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THE IMPACT OF INVESTMENT ON AGRICULTURAL DEVELOPMENT IN UZBEKISTAN

Abstract. The article is devoted to the impact of investment in the agricultural economy of the Republic of Uzbekistan. The author provides statistical data on investment growth in the agricultural sector of Uzbekistan. The author analyzes the relationship between investment in agriculture and gross agricultural product through economic modeling. Economic, social, and legislative conditions relevant to Uzbekistan's agricultural sector are highlighted in the article. The author proposes ideas to increase investment in the agricultural sector of Uzbekistan.

Keywords: investment, agriculture, value-added, agro-industry, processing industry, gross output of agriculture, food production index

Introduction

Investments play a special role in the growth and development of any sector of the national economy including the restoration and development of the agricultural sector.

Investments in the agricultural sector are considered to be a valuable tool to contribute to constant long-term increase in growth and income, while adding value to agricultural products. The result is investments in the agricultural sector are the most efficient and most important instrument in the development of the current economy. The Government of Uzbekistan is developing a number of programs to attract investors, both domestic and international, to this crucial sector of the national economy. Immediate income is not the result of investments in the agricultural sector. For example, land needs preparation, planting, cultivation, harvesting, storage, and possibly processing. Invested funds can make a profit, but not as quickly as, for example, trade investments.

Agricultural investment can have diverse impact including to diversify production, improve land and water allocation for irrigation, create a favorable agribusiness climate, yield a higher value-added chain, support the development of cooperative relations, widely introduce market mechanisms and information and communication technologies in the industry, as well as use scientific achievements to increase employees' potential. Recognition of these investment impacts were presented and approved under Decree of the President of the Republic of Uzbekistan “On Approving the Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020 - 2030 years” No. PD-5853, October 23, 2019 [9].

The President of the Republic of Uzbekistan, Shavkat Mirziyoyev, on January 24, 2020 announced his recognition of the importance of agricultural investment in the annual message to parliamentarians and the government of Uzbekistan. He

stated: "...agriculture, which is one of the most important areas that ensure the growth of the economy, employment and incomes of the population, must be developed on the basis of a strategic approach" [8]. Given the importance of agriculture to the national economy, specific measures will be taken to significantly increase production resulting in export value of fruits and vegetables of \$ 2 billion and to further increase this figure by 3-4 times in the next 5-7 years. In addition, this year the state budget will allocate 3 trillion UZS to the development of horticulture, viticulture, seed production, animal husbandry, agronomy, widespread introduction of water-saving technologies, research and training of qualified personnel for the field [8].

Literature review

N.M. Babaeva highlights the reforms in the agricultural sector of the Republic of Uzbekistan and the distribution of investments within the sector, implements an econometric analysis of their effective use and offers scientific recommendations on the effective organization of the agricultural economy [1].

Maksumkhonova A.M. discusses the concept of "investment" in the agricultural sector in her research and discloses the structure of investment in the agro-industrial complex. She determines investment potential on the basis of a factor approach. The key features of attracting investments in the agricultural sector of the Republic of Uzbekistan are presented. The current state of agriculture in the Republic of Uzbekistan along with trends in the development of investment activity in the agricultural sector are analyzed. State reforms required to attract investment in the agrarian sector of the Republic are also considered [2].

O.I. Rashidov, I.A. Rashidova, M.V. Shatokhin analyze the relationship between investment and gross regional product using the MNC method yielding values for the multiplier and accelerator of investment. The time lag between the growth of investment in the economy of the region and their return, in the form of an increase in GRP, are determined [3].

Our own research on the impact of investments into the agricultural sector of the economy of the Republic of Uzbekistan were based upon studying and analyzing the above-mentioned research works

Research Methodology

In the course of the study systematic analysis, comparative analysis, logical abstraction techniques, and economic modeling were widely used.

Analysis and Results

In order to further improve and develop agriculture, the President of the Republic of Uzbekistan adopted a resolution on April 17, 2018 entitled "On measures to radically improve the system of state management of agriculture and water management". In the resolution distinct administrative structure is mandated for the management of attracting investment. Earlier, in August 2017, a Center for Implementing Investment Projects in agriculture and water management was

established. It consisted of the relevant groups involved in the development and implementation of investment projects, taking into account the number of employees provided by loan agreements and relevant Presidential decrees [5]. The main tasks of the Center are:

- participation in attracting foreign investment, soft loans and technical assistance funds (grants), ensuring timely and effective implementation of investment projects in accordance with the principles of project management;
- ensuring the holding of competitive tenders in the prescribed time period, the conclusion of contracts, and their examination by authorized bodies;
- monitoring the supply of equipment, materials and the performance of work and services under contracts in accordance with national legislation, international rules and procedures of relevant international financial institutions and foreign government financial organizations.

Table 1 provides some information regarding Uzbekistan's agriculture.

Table 1

The impact of investment on agricultural development¹

Years	Investments in Ag sector, bln.UZS	Ag gross output, bln.UZS	Agriculture, value added, bln.UZS	Food production index, %	Ag Export, Thousand USD
2002	102.2	3255.3	2244.2	38.51	140,486
2003	98.5	4083.3	2801.8	41.76	194,784
2004	113.6	4615.8	3242.3	43.61	368,258
2005	138.2	5978.3	4192.8	46.62	431,318
2006	164.4	7538.8	5298.0	52.03	592,249
2007	200.9	9304.9	6550.2	53.7	546,679
2008	261.2	11310.7	7673.0	56.6	400,335
2009	385.9	13628.6	9200.0	61.42	459,742
2010	531	30856.7	21251.3	66.01	689,232
2011	942.5	45285.9	30658.6	70.84	894,713
2012	1089.2	55750.0	36954.7	76.81	639,746
2013	1335.6	66435.3	42636.8	83.27	741,783
2014	1448	81794.3	53613.2	89.15	733,675
2015	1375.5	99604.6	64680.3	96.22	562,049
2016	1646.4	115599.2	74779.0	114.63	746,812
2017	2004.3	148199.3	90983.9	102.93	973,350
2018	3561.1	187425.6	113660.7	105.03	1,128,751
2019	15141	216283.1	130306.9	N/A	1,044,822
2020	18025.5	250250.6	151250.9	N/A	910,108
2021	3541.8*	213897.1*	N/A	N/A	N/A

*- preliminary data for January-September, 2021

¹ Made by authors based on data from www.stat.uz ; <https://data.worldbank.org/indicator> and <https://www.trademap.org/>