth.

The eleven policy dialogues, which took place from August 2021 to February 2022, brought together a diverse group of participants for the first time, utilizing a hybrid format that combined offline and online platforms. More than seven hundred stakeholders participated in these dialogues, including policy makers, members of the legislative chamber of the Oliy Majlis (Uzbek parliament), officials from over thirty Uzbek ministries and agencies, as well as municipal authorities, leading national and international experts, representatives from civil society organizations, academics, development partners, and members of the public.

Throughout the dialogue series, momentum was built, resulting in increased awareness and capacity-building for all stakeholders, and elevating the importance of sustainable growth and climate initiatives at all levels of government.MEDPR has identified this as a critical step to improve coordination in implementing the green transition.

References:

1.Amirova, I., E. Asfaw and K. Sultanova (2021), "Assessment of potential environment, social and economic impacts of Uzbekistan's COVID-19 response", report commissioned by the OECD under the Project for aGreen and Inclusive COVID-19 Recovery in Uzbekistan, Westminster International University in Tashkent, Tashkent.

2.Mirkasimov, B. et al. (2023), "Determinants of carbon emission and the potential economic impact of 'green' economy strategies in Central Asia: Kazakhstan and Uzbekistan" in Chapter 5, CAREC Institute. Available at: Chapter-5.pdf (carecinstitute.org)

3.OECD (2017), Green Growth Indicators 2017, OECD Green Growth Studies, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264268586-en.

4.OECD (2011), Towards Green Growth, OECD Green Growth Studies, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264111318-en.