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PRIORITIES AND PROSPECTS FOR THE EFFECTIVE USE OF THE POTENTIAL OF THE REGION IN THE CONDITIONS OF INNOVATIVE DEVELOPMENT

Buriyev Sardor Norovich

Independent researcher at Urgench State University

Abstract:

The article cites the results of the use of modern methods of analysis in forecasting the prospects and future development of investment attraction and financing at the International and national level. On the basis of investment financing, proposals have been made that depend on the economic policy, legislation, development, level and economic situation of the country, the infrastructure for attracting investment.

Keywords: foreign investment in the national economy, financial mechanisms of investments, domestic investments, accelerator model, limited inclination to capital, capital efficiency, effective use of domestic investments.

Introduction:

In the context of innovative development in the world, comprehensive scientific research is being carried out aimed at identifying the features and trends of the effective use of countries and regions from the potential of a stable region, focusing on the specific aspects of the regions and forecasting them on the basis of modern approaches. In particular, special attention is paid to assessing the impact of these factors and improving the forecasting methodology, taking into account the specifics of social, economic and innovative factors in ensuring the effective use of the potential of the regions of a stable region.

It should be noted that the new Uzbekistan strategy, avvlo, is aimed at ensuring sustainable economic growth. The process of ensuring compliance between macroeconomic stability, goals of economic growth and structural reforms, as well as the introduction of effective systems and mechanisms based on modern forecasting models of economic cycle management, which are influenced by external and internal factors, requires even more attention. "For the development of



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the economy, it is necessary to develop regions, districts and cities in a complex and balanced socio – economic, effectively and optimally using their potential. At the moment, it is difficult for us to periodically and continuously assess the socio – economic development of regions on the basis of certain criteria.” Therefore, the effective use of the potential of the regions, the objective assessment and forecasting of the effective use of the potential of the regions of a stable region is considered one of the pressing issues of the present day.

President of the Republic of Uzbekistan Shavkat Mirziyoyev’s address to the Supreme Assembly: “World experience shows that whichever state has pursued an active investment policy has achieved a steady increase in its economy. For this reason, investment is an economy driver, in Uzbek words, the heart of the economy, to say, will not be an exaggeration. We will only achieve the rapid development of our economy at the expense of active investment, the launch of new production facilities. Positive results in the economy, on the other hand, make it possible to systematically solve problems accumulated in the social sphere. We all need to understand this deeply and organize our work on this basis. We must take measures to fully demonstrate the investment potential of our country in order to attract foreign investment widely, which should be one of the most pressing issues that have taken place in our daily lives” [1], noting the exceptional importance of foreign investment in the development of the economy and the relevance of its involvement.

Method:

In the following years, a lot of attention was paid to the issues of effective use of the potential of the region in the scientific work of scientists from abroad and our country. Kokkinou A. from foreign authors in this field., CorRES G.M., Papanis E., Djavrimis P., Mekush G. These are the works of the E-like. In the direction of these problems, M. from economic scientists of the CIS countries. Isalova, Y. Gadzhieva, H. Gereykhanova, S. Buttayeva, I. Bogdanova, D.A. Durdyeva, L.V. Somartova, A.V. Samaruha, S.V. Zolotarev, S.G. Svetunkov, I.S. It should be noted that the scientific work of Svetunkov and others is dedicated.

At the same time, in the research of scientists of our country, some aspects of the issues of effective use of the potential of the region are studied. In particular, the



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theoretical and methodological aspects of effective placement of production forces, optimal regulation of the economic system of Regions and modeling and forecasting development trends S.S.Gulyamov, B.Y.Khadiyev, T. SH. Shadiyev, B.Ruzmetov, T.D.Doschanov, N.K.Aimbetov, I.S.Abdullayev, A.M.Sadigov, Y.Q.Mukhammedov, T.J. It has been studied to some extent in the scientific work of Rakhimov and others.

The analysis of the regions of Uzbekistan was carried out in the categories "volume of foreign direct investment attracted" and in the ratio "fact / potential" of incoming foreign direct investment. In terms of the level of acceptance of foreign direct investment, the largest regions of Uzbekistan have restrictions on the growth in the volume of foreign direct investment, since they exceed their potential level or are at a level close to potential. At the same time, more than half of the regions of Uzbekistan not only have a very low potential for attracting foreign direct investment, but are also below the potential level in terms of the actual level of foreign direct investment. A significant increase in the volume of foreign direct investment at the national level can lead to a small group of regions with high and medium levels of foreign direct investment, but with unrealized potential. The methodology for assessing the potential level of foreign direct investment of the region proposed in the article and comparing it with the actual level can be used to assign tasks to specialized bodies of regional authorities and then evaluate their work on attracting foreign direct investment.

The Global Innovation Index provides information on the multifaceted aspects of innovation-based economic growth. According to a 2023 report, 81 detailed measurement criteria were calculated for 131 States, making the Global Innovation Index one of the leading indicators that assess the innovative efficiency of economies. To date, the Global Innovation Index has become one of the most important comparative tools for policymakers, investors and other stakeholders to assess annual Innovation Progress.

Results:

In recent years, the innovative landscape has developed significantly. First, the introduction of economic growth trends in various forms of investment in education



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and research fields creates a multipolar innovative landscape. The technological gap between middle-and high-income countries has shrunk.

Secondly, the complexity of the process, from idea to commercial, was recognized, which led to the expansion of human concepts about innovation. Thirdly, today the innovation process is more open, collaborative and international than ever before.

As a result of the last five years of reforms, effective mechanisms have been developed and radically updated in mamlkatim to provide favorable conditions for the comprehensive support and development of scientific and innovative activities, the formation and further improvement of the innovative potential of countries and regions. Even so, the following main problems that need to be solved in the field of innovative development remain: Given the economic specialization, scientific and technical potential and available resources of the Regions, regional programs of innovative development have not been developed, and an emphasis and priority on innovative technologies is required in the introduction of solutions aimed at ensuring a continuous renewal of the technical and technological base of production.

From this point of view, an in-depth analysis of the potential of regions using the existing system of indicators, the assessment of innovative potential on the basis of modern econometric models of the impact on the economy of the region is an urgent issue. According to the analysis of the number of enterprises and organizations that produced innovative products, works, services in the region, there were a total of 79 enterprises in the types of economic activity, while in the last year there were 39 enterprises, in the last two years there were 26, and in the last three years there were 24 enterprises that produced innovative products, works, services (table 3.2.1). A total of 7 enterprises in rural, forest and fish farming, 8 in construction, 20 in wholesale and retail trade, 5 in transportation and storage, 11 in living and catering, 5 in information and communication, 7 in education and 35 in manufacturing industry were engaged in innovative products, works, services production activities. In the last year, 17 enterprises in the most production industry, 12 in wholesale and retail trade, 10 in living and catering, and 3 enterprises in transportation and storage, information and communication have developed innovative products and services. So if we analyze the last two-and three-year periods, the highest is recorded by the



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activity of the manufacturing industry, wholesale and retail trade, while the lowest is and the indicator coincided with the direction of operations with real estate.

Number of enterprises and organizations that have produced innovative products, works, services by types of economic activity (unit)

	Total	First mastered in 2024	Mastered for the first time in 2022-2023	Improved in 2022-2024
By types of economic activity	79	39	26	24
Village, forest and fish farming	7	6	5	4
Construction	8	5	5	6
Wholesale and retail	20	12	6	10
Transportation and storage	5	3	5	2
Living and catering services	11	10	3	5
Information and communication	5	3	6	3
Transactions with real estate	6	6	2	2
Professional, scientific technical activities	7	5	5	4
Management activities	5	3	5	4
Education	7	5	5	6
Manufacturing industry	35	17	14	12
Other types of services	7	5	6	4

In our research work, the following econometric models were mainly used in the development of forecast indicators of the main indicators of sustainable socio-economic development of the region for the period 2022-2026:



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1. VAR (vektorli Avtoregressiv modellar);
2. ARIMA (Avtoregressiv integratsiyalashgan harakatlanuvchi o'rtacha);
3. Exponential smoothing(exponential smoothing);
4. A real variable complex function (Complex Functions of a Real Argument).

Forecasting is considered on the basis of the ARIMA (Autoregressive integrated moving average) i.e. “autoregression integrated into the sliding mean” model.

To understand the ARIMA model in detail, it is initially considered necessary to consider “autoregressive (Autoregressive Process)” as well as “sliding average (Moving Average Process)” processes.

Based on the forecast of the volume of GDP per capita ARIMA (1, 1, 0) model results

Dependent Variable: D(GPR_PER_CAPITA)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1176,286	165,5371	7,105875	0.0451
AR(1)	0,430059	0,165026	2,606008	0.0377
R-squared	0.917172	Mean dependent var		1115.164
Adjusted R-squared	0.903535	S.D. dependent var		703.8916
S.E. of regression	739.4330	Akaike info criterion		16.29524
Sum squared resid	4374089.	Schwarz criterion		16.40375
Log likelihood	-86.62380	Hannan-Quinn criter.		16.22683
F-statistic	0.530894			
Prob(F-statistic)	0.607441			

The creation of exponential smoothing methods (Brown 1959, Holt 1957, Vinters 1960) spurred the development of successful predictive values. Forecast values developed using exponential smoothing methods are based on the weighted average of observations from the previous period, with weights dropping exponentially as the number of observations from the previous period increases.

The new edition of the Global Innovation Index is a project that will be developed with the adoption of new data as well as the practical application of the latest research on the shortcomings in the assessment of innovations in previous reports. The Global Innovation Index is based on two sub-indices – the innovation input sub-



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index and the innovation output sub-index. The sub-indices in question are calculated as follows:

Sub-index "investment in innovation": five types of input components cover the elements that ensure the innovative activities of the national economy, which are: quality of institutions, human capital and R & D activities, infrastructure, market development and Business Development. These components define aspects of the environment that promote the development of innovation in the economy.

Sub-index "innovative products": the results of innovative activities are the result of innovative activities in the economy. Although the Garchan sub-index consists of only two components, it has the same weight as the sub-index when calculating the total estimate of the GII. Results of two activities: Science and technology and creative products.

The total global Innovation Index estimate is equal to the average value of the input and output sub-indices. Below we cite the top 10 of the Global Innovation Index of states [2] (Table 1)

Table 1. Top-10 countries by "Global Innovation Index" ranking

GII rank	Economy	Score	Income group rank	Region rank
1	Switzerland	67.6	1	1
2	Sweden	64.2	2	2
3	United States	63.5	3	1
4	United Kingdom	62.4	4	3
5	Singapore	61.5	5	1
6	Finland	61.2	6	4
7	Netherlands (Kingdom of the)	60.4	7	5
8	Germany	58.8	8	6
9	Denmark	58.7	9	7
10	Republic of Korea	58.6	10	2

On September 29 of this year, the 2022 report of the Global Innovation Index was published. Uzbekistan ranked 122nd out of 141 countries in the Global Innovation Index in 2015, while in 2022 it ranked 82nd out of 131 countries, 40 points, and



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became the leader of Central Asia and 3rd among central and South Asian mamalakats, behind India and Iran. The following is a leap forward in the Global Innovation Index of the Republic of Uzbekistan (Table 2).

Table 2. The Republic of Uzbekistan Global Innovation Index

№	Components	2015		2023		Change
		price	place	price	place	
1	Quality of institutions	49.0	106	57.3	63	43
2	Human capital And research activities	27.0	76	30.8	65	11
3	Infrastructure	29.0	101	41.7	74	27
4	Market development	44,4	85	39	60	25
5	Business development	20,0	13.8	25	74	64
6	Science and technology	27.2	61	17.9	80	19
7	Creative products	8.5	13.8	7.7	102	36

Discussion:

In achieving this result, it is worth noting the large-scale reforms carried out in the field of Science and innovation in our country in recent years, as well as the special attention of the head of our state to the development of the field. Each component is divided into three indicators, including each indicator divided into individual elements – a total of 81. Each nation was assessed on their respective normalized scores in the range 0 to 100.

The level of economic development of the country, the growth rates of investment activity are largely dependent on the investment environment. It is important that the necessary conditions are created to attract foreign investment to the economy of the Republic, which, when economic, political, social and legal conditions exist in



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which country (positive), can be imposed on the economy of that state [4]. The attractiveness of the investment environment is an important factor in increasing the flow of foreign investment. In turn, what is the investment environment itself? What does its attractiveness depend on? How to define an investment environment? In addition, what factors affect the investment environment? the birth of questions, such as, is natural.

From Economist-scientists A.Vakhabov, Sh.Khajibakiev, N.Muminovs note the following about the investment environment: "the investment environment is the sum of economic, political, legal and social factors that predetermine the degree of shocks of foreign capital investments and the possibility of their effective use in the country. The investment environment is a complex, multifaceted concept, with indicators such as national legislation, economic conditions (crisis, growth, stagnation), customs regime, foreign exchange policy, economic growth rates, inflation rates, exchange rate stability, level of external debt" [5]. Also, a set of economic, political, regulatory, social and other conditions affecting investment processes in the country means an investment environment.

The growth rate of the flow of foreign direct investment and loans has also strengthened in projects of territorial importance, the total volume of which in 2019 amounted to 4.8 billion dollars (of which in fixed capital – 4.2 billion dollars), increasing 4 times compared to the corresponding period of 2018 and 24 times compared to 2017. With the participation of foreign capital alone, 167 projects with a total cost of 858.5 million dollars were put into use in the regions.

According to the investment program, in 2020, at the expense of all sources of financing, the main capital is about 233.2 trillion. the sum of capital investments is planned to be mastered, in which foreign direct investment and loans - 7.1 billion dollars, foreign investments and loans under the state guarantee - 2.7 billion. the dollar is planned to be appropriated. More than 2 thousand objects of social, infrastructure and production importance are planned to be put into use in Uzbekistan: 206 are large production facilities, 240 are regional production facilities, 1.6 thousand are objects of social and infrastructure importance [8]. According to the main trend and indicators of socio-economic development of Uzbekistan and forecasts for the coming years, one of the priorities is to form a more



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favorable investment climate in our country, primarily in order to increase the volume of foreign direct investment being attracted, create reliable guarantees for foreign investors and strengthen their trust.

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