

ATTRACTING INVESTMENTS IN THE DEVELOPMENT OF AGRICULTURE IN UZBEKISTAN

Odilov Namozbek

Student, Bukhara State University Department of Economics and Tourism

Qosimova Hilola

Lecturer, Bukhara State University Department of Economics and Tourism

ARTICLE INFO.

Keywords: agriculture, efficiency parameters of agriculture, analysis of investment activities, management of investment activities.

Annotation

The article analyzes the activities of attracting investments in the development of agriculture in Uzbekistan and identifies the efficiency parameters of investment attraction in the agricultural sector. In particular, scientific proposals and practical recommendations have been developed to improve the management of investment activities in agricultural development.

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Introduction.

Agriculture is one of the key sectors of Uzbekistan's economy, playing a crucial role in economic growth, ensuring food security, supplying raw materials to industrial enterprises, increasing export potential, and boosting foreign exchange earnings. Agriculture not only provides employment for people engaged in farming and livestock breeding but also contributes to the development of rural infrastructure, the service sector, and the creation of new job opportunities in various industries. In recent years, significant attention has been given to modernizing agriculture, introducing advanced technologies, supporting farming enterprises, and increasing productivity. To accelerate this process and establish a competitive agricultural sector, attracting investments plays a vital role.

The decree signed by the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, in 2023 on additional measures to expand, process, and support agricultural production played a significant role in the past year [1]. Furthermore, the 2020-2030 Strategy for the Development of Agriculture in Uzbekistan outlines several priority tasks, reflecting the President's extensive efforts in this field. It would not be an exaggeration to say that these initiatives are a testament to his dedication.¹ As we all know, the labor of farmers is honorable, and the fruits of their work are invaluable. A farmer is the strong pillar of life and the firm foundation of sustenance [2]. These are the words of our esteemed President, carrying profound meaning and reflecting the importance of agriculture in the country's development.

In recent years, significant reforms have been carried out in Uzbekistan's agricultural sector, focusing on improving the state management system, expanding market relations, and strengthening the legal framework governing interactions between agricultural producers, processors, and sellers. Additionally,

¹ lex.uz/docs/-4567334?ONDATE=24.10.2019

efforts have been made to attract investments, introduce resource-saving technologies, and equip agricultural producers with modern machinery. These measures aim to enhance efficiency, increase productivity, and ensure sustainable development in the sector.

Research and methods.

There are several types of agricultural investments. For instance, agricultural funds pool resources from multiple investors to purchase and manage farmland, ensuring diversification and professional management. Another key investment area is agribusiness stocks, which involve companies engaged in agriculture, including seed producers, fertilizer manufacturers, and food processing companies. Investing in such stocks positively impacts the agricultural industry. Additionally, funding innovative agricultural startups can drive technological advancements in precision farming, biotechnology, and automated machinery, offering high growth potential. However, several factors influence the agricultural sector. Issues such as climate change, water scarcity, declining soil fertility, and loss of biodiversity affect productivity. Investors must consider these ecological factors and strategically direct their investments. Moreover, successful investment strategies play a crucial role in developing the agricultural industry. These strategies include:

Ensuring Food Security. At the core of the agro-industrial complex lies the task of providing the growing global population with sufficient, safe, and nutritious food. Investments directed toward this sector play a crucial role in achieving this goal. By adopting advanced farming techniques, improving seed varieties, and implementing efficient irrigation systems, agricultural productivity can be significantly increased. Additionally, reducing post-harvest losses and enhancing crop yields through strategic investments contribute to strengthening food security.

Economic Development and Employment. The agro-industrial complex is a key driver of economic growth, especially in developing countries. Investments in this sector create job opportunities not only in farming but also in food processing, distribution, and retail trade. By developing strong agro-industrial infrastructure, countries can provide employment for a large portion of the population and stimulate economic growth. Additionally, investment in agricultural exports increases foreign revenue, further strengthening the national economy.

Technological Innovations and Efficiency. Investing in scientific research and practical applications within the agro-industrial complex enhances efficiency and sustainability through modern technologies. Innovations in crop cultivation and livestock farming enable farmers to use resources more efficiently and increase productivity. Such technological advancements not only reduce production costs but also contribute to environmental sustainability and long-term agricultural stability by minimizing ecological challenges.

Diversification and Value Addition. Investments in agriculture play a crucial role in diversifying production and developing value-added products. This contributes to higher farmer incomes and enhances the competitiveness of the agricultural sector. Processing, packaging, and branding increase the market value of agricultural products, providing opportunities for domestic and international market expansion while driving economic growth.

Infrastructure Development. A well-developed infrastructure is essential for efficient agricultural operations. Investments in transportation, storage, and logistics ensure that agricultural products reach markets on time. These investments also help reduce post-harvest losses and increase profitability. Moreover, reliable energy sources and efficient water resource management play a crucial role in the sustainable development of agricultural lands.

Results.

Consequence

In recent years, agricultural indicators in Uzbekistan have significantly improved. Several decisions have been made to increase investment in the agro-industrial complex, expanding cooperation with foreign countries and attracting external investments through strategic initiatives. For instance, the volume of investments in rural and food industries has seen considerable growth. In 2018, the total investment in the sector reached \$650 million, with long-term strategies in place to further increase this amount in the coming years.

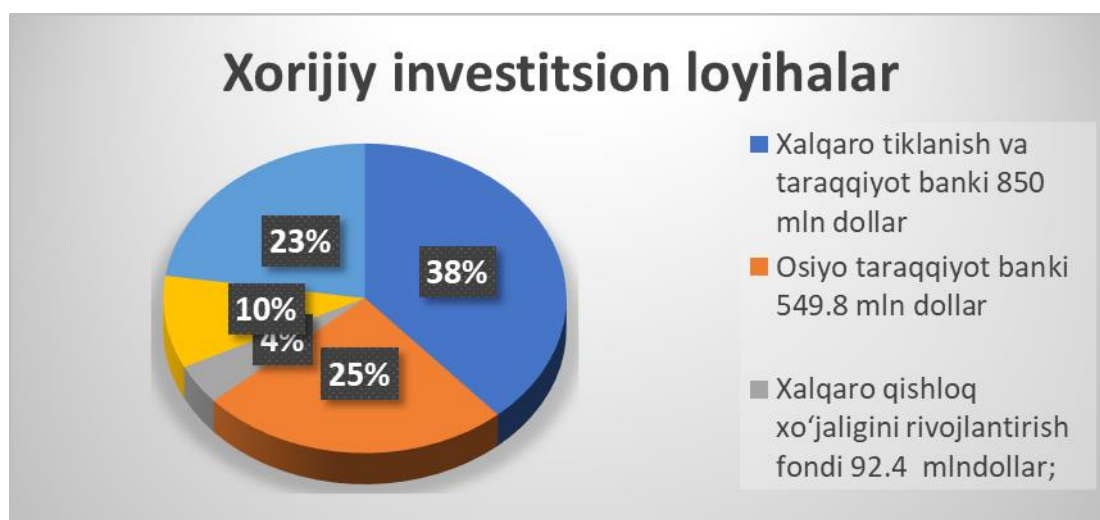
Table 2²

2021	• 20% ga oshirish
2025	• 40% ga oshirish
2030	• 80% ga oshirish

Additionally, Uzbekistan has established investment projects in collaboration with international financial institutions. The total value of these projects amounts to \$2.205 billion.

These funds come from investment agreements with five major organizations:

- International Bank for Reconstruction and Development (IBRD) – \$850 million
- Asian Development Bank (ADB) – \$549.8 million
- International Fund for Agricultural Development (IFAD) – \$92.4 million
- Japan International Cooperation Agency (JICA) – \$213.2 million
- World Bank (WB) – \$500 million



² The table is prepared based on sources studied by the author.

Table 2: Investment Projects with Foreign Government Financial Institutions

As of January–June 2024, the total gross value added in agriculture, forestry, and fisheries amounted to 98,977.9 billion UZS, reflecting a 3.8% increase compared to the same period in 2023.³

Discussion

The direct involvement of the government in providing material resources to farmers and participating in the production and sale of agricultural products limits the inflow of private investments into the sector. Additionally, efficient utilization of international financial institutions' credit lines is hindered by: Underdeveloped advisory services for agribusiness entrepreneurs and the banking sector. Limited entrepreneurial and management skills among farmers. Insufficient human resource capacity to support investment projects. Lack of independent monitoring and evaluation systems for investment management efficiency. To address these challenges, it is essential to create an enabling environment that encourages agricultural producers to comply with Good Agricultural and Environmental Practices (GAEP), Good Manufacturing Practices (GMP), and other industry standards. The primary objective of this strategic priority is to establish an effective system that facilitates private investment in agriculture to support modernization, diversification, and sustainable development.

Conclusion and Recommendations

Investing in the agricultural sector presents a unique opportunity to leverage global trends such as population growth, technological advancement, and sustainability. Diversification, thorough research, and long-term investment strategies enable investors to overcome challenges and tap into significant profit potential. As the global community continues to address food security and environmental challenges, agricultural investments naturally play a crucial role in shaping the future of the global economy.

To improve the investment climate, governments must implement measures such as tax incentives, legal guarantees, and support for infrastructure projects. By attracting investments in agriculture, countries can not only ensure the domestic market is supplied with high-quality products but also increase export volumes. Thus, investments in agriculture contribute to modernization, sustainable development, and the overall strengthening of the national economy.

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