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## Expanding Opportunities to Attract Investments from the Global Investment Market to the Economy of Uzbekistan

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**Abstract:** this article discusses the expansion of opportunities to attract investment from the global investment market in our country to the economy of Uzbekistan and provides an analysis of the use of opportunities to attract investment. In addition, the work carried out to expand the opportunities for attracting investment to the economy of Uzbekistan and the reforms carried out by the government, the possibilities of attracting investment, the features of cost reduction and the use of attracting investment that contribute to its development are outlined.

**Key words:** investments, investment activity, global investment market, international financial institutions, investment efficiency, finance.

### **Enter.**

In the context of increasing competition in the world, the mechanisms for attracting investment in the species, the relevance of expansion is increasing. Investments aimed at the use of factors of production, resources and cheap labor will continue to be important, but the chances of attracting such investments are decreasing. The effective use of investments attracted in these conditions is becoming a guarantee of the growth and stability of capital flows in the country. Increasing the importance of competition and competitiveness issues makes the development of new scientific approaches and methods of attracting and effectively using Investments a priority. Global flows of foreign direct investment in 2021 amounted to 1.58 trillion.the dollar was 64 percent higher than the very low level in 2020. Due to the rapid growth of World investment markets and favorable financing conditions, as well as large infrastructure development programs, there is a rapid increase in the financing of international projects. Such a negative consequence in the world economy requires the consideration of such factors as the specificity of the regions and the possibility in increasing investment efficiency, establishing and correctly distributing their territorial distribution.

### **Analysis of literature on the topic.**

Devoted to the issues of attracting investments from the World Investment Market to the economy of Uzbekistan and the study of investments as a key factor in economic development, J.M.Keynes, R.Harrad, J.R.The works of Hicks and other economists reflect various aspects of investment issues. Issues of interaction between investments, economic growth and innovation R. Salao, F. Agiyon, P. It is covered in the scientific works of Romer and others, as well as in the lectures of the World Economic Forum and the UN Commission on trade and development.

To the problems of attracting investments in the economy from the World Investment Market to achieve the goals of economic development E.G. Yasin, N.S. Kasav, E.E. Golovchanskaya, E.A. Kharchenko, S.A. Filin, K. Pavlov, N.The developments of novisky and others are dedicated. Some issues of developing a system of financing and planning investments, creating conditions for the effective use of investments are discussed by economists of our country A.V. Vakhobov, M.B. Khamidulin, I.L. Butikov, Sh.Sh. Shaha'zami, E.F. Trushin, D.A. Muinov, G. CH-B. Fedyasheva,

D.M. Karimova, S.V. Chepel, V.A. Katav, N.A. Khashimova, A.U. Burkhanov, Sh.I. Mustafakulov also considered in the works of and others.

In the scientific work of the authors mentioned above, insufficient attention was paid to the formation of an investment strategy, taking into account the effective use of various sources of financing in combination with attracting investment resources from the World Investment Market, Developing the investment environment, improving investment potential and creating new jobs. Therefore, the diversification and effective use of the processes of attracting funds from the World Investment Market is one of the pressing issues.

### **Research methodology.**

In the preparation of this article, discusses the expansion of opportunities to attract investment from the global investment market in our country to the economy of Uzbekistan and provides an analysis of the use of opportunities to attract investment. In addition, the work carried out to expand the opportunities for attracting investment to the economy of Uzbekistan and the reforms carried out by the government, the possibilities of attracting investment, the features of cost reduction and the use of attracting investment that contribute to its development are outlined. Systematic analysis, generalization, and abstract-logical thinking were used during the study of the subject along with general economic methods.

### **Analysis and results.**

In attracting investments from the global investment market to the economy of Uzbekistan, the full realization of the investment potential of our country, further improvement of the investment climate, high-quality development of annual investment programs, creating favorable conditions for attracting foreign investment, expanding cooperation with international financial institutions, financial institutions of foreign governments, leading foreign companies and banking structures, as well as increasing.

According to the World Bank, the growth of the national economy in 2022 and 2023 is predicted to be 5.6 and 5.8 percent, respectively. According to him, after a strong recovery in 2021, the world economy is entering a period of pronounced slowdown against the background of threats of the spread of new strains of COVID-19, as well as an increase in inflation, debt and income inequality, which can jeopardize the recovery of developing countries. As the demand for suspended consumption across different countries around the world is being met and financial support programs are being phased out, global economic growth is expected to slow down from 5.5 percent in 2021 to 4.1 percent in 2022 and 3.2 percent in 2023.

It is estimated that 2021 has increased production in Europe and Central Asia by 5.8%, which indicates that domestic demand will recover faster than expected for most of this year. The increase in economic activity in the euro area and the increase in raw material prices supported exports and transfers, giving further impetus to the recovery of the region. The data showed a stronger pace and contributed to an upward revision of the level of economic growth for 2021 in about 90% of the countries of Europe and Central Asia.

Against the background of a further reduction in fiscal support measures, economic growth in the region in 2023 is projected to slow down and reach 2.9%. Economic growth on a Global scale and in the eurozone is expected to slow down in 2023, stimulating external demand due to the slowdown in raw materials prices. Gross domestic product per capita is projected to be approximately 1.5% lower than the pre-pandemic trend in 2023.

In recent years, the World Bank has significantly increased financial and analytical assistance to Uzbekistan in its socio-economic development. These efforts are aimed at supporting the government in the process of implementing an important market reform program.

Today, the program of the World Bank in Uzbekistan is the largest opera in the region of Europe and Central Asia after Turkey. As of April 1, 2022, it will include 27 projects with a total cost of about US \$ 5.25 billion. The projects are funded by US \$ 2.03 billion in loans from the

International Bank for reconstruction and development (HTA) and preferential loans from the International Development Association (HTA) for US \$ 3.22 billion (HTTB and HTA are organizations belonging to the World Bank Group).

The projects mentioned above support the government in such important areas as the implementation of macroeconomic reforms, the modernization of Agriculture, the management of Water Resources, Irrigation and drainage systems, health care, education, water supply, energy, transport, social protection of the population, urban and rural infrastructure, the National Innovation System, Tax Administration and statistics. The program of technical support and advisory and analytical services complements the portfolio of projects of the World Bank in Uzbekistan.

According to the Ministry of Finance of the Republic of Uzbekistan, the total amount of loans allocated by various international organizations and funds to combat the pandemic amounted to \$ 1.075 billion.

**Table 1 The amount of loans allocated to the Republic of Uzbekistan by international organizations and funds<sup>1</sup>**

<b>№</b>	<b>Organization name</b>	<b>Allocated amount, million.US dollars</b>	<b>Loan term, year</b>	<b>Loan interest</b>
<b>1.</b>	<b>World Bank</b>	200,0	30	1,2
<b>2.</b>	<b>International Monetary Fund</b>	125,0	10	0
<b>3.</b>	<b>Asian Development Bank</b>	500,0	15	0,84
<b>Total</b>		1075,0		

As can be seen from the table data, a preferential loan of \$ 200 million was allocated by the World Bank as additional financing of the Reform Support Project. Funds are issued for a period of 30 years (taking into account a grace period of 5 years) with a variable rate of 1.2%.

The International Monetary Fund allocated 375 million dollars in total to reduce the negative impact of the coronavirus pandemic on the economy of Uzbekistan. 125 million dollars of this preferential loan are allocated in the form of a 10-year interest-free Express credit line (taking into account the 5-year grace period) without interest, 250 million dollars-and as a means of instant financing(Rapid Financing Instrument) for a period of 5 years(including a 3-year grace period) with a variable rate of 1.05%. The 500 million dollars of the loans received were made up of loans issued by the Asian Development Bank with a 15-year term (taking into account the 3-year grace period) with a rate of 0.84% to support the Republican budget. All credit funds are directed to the anti-Crisis Fund.

Uzbekistan is undergoing an unprecedented economic transformation in exchange for historical reforms that stimulate the growth of the private sector. In particular, the International Financial Corporation has been supporting the country along this path by investing in important areas and mobilizing additional funds from investors, providing assistance in strengthening financial infrastructure, launching its projects on the basis of more innovative public-private partnerships and promoting sustainable economic growth in order to improve the quality of the provision of various services. Today, the World Bank's portfolio in Uzbekistan includes 28 projects supporting economic reforms. These projects include financial obligations in the amount of US \$ 5.26 billion. This includes US \$ 3.23 billion in preferential loans from the International Development Association (issued for 30 years with a grace period of 5 years at a zero or very low interest rate) and US \$ 2.04 billion in loans from the International Bank for reconstruction and development. Of

<sup>1</sup> <https://uz.sputniknews.ru/economy/20200729/14649037/Summa-kreditov-vydelennykh-Uzbekistanu-na-borbu-s-COVID-19-prevysila-1-mlrd.html>

these funds, \$ 2.66 billion is now distributed. These financial resources will be directed to the implementation of projects within the framework of the new cooperation program.

**Table 2 Projects of the World Bank in support of economic reforms to the portfolio in Uzbekistan<sup>2</sup>**

The structure of the World Bank's portfolio in Uzbekistan	Number and quantity
Current projects	28 PCs
Financial obligations	5.26 billion US dollars.
International Bank for reconstruction and development	2.04 billion US dollars.
International Development Association funds	3.22 billion US dollars.

The International Development Association, which is part of the World Bank Group, allocates US \$ 15 million to the Government of Uzbekistan to support reforms in the financial sector. The loan repayment period is 30 years, of which 5 years is a grace period.

Within the framework of the reforms, the following are planned:

- privatization of a number of banks with state participation;
- establishment of a new development bank;
- expand support for small businesses;
- strengthening the readiness of the financial sector of the Republic for natural disasters.

At a time when Uzbekistan is moving to a market economy, its banking and insurance sectors are facing a number of acute and interrelated problems. In total, there are 33 banks, 12 of which are state commercial banks, and they have an advantage. By the end of 2021, 86% of loans allocated to the economy corresponded to the accounts of these state banks of the AY. Traditionally, state commercial banks provide public funds to priority sectors and state-owned enterprises at a rate lower than market indicators, not setting management and management risks, and remaining in need of Public Investment and capital input assistance .

At the same time, the portfolio of the International Financial Corporation in Uzbekistan consists of 18 projects worth 230 million dollars that support the development of the private sector.

In addition to this financing, the International Finance Corporation also provides consulting services to the authorities to support the government in preparing state banks for privatization, transforming the cotton sector, developing the chemical industry and introducing public-private partnership projects in the health and energy sectors .

### **Conclusions and suggestions.**

The following conclusions were formulated on the second chapter of the so-called analysis of the current state of attraction of investments in the economy of Uzbekistan from the World Investment Market.

1. Uzbekistan today is a country that is ready for the entry of investments. The local policy pursued here, the preservation of peace, a positive state in macroeconomic indicators – all this serves as the main factor in the active attraction of foreign investment. It is not for nothing that the existence of such a situation is of great interest even to foreign investors.
2. The relations and assessments of international and foreign experts and experts on the consistent continuation of the active investment policy in our country also testify to the fact that our state is carrying out economic reforms on the right track and efficiently.

<sup>2</sup> <https://thedocs.worldbank.org/en/doc/0ab7f92555cb2786b7215d2fdc986b83-0080012022/original/Uzbekistan-Overview-April-2022-UZB.pdf>

3. In the conditions of transformation of the economy, it is very important to attract funds from the World Investment Market and strengthen their influence on the economy of the Republic in the development of investment processes in many developed and developing countries.
4. When analyzing the state of distribution of the volume of investments in the national economy by individual regions and dynamic changes in it, it can be seen that there are territorial differences and imbalances. And the reduction of this tawafut is one of the most important tasks facing us, and for this it will be necessary to effectively use the available natural and economic and labor resources, thereby improving the territorial structure of the economy.
5. International financial institutions are important in the financing of many projects aimed at modernizing the economic and social reforms carried out in our country, the development and financing of investment activities.

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