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THE ECONOMIC BENEFITS OF RENEWABLE ENERGY INVESTMENTS IN EMERGING MARKETS

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Abstract

Living in today's world, with full of development and continuous innovations, the demand for energy continues to rise in emerging markets, so that the global transition towards renewable energy is one of the key components of sustainable development of economy. This article shows the economic benefits associated with renewable energy investments in developing economies, focusing deeply on how these investments encourage economic growth, energy security, environmental sustainability and job creation. By analyzing existing materials and different case studies, this article highlights the role of renewable energy in addressing the number of challenges of economic development and climate change.

Keywords: developing economies, economic, investing, agricultural, energy, bioenergy.

Introduction

Emerging markets, with another words markets which is industrializing and urbanizing rapidly, face serious energy challenges. The growing demand for energy has caused an urgent need for affordable and sustainable energy solutions, where traditional fossil fuels have limited access to use and have a threat to finish. Renewable energy sources, such as solar, wind, hydro and others, can be alternative that can help emerging economies' energy needs while reducing carbon emissions simultaneously. This paper explores the economic benefits of investing in renewable energies in developing markets, focusing on economic growth, energy access, job creation and opportunities and long-term economic sustainability.

Economic Growth and Renewable Energy Investments. Investing in renewable energy sources have been shown as a significant contribution to economic growth in fast emerging markets. One of the main reasons to use renewable energy is by reducing dependency on fossil fuels, countries can redirect their funds to local development projects, including infrastructure, education, healthcare and etc. Based on facts and analyzes by International Renewable Energy Agency (IRENA), investments and more attention on renewable energy can increase country's GDP by up to 1.1% in emerging markets, especially in the ones which are heavily rely on energy imports. Moreover, these investments can act as a positive multiplier effect on the economy. Developing renewable energy infrastructure takes substantial capital investment, which in turn creates demand for local goods and services, encouraging industrial growth. Developing markets that accept renewable energy are more likely to attract foreign direct investment (FDI) as global investors seek to support sustainable and environmentally responsible projects.

Let's take an example of India's solar power expansion. This program can be a prime example of how investing in renewable energies can be beneficial to economic growth in global market. In 2015, India's government decided to install solar powers all over the country by setting a goal of generating 100GW by the end of 2022 (within 7 years). In 2021, they reached 40GW, but still was the global leader in the renewable energy market in the world. This increase in size not only reduced the country's reliance on oil and coal, but also promoted the boost of economic growth by creating new markets for solar equipment manufacturing and installation services.

Energy Access and Security. In mostly remote and rural areas of developing countries, one of the most widening challenges is the lack of access, particularly reliable ones, to energy. By investing more in renewable energy, this issue can be addressed by providing decentralized, off-grid energy solutions. Solar and wind energy systems, for example, can be placed in areas where extending the national grid is neither feasible nor cost-effective. Improved energy access leads to number of economic benefits. Firstly, it enables small businesses to operate more efficiently, supports agricultural productivity and efficiency by mechanization, and better access

to facilities in the sector of education and healthcare. Moreover, these investments enhance energy security by lowering the dependence on volatile fossil fuel markets and protects economies from fluctuations in global oil and gas prices. By being more specific and giving more examples of countries how they are needed renewable energy in their market, let's look at the case of Africa. According to Bloomberg New Energy Finance (BNEF), around 600 million people in sub-Saharan Africa still lack access to electricity. Renewable energy systems like solar microgrids expected to play a vital role to fill this gap and make their life more sustainable. Renewable energy is being expected to provide electricity access to over 70% of these underserved population by thee year of 2030. In Kenya, companies such as M-KOPA and PowerGen have installed solar-powered microgrids, providing electricity to over 750,000 people in rural areas. This has enabled economic activities such as irrigation, food storage, and small-scale manufacturing, leading to an estimated 15% increase in household incomes.

Talking about the cost of renewable energy, these technologies have plummeted in recent years, making them more attractive for emerging markets:

1. Solar PV - The cost of utility-scale solar has dropped by 89% since 2010, making it cheaper than new other fossil fuel power in most regions.
2. *Wind*: The cost of onshore wind has fallen by 70% since 2010, positioning it as a cost-competitive alternative to coal .

Job creation and employment opportunities. Employment rate is one of the crucial parts of economy. Having high rate of it means country is thriving on its place. Renewable energy investments also play role in job creation, particularly in labor-intensive sectors such as solar panel installation and wind turbine manufacturing. Unlike traditional fossil fuel industries, renewable energy projects often require large workforces and labor, especially during the construction and installation phases. As mentioned by IRENA, renewable energy jobs in developing markets have been increasing rapidly in high rates, with the sector employing over 11 million people globally as of 2020. By making it even more clear by numbers, IRENA estimates that globally, renewable energy jobs reached 12 million in 2021. About two-thirds of these jobs are in Asia, with China, India, and Brazil, which are

the top three countries for renewable energy employment. These emerging markets benefit from job creation in sectors such as solar PV manufacturing, wind turbine installation, and bioenergy production. Solar energy, in particular, has become a major leader and source of employment in countries such as Brazil, South Africa, and Mexico. In addition to direct jobs, renewable energy projects create indirect employment in related industries such as logistics, construction, and equipment manufacturing.

Conclusion

Renewable energy is not only necessary for facing the issues of global change, but it also can be beneficial to economics' lots of sectors and economic development, especially in developing economy's markets. These investments can lead to rapid economic growth, fostering innovation and creating more jobs across new different sectors. Additionally, renewable energy improves access to energy and fossil fuels among all population of a country, which gives equality to all people living in a country where energy shortages are common. It can be a serious step towards the transition to green economy. With the right approach, renewable energy can be the catalyst for sustainable development in the 21st century.

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