

MAIN DIRECTIONS OF INCREASING THE ATTRACTIVENESS OF THE INVESTMENT ENVIRONMENT IN OUR COUNTRY

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ANNOTATION

The article examines the views of the world's leading scholars on the attractiveness of the investment climate in Uzbekistan and its evaluation, the factors determining the investment attractiveness of the regions, the Doing Business Index and the Economic Freedom Index, and compares them with many other countries. Recommendations have been developed and recommendations for implementation in our country have been made.

Keywords: investment, investment attractiveness, Doing business, Index of Economic Freedom, infrastructure.

INTRODUCTION

One of the important conditions for ensuring the economic stability of the Republic of Uzbekistan is the formation of a favorable investment environment and increasing its attractiveness. In carrying out our scientific research on ensuring the comprehensive development of the country and increasing the attractiveness of the investment environment, first of all, we should research the potential of the country and its regions, evaluate them, classify the influencing factors, and reveal the interrelated aspects through economic-mathematical methods. we took as a goal. Creating a favorable investment environment and increasing its attractiveness has a very positive effect on the further liberalization of economic sectors, improving the competitive environment between them, strengthening economic stability, expanding foreign economic relations, increasing the labor force issue and ensuring their employment. As President Shavkat Mirziyoyev noted, "If there is no investment, the economy will not develop. If we create an environment and infrastructure for investors, there will be jobs, production will increase, and taxes will decrease. Enterprises should be encouraged to reinvest their capital and develop their activities"[1]. Also, according to the "Strategy of Actions on Five Priority Areas of Development of the Republic of Uzbekistan in 2017-2021" approved by the Presidential Decree on February 7, 2017, the third priority area is called further development and liberalization of the economy, and it states "Improving the investment environment, sectors of the country's economy and the tasks of attracting foreign, first of all, direct foreign investments to the regions"[2]. It is very necessary to create a free, stable, favorable investment environment in the country and increase its investment attractiveness in order to attract more investors and get more profit from it.

LITERATURE REVIEW

In the process of analyzing the literature on the topic, we witnessed that several leading economists and specialists conducted scientific research on the attractiveness of the investment environment in Uzbekistan and its assessment, which are as follows. Among them, T.M. Smaglyukova singles out indicators that are more in line with the requirements of

comprehensive evaluation from all indicators that determine investment attractiveness. In his opinion, these indicators are included in the investment attractiveness factors reflecting all aspects of the investment process. The sum of the formed indicators covers the external and internal factors of the activity of the regions as an economic system and investment objects[3]. The approach proposed by F.S. Tumusov is also noteworthy. He interprets "investment potential" as a set of investment resources, which is a part of the accumulated capital, which is manifested in the form of investment demand in the investment market, which has the opportunity to become a real investment demand that ensures the satisfaction of the material, financial and intellectual needs of capital reproduction[4].

Views defining investment attractiveness as a combination of socio-political, natural-economic and psychological characteristics are widespread. The investment attractiveness methodology used by Euromoney consists of nine different indicators[5]. These are: economic efficiency, political risk, indebtedness, debt repayment (default or extension of payment obligations), solvency, bank loans, the possibility of obtaining loan capital, the possibility of force majeure. The importance of these indicators is determined by an expert or by calculation and analysis. They are calculated on a 10-point scale and then weighted according to one or another indicator and its contribution to the final evaluation.

G. Marchenko, O. Machulskaya interpreted investment attractiveness through a multifactor regression model. It is noted that the investment attractiveness of the region is taken into account as a general indicator and determined by two characteristics, investment potential and investment risk. According to them, the general potential of the region includes the following: resources - raw materials, production, consumption, infrastructure, innovative, labor, institutional and financial indicators. The general risk of the area is determined taking into account political, economic, social, criminal, ecological, financial, legal risks[6].

The main priorities of the considered approach are: objectivity; importance of factors determining investment potential and investment risk; monitoring and evaluation system generally accepted in world practice; access and knowledge level of foreign investors to the final results.

Nevertheless, this methodology also has a number of shortcomings: lack of connection between investment attractiveness and investment activity; the subjectivity of experts' opinions and the impreciseness of the method of assessing investment potential and risks in making an integral indicator.

Most of the reviewed methodologies have a narrow scope and often do not take networks into account. Therefore, investors are forced to make decisions based on a subjective perception of investment attractiveness due to the lack of analytical tools for assessing investment attractiveness.

RESEARCH METHODOLOGY

In Uzbekistan, economic research methods such as study of the attractiveness of the investment environment and its evaluation conducted by world scientists and economists, data collection, analysis of collected data, synthesis, and logical thinking were widely used.

ANALYSIS AND DISCUSSION OF RESULTS

When conducting scientific research on ensuring the comprehensive development of the country and increasing the attractiveness of the investment environment, first of all, researching the potential of the country and its regions, evaluating them, classifying the influencing factors, analyzing the interrelated aspects through economic-mathematical and econometric methods disclosure, as noted, is one of the tasks of this research.

50.1 trillion from the total sources of financing for the development of economic and social sectors in the Republic of Uzbekistan in January-March 2022. soums were appropriated. 4.6 billion in dollar equivalent. USD. was absorbed and made 126.3% compared to the corresponding period of 2021.

In January-March 2022, 61.1% of capital investments or 30.6 trillion. 38.9% or 19.5 trillion soums were financed from the funds raised, from the own funds of enterprises, organizations and residents. Soum was financed.

In the volume of total investments, the share of capital investments financed from centralized financing sources decreased by 5.1 percentage points compared to the share in the corresponding period of 2021, to 6.9% or 3.5 trillion. amounted to soum.

Accordingly, 46.6 trillion from decentralized financing sources. soums or 93.1% of total investments were absorbed, which increased by 5.1% points compared to the indicator in the corresponding period of 2021.

In January-March 2022, investments in fixed capital financed from the own funds of enterprises and organizations - 14.7 trillion. soums or 29.4% of the total fixed capital investments.

It should be noted that the main part of the capital investments was financed from the own funds of enterprises and organizations. This, of course, proves that economic entities prefer to expand or modernize their activities using their internal resources.

In recent years, measures have been taken to create a large-scale favorable investment environment, to attract and absorb foreign investments, in particular, foreign direct investments. As a result, 8.0 trillion was financed by foreign direct investments. Soum investments, or 15.9% of the total investments with an increase of 4.0% points compared to the corresponding period of 2021.

The highest indicator of the sources of financing of the growth rate of investments in fixed capital is observed at the expense of the funds of the Water Supply and Sewerage Systems Development Fund, which is 2.2 times higher than in the corresponding period of 2021. appeared.

13.6 trillion from unguaranteed and other foreign investments and loans. Soum investments were absorbed, and its share in the volume of investments in total fixed capital increased by 4.5 percentage points compared to the indicator in the corresponding period of 2021 and amounted to 27.3%.

The following major investment projects were implemented at the expense of direct and unsecured foreign loans:

- Construction of a new power plant with a capacity of 1500 MW in Syrdarya region;
- Construction of a gas-piston power plant with a capacity of 220 MW in Syrdarya region;
- Program on increasing the production volumes of hydrocarbon raw materials in 2017-2021;
- The program of modernization and efficiency improvement of the republic main gas

transmission system in 2021-2022;

- Construction of a solar photoelectric plant with a capacity of 100 MW in Nurabad district of Samarkand region;
- Construction of a gas-piston power plant with a capacity of 270 MW in Bukhara region.

Attracting foreign direct investments, new technologies are introduced, new types of goods and services appear, which further increase the quality of these goods and services, ultimately increase the quality of life of the population, and strengthen competition in the national economy creates the ground for.

The highest growth rate in terms of investment in fixed capital compared to the corresponding period of 2021 by 227.4% was observed in Syrdarya region. This is mainly due to the construction of a new power plant with a capacity of 1500 MW and a gas-piston power plant with a capacity of 220 MW.

Also, a high growth pattern was observed in the Bukhara region, which was 224.6% compared to the corresponding period of 2021. Such a result will be achieved by increasing the volume of the underground gas storage facility to 10 billion cubic meters, performing additional geological exploration work in the gas and oil deposits of the Gazli field and using them at the final stage (stage 1), building a gas-piston power plant with a capacity of 270 MW. can be explained by the investments made within the projects.

In January-March 2022, the main part of investments in the total fixed capital, i.e. 55.2%, was made in five regions of the republic, including Tashkent city - 17.1%, Bukhara region - 13.6%, Tashkent region - 10.0%, Kashkadarya region - 7.3% and Samarkand region - 7.2% of investments were absorbed.

For this, it is important to analyze the experiences used in developed countries and which brought high results, to develop scientific-methodical and theoretical-practical proposals and recommendations for the implementation of successful methods and factors on the scale of Uzbekistan and its regions.

The investment attractiveness of countries depends on several factors, namely political, economic, social, cultural, organizational-legal and geographical factors. Based on these factors, investors decide whether or not to invest in the country. One of the most common methods for assessing the attractiveness of the state's investment environment today is the Doing Business index (Doing Business report, 2020), the Index of Economic Freedom (Index of Economic Freedom Report, 2021). In the "Doing Business" report published annually by the World Bank, more than 6,700 experts from different countries publish the rating of 190 countries on doing business (total of 10 indicators). Thus, the "Index of Economic Freedom-2021" report was published by the "Heritage Foundation" research center in cooperation with the Wall Street Journal. The "Index of Economic Freedom - 2021" report was reviewed based on the database for the period from July 1, 2019 to July 1, 2020.

In the 2021 report, the Republic of Uzbekistan took 108th place among 186 countries with 58.3 points (according to the latest report, Uzbekistan's rating improved by +1.1 points), up 6 places increased by 44 places (from 152nd to 108th place) in the last four years, according to the President of the Republic of Uzbekistan "Improving the position of the Republic of Uzbekistan in international rankings and indexes and state bodies and on the introduction of a new mechanism of systematic work with them in organizations" PF-6003 Decree No. PF-6003, the

most important performance indicators (KPI) have been achieved (Table 1).

Table 1 Change of indicators in the Economic Freedom Index in the Republic of Uzbekistan¹

Component	2017	2018	2019	2020	2021
Property rights	48.0↑	48.7	49.8↑	59.1↑	57.8↓
Integrity of government	27.5↑	24.2	25.2↑	28.2↑	30.5↑
Efficiency of the judicial system	41.9	35.3	34.3↓	34.2↓	50.8↑
Tax burden	90.7↑	91.0	91.3↑	91.6↑	92.4↑
State expenses	66.2↓	65.5	67.4↑	74.7↑	79.9↑
Financial health	99.8	99.7	98.7↓	98.9↑	98.3↓
Freedom of business	64.8↓	66.9	72.5↑	72.6↑	73.5↑
Freedom of work	50.4↓	52.0	58.7↑	59.9↑	61.2↑
Freedom of money	61.1↓	61.9	58.9↓	59.9↑	60.3↑
Freedom of trade	66.8↑	62.5	62.6↑	67.6↑	55.4↓
Freedom of investment	0.0	0.0	10.0↑	20.0↑	20.0
Financial freedom	10.0	10.0	10.0	20.0↑	20.0

As a result of the reforms carried out in our country, according to the last report of the index, positive changes were recorded in 7 out of 12 indicators, while 3 indicators decreased and 2 indicators did not change. Uzbekistan ranks 21st among 40 countries in the Asia-Pacific region. Singapore (89.7 points), New Zealand (83.9 points) and Australia (82.4 points) occupy the top 3 places in the world ranking, while Cuba (28.1 points) occupies the lowest place. , Venezuela (24.7 points) and North Korea (5.2 points). Meanwhile, the 2022 index, which measures property rights, judicial efficiency, government integrity, business freedom, and labor market freedom, has dropped since the World Bank discontinued its annual Doing Business report, according to a report published by the Heritage Foundation accepted other open sources of information for. Specifically, the index now includes data from Freedom House and other sources in its assessments;

It is also noted that the change in public policy in response to the COVID-19 pandemic has led to significant fluctuations in economic conditions, including the level of economic freedom, in many countries of the world, noting that it is currently unknown whether these changes are permanent or temporary raised.

It should be noted that as a result of the above-mentioned changes, 119 out of 177 countries (67.2%) saw a decrease in scores.

Table 2 Change of indicators in the index of economic freedom²

№	Countries	2022 report		2021 report		Changes	
		Place	Ball	Place	Ball	Place	Ball
1	Armenia	58	65,3	32	71,9	26	-6,6
2	Kazakhstan	64	64,4	34	71,1	30	-6,7
3	Azerbaijan	75	61,6	38	70,1	37	8,5
4	Moldova	78	61,3	85	62,5	7	-1,2
5	Russia	113	56,1	92	61,5	21	-5,4
6	Kyrgyzstan	116	55,8	78	63,7	38	-7,9
7	Uzbekistan	117	55,7	108	58,3	9	-2,6
8	Belarus	135	53	95	61	40	-8,0
9	Tajikistan	147	49,7	134	55,2	13	-5,5
10	Turkmenistan	165	46,2	167	47,4	2	-1,2

¹ https://www.heritage.org/index/pdf/2022/book/2022_IndexofEconomicFreedom_Highlights.pdf

² https://www.heritage.org/index/pdf/2022/book/2022_IndexofEconomicFreedom_Highlights.pdf

Singapore (84.4 points), Switzerland (84.2 points) and Ireland (82.0 points) occupy the top 3 places in the world ranking, while Cuba (29.5 points) occupies the lowest place. , Venezuela (24.8 points) and the Democratic People's Republic of Korea (3.0 points) took place (Table 2).

The regions of Uzbekistan are distinguished by their diversity. Therefore, in order for a potential investor to make an investment decision, objective information about the investment potential of each region should be available. Creating a system for assessing the investment attractiveness of regions is a necessary condition for the development of the state and regions. The transformation of the country's economy from a centralized management system to a decentralized system led to the strengthening of the role of administrative-territorial bodies in the regulation of economic processes. The existence of differences in the socio-economic development of each region requires the need to formulate a balanced regional investment policy.

It is known that the exact methodology for assessing the country's investment attractiveness is not defined by any international law, therefore, recently various methodologies are being used to calculate indicators of investment attractiveness. According to some economists, investment attractiveness is determined by the level of income from investment. This approach covers a very narrow field of application, because in order to get clear and correct results, investments should be made at the same level of risk (danger), which is almost impossible in practice.

Also, there are a number of approaches based on the analysis of the investment volume, horizontal and vertical analysis of investment attractiveness. Using it, it is possible to make a conclusion about the favorable (unfavorable) condition of the area. The main disadvantage of this approach is that it considers the investment process superficially. Separate descriptions of investments do not indicate the real state of the investment sector and do not reflect the internal capabilities and prospects of the country.

In many scientific literature, concepts close to "investment attractiveness": "investment activity", "investment image (reputation)" are used as synonyms. In our opinion, "investment activity" is an independent category that characterizes the stable financial condition of economic entities and means the mobilization of real resources for a specific period. It can also be interpreted as a process that satisfies investment demand.

In order to assess the investment attractiveness, it is necessary to pay attention to two important aspects. The first is the investment attractiveness of investing in a certain object. In this, the economic situation of industries, sectors and clusters existing in a specific regional system is analyzed. In the implementation of the economic analysis, the basic indicators for determining the efficiency of investment projects and programs (net discounted income, payback period, profit rate, internal rate of return) are evaluated.

The second is the investment attractiveness of the territorial economic system. For this purpose, the analysis of the existing legal and normative framework, political situation, investment infrastructure, socio-economic conditions, level of protection of investors' interests, level of taxation, strategic and administrative resources is envisaged. As we noted above, investment attractiveness is an economic category that is manifested by the influence of objective and subjective information on investment activity.

In our opinion, the investment risk is assessed and determined in the context of a comprehensive, in-depth analysis of the investment environment. Investment climate and risk

levels are inversely related. The more favorable the investment environment, the lower the investor's entrepreneurial risk, and this activates the entry of investors. Conversely, if the investment environment is unfavorable, the level of risk is high. This will lead to an increase in spending on the part of the recipient of the investment. The state of the investment environment is important not only for the investor, but also for the recipient of the investment. Of course, not all indicators reflected in this rating are perfect. They do not reflect the following important factors: macroeconomic policy, quality of infrastructures, skills of labor force, fluctuating exchange rates, investors' opinion, risk of corruption and its level.

The rating published by the World Bank includes the administrative procedures created by the state for opening and running a business, and the main factors related to the country's economic potential (market size, labor costs, etc., as well as potential investment). The risks that the country may face are not taken into account. According to the conducted research and the results of the conducted survey, the stability of the political system of the state, effective economic policy, availability of high investment opportunities and the development of infrastructure influenced the conditions created for opening and running a business in Singapore and achieving high results. The Global Competitiveness Index is averaged from 0 to 100 points for 141 countries in the following areas. These are: quality of institutions, infrastructure, macroeconomic stability, health and primary education, higher education and retraining, efficiency of goods and services markets, efficiency of labor market, development of financial markets, level of technological development, size of domestic market, companies consists of indicators related to competitiveness, innovative potential.

During the study of the experiences mentioned above, it became clear that the implementation of the experiences of China and Singapore in increasing the attractiveness of the investment environment in attracting foreign investments in the conditions of Uzbekistan, their use will serve to ensure the country's development at a higher rate in the future and increase the source of income of the population. In particular, measures should be taken to ensure the active participation of Uzbekistan, like these countries, in surveys conducted by international organizations, participation in all ratings showing the investment attractiveness of world countries, in particular, in the "Global Innovation Index" and "Business Environment Index" has a positive influence on their decisions. The reason is that before investing in a country, a foreign investor needs reliable information about the investment environment of that country. Of course, one of the most reliable sources is the indices maintained by international economic organizations. Investors can get the necessary and reliable information from these indices.

- According to the experts of the World Bank, the following are the main reforms to improve the business environment in Uzbekistan:
- strengthening the protection of minority investors by expanding the rights and role of shareholders in the most important corporate decisions, clarifying ownership and management structures, as well as increasing corporate transparency;
- simplification of taxation by combining social infrastructure development taxes with income tax;
- simplifying international trade by introducing a risk-based customs control mechanism, as well as easing requirements for import documents;
- simplifying the execution of contracts by adopting the law on voluntary mediation, as well as

creating financial incentives to encourage parties to resolve disputes through mediation[8].

CONCLUSIONS AND SUGGESTIONS

- Today, in order to increase the investment attractiveness of regions, the main shortcomings of most of the existing methodologies for assessing its condition are as follows:
- lack of scientific basis for forecasting the methodological conditions for the analysis of regions and their investment attractiveness;
- insufficient justification of the principles of selection of dozens of indicators for assessment;
- the complexity of the criteria for justifying the methods used.

Among these, it is possible to add that evaluation is not conducted regularly. Thus, there is a need to develop a systematic approach to assessing the investment attractiveness of regions from the point of view of industry specialization and to continue research in this direction.

Therefore, the above-mentioned indexes have a positive value in showing the investment environment of Uzbekistan to foreign investors. Also, the next factor that made it possible to increase the attractiveness of the investment climate of China and Singapore is the fact that the responsible organizations of the country receiving investment provide the necessary information to investors about the regions of the country on the official website, taking into account the socio-economic potential of the regions of Uzbekistan, by the State Statistics Committee every year. It is advisable to publish the "Annual statistical map" on the attractiveness of the investment environment of the region (provinces, the city of Tashkent and the Republic of Karakalpakstan). The following indicators are acceptable from this map:

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