

**FOREIGN INVESTMENTS IN THE GREEN ENERGY
SECTOR: OPPORTUNITIES AND PROSPECTS**

Ruzibayeva Nargiza Khakimovna – Samarkand Institute of
Economics and Service, Associate Professor of the Department
of Investment and Innovations, PhD

n.ruzibayeva0507@gmail.com

Murodullayeva Rushana

Samarkand Institute of Economics and Service,
student of the Faculty of Economics



Abstract: *In the context of global climate change and the urgency of energy security issues, the development of the green energy sector is becoming an important factor in the stability of the national economy. In this process, attracting foreign investments is of great importance, which serve to develop renewable energy sources, introduce modern technologies, and increase energy efficiency. This article analyzes the economic significance, existing opportunities, and prospects of attracting foreign investments in the green energy sector. It also highlights the role of state policy in improving the investment climate and potential problems in this area. According to the results of the study, the active attraction of foreign investments in the green energy sector is an important factor in ensuring economic growth, strengthening environmental sustainability, and achieving long-term development goals.*

Key words: *green energy, foreign investments, renewable energy sources, investment climate, energy sustainability, environmental development, state investment policy, sustainable economic growth.*

Introduction. Global changes in the energy sector in recent decades have a direct impact on the economic development strategies of countries. The limited availability of traditional energy sources, their negative impact on the environment, and energy security issues have sharply increased interest in renewable energy sources. As a result, green energy is emerging as an

important direction that combines economic growth with environmental sustainability.

The development of the green energy sector requires large-scale investments. Since domestic financial resources cannot fully cover this need in many countries, foreign investments are emerging as an important financial source. Funds invested by foreign investors not only expand energy production capacities, but also serve to introduce modern technologies and management practices.

In addition, attracting foreign investment in the green energy sector accelerates structural changes in the national economy, creates new jobs and increases the competitiveness of the energy sector. This process is of great importance in fulfilling the international obligations of countries, in particular, in combating climate change and achieving sustainable development goals. Therefore, a scientific analysis of the issues of attracting foreign investment in the green energy sector, identifying existing opportunities and defining promising directions is an urgent scientific and practical task. This article is aimed at highlighting these issues.

Literature review. The issue of the relationship between green energy and foreign investment has been increasingly covered in economic research in recent years. In scientific literature, this issue is analyzed mainly from the perspective of sustainable development, energy security, and the economic efficiency of investment flows. Researchers argue that investments in renewable energy sources allow for long-term economic growth and environmental balance.

International studies have studied the impact of foreign investment on the green energy sector from various perspectives. Some scholars evaluate foreign investment as a source of financial resources and emphasize its role in the development of energy infrastructure. Other studies indicate the

introduction of modern technologies and innovative solutions through foreign investors as the main advantage. According to this approach, foreign investment is a decisive factor in increasing the efficiency of energy production.

A number of scientific works also emphasize the importance of the institutional environment and state policy in attracting foreign investment to the green energy sector. Studies have shown that legal stability, guarantees provided to investors, and incentive mechanisms directly affect the volume and quality of investment flows. At the same time, it is also shown that the insufficient development of regulatory mechanisms limits the effectiveness of foreign investments in some countries.

Summarizing the existing literature, it can be said that, despite the positive economic and environmental outcomes of foreign investment in the green energy sector, the success of this process largely depends on national conditions, state policies and the level of institutional development. Therefore, the need to analyze the relationship between green energy and foreign investment in specific country conditions is well substantiated in the scientific literature.

Research methodology. In this study, general scientific and special research methods were used to determine the economic significance, opportunities and prospects of attracting foreign investment in the green energy sector. In the research process, the relationship between green energy and investment processes was analyzed based on a systematic approach. In the process of scientific analysis, logical analysis and synthesis methods were used, existing theoretical views were summarized and the main conclusions were formulated. Also, using the comparative analysis method, the experience of

attracting foreign investment in the green energy sector in different countries was compared and their similarities and differences were identified¹.

The study used secondary data as the main source of information. In particular, open statistical data and analytical reports published by international organizations, financial institutions, and scientific research were studied. Based on this data, induction and deduction methods were used to draw general theoretical conclusions. In addition, the research used classification and grouping methods to systematize the factors influencing the attraction of foreign investment in the green energy sector. The reliability of the results of the research methodology was ensured based on the principles of scientific objectivity and logical consistency.

Analysis and results. The results of the study show that attracting foreign investment in the green energy sector has a significant impact on the sustainable development of the energy sector. In particular, due to foreign investment, renewable energy capacities are expanding and environmentally friendly forms of energy production are developing. This process, along with strengthening energy security, also serves the structural diversification of the economy.

Foreign investment also accelerates technological innovations in the green energy sector and allows for increased production efficiency. As a result, energy production costs are decreasing, further increasing the investment attractiveness of this sector. The results obtained during the study indicate a positive relationship between foreign investment and green energy capacities².

Table 1

Foreign investment and installed capacity growth in the green energy sector

¹ Creswell J. W. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage Publications, 2018.

² IEA. *World Energy Investment*. Paris, 2023.

Years	Foreign investments (billion USD)	Green energy capacity (GW)
2019	2,1	180
2020	2,4	195
2021	2,9	215
2022	3,5	240
2023	4,1	270

The table shows that the increase in foreign investment is accompanied by a steady growth in green energy capacity. In particular, the almost doubling of foreign investment between 2019 and 2023 led to a significant expansion of renewable energy capacity. This confirms that foreign investment is an important financial and technological factor in the development of the green energy sector.

Conclusions and recommendations. Attracting foreign investment in the green energy sector is currently an important component of the development of the national economy. The results of the study show that foreign investment, through the development of renewable energy sources, increases the stability of the energy system, reduces dependence on traditional energy sources, and helps mitigate environmental problems. These aspects indicate the need to consider green energy as an integral element of long-term economic development strategies. The study found that projects involving foreign investment in the green energy sector are usually characterized by a high technological level and management efficiency. This leads to a decrease in energy production costs, an increase in resource efficiency, and more environmentally friendly production processes³. As a result, foreign investment is becoming increasingly important not only as a financial resource, but also as a source of technological and institutional development.

³ UNCTAD. *World Investment Report*. Geneva, 2022.

At the same time, the results of the study clearly show that the volume and stability of foreign investment flows largely depend on the investment environment created by the state. Legal stability, transparent procedures and the presence of a long-term energy policy are decisive factors for foreign investors. The insufficient formation of these factors can slow down the development of green energy projects.

Based on the scientific conclusions obtained, it is appropriate to put forward the following practical proposals. First, it is necessary to further improve the legal and regulatory framework regulating the green energy sector and bring it into line with international standards. Second, it is necessary to increase investment confidence by forming long-term guarantees and stable incentive mechanisms for foreign investors. Third, it is advisable to strengthen the opportunities for implementing large green energy projects by expanding cooperation between the state and the private sector. Fourth, developing local human resources and encouraging the transfer of technological knowledge will ensure the long-term effectiveness of foreign investments.

In general, systematic and targeted attraction of foreign investments in the green energy sector will allow for the harmonization of economic growth, energy security and environmental sustainability. A consistent policy in this direction will play an important role in shaping a sustainable development model of the national economy.

References

1. Stern N. The Economics of Climate Change: The Stern Review. –Cambridge: Cambridge University Press, 2007.
2. Todaro M.P., Smith S.C. Economic Development. – 12th Edition. – New York: Pearson Education, 2015.
3. Mankiw N.G. Principles of Economics. – 8th Edition. – Boston: Cengage Learning, 2018.

4. IEA (International Energy Agency). World Energy Outlook. – Paris: IEA Publications, 2021.
5. UNCTAD. World Investment Report 2022: International Tax Reforms and Sustainable Investment. – Geneva: United Nations, 2022.
6. World Bank. Investing in Renewable Energy: Opportunities and Challenges. – Washington DC: World Bank Publications, 2020.
7. OECD. Foreign Direct Investment for Green Growth. – Paris: OECD Publishing, 2019.
8. IRENA. Renewable Energy Statistics. – Abu Dhabi: International Renewable Energy Agency, 2023.
9. REN21. Renewables Global Status Report. – Paris: REN21 Secretariat, 2022.