



THE IMPORTANCE OF DEVELOPING THE PARTICIPATION OF INTERNATIONAL RATING AGENCIES IN FINANCING INVESTMENT ACTIVITIES

Haydarov O'ral Axmadovich

PhD of Banking and Investment Department at
Tashkent State University of Economics
E-mail: oygul.alimova.88@mail.ru

Abduraxmanov Akmal Nurmamat o'g'li
Master of Tashkent State University of Economics

Norov Akmal Ruzimamatovich
Associate Professor of Tashkent State University of Economics

Annotation

This article discusses the importance of investment activities in the development of the participation of international rating agencies in our country, as well as promising issues. When carrying out investment activities, the activities of rating agencies were analyzed and relevant conclusions were drawn about their activities.

Keywords: investments, rating agencies, investment activity, international rating methodology, economic freedom index, business conduct index.

Introduction

One of the important directions in which Uzbekistan directs its creative potential is updating the country's image on the world stage, which is reflected in improving its position in international rankings. For this, resources are mobilized, modern approaches and methods of managing transformation processes are being widely introduced in the country, purposeful work is underway to ensure an objective and accurate assessment of its position in international rankings. It is also necessary to create a positive image of the country in the international arena as part of the implementation of the Action Strategy for five priority areas of development of the Republic of Uzbekistan for 2017-2021, as well as a comprehensive system for assessing reforms in many areas is not available. This situation is one of the pressing global problems, which does not allow to establish



systematic cooperation with international organizations and scientific institutions, to create appropriate databases in relevant ministries and departments.

As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted, "economic reforms are being carried out in our country. For the first time, we have publicly declared our determination to reduce poverty. (2020) We achieve this by developing entrepreneurship and creating additional jobs, improving the investment and business environment and creating a modern infrastructure, training people in new professions and providing targeted social assistance to the population. " Of course, this proposal is not in vain. World practice shows that the development of investment activity plays an important role in the development of the country's economy and its worthy place in the world arena and in international rankings. Therefore, today there is a need to develop the investment activities of local and foreign investors and to protect their legitimate and legitimate interests, to create a new system that meets the requirements of international standards. However, our country has not developed sufficient economic mechanisms to assess the activities of local and foreign investors in international ratings.

Literature Review

Extensive information is contained in the scientific papers of a number of economists on the development of the participation of international rating agencies. For example, in the scientific work of A. A. Fatkhullina (Russian scientist) (2014): "Each region has its own characteristics, therefore the work of each of them is characterized by its own characteristics. When calculating the business activity index at the regional level, it is important to take into account its specificity, taking into account its natural, geographical, historical, cultural and other characteristics.

In the monograph by B.P. Borisova, I.V. Kachubei "Research in the spirit of postmodernism" (2016) on the philosophy of F. Kotler's approach to business (2018) substantiated his theoretical and methodological approaches.

N. X. Dzhumaev: "First of all, a natural question arises as to why a rating is needed. Ratings can be different, business rating, investment attractiveness rating and much more. If a country participates in the ranking and is at the top, it shows the openness, transparency and economic potential of that country. Therefore, it is natural that countries in which large-scale reforms are being carried out to ensure



economic development and are in the process of development should certainly strive to take a worthy place in the ratings. Indeed, in the modern world, countries and organizations wishing to cooperate should definitely pay attention to popular ratings "(2020).

Research Methodology

The topic of the article is the importance of investment activity in the development of the participation of international rating agencies in our country. Studied scientific works of foreign and domestic scientists in this area. Analyzed the situation with the indicators of rating agencies for doing business and its assessment in the country. In its analysis, methods of comparative analysis, structural analysis and monographic analysis were used, as well as recommendations were developed.

Analysis and Results

In order to form a holistic and independent system for assessing the reforms carried out in the country, as well as improving the country's position in international ratings, on February 25, 2019, the President of Uzbekistan issued a decree "On measures to improve the country's situation." Uzbekistan in international ratings and indices".

Reforms aimed at ensuring the protection of human rights, raising the standard of living of the population, ensuring freedom of economic activity, improving material and procedural norms in the field of justice, lead to an increase in the country's international ratings and indices.

In particular, over the past four years, the Country Heritage Fund's Economic Freedom Index has grown by 52 points, the World Bank's Logistics Performance Index by 19 points, and the Doing Business Index by 18 points.

Uzbekistan has risen from group 6 to group 5 in the Organization for Economic Cooperation and Development's Country Risk Classification system.

At the same time, due to the fact that some leaders do not pay due attention to working with ratings and most reforms are not reflected in surveys conducted by international organizations, the Republic of Uzbekistan remains at a low level in international ratings and indices.

Working with international ratings and indices to enhance the investment attractiveness and image of the country in the international arena, introducing new mechanisms for working with international ratings and indices in

government agencies and organizations, as well as implementing the tasks set in the Action Strategy. for 2017-2021 of the Republican Council for

The main tasks of the Council are:

Systematic analysis of the level of socio-economic, political and legal development of the country, ensuring that radical changes in various areas serve the purpose of improving the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan, removing obstacles to efficiency;

To promote initiatives to improve the public administration system, democratize society, implement reforms in the field of state and social construction based on the best world practices in order to improve the country's position in international ratings and indices, which is a priority for the Republic of Uzbekistan;

A comprehensive assessment of regulatory legal acts regulating various aspects of state and public life, and their projects from the point of view of the country's influence in international ratings and indices, which is a priority for the Republic of Uzbekistan.

It was noted that the Council will monitor the development and implementation of effective measures to improve the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan, as well as systematic international cooperation in this area. The most important performance indicators (KPI) have been developed for international ratings and indices, which are priority for the Republic of Uzbekistan (Table 1).

The table above shows that the most important performance indicators in international ratings and indices, which are priority for the Republic of Uzbekistan, are analyzed in terms of the growth of the most important performance indicators in international ratings and indices, which are a priority for our economy from 2020 to 2030. The index rises from 67.8% to 100%, and the Doing Business index - from 72.73% to 89.36%.

Table 1. The most important performance indicators in international ratings and indices (KPI), which are priority for the Republic of Uzbekistan

No	Category name	Current situation	2020 th year	2022 th year	2030 th year	
1.	Doing Business Index	69,9 (69 th place)	72,43	77,08	89,36	
2.	Statistical Capacity Indicators of the World Bank	64,4	67,8	74,4	100	
3.	Economic Freedom Index	57,2 (114 th place)	57,2	63,6	82,3	
4.	Market transparency	Trade independence	67,6	67,6	68,8	73,6
		Investment independence	20	20	40	80
		Financial independence	20	20	40	80



We also see that the Index of Economic Freedom aims to raise the freedom of investment index from 20% to 80% by 2030.

This year, the UAE Federal Bureau of Competition and Statistics has improved its skills in coordinating the activities of ministries and departments in working with international rankings and indices, as well as with the Global Competitiveness Index and Business Doing Indexes, and also established contacts with the following international organizations and experts:

1. UAE Federal Agency for Competition and Statistics - Hanan Axley.
2. World Economic Forum (Global Competitiveness Index 4.0) - Grigory Shutko.
3. World Bank (Governance Indicators) - Aart Cray.
4. Organization for Economic Co-operation and Development (Country Risk Classification System) - Douglas Frey, Verena Utzinger.
5. Economist Intelligence Unit ("Risk briefing") - Alex Dimitriou.
6. IHS Markit Global Insight (management quality indicators) - Oleg Golovenko;
7. The PRS Group Inc. (The International Country Risk Guide) – Christopher McKee.

International ratings and indices are an integral part of the digital economy and serve as a "barometer" or "KPI" (the most important performance indicator), which assesses the effectiveness and efficiency of reforms in the country within the framework of the "Action Strategy 2017-2021".

The decrease in consumer and investment demand under the influence of the pandemic had a negative impact, mainly on the service and manufacturing sectors of the economy, in particular, tourism, trade and public catering, as well as transport. In turn, measures taken in fiscal and monetary policy to mitigate the effects of the pandemic, prevent the spread of coronavirus, restore economic activity, support the population and business, were among the main factors mitigating the economic situation. Also, monetary policy measures during this period were aimed at ensuring the banking system and macroeconomic stability. The return to positive growth rates of foreign, including direct investment, as a result of the recovery in economic activity will serve as one of the main sources of financing the negative balance of payments. According to the World Bank's classification, given that Uzbekistan belongs to the group of middle-income countries, an increase in foreign direct investment in the country by 1% will lead to an increase in GDP per capita by 0.18% in real terms. In this regard, in the future, in order to increase per capita income, it is important to increase the volume of foreign direct investment, primarily in the sectors of the economy.



In many emerging economies, when inflation exceeds current interest rates and the national exchange rate is unstable, investors' real returns do not cover the high level of risk, and as a result, capital inflows into the country are limited.

If we look at the JP Morgan Bank Emerging Markets Currency Index, the decline in the index is mainly due to a period of declines in base rates. Also, as a result of the continued inflow of capital from these countries, a decrease in the foreign exchange index was observed in August-September.

Today, when capital markets and financial markets are underdeveloped, the money market interest rate index serves as a key benchmark for assessing the value of financial instruments in the economy. The Central Bank announced a daily announcement of the interest rates of the interbank money market through the official website and the telegram channel, and in the future will increase the issuance of signals to business entities about the formation of prices for resources through the formation and regular publication of money. market index. In this regard, with the support of the European Bank for Reconstruction and Development, a "Working Group on Improving the Money Market" has been created and a methodology for calculating the money market index is being developed with the participation of foreign experts.

For the first time, the sovereign credit rating of our country was assigned by Fitch Ratings and S&P Global Ratings on December 21-22, 2018 with a BB- rating (stable outlook). Obtaining these ratings led to an increase in demand for the first sovereign international bonds of the Republic of Uzbekistan on February 14, 2019 on the London International Stock Exchange by almost 8 times. On April 10, Fitch Ratings downgraded South Africa, Colombia, the Sultanate of Oman and the Federal Republic of Nigeria, but downgraded Uzbekistan's sovereign credit rating to VV- (stable), despite the negative impact of the COVID-19 pandemic on the economy.

Discussion of Research Results

To improve rankings and indices, such as the World Bank's Doing Business Index, countries can reduce the number of procedures, move to electronic document exchange, process government filings faster, and increase transparency.

The Doing Business Index shows low levels of entrepreneurial activity and corruption in good performing countries.

In our country, significant growth was recorded in 6 out of 10 indicators of the World Bank's Doing Business 2018 report.



Achievement of positive results in economic indicators will lead to an increase in the inflow of foreign direct investment, a decrease in unemployment and an increase in living standards.

Poverty is declining in countries that have a rising index of economic freedom.

Countries performing positively on the Index of Economic Freedom will result in better education systems, better health care, and better living standards for their citizens.

Another index that contributes to the development of countries is the African Development Bank's African Visa Transparency Index. Which African countries are showing improvements in supporting the free movement of people across this continent? "Since the introduction of the index, a number of countries, including Ghana and Ethiopia, have allowed Africans to obtain visas upon arrival at a border post."

The country's international socio-economic ratings reflect the country's level of development and the effectiveness of the reforms.

Conclusion/Recommendations

The study identified a number of issues that directly affect the development of the participation of international rating agencies in the implementation of investment activities in the country. This includes:

- Due to insufficient attention to work with international ratings and indices in our country and the fact that most of the reforms are not reflected in studies conducted by international organizations, the Republic of Uzbekistan remains at the bottom of the priority international ratings and indices;
- there are shortcomings in strengthening the investment attractiveness and image of the country in the international arena, introducing new mechanisms for working with international ratings and indices in government bodies and organizations;
- A systematic analysis of the level of socio-economic, political and legal development of the country, ensuring that radical changes in various areas serve the purpose of improving the country's position in international ratings and indices, which are priority for the Republic of Uzbekistan. ;
- at the current stage of the country's economic development, create a favorable information environment for foreign investors based on the widespread adoption of international financial reporting standards (hereinafter referred to as IFRS)



and, as a result, increase the investment and export potential of economic sectors and local business in international financial markets.

We also believe that the country should take the following measures to develop the participation of international rating agencies in the implementation of investment activities in the country:

1. Attracting foreign direct investment funds to the country in order to diversify sources of financing for investment activities and create healthy competition in the financial market.
2. It is necessary to develop an investment climate and investment attractiveness in the country's economy according to the Index of Regulatory Restrictions on Foreign Direct Investment (FDI) in financing investment activities.
3. It is advisable to enhance the investment attractiveness and image of the country in the international arena, to introduce new mechanisms for working with international ratings and indices in government agencies and organizations.
4. It is necessary to develop practical proposals aimed at fixing the necessary indicators of international ratings and indices, as well as to develop mechanisms for interaction with organizations that publish ratings and indices, and the sources of information used in their compilation.

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