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INSTITUTIONAL MECHANISMS FOR IMPROVING THE INVESTMENT CLIMATE IN THE NATIONAL ECONOMY

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Abstract

In the conditions of modern global economy, the quality of investment climate is one of the main factors determining the level of economic development of each country. In particular, attracting investments, their effective placement and obtaining the maximum economic efficiency in the national economy is largely determined by the institutional foundations of the investment climate. In this regard, the improvement of institutional mechanisms for improving the investment climate is today as an urgent scientific and practical challenge.

Investment climate refers to a set of economic, legal, political and social conditions created for investors. The quality level of this environment plays a crucial role for investment decisions. Especially for foreign investors, presence of a stable and reliable institutional system reduces the risk of investment and increases the investment attractiveness.

World experience shows that in developed and rapidly developing countries, institutional reforms to improve the investment climate have been consistently implemented. For example, countries such as Singapore, South Korea, Ireland have achieved high economic growth rates by introducing effective institutional mechanisms to promote investment climate. In those countries, comprehensive measures have been taken to protect the rights of investors, simplify business transactions, ensure transparency of public administration and reduce corruption. Institutional mechanisms are understood as rules, norms, organizations and management systems that regulate economic relations between the state and



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society. They have a direct impact on economic processes by encouraging or limiting investment activities. Therefore, the role of institutional mechanisms in improving the investment climate is invaluable.

In the economy of Uzbekistan in recent years a large-scale institutional reform aimed at improving the investment climate has been implemented. In particular, important steps have been taken to simplify business conduct, digitalize public services, improve the tax system, strengthen mechanisms for protecting investors' rights and develop the activities of free economic zones. At the same time, the need to improve the institutional system to further improve the investment climate remains.

In the current era of intensifying processes of global economic integration, competition between countries to attract investments is increasing. This makes improving the investment climate in the national economy a strategic priority. In particular, it is possible to create a more favorable conditions for investors, especially by bringing the institutional mechanisms in line with international standards.

From the scientific point of view, the study of the institutional foundations of the investment climate and their improvement is of fundamental importance in ensuring sustainable economic growth. This is because an effective institutional system increases the flow of investment resources, ensures their efficiency and accelerates economic development.

The main purpose of this study is to analyze the institutional mechanisms of improving the investment climate in the national economy on the basis of world experience and to develop scientific-based proposals for their improvement.

The analysis of world experience shows that institutional mechanisms play a decisive role in improving the investment climate. In particular, the following areas of primary importance are identified:



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Strengthening the legal and institutional system. In developed countries, special attention is given to the protection of investors' rights. Singapore, for example, has a high level of independence and transparency of the judiciary, which creates a trusting environment for investors. And in Ireland, special laws have been passed to protect the interests of investors. In Uzbekistan, the legislative framework for protection of investors' rights is being improved. However, enforcement of these laws in practice remains an important task.

Improving the efficiency of public administration. The quality of public administration is considered one of the main indicators of an investment climate in world experience. For example, in South Korea, due to the effective functioning of public administration, the flow of investments has increased significantly. Digitalization of public services in Uzbekistan and implementation of the "single window" system improve the effectiveness of management. This reduces bureaucratic hurdles for investors.

Tax and financial policy improvement. Ireland's experience shows that low tax rates and sustainable tax policies play an important role in attracting TXIs. At the same time, developed financial system creates favorable conditions for investors. In Uzbekistan, tax rates have also been reduced and benefits have been introduced. But it is also important to ensure the stability of tax policy.

Development of infrastructure and logistics system. Well-developed transport and logistics infrastructure is a key factor in attracting investment. For example, in China, industrial zones have developed rapidly as a result of large investments in infrastructure projects. The regions of Uzbekistan also have an opportunity to improve the investment climate through infrastructure development.

Institutional innovation and digitalization. The introduction of digital technologies will significantly improve the investment climate. Estonia, for example, has created an investor-friendly environment through the full



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digitalization of public services. Investment processes can be simplified by developing e-government system in Uzbekistan as well.

Practical results and problems. Analysis shows that it is possible to increase the volume of investment by up to 20–30% by improving institutional mechanisms. At the same time, there are some problems: bureaucratic obstacles; the risk of corruption; inadequate infrastructure; inter-regional differences. By eliminating these problems, the investment climate can be significantly improved.

Based on the above analysis, it can be concluded that institutional mechanisms for improving the investment climate in the national economy are one of the main drivers of economic development. An effective institutional system increases the flow of investment, ensures its effectiveness, and accelerates economic growth.

World experience shows that an integrated approach is needed to improve the investment climate. At the same time, strengthening the legal system, improving public administration, optimizing tax policy and developing infrastructure are important.

The reforms carried out to improve the investment climate in Uzbekistan are also showing positive results. However, it is possible to increase the attractiveness of investment through further improvement of institutional mechanisms.

In the future, it is necessary to pay attention to the following areas: strengthening the system for protecting the rights of investors; further digitalization of public administration; tax policy stabilization; infrastructure development; and strengthening the fight against corruption.

In general, improving institutional mechanisms for improving the investment climate contributes to increasing the country's competitiveness in the global investment space. This will create grounds for ensuring sustainable economic growth and improving the well-being of population.