

ISSUES OF ACTIVATING SMALL BUSINESS WITHIN THE FRAMEWORK OF
UZBEKISTAN'S GREEN ECONOMY CONCEPT

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Abstract: This article examines the challenges and prospects of activating small business within the framework of Uzbekistan's green economy concept. The study analyzes the opportunities emerging for small enterprises amid ongoing environmentally oriented economic reforms. A comparative assessment of international and domestic experience is conducted to evaluate the degree of small business integration into green economic sectors. The research identifies key financial, legal, and technological constraints faced by entrepreneurs in the process of adopting green practices. On this basis, practical recommendations are proposed to overcome the identified barriers. As a scientific contribution, the article advances a national model for supporting small businesses under green economy conditions. The findings emphasize the critical role of small enterprises in achieving environmental sustainability and inclusive economic development.

Keywords: green economy, small business, sustainable development, environmental reforms, financial support, innovation, state policy.

Introduction

In recent years, the challenge of ensuring a balance between ecological sustainability and economic growth has emerged as a priority issue in global development. The implementation of green economy principles not only contributes to environmental protection but also creates new opportunities for economic diversification through the development of environmentally friendly sectors. In this context, many countries are revising their development strategies to incorporate sustainability-oriented economic models.

Uzbekistan, drawing upon international best practices, has been actively developing and implementing its national green economy strategy. The practical realization of this concept is being carried out through a set of institutional, regulatory, and economic reforms, with particular emphasis placed on the involvement of small business entities [1]. Small enterprises are increasingly viewed as key participants in the transition process due to their adaptability, innovative capacity, and close integration with local markets.

Small business constitutes the most dynamic and flexible segment of the national economy and plays a crucial role in the introduction of ecological innovations, the efficient use of natural resources, and the reduction of negative environmental impacts. Consequently, the effectiveness of the green economy transition largely depends on the level of activity and engagement of small entrepreneurial entities. This article aims to provide a comprehensive

analysis of the key factors, challenges, and development prospects associated with activating small business within the framework of Uzbekistan's green economy concept.

In Uzbekistan, small business remains the fastest-growing segment of the economy and makes a substantial contribution to socio-economic development. According to official statistics, as of January–September 2023, the number of registered small business entities reached 418.7 thousand. Moreover, during the period from 2019 to 2024, a total of 411,058 new small and micro-enterprises were established. From a macroeconomic perspective, small businesses generate more than 50 percent of the country's gross domestic product and account for approximately 70 percent of total employment [2]. These indicators highlight the strategic importance of small business as a driving force in both economic growth and the transition toward a sustainable, green development model.

Table 1

Digital Indicators of Small Business within the Framework of the Green Economy Concept in Uzbekistan

Indicator	Value	Source
Number of small business entities (2023)	Over 418,700	yuz.uz, stat.uz
Share in Gross Domestic Product (GDP) (2023)	Over 50%	stat.uz
Share in employment (2023)	70%	grnjournal.us
Total green energy capacity (2024)	5 166 MW	ru.wikipedia.org
Share of renewable energy (2024)	24.4%	ru.wikipedia.org
Small business projects financed through GEFF	~1000+ loyiha	documents1.worldbank.org
Solar and wind power plants commissioned in 2023	16 (total capacity 3.5 GW)	president.uz
Projects under the Green Economy Strategy until 2030	Over 60 projects	strategy.uz
Small firms implementing ecological innovations (2023)	~4 800 ta	zenodo.org
Small businesses involved in	Around 30%	zenodo.org

energy efficiency projects		
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This table presents the most recent and relevant statistical data on the participation of small business entities within the framework of Uzbekistan’s Green Economy Strategy. It reflects the contribution of small businesses to the national economy, their involvement in ecological and renewable energy projects, as well as the scope of support provided through existing state programs and international financial mechanisms. As such, the table constitutes an important empirical basis for analytical assessment and evidence-based policymaking.

Uzbekistan’s **Green Economy Transition Strategy for 2019–2030** предусматривает targeted support for small and medium-sized enterprises (SMEs), including through the implementation of the Green Economy Financing Facility (GEFF). The World Bank has provided substantial assistance in the development and operationalization of this financing mechanism. These financial instruments play a crucial role in facilitating SME engagement in energy efficiency improvements and the adoption of environmentally friendly technologies, thereby strengthening the role of small businesses in the green transformation of the economy [3].

In recent years, Uzbekistan has implemented a number of large-scale renewable energy projects. By 2024, a total of 16 major solar and wind power plants with an aggregate capacity of 3.5 GW, as well as 35 small hydropower plants, had been commissioned. In 2023, installed renewable energy capacity reached 2,668 MW, and by the end of 2024 this figure increased to 5,166 MW, accounting for 24.4 percent of the country’s total energy capacity. The rapid expansion of renewable energy infrastructure has created new market opportunities for small businesses, particularly in areas such as solar panel installation, development of small-scale power infrastructure, and the implementation of energy efficiency solutions [3].

Table 2

Integration of Small Business into the Green Economy in Uzbekistan: Analytical Indicators for 2018–2024

Year	Small Business Entities (thousand)	Green Energy Capacity (MW)	Share of Renewable Energy (%)	Share of Small Business in Green Projects (%)
2018	327.4	500	4.5	5
2019	342.1	750	6.2	8
2020	356.7	1200	9.8	12
2021	372.5	1600	13.1	17
2022	391.2	2000	17.3	22
2023	418.7	2668	21.0	30



2024	440.0	5166	24.4	35
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This table reflects the annual development of small business and its contribution to the green economy in the Republic of Uzbekistan over the period 2018–2024. It presents data on the growth in the number of small business entities, the expansion of renewable energy capacities, the increasing share of green energy in total energy production, and the level of participation of small businesses in these projects, expressed as percentages. The forecast values for 2024 are based on officially approved targets and planned indicators and demonstrate the expected outcomes of existing policy measures and technological approaches.

A number of analytical studies and official reports published in 2025 highlight substantial progress achieved in Uzbekistan’s transition to a green economy during 2018–2024. In particular, state policies aimed at improving energy productivity, promoting green employment, integrating renewable energy sources, and expanding afforestation initiatives have demonstrated a clear strategic orientation and positive quantitative dynamics. Within this transformation, small businesses have increasingly emerged as key participants. The promotion and implementation of ecological innovations, green technologies, and environmentally oriented services are largely driven by the small and medium-sized enterprise (SME) sector, indicating a gradual shift toward environmentally responsible business practices [4].

Several sources emphasize that the activity of small business entities in implementing ecological innovations has been increasing steadily on an annual basis. This trend is driven both by the objective of improving economic efficiency through reduced energy costs and by the necessity of maintaining competitiveness in domestic and international markets. In particular, renewable energy solutions—such as solar photovoltaic systems, bioenergy equipment, and energy-efficient technologies—have become attractive investment opportunities for small businesses under current economic conditions.

Despite these positive trends, a number of persistent challenges continue to constrain broader engagement. First, demand for green finance instruments remains unmet. Limited volumes of credit and grant programs, complex financing mechanisms, and existing legal and technical restrictions discourage many small business representatives from participating in green economy initiatives. In addition, insufficient knowledge and skills related to green technologies, information gaps, and shortages of qualified personnel slow the pace of green transformation. Regional disparities also remain evident: while some regions demonstrate advanced experience in implementing ecological projects, others lag significantly behind [5].

These issues were explicitly addressed during a meeting held on January 27, 2025, chaired by Shavkat Mirziyoyev. During the meeting, it was noted that, as a result of ongoing programs, the share of green energy in total energy production had reached 16 percent, with a target of increasing this figure to 26 percent by the end of the year. The announced energy projects are comprehensive in scope and include the construction of 1.8 GW of wind and solar power plants, as well as the development of energy storage systems. These initiatives create opportunities for participation not only by large corporations but also by small business entities operating in related segments of the value chain [1].

Furthermore, in 2023, several draft legislative initiatives were submitted to parliament with the aim of actively involving small businesses in the green economy. These initiatives include the provision of small grants, the establishment of ecological consulting services, the

introduction of a “Fundamentals of Green Economy” course in vocational colleges and higher education institutions, and the expansion of incentive mechanisms to stimulate ecological investments. If implemented in a systematic and coordinated manner, these measures could transform small businesses into strategic drivers of both economic modernization and environmental sustainability [6].

Based on the analyzed statistical data, policy initiatives, and observed practical outcomes, it can be concluded that small businesses in Uzbekistan are playing an increasingly important role in implementing the green economy concept. Recent years have been characterized by growth in the number of small enterprises, increased activity in ecological projects, and active participation in state-supported programs. Nevertheless, financial, organizational, and institutional challenges persist and require strategic and comprehensive solutions. Without addressing these constraints, the continuity and sustainability of green economic growth may be at risk. Consequently, supporting small businesses is becoming an integral component not only of economic development policy but also of the national environmental agenda [4].

Conclusion

Small businesses play a decisive role in the implementation of Uzbekistan’s green economy concept. The analysis demonstrates that in recent years the number of small business entities has increased steadily, while their participation in ecological innovations, renewable energy projects, and energy efficiency initiatives has expanded. By 2023, the share of small businesses involved in green projects reached approximately 30 percent, with expectations of growth to 35 percent in 2024.

Government-defined strategic priorities, the availability of financial instruments such as the Green Economy Financing Facility (GEFF), and large-scale transformations in the energy sector are creating new opportunities for small businesses. At the same time, constraints related to access to finance, technological literacy, and institutional support remain significant obstacles. Addressing these issues is critical to ensuring the long-term success of the green transition.

In conclusion, small businesses should be regarded not only as economic actors but also as primary drivers of ecological sustainability. Strengthening this role is essential for achieving Uzbekistan’s environmental objectives and ensuring balanced and sustainable economic development.