

## THE IMPORTANCE OF INVESTMENTS IN THE TRANSITION TO A GREEN ECONOMY

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**Abstract:** This article sheds light on the importance of investments in the process of transition to a green economy from a scientific and theoretical perspective. The study analyzes green investments as an important factor in ensuring economic growth, strengthening environmental safety, increasing energy efficiency and achieving sustainable development. It also reveals the role of investments in renewable energy, industrial modernization, waste recycling, ecological transport and rational use of resources. The article uses scientific and theoretical analysis, comparison, systematic approach and logical generalization methods. The results of the study show that green investments not only reduce environmental problems, but also serve to increase the competitiveness of economic sectors, create new jobs and introduce innovative technologies. In the conditions of Uzbekistan, the wide attraction of investments in the transition to a green economy is important for ensuring energy security, effective use of natural resources and achieving long-term sustainable economic growth.

**Keywords:** Green economy, green investments, sustainable development, renewable energy, environmental safety, energy efficiency, economic modernization.

Today, the issues of sustainable development, environmental safety and rational use of natural resources have become one of the most pressing issues in the world economy. As a result of industrialization, urbanization, population growth and increased production, energy consumption is increasing, the amount of harmful gases emitted into the environment is increasing, and the pressure on natural resources is increasing. Therefore, many countries are gradually abandoning the traditional model of economic growth and striving to transition to a "green economy" model based on environmental sustainability. A green economy is an economic development model that, while ensuring economic growth, aims to reduce the negative impact on the environment, increase energy efficiency, use renewable energy sources and save resources.

The process of transition to a green economy is not limited to strengthening environmental requirements or introducing new technologies. This process requires significant financial resources, a long-term strategic approach and investment activity. Because such areas as the construction of renewable energy plants, the introduction of energy-efficient technologies into production, the development of waste recycling systems, the formation of environmentally friendly transport infrastructure, and the efficient use of water and land resources are directly related to investments. Investments, as the financial basis of a green economy, play an important role in the modernization of production processes, the introduction of new environmental technologies, and increasing the competitiveness of economic sectors.

Especially for developing countries, the importance of investments in the transition to a green economy is even higher. Because in such countries, a certain part of the production infrastructure is based on outdated technologies, which consume a lot of energy and have a negative impact on the environment. In this context, it is possible to implement structural changes in the economy by directing domestic and foreign investments to green projects. In particular, investments in solar and wind energy, environmentally friendly agriculture, "green" construction, energy-efficient industrial enterprises, and waste recycling ensure economic efficiency and environmental sustainability.

In Uzbekistan, the issue of transition to a green economy is also of particular importance. The country's tasks such as the efficient use of energy resources, the development of renewable

energy sources, alleviating the problem of water scarcity, ensuring environmental safety at industrial enterprises, and improving the quality of life of the population are closely related to the principles of a green economy. In this process, investments are not only a means of financing economic growth, but also an important factor in creating new jobs, introducing innovative technologies, increasing export potential, and adapting to international environmental standards. Green investments are also of strategic importance in ensuring the long-term sustainability of the economy. While traditional investments are often focused on short-term economic benefits, green investments, along with economic benefits, also provide for environmental and social results. For example, investments in energy-efficient technologies reduce production costs, funds directed to renewable energy sources strengthen energy independence, and projects aimed at waste recycling prevent environmental pollution. Thus, such investments serve to form “green growth” in the economy.

This article discusses the role of investments in the transition to a green economy, their impact on economic and environmental efficiency, the main directions of financing green projects, and the effective use of investment opportunities in the conditions of Uzbekistan. The article also analyzes the possibilities of mitigating environmental problems, modernizing production, and ensuring sustainable economic development through investments. In this regard, attracting investments and their rational use in the transition to a green economy is one of the important scientific and practical issues of today.

In the scientific literature on the green economy, this concept is interpreted as a development model that combines economic growth, environmental sustainability and social well-being. Research in this area shows that the transition to a green economy is not limited to reducing environmental problems, but also serves to modernize economic sectors, introduce new technologies, increase energy efficiency and ensure long-term sustainable growth.

The report “Towards a Green Economy” prepared by UNEP shows that the transition to a green economy is not an obstacle to economic growth, but rather an important way to create new jobs, reduce poverty and ensure sustainable development. The report emphasizes the need to direct public and private sector investments to green sectors. In particular, such areas as renewable energy, ecological transport, energy-efficient construction, waste recycling and water resources management are indicated as the main areas of green investment.

The World Bank study “Inclusive Green Growth: The Pathway to Sustainable Development” assesses green growth as a necessary, effective and economically feasible path for developing countries. This source emphasizes that economic development should not be carried out at the expense of environmental damage, but rather, it is necessary to rationally use natural resources, reduce air pollution and maintain social equality during the growth process. This approach is important for the topic, because investments in the transition to a green economy not only increase production, but also improve the quality of economic growth.

The “Towards Green Growth” strategy developed by the OECD explains green growth as a concept of preserving natural capital while continuing economic development. According to the OECD approach, countries should use investment policies, innovations, taxes, environmental standards and market mechanisms in a comprehensive manner to achieve green growth. This source reveals that investments in a green economy are not only a financial resource, but also a means of technological innovation and institutional reform.

The Stern report “The Economics of Climate Change” argues that the costs of early action on climate change are much lower than the costs of late action. This approach provides an important theoretical framework for explaining the economic value of green investments. That is, investments in environmental technologies, renewable energy and energy efficiency today can prevent large economic losses in the future.

IRENA’s “World Energy Transitions Outlook 2024” report notes the need for a sharp increase in investments in renewable energy, power grids, energy efficiency and energy storage technologies to green the global energy system. The report sets clear priorities for expanding

renewable energy capacity and improving energy efficiency by 2030. This shows that investment is a central factor in the transition to a green economy.

UNCTAD's "World Investment Report 2023" report notes that the need for renewable energy investments is very high for developing countries. According to the report, developing countries need about \$1.7 trillion in renewable energy investments annually, but in 2022 they attracted only about \$544 billion. This situation indicates that there is a financing gap in the transition to a green economy and the need to improve the investment climate in developing countries.

In the recent literature on green finance, the concept of "green finance" is seen as a means of mobilizing capital for environmental purposes through financing green projects, green bonds, climate funds and sustainable investments. A review of the literature published in 2024 emphasizes that green finance can strengthen the link between economic growth and environmental sustainability, especially by supporting renewable energy, clean technologies and environmental infrastructure projects.

The literature on Uzbekistan also indicates the transition to a green economy as one of the important directions of state policy. The strategic goals of Uzbekistan until 2030 include tasks such as increasing the share of renewable energy, improving industrial and urban environmental standards, and increasing energy efficiency. Investments in this process, especially in the areas of solar and wind energy, energy-efficient industry, ecological transport, and waste recycling, are of great importance. The sources on the strategy of transition to a green economy of Uzbekistan indicate the reduction of energy consumption in industrial sectors, the development of renewable energy sources, the introduction of environmentally friendly technologies, and the efficient use of natural resources as the main priority areas. This means that green investments in the country will not only reduce environmental problems, but also increase the competitiveness of the economy, create new jobs, and reduce dependence on imported energy resources.

In general, the studied literature shows that investments are a decisive factor in the transition to a green economy. Studies by international organizations such as UNEP, the World Bank, OECD, IRENA, and UNCTAD have interpreted green investments as a key mechanism for ensuring economic growth, environmental safety, technological modernization, and social well-being. In the context of Uzbekistan, this issue is even more relevant, and expanding green investments in the energy, industry, agriculture, transport, and municipal infrastructure sectors is an important condition for sustainable development.

This article aims to determine the importance of investments in the process of transition to a green economy, to assess their impact on economic, environmental and social development. The study considered the process of transition to a green economy as a process inextricably linked with investment activity. That is, investments were analyzed not only as a factor financing economic growth, but also as a means of ensuring environmental safety, increasing energy efficiency and introducing innovative technologies. The methodological basis of the study was used methods of scientific and theoretical analysis, comparison, systematic approach, logical generalization and statistical analysis. The content of the concepts of green economy, green investments, sustainable development, renewable energy and ecological modernization was revealed through the method of scientific and theoretical analysis. Using this method, existing scientific views on the topic, reports of international organizations and approaches of economists were studied.

The differences between traditional investments and green investments were analyzed using the comparative method. It was argued that while traditional investments are mainly aimed at increasing production and obtaining financial profit, green investments are aimed at ensuring environmental and social efficiency along with economic results. This showed that green investments, unlike ordinary capital investments, serve long-term sustainable development. Based on a systematic approach, the process of transition to a green economy was studied through several interrelated areas. In particular, such areas as the development of renewable

energy sources, the introduction of energy-saving technologies, ecological modernization of industrial enterprises, waste recycling, the formation of ecological transport infrastructure, and the rational use of resources were analyzed in connection with investments. This approach made it possible to determine that the transition to a green economy requires structural changes not only within one sector, but also in the entire economic system.

The article also used the statistical analysis method. This method analyzes the main indicators of the green economy, including the share of renewable energy, energy efficiency, carbon dioxide emissions, the volume of investments in green projects, and the development of environmental infrastructure. Based on statistical data, it is explained how an increase in the volume of investments affects the indicators of the green economy.

The study can use data from international organizations and official sources as an information base. In particular, the World Bank, UNEP, OECD, IRENA, UNCTAD, UN Sustainable Development Goals reports, as well as resolutions of the President of the Republic of Uzbekistan, strategic programs, data from the statistical agency, and national documents on the green economy are taken as the main sources. These sources allow for a comprehensive analysis of the topic at the international and national levels. Also, the article formulated general conclusions based on the theoretical views and statistical data studied using the logical generalization method. Using this method, the main tasks of green investments in the economy were identified. In particular, green investments were assessed as an important factor in reducing energy consumption in production, increasing environmental safety, creating new jobs, widely introducing innovative technologies, and strengthening the competitiveness of the economy.

The conceptual approach of the study is that investments in the transition to a green economy are not considered an independent factor, but rather the main mechanism linking economic modernization, environmental sustainability, and social well-being.

The results of the study show that investments are one of the main driving forces in the transition to a green economy. Because the transition to a green economy cannot be achieved solely by theoretical principles or environmental requirements. To implement this process in practice, large amounts of financial resources, modern technologies, innovative solutions, and a long-term investment policy are required. Based on the analysis, it was determined that green investments are primarily important in the development of renewable energy sources. Investments in solar, wind, hydropower, and other alternative energy sources reduce dependence on traditional fuel resources in energy production. This will not only have a positive impact on the ecological environment, but will also serve to strengthen the country's energy security.

Investments also allow reducing energy consumption in production processes by modernizing industrial enterprises. The introduction of energy-efficient and environmentally friendly technologies instead of outdated ones reduces production costs, ensures efficient use of resources, and reduces the amount of harmful emissions into the atmosphere. This indicates that the green economy simultaneously ensures economic and environmental efficiency. The study also identified the impact of green investments on economic efficiency. Funds allocated to green projects serve to create new jobs, stimulate innovative activity, increase the competitiveness of local manufacturers, and expand export potential.

In particular, investments in energy-efficient technologies and renewable energy reduce production costs in the long term and strengthen economic stability. From an ecological perspective, green investments are an effective means of reducing negative environmental impacts. Investments in waste recycling, water conservation, the development of environmentally friendly transport infrastructure, and carbon emissions reduction play an important role in ensuring environmental safety. This has a direct positive impact on the health of the population, quality of life, and environmental sustainability.

**According to the research results, investments in the transition to a green economy are most important in the following key areas:**

*Table 1*

| Direction                         | Impact of investments   |
|-----------------------------------|---|
| Renewable energy                  | Increases energy security and reduces pressure on natural resources     |
| Industrial modernization          | Reduces energy consumption and increases production efficiency          |
| Waste recycling                   | Reduces environmental pollution   |
| Green transportation              | Reduces the amount of harmful gases emitted into the air                |
| Green technologies in agriculture | Ensures efficient use of water and land resources                       |
| Environmental infrastructure      | Improves the quality of life and environmental safety of the population |

Investments are also of particular importance in the transition to a green economy in Uzbekistan. The country has a high potential for solar and wind energy, and attracting large-scale investments in these areas will help diversify energy supply. In addition, the introduction of energy-efficient technologies in industrial enterprises, the development of waste recycling systems, and the expansion of ecological transport infrastructure are important practical directions for the transition to a green economy. The results show that green investments are not just financial investments, but a strategic tool for ensuring economic modernization, environmental sustainability, and social well-being. They implement innovative changes in economic sectors, increase production efficiency, reduce environmental risks, and create a solid foundation for sustainable development.

In general, the results of the study confirm that investments are a decisive factor in the transition to a green economy. By expanding green investments, it is possible to achieve rational use of resources, ensure environmental safety, introduce new technologies, and achieve long-term sustainable economic growth in the country's economy.

The results of the study show that investments play a central role in the transition to a green economy. Although the green economy is theoretically aimed at ensuring environmental sustainability, its practical effectiveness is directly related to financial resources, technological innovation and institutional support. Therefore, investments are the main driving force of the transition to a green economy. A review of the literature and analysis confirms that in international experience, the transition to a green economy is carried out primarily through the development of renewable energy sources, the introduction of energy-saving technologies, the formation of environmental infrastructure and the modernization of industry. All of these areas require large-scale investments. Therefore, investments in the transition to a green economy are not simple financial investments, but a strategic tool for ensuring structural changes in the economy. The results of the study are consistent with the scientific approaches put forward by international organizations such as UNEP, the World Bank, OECD, IRENA and UNCTAD. These sources also assess green investments as an important factor in ensuring environmental safety, reducing the consequences of climate change, efficiently using resources, and creating new economic opportunities. This shows that the main idea put forward in the article - that it is difficult to fully transition to a green economy without investments - is scientifically justified. In the conditions of Uzbekistan, this issue is even more relevant. Because the country has issues such as the need for modernization of industrial enterprises, the need to increase the efficiency of energy resources, water shortages, environmental safety, and the full use of renewable energy potential. In particular, the areas of solar and wind energy, energy-efficient construction, waste recycling, ecological transport, and the introduction of water-saving technologies in agriculture are important areas for green investments.

The results of the discussion show that the effectiveness of green investments does not depend only on the amount of funds. In this case, the investment climate, state policy, tax and financial incentives, private sector participation, mechanisms for attracting foreign investment, and the effective operation of environmental standards are also important. If these factors are developed in a coordinated manner, green investments will provide significant positive results in

the economy. Green investments are also distinguished by their long-term effectiveness. While traditional investments are often focused on short-term financial returns, green investments generate environmental and social results along with economic benefits. For example, investments in energy-efficient technologies may initially require significant costs, but later reduce production costs, ensure efficient use of resources, and reduce negative environmental impacts.

Based on the study, it can be said that Uzbekistan needs to further intensify its investment policy in the transition to a green economy. In this regard, the expansion of public-private partnership projects, the development of a system of green bonds and preferential loans, the creation of favorable conditions for foreign investors, support for environmental innovations and increasing energy efficiency in local enterprises should be considered as important areas.

In general, the results of the discussion show that in the process of transition to a green economy, investments are the main mechanism for ensuring economic, environmental and social stability. Investments lead to innovative renewal in economic sectors, reduce environmental risks, improve the quality of life of the population and strengthen the country's long-term competitiveness.

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