

In a nutshell

How can Uzbekistan better realise economic opportunities from green growth?

- Encourage low-carbon innovation.** Patent application data shows that Uzbekistan has invested in environmental technologies since the early 1990s. Over 15% of the innovations in Uzbekistan in 2018 were environment-related, higher than the world's average of 10%. However, the environmental technologies per capita remains low (0.02 technologies per capita) compared to the OECD average (10 technologies per capita).
- Monitor spending with an environmental purpose.** Environmental expenditures are generally showing an upward trend but remain small. On average, they accounted for only 0.06% of total government expenditures or 0.02% of GDP over more than the past ten years.
- Improve tracking of green revenues from taxes, charges, and fees.** The share of environmental revenues in the state budget remained constant at a 0.01% average for 2015-18. Solid waste collection fees dominate and make up 57% of environmental revenues. Despite the lack of systematic accounting of all environment-related taxes, environmental revenues from pollution fees, including solid waste and wastewater collection fees, in general have increased.
- Further reduce fossil fuel subsidies in the energy sector.** Energy subsidies are gradually declining but remain high. In 2020, fossil fuel subsidies

Strategies for Leveraging Green Economic Growth

Promote low-carbon innovation: Continue making progress in innovation in low-carbon technologies as this can create new industries, ensure competitiveness, generate employment opportunities, all while reducing environmental impact.

Track and increase environmental expenditures: They currently constitute a small portion of government spending and GDP.

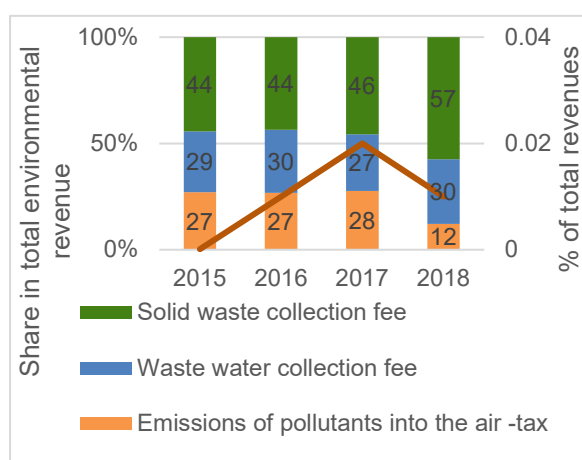
Improve the monitoring of environmental revenues from taxes, charges, and fees to ensure transparency and proper allocation.

Continue the gradual reduction of fossil fuel subsidies to allocate resources more efficiently and sustainably.

Implement gradual and predictable adjustments to energy and water tariffs to reflect market value and operational costs, ensuring fair pricing while protecting low-income populations.

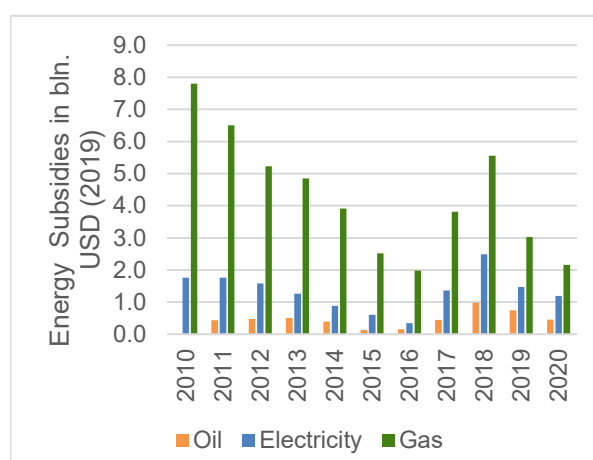
Focus on expanding public sewerage systems, particularly in rural and remote areas, to improve sanitation infrastructure and public health.

Environmental revenues



Source: Ministry of Ecology, Environmental Protection and Climate Change (2019).

Energy subsidies



Source: IEA (2021), Fossil Fuel Subsidies Database.

were 60% lower than in 2010 but amounted to almost USD 4 billion (USD 1 = UZS 10 065), making up the equivalent of 6.6% of GDP.

- **Encourage gradual and predictable tariff adjustments for energy and water use to reflect the market value** to cover operational costs. Tariffs (end-user prices) for energy resource and water use have increased and various tariff schemes are set for different categories of consumers to protect low income population. However, tariffs do not represent the production cost.
- **Modernise and expand public sewerage systems, especially in rural and remote areas.** Uzbekistan made some progress in expanding public sewerage systems. Nevertheless, less than half (48%) of households are connected to public sewerage systems.

Background & Acknowledgements

The Organisation for Economic Cooperation and Development (OECD) green growth indicators track progress in greening the economy. They have been applied for the first time in Uzbekistan in 2023 to assess the country's paths towards a green transition and help policymakers take informed decisions to accelerate it. The findings of the study are presented in the report *Greening the Economy in Uzbekistan: State of Play in 2023*. This nutshell highlights selected findings and develops policy messages, focusing on one of four areas of green growth, namely economic opportunities of green growth.

This nutshell and the underlying report were prepared by the Westminster International University in Tashkent under the guidance of Isabella Neuweg and Irina Belkahia (both OECD), within the framework of the OECD project *Improving the Incentive Frameworks and Capacity for Green Climate-Related Investment in Eastern Partnership Countries and Central Asia* funded by Germany's Federal Ministry for the Environment, Nature Conservation and Nuclear Safety through its International Climate Initiative and implemented by the OECD.

Disclaimers

Data presented in this nutshell come from the report *Greening the Economy in Uzbekistan: State of Play in 2023*. All sources are available and acknowledged in the report.

The views expressed in this nutshell are those of the authors only and cannot in any way be taken to reflect the official opinion of the OECD, its members, the Governments, donors, or the implementing partners.



Supported by:



on the basis of a decision
by the German Bundestag