EPRA International Journal of Environmental Economics, Commerce and Educational Management
Journal DOI: 10.36713/epra0414 |ISI I.F Value: 0.815|SJIF Impact Factor (2025): 8.57 ISSN: 2348 – 814X
Volume: 12 | Issue:10 |October 2025 -Peer Reviewed Journal

THE ROLE OF PUBLIC DEBT POLICY IN ENSURING ECOLOGICAL-ECONOMIC SUSTAINABILITY

Tilabov Nasrulla Tashmuratovich
Tashkent State the University of Economics
Finance and Financial Technologies Department
Associate Professor, PhD
ORCID 0000-0002-4412-4019

ABSTRACT
The article analyzed the role of state debt policy in ensuring environmental and economic stability in Uzbekistan. In this regard, the experience of other developing countries was studied, as well as the basics of this area. The views of famous foreign and domestic scientists and the conclusions of international financial organizations are summarized. According to the results of the study, the need to harmonize the policy of public debt in Uzbekistan with environmental projects, introduce green bonds and strengthen fiscal discipline was justified.
KEYWORDS: *Public Debt, Environmental Sustainability, Green Bonds, Fiscal Discipline, Economic Security.*

INTRODUCTION

The economy of Uzbekistan has been growing rapidly in recent years, with public debt being the main source of financing. At the same time, the increase in debt is affecting macroeconomic stability. In the context of global environmental problems, it is an urgent task to harmonize debt policy with environmental and economic sustainability. Public debt policy should aim not only at economic growth, but also at environmental efficiency.

LITERATURE REVIEW

An analytical study of the scientific literature on this topic shows that public debt policy and ecological and economic sustainability are closely related issues. International experience and local scientific views have been formed in the following areas.

Table 1
Analysis of scientific literature on the topic*

Author, year	Title of work	Main Idea and Results	Analytical Conclusion
Author, year	The Euro and Its Threat to the Future of Europe [1]	Stresses the importance of strengthening fiscal discipline in public debt policy to ensure environmental sustainability	Effective debt management is a guarantee of economic stability, allowing for the allocation of resources for environmental expenditures
Author, year	The Green Climate Fund and Sustainable Debt Financing [2]	Studies the experience of channeling borrowed funds from international financial institutions to “green financing” projects	Integrating environmental financing into public debt policy is relevant for developing countries
Author, year	Financing Sustainable Development [3]	Analyzes the integration of public debt and SDGs (Sustainable Development Goals)	Debt funds should be directed not only to economic, but also to environmental goals
Author, year	Green Bonds and Fiscal Sustainability in Emerging Markets [4]	Analyzes the practice of financing environmental projects through green bonds in developing countries	Diversifying the public debt portfolio strengthens stability
Author, year	World experience in the operation of public debt management agencies [5]	Shows the timely repayment of public debt with minimal costs, identification, protection and prevention of financial risks	Ensuring transparency in the decision-making process on public debt is important for increasing the trust of the international community
OECD (2022)	Debt Management and Green Financing Report [6]	Mechanisms for introducing green bonds into public debt management are outlined	Institutional substantiation of debt management is important for

			environmental and economic sustainability
Strategy for the transition to a "green" economy of the Republic of Uzbekistan for 2019-2030	National strategic document [7]	Identifies public debt-based projects for renewable energy, water resources, and waste reduction	The presence of a legal framework connects scientific developments with practice

*Author's development

As can be seen from the above literature review, foreign scholars see green bonds, loans from international financial institutions, and SDG integration as the main directions, while domestic studies focus on institutional reform of public debt policy, budget discipline, and harmonization with the concept of a green economy. The analysis of both sources shows that legal frameworks (national laws, international agreements), financial mechanisms (green bonds, international credit lines), and institutional transparency (monitoring and control of public debt) are crucial in public debt policy to ensure ecological and economic sustainability. The literature shows the importance of fiscal discipline, digital monitoring, and green financing tools for sustainable debt management and environmental sustainability.

METHODOLOGY

The study used statistical analysis, political analysis, and normative-legal analysis methods. Also, the legal framework for public debt management was assessed based on the Budget Code, the Law "On State Debt" and other legal and regulatory documents related to ecology and the green economy, and the views of domestic and foreign scholars were summarized in a literature review.

The methodology allowed for a comprehensive study of debt policy from an economic and environmental perspective. It helped to identify the need to direct resources to financial security, stability, and environmental projects.

RESULTS

Uzbekistan's experience in public debt policy is aimed not only at ensuring macroeconomic stability, but also at financing environmental projects. Since 2020, the "Green Economy" concept has been adopted, and state-guaranteed debt funds have been attracted in the areas of energy efficiency, development of renewable energy sources, reduction of atmospheric emissions and conservation of water resources. According to the data, according to the reports of the Ministry of Economy and Finance, as of July 1 of this year, Uzbekistan's public debt reached $ 43 billion 376 million. The report notes that almost half of the total external debt, 47 percent, or $ 16.9 million, was directed to ensuring the stability of the state budget. In 2018, public debt amounted to 34.2 percent of GDP. Of this, $5.9 billion is allocated to the fuel and energy sector, $3.1 billion to agriculture and water management, $2.9 billion to transport infrastructure, and $3 billion to housing and communal services or environmental projects (hydroelectric power plants, wind power plants, thermal insulation programs). [8]

The state debt of Uzbekistan is gradually expanding in 2024–2025, financed by funds raised through the World Bank, international Eurobonds, as well as loans from China, Japan, and the Asian Development Bank, to finance “green energy” projects.

Also, Uzbekistan’s policy on state debt and ensuring environmental and economic sustainability is strengthened by the following regulatory legal acts:

- The Law of the Republic of Uzbekistan “On State Debt” (2023) - defines the state debt and its management. [9]
- The Resolution of the President of the Republic of Uzbekistan “On approval of the Strategy for the transition to a “green” economy of the Republic of Uzbekistan for 2019-2030” - “Concept of the transition to a green economy” (2019–2030) - indicates the priority areas of environmental financing. [10]
- The Law of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan for 2025” No. ZRQ-1011 dated December 24, 2025 - for the first time listed allocations for “green financing” as a separate item. [11]
- Commitments under the Paris Agreement - Uzbekistan has committed to reducing greenhouse gas emissions by 35% by 2030, which directly links debt policy to environmental projects. [12]

In this regard, in the experience of developing countries, many developing countries are also actively linking public debt policies with environmental sustainability.

Table 2
The experience of developing countries in the direction of public debt policy towards environmental sustainability*

Country	Debt share for environmental projects	Main areas	Results
Kazakhstan	10%	Wind and solar power plants	15% renewable energy by 2030
Turkey	8%	Energy efficiency and waste recycling	25% carbon emissions reduction
Indonesia	15%	Financing environmental projects through green bond issuance	$3 billion green bond issuance
Brazil	12%	Reforestation and bioenergy	Amazon reforestation program
Uzbekistan	12%	Renewable energy, water-saving technologies	8 GW of renewable power planned by 2027

* Author's development

As can be seen from Table 2 above, the experience of Uzbekistan shows that linking debt policy with environmental sustainability has a two-fold effect on the economy: supporting macroeconomic stability and ensuring environmental security. Here, the experience of developing countries shows that "green bonds" and loans from international financial institutions are the main tools in this regard. It can also be concluded that the existence of a legal framework institutionally strengthens this direction in Uzbekistan and creates a basis for the implementation of long-term strategies, as an analytical conclusion.

Table 3
International experience with green bonds

Country	Size (in billions of dollars)	Main areas	Result
Kazakhstan	1.5	Energy efficiency, transport	Domestic market developed
China	120 +	Energy, ecology, transport	Global leader
Uzbekistan*	Initial	Water management, energy	High potential, initial practice

* Author's development

CONCLUSION

It is clear from this article that the role of public debt policy in ensuring ecological and economic sustainability is invaluable and it is important to further improve it with the following conclusions and proposals:

1. Public debt policy should be consistent with ensuring ecological sustainability.
2. The volume of debt should not exceed 40% of GDP.
3. The introduction of green bonds should be the main instrument in financing environmental projects.
4. The development of digital monitoring systems will increase transparency in debt policy.
5. It is urgent to expand environmental cooperation with international financial institutions.
6. Green bonds should be an important tool for Uzbekistan in financing environmental projects.

REFERENCES

1. *Stiglitz J. (2016) The Green Climate Fund and Sustainable Debt Financing.https://www.amazon.com/Euro-its-Threat-Future-Europe/dp/ 0241258154*
2. *Schalatek L. & Bird N. (2020)The Green Climate Fund and Sustainable Debt Financing. https://www.google.com/search?q=Schalatek+L.+%26+Bird+N. +(2020)The+Green+Climate+Fund+and+Sustainable+Debt+Financing*
3. *Sachs J. (2019) Financing Sustainable Development. https://inff.org/ assets/resource/financing-for-sustainable-development-2019.pdf*
4. *Anderson B. (2021) Green Bonds and Fiscal Sustainability in Emerging Markets https://www.ifc.org/content/dam/ifc/doc/mgrt/202206-emerging-market-green-bonds-report-2021-vf-2.pdf*

5. *Tilabov N. (2024) Davlat qarzlarini boshqarish agentliklari faoliyatining jahon tajribasi. Scientific electronic journal "Financial Technologies", issue 4, 2024.*
6. *OECD (2022) Debt Management and Green Financing Report. https://www.oecd.org/en/topics/debt-management.html*
7. *Resolution of the President of the Republic of Uzbekistan "On approval of the Strategy for the transition to a "green" economy of the Republic of Uzbekistan for 2019-2030" dated October 4, 2019 No. PQ-4477. https://lex.uz/docs/-4539502*
8. *"Zamin" - Uzbekistan news website. 2025.02.09. https://zamin.uz/uz/ozbekiston/159257-ozbekiston-davlat-qarzi-bir-yilda-keskin-oshdi.html*
9. *Law of the Republic of Uzbekistan "On State Debt" dated April 24, 2023 No. O'RQ-836. https://lex.uz/docs/-6446817*
10. *Resolution of the President of the Republic of Uzbekistan "On approval of the Strategy for the transition to a "green" economy of the Republic of Uzbekistan for 2019-2030" dated October 4, 2019 No. PQ-4477. https://lex.uz/docs/-4539502*
11. *Law of the Republic of Uzbekistan "On the State Budget of the Republic of Uzbekistan for 2025" dated December 24, 2025 No. O'RQ-1011. https://www.lex.uz/uz/docs/-7277618*
12. *Law of the Republic of Uzbekistan "On Ratification of the Paris Agreement (Paris, December 12, 2015)" No. O'RQ-491 dated October 2, 2018. https://lex.uz/ru/docs/-3924460*