ASSESSMENT CRITERIA AND IMPROVEMENT DIRECTIONS OF REGIONAL INVESTMENT ATTRACTIVENESS IN THE CONTEXT OF GLOBALIZATION

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Abstract: *In an era of rapid globalisation, regions within emerging economies are increasingly competing for foreign direct investment (FDI) and other capital flows. A region's attractiveness to investment is not only determined by macroeconomic factors, but also by institutional, infrastructural, and human-capital conditions. This article examines key criteria for assessing regional investment attractiveness and proposes practical directions for improvement, drawing on the case of Uzbekistan. The relevance of the topic stems from the changing global investment landscape, where FDI flows to developing countries remain volatile (with global flows at their lowest since 2005), and where Uzbekistan recorded over a 50 % increase in FDI in 2024 .*

Keywords: *Globalization; regional investment attractiveness; foreign direct investment (fdi); investment climate; economic competitiveness; infrastructure development; institutional reform; human capital; regional development; uzbekistan economy; sustainable growth; green investment; regional disparities; policy innovation; economic integration.*

Globalisation has led to an intensification of competition among sub-national entities (regions) for mobile capital, technology, and talent. Regions that are successful in attracting investment enjoy higher economic growth, job creation, and integration into global value chains. Conversely, weakly endowed regions risk being left behind, widening spatial inequalities. In this context, the concept of "regional investment attractiveness" becomes a pivotal indicator for policymakers and stakeholders. For the Republic of Uzbekistan, recent reforms have yielded significant gains – FDI inflows grew by 53.6 % in 2024, reaching USD 11.9 billion, and the share of FDI in GDP rose to 10.3 % . At the same time, the government has announced a system of regional investment climate ratings starting from 2026, reflecting a shift toward region-based performance and benchmarking . These developments underscore the need for a systematic understanding of what makes a region attractive to investors, and how less-advanced regions can catch up.

The attractiveness of a region for investment can be conceptualised through several inter-linked domains. Drawing on both global empirical literature and the Uzbekistan context, the following criteria are proposed:

A region with a large or growing economy, diversified industrial base, and strong demand is naturally more attractive. Empirical studies of emerging economies show that GDP size, natural resource endowments, and capital formation play significant roles in attracting FDI. For example, Uzbekistan's FDI inflow rose sharply in 2024, reflecting improved market confidence and reforms in fixed-capital investment (27.6 % growth in fixed capital investment).

Quality transport networks, energy supply, logistics capacity, digital connectivity and land availability are critical. Regions with poor infrastructure face higher costs, making them less competitive. The forthcoming rating system in Uzbekistan explicitly lists infrastructure quality, access to land plots and logistical connections among its indicators.

Investor decisions are strongly influenced by institutional stability, governance quality, regulatory transparency, protections of property rights, and administrative efficiency. While economic variables matter, institutions mediate how effective investment is in delivering development outcomes. Uzbekistan's move to adopt a regional investment climate rating implies an institutional focus at the sub-national level.

Regions with skilled labour, vocational training, R&D capacity and innovation ecosystems are more likely to attract high-value investment. The literature indicates that human capital enhances spill-over effects and long-term competitiveness. For Uzbekistan, the push toward digital economy and "one-stop" investment services signal a shift toward talent and modernisation focus. In the modern global investment climate, green economy, climate resilience, and sectoral positioning (for example, logistics hubs, manufacturing, agro-processing) matter. Uzbekistan's greenfield FDI and waste-to-energy projects reflect this trend. Although global FDI flows remain weak, the quality of investments is gaining importance.

Drawing on available statistics, several observations can be made regarding Uzbekistan's regional attractiveness.

Uzbekistan's FDI inflows increased over 50 % in 2024, reaching USD 11.9 billion and rising to 10.3 % of GDP.

As of 1 January 2025, there were 14,871 active foreign-invested enterprises operating in the country; Tashkent city alone hosted 9,676 of them (≈65 % of the total)

The government approved a regional rating mechanism for investment climate starting 2026, based on statistical indicators such as labour and natural resources, land access, infrastructure, and innovation potential

These data points highlight that investment remains highly concentrated in capital region(s), and that the government recognises the need for region-specific metrics and policy action to correct disparities. Given the assessment criteria and Uzbekistan's regional realities, the following improvement directions are proposed: Target investment into transport corridors, logistics hubs, digital broadband networks, and energy supply in under-invested regions. Such targeted infrastructure reduces investor risk and cost.

Policy action*:* Establish regional infrastructure funds or PPPs (public-private partnerships), especially in southern or remote oblasts.

Strengthen regional government capacities, simplify regulatory procedures (e.g., "single-window" services), and improve data transparency. Policy action*:* Launch the planned electronic platform for regional investment climate ratings (from 2026) and use it to benchmark performance, encourage competition among regions, and reward improvement. Invest in vocational training, digital skills, and research-industry linkages at regional level. Encourage clusters (for example, in manufacturing, agro-processing or renewables) around regional specialities. Policy action: Provide fiscal or relocation incentives for investors who set up training centres or R&D functions in less developed regions.

While traditional sectors (mining, manufacturing) remain important, diversification into services, digital economy and renewable energy can make regions more resilient and attractive. Uzbekistan's recent waste-to-energy projects are an example. Policy action*:* Offer incentives (tax, land, subsidies) for "green" investment projects outside the capital region. Introduce tailored regional incentives (tax holidays, reduced land rents, special economic zones) for lagging regions, combined with benchmarking against performance metrics.

Policy action*:* Use the upcoming regional rating system to identify top-performing and underperforming regions; allocate resources and incentives accordingly.

In conclusion, in the context of globalisation, regional investment attractiveness is a multi-dimensional phenomenon, combining economic scale, infrastructure, institutions, human capital and sectoral strategy. For emerging economies such as Uzbekistan, the recent surge in FDI provides an opportunity—but also underscores spatial imbalances. The concentration of investment in the capital region points to the need for strategic action to uplift under-performing regions. By focusing on infrastructure upgrading, institutional reform, human capital, sectoral diversification and region-specific incentives, policymakers can enhance the investment attractiveness of all regions. The planned introduction of a regional investment climate rating system from 2026 offers a concrete mechanism for benchmarking, accountability and improvement. In essence, achieving regionally balanced investment flows is not only a matter of equity but also one of national growth, resilience and integration into global value chains.

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