

RESEARCH ARTICLE

# Issues of Increasing Investment Attractiveness in Ensuring the Financial Stability of Regions in Uzbekistan

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## Abstract

This study examines the role of investment attractiveness in ensuring the financial stability of regions in Uzbekistan. It analyzes the country's recent economic reforms, investment dynamics, and key factors influencing regional investment climate. Using statistical and institutional analysis, the study identifies challenges such as infrastructure gaps, bureaucratic barriers, and financial market limitations. The findings show that ongoing reforms, increasing foreign investment inflows, and macroeconomic stabilization contribute positively to regional financial stability. Policy recommendations are proposed to further enhance investment attractiveness across regions of Uzbekistan.

## KEY WORDS

Investment attractiveness, financial stability, Uzbekistan, regional development, foreign investment, economic reforms.

## INTRODUCTION

In recent years, Uzbekistan has been undergoing significant economic transformation aimed at liberalizing markets, attracting foreign investment, and ensuring sustainable economic growth. Strengthening the financial stability of regions has become one of the key priorities of national economic policy. Investment attractiveness plays a central role in this process, as it determines the ability of regions to attract capital, develop infrastructure, and create employment opportunities. Since 2017, Uzbekistan has implemented large-scale reforms, including currency liberalization, privatization, and improvement of the business environment, which have significantly enhanced its investment climate. As a result of these reforms, the country has demonstrated strong macroeconomic performance. In 2025, Uzbekistan's GDP growth reached approximately 7–7.7%, while foreign investment inflows exceeded \$43 billion, indicating growing investor confidence. Despite these achievements, regional

disparities remain significant. Some regions attract more investments due to better infrastructure and economic conditions, while others lag behind. Therefore, analyzing the issues of increasing investment attractiveness at the regional level is essential for ensuring balanced financial stability. The main objective of this study is to identify key factors affecting investment attractiveness in Uzbekistan and to propose measures to enhance regional financial stability.

## METHOD

The research is based on a combination of qualitative and quantitative approaches:

- Statistical analysis: Evaluation of macroeconomic indicators such as GDP growth, inflation, investment volume, and employment rates in Uzbekistan.
- Comparative analysis: Comparison of regions with

different levels of investment attractiveness.

- Institutional analysis: Assessment of reforms, regulatory frameworks, and governance systems affecting investment climate.
- System approach: Examination of the interrelationship between investment attractiveness and financial stability.

The study uses data from national statistics, international organizations (IMF, World Bank), and official economic reports.

## **RESULTS**

### **Macroeconomic Stability and Investment Growth**

Uzbekistan has maintained stable economic growth and improving macroeconomic indicators. GDP growth remained above 6–7% in recent years, supported by domestic demand and structural reforms. Inflation, although still relatively high, has been gradually declining and is expected to approach target levels in the medium term. Investment has become a key driver of economic growth, particularly in sectors such as energy, industry, and infrastructure.

### **Improvement of Investment Climate**

Uzbekistan has significantly improved its investment attractiveness through:

- Liberalization of the foreign exchange market
- Reduction of state participation in the economy
- Strengthening of private property rights
- Development of special economic zones and tax incentives

These reforms have led to a sharp increase in foreign direct investment and the number of enterprises with foreign capital.

### **Regional Disparities in Investment Attractiveness**

Despite national progress, regional inequality persists:

- Developed regions (e.g., Tashkent city and industrial centers) attract more investment
- Remote regions face infrastructure shortages and limited access to finance
- Uneven distribution of skilled labor affects investment decisions

## **Key Challenges Identified**

The study identifies several constraints to improving regional investment attractiveness:

- Insufficient transport and logistics infrastructure in some regions
- Bureaucratic barriers and administrative inefficiencies
- Limited access to long-term financing for businesses
- Underdeveloped capital markets
- Low level of technological innovation in certain regions

## **DISCUSSION**

The results show that Uzbekistan has made substantial progress in improving its investment environment; however, further efforts are required to ensure balanced regional development. First, infrastructure development should be prioritized, particularly in rural and less-developed regions. Investments in transport corridors, energy supply, and digital infrastructure will reduce regional disparities and improve connectivity. Second, institutional reforms must continue. Simplifying administrative procedures, enhancing transparency, and reducing corruption will increase investor confidence. Third, strengthening the financial system is essential. Expanding access to credit, developing capital markets, and supporting small and medium-sized enterprises (SMEs) will stimulate investment activity at the regional level. Fourth, Uzbekistan should focus on innovation and digital transformation. Recent initiatives, such as the creation of tax-free zones for high-tech industries, demonstrate the country's commitment to attracting modern investments and diversifying the economy. Fifth, improving human capital through education and vocational training will increase labor productivity and attract high-value investments. Additionally, international cooperation and integration into global markets play a crucial role in enhancing investment attractiveness. Agreements with international partners and participation in global value chains can significantly boost regional economic development.

## **CONCLUSION**

Investment attractiveness is a key factor in ensuring the financial stability of regions in Uzbekistan. The country has achieved significant progress in improving its investment climate through economic reforms, macroeconomic

stabilization, and increased foreign investment inflows. However, regional disparities and structural challenges remain. To address these issues, it is necessary to implement comprehensive policies aimed at improving infrastructure, strengthening institutions, developing financial markets, and enhancing human capital. By adopting these measures, Uzbekistan can ensure sustainable regional development, increase investment inflows, and strengthen overall financial stability in the long term.

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