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MODEL FOR ASSESSING THE INVESTMENT ATTRACTIVENESS OF REGIONS

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Abstract: In this article there developed a model for assessing the investment attractiveness of regions. This model takes into account the impact of an important indicator of investment attractiveness on investment risk and allows drawing sufficient conclusions about the investment attractiveness of regions in general.

Key words: Investment attractiveness, area investment potential coefficient, network investment potential coefficient, investment risk coefficient, investment attractiveness index.

In accordance with the Decree of the President of the Republic of Uzbekistan dated July 19, 2021 "On Measures to Establish the Strategic Development Agency of the Republic of Uzbekistan" No. PF-6264[1], the Strategic Development Agency of the Republic of Uzbekistan has been assigned a number of strategic tasks. One of them is the study of strategic issues of investment attraction and project implementation in sectors and regions, identifying promising sectors and directions of investment activities. At the same time, using international methods and conducting regular surveys, forming and maintaining the rating of the investment attractiveness of economic sectors and regions, analyzing the effectiveness of the activities of state bodies in solving the tasks of improving the investment environment and developing regions and sectors on this basis and assigned assessment tasks.

The Agency has developed a methodology for evaluating the "national rating of the investment environment of the regions of the Republic of Uzbekistan". Its main purpose is to evaluate the effectiveness of the state bodies in solving problems in the field of improving the investment environment and creating favorable conditions for business. In the creation of the methodology, the experts of the profile department of the Agency carried out research on the study of literature and foreign experiences related to this field (for example, ASI - national rating of the state of the investment environment in the subjects of the Russian Federation, NRA - annual assessment of the investment attractiveness of Russian regions, RAYEX - investment attractiveness rating of regions). Moreover, consultation meetings of various levels were held with foreign experts, in particular, with the Agency for Strategic Initiatives of the Russian Federation. The head of our state has given the task of forming the national rating of the investment environment in the sections of cities and districts.

Taking these into account, a model for assessing the investment attractiveness of regions (Figure 1) was developed. Calculations are carried out and analyzed according to the model algorithm.

In order to assess the investment attractiveness of the regions, it is necessary to determine exactly which areas and indicators have investment potential and at the same time the risks of investing. When evaluating all the indicators in general, it is difficult to make a complete conclusion about the region. Therefore, we considered it permissible to evaluate separately by sectors.

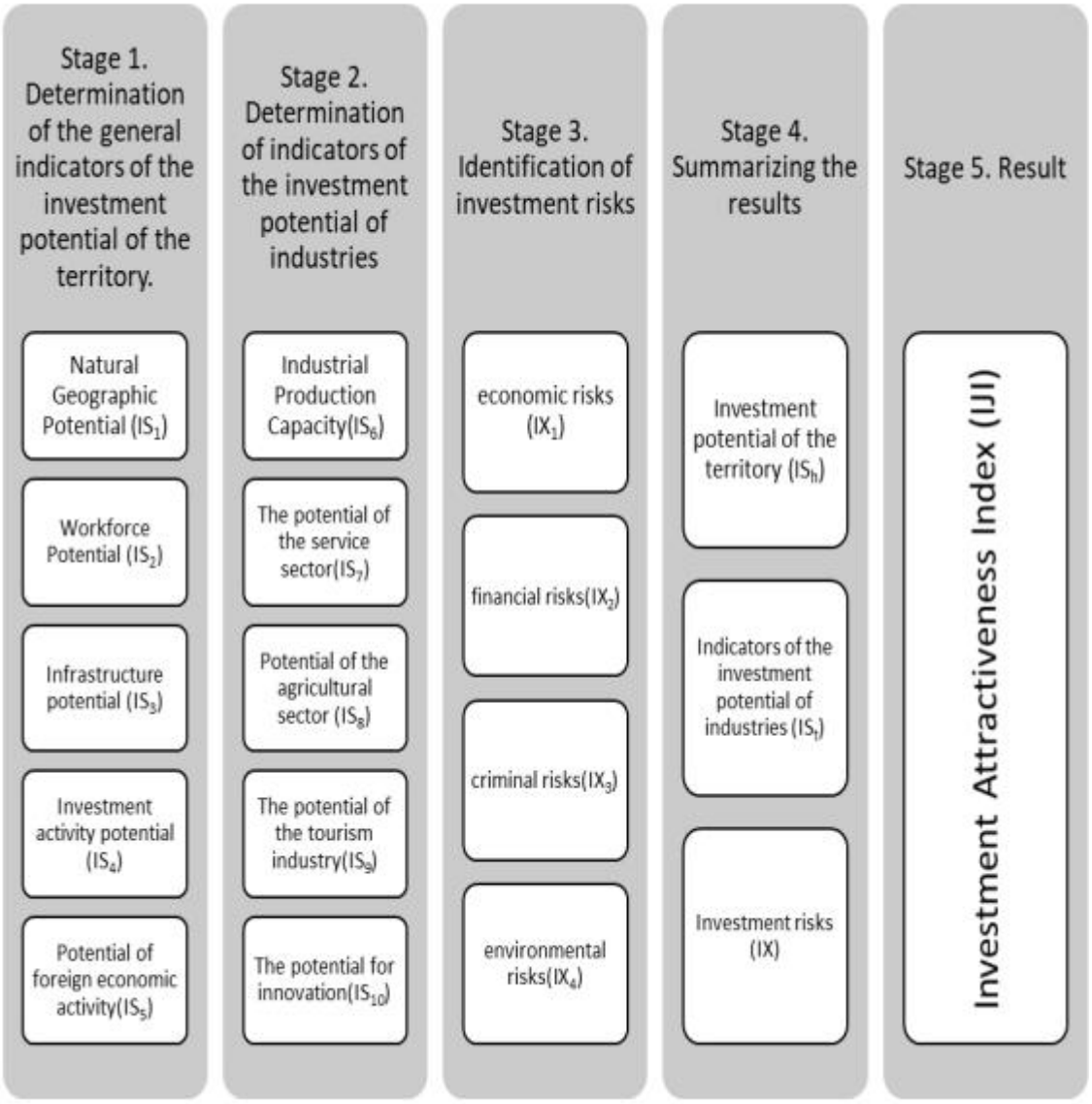

Figure 1. A model for assessing the investment attractiveness of regions [6]

At each stage, the indicators are calculated, and the results of the indicators for each potential and risk type are calculated using the following formula 1:

$$IS_n = IS_{1.1} * IS_{1.2} \ldots\ldots . IS_n (1)$$

At the first stage, the natural geographical potential of each city (district), demographic situation and labor force potential, infrastructure potential, investment activity potential, foreign economic activity potential are determined, which are calculated using a second formula:

$$IS_h = \sqrt[n]{IS_1 * IS_2 * IS_3 * IS_4 * IS_5} (2)$$

IS_h - coefficient of investment potential of the area
natural geographical potential of the area,
the potential of labor resources of the area,
infrastructure potential of the area,

investment activity potential of the area,
foreign economic activity potential of the area
Here the coefficient of investment potential of the region is found out.

In the second stage, the potential of industrial production, the potential of the service sector, the potential of the agricultural sector, the potential of the tourism sector, and the potential of innovative activities of each city (district) are determined. The investment potential of networks is calculated according to the following third formula:

$$IS_t = \sqrt[n]{IS_6 * IS_7 * IS_8 * IS_9 * IS_{10}} \ (3)$$

Here IS_t is the network investment potential coefficient;
industrial production potential of area,
area's potential in the field of services,
agrarian potential of area,
tourism potential of area,
innovative activity potential of area

Through this formula, the capacity coefficient of networks is found. In this case, it is possible to know in which field the potential of the city (district) is high or low.
In the third stage, economic risks, financial risks, criminal risks, and environmental risks of the city (district) are determined, which are calculated using the following formula 4

$$IX = \sqrt[n]{IX_1 * IX_2 \ldots\ldots IX_n} (4)$$

Here IX-investment risk coefficient; - risk indicators.

At the fourth stage, the investment attractiveness of the city (district) is calculated using the following fourth formula:

$$IJ = \frac{IS_h \times IS_t}{\text{IX}} \ (5)$$

Here IJ-area investment attractiveness, IS_h -investment potential coefficient, IS_t -networks investment potential coefficient, IX-investment risk coefficient.
By this method, the investment potential corresponding to one unit of risk is determined and the investment attractiveness of the regions is assessed.
In the fifth step, the investment attractiveness index of the city (district) is calculated using the following fourth formula:

Here IJI-investment attractiveness index, A_s –population number.
Through this index, the ratio of the investment attractiveness of the area to the population is calculated, and the coefficient of attractiveness per 1000 inhabitants is determined. Depending on the chosen method, various problems have been solved, including the fact that this method makes it possible to determine the rating of the investment attractiveness of a certain region, to formulate recommendations for the development and implementation of new directions of investment policy. The results of such an assessment can be useful not only for public authorities to monitor the effectiveness of investment policy, but also for private investors.

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