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## **WAYS TO IMPROVE THE FINANCING OF INVESTMENT PROJECTS IN THE REAL SECTOR OF THE ECONOMY**

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### **Abstract**

This research paper highlights the need for comprehensive improvement of financial, legal, and technical-economic mechanisms to effectively finance investment projects in the real sector. It provides a scientific rationale for addressing the challenges associated with financing such projects and presents research-based conclusions in this area.

**Keywords:** investment, investment projects, investment climate, investment risks, real sector of the economy, financial institutions, private sector, legislative framework.

To effectively finance investment projects in the real sector, it is necessary to comprehensively improve financial, legal, and technical-economic mechanisms. This requires the creation of an efficient cooperation system between the state, the private sector, and international institutions.

In our opinion, the following aspects should be prioritized to address the problems associated with financing investment projects in the real sector:

**1. Improving the legislative framework.** It is essential to ensure stability in investment-related legislation, avoid frequent amendments, and clearly define the rights and obligations of investors. A stable investment environment must be guaranteed. Public-private partnership projects should be supported by simplifying implementation procedures, creating attractive conditions for the private sector, and improving mechanisms for risk-sharing. Strengthening the protection of intellectual property rights is crucial. This includes improving relevant legislation and enhancing mechanisms to combat copyright infringement. The process of allocating land plots to investors should be simplified, procedures for formalizing land ownership should



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be expedited, and the land market should be developed. It is also necessary to improve the enforcement system for court decisions and other executive documents and to protect the rights of creditors.

2. Development of financial institutions. It is important to increase the capitalization of commercial banks, improve the quality of loan portfolios, digitalize banking services, and strengthen banking supervision. The capital market should be further developed, including the activation of the stock and bond markets, increasing the number of professional participants in the securities market, and raising investor awareness. Leasing services should be expanded, leasing companies should be supported, contract terms should be simplified, and the range of leasing services should be broadened. The development of microfinance institutions is vital, especially in improving access to finance for small and medium-sized enterprises. Their activities should be properly regulated and supervised. Investment funds should also be developed. This includes improving regulations on the establishment and operation of such funds and encouraging their investment activities.

3. Improving the investment climate. Reducing bureaucracy, simplifying licensing and permit procedures, and shortening the time required to provide public services are necessary. Measures to combat corruption should be strengthened, with an emphasis on identifying and eliminating corrupt practices and increasing the accountability of public officials. It is essential to promote fair competition, create equal conditions in the market, fight monopolies, and ensure business freedom. Transparency must be ensured by disclosing information about investment projects, land plots, state property, and other essential data, as well as by making decision-making processes more open. Economic freedom should be expanded by reducing regulatory constraints on economic activities and promoting entrepreneurship and economic activity.

4. State support. Subsidies and grants should be provided to cover part of investment project costs, especially for projects of social significance. It is important to lower profit tax, property tax, and land tax rates for enterprises implementing investment projects or offer tax holidays. The government should provide guarantees to enterprises obtaining loans for investment projects, thus expanding access to credit resources. Construction and modernization of infrastructure—such as transport,



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energy, and telecommunications—should be prioritized, creating conditions for attracting private investment. To implement infrastructure projects, it is important to combine public and private funding sources and share project risks appropriately.

5. Introduction of innovative financial instruments. Crowdfunding platforms should be developed to finance small and medium-sized business projects and facilitate communication between investors and project initiators. It is necessary to introduce financial instruments based on Islamic finance principles. To promote the development of environmentally friendly technologies and renewable energy sources, green bonds and other financial tools should be issued. Blockchain technologies should be used to increase transparency and efficiency in the investment process, including the use of smart contracts to automate the execution of investment agreements. It is also advisable to develop venture capital funds to support innovative projects and startups.

**Conclusion.** Effective financing of investment projects in the real sector of the economy is a crucial condition for the country's economic development. By implementing the above-mentioned measures, Uzbekistan can significantly improve its investment climate, make efficient use of financial resources, and ensure sustainable economic growth.

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