



MODERN PROBLEMS IN EDUCATION AND THEIR SCIENTIFIC SOLUTIONS

IMPROVEMENT OF FINANCIAL MECHANISMS FOR THE DEVELOPMENT OF FREE ECONOMIC ZONES IN UZBEKISTAN

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Annotation. *This article examines the current financial mechanisms supporting the development of Free Economic Zones (FEZs) in Uzbekistan and proposes improvements to enhance their effectiveness. It analyzes the challenges faced by FEZs in attracting investment, managing financial resources, and fostering sustainable economic growth. The study highlights innovative financial tools and policy measures that can stimulate business activities within these zones. Furthermore, the paper discusses the role of government support, foreign investment, and public-private partnerships in optimizing the financial framework of FEZs to boost regional development and integration into global markets.*

Keywords: *Free Economic Zones, financial mechanisms, investment attraction, economic development, Uzbekistan, public-private partnership, financial innovation, regional development, economic policy.*

In the context of increasing globalization, structural restructuring of the world economy, and intensified international competition for investment resources, free economic zones (FEZs) have gained particular significance as instruments for accelerating industrial and innovative development, spatial diversification of production, and enhancing the export potential of countries with emerging market economies. Leading global practices affirm that well-organized special economic zones (SEZs) function not only as engines of economic growth but also as platforms for the institutional experimentation of new forms of economic activity, financial models, and regulatory frameworks.

For the Republic of Uzbekistan, which is actively transforming its socio-economic model, the development of free economic zones represents a key area of state policy aimed at diversifying the economy, enhancing the processing of raw materials, creating new export niches, and mitigating regional economic asymmetry. Despite notable progress in establishing FEZs, technology parks, small industrial zones, and clusters, their institutional effectiveness and financial sustainability largely depend on the financial mechanisms employed and the availability of financial resources.

Contemporary challenges necessitate a reevaluation of the traditional budget-oriented financing model for SEZs, which exhibits limited efficiency amid constrained fiscal capacity and increasing demands from investors. Rather than relying on direct budget subsidies, instruments based on partnerships between the state and private sector, the





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development of project financing, the attraction of private capital, and the utilization of flexible capital market instruments are becoming increasingly relevant. Such instruments encompass public-private partnerships (PPP), the issuance of specialized infrastructure bonds, the establishment of investment and venture funds, targeted co-financing of priority projects, and tax and credit incentives for private investors.

The effective implementation of the concept of developing free economic zones through financial instruments requires a comprehensive analysis of their organizational and legal forms, economic functions, and financing mechanisms. In the context of the Republic of Uzbekistan, three primary types of economic zones currently operate: free economic zones, special economic zones, and small industrial zones. Each of these forms functions as an independent institution aimed at executing specific facets of state economic policy and possesses a distinct system of institutional structure and financial support.

Free economic zones are primarily focused on the development of export-oriented production, attracting high-tech industries, and facilitating integration into international markets. Special economic zones, conversely, were established to deepen production cooperation, coordinate investment projects, and implement large-scale innovative solutions. Small industrial zones emphasize the support of small and medium-sized enterprises, the creation of accessible production infrastructure, and the stimulation of employment in regional areas.

The high performance of technology parks indicates the successful adoption of innovation-oriented financing models, characterized by the active involvement of venture capital, public-private partnerships, and start-up support programs. Similarly, small industrial zones exhibit positive dynamics due to effective infrastructure support, simplified tax regimes, and access to local investment resources.

Conversely, the relatively modest profits of special economic zones, despite their priority status and institutional backing, may stem from either the capital-intensive nature of the projects undertaken in these zones or the insufficient involvement of private capital and the low profitability of existing enterprises.

The unfavorable outcomes observed in clusters highlight the necessity for a thorough reassessment of the existing mechanisms governing their financing and organizational management. It is likely that the current model inadequately accounts for the production and technological compatibility of cluster participants and suffers from insufficient integration with financial institutions.

Free economic zones, special economic zones, and small industrial zones constitute essential institutional platforms within the economy of Uzbekistan, aimed at accelerating economic growth, stimulating investment, and fostering entrepreneurship. However, the success of their operations is directly contingent upon the quality of the financial architecture underlying them. The financial instruments employed in these zones should





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not merely be regarded as technical mechanisms for resource redistribution but should be considered critical components of macroeconomic policy and strategic instruments of economic management.

A financing policy founded on principles of adaptability, diversification, and effectiveness can significantly enhance the investment attractiveness of Uzbekistan's economic zones, contribute to the reduction of regional disparities, and expedite the process of integration into global markets.

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