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# TRENDS IN IMPROVING THE INVESTMENT CLIMATE AND DEVELOPING ECONOMIC GROWTH STRATEGIES IN COUNTRIES

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**Abstract:** This article analyzes the impact of investments on economic growth, mechanisms for attracting them, and current problems in this process. The article provides recommendations for developing public-private partnerships to attract investments, creating a favorable business environment, and ensuring economic stability.
**Keywords:** Investments, diversification, regulation, WTO (World Trade Organization), reinvestments, dividends, royalties, GDP, OECD, PPP.

**Introduction.** Investments are an important factor in economic development, playing a key role in expanding production, creating new jobs and introducing innovations in the country. In particular, investments are necessary not only to strengthen the current state of the economy, but also to ensure long-term sustainable growth. This article analyzes the impact of investments on economic growth, mechanisms for their attraction and existing problems.

The main tasks and areas of activity of the Ministry of Investments, Industry and Trade are as follows:

- implementation of a single state investment policy, improvement of the investment climate, development of the investment potential of sectors and regions, acceleration of attraction of investments, including foreign direct investments, in sectors and areas of the economy, ensuring the effectiveness of investment projects;
- expansion of cooperation with international economic and financial institutions, foreign government financial organizations, formation and coordination of a single state policy in the field of attraction of external gratuitous assistance (grants, technical assistance) to the republic;
- implementation of the state industrial policy, diversification and increase of competitiveness of the industry, participation in formation of material balances of production and consumption of main types of products, raw materials and materials, increase of industrial potential of regions, development of activities of special economic zones and industrial zones, expansion of industrial cooperation.

**Research methodology.** The study used economic methods. The study used purposive sampling. The selected countries were determined based on their different levels of economic development (developed, developing, and transition economies), geographical location, and investment policy success. This approach allows for generalization of trends and ensures diversity.

**Main part.** The following strategies are used to ensure economic growth:

- industrialization strategy - aimed at developing the manufacturing sector;

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- innovative economic development strategy - development based on technological advances and scientific research;
- export-oriented strategy - development of the national economy through the expansion of export activities;
- sustainable development strategy - implementation of economic growth while maintaining environmental and social balance.

Investment is a key driver of economic growth, as it enables the expansion of production capacity and the introduction of innovation. Investments contribute to economic growth through the following:

- job creation – new enterprises and infrastructures increase the demand for labor;
- technological development – investments in scientific research lead to technological progress;
- increasing production efficiency – production processes are improved through modernization and innovation;
- increasing domestic demand and exports – investments develop all sectors of the economy and balance supply and demand.

Economic growth, in turn, leads to increased investment:

- creates a stable economic environment - economic growth creates favorable conditions for investors.
- increases the profitability of enterprises - as a result of GDP growth, companies receive more profits, which opens the way for new investments.
- attracts foreign investors - economic stability and high growth rates increase foreign investment.

Countries need to align their economic growth strategies with investment policies. The following areas are important for this:

- developing public investment policies – encouraging private sector investment through tax incentives and subsidies.
- attracting foreign investment – creating a favorable investment climate for investors.
- supporting small and medium-sized businesses – creating favorable conditions for the development of innovation and entrepreneurship.
- developing the digital economy – increasing economic efficiency through modern technologies and artificial intelligence.

We will conduct an analysis based on the data in Table 1. We have collected the investment potential and economic growth indicators of developed countries for 2024. In terms of investment in 2024, the United States (37.86 trillion USD) achieved the highest level compared to other countries, but Germany took the last place with the lowest indicator. If we compare the following countries in terms of economic growth, Turkey and Japan did not experience economic growth at all with an indicator of -0.2%. However, China achieved the highest level with an increase of 4.8% compared to 2023. According to OECD data, the global inflation rate may decrease from 6.9% in 2023 to 3.4% in 2025. The main reasons for this decline are the stabilization of energy prices, tight monetary policy by central banks, and improved supply chains. Central banks, in particular the US Federal Reserve and the European Central Bank, are likely to gradually lower interest rates, which will provide an additional boost to economic activity.

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**Table 1**[1]

| *Developed countries* | *Investment indicator (2024)* | *Economic growth rate, % (2024)* |
|---|---|---|
| USA | 37.86 trillion USD | 2.8 |
| South Korea | 34.5 billion USD | 2.2 |
| China | 165.97 billion USD | 4.8 |
| Germany | 2.5 billion USD | -0.2 |
| Singapore | 13.5 billion USD | 2.6 |
| France | 64.9 billion USD | 1.1 |
| Japan | 30.75 billion USD | -0.2 |
| Canada | 465.1 billion USD | 1.3 |
| Saudi Arabia | 690.67 billion USD | 1.4 |
| Turkey | 7.67 billion USD | 2.8 |

We will assess the investment and economic growth performance of developing countries. We will conduct analyses based on the data in Table 2.
The leading country in Central Asian countries in terms of investment in 2024 is Turkmenistan (10.99 billion USD). Although Uzbekistan ranks last in this regard (2.7 billion USD), it is not lagging behind other countries in terms of economic growth, with 5.6%. According to the World Bank, the economy of Uzbekistan grew by 6% in 2024. The forecast for 2025 is 5.8%, and for 2026 - 5.9%, which is one of the highest indicators among the countries of the Europe and Central Asia region. Kazakhstan (4%) ranks last in terms of economic growth among Central Asian countries.

**Table 2**[2]

| Developing countries | Investment rate (2024) | Economic growth rate, % (2024) |
|---|---|---|
| Uzbekistan | 2.7 billion USD | 5.6 |
| Tajikistan | 4.9 billion USD | 6.8 |
| Kyrgyzstan | 26.1 million USD | 6.5 |
| Turkmenistan | 10.99 billion USD | 6.3 |
| Kazakhstan | 24.8 billion USD | 4 |

We will conduct an analysis based on the data in Table 3. If we compare the investment and economic growth indicators among the least developed countries by 2024, Central Africa (7.56 million USD) ranked last in terms of investment, while Madagascar (3.8 billion USD) ranked

[1]https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2025-briefing-no-187/

[2]https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2025-briefing-no-187/

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first. As for the economic growth indicator, South Sudan did not develop at all with -26.4%, but Liberia achieved the highest growth rate among the following 5 countries with 5.1%.

**Table 3**[3]

| *Less developed countries* | *Investment indicator (2024)* | *Economic growth indicator, % (2024)* |
|---|---|---|
| South Sudan | 1.49 billion USD | -26.4 |
| Burundi | 1.84 billion USD | 2.2 |
| Central Africa | 7.56 million USD | 1.4 |
| Liberia | 3 billion USD | 5.1 |
| Madagascar | 3.8 billion USD | 4.5 |

**Conclusions and recommendations.** Improving the investment climate in countries and developing economic growth strategies are important factors in modern economic development. The results of the study show that a stable and attractive investment climate allows the country to attract domestic and foreign investment and accelerate economic growth. The analysis shows that:

- the investment climate is directly related to the legal, political and macroeconomic stability of the country.
- to ensure economic growth, it is necessary to develop infrastructure, improve investment legislation and encourage technological innovation.
- the experience of developed countries shows that public-private partnerships (PPPs), free economic zones and tax incentives are effective ways to attract investors.
- reducing the level of corruption and establishing a transparent governance system are important in attracting capital.

The development of the investment climate contributes not only to economic growth, but also to job creation, technological development, and increased export potential. Based on the results of the study, the following proposals can be put forward:

1. Deepening legal and institutional reforms: strengthening investment protection legislation, reducing bureaucratic barriers and simplifying investment processes, developing public-private partnership (PPP) mechanisms to support the private sector.
2. Tax and financial incentives: creating long-term tax incentives and preferences for investors, establishing state subsidies to finance innovative and technological projects, developing a lending system for local entrepreneurs, and establishing investment funds.
3. Infrastructure and technological development: modernization of transport, energy and information and communication infrastructure, support for investment projects based

[3]https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2025-briefing-no-187/

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on the "Smart City" and digital economy, investment in research and innovation centers.
4. Attracting foreign investment: creating favorable conditions for international investors and developing a marketing strategy to attract investment, developing free economic zones and special investment areas, establishing long-term cooperation with foreign investors.
5. Developing a strategy for sustainable economic growth: developing a diversified economic model, supporting industrial sectors based on innovation and technological development, encouraging investments in the "Green Economy" and environmentally friendly technologies.

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