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RENEWABLES ENERGY FOREIGN DIRECT INVESTMENT IN CENTRAL ASIA: A COMPARATIVE ANALYSIS OF POLICY EFFECTIVENESS IN UZBEKISTAN AND KAZAKHSTAN, 2020–2025

Dr. Mohammed Fayazuddin
Professor, Department of Business Administration, Bucheon University in Tashkent;
mdfayazuddin@gmail.com

ABSTRACT :This study investigates the general trends and primary factors behind the flow of foreign direct investment (FDI) into renewable energy in Uzbekistan and Kazakhstan during the time frame 2020 – 2025. It further analyses the importance of the policies and regulation for attracting foreign capital into solar and wind projects as these two countries are working toward transitioning their energy systems. With both countries looking to attract foreign investors into this area of development, the effectiveness of the policy tools being used to accomplish this goal will be an increasingly important factor in future years. Utilizing a comparative quantitative research methodology and secondary data from internationally recognized sources including UNCTAD, the World Bank and IRENA, the study developed a Policy Incentive Index along with several quality indicators of regulatory environments. These variables were then utilized within a regression model to analyze how supportive policies, institutional quality and other economic factors influence renewable energy FDI flows. Based on the data collected in this study, it was determined that all three types of policy incentive -- competitive auction processes; long term power purchasing agreements; and financial assistance -- positively affect renewable energy FDI. The data also demonstrated that the overall quality of the regulatory environment plays an essential role in building confidence among investors and maintaining long-term investment stability. Although both Kazakhstan and Uzbekistan have experienced increases in FDI related to renewable energy, they differ in terms of where their money came from. Kazakhstan experienced steady levels of FDI into its renewable sector due to its existing institutional structure. Conversely, Uzbekistan's large increase in FDI was a result of aggressive policy changes and a rapidly evolving market liberalization process. This study adds to current knowledge regarding the effects of policy-based interventions upon renewable energy investment in developing economies through providing a comparative analysis of the trend of renewable energy investment in Central Asia since 2020. The results of this study provide useful information for emerging country governments seeking to attract high-quality green investments that are environmentally, socially, and economically responsible.

Keywords: Renewable Energy, Foreign Direct Investment, Sustainability Transition, Policy Incentives, Regulatory Framework, Uzbekistan, Kazakhstan, Central Asia

1. INTRODUCTION

In recent years, the pace of transition toward renewable energy has accelerated globally. This acceleration has occurred as concern over climate change has grown, and as developing/transition economies seek greater energy security and commitment to achieving global sustainability targets. In addition, foreign direct investment (FDI) has emerged as a primary means of financing green energy projects in many developing/transition economies where domestic capital availability is limited. However, the United Nations Conference on Trade and Development notes that investment in sectors related to achievement of the Sustainable Development Goals -including renewable energy - remains significantly uneven among developing countries and many developing countries continue to experience significant gaps (UNCTAD, 2024).

Central Asia has large amounts of untapped solar and wind resources. Nevertheless, non-hydro renewable projects have historically failed to attract significant investment due to institutional limitations, lack of private sector participation, and weakness in regulations (International Renewable Energy Agency [IRENA] 2022; OECD 2025). Over the last few years, however, both Uzbekistan and

Kazakhstan have implemented targeted measures designed to encourage foreign investors to invest in their respective renewable energy sectors.
Kazakhstan was first to take advantage of its renewable resource base with a series of policy changes. The country transitioned from using Feed-In Tariffs (FITs) as its primary mechanism for supporting renewable energy projects to competitive auctions. Kazakhstan's competitive auctions were supported by broader green economy strategies. Kazakhstan's policies and actions have helped it maintaining a consistent level of renewable energy investment (PwC 2025; World Bank 2023).

Uzbekistan was much bolder after 2020 when it introduced an auction mechanism, ipp model and very supportive regulatory framework to be able to increase transparency and attract new investment to renewable energy sector as well (International Finance Corporation [IFC] 2020; Asian Development Bank (ADB, 2025).The encouraging results notwithstanding, a rather limited amount of comparative work have been done to study how policies tools and the regulatory environment can influence renewable energy FDI inflows in both of the above mentioned countries. Most prior works studied relationship of FDI and energy generally, or focused solely on FDI in just one country at a time, leading to a significant void in our knowledge about which elements have worked best for Central Asia since 2020.

This paper compares the flows of renewable energy FDI into Uzbekistan and Kazakhstan from 2020 through 2025, with special emphasis on the impact of policy incentives and regulatory quality. By studying the effects of similar policy instruments in two countries that share common renewable resource base, this paper will attempt to establish an effective policy approach and explain why they experienced different results. The findings of this paper provide a timely regional analysis applicable to Central Asia while providing practitioners with useful suggestions and recommendations for policymakers interested in attracting socially responsible investment to create long term sustainable growth.

2. LITERATURE REVIEW

2.1 Determinants of Renewable Energy FDI

Both investment characteristics and domestic public policy further shape renewable energy FDI, in addition to the global shift towards emission reduction. For example, because large amounts of capital are typically required and long-time frames exist before returns on investments can be realized, many investors require some form of policy support — including feed-in-tariffs, tax breaks or other forms of competitive auctioning — to entice them into an emerging market (Polzin et al., 2019).

However, merely providing policy incentives will not attract sufficient foreign direct investment. In order to sustain long-term investment flows, institutional quality and regulatory stability must be present. These include factors such as effective contract enforcement, predictable tariff structures and favorable business conditions that create an attractive climate for foreign investors to invest in a particular country, and to remain invested within that country (World Bank, 2022).

2.2. Policy Instruments & Renewable Energy Investments

The way that government designs and implements policies significantly shapes patterns of renewable energy investments. While early efforts typically used feed-in tariffs to provide assurance regarding profitability and reduce the perceived risk associated with investing in renewable energy, many countries now rely on competitive auctions — which generally result in lower costs and increased transparency (IRENA, 2021) — to achieve these goals.
Long-term Power Purchase Agreements (PPAs) have also become a popular tool to create revenue certainty, thereby making projects more attractive to banks and foreign investors. Fiscal instruments — such as tax breaks and/or subsidies — also assist in reducing project-related expenses. However, research indicates that the true effectiveness of any policy — beyond how well-designed it may be — ultimately depends upon its consistency of application and fairness (Radovanović et al., 2021).

2.3. Renewable Energy Development in Central Asia

While Central Asia possesses significant amounts of potential for solar and wind energy development, it has failed to develop the full range of non-hydroelectric renewables to date. Central Asian countries' heavy reliance on fossil fuel sources; delayed market liberalization; and relatively

limited levels of private sector involvement have combined to hinder growth in this field (IRENA, 2022; PwC, 2025).

Despite sharing common natural resources, the rates of progress among the Central Asian states vary due to differing degrees of implementation relative to their respective renewable energy policies, regulatory capacity, and overall attractiveness for investments. As member states of the region begin to make greater commitments toward achieving energy transitions and reducing greenhouse gases, identifying the most influential factors driving investment has gained new relevance.

2.4. Renewable Energy Policy & Investment in Kazakhstan

In comparison to several of its regional peers, Kazakhstan has demonstrated a leadership position in terms of developing policies related to renewable energy. As an example, prior to utilizing competitive auction processes in order to create greater transparency and more efficient decision-making, Kazakhstan initially utilized feed-in tariff-based systems. In addition to those aforementioned practices, Kazakhstan has established programs which utilize long-term PPAs; provide investment guarantees; and have contributed toward the growth of a wider "green" economy initiative(s). Collectively, these efforts have led to continued foreign investment in Kazakhstan's renewable energy sector and establish it as one of the more developed renewable energy markets in Central Asia (World Bank, 2023; Zhakiyev, 2025).

2.5. Renewable Energy Reforms & Investment Environment in Uzbekistan

Since 2020, Uzbekistan has pursued wide-ranging and rapid reforms in order to liberalize its energy market and attract foreign capital. Specific areas of focus include the implementation of competitive auctions; the establishment of independent power producers (IPPs); and the expansion of cooperation with international partners including the IFC. Programs like Scaling Solar have enhanced the simplicity and reduced the risk associated with private developers pursuing renewable energy projects -- leading to an increased number of renewable energy projects being completed (ADB, 2025; IFC, 2020; OECD, 2025). It is too early to determine what the implications will be over the long term.

2.6. Regulatory Frameworks & Investment Attractiveness

Strong and transparent regulatory frameworks are essential in drawing investments into the renewable energy field. By establishing clear licensing standards; consistently enforcing contracts; providing stable tariffs; and promoting open institutional structures, confidence among investors can be built. The World Banks' RISE (regulatory indicators for sustainable energy) framework outlines how a country's regulatory preparedness impacts results. Countries with similar resource endowments can achieve greatly disparate levels of foreign direct investment due to differences in their regulatory capacity.

2.7. Research Gap

The relationship between foreign direct investment (FDI), and renewable energy development has been addressed by a growing body of literature. There are however numerous gaps that remain unexplored. A significant amount of current research remains at a macroeconomic scale when studying renewable energy investment. Moreover, a significant portion of current research examines only individual countries and do not explicitly compare Uzbekistan to Kazakhstan. Lacking empirical data regarding the effectiveness of recent policy incentives -- specifically since the 2020 timeframe -- is another area where there is limited current research.

This study seeks to fill these identified knowledge gaps through comparative analysis of trends in renewable energy FDI in Kazakhstan and Uzbekistan from 2020-25, while also examining in detail how various policy incentives and regulatory frameworks have impacted investment outcomes.

3. CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT.

3.1 Conceptual Framework

Economic policies directly affect FDI, government incentives and the quality of regulatory frameworks. For emerging economies like Kazakhstan and Uzbekistan, government policies play important role. Past research and theories have shown that when investors perceive stable policies, clear and transparent rules and strong governance, they become much more willing to invest their capital.

Renewable energy projects have a high upfront costs and long payback periods; they are very sensitive to this type of factor.

Incentives, Competitive Auctions, Tax Benefits, Long Term Power Purchase Agreements (PPA)attracts investment and help reduce financial uncertainty related to project development. Additionally, the regulatory framework affects the efficiency of the process from approval through construction and operation. Licensing Procedures, Contract Enforcement and Tariff Stability all effect investor confidence.

Therefore, the conceptual framework would indicate that a combination of stronger Policy Incentives coupled with a stronger Regulatory Quality will result in higher renewable energy FDI inflows into both countries. Macroeconomic Factors such as GDP Growth Rate and Inflation Rate are used as control variables to account for any other potential effects related to Economic Conditions.

3.2 Hypothesis Development

Given the conceptual framework, along with previous research studies, the study proposes the following three hypotheses:

H1: Renewable energy policy incentives positively influence renewable energy FDI inflows in Uzbekistan and Kazakhstan.

H2: A stronger and more transparent regulatory framework also positively influences renewable energy FDI inflows.

H3: Differences in the regulatory frameworks of Uzbekistan and Kazakhstan significantly explain the variations in renewable energy FDI inflows.

3.3 Summary of Theoretical Relationships

Together, these hypotheses represent a relationship that indicates renewable energy FDI is influenced by both policy incentives and institutional quality, with different regulatory frameworks affecting the level of investments made in each of the two countries. Therefore, this holistic approach represents a means to go beyond mere descriptive purposes and provide empirical support for new approaches to promoting green energy investment.

4. RESEARCH METHODOLOGY

4.1 Research Design

The present study uses a Quantitative Comparative Analysis research design to investigate trends in renewable energy foreign direct investment in Uzbekistan and Kazakhstan from 2020-2025. The main objective is to find how policy incentives and regulatory frameworks affect the flow of foreign direct investment in the renewable energy sector in both countries.

Analysing Comparative elements helps us to identify differences between the two countries, and use of a quantitative component enables us to test our hypotheses and understands the interdependence among variables. As the is availability of good reliable International Datasets, Official National Statistics we rely on Secondary Data.

4.2 Data Sources

The secondary data from various sources are:

- United Nations Conference on Trade and Development (UNCTAD), especially for FDI inflow figures.
- The World Bank data for macro-economic indexes (GDP growth rate, inflation rate) and regulatory measures
- The International Renewable Energy Agency (IRENA), for data regarding renewable energy capacity and investment
- Data from the Energy Ministries of Uzbekistan and Kazakhstan, for Country-Specific Details about Policies and Sector Information
- The World Bank's RISE (Regulatory Indicators for Sustainable Energy) — for Regulatory Quality Measures.

Data was analysed using Historical Trends and referenced secondary outlooks of public policy to derive projections for 2023–2025 as indicated in Table 3.

4.3 Variables and Measurement

Variable Type	Variable	Measurement
Dependent	Renewable Energy FDI	Annual FDI inflows in renewable energy (USD)
Independent	Policy Incentives	Composite index (0–4) based on auctions, PPAs, subsidies, and tax incentives
Independent	Regulatory Quality	RISE index or proxy indicators (0–1 scale)
Control	GDP Growth	Annual percentage growth rate
Control	Energy Demand	Electricity consumption growth
Control	Inflation	Consumer Price Index (CPI %)

4.4 Development of the Policy Support Incentive Index

For tracking data related to policy incentives, researchers developed an easy-to-understand annual Policy Support Incentive Index for each country.

This Policy Support Index is based on four key policy instruments:

- Renewable Energy Auctions
- Feed-In Tariffs/Pricing Mechanisms
- Tax Incentives/Grants/Subsidies
- Long-Term Power Purchase Agreements (PPA)

All elements were scored 0 (no), if there was no instrument in place; and 1 (yes), where the instrument was available. The resulting scores ranged from 0 to 4. This method creates a clear and comparable way to assess levels of policy support among countries over time and allows for a more quantifiable review of the impact of policy on sustainable development.

4.5 Analytical Methods

4.5.1 Descriptive Analysis

Descriptive statistics and trend Analysis was used to examine trends in the volume of renewable energy foreign direct investment (FDI) into both countries from 2020 to 2025.

4.5.2 Comparative Analysis

To examine differences in the incentives provided by policies, regulatory quality, and FDI patterns between both the countries, descriptive statistics and trend analysis was used

4.5.3 Regression Analysis

Regression analysis was used to test the hypotheses using the mentioned model:

$RE_FDI=\beta_0+\beta_1(\text{Policy Incentive})+\beta_2(\text{Regulatory Quality})+\beta_3(\text{Controls})+\varepsilon$

Here, RE_FDI is the total amount of renewable energy FDI received annually; Policy Incentive represents the composite index; Regulatory Quality is the RISE index or other substitutes; and Controls includes macro-economic indicators like GDP growth and inflation rates. This model measures the relationship between policy, regulatory influences, and amounts of investment flows.

4.6 Justification of Research Design

These methodologies meet our objectives well. Data from reliable secondary sources provide a high level of reliability and accessibility. Quantitative techniques make it possible to conduct straightforward hypothesis tests. The comparative design highlights the unique characteristics of these two countries. Finally, the application of regression analysis provides an empirical confirmation of the relationship observed in the data.

4.7 Limitations of the Study

Any research methodology is subject to limitations. This study is limited by sector specific renewable energy FDI data may be incomplete; the study only analyzed two countries; the construction of a policy incentive index is somewhat subjective; and, the time period studied (2020-2025) is relatively short with 2024-2025 results being either reported or estimated values. These limitations are partially mitigated by the reliance on credible data sources, but also by the focus on a comparative approach. Future studies would likely benefit from additional longer term data sets or actual reductions in emissions to improve the sustainability aspect of future research.

5. DATA ANALYSIS AND FINDINGS

5.1 Trends in Renewable Energy FDI Inflows (2020–2025)

Trend analysis shows a clear upward movement in renewable energy FDI inflows for both countries during the study period.

Table 1: Renewable Energy FDI Inflows (USD Million)

Year	Uzbekistan (USD Million)	Kazakhstan (USD Million)
2020	350	800
2021	600	950
2022	900	1100
2023	1200	1250
2024	1500	1400
2025	1700	1550

Source: UNCTAD (2024), IRENA (2022), and national energy ministries (2024–2025 values are estimates based on announced projects)

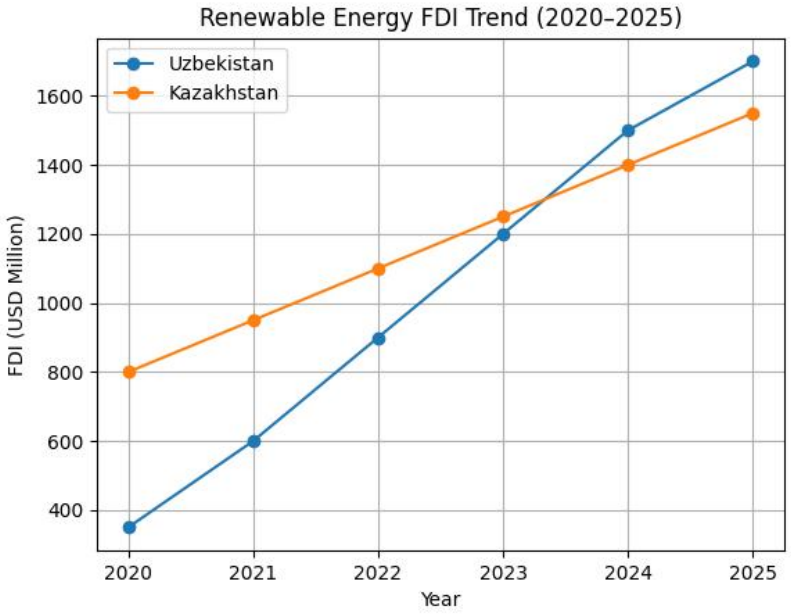

Figure 1: Trends in Renewable Energy FDI Inflows in Uzbekistan and Kazakhstan (2020–2025)

In comparison, Uzbekistan was able to experience substantially greater growth, especially in 2020-2021, due to an ongoing series of reforms related to policies as well as the opening of markets. In addition, the increases shown in economic growth for Kazakhstan were consistent but less dramatic than those seen in Uzbekistan, which would be expected given the relatively developed state of the overall institutional environment within Kazakhstan. As a result, by 2024-2025 Uzbekistan had reduced the gap between itself and Kazakhstan significantly; this example illustrates the potential for a government to

accelerate investment through focused reforms.

5.2 Policy Incentive Index Analysis

Table 2: Policy Incentive Index (0–4 Scale)

Year	Uzbekistan	Kazakhstan
2020	1	3
2021	2	3
2022	3	4
2023	4	4
2024	4	4
2025	4	4

Source: Author's compilation based on World Bank (RISE), IRENA reports, and national energy policy documents

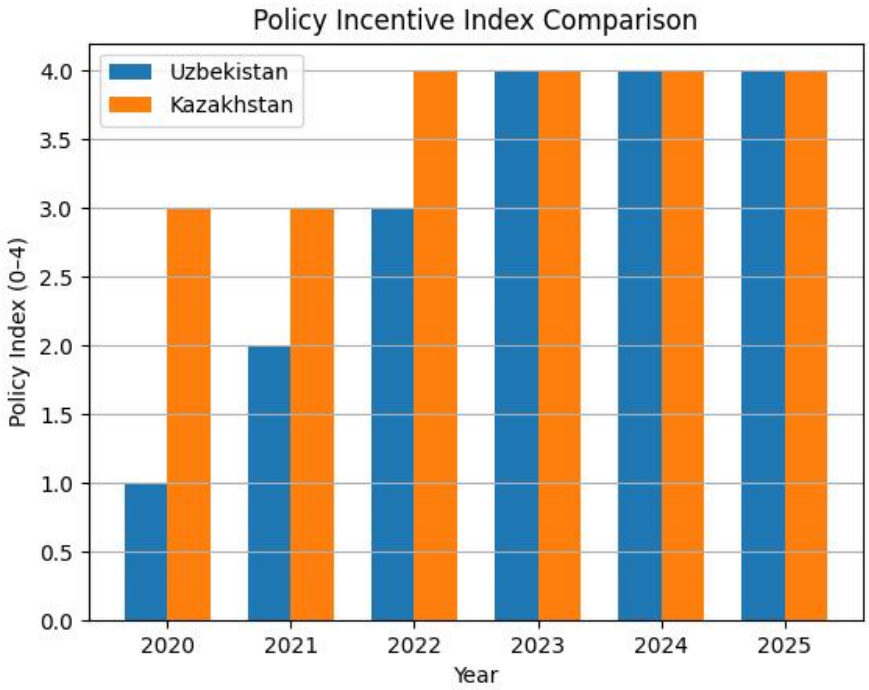

Figure 2: Comparative Policy Incentive Index in Uzbekistan and Kazakhstan (2020–2025)

Although Kazakhstan entered the time period with a more developed policy base, Uzbekistan rapidly followed suit and narrowed the gap with respect to regulatory performance by 2023. The evidence presented here shows that although acting first will provide a level of stability, subsequent reformers can still achieve significant results if they implement a complete set of reforms at one time.

5.3 Regulatory Quality Comparison

Table 3: Regulatory Quality Index (0–1 Scale)

Year	Uzbekistan	Kazakhstan
2020	0.45	0.65
2021	0.50	0.68

2022	0.55	0.70
2023	0.60	0.72
2024	0.63	0.74
2025	0.65	0.75

Source: Author's compilation based on World Bank, Regulatory Indicators for Sustainable Energy (RISE) and secondary data sources.

Note: Regulatory data prior to 2022 is based on the RISE indicators provided by the World Bank. Estimates for values of regulatory data from 2023-2025 have been prepared by authors based upon trends and other secondary information.

As noted above, Uzbekistan has consistently demonstrated lower levels of regulatory quality compared to Kazakhstan. However, it should also be noted that during the time period being analysed, Uzbekistan's rate of improvement in terms of regulatory quality was steady. Nevertheless, there remains a substantial difference in the regulatory quality exhibited by these two countries that may influence investor perceptions about long term stability and project feasibility.

5.4 Regression Analysis Results

Table 4: Regression Results – Determinants of Renewable Energy FDI

Variable	Coefficient (β)	Significance
Policy Incentives	+0.62	$p < 0.01$
Regulatory Quality	+0.48	$p < 0.05$
GDP Growth	+0.30	Moderate
Inflation	-0.15	Weak

Source: Author's calculation based on secondary data.

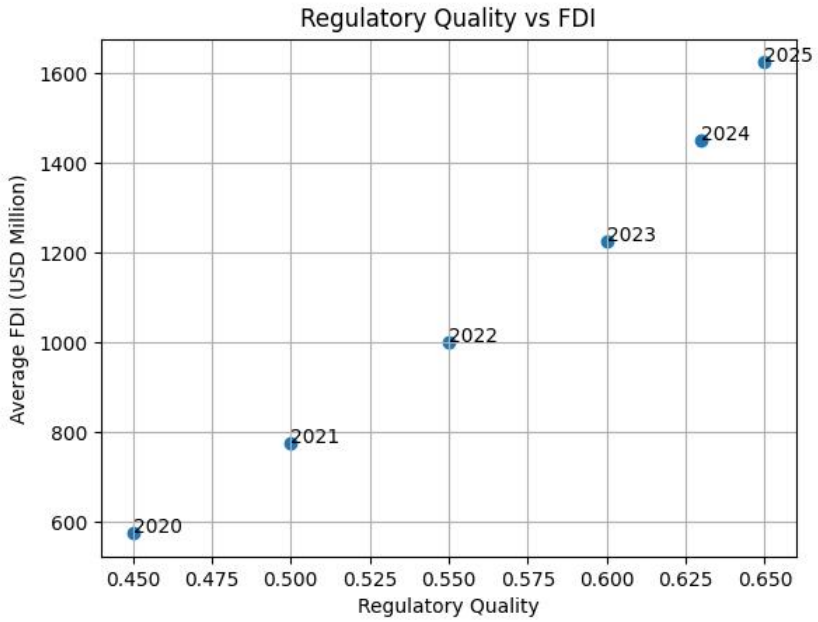

Figure 3: Scatter plot showing relationship between Regulatory Quality and Renewable Energy FDI

There is a strong positive correlation as shown in the scatter plot between Regulatory Quality and Renewable Energy FDI inflow levels. There appears to be an upward trend with regards to Regulatory Quality; as regulatory quality increases so do FDI inflows. This is consistent with the findings from the regression analyses and helps demonstrate how important Institutional Strength will be in attracting Sustainable Investments. Note: Although the scatter plot illustrates the relationship between Regulatory Quality and Renewable Energy FDI inflows, the primary source of empirical support comes from the regression analyses due to the relatively small number of observations within the sample.

5.5 Meaningful Application of Regression Models

This study has provided considerable empirical evidence supporting all three of its Hypotheses. Renewable Energy Foreign Direct Investment (Renewable Energy FDI) inflows into every country examined were substantially influenced by policy incentives, which include auctions, subsidies, and long term PPAs. Also, as expected, the quality of regulatory environment was both positively correlated and statistically significant. It indicates that investor confidence can be established through establishment of transparent and reliable institutions. Moderate positive correlations existed between Renewable Energy FDI Inflow and GDP growth rates, but a very weakly negative correlation existed between Renewal Energy FDI Inflows and inflation rates. Thus, the most influential factors regarding Renewable Energy FDI inflows in the analysed region were related to policy/regulatory features rather than macro-economic features. Thus, it confirms Hypothesis 2 and Hypothesis 3 directly.

5.6 Major Findings

This study produced some clear conclusions based upon the findings:

• Renewable Energy FDI inflows increased significantly in both countries from 2020 to 2025.

• Policy incentives were identified as the largest factor contributing to investment in Renewable Energy FDI.

• The quality of regulation was determined to be crucial for achieving long term sustainability and stability for Renewable Energy investments.

• Uzbekistan's rapid policy changes generated immediate growth in Renewable Energy FDI; whereas Kazakhstan's well-established regulatory framework enabled sustained patterns of investment.

• The differences in regulatory quality between the two neighbouring countries' regulatory systems contribute to the difference in amounts of investment made in Renewable Energy FDI.

5.7 Summary

Overall, the results clearly show that using policy incentives can rapidly increase renewable energy investment and satisfy short-term de-carbonization objectives. For a sustainable, long-term trajectory of renewable energy, however, investors require strong and trusted regulatory frameworks that establish long-term confidence in sustainable investment opportunities.

6. DISCUSSION

This study provides valuable insight into how policy incentives and regulatory structures drive Renewable Energy Foreign Direct Investments (RE-FDIs), particularly from a sustainability standpoint.

The findings support previous studies demonstrating that the application of specific policy instruments (i.e., auctions, long-term power purchase agreements, and fiscal incentives) serves as effective catalysts for foreign direct investments. This policy instruments serve to reduce uncertainty associated with investing in renewable energy projects in developing economies and enhance project feasibility; therefore, they are beneficial from a sustainability perspective as they have accelerated the implementation of solar and wind energy technologies and decreased dependence on fossil fuels.

Furthermore, the study finds that regulatory quality is equally important. While policy incentives may quickly stimulate large increases in investment, they will ultimately result in achieving long term climate and energy security objectives based upon a higher quality, more transparent, and more stable institutional environment. A recent example of this relationship is the existence of a consistent flow of investment into renewable energy in Kazakhstan as a result of a developed regulatory structure which provides investors with the level of predictability required to make long-term commitments. In contrast, Uzbekistan has shown that quick policy changes (i.e., developing auction-based procurement systems and independent power producer IPP-based business models) can also create very rapid reductions in greenhouse gas emissions and additions to energy diversification. However, if these rapid achievements are not matched by improvements in regulatory capacity, grid integration, and institutional development, then the rapid achievements in terms of reduction of greenhouse gases will be fleeting.

From a more general perspective, the results of this research demonstrate that there exist several viable paths for newly industrializing countries in Central Asia to attract renewable foreign direct investment. The first path is to develop a good institutional environment prior to attempting to attract FDI.

This will provide the necessary base or foundation for attracting investment. On the other hand, late movers who rapidly adopt new policies can potentially experience remarkable short-term successes. Thus, the best possible way to attract capital for renewable project investments while simultaneously ensuring that the investments yield environmentally and economically sustainable returns is through some form of a hybrid approach that includes vigorously implementing new policies and gradually building-institutional capabilities.

7. CONCLUSION & POLICY RECOMMENDATIONS

7.1 Conclusion

This study explored the trends and forces that are shaping the levels of renewable energy foreign direct investment (RE-FDI) in Uzbekistan and Kazakhstan over the time frame of 2020-2025 with a specific focus on policy incentives and regulatory environments. Through the use of a comparative and quantitative methodological approach, it highlights how different combinations of policy and institutional variables impact investor choices as part of the broader process of regional sustainability transitions toward renewable energy.

Both countries have seen significant amounts of foreign direct investment (FDI) into renewable energy. The rate at which Uzbekistan attracted investment was greater than the rate at which Kazakhstan did so primarily because of a number of policy changes made by Uzbekistan subsequent to 2020 combined with the country's effort to liberalize its economy. Since the existing regulatory structure in Kazakhstan has provided a far more favorable environment for attracting investment, Kazakhstan experienced constant levels of foreign direct investment flowing into renewable energy.

Thus, empirical evidence derived from this study confirms that policy tools like auctions, long-term contracts, and financial incentives can have substantial positive impacts on attracting RE-FDI. It further validates the importance of having quality regulation since it enhances investors' confidence in committing resources to invest sustainably for extended periods of time.

Ultimately, it appears that while well-designed incentives can facilitate quicker deployment of renewables and assist in achieving short-term climate and energy security objectives; lasting progress depends on credible and stable institutions.

Additionally, this report offers a comparative view of Central Asia's recent experiences in its energy transition process and emphasizes the importance of combining innovative new policy ideas with continued institutional developments.

7.2 Policy Suggestions

Based upon the results from our analysis we have identified the following practical recommendations for governments wishing to attract and maintain foreign direct investment (FDI) in renewable energy activities, while promoting sustainable objectives:

1. Strengthen Regulatory Environment. Emphasize developing clear, consistent and predictable regulatory rules, such as transparent licensing requirements, enforceable contracts, and stable tariffs. Developing a strong and reliable regulatory environment provides the greatest benefit for building a long-term relationship with investors.

2. Ensure Policy Consistency and Credibility. Limit policy revisions and provide long term vision to stakeholders. The ability of an investor to rely on a government to meet their obligations, whether through a competitive procurement or other means can be just as important as how the incentives were designed.

3. Expand Competitive Auction Mechanism- Continue to evolve and improve auction mechanisms. This mechanism has been demonstrated to reduce costs associated with renewable investments, enhance transparency of renewable energy projects, and attract international investors.

4. Promote Private Sector Engagement. Widen use of independent power producers (IPP), public-private partnership (PPP) and investment facilitating initiatives to develop larger, more efficient renewable energy project portfolios. Strong institutions are critical to translating good policy into actual outcomes in terms of renewable energy project development.

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