

GREEN INVESTMENTS AND SOUTH KOREAN EXPERIENCE AS DRIVERS OF SUSTAINABLE ECONOMIC GROWTH AND ECONOMIC MODERNIZATION IN UZBEKISTAN

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Abstract: *This article examines the role of green investments as a driver of sustainable economic growth in Uzbekistan amid global climate challenges and ongoing institutional reforms. Special attention is given to analyzing the current state and prospects for the development of green financing in Uzbekistan, taking into account international experience, particularly the successful ESG investment model of South Korea. The study identifies key barriers and opportunities for creating an effective green investment environment, applying systemic and comparative analyses as well as SWOT analysis to assess influencing factors. The practical significance of this work lies in the development of recommendations for improving national sustainable investment policies, contributing to economic modernization and enhancing the country's competitiveness on the international stage.*

Keywords: *green investments, sustainable economic development, ESG financing, Uzbekistan, South Korea, investment strategy, public-private partnership, renewable energy, environmental technologies*

Against the backdrop of a global transition to a "green" economy and increasing climate risks, green investments have ceased to be merely a trend and have become a critical tool for sustainable development. Uzbekistan, aiming to modernize its economy and enhance its investment appeal, has already integrated the "green agenda" into national strategies—from the "Investment Strategy 2020–2025" to reforms in energy and finance sectors. However, the implementation of sustainable financing mechanisms remains fragmented: a clear regulatory framework is lacking, ESG financial instruments are still at the pilot stage, and qualified personnel in this field are in short supply.

In a context where international partners and investors increasingly evaluate projects based on ESG criteria, adapting global best practices becomes key. South Korea is one of the countries that have achieved significant progress in integrating ESG financing into economic policy. This article aims to assess the potential applicability of the South Korean ESG model in Uzbekistan, considering local realities, institutional constraints, and the current level of sustainable finance development.

Uzbekistan is currently undergoing deep institutional transformation and economic modernization, where green investments have been identified as a strategic priority. Under the "Investment Strategy 2020–2025," large-scale projects are underway to improve energy efficiency, develop renewable energy sources (RES), and reduce environmental impact. Significant emphasis is placed on developing a sustainable financial environment and fostering public-private partnerships to attract green capital.

Nevertheless, despite high potential, the implementation of green investments faces serious obstacles. Firstly, there is an absence of a developed regulatory and legal framework focused on ESG investments, which reduces trust and activity among private investors. Secondly, financial instruments capable of effectively stimulating ecological projects are still emerging, limiting scalability. Thirdly, a shortage of qualified personnel and a low level of market awareness hamper the growth of quality investments.

In this context, South Korea's experience, which has successfully integrated ESG standards into its financial system, holds significant practical value. The Korean model demonstrates how the synergy of legislation, financial tools, and institutional support can accelerate the transition to a sustainable economy. Analyzing and adapting such foreign practices, taking into account Uzbekistan's economic and institutional landscape, can help formulate an effective strategy for green investment development that promotes the country's long-term competitiveness.

South Korea holds a leading position in Asia regarding sustainable finance and green investments, relying on comprehensive state policy and a developed regulatory framework. The national "Green New Deal," launched in 2020, has laid the foundation for massive investments in renewable energy, energy-efficient technologies, and clean transportation, as well as created conditions for digitalization with environmental standards in mind. Specialized institutions, such as Green Investment Banks, play a crucial role by acting as "gardeners" of green projects, mobilizing private capital, and reducing investor risks. Simultaneously, a well-developed ESG reporting system and preferential financing for companies adhering to these standards create a "quality mark" that attracts long-term investments and encourages sustainable business development. For Uzbekistan, this experience is a valuable example of forming an effective green financial system capable of driving economic modernization. However, in Uzbekistan's national context, green investments remain at an early stage—financial instruments and regulations are underdeveloped, and the investment climate remains primarily oriented toward traditional sectors without integrating ESG criteria. To keep pace with global trends, Uzbekistan must adapt successful Korean practices by creating reliable institutional mechanisms and stimulating the development of green projects, which will accelerate the transition to a sustainable and competitive economy.

Uzbekistan is actively moving toward a green economy by implementing the "Green Economy Transition Strategy 2019–2030" and developing partnerships with international institutions such as the Asian Development Bank, the World Bank, and the Green Climate Fund. The 2023 Investment Program includes projects in renewable energy and ecological modernization, yet these initiatives remain fragmented and do not form a comprehensive green financing system.

The main barriers include the absence of specialized financial instruments—such as a green bonds market and ESG-oriented banking products—which are yet to be formed. The underdeveloped regulatory framework lacks clear sustainability criteria and transparent ESG reporting. Institutional expertise in green investments at the regional level is weak, reducing the quality of project evaluation and support. Investment opacity and low ESG compliance undermine foreign investor confidence.

As a result, a vicious circle forms: lack of demand leads to a shortage of supply and hinders the development of a green financial ecosystem. The solution lies in systemic reforms combining macroeconomic policy, legislative improvements, and stimulating the interest of business and financial institutions in sustainable development.

The prospects for developing ESG investments in Uzbekistan are revealed through a systemic innovative approach that goes beyond traditional methods and fosters a new business culture focused on long-term value and sustainability. It is important not only to implement mandatory ESG reporting but also to digitize it using blockchain technologies. This step will ensure absolute transparency and immutability of data, opening doors for smart contracts and automated monitoring of companies' social and environmental commitments.

Another crucial element will be the creation of an integrated ESG+ educational platform, which will unite universities, corporations, and international experts. This innovation hub will not only develop competencies but also launch accelerators for startups creating solutions in green technologies, social innovations, and responsible corporate governance. Thus, an ecosystem will be formed where education and entrepreneurship fuel each other, creating a critical mass for transforming the entire economy.

ESG financial instruments must evolve to a new level—creating green crypto funds and sustainable investment products supported by state regulation and tax incentives. Such innovative mechanisms will attract attention not only from traditional investors but also from digital capital, enabling the scaling of projects with high social and environmental impact.

Furthermore, Uzbekistan needs to initiate international platforms for collaboration in the ESG sphere, including intellectual capital exchange and joint projects with leaders in green markets. This will not only accelerate the adaptation of advanced practices but also position the country as a regional hub for sustainable investments and innovations.

Ultimately, innovative ESG development in Uzbekistan is not merely an economic strategy but a systemic transformation of the entire business environment and public institutions, capable of elevating the country to a qualitatively new level of global competitiveness and social well-being. In this context, South Korea's experience becomes not just an example but a real roadmap for transformation.

Having journeyed from an industrial giant to a leader in the green economy, South Korea has proven that ecological sustainability and economic growth are not antagonists but allies. The Korean ESG investment model is based on deep integration of innovation, state support, and cultural transformation of the corporate sector. Active adoption of green technologies focused on energy saving and renewable sources, alongside strict environmental standards, creates conditions for stable development without ecological harm.

For Uzbekistan, this is an opportunity not merely to follow another's path but to adapt and develop Korean approaches considering national specificities, creating a unique sustainable development ecosystem. This approach will not only attract international investment but also ensure long-term competitiveness, reduce environmental risks, and improve citizens' quality of life.

Thus, combining local potential with Korean ESG investment experience can become the foundation for modernizing Uzbekistan's economy, transforming it into a modern, technological, and environmentally responsible system.

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