



WORK DONE IN THE FIELD OF GREEN ECONOMY DEVELOPMENT



WORK DONE
DURING 2022, AND
PRIORITIES FOR 2023

2023



On the field of development of the green economy

I. Work carried out during 2022 in the field of development of the green economy.

1. Decree of the president of the Republic of Uzbekistan dated December 2, 2022 No. 436 “**on measures to increase the effectiveness of reforms aimed at the transition of the Republic of Uzbekistan to a green economy by 2030**” was adopted. The following strategic documents and systems were approved by the decree:

- the program for the **transition to a "green" economy** and ensuring **"green" growth** in the Republic of Uzbekistan until 2030, aimed to achieve strategic goals;

- the concept of transition to a "green" economy and **energy efficiency** 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 in 2022-2026, aimed at **reducing the energy capacity** indicator of the manufactured product by **20% compared to 2022**;

- the composition of the **Interdepartmental Council for the coordination** of measures for the transition to a "green" economy in the Republic of Uzbekistan has been updated;

- A **donor coordination group for the transition** to a green economy and green growth was approved.

- The Ministry of economic development and poverty reduction established the Technical Secretariat of the project office, which **organizes the activities of a coordination group** of donors consisting of an additional 4 state units, acting as a working body to facilitate its coordination with the Interdepartmental Council in the implementation of the tasks set out in the Green economy Strategy, Program and Action Plan.

2. In cooperation with the **French Development Agency (AFD)**, a debt program was implemented in the field of public policy on the green economy. Within the framework of this program, the AFD envisaged assistance in the transition of the Republic of Uzbekistan to a green economy, and during 2022, credit funds in the **amount of 150.0 million euros were transferred** to the budget of the Republic of Uzbekistan at the expense of the AFD budget support.

Within the framework of this project, **work is being carried out on the implementation and reduction of fossil fuel subsidies, development of a long-term strategy for decarbonization of the economy, monitoring, reporting and verification of greenhouse gas emissions on a national scale (MRV) system, introduction of green budgeting and taxation**, and other areas.

Also, within the framework of this project, **grant funds of the European Union of 6.1 million euros** were attracted in order to finance the work carried out in 2023-2025.

At the same time, during the visit of the delegation of the Republic of Uzbekistan to France in October of this year, a preliminary agreement was reached to attract **100 million euros** within the framework of the project **“Development and implementation of master plans for districts (cities) on the principles of a green economy”**.

3. In order to optimize the consumption of energy resources due to the reduction of fossil fuel subsidies, together with the International Institute for Sustainable Development (IISD) of the Ministry of economic development within the framework of the project of the French Development Agency, a project has been launched to eliminate and reduce fossil fuel subsidies. Within its framework, a primary methodology for hating fossil fuel subsidies has been prepared.

4. In may 2022, Uzbekistan joined the initiative on the global methane emission reduction commitment (*The Global Methane Pledge*).

Uzbekistan joined this initiative within the framework of **the international forum on poverty reduction**, which was held in Bukhara in may of this year. The initiative expresses the consent of the members who join it to make voluntary efforts to contribute to collective efforts to **reduce global methane emissions by at least 30% from the 2020 level by 2030**.

Within the framework of the initiative, the technical support of the European bank for reconstruction and Development (EBRD) aimed at “developing a national **methane emission reduction program**” was involved in order to launch a practical action in the country (*total amount of 1 million US dollars*).

5. Together with the World Bank, a project was developed to establish the sale of a mechanism for international trade in greenhouse gases, which was reduced in accordance with Article 6 of the Paris Agreement.

At the same time, with the financial support of the “transformative Fund of carbon assets” under the World Bank (Transformative Carbon Asset Facility – TCAF), the Government of Uzbekistan will be helped to participate in the carbon market. In particular, for the implementation of pilot projects to establish reduced greenhouse gas trade in the Republic, it was established to attract US \$ **20 million in grant funds** and additional US \$ **25 million on the basis of pilot projects**.

TCAF is the World Bank's trust fund that supports countries' efforts to market carbon prices and invest in low-carbon technologies in the private sector.

6. Uzbekistan and Japan agreed between the governments to establish a **Joint Credit Mechanism (JCM)** mechanism, which aims to attract modern green technologies aimed at **reducing greenhouse gas emissions** in the sectors of the economy (a memorandum of cooperation was signed in October 2022).

***For reference:** the joint financing mechanism is Japan's cooperation system to reduce greenhouse gas emissions by introducing up to 50% of modern technology in developing countries on a financing basis.*

Similarly, work was carried out and prepared for the signing of an agreement between the governments of Uzbekistan and Korea on climate and greenhouse gas reduction issues.

7. Together with the World Bank and the EBRD, a project has been launched to develop a long-term strategy (LTS) for decarbonization of the **economy and the transition to a green development model.**

***For reference:** in accordance with Article 4 of the Paris Agreement, countries must develop their own long-term strategies aimed at achieving carbon neutrality by 2050.*

Within the framework of the strategy, an investment plan is prepared, which indicates the main measures and projects implemented to achieve carbon neutrality in the sectors of the economy, the volume of capital investments required.

8. Together with the World Bank:

– The direct and indirect impact of climate change on the economy of Uzbekistan until 2030 was studied and, on its basis, the report “**Towards a Greener Economy**” was prepared and presented at the **II International Economic Forum.**

– The implementation of the **National Assessment (CCDR – Climate Change and Development Report) project** to ensure economic growth in the conditions of climate change has been established. This assessment will help to attract international cheap green financial support to the economy.

9. In cooperation with the Asian Development Bank:

- The possibility of applying **climate-related criteria (C-PIMA)** for assessing State Investment Management in Uzbekistan has been studied and relevant proposals and recommendations for its implementation have been prepared;

- the current state of implementation of environmental, social and corporate **governance principles (ESG)** in large industrial enterprises was studied, proposals were developed for the broad implementation of these principles, and seminar trainings were organized for them;

- In Uzbekistan, technical support was involved in the development of an **instrument for assessing the risks of climate change to economic sectors** (*Climate Risk Assessment Tool*).

10. The draft resolution of the Cabinet of Ministers of the Republic of Uzbekistan **“on measures for the development of a working economy in the Republic of Uzbekistan and the use of solid biofuels”** was developed and introduced into the Cabinet of Ministers.

II. Priority reforms carried out in 2023 in the field of the green economy.

1. A system of **green certificates** is developed and implemented, which confirms that products are produced at the expense of renewable energy sources and with the help of environmentally friendly technologies, and allows you to monitor all processes associated with this.

According to this system, manufacturers of renewable energy sell the “green certificate” to the end user (producers of goods, consumers), thereby guaranteeing the “purity” of energy.

*This will allow end users to increase the volume of **sales and exports of their products** (certificates are mandatory in the European Union), **attract green investments and green loans from international and foreign financial organizations.***

2. The draft law of the Republic of Uzbekistan **on the restriction of the emission of greenhouse gases** will be developed. Also, in 2023-2026, a program of actions will be developed to create a step-by-step infrastructure for state regulation of greenhouse gas emissions.

In this case, it is envisaged to take into account the emission of greenhouse gases, establish their state Cadastre and the Register of carbon units, determine the target indicators for reducing greenhouse gas emissions at the junction of industries, introduce state support mechanisms for activities to reduce greenhouse gas emissions.

3. In the field of **climate change, which covers all greenhouse gases, work is carried out to establish a modern system of monitoring, reporting and verification (MRV).**

Within the framework of the MRV system, constant monitoring is established over all sources of greenhouse gases and measures are prescribed to reduce their emission.

4. Before planning their projects in all directions, measures are taken to assess the possibility of **reducing the amount of greenhouse gas**, as a result of which measures are taken to **certify** the reduced amount of greenhouse gas and introduce the practice of focusing on the realization of manufactured products in international markets.

Through this practice, it serves to increase the volume of exports of environmentally friendly products, including redirecting them to countries (first of all, the countries of the European Union), where high requirements for them are established.

5. Carrying out **state subsidies** and **incentive measures** that support the fossil fuel network and make it artificially competitive compared to "green" energy;

6. Proposals will be developed to increase the number of jobs created on the basis of the **Green guarantee (Green Wager)** program and entrepreneurial activity based on Natural Resources.

In this regard, it is envisaged to promote the development of **green entrepreneurship in the relevant fields**, the implementation of pilot projects on the establishment of entrepreneurial activity based on Natural Resources, the expansion of green entrepreneurship and entrepreneurship based on Natural Resources.

7. By March 2023, with the involvement of foreign experts, proposals will be developed to accelerate the introduction of **environmental, social and corporate governance principles (ESG)** in industrial enterprises.

8. In cooperation with the World Bank and the “**carbon assets transformative fund**” (*Transformative Carbon Asset Facility – TCAF*)” under it, a pilot project for reduced greenhouse gas trade (Carbon Trade) will be implemented in the Republic.