



FINANCIAL SUPPORT IN THE PROCESS OF TRANSITION TO GLOBAL GREEN INDUSTRY

NILUFAR ALIKULOVA

PhD student, The Banking and Finance Academy of The Republic of Uzbekistan, Tashkent, Uzbekistan,
aliqulova95@gmail.com

Abstract. In the course of the transition to the global green economy, a number of plans set as the goal of implementation in the financial market of the countries of the world, in particular, the plan and expected results of the development and financing of the green energy sector, the approaches to a number of problems facing the green economy and comprehensive solutions studied in the article. The results of the analysis of financing activities based on the international projects implemented for the goals of sustainable development, the results of the analysis based on the experiences of the world countries are presented. In recent years, the results of the practice of attracting capital through domestic and foreign investments, the results of analysis in the section of green project sectors, where the practice of financing is widely introduced in the top places, have been studied. The role and importance of international private investments for the purposes of sustainable development and the results achieved are studied. Proposals and recommendations are given for actions aimed at identifying possible shortcomings and increasing the efficiency of the green economy using world experiences.

Key words: green economy, green finance, green credit, environmental issues, green financing, commercial banks, green energy, renewable energy.

The world countries by the UN set received Stable development goals until 2030 to be achieved need 169 special ones goals 17 total on to goals reach for effort actions take is going Green Analytics of the team to research according to this goals in financing contribution adding stable development goals and they are with depends to goals relatively two kind of portfolio. These are straight away contribution adding goals portfolio and indirectly contribution adding goals portfolio (Fig. 1).

Stable development goals analysis and studies as a result conclusion to do maybe note done goals step by step financing their work done increase also known during kind of portfolios: directly and indirectly portfolios formation necessary will be From this main intended goal green to the economy transition practice countries in the section fast done increase reach, observed global losses place alternative opportunities with eliminate financing in the process long time service by doing the future to generation until natural greenness to deliver service doer financial of products use is considered Specify obtained 17 stable development goals equal to respectively done increase chance complete there is that it is not account received without state investors and private sectors for amenities by creating give will receive style in practice apply important importance occupation is enough.

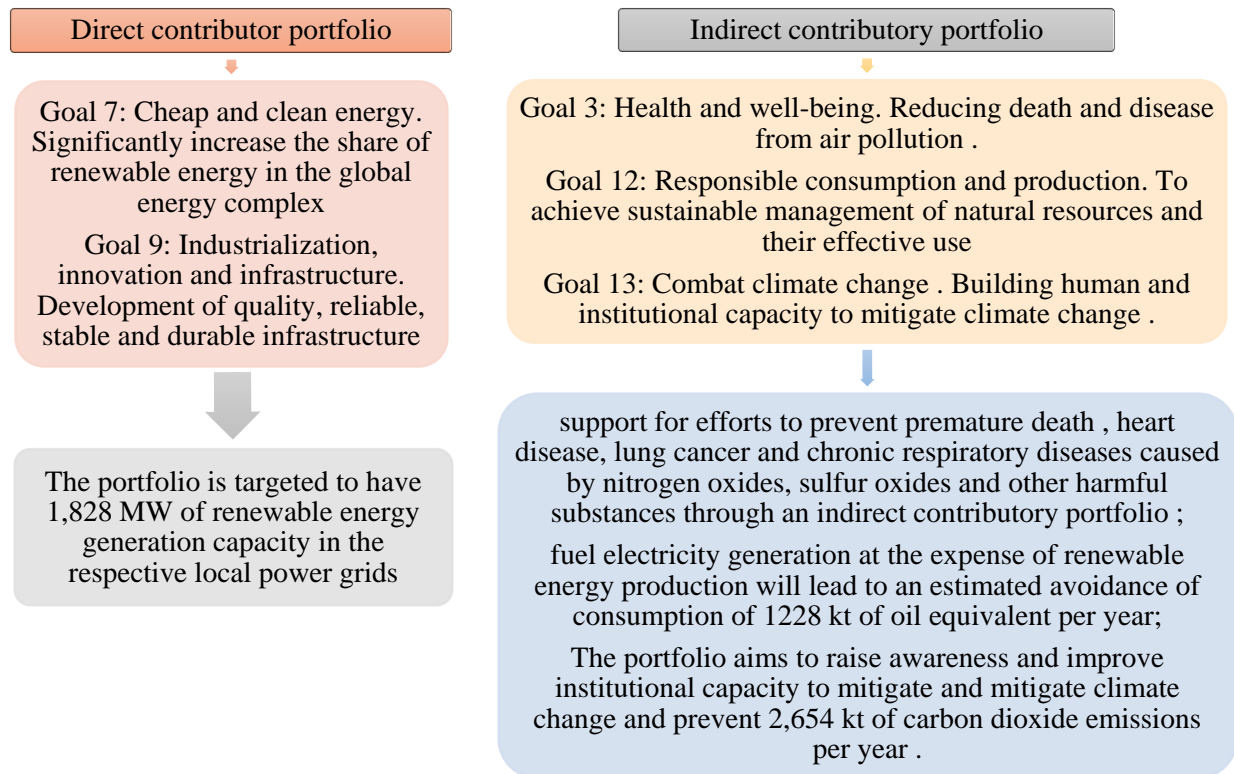


Figure 1. Stable development goals financing portfolio types [4]

In 2021-2022, significant work was carried out on the implementation of financing activities in the process of transition to a green economy, support for greenfield projects, conclusion of international project financing agreements and cross-border economic grouping. (Table 1).

It can be noted that positive results in terms of value and number have been achieved so far in the implementation of green projects that ensure the transition to a green economy. Despite the fact that the implementation of green projects in countries with developed economies is high in terms of the value and number of its financing, we can see that the projects implemented in developing economies are growing at a high speed compared to the indicators of 2021. One of the main reasons for this is the high level of industrialization in economically developed countries. By itself, it can be shown that these countries have a high level of impact on climate change due to high energy consumption and high levels of toxic gas emissions. Despite the fact that the economies of countries with high losses in terms of quantity are developed, in order to restore them and realize the level of greenness, the value and number of transactions are required to be high in the implementation of green projects.

Although the financing of green international projects in economically developed countries has decreased in terms of value compared to 2021, it has increased by 10% in terms of number. The number and value of cross-border mergers and acquisitions has decreased, and the implementation of green project support and financing deals in developing countries has increased in terms of value and number compared to 2021.

Table 1

Announced greenfield projects, international project finance deals and cross-border M&As, by economic grouping, 2021-2022 (Billions dollars, number and percent) [5]

Group of economies	Type of FDI (Foreign direct investment)	Value (billion, dollars)		Growth picture (%)	Number		Growth picture (%)
		2021	2022		2021	2022	
Developed economies	Greenfield projects	465	639	37	10 342	10,790	4
	International projectfinance	774	665	-14	1 413	1 549	10
	Cross-border M&As	624	599	-4	7 610	6 710	-12
Developing economies	Greenfield projects	274	573	110	4 976	6 808	37
	International project finance	609	379	-38	970	1 015	5
	Cross-border M&As	113	107	-5	961	1 053	10

FDI flows to developed economies fell by 37 percent, to \$378 billion. Much of the decline was driven by one-off transactions and financial flows, and there were signs of investment strength in new projects. Announced greenfield projects were up 4 percent in number and 37 percent in value (table 1). FDI flows to developing economies rose by 4 percent, to \$916 billion – the highest level ever recorded. Announcements of greenfield projects in developing countries rose by 37 percent in number, and their value more than doubled. This increase was mostly the result of megaprojects announced in the renewable energy sector, including five of the 10 highest-value projects.

The reasons for the decrease in value and the increase in number of international project financing and cross-border mergers and acquisitions are due to the fact that every country's economy, regardless of the state of its economic development, is committed to the implementation of green economy efforts. is being pushed. With such indicators, it is possible to find solutions to global problems in the near future.

In the implementation of green projects, it is intended that countries set certain goals and plans as a road map, and help attract foreign and domestic investments. The financing process was analyzed for the 10 most valuable green project sectors (Table 2).

In the transition to the green economy, mainly the top 10 green project sectors have been demanding high-value financing. The table shows that investments worth USD 739 billion were attracted during 2021, which included 15,318 deals, and by 2022 this figure will increase by 64% in terms of value. In total, 17,598 agreements worth 1,213 billion US dollars have been financed by 2022. The value and amount of the annual financing works in the fields of energy and gas supply, electrical and electrical equipment, information and communication networks have increased. The reason for achieving such successful results is that every year the financing of green projects is



supported by all countries, and the scope of attracting foreign and domestic investors for financing is expanding.

As we know that the process of transition to a green economy will not take place in a short period of time, it is considered necessary to focus more attention on the implementation and directing the financing of the green projects that are being implemented to the most necessary sectors.

Table 2
Announced greenfield projects, by sector and top industries, 2021-2022(Billion dollars, number and percent) [6]

Sector / industry	Value (billion dollars)		Growth rate (%)	Number		Growth rate(%)
	2021	2022		2021	2022	
Total:	739	1213	64	15318	17598	15
Primary	13	97	618	103	118	15
Manufacturing	320	437	37	5934	5970	1
Services	406	679	68	9281	11510	24
Top 10 industries in value terms						
Energy and gas supply	141	362	157	518	556	7
Electronics and electrical equipment	138	181	31	1100	1167	6
Information and communication	106	120	14	3887	5024	29
Extractive industries	12	95	718	59	89	51
Construction	49	62	27	332	211	-36
Automotive industry	39	59	53	718	694	-3
Transportation and storage	36	56	58	765	978	28
Basic metal and metal products	12	43	249	228	225	-1
Chemicals	23	26	12	456	474	4
Finance and insurance	15	22	46	727	1032	42

As we mentioned above, the requirements for green projects and the implementation of financial works in terms of the main value and quantity are mostly in countries with developed economies. For this reason, we can see that financing operations in the top 10 industries are high in value and number in the manufacturing and services sectors. In particular, in 2021, 5,934 green projects worth 320 billion US dollars were financed, while 9,281 green project deals worth 406 billion US dollars were financed. These indicators mean that by 2022, 5,970 deals with a value of

437 billion US dollars will be financed. Financing of 11,510 transactions worth USD 679 billion was achieved in the service sector.









Also emblematic for global investment trends and the effects of the energy crisis was the eightfold increase in the value of greenfield projects in extractive industries. The number of projects increased by 15 percent (table 2). The largest included a \$10 billion investment by ExxonMobil (United States) in a fourth oil production project off the coast of Guyana, a \$7.5 billion extension of the oil extraction activity of Emirates National Oil Company (United Arab Emirates) in Turkmenistan and plans by Saudi Aramco (Saudi Arabia) to invest in a \$7 billion project to produce petrochemicals from crude oil at its refining complex in the port city of Ulsan in the Republic of Korea.

The value of projects in manufacturing rose by 37 percent to \$437 billion – a quarter above the average of the last 10 years. The number of projects, however, remained stagnant at 5,970.

The increase in the number of greenfield project announcements was mostly driven by services, which now account for two thirds of all projects – the highest share on record. The value of greenfield projects in services also reached record highs.

Table 3

International private investment in the SDGs: change in number of projects, 2021–2022 and 2015–2022 (percent) [7]

Project purpose	SDG types	2021-2022	2015-2022
Infrastructure Transport infrastructure, power generation and distribution (except renewables), telecommunication	  	+26 %	+16%
Renewable energy Installations for renewable energy generations, all sources		+8 %	+21 %
Wash Provision of water and sanitation to industry and households		+20 %	+13 %
Agrifood systems Agricultural production and processes; fertilizers, pesticides and other chemicals; R&D; technology		+6 %	-19 %
Health and education Hospital facilities, school buildings and other infrastructure for service delivery	 	+8 %	+11 %

Among the sectors included in the top 10, the agreed contracts for financing in the construction, automotive industry and basic metals and metal products sector increased in value in



2022 compared to 2021, although the number decreased slightly. It can be concluded from this that the amount of funds involved and spent in the implementation of green projects and efficiency indicators are increasing year by year. As a result, we can say that the process of transition to a green economy among the countries of the world will accelerate and move in a positive direction.

The change in the number of projects as a result of attracting international private investments was studied in connection with the goals set by the UN in the transition to a global green economy. In the table below, a comparative analysis was made for the period 2015-2022 and 2021-2022. (Table 3).

International investment activity in SDG sectors in developing countries is still catching up after slow or negative growth in the early period, after the adoption of the SDGs in 2015. The increase in investment since 2015, as measured by the number of greenfield projects and international project finance deals, is limited for most sectors; one sector (agrifood systems) even shows lower levels of investment activity in 2022 than in 2015 (table I.11). At the midpoint of the 2030 Agenda for Sustainable Development, the lack of progress in amplifying international investment activity in SDG sectors is a major concern. In 2022, the combined value of SDG-relevant greenfield investment and international project finance in developing countries reached \$471 billion, up from \$290 billion in 2015. The number of international investment projects in infrastructure (which comprises transport infrastructure, power generation and distribution) and telecommunication saw the highest growth (26 percent), followed by the water, sanitation and hygiene (WASH) sector (20 percent). International investment in agrifood sectors, including fertilizers, remained stagnant at low levels.

According to the analysis of the works carried out since 2015 in the directions clearly defined for sustainable development goals, the works carried out for the purpose of ending hunger decreased by 19%. We can say that the sharp increase in the number of people on the planet Earth, from the period of urbanization and industrialization, became one of the factors that caused the increase in the rate of hunger among mankind. As a result of the inequality between the population in the countries of the world, the increase in the indicators of hunger has also become the reason.

Sustainable development goals international private investments attraction to do through financing done increased arrival in 2015 achieved indicators for 2022 to indicators relatively changes percentage in the form of given is an agricultural production systems according to indicators for 2015 relatively decreased let's see can 2021-2022 grow pace positive indicators demonstration did though, for 2015-2022 indicators to the ratio to a lower result than achieved to see can last in years again renewable energy the problem solution to do for international private investments attraction to do became popular. Main investments direction health and education development provision of water and sanitation to industry and households' problems solution to do step by step for attraction is being done. Sustainable development goals between international private investments input according to projects the number in terms of negative indicator demonstration that it can be seen international private investments in orientation all goals support for equal to amount attraction to do actions take to go necessity shows.



Conclusion

As nations worldwide recognize the importance of transitioning to a green economy, there is a growing need for the development and effective utilization of various instruments to support green projects. Specifically, to enhance the issuance of green bonds and green stock, the following considerations should be made:

First, it is crucial to implement green project instruments on a large scale to finance the 17 interconnected Sustainable Development Goals (SDGs) set by the UN by 2030.

Second, it is vital to carefully examine the experiences of Malaysia and Indonesia, pioneers in issuing green stock. By drawing insights from their successful solar photovoltaic projects and renewable energy initiatives in Southeast Asia, we can apply these lessons to our own economy.

Third, considering the global importance of a green economy and the recent rise in green bond and stock issuances, it is essential to adopt similar instruments in our country to attract increased foreign investment.

Fourth, the effective introduction and use of green stock and green loans will be significant in supporting social infrastructure projects and tackling related challenges within our country.

Fifth, given that a large portion of our population is Muslim, leveraging green project instruments, especially through green stock issuance, aligns well with our objectives for transitioning to a green economy by 2030.

Reference

R.Kler, R.Gangurde, S.Elmirzaev, M.Sh.Hossain. Optimization of Meat and Poultry Farm Inventory Stock Using Data Analytics for Green Supply Chain Network. [Optimization of Meat and Poultry Farm Inventory Stock Using Data Analytics for Green Supply Chain Network - Kler - 2022 - Discrete Dynamics in Nature and Society - Wiley Online Library](#)

S.Elmirzaev, N.Shavkatov. Issues of using public-private partnership mechanisms in the development of the "green" economy. *Iqtisod va moliya*. 2023, 7 (167) <https://cyberleninka.ru/article/n/yashil-i-tisodiyotni-rivozhlantirishda-davlathususiy-sheriklik-mehanizmlaridan-foydalanish-masalalari/viewer>

Chien-Chiang Lee, Jiangnan Li, Fuhao Wang. The role of green finance in the construction of new energy system: Evidence from China. <https://www.sciencedirect.com/science/article/abs/pii/S0140988324005863>

Green Finance Impact Report 2023. – p.28. <https://www.macquarie.com/assets/macq/investor/debt-investors/green-finance-impact-report-2023.pdf>



United Nations conference on trade and development. World Investment Report 2023. Investing in sustainable energy for all. - p.5. https://unctad.org/system/files/official-document/wir2023_en.pdf

United Nations conference on trade and development. World Investment Report 2023. Investing in sustainable energy for all. - p. 19. https://unctad.org/system/files/official-document/wir2023_en.pdf

United Nations conference on trade and development. World Investment Report 2023. Investing in sustainable energy for all. - p. 25. https://unctad.org/system/files/official-document/wir2023_en.pdf

A.Vaxabov, Sh.Xajibakiyev. Green Economy. Textbook. - T.: “Zebo Print”.(2021)