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Ways to Improve Mechanisms for the Effective Use of Resources of International Financial and Credit Institutions

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ABSTRACT: The article identifies institutional, financial, and organizational problems in the use of resources by international financial and credit institutions and develops recommendations for their elimination.

KEYWORDS: international financial and credit institutions, financial resources, financing mechanisms, institutional reforms, efficiency improvement, international cooperation.

INTRODUCTION

In the context of the globalization of the world economy, international financial institutions (IFIs) play an important role in ensuring global financial stability, supporting economic reforms in developing countries, and financing infrastructure projects.

Today, institutions such as the World Bank, the International Monetary Fund, the Asian Development Bank, and the European Bank for Reconstruction and Development act as strategic partners in the economic development of developing countries.

Furthermore, the Decree of the President of the Republic of Uzbekistan No. PF-4947 dated February 7, 2017 “On the Strategy of Actions for the Further Development of the Republic of Uzbekistan”, adopted at the initiative of the President of our country Sh.M. Mirziyoyev, the Resolution of the President of the Republic of Uzbekistan No. PQ-3857 dated July 16, 2018 “On measures to increase the efficiency of the preparation and implementation of projects with the participation of international financial institutions and foreign government financial organizations”, the Resolution of the President of the Republic of Uzbekistan No. PQ-3796 dated June 21, 2018 “On measures to improve the mechanism for managing investment projects with the participation of international financial institutions and donor countries”, the Resolution of the President of the Republic of Uzbekistan No. PQ-3796 dated October 17, 2017 “On the Regulation of Currency Operations Related to the Movement of Capital "On additional measures" as a key national priorities.

In particular, the financial resources allocated by international financial and credit institutions are an important financial source for the modernization of economic sectors, development of infrastructure, implementation of innovative projects and support for the real sector.

One of the pressing issues is increasing the efficiency of the use of financial resources, improving their management mechanisms, and eliminating institutional and organizational problems that arise during the implementation of projects.

The main goal is to analyze mechanisms aimed at increasing the efficiency of using the resources of international financial and credit institutions and develop ways to improve them.

The results of the study serve to further develop cooperation with international financial institutions, increase the efficiency of financing investment projects, and ensure the sustainable development of the national economy.

Analysis of relevant literature.

The issues of improving the mechanisms for the effective use of the resources of international financial and credit institutions are directly related to the modernization of the economy, increasing investment activity, and financial support for the real sector, and this area has been widely studied in economic literature.

In particular, scientists from the CIS countries and Uzbekistan have deeply analyzed the issues of cooperation with international financial institutions, the efficiency of using their credit and investment resources, and improving the mechanisms for managing this process.

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The research of scientists from the CIS countries has widely covered the role of the resources of international financial institutions in the development of the national economy.

In particular, the Russian economist A.G. Aganbegyan in his research emphasized that loans from international financial institutions are an important source for implementing structural changes in the economy, accelerating investment processes and ensuring economic growth[5].

Also, V.V. Kovalev emphasizes that the effectiveness of using financial resources in the process of developing cooperation with international financial institutions largely depends on the selection of investment projects, strengthening the financial control system and risk management mechanisms[6].

The issues of using the resources of international financial and credit institutions have also been widely studied in the research of Uzbek scientists.

In particular, in the research of economist B.Yu. Khodiev, loans from international financial institutions are used to develop priority sectors of the economy, infrastructure modernization and improvement of the investment climate [7].

A.V. Vakhobov and D.A. Toshmurodova emphasize in their scientific works the need to improve the criteria for selecting investment projects and ensure transparency of the financing process in order to increase the efficiency of using the resources of international financial institutions [8].

At the same time, in order to increase the efficiency of using these resources, it is necessary to improve the criteria for selecting investment projects, strengthen the financial control and monitoring system, and develop institutional management mechanisms.

Therefore, further improving cooperation with international financial institutions, improving the mechanisms for effective use of their financial resources on a deep scientific basis is one of the urgent scientific and practical tasks today.

RESEARCH METHODOLOGY

In the research process, methods such as systematic and institutional analysis, comparative analysis, statistical and dynamic analysis, regression and econometric modeling were used.

ANALYSIS AND RESULTS

Cooperation with international financial institutions is theoretically based on the concepts of capital shortage and institutional development.

The priority of the green economy direction at the stage of economic growth depends on the effectiveness of international financial resources, their combination with strategic planning, institutional reforms and a strict monitoring system.

The Republic of Uzbekistan is implementing large-scale reforms aimed at liberalizing the economy, liberalizing foreign trade and improving the investment climate. This process has brought cooperation with international financial and credit institutions to a qualitatively new level.

Uzbekistan attracts resources from international financial institutions in the following forms:

1).Concessional state loans;

2).Grant funds;

3).Technical assistance and institutional development programs;

4).Public-private partnership projects (PPP);

5).Guarantee-based financing.

A significant part of the external debt attracted by the state is long-term and low-interest loans. This serves to reduce the average cost of the debt burden.

Cooperation with international financial institutions is aimed not only at infrastructure, but also at developing the social sector. The main areas are as follows:

-modernization of the healthcare system;

-improving the quality of education;

-poverty reduction programs;

-digitalization of public administration.

The World Bank is implementing programs aimed at social protection and poverty reduction.

In particular, investments in the energy and infrastructure sectors are having a multiplier effect. However, improving debt sustainability and monitoring mechanisms remains an urgent issue.

The effective functioning of this mechanism is related to the country's economic growth rates, reducing interregional inequality, and institutional stability.

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Uzbekistan's mechanisms for using the resources of international financial institutions are working effectively in terms of interinstitutional and financial aspects.

However, to further increase efficiency, it is necessary to improve monitoring, debt management, and project evaluation systems.

Energy, transport, and water management projects are showing an economic multiplier effect, while institutional reforms in the social sector need to be strengthened (Table 1).

Directions of using the resources of international financial and credit institutions in the economy of Uzbekistan[1]

Table 1

№	Economic Sector	international financial institutions	Financing direction	Impact on the economy	Improvement mechanisms
1	Energy	World Bank, Asian Development Bank (ADB)	Electricity generation and modernization projects	Energy sustainability increases, production costs decrease	Improving energy efficiency, expanding public-private partnerships
2	Transport and logistics	Asian Development Bank (ADB)	Development of road, rail and logistics infrastructure	Trade volume and transit capacity will increase	Strengthen project monitoring
3	Agriculture	World Bank, Islamic Development Bank	Modernization of irrigation systems, agricultural projects	Agricultural efficiency will increase	Introduction of innovative agrotechnologies, targeted distribution of credit resources
4	Industry	EBRD, Asian Development Bank	Modernization of industrial enterprises	Industrial production will increase	Improving the investment project selection system
5	Social infrastructure	World Bank, Islamic Development Bank	Education, healthcare, and utility infrastructure projects	The standard of living of the population will improve	Strengthening monitoring of financing of social projects
6	Small business and entrepreneurship	EBRD, International Finance Corporation (IFC)	Small business lending and startup financing	New jobs will be created.	Diversification of financial instruments, development of a credit guarantee system

According to Table 1, the resources of international financial and credit institutions in the economy of Uzbekistan serve as an important financial source for the development of various sectors.

In particular, in the energy sector, the resources of the World Bank and the Asian Development Bank are being directed to expanding electricity generation capacities and modernizing existing infrastructure.

This serves to ensure the stability of the energy system, reduce interruptions in energy supply, and reduce production costs. To increase efficiency in this area, the introduction of energy-saving technologies and the expansion of public-private partnership mechanisms are important.

In the transport and logistics sector, projects financed by the Asian Development Bank and the European Bank for Reconstruction and Development are aimed at the efficient use of road and rail, water resources, and the development of agrotechnologies.

[1] Statistical data of the Ministry of Economy and Finance of the Republic of Uzbekistan 2025

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At the same time, the introduction of innovative agrotechnologies and targeted allocation of credit resources will further increase efficiency in this area.

In the industrial sector, financial resources allocated by the European Bank for Reconstruction and Development and the Asian Development Bank are helping to modernize manufacturing enterprises and create new production capacities.

In the social infrastructure sector, resources from the World Bank and the Islamic Development Bank are being directed to financing education, health, and municipal infrastructure projects (Table 2).

Factors affecting the efficiency of using international financial resources [2]

Table 2

Group of factors	Key indicators	Level of impact	Note
Institutional factors	Quality of governance, level of corruption	High	The main indicator of efficiency
Macroeconomic factors	Inflation, budget deficit	High	A stable environment is required
Project factors	TIA quality, project management	Medium-high	Determines the effectiveness of resource use
Financial factors	Loan terms, interest rates	Middle	Affects debt management
Human resources	Qualification of specialists	High	Regarding the quality of implementation

According to Table 2, the effectiveness of the use of international financial resources directly depends on a number of institutional, macroeconomic, project, financial and personnel-related factors.

In this case, the quality of governance, the efficiency of the public administration system and the level of corruption are the main criteria determining the effectiveness of the use of international financial resources.

If the governance system is transparent and effective, targeted use of the attracted financial resources is ensured and the economic efficiency of investment projects increases.

Macroeconomic factors also significantly affect the effectiveness of resource use. The level of inflation, the state budget deficit and overall macroeconomic stability are among the important conditions determining the effectiveness of cooperation with international financial institutions.

In a stable macroeconomic environment, the effectiveness of the use of international credit resources increases and the financial stability of investment projects is ensured.

The presence of qualified specialists in project management, financial analysis and monitoring processes ensures the quality implementation of projects.

The table analysis shows that the effective use of international financial resources largely depends on the quality of institutional management, macroeconomic stability, careful development of investment projects, the acceptability of financial conditions and the availability of qualified personnel.

Foreign experience shows that the effectiveness of international financial resources depends on their compatibility with strategic planning, institutional reforms and the monitoring system.

Our analysis shows that attracting financial resources from international financial and credit institutions (IFCI) serves as an important source of modernization of our country's economy.

Today, there are a number of pressing problems in this area, which require further improvement of economic policy:

-it is necessary to create a single "IFCI cooperation platform" for the rapid coordination of international financial transactions within the framework of the e-government system;

-it is necessary to train qualified personnel in accordance with international design standards, train them in methodologies that meet the requirements of the IMC expertise;

[2] Official Statistical Data and Reports of the World Bank, 2024

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-it is necessary to strengthen the activities of the coordinating body working with each IMC, create platforms that strengthen inter-ministerial relations, and introduce a system for managing project implementation through a single center.

The Republic of Uzbekistan is implementing large-scale infrastructure, social and economic development projects in cooperation with international financial and credit institutions (IFCI).

Strategic planning of energy projects important for the country's economy, adherence to the criteria of financial discipline, accountability, human resource development, and environmental sustainability are of great importance. It is by focusing on these characteristics that Uzbekistan can further deepen economic reforms and strengthen its position as a reliable partner in the international financial arena.

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