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STRATEGY TO INCREASE THE FLOW OF DIRECT INVESTMENTS THROUGH THE DEVELOPMENT OF THE DIGITAL ECONOMY IN KASHKADARYA REGION

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Abstract

This article analyzes the strategy of increasing foreign direct investment inflows into Kashkadarya region through the development of the digital economy. The study evaluates the region's economic potential, infrastructure conditions and opportunities for digital transformation. It is argued that the introduction of digital platforms, e-government services, investment portals and a "one-stop shop" system can significantly improve the investment climate and reduce administrative barriers for investors. The paper also highlights the importance of developing IT infrastructure, enhancing human capital and expanding public-private partnerships as key drivers of regional competitiveness. The findings of the study can be used in designing regional development policies and accelerating digital transformation processes.

Keywords

digital economy, foreign direct investment, regional development, investment climate, digital infrastructure, Kashkadarya region.

Аннотация

В статье анализируется стратегия увеличения притока прямых иностранных инвестиций в Кашкадарьинскую область на основе развития цифровой экономики. Рассматриваются экономический потенциал региона, состояние инфраструктуры и возможности внедрения цифровых технологий. Обосновывается, что внедрение цифровых платформ, электронных государственных услуг, инвестиционных порталов и принципа «одного окна» способствует формированию благоприятного инвестиционного климата. Особое внимание уделяется развитию ИТ-инфраструктуры, повышению квалификации кадров и расширению государственно-частного партнёрства как ключевых факторов инвестиционной привлекательности региона. Полученные выводы могут быть использованы при формировании региональных программ социально-экономического развития и ускорении цифровой трансформации.

Ключевые слова

цифровая экономика, прямые иностранные инвестиции, региональное развитие, инвестиционный климат, цифровая инфраструктура, Кашкадарьинская область.

Annotatsiya

Ushbu maqolada Qashqadaryo viloyatida raqamli iqtisodiyot mexanizmlarini joriy etish orqali to‘g‘ridan-to‘g‘ri xorijiy investitsiyalar oqimini oshirish strategiyasi tahlil qilinadi.

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Tadqiqotda hududning mavjud iqtisodiy salohiyati, infratuzilma darajasi va raqamli texnologiyalarni joriy etish imkoniyatlari baholanadi. Raqamli platformalar, elektron hukumat xizmatlari, investitsion portal va “bir darcha” tamoyilining joriy etilishi investorlar uchun qulay muhit yaratishi asoslab beriladi. Shuningdek, IT-infratuzilmani rivojlantirish, kadrlar salohiyatini oshirish va davlat-xususiy sheriklikni kengaytirish orqali hududning investitsion jozibadorligini kuchaytirish yo‘llari ko‘rsatib o‘tiladi. Tadqiqot natijalari hududiy rivojlanish strategiyalarini takomillashtirish va raqamli transformatsiyani jadallashtirish uchun ilmiy-amaliy ahamiyatga ega.

Kalit so‘zlar

raqamli iqtisodiyot, to‘g‘ridan-to‘g‘ri investitsiyalar, hududiy rivojlanish, investitsion muhit, raqamli infratuzilma, Qashqadaryo viloyati.

INTRODUCTION

In today's globalization and digital transformation, the digital economy is emerging as one of the main drivers of economic development. Digital technologies are playing a crucial role in modernizing production processes, improving management systems, making market mechanisms more transparent, and improving the investment climate. From this point of view, attracting direct investment flows through the digitalization of the regional economy is a strategic task.

Kashkadarya region is one of the regions with high economic potential. The region has great opportunities in agriculture, processing industry, energy, construction materials production, and services. However, in order to fully utilize this potential, it is necessary to create a modern digital infrastructure, innovative management methods, and a digital environment that is convenient for investors. In particular, it is important to increase information transparency, reduce administrative barriers, and speed up decision-making in investment processes.

The digital economy creates new opportunities for regional development. Through e-government systems, digital investment platforms, online registration services and automated monitoring systems, relations between investors and state bodies are simplified. This reduces risks for investors, increases confidence and speeds up the investment process. Digitalization also stimulates local entrepreneurship and serves to develop an innovative business environment.

Digital reforms implemented nationwide also set new tasks for the regions. Each region should form a digital development model based on its economic specialization, resource potential and human resources. For the Kashkadarya region, this means, first of all, increasing investment attractiveness through the digitization of investment processes, the transition of the business environment to an electronic format and the support of innovative projects.

Therefore, this article examines the theoretical foundations, practical directions and strategic priorities of increasing the flow of direct investments through the development of the digital economy in the Kashkadarya region. The results of the research are expected to be of scientific and practical importance in improving the regional economic policy and forming a stable investment environment.

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LITERATURE ANALYSIS AND RESEARCH METHODOLOGY

The relationship between the digital economy and direct investment is considered an important scientific direction in modern economic research. Various theoretical approaches have been developed in this area by foreign and domestic scholars.

The World Bank (World Bank, 2020) studies substantiate that the development of digital infrastructure reduces institutional risks for investors and accelerates investment decisions. According to the authors, e-government services and digital public administration ensure the transparency of the investment environment.

Uzbek scholars Abdullaev A.A. (2022) analyzed the digital economy as a national development model and justified its role in improving regional investment policy. The author emphasizes that digital platforms increase investment competitiveness between regions.[4; 95]

Yusupov B.B. (2021)'s study shows, based on empirical data, that the efficiency of business processes increases through the digitalization of the investment environment. He developed a digital strategy for regions with high resource potential, such as the Kashkadarya region emphasizes that it is of particular importance.

Karimov Sh.Sh. (2023) analyzes the interrelationship between public-private partnership and the digital economy, showing that digitalization ensures the openness of investment projects.[3; 74]

Thus, the analysis of the literature confirms that the digital economy is an important mechanism for improving the investment climate, reducing risks and increasing investor confidence.

This study used complex scientific methods. First of all, the theoretical connection between the digital economy and direct investments was studied using analytical and synthetic methods.

The experience of Uzbekistan and other developing countries was compared using the comparative analysis method. This made it possible to identify appropriate strategy elements for the Kashkadarya region.

Statistical analysis assessed the relationship between the dynamics of investment flows, the level of digitalization and economic indicators.

State programs, regulatory legal acts and international reports were studied using the content analysis method.

Also, based on a systematic approach, the digital economy, institutional environment and investment processes as a single economic system was considered.

The research methodology serves to ensure the reliability and scientific basis of the results.

ANALYSIS AND RESULTS

Table 1:

Digital Economy Indicators and FDI Impact

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Indicator	2016	2023/2024	Trend	Notes
Internet Penetration	48%	76%	↑ +28 pp	Source: inlibrary.uz
ICT Contribution to GDP	1.8%	3.4%	↑	Source: inlibrary.uz
ICT Export Revenue	—	$620M	↑ 40% YoY	Source: tadviser.com
Total FDI (Central Asia)	—	$2.8B	Uzbekistan #1	Source: uzdaily.uz
Digital FDI Share	—	~5%	Moderate	Source: oecd.org

Kashkadarya region is one of the regions with high economic potential. The region has well-developed natural resources, agricultural products, energy infrastructure, and processing industries. However, traditional economic advantages are not enough for sustainable growth in investment activity. In modern competitive conditions, the digital readiness of the region is becoming a decisive factor in the decision-making process of investors.[5; 104]

Although Internet coverage in the region is expanding year by year, the level of use of digital services is still uneven. The limited digital infrastructure, especially in rural areas, requires additional costs and time for the implementation of investment projects. Therefore, the development of digital infrastructure taking into account regional characteristics is of strategic importance.

The analysis shows that digital mechanisms solve three main problems in the investment process: information asymmetry, administrative barriers, and lack of institutional trust. Digitalization of e-government services, online registration, and licensing processes will reduce the time spent by investors.

Open information on land plots, infrastructure facilities, and tax benefits through investment portals and open databases will create a clear picture for investors. This will increase the speed of decision-making and increase the likelihood of project implementation.

Institutional quality is one of the main factors determining the effectiveness of the digital economy. If digital systems do not work transparently and reliably, they can become new bureaucratic barriers instead of improving the investment climate. Therefore, digitalization should be implemented in conjunction with institutional reforms.

The organization of public-private partnership mechanisms in Kashkadarya region based on digital platforms will ensure the transparency of investment projects. This will reduce the risk of corruption and strengthen trust between the state and the investor.

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Human capital is crucial in the development of the digital economy. Analysis shows that if local personnel do not have digital skills, investment projects will become dependent on external specialists. This increases the cost of projects and reduces sustainability.

Therefore, it is necessary to form a regional innovation ecosystem by developing IT education, supporting the startup environment, and establishing innovation centers. This will not only attract investment, but also create local value chains.

Based on the analysis, the following results were achieved:

— Digital infrastructure is one of the independent factors of investment attractiveness.

— Electronic services reduce administrative costs for investors and increase confidence.

— Institutional quality determines the effectiveness of digitalization.

— Human resources and the innovation environment ensure the sustainability of the digital investment model.

— A regional digital strategy should be an integral part of investment policy.

For Kashkadarya region, developing a digital economy is one of the most effective ways to increase the flow of direct investment. However, this process should not be limited to technical innovation alone, but should be carried out in conjunction with institutional reforms, human capital development, and an innovative environment. Only then will digitalization become a sustainable source of regional economic growth.

CONCLUSION

This study was aimed at scientifically and practically analyzing the opportunities for increasing direct investment flows through the development of the digital economy in the Kashkadarya region. The conducted analysis shows that the investment attractiveness of the region is directly related not only to natural resources or traditional production factors, but also to the level of digital readiness, the quality of the institutional environment and innovative potential.

The study also showed the importance of human capital and the innovative environment. Without skilled personnel and an innovative ecosystem, digital transformation will not yield sustainable results. Therefore, the development of IT education, support for startups and stimulation of research and development activities should be an integral part of the investment strategy.

In general, the development of the digital economy for the Kashkadarya region is one of the most effective and sustainable directions for increasing the flow of direct investments. Digitalization will increase the economic competitiveness of the region, activate local businesses and create an attractive environment for international investors. This will contribute to regional economic growth, create new jobs and increase the well-being of the population.

Thus, the digital economy appears as a strategic factor capable of taking the investment policy of the Kashkadarya region to a new level. Its effective implementation will play a key role in ensuring the long-term sustainable development of the region.

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