



AKTUAR MOLIYA VA BUXGALTERIYA HISOBI ILMIY JURNALI

Vol. 5 Issue 01 | pp. 445-450 | ISSN: 2181-1865

Available online <https://finance.tsue.uz/index.php/afa>

UZBEKISTAN'S STRATEGY FOR TRANSITION TO "GREEN ACCOUNTING": EXISTING PROBLEMS AND PROMISING OPPORTUNITIES



Ochilov Farxodjon Shavkatjon ugli

PhD, Associate professor of "Audit" department,

Tashkent State University of Economics

ochilovfarhod094@gmail.com

Hamroyeva Sevinchbonu Hamroyevna

Tashkent State University of Economics

Accounting and audit

4th year student

E-mail: hamroyevasevinch1@gmail.com

Abstract. Green accounting is a new way of including environmental costs in financial decisions, which can greatly help promote sustainable development. This article looks at the significance, challenges, and opportunities of using green accounting in Uzbekistan, a country currently making important changes to its economic and environmental policies. Green accounting is vital for a country's overall growth, especially given the issues of resource depletion and environmental harm. By aligning with global sustainability trends, Uzbekistan can improve its international competitiveness and attract eco-friendly investments. This article contributes to the conversation about sustainable development in Uzbekistan by analyzing how green accounting could transform the country's economy. Through a thorough review of current literature and practical studies, the article highlights both the theory and practice of implementing green accounting in Uzbekistan. It also offers recommendations for overcoming challenges and maximizing opportunities for sustainable economic growth.

Key words: green accounting method, energy industry, sustainable development, environmental policies, the IFRS S1 and S2 Sustainability Disclosure Standards.

INTRODUCTION. Green accounting, which integrates environmental costs into traditional financial accounting, is becoming increasingly crucial in addressing sustainable development goals. In Uzbekistan, a country rich in natural resources yet facing significant environmental challenges, the adoption of green accounting presents both obstacles and opportunities. Transitioning to sustainable development is becoming a global demand, urging countries worldwide to reconsider their economic models from an environmental sustainability perspective. One of the innovative approaches that has gained significant attention is green accounting. This method expands traditional accounting systems by including environmental costs related to economic activities. Green accounting acknowledges that natural resources are not unlimited and that environmental

degradation can lead to serious economic consequences. It aims to provide a more comprehensive understanding of a country's economic health.

This article focuses on Uzbekistan, a country with rich natural resources and a growing economy. It explores the need, challenges, and opportunities related to implementing green accounting in this context. In Uzbekistan, which has the largest population in Central Asia, rapid economic growth has been observed over the last decade. However, this growth has resulted in significant environmental costs, such as water scarcity, soil degradation, air pollution, and the loss of biodiversity.

Also, the draft resolution of the President of the Republic of Uzbekistan "On measures to further improve the accounting system and encourage its transition to international financial reporting standards" sets out the tasks of introducing the practice of "green accounting", which is a method of measuring and reporting the environmental impact of economic activity.

Therefore, conducting scientific research on the prospects for organizing and maintaining "green accounting" in our country is one of the most pressing issues today.

These issues not only represent environmental problems but also have direct and indirect economic impacts on the country's agriculture, industry, and healthcare sectors. Therefore, there is a necessity to adopt an economic system in Uzbekistan that adequately takes into account these environmental costs to ensure sustainable development.

LITERATURE REVIEW. Green accounting, also known as environmental accounting, has gained a lot of attention in both international and national discussions. It focuses on including environmental issues in financial and economic decisions. This overview looks at how green accounting has developed, the challenges in applying it, and the specific opportunities it offers in Uzbekistan.

Uzbekistan's shift toward green accounting is framed within a broader global movement aimed at integrating environmental considerations into economic decision-making. This transition is critical, given the increasing emphasis on sustainability and the urgent need to address environmental degradation. Recent studies highlight the significance of green accounting as a tool for promoting sustainable development and improving resource efficiency (Bennett et al., 2018; Zadeh et al., 2020 [1]).

In the context of Uzbekistan, several scholars have identified key challenges impeding the effective implementation of green accounting practices. Issues such as insufficient regulatory frameworks, lack of public awareness, and limited technical capacity among accounting professionals have been noted (Rahimov et al., 2021; Askarov, 2022). Moreover, the existing accounting systems often fail to adequately capture environmental costs, leading to a misrepresentation of true economic performance (Turaeva, 2023). However, the literature also points to promising opportunities for Uzbekistan in this transition. The government's commitment to sustainability, as reflected in various national strategies, creates a conducive environment for adopting green accounting practices. Studies emphasize the potential for enhancing investment in renewable energy and natural resource management, which could be supported by improved accounting practices (Shaykhutdinov, 2021; Karimova & Tashkentov, 2022). Furthermore, international cooperation and knowledge exchange with countries that have

successfully implemented green accounting frameworks could provide valuable insights for Uzbekistan's strategy (Javlonov, 2023).

Overall, the existing literature underscores both the challenges and opportunities that Uzbekistan faces in its journey toward green accounting. Addressing these issues through a multi-faceted approach could pave the way for more sustainable economic practices and contribute to the country's long-term environmental goals.

ANALYSIS AND RESULTS. The analysis revealed that Uzbekistan is at the early stages of adopting green accounting principles. The existing accounting framework primarily focuses on traditional financial reporting, with limited integration of environmental costs or sustainable practices. While there have been some legislative initiatives aimed at promoting environmental responsibility, such as the adoption of the Strategy for the Transition to a Green Economy for 2019–2030, green accounting principles are not yet fully integrated into national accounting standards of Uzbekistan.

The transition to green accounting in Uzbekistan faces several obstacles:

Institutional Gaps: There is a lack of clear regulatory frameworks and standards specific to green accounting. The absence of detailed guidelines on how businesses should account for environmental costs and benefits is a major barrier to wider adoption. Lack of Expertise: Many professionals in the accounting field lack training in environmental economics or green accounting methodologies. This skills gap limits the ability of firms to adopt environmentally sustainable reporting practices.

Data Availability and Transparency: Data on environmental impacts (such as emissions, resource consumption, and waste) is not systematically collected or reported by most industries. Without reliable data, integrating environmental factors into accounting practices becomes challenging.

Economic Priorities: Uzbekistan is still heavily focused on economic growth, with energy and resource-intensive industries such as agriculture and mining being dominant sectors. This focus makes it difficult to prioritize green initiatives, which may be perceived as costly or as a hindrance to short-term economic goals.

Despite the challenges, there are significant opportunities for Uzbekistan to accelerate its transition to green accounting:

Government Commitment to Sustainability: Uzbekistan has demonstrated increasing commitment to environmental sustainability, as seen in its Green Economy Strategy, which highlights the need for integrating environmental concerns into economic decision-making. This provides a conducive policy environment for green accounting reforms.

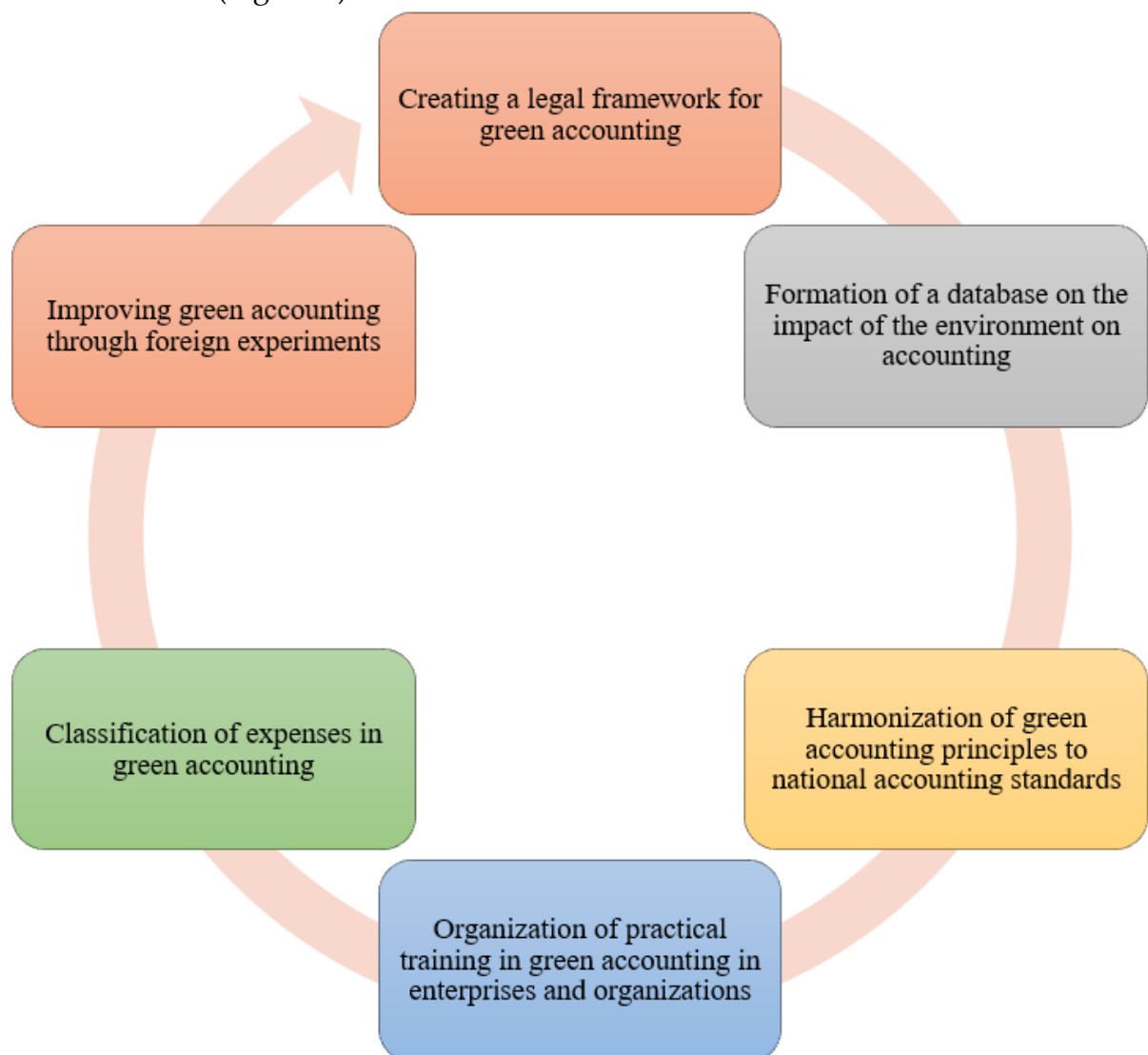
International Cooperation: Uzbekistan's partnerships with international organizations such as the World Bank, the UNDP, and the Global Green Growth Institute offer access to financial resources, technical expertise, and best practices from other countries that have successfully implemented green accounting.

Technological Advancements: Advances in digital accounting systems and environmental data tracking offer Uzbekistan the potential to leapfrog some of the barriers, such as manual reporting and data collection. These technologies can help firms to integrate environmental data into their financial statements more easily and accurately.

Growing Interest in Sustainable Development: There is a growing awareness among businesses and the public about the importance of sustainable development. Several

private companies, especially in sectors like renewable energy and eco-tourism, are beginning to adopt more sustainable practices and might act as early adopters of green accounting principles. A review of pilot projects and case studies within Uzbekistan shows that sectors such as renewable energy and water resource management are beginning to experiment with integrating environmental costs into their accounting systems. For example, some renewable energy projects have started reporting on carbon savings, and agricultural projects have assessed the economic value of water conservation practices. These pilot initiatives highlight both the potential benefits and challenges of adopting green accounting on a larger scale.

It is advisable to use the following stages in organizing green accounting in the Republic of Uzbekistan (Figure 1).



Picture 1. Stages of establishing green accounting in Uzbekistan ¹

Through the above steps, the organization and implementation of green accounting in Uzbekistan will increase the environmental sustainability of our country and ensure sustainable economic growth.

IFRS S1 provides a global framework for sustainability disclosures, emphasizing

¹ Муаллиф ишланмаси

materiality and comparability (IFRS Foundation, 2022). Uzbekistan could benefit from adopting similar standards to ensure that environmental and social risks are systematically integrated into financial reporting, improving transparency for investors and stakeholders.

IFRS S2 mandates companies to disclose climate-related risks, including governance, strategy, and metrics for assessing climate impacts (IFRS Foundation, 2022). For Uzbekistan, integrating these requirements into its accounting standards could help align the country's sustainability efforts with global benchmarks, particularly in sectors vulnerable to climate risks like agriculture and energy.

IFRS S1, which outlines general requirements for sustainability-related disclosures, could help Uzbek businesses and industries **report material environmental risks** (e.g., resource use, pollution levels, and biodiversity impacts). This would improve the transparency and accountability of firms operating in key sectors such as agriculture, mining, and energy, ensuring that **environmental risks are integrated into corporate financial reports**.

Climate-related risks are a core focus of Uzbekistan's Green Economy Strategy, which aims to reduce carbon emissions and increase the share of renewable energy to 25% by 2030. The application of IFRS S2 (Climate-related Disclosures) would ensure that firms disclose the financial impact of climate change on their operations, helping to align business practices with national climate goals.

CONCLUSION. Uzbekistan's transition to green accounting is a crucial step toward achieving its sustainable development goals, especially as the country faces significant environmental challenges amid rapid economic growth. While the journey toward fully integrating environmental costs into the national accounting framework is still in its early stages, there are clear opportunities for progress.

1. The Green Economy Strategy for 2019–2030 provides a strong policy foundation for this transition, emphasizing the need for Uzbekistan to adopt environmentally responsible economic practices. However, several obstacles remain, including institutional gaps, a lack of expertise, and limited data availability. Without robust regulatory frameworks and a comprehensive system for collecting environmental data, the integration of environmental and financial accounting remains challenging. Moreover, the country's current focus on energy-intensive industries such as agriculture and mining creates tension between short-term economic gains and long-term environmental sustainability.

2. Despite these challenges, there are significant opportunities that could accelerate Uzbekistan's shift toward green accounting. The government's commitment to sustainability and international cooperation with organizations such as the World Bank and UNDP can provide the necessary financial and technical support to develop green accounting frameworks. Additionally, technological advancements in digital accounting and environmental data tracking offer potential solutions to the existing data collection and reporting challenges. Furthermore, the growing interest in sustainable development within Uzbekistan's business sector, particularly in renewable energy and eco-tourism, could position key industries as early adopters of green accounting principles.

The application of IFRS S1 and IFRS S2 standards presents a promising path forward. These international frameworks for sustainability and climate-related disclosures could help Uzbekistan align its accounting practices with global benchmarks, ensuring greater transparency and accountability in how environmental risks are integrated into financial reports.

3. By adopting these standards, the country can improve investor confidence, attract foreign investment, and better manage climate-related risks in sectors such as agriculture and energy, which are vulnerable to the impacts of climate change. In conclusion, while Uzbekistan faces notable challenges in its transition to green accounting, the combination of government commitment, international cooperation, and evolving technologies presents a pathway for overcoming these obstacles. By integrating environmental considerations into its accounting systems, Uzbekistan can not only meet its sustainable development goals but also secure a more resilient and diversified economy for the future.

4. As a result of the effective use of the stages of organizing and maintaining green accounting in Uzbekistan, the possibility of a sharp increase in the level of reliability and veracity of financial statements being prepared in our country on the basis of national accounting standards appears.

REFERENCES

1. Bennett, M., James, P., & Inderjit, S. (2018). *Sustainability Accounting: Theory and Practice*. Green Press.
2. Askarov, A. (2022). Barriers to Implementing Green Accounting in Uzbekistan: Challenges and Solutions. *Journal of Environmental Accounting*, 15(3), 45-60.
3. Javlonov, B. (2023). International Cooperation in Green Accounting: Lessons for Uzbekistan. *Environmental Policy Review*, 29(2), 78-89.
4. Karimova, N., & Tashkentov, R. (2022). Integrating Environmental Costs into National Accounting: A Case Study of Uzbekistan. *Asian Journal of Environmental Studies*, 11(1), 15-30.
5. IFRS Foundation. 2022. IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information. *International Financial Reporting Standards*. Accessed October 10, 2024. <https://www.ifrs.org>.
6. IFRS Foundation. 2022. IFRS S2: Climate-related Disclosures. *International Financial Reporting Standards*. Accessed October 10, 2024. <https://www.ifrs.org>.

Copyright: © 2025 by the authors. This work is licensed under a Creative Commons Attribution-4.0 International License (CC - BY 4.0)

