

**ECONOMIC MECHANISMS FOR PROMOTING GREEN ENTREPRENEURSHIP IN
UZBEKISTAN**

Kodirov Javlonbek Nematullayevich

PhD Researcher (Doctoral Student)

Namangan State Technical University, Uzbekistan

Abstract: This article examines the economic mechanisms for developing green entrepreneurship in the context of a green economy to ensure sustainable economic development. The study substantiates the economic essence of green entrepreneurship and its role in ensuring environmental sustainability in the national economy. In addition, the economic mechanisms for stimulating the activities of small businesses and private entrepreneurship entities during the transition to a green economy in Uzbekistan are analyzed.

The article highlights the importance of financial, investment, and tax mechanisms in the development of green entrepreneurship and analyzes the economic challenges arising during the implementation of green technologies by small business entities. Based on the research results, proposals and recommendations have been developed to improve the system of economic incentives for the development of green entrepreneurship, expand green investments, and develop mechanisms for financing environmental projects.

Key words: green economy, green entrepreneurship, economic mechanisms, small business and private entrepreneurship, green investments, ecological innovations, renewable energy sources, sustainable development.

Introduction

In recent years, the increasing severity of environmental problems in the global economy, climate change, and the need for rational use of natural resources have significantly increased the importance of the concept of sustainable development. In this context, the green economy model, aimed at harmonizing economic growth with environmental sustainability, is becoming one of the key directions of global economic policy. [1]

According to international organizations, a green economy represents an economic system that promotes economic development while reducing negative environmental impacts, ensuring efficient use of natural resources, and improving social welfare. [2] In this process, the implementation of ecological innovations, the use of resource-efficient technologies, and the expansion of renewable energy sources play a crucial role. [3]

Under the conditions of a green economy, one of the important drivers of economic development is green entrepreneurship. Green entrepreneurship involves the creation of environmentally friendly products and services, the introduction of ecological innovations, and the efficient use of resources in order to ensure both economic and environmental sustainability. [4] At the same time, green entrepreneurship contributes to job creation, the development of innovative activities, and the sustainable growth of economic sectors.

In recent years, many countries have implemented various economic incentive mechanisms, institutional support systems, and policy measures aimed at encouraging ecological innovations in order to promote green entrepreneurship. In this process, government policies, tax incentives, improvements in the investment climate, and support mechanisms for environmental projects play an important role.[5]

Uzbekistan is also implementing reforms aimed at ensuring sustainable economic development and strengthening environmental security through the efficient use of resources and the introduction of ecological innovations in various sectors of the economy. In particular, the Strategy for the Transition to a Green Economy for 2019-2030 has been adopted, which

identifies the expansion of renewable energy sources, improvement of energy efficiency, and development of environmental technologies as priority tasks. [6]

In this context, the introduction of green technologies, development of ecological innovations, and application of sustainable production principles by small businesses and private entrepreneurship entities play a significant role. Therefore, studying the economic mechanisms for the development of green entrepreneurship in Uzbekistan and improving them is considered one of the important directions of scientific research.

Literature review

Issues related to the development of green entrepreneurship have become one of the important areas of economic research within the framework of the sustainable economic development concept. In academic literature, green entrepreneurship is generally interpreted as entrepreneurial activity aimed at introducing ecological innovations, ensuring efficient use of resources, and reducing negative environmental impacts. At the same time, the role of economic incentive mechanisms in promoting this type of activity is particularly emphasized. [7]

Foreign researchers note that government policy, investment support, and innovation infrastructure play a significant role in the development of green entrepreneurship. In particular, studies conducted by P. Demirel and E. Kesidou emphasize that government policy, economic incentives, and the entrepreneurial environment are crucial factors in the implementation of ecological innovations. According to the authors, improving economic incentive mechanisms is essential for the development of green innovations. [8]

Furthermore, studies conducted by the OECD highlight green entrepreneurship as an important factor in ensuring the sustainable development of small and medium-sized enterprises. According to these studies, the introduction of green innovations requires the application of tax incentives, investment support, and innovation support mechanisms provided by the state. [4]

The role of green entrepreneurship in economic development has also been emphasized by the OECD and other international organizations. In particular, small and medium-sized enterprises play a key role in the implementation of green innovations, and the improvement of economic mechanisms supporting this process is considered essential. [4]

Local researchers have also focused on issues related to the development of ecological innovations and the efficient use of resources in the economy. In particular, S. G'ulomov emphasizes that in the conditions of an innovation-driven economy, efficient use of resources and the introduction of environmental technologies serve as important factors for economic development. [9] Similarly, Q. Abdurahmonov notes that along with the efficient use of labor resources, ensuring environmental safety is also an important component of economic development. [10]

The analysis of existing scientific studies shows that the effective functioning of economic incentive mechanisms plays a crucial role in the development of green entrepreneurship. At the same time, systematic research on the economic mechanisms for developing green entrepreneurship in developing countries, particularly in Uzbekistan, remains a relevant scientific issue that requires further investigation.

Research Methodology

In this study, general and specialized scientific research methods were applied to examine the economic mechanisms for the development of green entrepreneurship in Uzbekistan. During the research process, methods such as systematic analysis, comparative analysis, economic-statistical analysis, and logical generalization were employed to analyze the existing economic mechanisms and evaluate their role in promoting green entrepreneurship.

Analysis and results

In recent years, special attention has been paid in Uzbekistan to the introduction of green economy principles in order to ensure environmental sustainability and the efficient use of

natural resources. As an important stage of reforms in this direction, the Strategy for the Transition to a Green Economy for 2019-2030 was adopted, which identifies the improvement of energy efficiency, the expansion of renewable energy sources, and the development of ecological innovations as priority objectives. [6]

In the process of transitioning to a green economy, the environmentally sustainable development of entrepreneurial activities plays an important role. In particular, economic incentive mechanisms created by the state encourage business entities to introduce ecological innovations and ensure more efficient use of natural resources. In this regard, in recent years Uzbekistan has introduced several economic mechanisms aimed at expanding the use of renewable energy sources, improving energy efficiency, and supporting ecological innovations.

The main economic mechanisms supporting the development of green entrepreneurship in Uzbekistan are presented in Table 1.

Table 1

Main Economic Mechanisms for the Development of Green Entrepreneurship in Uzbekistan

| № | Economic mechanism | Description | Expected results |
|----------|----------------------------|---|---|
| 1 | Tax incentives | Provision of tax benefits for business entities implementing renewable energy technologies such as solar panels and wind generators | Increased investments in green technologies and improved energy efficiency |
| 2 | Investment support | Financing renewable energy projects and attracting foreign investors (Masdar, ACWA Power projects) | Increase in the number of green energy projects and creation of new production capacities |
| 3 | Innovation support | Support for ecological start-ups and innovative projects through innovation development programs and grants | Implementation of new ecological technologies and development of green start-ups |
| 4 | Energy efficiency programs | Government programs aimed at improving energy efficiency and promoting rational use of resources | Reduction of energy consumption and increased production efficiency |

Note: compiled by the author based on decisions of the President of the Republic of Uzbekistan and official state development programs.

According to the data presented in Table 1, several economic mechanisms play an important role in promoting green entrepreneurship in Uzbekistan. In particular, tax incentives encourage entrepreneurs to implement renewable energy technologies, while investment support mechanisms facilitate the implementation of large-scale green energy projects and the expansion of production capacities. At the same time, innovation support creates favorable conditions for the development of ecological start-ups and new technologies, while energy efficiency programs contribute to the efficient use of resources and the reduction of energy consumption.

According to the data of the Ministry of Energy of the Republic of Uzbekistan, the installed capacity of electricity generation based on renewable energy sources has demonstrated a stable growth trend in recent years.

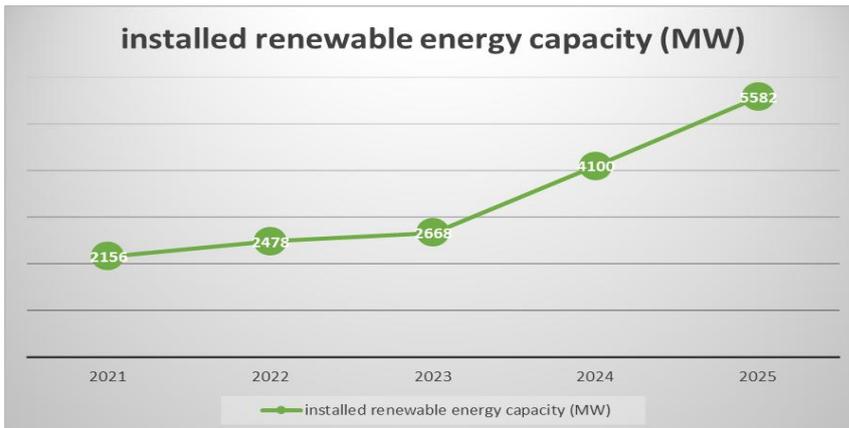


Figure 1. Growth dynamics of installed renewable energy capacity in Uzbekistan (MW)

According to the data presented in the diagram, the installed capacity of renewable energy sources in Uzbekistan has shown a steady growth trend. In particular, while this indicator amounted to 2156 MW in 2021, it increased to 5582 MW by 2025. This demonstrates the effectiveness of government policies aimed at developing green energy projects as well as investment support mechanisms implemented in the country.

In order to promote green entrepreneurship and encourage business entities implementing renewable energy technologies, several tax incentives have been introduced in the country.

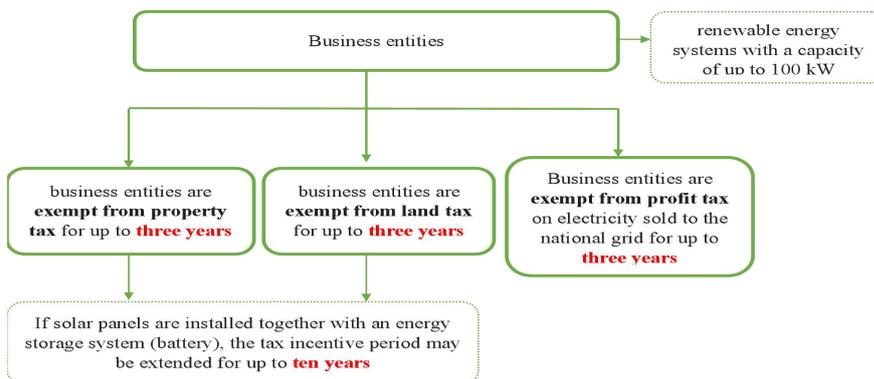


Figure 2. Tax incentives provided to business entities installing renewable energy systems

According to Figure 2, legal entities that install renewable energy systems with a total capacity of up to 100 kW are exempt from paying property tax on the installed equipment, land tax on the land plots where the equipment is located, and profit tax on electricity sold to the national power grid for a period of three years. If solar panels are installed together with an energy storage system, these incentives may be extended for up to ten years. [11]

The above analysis shows that the role of economic incentive mechanisms in the development of green entrepreneurship in Uzbekistan is steadily increasing. In particular, tax incentives, investment support, and energy efficiency programs contribute to stimulating business entities to implement environmentally friendly technologies and participate more actively in the transition to a green economy.

Conclusion and Recommendations

The results of the conducted research show that green entrepreneurship plays an important role in implementing the principles of a green economy and ensuring environmentally sustainable development in Uzbekistan. Within the framework of the Strategy for the Transition to a Green Economy for 2019-2030, several economic mechanisms have been introduced in the country

aimed at developing renewable energy sources, improving energy efficiency, and supporting ecological innovations.

The analysis indicates that tax incentives, investment support mechanisms, innovation development programs, and state programs aimed at improving energy efficiency serve as important factors in promoting green entrepreneurship. In particular, the significant growth in the capacity of renewable energy sources in recent years demonstrates the effectiveness of the economic mechanisms implemented in this area.

At the same time, further improvement of existing economic mechanisms is necessary to promote the development of green entrepreneurship. Based on the results of the research, the following recommendations can be proposed:

- expanding tax incentives and financial support mechanisms for business entities implementing renewable energy technologies;
- increasing access to investment and credit resources aimed at introducing green technologies for small businesses and private entrepreneurship entities;
- supporting start-up projects focused on ecological innovations and encouraging scientific research activities in this field;
- expanding the active participation of business entities in state programs aimed at improving energy efficiency.

The implementation of these proposals will contribute to the development of green entrepreneurship in Uzbekistan, the wider introduction of ecological innovations, and the sustainable development of the national economy. As a result, improving economic mechanisms aimed at promoting green entrepreneurship will serve as an important factor in ensuring sustainable economic development, increasing energy efficiency, and strengthening environmental safety in Uzbekistan.

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