

The Role of Investment Projects in the Development of The Country's Economy

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Abstract

The article analyzes investment projects and provides practical recommendations for the development of the country's economy.

Keywords: investments, rating agencies, investment activity, international rating methodology, economic freedom index, business conduct index.



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I. Introduction

As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted, “economic reforms are being carried out in our country. For the first time, we have publicly declared our determination to reduce poverty. (2020) We achieve this by developing entrepreneurship and creating additional jobs, improving the investment and business environment and creating a modern infrastructure, training people in new professions and providing targeted social assistance to the population. " Of course, this proposal is not in vain. World practice shows that the development of investment activity plays an important role in the development of the country's economy and its worthy place in the world arena and in international rankings. Therefore, today there is a need to develop the investment activities of local and foreign investors and to protect their legitimate and legitimate interests, to create a new system that meets the requirements of international standards. However, our country has not developed sufficient economic mechanisms to assess the activities of local and foreign investors in international ratings.

II. Literature review

Extensive information is contained in the scientific papers of a number of economists on the development of the participation of international rating agencies. For example, in the scientific work of A. A. Fatkhullina (Russian scientist) (2014): “Each region has its own characteristics, therefore the work of each of them is characterized by its own characteristics. When calculating the business activity index at the regional level, it is important to take into account its specificity, taking into account its natural, geographical, historical, cultural and other characteristics.

In the monograph by B.P. Borisova, I.V. Kachubei "Research in the spirit of postmodernism" (2016) on the philosophy of F. Kotler's approach to business (2018) substantiated his theoretical and methodological approaches.

N. X. Dzhumayev: “First of all, a natural question arises as to why a rating is needed. Ratings can be different, business rating, investment attractiveness rating and much more. If a country participates in the ranking and is at the top, it shows the openness, transparency and economic potential of that country. Therefore, it is natural that countries in which large-scale reforms are being carried out to ensure economic development and are in the process of development should certainly strive to take a worthy place in the ratings. Indeed, in the modern world, countries and organizations wishing to cooperate should definitely pay attention to popular ratings ”(2020).

III. Research methodology

The research used a dialectical and systematic approach to determining the role development specific features of enterprises operating with innovative projects in the country complex assessment and comparative analysis statistical and dynamic approaches grouping methods. Econometric analysis was performed to determine the volume of loans that have a positive impact on the country's economy as well as the impact of innovative projects in

particular loans to the real sector on GDP. The practical significance of this work is that in order to ensure national growth in the country the quantitative growth of the country's GDP by 2025 will reach 350 trillion soums. Assuming that the total amount of loans required from banks to achieve this result is 25.543 trillion soums.

One of the factors of sustainable development of the economy is the financing of innovative projects. In this process the increase in employment and a comparative analysis of these indicators will be determined by the development of appropriate recommendations on this basis.

IV. Analysis and results

In particular, over the past four years, the Country Heritage Fund's Economic Freedom Index has grown by 52 points, the World Bank's Logistics Performance Index by 19 points, and the Doing Business Index by 18 points.

Uzbekistan has risen from group 6 to group 5 in the Organization for Economic Cooperation and Development's Country Risk Classification system.

At the same time, due to the fact that some leaders do not pay due attention to working with ratings and most reforms are not reflected in surveys conducted by international organizations, the Republic of Uzbekistan remains at a low level in international ratings and indices.

Working with international ratings and indices to enhance the investment attractiveness and image of the country in the international arena, introducing new mechanisms for working with international ratings and indices in government agencies and organizations, as well as implementing the tasks set in the Action Strategy. for 2017-2021 of the Republican Council for

The main tasks of the Council are:

Systematic analysis of the level of socio-economic, political and legal development of the country, ensuring that radical changes in various areas serve the purpose of improving the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan, removing obstacles to efficiency;

To promote initiatives to improve the public administration system, democratize society, implement reforms in the field of state and social construction based on the best world practices in order to improve the country's position in international ratings and indices, which is a priority for the Republic of Uzbekistan;

A comprehensive assessment of regulatory legal acts regulating various aspects of state and public life, and their projects from the point of view of the country's influence in international ratings and indices, which is a priority for the Republic of Uzbekistan.

It was noted that the Council will monitor the development and implementation of effective measures to improve the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan, as well as systematic international cooperation in this area. The most important performance indicators (KPI) have been developed for international ratings and indices, which are priority for the Republic of Uzbekistan (Table 1).

Table 1.

The most important performance indicators in international ratings and indices (KPI), which are priority for the Republic of Uzbekistan

No	Category name	Current situation	2020 th year	2022 th year	2030 th year	
1.	Doing Business Index	69,9 (69th place)	72,43	77,08	89,36	
2.	Statistical Capacity Indicators of the World Bank	64,4	67,8	74,4	100	
3.	Economic Freedom Index	57,2 (114th place)	57,2	63,6	82,3	
4.	Market transparency	Trade independence	67,6	67,6	68,8	73,6
		Investment independence	20	20	40	80
		Financial independence	20	20	40	80

The table above shows that the most important performance indicators in international ratings and indices, which are priority for the Republic of Uzbekistan, are analyzed in terms of the growth of the most important performance indicators in international ratings and indices, which are a priority for our economy from 2020 to 2030. The index rises from 67.8% to 100%, and the Doing Business index - from 72.73% to 89.36%.

We also see that the Index of Economic Freedom aims to raise the freedom of investment index from 20% to 80% by 2030.

This year, the UAE Federal Bureau of Competition and Statistics has improved its skills in coordinating the activities of ministries and departments in working with international rankings and indices, as well as with the Global Competitiveness Index and Business Doing Indexes, and also established contacts with the following international organizations and experts

1. UAE Federal Agency for Competition and Statistics - Hanan Axley.
 2. World Economic Forum (Global Competitiveness Index 4.0) - Grigory Shutko.
 3. World Bank (Governance Indicators) - Aart Cray.
 4. Organization for Economic Co-operation and Development (Country Risk Classification System) - Douglas Frey, Verena Utzinger.
 5. Economist Intelligence Unit (“Risk briefing”) - Alex Dimitriou.
 6. IHS Markit Global Insight (management quality indicators) - Oleg Golovenko;
 7. The PRS Group Inc. (The International Country Risk Guide) – Christopher McKee.
- International ratings and indices are an integral part of the digital economy and serve as a

“barometer” or “KPI” (the most important performance indicator), which assesses the effectiveness and efficiency of reforms in the country within the framework of the “Action Strategy 2017-2021”.

Table 2

Quantity and share of credit investments of GDP and commercial banks in Uzbekistan [9]

Indicators	2014	2015	2016	2017	2018	2019
Gross domestic product (trln.so'm)	177,1	210,1	242,4	302,5	406,6	511,8
Credit investments (trln.so'm)	34,5	42,7	53,4	110,6	167,4	211,5
Change (percent)	19,5	20,3	22,0	36,6	41,2	41,3

If we analyze the state of economic development in Uzbekistan: In 2019 the gross domestic product of Uzbekistan will reach 511,8 trillion soums and increased by 25,8 % compared to 2018. In 2014-2019, the country's GDP and the volume of loans from commercial banks had an upward trend. The volume of loans to the real sector of the economy in 2019 increased by 26,3 % compared to the previous year and as of January 1, 2020 amounted to 211,5 trillion soams. The relative level of loans to GDP amounted to 41,3 %. From this we can be concluded that the country's creative work is really widespread the demand for money is growing and this indicates that the level of credit supply is increasing. However, the fact that the relative level of loans to GDP increased by only 0,1 % compared to the previous year we can say that it has not increased shows that the loans allocated to the real sector in this country are insufficient (Table 2).

If we look at the JP Morgan Bank Emerging Markets Currency Index, the decline in the index is mainly due to a period of declines in base rates. Also, as a result of the continued inflow of capital from these countries, a decrease in the foreign exchange index was observed in August-September.

Today, when capital markets and financial markets are underdeveloped, the money market interest rate index serves as a key benchmark for assessing the value of financial instruments in the economy. The Central Bank announced a daily announcement of the interest rates of the interbank money market through the official website and the telegram channel, and in the future will increase the issuance of signals to business entities about the formation of prices for resources through the formation and regular publication of money. market index. In this regard, with the support of the European Bank for Reconstruction and Development, a “Working Group on Improving the Money Market” has been created and a methodology for calculating the money market index is being developed with the participation of foreign experts.

For the first time, the sovereign credit rating of our country was assigned by Fitch Ratings and S&P Global Ratings on December 21-22, 2018 with a BB- rating (stable outlook). Obtaining

these ratings led to an increase in demand for the first sovereign international bonds of the Republic of Uzbekistan on February 14, 2019 on the London International Stock Exchange by almost 8 times. On April 10, Fitch Ratings downgraded South Africa, Colombia, the Sultanate of Oman and the Federal Republic of Nigeria, but downgraded Uzbekistan's sovereign credit rating to VV- (stable), despite the negative impact of the COVID-19 pandemic on the economy.

V. Discussion of research results

To improve rankings and indices, such as the World Bank's Doing Business Index, countries can reduce the number of procedures, move to electronic document exchange, process government filings faster, and increase transparency.

The Doing Business Index shows low levels of entrepreneurial activity and corruption in good performing countries.

In our country, significant growth was recorded in 6 out of 10 indicators of the World Bank's Doing Business 2018 report.

Achievement of positive results in economic indicators will lead to an increase in the inflow of foreign direct investment, a decrease in unemployment and an increase in living standards.

Poverty is declining in countries that have a rising index of economic freedom.

Countries performing positively on the Index of Economic Freedom will result in better education systems, better health care, and better living standards for their citizens.

Another index that contributes to the development of countries is the African Development Bank's African Visa Transparency Index. Which African countries are showing improvements in supporting the free movement of people across this continent? "Since the introduction of the index, a number of countries, including Ghana and Ethiopia, have allowed Africans to obtain visas upon arrival at a border post."

The country's international socio-economic ratings reflect the country's level of development and the effectiveness of the reforms.

Conclusion

The study identified a number of issues that directly affect the development of the participation of international rating agencies in the implementation of investment activities in the country. This includes:

- Due to insufficient attention to work with international ratings and indices in our country and the fact that most of the reforms are not reflected in studies conducted by international organizations, the Republic of Uzbekistan remains at the bottom of the priority international ratings and indices;
- there are shortcomings in strengthening the investment attractiveness and image of the country in the international arena, introducing new mechanisms for working with international ratings and indices in government bodies and organizations;
- A systematic analysis of the level of socio-economic, political and legal development of

the country, ensuring that radical changes in various areas serve the purpose of improving the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan. ;

- at the current stage of the country's economic development, create a favorable information environment for foreign investors based on the widespread adoption of international financial reporting standards (hereinafter referred to as IFRS) and, as a result, increase the investment and export potential of economic sectors and local business in international financial markets.

We also believe that the country should take the following measures to develop the participation of international rating agencies in the implementation of investment activities in the country:

1. Attracting foreign direct investment funds to the country in order to diversify sources of financing for investment activities and create healthy competition in the financial market.
2. It is advisable to enhance the investment attractiveness and image of the country in the international arena, to introduce new mechanisms for working with international ratings and indices in government agencies and organizations.
3. It is necessary to develop an investment climate and investment attractiveness in the country's economy according to the Index of Regulatory Restrictions on Foreign Direct Investment (FDI) in financing investment activities.
4. It is necessary to develop practical proposals aimed at fixing the necessary indicators of international ratings and indices, as well as to develop mechanisms for interaction with organizations that publish ratings and indices, and the sources of information used in their compilation.

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