



## THE IMPORTANCE OF FINANCING IN ASSESSING THE EFFECTIVENESS OF INVESTMENT ACTIVITIES

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**Abstract:** The trends emerging as a result of global changes in the world economy indicate the presence of imbalances in the distribution of international investments, as well as the manifestation of weak investment activity in the regions. In this article, scientific-methodological proposals and practical recommendations for improving the mechanism of financing investment activities in the regions and territories of the Republic of Uzbekistan have been developed, and in solving problems, scientific abstraction, observation, generalization, grouping, comparison, factor analysis, financial efficiency assessment and economic - mathematical modeling methods are widely used.

**Key words:** investment, investment potential, modeling, financial efficiency, financing of investment activities, investment attractiveness, advanced efficiency.

### INTRODUCTION

The trends emerging as a result of global changes in the world economy show the presence of imbalances in the distribution of international investments, as well as the manifestation of weak investment activity in the regions. In particular, "the volume of global foreign direct investments in 2018 decreased by 13% and in nominal terms this indicator is 1.3 trillion. made up the dollar. Announced investments in new projects decreased by 14% during the year as a factor of future development. Since 2004, the flow of foreign investments to developed countries has been 27 percent. "In the volume of investments in developing countries, a 2 percent annual increase was observed, without having a tendency to change"<sup>1</sup> According to the information provided by the United Nations (UNCTAD), "in 2019, foreign direct investments decreased by 1.54 trillion dollars, such a significant change has not been observed in the world economy since 2005. In 2020, it was noted that under the influence of the global pandemic, foreign direct investments decreased by more than 40 percent"<sup>2</sup>.

Currently, in the developing countries of the world, scientific research is being carried out to improve the practice of financing investment activities at the regional level, in particular, to increase the level of their use of new sources of financing, to introduce innovative methods to the practice of financing investment activities of companies. In particular, in the practice of these countries, the elimination of the negative aspects that affect the practice of financing the investment activities of enterprises and organizations due to the relatively low attractiveness of the investment environment and the instability of financing sources is one of the important directions of scientific research.

<sup>1</sup> See: [www.unctad.org](http://www.unctad.org) World Investment Report 2019

<sup>2</sup> <https://finance.rambler.ru/realty/44346731-oon-sprognozirovala-padenie-pryamyh-inostrannyh-investitsiy-na-40-protsentov>

In such conditions, the active investment policy conducted in Uzbekistan serves as an important financial factor for increasing the competitiveness of the country's national economy in the future. In the Investment Program of the Republic of Uzbekistan for 2020-2022: 850.5 trillion soums of investments, including 35.5 billion Aggregate forecast parameters of capital investment utilization, as well as investment and credit utilization and attraction, in 2020, a total of 206 new production facilities and more than 31 thousand jobs were created<sup>3</sup>.

### LITERATURE ANALYSIS AND METHODS

The theoretical-scientific, methodological and practical problems of financing V.D. Andrianov, B.C. Bard, S.N. Buzulukov, I.N. Drogobitsky, S.YE. Shepetova, A.B. Bel'sky, N. Berzon, Y.I. Vernadsky, O.V. Tereshenko, V.V. Bocharov, E.I. Krylov, V.M. Vlasova, M.G. Yegorova, D.A. Lavrik, M.M. Prusak, N.M. Sabitova, V. Savelyev, etc., have been researched in scientific works<sup>4</sup>.

### RESULTS AND DISCUSSION

Today, the global changes in the world economy and the development trends in all areas, knowing full well that every country cannot ensure its economic development without foreign economic activity, and its development without an active investment policy, have an effective investment policy planned for the medium and long term. insists on the need to focus on conducting. In accordance with this, in recent years, serious attention has been paid to carrying out an active investment policy in harmony with foreign economic activity and to its further improvement.

The measures taken to create a favorable investment environment in the regions can be represented by Figure 1 below.

<sup>3</sup> Decision PQ-4563 of the President of the Republic of Uzbekistan dated 09.01.2020 "On measures to implement the Investment Program of Uzbekistan for 2020-2022" [www.lex.uz](http://www.lex.uz)

<sup>4</sup> Stobaugh R. How to Analyze Foreign Investment Climates. -Harvard Business Review, September October 1969.- p.189. Stoun R. Social Account at the Regional Level: a Survey. In: Regional Economic Planning. Techniques of Analysis for Less Developed Areas / Ed. By W.Isardand J.Camberland. OECD. Paris, 1961; Abikayev N. Investitsionniy potensial i ekonomicheskii rost (metodologicheskii aspekt) //Ekonomist. 2000. - № 6. - S. 58-66.; AndrianovV.D. Rossiya: ekonomicheskii i investitsionniy potensial. M.:OAO«Izdatelstvo «Ekonomika», 1999. - 662s.; BardB.C., Buzulukov S.N., Drogobitskiy I.N.,ShepetovaS.YE. Investitsionniy potensial Rossiyskoy ekonomiki. M.: Izdatelstvo «Ekzamen», 2003. - 320 s.; Bel'skiy A.B. Analiz investitsionnoy privlekatelnosti regionov // Sbornik nauchnix trudov: Regionalnaya ekonomika problemi i perspektivi. -M., 2003.-320 s.; 16.Berzon N. Formirovaniye investitsionnogo klimata v ekonomike // Voprosi ekonomiki. 2001. -№ 7. - S. 104-114.; Vernadskiy Y.I., Tereshenko O.V. Integratsiya finansovogo i promishlennogo kapitala kak faktor rosta investitsionnogo potentsiala realnogosektoraekonomiki // Region: ekonomika i sotsiologiya. 2002. - № 1. - s. 97-102.; BocharovV.V. Finansovo-kreditniye metodi regulirovaniya rinka investitsiy. M.: Finansi i statistika, 1993 - 158 s.; KrilovE.I., Vlasova V.M., Yegorova M.G. i dr. Analiz finansovogo sostoyaniya i investitsionnoy privlekatelnosti predpriyatiya. -M.: Finansi i statistika, 2003. 192 s.; LavrikD.A. Diagnostika regiona osnova dlya effektivnogo razmesheniya investitsiy // Sbornik nauchnix trudov: Upravleniye ekonomikoy: metodi, modeli, texnologii. - Ufa: UGATU, 2001. - 246 s.; Prusak M.M. Strategiya regiona: investitsii v ekonomiku // Finansi. 2001. - № 1. - S. 6-8.; Sabitova N.M. O ponyatii finansovogo potentsiala regiona i metodologiya yego otsenki // Finansi. 2003. - № 2. - S. 63-65.; Savelyev V. Investitsionniy potensial regionov: regionalniy prognoz // Obozrevatel Observer. - 2003. - № 3. - S. 83-89.

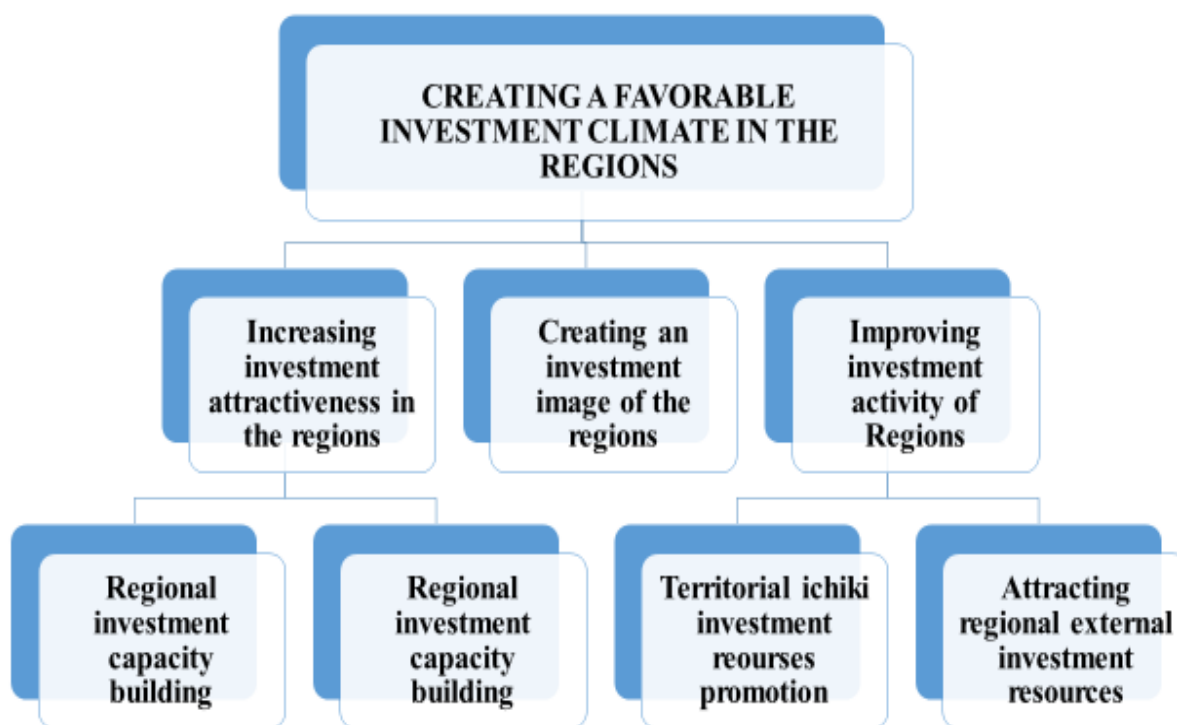


Figure 1. Creating a favorable investment environment in the regions<sup>5</sup>

It can be seen from the above picture that while increasing regional investment potential, it is possible to increase investment attractiveness in them by reducing regional investment risks. By achieving this goal, it is possible to attract more domestic and foreign investments to the regions. In this way, the goal of improving investment activity can be achieved. This, in turn, facilitates the investment environment of the regions. The created favorable investment environment has influenced the increase in the volume of attracting foreign investments to the economy.

#### **Regional distribution and dynamics of fixed capital investments in Uzbekistan, bln. Soum<sup>6</sup>**

The name of the regions	years						In 2020 compared to 2015, equal
	2015	2016	2017	2018	2019	2020	
Total for the republic	41670,5	49770,6	60719,2	107333,0	189924,3	210195,1	4,22
Karakalpakstan	5925,7	3718,9	2235	6046,4	8434,6	7089,8	1,91
Andijan region	1661	1987,3	2236	4056,0	8183,7	9622,6	4,84
Bukhara region	3866,1	5756,7	11008,9	7846,1	9867,0	12183,9	2,12
Jizzakh region	1101,1	1247	1436,7	3169,2	7919,3	12545,4	10,06

<sup>5</sup> Haydarov A. Investment potential of regions and prospective directions. // Scientific magazine "Finance", 2011, issue 5-6, page 99.

<sup>6</sup> Scientific and popular guide dedicated to the study and promotion of the Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis among the general public. - T.: MA'NAVİYAT, 2019. - P. 83-86

Kashkadarya region	5590,5	7048,8	10181,9	15321,1	23525,3	20557,6	2,92
Navoi region	1685,4	2846,8	2784,5	10059,1	17775,3	15688,4	5,51
Namangan region	1966,4	2566,7	3052	7131,0	12187,0	12007,2	4,68
Samarkand region	2854	3321,4	3307,1	5746,9	9798,6	14656,4	4,41
Surkhandarya region	1633,4	2005,2	2949,1	6111,0	12232,4	10068,2	5,02
Syrdarya region	1000,2	1240,9	1349,4	2154,6	6129,2	7191,9	5,80
Tashkent region	4055,7	3959,9	4301,8	9351,4	16935,1	21148,6	5,34
Fergana region	2133	2404,5	2473,8	4978,4	9164,2	11040,0	4,59
Khorezm region	1343,4	1445,4	1877,1	2980,0	5566,8	5391,8	3,73
Toshkent city	6854,6	10221,1	11525,9	21861,5	41497,9	50371,3	4,93

From the data of the given table, it is clear that when the volume of investments attracted to the national economy is distributed by region, during 2015-2020, investments directed to fixed capital increased and in 2020 compared to 2015, it increased by 4.22 times. we can observe that it has increased. Also, the volume of attracting investments to the regions of our republic is growing year by year. On the other hand, if we study this situation by individual regions of our republic, then the growth rate in 9 regions is lower than the average growth rate for the republic, and among them We can observe that the Republic of Karakalpakstan (1.91 times) was distinguished by the smallest growth rate, and also that 5 regions recorded a higher rate than the average growth rate for the republic.

The sources of financing of decentralized investments were implemented mainly through direct and other foreign investment and loans (31.0 percent of the total investment volume), own funds of enterprises (20.7 percent). At the expense of loans from commercial banks and other debt funds, a large social investment project of state importance was implemented on the basis of model projects for the construction of residential areas in urban and rural areas<sup>7</sup>.

Funds of enterprises in the direction of deepening structural changes in the state program of the following years, modernization and diversification of the leading sectors of the national economy based on the strategy of actions on the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, At the expense of the Reconstruction and Development Fund of Uzbekistan, credit lines of commercial banks, foreign investment and loans, 649 investment projects with a total value of 40 billion US dollars have been implemented in 2017-2021. Including, in 2018, 18 official interstate visits were made and agreements were reached on 1,800 projects worth 52 billion dollars. The volume of investments in cooperation with the World Bank, the European Bank for Reconstruction and Development, the Islamic and Asian Development Banks, and other

<sup>7</sup> [www.stat.uz](http://www.stat.uz) Based on the data of the State Statistics Committee of the Republic of Uzbekistan in 2020.

international financial institutions amounted to 8.5 billion dollars. Today 456 projects with a value of 23 billion US dollars are being implemented in our country at the expense of foreign investments<sup>8</sup>

## CONCLUSION

As a result of the research conducted on this topic, the following general conclusions were formed:

1. A modern interpretation of the content of investment activity was developed, and according to it, investment activity is the development and justification of new advanced innovative ideas that meet the requirements of the present time, their material, technical and financial definition. is to provide;

2. Its sources of financing play an important role in the financing of investment activities. Effective use of them is one of the most pressing issues in the development of investment financing mechanisms.

3. Various factors affect the financing of investment activities. The results of our research showed that it is acceptable to divide them into macro- and micro-level influencing factors.

4. The investment policy is a component of the state economic policy and serves to achieve the set goals and fulfill the short-term and long-term tasks of the economic policy;

5. Today, Uzbekistan has a unique experience in financing investment activities. However, the existing problems in it do not allow to show sufficient positive impact of investment activities on the economic development of the country. Therefore, in this regard, first of all, it is important to study advanced foreign experiences.

Also, in order to improve the mechanism of financing investment activities in Uzbekistan, the following proposals were developed:

1. Ensuring the stability of the economy, including the stability of price, currency and credit rates. In this:

- the production of high-value, high-quality products for domestic consumption demand and the foreign market in the leading sectors of the economy, fast-yielding industries;
- supporting the preparation of ready and competitive products based on complete processing of limited and cheap local raw materials;
- development of measures to reduce the sensitivity of the economy to price changes in the foreign market;

2. Further improvement of the system of effective use of human capital.

In this:

- increasing the efficiency of science, modern and continuous education system;
- increase the amount of investments in education and science and direct them;

3. Increasing the efficiency of the tax system and administration and increasing the desire of the population and every individual to engage in business and investment activities at the expense of reducing the tax burden. In this their:

- to increase economic activity as an independent and potential subject that freely participates in the implementation of economic reforms;

<sup>8</sup> [www.cbu.uz](http://www.cbu.uz) Information of the Central Bank of the Republic of Uzbekistan





- it is desirable to increase social activity as a subject expressing social opinion and reaction without being indifferent to the reforms implemented by the state.

4. It is necessary to widely introduce innovative ideas and technologies in the economy, to achieve a sharp increase in the share of the digital economy in GDP and economic growth, and to rely heavily on advanced foreign experiences in this regard.

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