

Prospects for Improving the Investment Environment in Uzbekistan

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ABSTRACT

The article examines the system of factors and conditions that affect the process of improving the investment climate. Through the implementation of large investment projects through syndicated lending, the ways to use the opportunities of large-scale production and its financing in the economy have been assessed. Ways to use important financial mechanisms to maximize the requirements for attracting investment are outlined. Scientific proposals and practical recommendations for improving the organizational and economic mechanism of the investment climate in Uzbekistan have been formed.

KEY WORDS: *investment environment, investment activity, investment activity, investment project, investment risk, investment policy, investment attractiveness, investment resources, investment strategy.*

Introduction

The world practice shows that the stability of the national economy of the Republic of Uzbekistan in the international economy depends on the growth of innovation potential and further intensification of investment attraction. The introduction of modern machinery, equipment and machinery, technology and know-how requires, first of all, the organization of effective economic activity and the implementation of a properly oriented industrial policy.

Today, in the context of modernization of the national economy, regional production on the basis of investments, it has become an objective necessity to increase the effectiveness of innovation transfer and financing mechanisms.

The priority of the country's development is not only economic development based on factors of production and investment, but also the transition to a model of innovative economy in the future on the basis of increasing the activity of innovative activities.

The mobilization of investments is largely based on the high efficiency of the projects. The reason is that such investment projects offer huge benefits. In general, since high returns are the main goal of most investors, investors will be interested in financing such projects. But before investing in an investment project, all investors are required to assess their different economic performance, level of risk, and set their own different requirements for project financing, as well as their own capabilities. It is natural that projects that meet the wishes and goals are accepted for funding by them.

Typically, not all investment projects have the same performance. Some indicators may be high positive in one project, and vice versa in another project, and some indicators may be lower in one project than in another. The fact that projects specific to one industry have such (contradictory) information creates competition between them. The above number of cases demonstrates the

importance of a scientific study of the problems in the process of improving the investment climate in the country.

Literature Review

In the context of improving the investment climate across countries, research is valued as a research area rich in bans and debate at every stage of socio-economic development. In this regard, it is especially appropriate to recognize the results of research in the late twentieth and early twenty-first centuries. In particular, the role of research conducted by foreign economists N.M.Campos, Y. Kinoshita in this regard should be noted. Researchers note that it is advisable to prioritize the role of technological transfers in the coordination of investment processes [2].The research conducted by V.V.Litvinova explains the different features of the concepts of "investment attractiveness" and "investment environment" and forms scientific proposals and recommendations for the current and future assessment of the investment climate [3]. V.M.Anshin, A.A.Dagaev's research targets the investment climate emphasis is placed on the process of model formation.Target the investment climate Suggestions and recommendations for the formation of an effective mechanism for the sustainable competitiveness of the national economy through the model [4].In the research of A.D.Denisov a special place is given to issues related to the development and implementation of investment projects in the framework of economic structures. In enterprises, strategic management decisions are recognized as a means of implementing investment activities[5].N.V.Kiseleva, T.V.Borovikova, G.V.Zaxarovain research investment policy at the macro and micro levels, sources of investment financing, the specifics of investing in financial and real assets, the characteristics of investment decision-making in the context of inflation and inflation are studied in the processes associated with the implementation of investment activities[6].

In scientific researches carried out by Sh.I.Mustafakulov the full use of the economic potential of the country's territories, in particular, the flow of investment in all material production, the attraction of labor resources, as well as the existing situation on its effective direction is studied and systematized [7].

An important feature of the above research is that it is based on indicators describing the investment climate and investment attractiveness. However, these studies have not studied the mechanism of the investment climate and its development.

Research Methodology

The methods of logical abstraction, systematic analysis, generalization and grouping, statistical evaluation and comparative analysis were used in the research process.

Analysis and Discussion of the Results

Today, financing investment projects remains one of the most pressing tasks. Financing of investment projects means the formation and calculation of optimal investment resources to cover the costs of developing an investment project, its targeted implementation in practice, as well as monitoring.

Attracting investments is crucial for the development of the country's economy, the construction and reconstruction of new enterprises equipped with modern equipment and technologies. This will primarily address important social issues such as increasing employment and incomes. Therefore, one of the urgent issues is to provide economic incentives and create the necessary conditions for enterprises that are actively attracting foreign investment.

The successful attraction of investment in the economy of Uzbekistan depends to some extent on three groups of factors.

First, the availability of investment capacity. It consists of natural and labor resources, as well as production, consumption, financial, innovation, institutional and infrastructural capacities.

Second, the current investment climate in the country is important. These include: general economic, market, regulatory, information, environmental, social, cultural and socio-cultural conditions.

Third are investment risk factors. They run counter to the responsibilities of foreign investors to take advantage of investment opportunities and favorable investment conditions.

All groups are closely related to each other. For example, investment conditions that are not sufficiently attractive will even reduce the chances of implementing high-capacity investment projects.

Table 1. Information on major investment projects implemented in the Republic of Uzbekistan in recent years and their importance*

№	Name of major investment projects launched	Work done and results
1.	Samarkandkimyo JSC	A new fertilizer plant with a capacity of 240,000 tons has been launched.
2.	Tashkent Thermal Power Plant	A steam-gas unit with a capacity of 370 megawatts has been built at the station.
3.	Charvak HPP	Hydroelectric power plants have been modernized
4.	Bell soda factory	Production of soda ash was expanded
5.	Ustyurt Gas Chemical Complex, built on the basis of the Surgil field	With a total value of more than \$ 4 billion, the complex is one of the world's most modern, high-tech enterprises, processing 4.5 billion cubic meters of natural gas per year, producing 400,000 tons of polyethylene and 83,000 tons of unique polypropylene products. Allows you to multiply by 1.
6.	Mubarak Gas Processing Plant	Three sulfur treatment units with a capacity of 6 billion cubic meters of gas have been commissioned.
7.	Central Asia-China gas pipeline	The third line of the 1,830-kilometer-long Central Asia-China gas pipeline, which will transport 25 billion cubic meters of gas a year, has been launched.
8.	Construction of Angren-Pop electrified railway line	The construction of a 19-kilometer tunnel through the Kamchik Pass has been completed and an important link of the transnational transport corridor connecting the European continent with Asia has been launched.
9.	Navoi Thermal Power Plant	A steam-gas unit with a capacity of 478 megawatts, produced by the Japanese company Mitsubishi, has been launched and will generate an additional 2.8 billion kilowatt-hours of electricity.
10.	Dehkanabad Potash Fertilizer Plant	The project, worth more than \$ 250 million, has the potential to produce up to 600,000 tons of potassium fertilizer per year, and more than 350,000 tons of this product are exported.

* Formed by the authors

In general, the formation of investment resources can be divided into three groups: own funds; borrowed funds; attracted funds.

While investment projects are funded from the three groups of sources mentioned above, different methods and means of financing are used. One such method is syndicated lending.

Syndicated lending means financing large investment projects at the expense of several lenders, which serves as an important financial basis in meeting the demand for large-scale production and investment in the economy. In his speeches, President of Uzbekistan Sh. Mirziyoyev also stressed the importance of paying serious attention to this issue: "... high rates of economic growth and the growing demand for investment resources are incompatible" [1].

Investment in our country today First of all, the projects should focus on priority sectors, such as oil and chemical industry, transport, energy, mining, construction, telecommunications, agricultural production and processing, tourism development.

As a result of the decline in investment activity since 2010, GDP growth has fallen from 109% to 105.1%. According to research, if there is no sharp change in investment activity in the country in the next 2022 and 2030, and the national economy develops on the basis of an inertial scenario, then the growth rate of the national economy may decline. According to our econometric analysis model, the GDP growth rate will be 4.0-4.5% by 2030.

Taking this into account, the main, favorable conditions for the implementation and development of investment activities in a market economy, in our opinion, are as follows:

- A significant increase in the sources of financial support for investment activities;
- Increasing the priority of private capital over state capital;
- The number of business entities and facilities of various forms of ownership involved in investment activities is growing steadily;
- The formation of an investment market that coordinates supply and demand for investments through the accumulation of idle funds and their involvement in investment activities, as well as the development of the process of establishing its institutions.

Table 2. Forecast indicators of GDP in Uzbekistan for 2022-2030 based on multifactor analysis*

Years	Inertiascenario of GDP annual growth speed (in%)	Mobilization scenario of GDP annual growth speed (in%)	Of investments annual growth speed (in%)	Demand to be done volume of investments (bln.sum)	GDP volume, (bln. sum)
2022y.	106.3	106.9	127.3	248188.9	522754,2
2023y.	106.2	107.0	129.3	320908,3	559347.0
2024y.	106.1	107.8	129.8	418785,3	602976,1
2025y.	105.9	108.2	131.1	549027,6	652420,2
2026y.	105.8	108.3	131.8	723618,3	706571.0
2027y.	105.7	108.3	132.8	968201,3	765216,4
2028y.	105.6	108.3	133.8	130513.5	828729.4
2029y.	104.9	108.3	134.2	178412,0	897513.9
2030y.	104.7	108.4	134.9	248171,1	972905,1

Formed according to the analysis data by the authors

We believe that these processes will create great opportunities for the gradual improvement of the system of investment capital formation in accordance with the form of ownership and sources of financing. At the same time, it is natural that changes in the structure of investment capital and organizational structures of investment entities in accordance with the requirements of a market economy will create favorable conditions for further improving the process of accelerating and diversifying investment activities. The decline in government participation in investment activities is

due to a decrease in government revenues involved in investment activities during the transition period.

Thus, the declining demand for investment in priority sectors of the economy, especially real sectors at the expense of the state budget, makes it an objective reality that the problems associated with financing can be solved through the private sector. However, despite the fact that the financial resources of private sector enterprises, banks and the population are on the rise, their current capacity is not enough to solve all the problems of investment activity.

It is natural that the reduction of state support for priority sectors in the implementation of investment activities at the expense of the state budget will require the focus of public investment policy to shift to private entities: enterprises, banks and the population. However, despite the increase in the number and number of investment entities in the private sector, their role and place in investment activities cannot replace the role and place of the state in the economy.

Conclusions and Suggestions

In short, to improve the investment climate in the national economy; The main focus is noninvestment-oriented measures, such as paving the way for farms to operate independently.

In our opinion, based on the above circumstances In the process of improving the investment climate in Uzbekistan, it is expedient to ensure the implementation of the following priorities:

- investment in science, education and culture increase the quantity and quality of deposits;
- based on the acquisition of basic innovations promotion of innovation and investment strategies;
- there are those that require state support technological levels of production, scientific potential, study and evaluation of inventions;
- formation of a favorable business environment acceleration, because it is the Uzbek building materials industry attracting foreign investment for the development of enterprises is one of the main conditions for increasing the efficiency of the mechanism.
- another prospect of attracting foreign investment these are small industrial zones (SIZ) and special economic zones accelerating the formation of zones (SIZ).
- total investment, including fixed capital investment demand plan, manufacturing enterprises providing sources of financing for investment activities develop forecasts and their implementation for the period up to 2025 fully reflected in the creation of a targeted state program of investment should be ensured.

Working in the reconstruction of existing enterprises in the country this program to ensure the use of released techniques in the field of mechanical engineering, its renewal and development developing a new generation of techniques that are competitive in the market without increasing the amount of investment to be made cannot be increased. Applying and trying to master new techniques basic innovations with economic benefits for businesses using direct support from the budget, share in the production of new products in engineering increase and support venture innovation business requires the activation of the mechanism.

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