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POTENTIAL OF "GREEN" LEASING IN ENSURING SUSTAINABLE ECONOMIC GROWTH IN UZBEKISTAN

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Abstract: This article examines the role of green leasing in achieving sustainable economic growth and explores its financial mechanisms. It argues that, in the context of the modern economy, green leasing services represent not merely a financial instrument, but an important mechanism for supporting ecological sustainability. The article analyzes the potential of green leasing as a means of addressing a range of challenges that stand in the way of sustainable economic development – including low energy efficiency, irrational use of natural resources, a limited share of innovative technologies, and the inadequate participation of small businesses in the adoption of innovative solutions for growing the green economy. Scientific and practical recommendations for developing green leasing in Uzbekistan are put forward.

Keywords: sustainable economic growth, green economy, green technologies, green leasing, energy efficiency, ESG, investment.

Introduction

The global economy's embrace of sustainable development demands the harmonization of economic growth, ecological stability, and social balance. In Uzbekistan – where the energy intensity of the economy remains comparatively high, a portion of fixed capital is outdated, and the transition to a green economy has been designated a strategic priority – developing environmentally oriented forms of investment is of considerable importance.

The current state of the environment in our country, set against the backdrop of sharply rising ecological risks and the emergence of global and regional environmental challenges, has led to the development of the Republic of Uzbekistan's Environmental Protection Concept for the period up to 2030. This document – an integral part of the ongoing socioeconomic process aimed at improving the quality of life of the population – demands special attention to the financing of this sector.

The use of leasing in the field of environmental protection within the national economy and the introduction of green leasing in particular – is a pressing topic that warrants thorough investigation by economists. A key reason for this is the potential to direct the activities of leasing companies, which are among the non-bank financial institutions, toward deploying various technologies, installing solar panels and mini-hydropower stations, and ensuring their widespread adoption by the public and businesses alike.

It is clear that attracting long-term investments to finance environmental protection projects within the framework of green finance is a pressing priority for our government. This, in turn, requires finding an alternative financing mechanism for projects related to the ecological activities of our enterprises. Green leasing is precisely such a financial mechanism.

Literature Review

Research on leasing, as well as analysis of the state of the domestic leasing market, consistently shows that this type of service remains underutilized in our country [1]. One of the key directions for developing the domestic leasing market is the introduction of new leasing types and the improvement of their regulatory and legal foundations. Green leasing, as a form of leasing specifically designed to support sustainable economic growth, can be seen to be gaining increasingly wide application in developed countries [2].

The economic literature describes green leasing as a targeted form of financing for environmentally safe machinery, equipment, and vehicles, noting that it enables businesses to modernize without substantial upfront capital expenditure [3].

Recent developments in the field of green leasing, as noted in foreign scholarly works, have been aimed at creating opportunities for lessors and lessees to jointly pursue environmental goals by modifying their organizational practices through the lease agreement mechanism [4]. Green leasing is based on “green clauses” incorporated into the lease agreement – clauses designed to account for energy efficiency and other sustainability objectives.

It is also worth noting that in international practice, this term has in many cases been applied in the context of real estate financing. The expression "green lease" began to be used in the real estate market only around 2007. Green leasing, in this sense, refers to processes and approaches embedded in lease agreements that encompass all levels of organizational management – strategic, tactical, and operational – as well as multiple stages of a building's life cycle. It covers everything from building development through to the collection and monitoring of operational data, including the requirements set out in green lease agreements [5].

Another widely used definition was developed by the UK property owners' partnership Better Buildings Partnership (BBP). Their Green Lease Toolkit defines such a lease agreement as follows: “a standard-form lease into which additional clauses are inserted to enable the environmental performance of buildings to be managed and improved by both the owner and the tenant”. This document has legal force, and its provisions remain in effect for the duration of the lease. Among the practical requirements cited are the regular agreement of targets and strategies to improve the environmental performance of buildings, or the reduction and more efficient use of water consumption [6].

As is evident, foreign scholars have in many cases approached the concept of green leasing from the perspective of green construction and real estate.

A review of Russian scholars' academic research on this topic reveals that their primary focus has been on green financing more broadly [7]. In particular, a group of economists led by N.S. Melnikova examined such issues as the use of green and adaptive leasing in agriculture, the wider application of leasing in green transportation, and the use of leasing in sanitary aviation and the transport sector to address social challenges [8].

Drawing on the perspectives reviewed above, it is possible to offer the following working definition: green leasing is one of the forms of financing aimed at acquiring environmentally safe machinery and equipment through a credit-based arrangement. Its essence lies in allowing an enterprise to use the necessary equipment (or real estate) while paying off its value incrementally, thereby contributing to sustainable economic growth through the reduction of carbon emissions and compliance with ecological standards.

Discussions

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Green leasing is a mechanism that provides for the improvement of energy and resource efficiency between the property owner and the lessee by incorporating additional "green" requirements and environmental conditions into the lease agreement.

Such agreements are characterized by a number of distinctive features (Figure 1):

Figure 1. Distinctive Features of a Green Lease Agreement

Although the concept of green leasing is not defined in Uzbekistan's legislation governing leasing relations – and has not been formally recognized as a distinct type of leasing – Uzbek Leasing International A.O. is already implementing green leasing as part of the GEFF (Green Economy Financing Facility) program for financing green economy projects. This program is carried out under the GEFF framework using funds allocated by the European Bank for Reconstruction and Development (EBRD), subject to a number of specific conditions. In particular, for financing amounts up to USD 300,000, the leased asset is provided for technologies that automatically qualify (from the Green Technology Selector list); for amounts up to USD 600,000, the asset is allocated on the basis of a technical analysis. Under this program, the lease term is up to 5 years, the lease markup is 10% per annum (fixed rate), the origination commission is 1.5%, and collateral is set at a minimum of 50%. Private sector enterprises from various branches of the national economy may participate as lessees [9].

The eligible list of green economy projects includes any technologies listed in the online Green Technology Selector; technologies with high energy efficiency that lead to a reduction in greenhouse gas emissions or a decrease in energy consumption of at least 20%; solar panels used in renewable energy generation, solar water heating systems, wind energy, hydropower, and similar technologies; and technologies that enable at least a 20% saving in water use, or that support sustainable water production and rational land use.

The above makes it clear that, in the context of the modern economy, green leasing services are emerging not only as a financial instrument, but as an important mechanism for supporting ecological sustainability. Unlike traditional financing tools, green leasing – particularly when directed at technological equipment, energy-efficient devices, or environmentally clean vehicles – serves as a vital means of reducing environmental impact and ensuring the rational use of resources.

Under the relevant regulatory framework, the Republic of Uzbekistan ratified the Paris Agreement in 2018 and assumed a number of corresponding obligations [10]. In fulfilling these obligations, the existence of several economic challenges continues to hinder progress toward the priority goals of sustainable development. These challenges currently include low energy efficiency, the irrational use of natural resources, a limited share of innovative technologies, and

the inadequate participation of small businesses in adopting innovative solutions for developing the green economy.

Addressing these challenges requires, first of all, the introduction of efficient and clean technologies, as well as a fundamental transformation – in line with the demands of the times – of the methods by which natural and energy resources are acquired on a lease basis through the integration of green economy principles. It is precisely for this reason that a distinct need has arisen today for green leasing, which differs from conventional leasing in its core objectives.

Many countries – notably developed economies such as the European Union [11], Japan [12], and South Korea [13] – are expanding the financing of environmentally safe projects through the introduction of green leasing [14]. In doing so, lessors are offering a financial model that cultivates not only technical capability but also ecological responsibility.

In the face of today's environmental challenges, climate change, and dwindling natural resources, it is inevitable that financial sectors will align themselves with sustainability principles. Leasing is a tool that responds to these changes and facilitates integration with socially responsible approaches. It broadens access to clean energy sources (solar, wind), energy-efficient technologies (LED lighting, A++ rated appliances), and even waste processing equipment through lease-based arrangements.

If we consider the Republic of Uzbekistan's strategy for transitioning to a green economy by 2019-2030, the significance of leasing services in this area is becoming ever more pronounced. Within this strategy, energy efficiency, rational use of resources, and environmental safety are identified as primary priorities [15]. Leasing must serve as a sustainable, innovative, and effective financial tool for achieving these goals.

Introducing green leasing in Uzbekistan is a complex process that requires a systematic approach and a clear methodology. This begins with studying the existing legislation and regulations governing leasing operations, environmental matters, social affairs, and corporate governance. Beyond that, assessing the market size, the share of different segments, the key players, and their ESG practices is also critically important. It is necessary to study customers' demand and needs for ESG products and services, evaluate the resources available to lessors (financial, labor, technological), and identify constraints on implementing ESG-leasing.

ESG-leasing makes a genuine contribution to the green economy by financing technologies that do not harm the environment, supporting socially responsible approaches, and introducing transparent governance principles. This not only delivers environmental benefits but also creates conditions for lessees to access various incentives and attain higher sustainability ratings.

Uzbekistan's strategy for transitioning to a green economy serves not only to ensure national sustainability, but also to bring the country closer to international standards. Within this strategy, financial mechanisms and ESG-leasing services in particular – play a decisive role in driving the process forward.

The alignment of ESG-leasing with the official strategies aimed at building a green economy will play an important role in strengthening Uzbekistan's path toward sustainable development. The expansion of financial mechanisms – and ESG-leasing instruments in particular – on the basis of government-adopted documents will lay the groundwork for an ecologically safe and economically effective future.

In the future, the broader application of ESG-leasing mechanisms in Uzbekistan will play an important role in ensuring sustainability not only for large enterprises, but also for small and medium-sized businesses. As the regulatory and legal framework supporting ESG principles expands, the number of projects financed through this leasing model will grow, leading to improved economic performance indicators. The long-term outlook for the ESG approach creates real opportunities for Uzbekistan's economy to achieve positive results in international rankings, strengthen the flow of foreign investment, and attract modern technologies. In this way, ESG-leasing not only meets today's economic needs, but also serves as a solid foundation for the sustainable development of tomorrow.

That said, one of the key concerns for a lessee when entering into a lease agreement is the liquidity of the leased asset. The liquidity of equipment used for environmental protection is generally somewhat lower. Due to the underdeveloped secondary market for such equipment, the lessor may require the lessee to provide additional collateral.

Another significant obstacle is the complexity of the documentation process when formalizing a lease agreement. When acquiring property under a lease, the lessee is required to submit a substantial package of documents, including: a lease application, a lessee questionnaire, the company charter, the founding agreement, the certificate of state registration, documents confirming property rights, copies of all licenses, the lessee's financial statements for the last four quarters (stamped by the tax authorities), a certificate from the tax authority confirming the absence of tax debts, bank references for all accounts, references confirming the absence of obligations to banks, and so on. If all of these documents satisfy the lessor, a positive decision is issued, after which a lease agreement, a purchase-and-sale agreement, a loan agreement (if required), and an insurance agreement are concluded. This level of documentation complexity can deter clients from using leasing services altogether.

Conclusion

Given that transitioning to a green economy has become a priority at the level of state policy in Uzbekistan, the introduction and development of green leasing is a matter of pressing importance. For this reason, improving this sector should begin with the implementation of scientific and practical recommendations aimed at creating institutional and legal frameworks, establishing financial incentive mechanisms, and developing the leasing market and financial infrastructure.

With a view to improving green leasing from an institutional and legal standpoint, the following steps are required first:

– introducing the concept of “green leasing” into national legislation;
– developing a classification system for ESG and “green assets”;
– establishing “green portfolio” requirements for leasing companies;
– integrating leasing relations with “green” financial instruments (introducing green bond and leasing mechanisms, as well as "green sukuk" mechanisms).

To develop green leasing through financial incentive mechanisms, the following initial steps are needed: the introduction of state support for this sector (subsidies – i.e., interest rate subsidies – and benefits such as accelerated depreciation), and the establishment of special financing lines for small and medium-sized businesses.

In addition, green leasing can be improved by developing the leasing market and financial infrastructure. Drawing on the experience of China, establishing dedicated "green" divisions within leasing companies and forming a market of "green" assets – comprising leased objects such as solar panels, energy-saving equipment, electric vehicles, and water-saving technologies – is of considerable importance.

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