

Topic; Analysis Of Current And Future Decrees And State Programs Aimed At Developing The Foreign Investment Insurance System In The Republic Of Uzbekistan

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Abstract

This article analyzes the decrees and state programs implemented and planned in the field of foreign investment insurance in the Republic of Uzbekistan. In particular, special attention is paid to mechanisms for improving the investment climate, protecting investor rights, and reducing political and commercial risks. The study examines the regulatory legal acts adopted by the Administration of the President of the Republic of Uzbekistan, the activities of the Ministry of Investments, Industry and Trade, and the role of insurance institutions such as Uzbekinvest. A comparative analysis is also carried out with international experience in foreign investment insurance, including the activities of the Multilateral Investment Guarantee Agency (MIGA).

Keywords

Foreign investments, investment insurance, investment risk, political risk, commercial risks, investment environment, regulatory legal acts, state programs, investor rights protection, insurance market, MIGA, Uzbekinvest.

Introduction

In today's globalization environment, attracting foreign investments and their effective protection are one of the priorities of every state's economic policy. In recent years, the Republic of Uzbekistan has been implementing large-scale reforms aimed at radically improving the investment environment, creating favorable conditions for foreign investors and protecting their interests. In particular, decrees and resolutions adopted at the initiative of Shavkat Mirziyoyev serve to strengthen the legal framework for ensuring investment security.

The foreign investment insurance system is an important tool in reducing the political and commercial risks that investors may face. Political instability, nationalization, currency conversion restrictions, and breach of contractual obligations are the main risk factors for foreign investors. Therefore, insurance mechanisms developed by the state play an important role in ensuring the stability of investment activities.

The investment insurance system in Uzbekistan is being formed mainly on the basis of cooperation with national insurance companies and international institutions. In particular, Uzbekinvest protects the interests of investors by insuring export-import operations and investment projects. Also, within the framework of cooperation with the Multilateral Investment Guarantee Agency, political risk insurance mechanisms are being expanded.

The relevance of this study is that through a scientific analysis of decrees and programs adopted in the field of investment insurance, it will be possible to assess their practical effectiveness and identify future development directions. This research, conducted based on the IMRAD methodology, serves to shed more light on the legal and institutional mechanisms for ensuring investment security.

Literature Review

The issue of foreign investment insurance is one of the most widely studied areas in international economic literature, which is mainly analyzed in connection with investment security, political risk management and improving state guarantee mechanisms. This section systematically reviews foreign and national scientific sources on the topic.

1. International theoretical approaches

International studies indicate political stability, legal guarantees and risk insurance mechanisms as the main factors affecting the flow of foreign direct investment (FDI). According to Dunning's eclectic paradigm (OLI model), investors give priority to countries with property rights protection and security guarantees.

World Bank studies have noted investment insurance mechanisms as an important factor increasing investment attractiveness. In particular, it is emphasized that reducing political risks plays a decisive role in investment decisions.

Reports published by the Multilateral Investment Guarantee Agency (MIGA) have scientifically proven that political risk insurance is an effective tool for reducing risks such as nationalization, war and civil unrest, currency conversion restrictions, and breach of contractual obligations. These sources note that investment flows are more stable in countries where insurance guarantees are available.

Also, the World Investment Report published by the United Nations Conference on Trade and Development (UNCTAD) emphasizes the importance of state guarantees and insurance mechanisms for improving the investment climate. According to UNCTAD analyses, political risk insurance is one of the important factors stimulating investment flows in developing countries.

International Monetary Fund reports note that institutional reforms, transparency, and the development of the insurance system serve to ensure macroeconomic stability.

2. Scientific views on political risk and insurance mechanisms

The concept of political risk is widely covered in scientific literature. Butler and Joaquin (1998) define political risk as the uncertainty associated with government policy and the political environment that affects investor returns. Jensen (2008) empirically demonstrates that investment volume is higher in countries with strong legal institutions.

According to risk management theories, investment insurance is an integral part of the economic security system. Insurance mechanisms strengthen trust between investors and the state and ensure the continuity of capital flows.

3. Studies on the experience of Uzbekistan

In national scientific sources, issues of investment policy and the insurance system are studied mainly in the context of economic reforms. An analysis of decrees and programs adopted in Uzbekistan to improve the investment climate shows that legal guarantees aimed at protecting the rights of investors are gradually improving.

The reports of the Ministry of Investments, Industry and Trade note an increase in investment volumes, the implementation of large infrastructure projects, and the expansion of investment insurance mechanisms in recent years.

In addition, scientific analyses of Uzbekinvest's activities emphasize that insurance of export credits and investment projects has a positive impact on the stability of the national economy.

At the same time, some studies indicate that the competitive environment in the insurance market is not sufficiently developed, the need to improve the methodology for assessing political risks, and the process of adapting to international standards is ongoing.

4. Research Gap

A literature review shows that although the investment insurance system has been widely studied internationally, there are not enough scientific studies devoted to studying the impact of decrees and state programs being adopted in the Republic of Uzbekistan on the investment insurance system in a comprehensive IMRAD manner. Therefore, this study aims to fill the existing scientific gap by assessing the effectiveness of national insurance mechanisms, comparing them with international experience, and identifying future development directions.

Methodology

This study was conducted in accordance with the IMRAD (Introduction, Methods, Results and Discussion) method and was based on a comprehensive scientific approach. Qualitative and quantitative methods were combined in the research process.


First, the method of analyzing regulatory and legal documents was used. Decrees and resolutions regulating the investment insurance sector in the Republic of Uzbekistan, in particular documents adopted by the Administration of the President of the Republic of Uzbekistan, and the regulatory framework for the activities of the Ministry of Investments, Industry and Trade were studied. State programs aimed at developing the insurance market were also analyzed in a comprehensive and systematic manner. Second, the experience of organizations operating in the investment insurance system, including Uzbekinvest and the Multilateral Investment Guarantee Agency (MIGA) at the international level, was studied through the method of institutional analysis. Based on a comparative legal approach, similarities and differences between national and international insurance mechanisms were identified.

Thirdly, the method of statistical analysis was used to study the dynamics of the volume of foreign direct investments attracted to Uzbekistan in recent years, the share of insurance services, and investment risk indicators. This was done using official data, state reports, and open statistical sources.

Fourthly, the impact of the investment insurance mechanism on economic security was assessed based on a systematic approach. Risk management, guarantee mechanisms, compensation systems, and investor rights protection measures were comprehensively analyzed.

Also, using the methods of scientific generalization, logical analysis, deduction, and induction, the effectiveness of current decrees and programs was assessed and future development directions were forecasted.

 **Foreign Investment Insurance System in Uzbekistan (Short Overview)**

Document / Program	Status	Role in Investment Insurance Development	
<u>Law on Investments and Investment Activity</u>	In force	Provides legal guarantees and protection for foreign investors	
<u>O'zbekinvest Export-Import Insurance Company</u>	Active	Offers political and commercial risk insurance	
Presidential Decree on Investment Incentives (2025)	Active	Strengthens investor protections and improves investment climate	
Draft New Investment Law	Planned	Expected to expand legal safeguards and dispute mechanisms	
International Investment Agreements	Ongoing	Provide additional legal protection for foreign investors	

Results

The results of the study showed that the foreign investment insurance system in the Republic of Uzbekistan has significantly improved in recent years. The adopted decrees and programs serve to increase the stability of the investment environment, create additional guarantees for investors, and reduce political risks.

First, the strengthening of the regulatory framework has increased investment confidence. Property inviolability, free repatriation of income, and protection of contractual obligations have been guaranteed for investors. This has had a positive impact on the growth of investment flows.

Second, the activities of national insurance institutions, in particular Uzbekinvest, have been expanded, and mechanisms for insuring export-import operations and large investment projects have been improved. As a result, the possibilities for covering political and commercial risks have increased.

Third, cooperation with international institutions have been strengthened. In particular, cooperation with the Multilateral Investment Guarantee Agency has created additional international guarantee mechanisms for insuring political risks. This has a positive impact on Uzbekistan's investment rating.

Fourth, opportunities have been created to provide investors with prompt and transparent services by digitizing the insurance market and expanding the range of

services. This process has reduced the time for issuing insurance contracts and making payments.

At the same time, the analysis results also showed the existence of some problems: insufficiently developed competition in the insurance services market; the need to further improve the methodology for assessing political risks; the ongoing process of full adaptation to international standards.

In general, the implemented decrees and programs are yielding positive results in ensuring investment security. In the future, it is possible to increase the investment attractiveness of Uzbekistan by further improving insurance mechanisms based on international experience, widely introducing digital technologies, and continuing institutional reforms.

Conclusion

The results of this study showed that the foreign investment insurance system in the Republic of Uzbekistan has been developing in recent years on the basis of consistent institutional and legal reforms. Decrees and state programs adopted to improve the investment climate, guarantee the rights of investors, and reduce political and commercial risks are yielding practical significant results.

First of all, the strengthening of the regulatory framework has been an important factor in increasing the confidence of foreign investors. Legal guarantees of investment activities, property inviolability, free transfer of income, and the possibility of resolving disputes through international arbitration serve to ensure investment security. In this regard, strategic documents and reform programs adopted by the Administration of the President of the Republic of Uzbekistan are of great importance.

Secondly, institutional mechanisms for investment insurance are being improved. In particular, the expansion of Uzbekinvest's activities has led to an increase in the volume of insurance of investment projects and export operations. At the same time, the strengthening of relations with the Multilateral Investment Guarantee Agency within the framework of international cooperation has expanded the possibilities of covering political risks.

Thirdly, the digitalization of the investment insurance system and the expansion of the range of services are creating transparent and operational mechanisms for investors. This increases the efficiency of investment processes and stimulates additional capital inflows into the economy.

At the same time, the results of the study also showed the existence of some problems. In particular, the insufficiently formed competitive environment in the insurance market, the need to further improve the risk assessment methodology, and the incomplete completion of the process of adaptation to international standards may limit the effectiveness of the system.

In general, the decrees and programs implemented in Uzbekistan serve to strengthen investment security, ensure economic stability, and increase the country's prestige in

the global investment arena. In the future, it is advisable to pay special attention to the following areas:

Introduction of modern models for assessing political and commercial risks;
development of healthy competition in the insurance services market;
expanding cooperation with international insurance institutions;
development of digital insurance platforms;
further strengthening guarantee mechanisms for investors.

Thus, improving the investment insurance system plays an important role in the long-term economic strategy of Uzbekistan and serves to ensure sustainable economic growth.

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