BG Pulse Journal USA
ISSN:1947-2536 http://www.bgpulseusa.com/index.php/bg

INSTITUTIONAL AND ECONOMIC DIRECTIONS FOR IMPROVING THE INVESTMENT CLIMATE IN THE REPUBLIC OF UZBEKISTAN

Rustamova Dilnoza Adham qizi
student of Termez State University of Engineering and Agrotechnology
dimka0104@gmail.com

Abstract: This article analyzes institutional and economic directions for improving the investment climate in the Republic of Uzbekistan. The investment climate is interpreted as a complex process related to legal guarantees, the quality of public institutions, investor support systems, economic incentives, infrastructure and private sector development. The article substantiates key directions for improving investment policy through the "one-stop shop" mechanism, investor support institutions, regulatory stability, digitalization, public-private partnership and the strengthening of regional investment potential.

Keywords: investment climate, institutional reforms, economic incentives, investor rights, private sector, public-private partnership, Uzbekistan.

Introduction

The investment climate is one of the important pillars of a country's economic development. Capital, technology, management experience, new jobs and export opportunities largely depend on the conditions created for investors. Therefore, improving the investment climate is not just an administrative reform, but a strategic factor in economic growth, industrial modernization and strengthening the activity of the private sector.

In recent years, Uzbekistan has been carrying out consistent reforms to liberalize investment policy, guarantee investor rights, improve business conditions and attract foreign investment. The Law "On Investments and Investment Activities" is the main legal framework for regulating investment relations, protecting investor rights and establishing mechanisms for state support [1]. According to UNCTAD, the main purpose of this law is to regulate relations in the field of investments and investment activities carried out by foreign and domestic investors [1].

However, the investment climate is not just a set of laws and privileges. For investors, legal stability, the quality of communication with government agencies, infrastructure, clarity of tax and customs procedures, contract enforcement, digital services, judicial protection and the capacity of local partners are all important[1]. Any uncertainty in the investment environment increases the cost of capital, extends the project period and negatively affects investor decision-making.

Uzbekistan's development strategy until 2030 specifically mentions such areas as liberalizing the economy, attracting foreign investment, expanding technological potential and strategic infrastructure, and reducing the regulatory burden on business [2]. The OECD's Investment Policy Reform Roadmap for Uzbekistan to 2025 also highlights the implementation of large-scale reforms to improve the investment climate in the country, while at the same time emphasizing the need to strengthen institutional coordination, digitalization and policy coherence [3].

The purpose of this article is to scientifically and analytically substantiate the institutional and economic directions of improving the investment climate in the Republic of Uzbekistan.

Methodology

The study used the methods of systematic analysis, comparative analysis, institutional approach, economic interpretation and logical generalization. Systematic analysis made it possible to consider the investment climate not only as a system of legal guarantees, but also as an interconnected system of state institutions, investor services, economic incentives, infrastructure, private sector and territorial potential.

Through the institutional approach, the quality of the investment climate was analyzed in relation to the activities of state bodies, mechanisms for working with investors, the "single window" system, the effectiveness of investment promotion agencies, local authorities and regulatory institutions. The Investment Attraction Agency presents itself as a "one-stop-shop" for foreign investors, that is, a single coordinating and assisting center [4]. This is an important tool in institutional simplification of the investment climate.

Through comparative analysis, institutional and economic dimensions of the investment environment were distinguished. Institutional dimensions include legal stability, protection of investor rights, quality of public services, interdepartmental coordination, and digitalization. Economic dimensions include tax and customs incentives, infrastructure, public-private partnerships, regional investment potential, export-oriented production, and private sector development.



Figure 1. Conceptual model for assessing the investment climate

This model shows that the investment climate is formed by the combination of two main pillars - institutional trust and economic interest.

Results

The results of the analysis show that the first important direction for improving the investment climate in Uzbekistan is to strengthen institutional stability. The most important question for investors is: “Will the rules change tomorrow?” Legal stability, contract enforcement, property rights protection, and predictability of government decisions are the basis of investment confidence. Investment legislation establishes the rights and obligations of investors, guarantees of state support for investment activities, and investment protection [1].

The second direction is to simplify the system of working with investors. The "single window" principle facilitates the investor's interaction with government agencies. It is more convenient for an investor to obtain permits, advice, documents, visas, land allocation, or other services through a single coordinated platform, rather than through multiple agencies. The UNCTAD Investment Policy Monitor notes that the investor center in Uzbekistan acts as a "one-stop-shop" to support investors at the entry stage, assist with visa procedures and negotiations [5].

The third area is to strengthen interdepartmental coordination. An investment project often involves several departments: ministries, khokimiyats, tax, customs, energy, construction, ecology and the banking system. If each of them works with a separate logic, the investor loses time and costs. In its recommendations for Uzbekistan, the OECD notes the need to integrate the investment strategy with digitalization priorities and strengthen compliance with "Digital Uzbekistan 2030" [6].

1-Table.

Main institutional areas for improving the investment climate

Direction	Practical content	Expected outcome
Legal stability	Clear definition of investor rights and guarantees	Increased trust and long-term decisions
"Single window"	Centralization of public services	Reduced administrative costs
Investor aftercare	Monitoring of existing investor problems	Increased reinvestment potential
Interdepartmental coordination	Clear division of roles between ministries, agencies and khokimiyats	Reduced fragmentation
Digitalization	Online application, permit and monitoring processes	Increased transparency and agility

The fourth direction is targeted use of economic incentives. Tax breaks, customs relief, subsidies or special economic zones do not always automatically provide high efficiency. They are more beneficial when they are linked to high added value, exports, innovation, new jobs and regional development. 2.

The fifth direction is infrastructure development. It is not enough to allocate land for an investor. Electricity, gas, water, roads, railways, the Internet, logistics and industrial sites must be available. If the infrastructure is weak, even tax breaks cannot be a sufficient incentive for an investor.

The sixth direction is development of the private sector and domestic markets. The World Bank's Economic Memorandum for Uzbekistan 2025 indicates the need to stimulate faster growth in the country by improving the functioning of domestic markets and integrating them into international markets [7]. This is important for the investment environment, as the investor is looking not only for a concession, but also for an efficient market, reliable partners, and a competitive environment.

2-Table.

Economic directions for improving the investment climate

Direction	Content	Economic Impact
Tax and customs incentives	Targeted benefits and simplification	Reduced investment costs
Infrastructure	Energy, transport, logistics, internet	Accelerated project implementation
Private sector	Market competition and entrepreneurial activity	Increased domestic investment demand
PPP	Government-business cooperation	Accelerated infrastructure projects
Export orientation	External market access	Increased foreign exchange earnings and production volume
Regional potential	Project portfolio by region	Balanced interregional development

Discussion

Uzbekistan is gaining a significant institutional base for improving the investment climate. Legislation, investment support agencies, the "single window" principle and strategic programs serve to create a favorable environment for investors. However, the quality of the investment climate is determined not only by the adopted documents, but also by their practical operation.

The most important problem is institutional consistency. If an investor receives convenient services in one office and encounters bureaucratic obstacles in another, the overall investment climate is negatively assessed. Therefore, a single standard, a single information base and a single system of responsibility are necessary when working with investors.

The second important issue is assessing the effectiveness of incentives. Tax incentives or subsidies are a cost for the budget. If they do not create new technologies, exports, employment or high added value, their effectiveness will be limited. Therefore, investment incentives should be provided not according to the logic of "who gets the most benefits", but according to the logic of "who creates the most economic value".

The third issue is the regional investment climate. There may be more opportunities for investors in the city of Tashkent or large industrial centers. However, the quality of infrastructure, personnel, land resources, logistics and local governance varies in the regions. Therefore, an investment passport, project portfolio, infrastructure map and investor aftercare system should be developed for each region.

The fourth issue is digitalization. If the stages of the investment process such as permits, land, construction, customs, tax, environmental expertise and monitoring are digitized, the risk of corruption is reduced, time is saved and transparency is increased. The OECD also indicates the harmonization of investment policy with digitalization priorities as an important direction [6].

Conclusion

Improving the investment climate in the Republic of Uzbekistan depends on the harmony of institutional and economic directions. In the institutional direction, legal stability, protection of investor rights, a "single window" system, interdepartmental coordination, investor aftercare and

digitized services are important. In the economic direction, infrastructure, tax and customs incentives, public-private partnerships, private sector development, export-oriented production and strengthening regional investment potential are priorities.

According to the approach based on the article, the investment climate is not only a means of attracting investors, but also a comprehensive management system that ensures production efficiency, technological innovation, employment, exports and regional development in the economy. Therefore, in improving investment policy in Uzbekistan, it is important to strengthen institutional trust, simplify investor services, increase digital transparency and link economic incentives to performance rather than granting incentives.

In order to further improve the investment climate in the future, it is advisable to introduce common standards in working with investors, form regional investment ratings, expand public-private partnership projects, increase private sector financing opportunities and encourage sustainable investments[4].

Foydalanilgan adabiyotlar

1. UNCTAD. (2026). *Uzbekistan: The Law on Investments and Investment Activity*. Investment Policy Hub.
2. Invest Uzbekistan. (2026). *Uzbekistan 2030 strategy highlights*. Investment Promotion Agency under the Ministry of Investment, Industry and Trade of the Republic of Uzbekistan.
3. OECD. (2025). *Roadmap for sustainable investment policy reforms in Uzbekistan*. OECD Publishing.
4. Investment Promotion Agency of Uzbekistan. (2026). *About the Investment Promotion Agency*. Ministry of Investment, Industry and Trade of the Republic of Uzbekistan.
5. UNCTAD. (2019). *Uzbekistan introduces "one-stop-shop" and other services to assist investors*. Investment Policy Monitor.
6. OECD. (2025). *Roadmap for sustainable investment policy reforms in Uzbekistan: Assessment and recommendations*. OECD Publishing.
7. World Bank. (2025). *Uzbekistan country economic memorandum*. World Bank.
8. World Bank. (2019). *Doing business 2020: Comparing business regulation in 190 economies*. World Bank.
9. Dunning, J. H. (1993). *Multinational enterprises and the global economy*. Addison-Wesley.
10. North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.