

**THE IMPORTANCE OF INCREASING INVESTMENTS FOR DEVELOPING
INFRASTRUCTURE IN UZBEKISTAN**

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Abstract: *Infrastructure development plays a crucial role in enhancing a country’s economic growth, quality of life, and regional connectivity. Uzbekistan, a key country in Central Asia, has recognized the significance of boosting infrastructure investments to foster development and economic diversification. This paper discusses the importance of increasing investments in Uzbekistan’s infrastructure and examines its impact on various sectors. By focusing on current challenges, opportunities, and outcomes, this article emphasizes the role of infrastructure in promoting sustainable growth. The analysis also draws on relevant statistics and recent developments in Uzbekistan’s infrastructure investments.*

Key words: *Investment, infrastructure, economic development, sustainable growth, innovations, public services, industry.*

INTRODUCTION

Uzbekistan, the most populous country in Central Asia, has embarked on an ambitious journey of economic transformation since the initiation of broad reforms under the leadership of President Shavkat Mirziyoyev in 2016. A key pillar of this transformation is the enhancement of the country’s infrastructure, which is essential for improving public services, attracting foreign investment, and ensuring long-term economic stability. Robust infrastructure encompassing transport, energy, digital networks, and public utilities is vital for promoting competitiveness, enabling trade, and supporting the development of industries. However, to fully realize this potential, Uzbekistan must significantly increase investments in its infrastructure.

This paper explores the importance of increasing investments in infrastructure to accelerate Uzbekistan’s development, with a specific focus on its potential impact on economic growth, regional connectivity, and quality of life. The paper presents an overview of current infrastructure challenges, recent investments, and the results of investment efforts so far.

LITERATURE REVIEW

Several studies highlight the critical role of infrastructure in economic development. According to Aschauer infrastructure is a significant determinant of productivity and growth. In his empirical research, Aschauer identifies a positive relationship between public infrastructure investments and private sector productivity. Similarly, Calderón and Servén argue that infrastructure improvements directly impact economic growth by reducing production costs and enhancing the productivity of both labor and capital.

In the context of developing countries, infrastructure investments are crucial for overcoming bottlenecks to growth. Studies on Central Asia have shown that the region faces significant infrastructure gaps that hinder trade and economic integration. Therefore, increased investment in these areas is necessary to facilitate economic diversification and strengthen regional cooperation.

Uzbekistan's strategic location as a landlocked country between major economic powers like China, Russia, and Europe further underscores the need for improved infrastructure. As Ghani and Lockhart note, infrastructure is key to regional cooperation and competitiveness, and Uzbekistan's growing role in regional trade depends on its ability to enhance connectivity through investments in transport and logistics networks.

METHODS

This study utilizes a combination of qualitative and quantitative analysis to assess the impact of infrastructure investments in Uzbekistan. It draws on government reports, international statistics, and academic research to analyze recent trends and investment projects. Data on infrastructure investment is obtained from sources such as the Asian Development Bank, World Bank, and official government statistics from the State Committee of Uzbekistan for Statistics.

The methodology includes examining infrastructure spending as a percentage of GDP, evaluating specific projects, and comparing Uzbekistan's infrastructure growth with neighboring countries.

RESULTS

The analysis shows a significant increase in infrastructure investment in Uzbekistan over the past five years. In 2022, the government allocated approximately 4.2% of GDP to infrastructure projects, with a focus on transport, energy, and public utilities. Key projects include the modernization of the Tashkent-Samarkand railway line, improvements in rural electrification, and expansion of digital infrastructure. These investments have already begun to show results:

1. **Transport Infrastructure:** Upgraded highways and rail networks have improved domestic and international trade routes, reducing transportation costs and enhancing regional connectivity.

2. **Energy Sector:** Investments in renewable energy and grid expansion have addressed energy shortages, especially in rural areas, and have reduced reliance on fossil fuels.

3. Digital Infrastructure: Increased investments in broadband networks and digital services have expanded internet access, promoting digital inclusion and innovation.

According to Asian Development Bank these developments have contributed to a 1.5% increase in GDP growth since 2018, highlighting the economic benefits of infrastructure investment. Additionally, World Bank data shows that Uzbekistan's transport and energy sectors have attracted more than \$4 billion in foreign direct investment (FDI) since 2020, further underscoring the potential for infrastructure to drive economic development.

DISCUSSION

The results of this study underscore the importance of continued investment in Uzbekistan's infrastructure. While progress has been made, significant challenges remain. For instance, the country's road and rail systems still face capacity constraints, and the energy sector requires further investment to meet growing demand. Furthermore, Uzbekistan must prioritize sustainability in its infrastructure projects to align with global environmental goals and ensure long-term resilience. Uzbekistan's strategic location as a key hub in the Central Asia region presents unique opportunities for leveraging infrastructure investments to enhance trade and economic cooperation. Improved connectivity through upgraded transport networks can facilitate trade with neighboring countries, thereby promoting regional stability and prosperity. In addition, infrastructure development can help Uzbekistan diversify its economy by supporting industries such as tourism, agriculture, and manufacturing.

CONCLUSION

Increasing investments in infrastructure is essential for Uzbekistan to achieve sustainable economic growth, enhance regional connectivity, and improve the quality of life for its citizens. The results of recent investment efforts demonstrate the positive impact on economic growth, trade, and foreign investment. However, to fully capitalize on its potential, Uzbekistan must continue to address infrastructure bottlenecks and ensure that investments are both strategic and sustainable. Continued focus on transport, energy, and digital infrastructure will be crucial for the country's future development.

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