



## **THE ROLE OF INVESTMENT PROJECTS IN THE DEVELOPMENT OF THE ECONOMY OF UZBEKISTAN**

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<b>ABSTRACT</b>	<b>KEYWORDS</b>
The article reveals the essence, content and features of investment projects. The main elements and classification features of investment projects by content, objectives, scale, implementation time, industry focus and proposed financing scheme are analyzed. Based on the conducted research, scientific conclusions were formulated and recommendations for the effective implementation of investment projects in Uzbekistan were developed.	Investments, investment project, foreign investments, foreign direct investments, investment environment, flow of foreign investments, public-private partnerships, real investments, priority sectors, financing, fixed capital.

### **Introduction**

Market reforms in the national economy have led to the need for a significant update of the forms and methods of investment management. With a significant reduction in centralized state capital investments in the sectors of the national economy and regions, enterprises' own and borrowed funds and foreign investments are increasingly being used. In these conditions, the requirements for the economic justification of investments increase, taking into account the instability of the external environment, inflation, taxes, customs, transport, energy and other tariffs. New issues for specialists included developing business plans for investment projects, optimizing the management of financial flows and investment portfolios. An objective assessment of a wide range of capital investment risks is of great importance in investment planning. These circumstances increase the relevance of theoretical and practical development of investment project management.

As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted, «The economic development of our country largely depends on an active investment policy. Based on this, we think there is no need to explain the competitiveness of our country and, most importantly, the radical growth of the population's well-being, the creation of new enterprises and industries, new jobs» [1]. Investment projects play an indispensable role in stimulating and developing industry, being a reliable catalyst for economic growth and prosperity. They represent the financial fuel that allows enterprises to make technological leaps, improve production processes and expand their product range.

Today, the main problem of investment policy for all regions is the search for sources of financing, although theoretically there are many potential options for attracting capital to regional investment projects. But it should be especially noted that only a few of the many projects at the present time can play a significant role in investment processes.

## ANALYSIS OF LITERATURE ON THE TOPIC

The problems of attracting investment and implementing investment projects have been studied in the scientific works of leading foreign economists such as M.V. Olshanskaya, N.N. Kuzmina, D.A. Bondareva, A.N. Sorochaikin, A.Z. Dadashev, S.M. Vdovin, L.A. Beklaryan, S.V. Sotsky, Sh.I. Mustafakulov, M.Kh. Nurmukhamidova, S.V. Mamazhanova, A.Kh. Shoev, Vakhobov A.V., O.Sh. Sabirov, D.G. Ghozibekov, E.I. Nosirov.

«M.V. Olshanskaya studied the issues of economic, organizational and managerial relations that mediate the processes of development and implementation of measures that ensure an increase in the investment attractiveness of territories» [2]. This work was carried out taking into account the peculiarities of the territories of the Russian Federation, also, the investment potential has been little studied, mainly, attention is paid to organizational and management problems.

«N.N.Kuzmina studied the issues of socio-economic development of the region, in this scientific dissertation the investment attractiveness of the region is studied as a subject of market competition, also, in the work the concepts, essence, basic elements, management system of tourist and economic facilities are analyzed» [3].

«D.A. Bondareva, A.N. Sorochaikin studied the issues of public-private partnership in the management of economic facilities of large cities taking into account urbanization, but they did not study the problems of individual territories» [4].

«A.Z. Dadashev studied the problems of improving the tax-budget mechanism for supporting investment processes in highly subsidized regions» [5].

«S.M. Vdovin believes that investment attractiveness is a factor in the sustainable development of a region; the researcher believes that at present the contours of research in this area are shifting towards solving the problem of sustainable development in connection with the increasing shortage of resources and the deterioration of the environment» [6].

«L.A. Beklaryan, S.V. Sotsky studied the issues of investment activity taking into account regional investment and financial policy, while they argue that it is necessary to attract capital by dividing regions and investors into groups according to the level of their mutual attractiveness» [7].

In Uzbekistan, similar issues were investigated by Sh.I. Mustafakulov [8], on the creation of necessary conditions for attracting foreign investment in the economy of the republic, «M.Kh. Nurmukhamidova, S.V. Mamazhanova, A.Kh. Shoev [9] studied the problems of developing systems of measures for the economic development of regions, increasing the investment attractiveness indicator, Vakhobov A.V.» [10], O.Sh. Sabirov [11], D.G. Ghozibekov, E.I. Nosirov [12] conducted research on improving the conditions for improving the investment climate and attracting foreign investment.

## RESEARCH METHODOLOGY

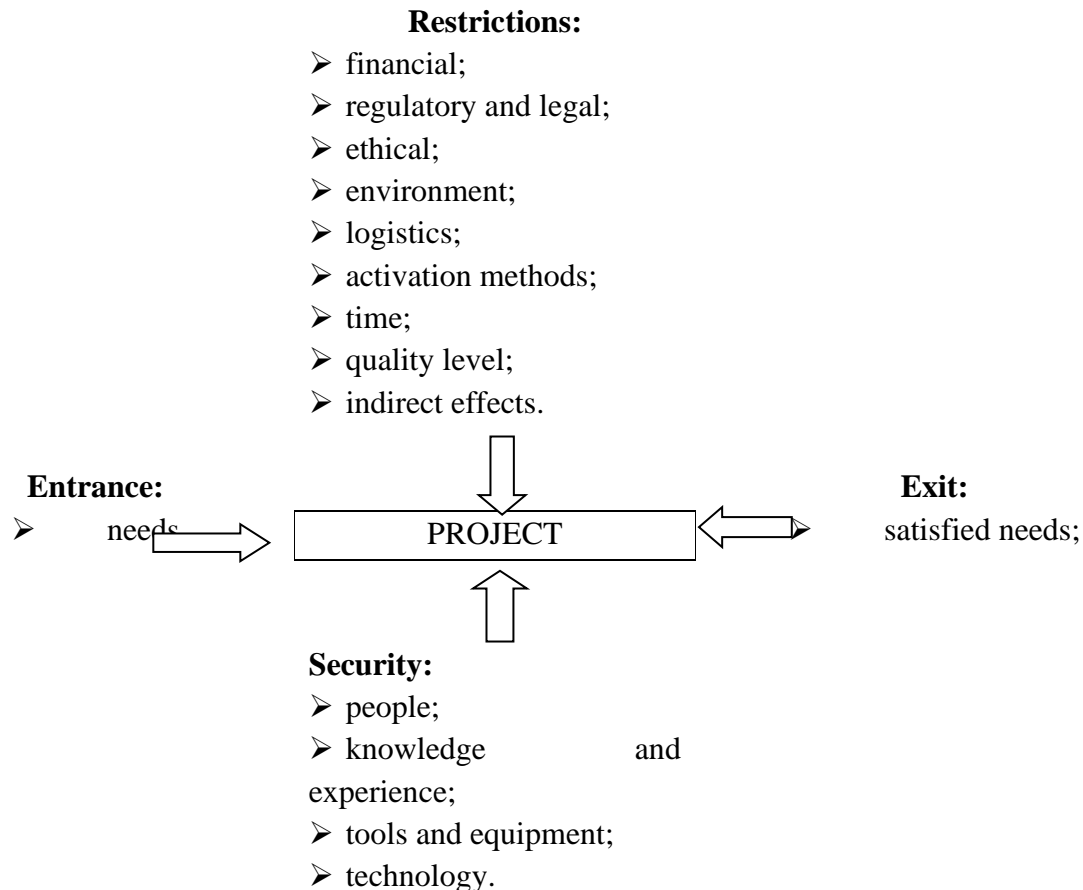
Methods of grouping, comparative and economic analysis, induction and deduction, economic and statistical methods and expert assessment were widely used in the research.

## ANALYSIS AND RESULTS

The term «project» can be understood in two senses:

- «as a set of documents containing the formulation of the goal of the upcoming activity and the definition of a set of actions aimed at achieving it;
- as a set of actions (works, services, acquisitions, management operations and decisions) aimed at achieving a formulated goal, that is, as documentation and as an activity» [13].

From the point of view of the systems approach, a project can be considered as a process of transition from the initial state to the final one – the result with the participation of a number of constraints and mechanisms (Fig. 1).



**Figure №1. Project as a process of transition of a system from the initial state to the final one**  
[14]

The concept of «project» unites various types of activities characterized by a number of features, the most common of which are the following:

- focus on achieving specific goals and defined results;
- coordinated execution of multiple, interrelated actions;
- a limited duration in time, with a definite beginning and end.

There are a number of definitions of the term «project», each of which has a right to exist, depending on the specific task facing the specialist.

In its most general form, a project is «something that is conceived or planned, such as a large undertaking» (Webster's Dictionary).

The social significance (scale) of a project is determined by the impact of the results of its implementation on at least one of the (internal or external) markets: financial, products and services, labor, etc., as well as on the environmental and social situation.

The concept of "investment project" has many meanings. On the one hand, an investment project is understood as a set of documents that formulate the goal of the planned activity and define the range (list) of actions aimed at achieving this goal. On the other hand, the concept of «investment project» is associated with these actions themselves (works, services, management decisions), united by a single goal.

We will operate with the concept of an investment project in both meanings. Any investment project is designed to justify the economic feasibility of capital investments, their volumes and timing. This justification must be reflected in the design documentation developed in accordance with special standards and regulations. In this case, practical actions related to the direct implementation of investments are described in the business plan.

The essence of an investment project comes down to the implementation of an innovative idea and justification of the need for investment in an activity that, like any commercial project, should generate profit and be attractive for these investments. That is, firstly, the ideological and material investment attractiveness of the project must be visible and understandable, otherwise it will not be possible to agree on investments, and, secondly, it is necessary to immediately make sure that the project will bring sufficient profit. There are exceptions to this rule when it comes to non-commercial types of investment project implementation (social, environmental), although even there it is assumed that indirect profit will be obtained, for example, by improving the social conditions of workers. But in any case, both the contractor and the investor must clearly understand the algorithm for implementing the plan at each stage, the time frame, cost, and final result, for which the design and estimate documentation is created. In the literature, the understanding of what an investment project is depends on the amount of meaning invested in the concept. In a narrower sense, this is a standardized business plan - an economic justification explaining to the investor the feasibility of making capital investments, indicating the volumes and timing. In a broader sense, the concept includes the entire program of activities that ensure effective capital investments with the resulting profit.

When choosing a more relevant meaning, it should be taken into account that an investment project is, first and foremost, a project with the presence of characteristic project features:

- time interval,
- cost,
- specific result,
- scenario for the phased implementation of the plan.

When raising funds from outside, all these project characteristics are retained, but they are supplemented by advertising activities aimed at the investor, sending out commercial offers, demonstrating the attractive characteristics of the project and other persuasive measures.

All this, of course, is connected with the mandatory preparation of documentation, however, investment projects are not limited to a set of documents. Their definition includes the entire range of activities carried out by the contractor according to the plan in the conditions of a limited resource base, which, among other things, is a motivating factor in attracting investments. In addition, projects are implemented not in an isolated environment, but in a given social and natural context, which, in turn, imposes certain restrictions and requires the introduction of differences in the implementation of

projects depending on the diversity of socio-ecological conditions. So from the above it follows that the concept and types of investment projects are closely interconnected.

Thus, an investment project is a justification of the economic feasibility, volume and timing of capital investments, including the necessary design and estimate documentation, as well as a description of practical actions for implementing investments (business plan).

For a more complete understanding of the essence of an investment project, it is necessary to consider the definition that is enshrined in the current legislation of the Republic of Uzbekistan. In accordance with the legislation of the Republic of Uzbekistan, an investment project is understood as «a set of interrelated activities aimed at implementing or attracting investments to obtain economic, social and other benefits» [15]. Thus, an investment project is a complex set of activities aimed at creating new goods and services or reconstructing or modernizing existing production facilities in order to obtain economic benefits. This term also covers the resources, means, investments and results obtained to achieve the investment goal.

An investment project is a set of interrelated activities that involves certain capital investments over a limited period of time with the aim of generating income in the future. At the same time, in a narrow sense, an investment project can be considered as a set of organizational and legal, calculation and financial and design and technological documents necessary for substantiating and carrying out the relevant work to achieve investment goals. An investment project involves setting goals, planning implementation, management and analysis. Investment projects implemented by enterprises (firms) differ in: 1) content: investment projects are divided into enterprise expansion (development) projects and rehabilitation (rehabilitation) projects. Development projects involve the implementation of measures aimed at increasing the quantity of manufactured products without changing the product range or changing the production program by developing new products. These results can be achieved through investments in factors of production. Rehabilitation investments are very important for Uzbekistan. They are reflected in the business plan for the financial recovery of the enterprise; 2) scale: projects are divided into global, large-scale, regional, industry, city scale and local. The scale of a project is determined not only by the volume of capital investment, but also by the impact on at least one of the markets (financial, material products and services, labor), as well as on the environmental and social situation; 3) duration: short-term projects (up to one year) are related to the development of new technological processes, equipment upgrades, etc.

A comparison of existing definitions allows us to note that an investment project is a systemically limited and complete set of activities, documents and works, the financial result of which is profit (income), the tangible result of which is new or reconstructed fixed assets (complexes of objects), or the acquisition and use of financial instruments or intangible assets with subsequent receipt of income. This, firstly, clearly defines the goal (result) of the investment project and differentiates it into financial and material components; secondly, it combines the activities, documents and work performed (executed) within the framework of the investment project into a single, complete complex.

Investment projects can be combined into programs. An investment program is a set of investment projects or proposals with a specific target orientation. To understand the internal structure of an investment project, it is important to consider its key elements. Any project, including an investment project, includes three basic elements: an idea or concept; means and ways of implementing the idea; and a result. The idea is actually what starts any project. It is based on the implementation of a specific idea, such as investing in the development of new sources of raw materials with the aim of making a

profit through their sale on the domestic or international market. Implementation tools are specific instruments and mechanisms for implementing the idea of an investment project. For example, in order to develop new sources of raw materials, it is necessary to conduct geological exploration work, purchase the necessary equipment for resource extraction, select a group of workers with certain qualifications, etc.

The goal is the desired result of investment activity, which is achieved within the period established for the project implementation. The result is the receipt of profit as a financial component of the goal and (or) the construction of a physical object as a material component of the overall result.

In general, an investment project is characterized by the presence of the following features: a specific goal, certain changes, time constraints, uniqueness, novelty (may be relative), limited required resources, complexity, specific organization of the project.

Let us consider in more detail the types of investment projects depending on individual classification features (Fig. 2).

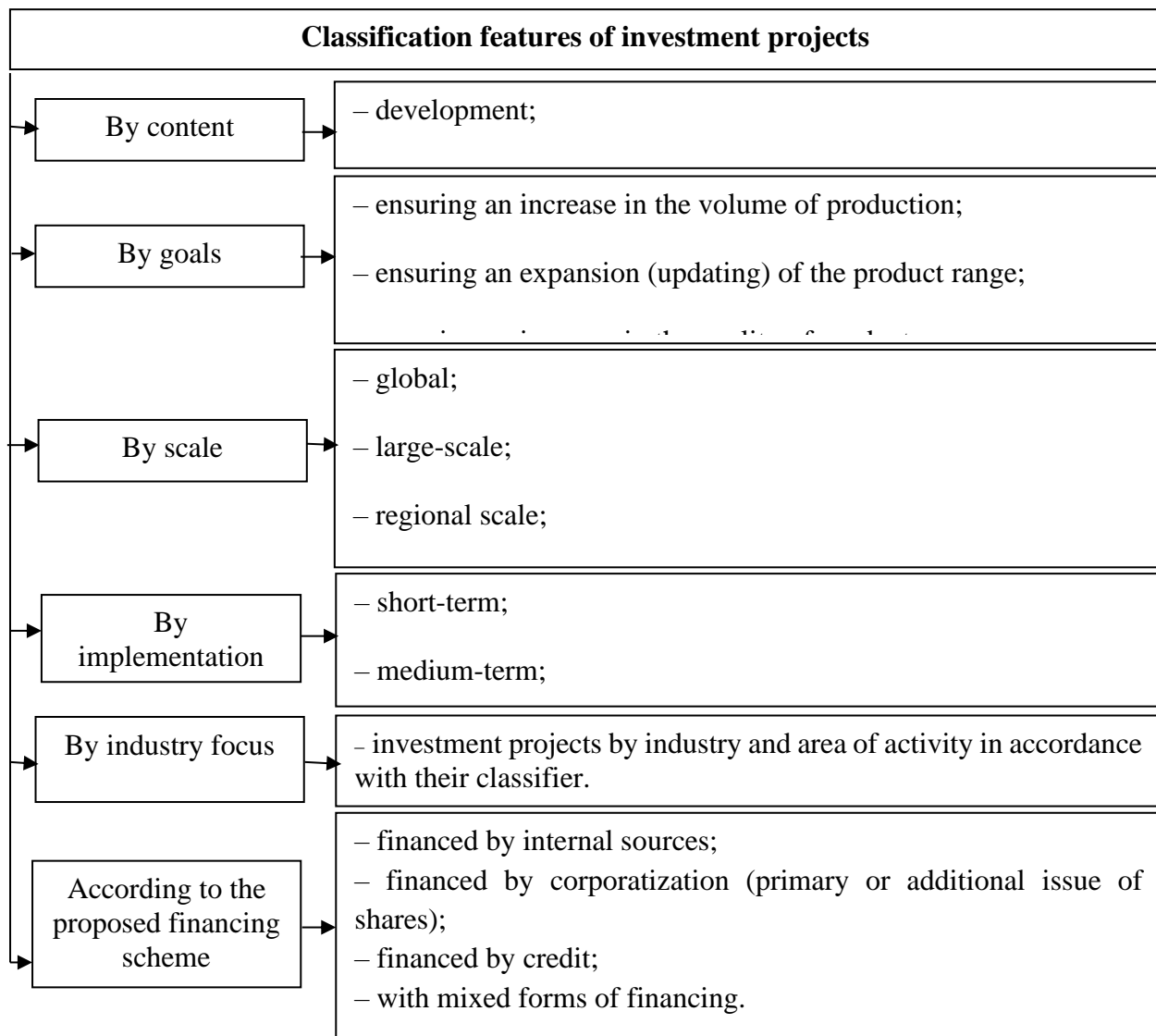


Figure 2. Classification of investment projects [16]



1. According to the content or functional focus, investment projects for expansion (development) of an enterprise and rehabilitation (rehabilitation) projects are distinguished. Development projects are aimed at increasing the volume of manufactured products without changing the product range or introducing new types of products taking into account the requirements of the market situation. Rehabilitation projects are aimed at restoring production and financial recovery of the enterprise.

2. According to investment objectives, investment projects are distinguished that ensure an increase in the volume of production; expansion (diversification) of the range of manufactured products; improvement of product quality; reduction of production costs.

3. By scale, investment projects are divided into global, large-scale, regional, sectoral, city-scale, and local projects. The scale of an investment project is determined by the impact of its implementation results on the economic, social, and environmental situation in the domestic or foreign market.

«Global projects are interstate in nature, are highly capital-intensive and require the participation of a number of countries in their implementation. An example of such a project is the construction of a tunnel under the English Channel in 1987-1994, which connected the cities of London, Paris and Brussels by direct road and rail communication» [17].

Large-scale projects significantly affect the economic, social, and environmental situation in a particular state. They are highly expensive and affect the interests of the country as a whole (for example, the construction of a port in Ust-Luga).

Projects of regional (for example, the creation of local free zones), industry (development of cellular communications), city (development of paid parking) and local scale (modernization of a brick factory) are implemented respectively within the framework of a region, industry, city, specific territory or enterprise and their influence is limited by these frameworks.

4. According to the implementation period, there are short-term (up to one year), medium-term (from one year to three years) and long-term investment projects (with an implementation period of over three years). Short-term projects are usually associated with the fairly rapid development of new technological processes, with the renewal of equipment, etc. Long-term projects cover various scientific and technical developments and their development.

5. By industry affiliation, investment projects can be identified that are implemented in the fuel and energy complex, transport and communications, construction industry, light, food, medical industries, etc. Industry investment projects can have an inter-industry focus (for example, projects to form industry clusters aimed at the effective integration of producers and consumers from different sectors of the economy).

6. According to the proposed financing scheme, investment projects are differentiated into projects financed from internal sources of the enterprise (for example, from net profit); projects financed through corporatization (primary or additional issue of shares); projects financed from credit resources; projects with mixed forms of financing.

Classification of projects allows for a fairly clear ranking of promising and implemented projects, and as a result, setting achievable goals, setting realistic deadlines for achieving goals, and attracting the optimal resources needed for their successful implementation.

According to the Decree of the President of the Republic of Uzbekistan “On the State Program for the Implementation of the Strategy «Uzbekistan – 2030» in the «Year of Support for Youth and Business», the Central Asian country intends to implement ambitious plans for economic development. «Thus, it is planned to launch 309 investment projects, the total cost of which will amount to an impressive \$18

billion. The key points of the program include expected economic growth at 6%, as well as keeping inflation below 9%. To stimulate the economy, it is planned to allocate 275 trillion soums, of which 41 trillion soums will be directed to the development of microfinance services. Last year, the country successfully attracted \$2.8 billion in credit funds. The largest share of investments came from the Asian Development Bank (\$615.6 million). Investment activity in Uzbekistan in 2023 showed growth of 22.1%. The growth of foreign direct investment (FDI) and loans to the economy of Uzbekistan by 58.9% last year became an important indicator of Uzbekistan's attractiveness for foreign investors and financial institutions» [18]. Thus, the indisputable fact is that the progressive development of the country's economy in the conditions of market relations cannot do without investment, the instrument for the implementation of which is an investment project.

## CONCLUSION

Government measures to develop the economy and attract investment signal Uzbekistan's desire to become a key player in the region and ensure stable economic growth in the long term.

It is important to note that successful attraction and effective use of investment in industry requires the development of strategies that ensure transparency, stability and protection of investors' rights. Uzbekistan is actively working to improve the investment climate to attract more capital and support its industrial sector.

The most important conclusion from all of the above is that the investment sphere is a zone of social development. It is obvious that each investor, investing their funds in an investment project, wants to receive a certain benefit, especially for private investors. It should be noted that the benefit may also vary: for the state, the benefit may consist of social and environmental efficiency, etc., for a private investor - a businessman, the benefit consists of receiving a stable profit.

The life cycle of an investment project is the initial concept for studying the problems of financing the work on the project and making the corresponding decisions. It is obvious that an investment project will be viable only if it is effective.

### 1. Planning and preparation stage:

- clearly defining the project's goals and objectives;
- conducting an in-depth analysis of the market and competitors;
- developing a detailed business plan: description of the project, its goals and objectives; analysis of the market, competitors and potential risks; description of the project team and its competencies; financial model of the project with calculations of income, expenses and performance indicators; marketing and promotion plan for the project; risk management and problem solving plan;
- obtaining the necessary permits and licenses;
- collecting the necessary resources: what resources (financial, human, material) are needed to implement the project, and develop a plan for attracting them;
- forming a project team.

### 2. Project implementation stage:

- clear planning of project stages;
- effective risk management;
- adherence to budget and project deadlines;



- effective communication;
- flexibility and adaptation to changes;
- use of modern technologies.

### 3. Project completion stage:

- conducting an assessment of the project's effectiveness;
- preparing documentation;
- closing the project.

It is important to remember that effective implementation of an investment project requires a comprehensive approach, clear planning, effective management, flexibility and adaptation to changes.

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