

THE ROLE AND ANALYSIS OF DOMESTIC AND FOREIGN SOURCES IN FINANCING INVESTMENTS IN UZBEKISTAN

Zokirova Feruza Farxod qizi

Tashkent State University of Economics

Teacher Department of Valuation, Investment and Insurance

e-mail: zokirovaferuzaf@gmail.com

Investments play an important role in ensuring a country's economic growth, expanding production capacities, creating new jobs, and introducing modern technologies. In Uzbekistan, the development of investment activity is considered one of the priority areas in the process of modernizing the economy and implementing structural transformations.

Sources of investment financing can be broadly divided into domestic (local) and external (foreign) sources.

Domestic sources include enterprises' own funds, commercial bank loans, state budget funds, household savings, and other internal financial resources.

Foreign sources consist of foreign direct investment, loans from international financial institutions, funds provided by foreign banks, and other external financing instruments.

Domestic sources of financing play an important role in ensuring the stability of the investment process. Enterprises' net profits, depreciation allowances, and other own funds are considered relatively independent sources for financing investment projects. The use of such funds reduces an enterprise's need for external financial resources.

Commercial bank loans are also one of the important sources of investment financing in Uzbekistan. Bank loans provide opportunities to expand production, modernize fixed assets, and implement new projects. At the same time, the cost of credit resources, collateral requirements, and the availability of long-term financing are factors that influence investment activity.

Financing from government funds, particularly through the state budget and state targeted funds, serves to implement strategically important projects in infrastructure, transportation, energy, the social sector, and other areas. However, due to the limited capacity of government financing, it is necessary to attract private capital and other financial resources to investment projects.

Foreign investment is important for the Uzbek economy because, in addition to providing additional financial resources, it brings modern technologies, management expertise, new production standards, and access to international markets. In particular, foreign direct investment serves as an important instrument for implementing long-term projects and improving production efficiency.

Loans from international financial institutions and foreign banks are also important sources of foreign financing. These funds can be directed toward financing investment projects in the energy, transportation, agriculture, industry, utilities infrastructure, and other sectors. At the same time, the stability of the investment environment, clarity of legislation, protection of investors' rights, developed infrastructure, and effective management of currency and financial risks are important factors in attracting foreign investment.

1-table

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Investments in fixed capital by sources of financing.¹

Indicators	Volume, billion soums	Grows rate, %	As percentage of the total volume, % 2024-y.	“As percentage of the total volume, % 2025-y.
Total	591 141,0	110,5	100,0	100,0
Centralized investments	62 618,6	113,6	10,3	10,6
Republican budget	28 002,0	105,8	4,9	4,7
Funds of the Fund for Reconstruction and Development”	2 109,5	68,0	0,6	0,4
Including, million US dollars	166,2	70,1	—	—
Foreign loans guaranteed by the Republic of Uzbekistan	32 507,1	127,2	4,8	5,5
Including, million US dollars	2 577,7	135,3	—	—
Decentralized investments	528 522,4	110,2	89,7	89,4
Enterprises’ funds	90 311,0	100,8	16,7	15,3
Household funds	37 472,2	106,2	6,4	6,3
Foreign investments and non-guaranteed foreign loans	389 589,6	113,2	64,6	65,9
Including, million US dollars	30 917,0	119,9	—	—
Of which: foreign investments	281 128,8	146,9	36,0	47,5
Including, million US dollars	22 360,4	156,1	—	—
Commercial bank loans and other borrowed funds”	11 149,5	104,6	2,0	1,9

Based on the table data, it can be observed that the sources of investment financing are divided into centralized and decentralized investments. According to the presented data, in 2025, the total volume of investments in fixed capital in Uzbekistan amounted to 591,141.0 billion soums, representing a 10.5% increase compared to 2024. Of the total investment volume, 89.4% accounted for decentralized investments, while 10.6% represented centralized investments. This indicates the significant role of funds from economic entities, households, and foreign investors as major sources of financing in the investment process.

The volume of centralized investments amounted to 62,618.6 billion soums, increasing by 13.6% over the year. Within this category, foreign loans guaranteed by the Republic of Uzbekistan amounted to 32,507.1 billion soums, an increase of 27.2%. Republican budget funds amounted to 28,002.0 billion soums, with a growth rate of 105.8%. Meanwhile, funds from the Fund for Reconstruction and Development amounted to 2,109.5 billion soums, representing a 32.0% decrease.

¹ Data from the National Statistics Committee of the Republic of Uzbekistan.

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The largest share of investments came from decentralized investments. In 2025, investments financed from these sources amounted to 528,522.4 billion soums, recording a 10.2% increase compared to 2024. Within decentralized investments, the largest share belonged to foreign investments and non-guaranteed foreign loans, which amounted to 389,589.6 billion soums, or 65.9% of total investments. The volume of these funds increased by 13.2% compared to 2024.

In particular, foreign investments alone reached 281,128.8 billion soums, increasing by 46.9% compared to 2024. Their share in total investments increased from 36.0% to 47.5%. This indicates a significant strengthening of the role of foreign capital in Uzbekistan's economy.

In addition, enterprises' funds amounted to 90,311.0 billion soums, while household funds amounted to 37,472.2 billion soums. The growth rate of enterprises' funds was 100.8%, whereas household funds increased by 6.2%. At the same time, commercial bank loans and other borrowed funds amounted to 11,149.5 billion soums, accounting for 1.9% of total investments. Table 2 provides a detailed analysis of the composition of domestic and foreign financing sources.

2-table

Composition of Domestic and Foreign Sources of Investment Financing in Uzbekistan (2025).²

Source of investment	2025-year Volume, billion soums	Share of total investment, %	Growth compared to 2024, %	Source type
Republican budget	28 002,0	4,7	105,8	Domestic sources
Fund for Reconstruction and Development	2 109,5	0,4	68,0	
Enterprises' funds	90 311,0	15,3	100,8	
Household funds	37 472,2	6,3	106,2	
Commercial bank loans and other borrowed funds	11 149,5	1,9	104,6	
Foreign loans guaranteed by the Republic of Uzbekistan	32 507,1	5,5	127,2	Foreign sources
Foreign investments	281 128,8	47,5	146,9	
Foreign investments and non-guaranteed foreign loans"	389 589,6	65,9	113,2	

² Compiled by the author based on data from Stat.uz.

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Financing investments through foreign and domestic sources plays an important role in ensuring the country's economic development, expanding production capacities, creating new jobs, and introducing modern technologies.

In general, rather than relying on a single source of investment financing, it is advisable to use domestic and foreign financial resources rationally and in a complementary manner. To achieve this, it is important to create a favorable investment environment, develop the financial market, strengthen legal guarantees for investors, and improve the efficiency of investment projects. As a result, effective financing of investment activities contributes to sustainable economic growth and the country's long-term development.

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