



## TRANSFORMING INVESTMENT MECHANISMS: EXPERIENCE, CHALLENGES AND NEW OPPORTUNITIES

### INVESTITSIYA MEXANIZMLARINING TRANSFORMATSIYASI: TAJRIBA, MUAMMOLAR VA YANGI IMKONIYATLAR

<sup>1</sup>Ataniyazov Jasurbek  
Khamidovich,  
<sup>2</sup>Khamitillaeva Jasmina  
Jakhongir kizi

<sup>1</sup>Professor, Doctor of Economics, Head of the Department of  
International Finance, Tashkent State University of Economics,  
<sup>2</sup>Student, Tashkent State University of Economics

#### Abstract Annotatsiya

*Eng.* - This article analyzes the nature, institutional foundations, and economic significance of the initiative to establish a joint investment fund as a new model for interstate investment mechanisms. The article focuses on the goals and objectives of the process of creating an investment fund, its financing mechanisms and its role in supporting strategic projects. The study examines the joint investment fund as a means of deepening interstate economic cooperation, stabilizing long-term capital flows, and reducing investment risks.

*Uzb.* - Ushbu maqolada davlatlararo investitsiya mexanizmlari uchun yangi model sifatida qo'shma investitsiya fondini tashkil etish tashabbusining mohiyati, institutsional asoslari va iqtisodiy ahamiyati tahlil qilinadi. Maqolada asosiy e'tibor investitsiya fondini yaratish jarayonining maqsad va vazifalariga, uni moliyalashtirish mexanizmlariga va strategik loyihalarni qo'llab-quvvatlashdagi rolga qaratilgan. Tadqiqotda qo'shma investitsiya fondi davlatlararo iqtisodiy hamkorlikni chuqurlashtirish, uzoq muddatli kapital oqimlarini barqarorlashtirish va investitsiya xavflarini kamaytirish vositasi sifatida o'rganiladi.

#### Keywords: Kalit so'zlar:

❖ investment funds, mutual investment funds, capital, risk, diversification, portfolio management, national investment fund.  
❖ investitsiya fondlari, o'zaro investitsiya fondlari, kapital, tavakkalchilik, diversifikatsiya, portfelni boshqarish, milliy investitsiya fondi.

#### Introduction.

In the context of modern globalization, economic cooperation between countries is reaching a new level of content. Traditional trade relations are increasingly being replaced by long-term capital investments, joint projects, and institutional financial mechanisms. In this context, joint investment funds are acquiring particular importance as a

new model for interstate investment mechanisms. These funds are not only a means of concentrating and distributing financial resources, but also an institutional platform that strengthens strategic partnerships between countries.

Investment funds enable the systematic and sustainable development of interstate economic cooperation. They direct capital flows

to specific priority sectors, distribute investment risks, and ensure transparent and effective project management. The role of joint investment funds is growing, particularly in the areas of infrastructure, energy, industry, innovation, and high technology. This mechanism serves to strengthen mutual trust between countries and harmonize economic interests.

Interstate investment funds also accelerate the integration of national economies into the global economic system. They stimulate economic growth through long-term and targeted capital mobilization and ensure the financial stability of strategic projects. Therefore, the study of a new model of interstate investment mechanisms and the analysis of its experience and capabilities is of urgent scientific and practical importance.

### ***Literature Review.***

Joseph E. Stiglitz, in his research, notes that the stability of capital flows in the context of globalization depends on institutional cooperation between countries. He believes that joint investment funds create a mechanism of trust between countries and financially strengthen strategic partnerships [2]. He also emphasizes that investment cooperation will not yield the expected results without effective mechanisms to control financial flows.

John H. Dunning substantiates the dependence of investment flows on the geographical advantages and political stability of countries within the FDI paradigm. He argues that interstate cooperation takes institutional form through investment funds, ensuring capital flows in the long term [3]. This transforms the investment process into a strategically planned mechanism rather than a haphazard one.

S. Hymer notes that joint investment funds coordinate the movement of capital and technology between countries and link international production processes. According to his theory, foreign direct investment is not

simply a financial flow, but also control, managerial experience, and innovative potential. Therefore, cooperation through joint investment funds ensures, in addition to capital, the transfer of modern technologies, management methods, and production standards [4]. As a result, economic benefits are generated not through unilateral, but through mutually integrated and long-term strategic partnerships, which contributes to the increased competitiveness of partner countries.

Michael S. Jensen notes the importance of effective capital management within the framework of agency theory. According to him, intergovernmental investment funds strengthen financial discipline and transparency, clearly defining responsibilities between partner countries [5]. This increases the reliability of long-term partnerships.

P. Krugman substantiates the interdependence of international trade and investment. According to him, investment funds accelerate integration processes and stimulate the free movement of factors of production [6]. Thanks to this, economic relations between countries acquire a systemic character.

A. Dynkin notes that strategic investment institutions play an important role in forecasting global economic development. He believes that joint funds are a means of coordinating long-term interests between countries. This mechanism also serves to strengthen economic security [7].

S. Glazyev supports an active state investment policy. In his opinion, joint investment funds are a strategic tool for industrial modernization and the development of high-tech industries. This enriches interstate cooperation with tangible economic results [8].

R. Greenberg emphasizes the importance of combining state and market mechanisms. He believes that investment funds balance economic interests between countries and institutionalize cooperation. This ensures sustainable integration [9].

Y. Lin substantiates state-supported investment mechanisms within the theory of new structural economics. He believes that joint investment funds serve as an effective tool for implementing industrial policy. This process strengthens the international integration of production chains [10].

Yu. Yongding notes the need for interstate cooperation in reducing global financial imbalances. In his opinion, investment funds ensure macroeconomic stability by balancing capital flows. This strengthens the financial foundation of strategic partnerships [11].

Z. Yuyang links economic openness policies with investment processes. He believes that joint funds harmonize trade and investment flows between countries. As a result, economic integration deepens [12].

B. Khodiev emphasizes the importance of foreign capital in the modernization of the national economy. He believes that joint investment funds promote technological innovation and improve production efficiency. This strengthens economic cooperation between countries [13].

O. Todjibaev notes the important role of investment funds in the development of public-private partnership mechanisms. He believes that joint funds strengthen practical economic integration between countries by financing infrastructure projects [14].

### ***Research Methodology.***

The study employed a comprehensive and multi-dimensional research methodology, combining legal and regulatory analysis with comparative analysis, empirical data evaluation, and an in-depth review of both national and international investment practices.

The legal and regulatory analysis focused on examining existing legislative frameworks, bilateral and multilateral agreements, and institutional mechanisms governing intergovernmental investments. Comparative

analysis was used to identify similarities and differences across various countries' approaches, allowing for the assessment of best practices and effective models.

### ***Analysis and Discussion of Results.***

Investment funds are an important institutional mechanism in the modern economy, serving to stimulate economic growth and development by concentrating and effectively distributing financial resources. They pool capital from governments, the private sector, and international investors and channel it into one or more priority sectors. In this regard, investment funds can be considered a new model of intergovernmental investment mechanisms, as they not only manage financial flows but also serve to strengthen strategic cooperation between countries. Their necessity stems from ensuring a stable capital influx for economic development strategies. Traditional financing mechanisms cannot fully cover the financial risks associated with implementing large-scale projects. Therefore, the absence of investment funds leads to a shortage of capital during project financing and inefficient resource allocation. Funds allow for the diversification of risks in the investment process. For example, resources are allocated to several investments on a portfolio basis, so that the failure of capital invested in one project does not impact other projects. This mechanism helps maintain financial stability, increase investor confidence, and facilitate long-term project planning.

One of the strategic objectives of creating investment funds is to develop effective cooperation between the public and private sectors. Mutual funds, created through cooperation agreements between countries, serve as an institutional platform, regulating investment conditions, governance mechanisms, and decision-making standards. At the same time, as interstate investment mechanisms, these funds expand international

cooperation and ensure a continuous mutual flow of capital, technology, and knowledge.

Investment funds coordinate capital flows between countries and strategically manage investments. Within the framework of international partnerships, funds transfer not only financial resources but also technological knowledge, innovative solutions, and management experience. As a result, economic interests are formed not on a unilateral basis, but on the basis of mutually integrated and

long-term partnerships, strengthening interstate economic stability. Another requirement for funds is to direct investment into high-tech and innovative projects. Thus, investment funds contribute to the modernization of the national economy, increased production efficiency, and the introduction of advanced technologies to local markets. Globally, investment funds are divided into several types depending on their purpose and area of activity (Table 1).

**Table 1**

**Types of investment funds and their characteristics\***

<b>Types of funds</b>	<b>Description</b>	<b>Field of activity</b>
<b>Sovereign Wealth Funds (SWFs)</b>	<i>State-managed, focused on developing strategic sectors and national assets</i>	<i>Infrastructure projects</i>
<b>Private Equity Funds</b>	<i>Financed by private investors to generate high long-term returns</i>	<i>Technology startups, innovative companies</i>
<b>Open-End Funds</b>	<i>Investors have the option to buy or redeem shares at any time</i>	<i>Stock and bond portfolio</i>
<b>Closed-End Funds</b>	<i>Shares are purchased only during initial registration and are subsequently traded on the stock exchange</i>	<i>Multinational and international projects</i>
<b>ETFs</b>	<i>Fund shares are traded on a stock exchange with high liquidity and low fees</i>	<i>Industrial and technology indices</i>
<b>Growth Funds</b>	<i>The primary goal is to increase capital value over the long term</i>	<i>Innovative technologies, projects with high growth potential</i>
<b>Income Funds</b>	<i>Focused on generating regular income</i>	<i>Bonds, dividend stocks</i>
<b>Co-Investment Funds</b>	<i>Combines capital and technology through multiple investors or intergovernmental partnerships</i>	<i>Regional infrastructure projects</i>
<b>Sector Funds</b>	<i>Focused on priority sectors</i>	<i>Energy, transport, technology</i>
<b>Infrastructure Funds</b>	<i>Finances large infrastructure projects</i>	<i>Bridges, airports, roads</i>
<b>Innovation/Startup Funds</b>	<i>Supports new technologies and startups</i>	<i>IT, biotechnology, fintech</i>

*\*Based on research conducted by the authors.*

As the table shows, investment funds vary in their purpose, management structure, and investor type. Intergovernmental mutual funds aim to strengthen strategic and economic partnerships by pooling capital, technology, and management resources. These funds serve as the primary instrument for financing regional projects and ensuring long-term economic stability.

In today’s global economic environment, investment funds are important not only as a means of concentrating and effectively distributing financial resources, but also as a means of developing strategic partnerships with investors. Their activities systematically organize the processes of managing investor funds, financing projects, and distributing income (Figure 1).



**Figure 1. Financial flows and relationships between investment funds and investors**

This figure systematically depicts financial flows between investment funds and investors. The relationship between investment funds and investors systematically demonstrates the process of capital flow management, risk diversification, and the alignment of economic interests in the modern economy. Investors (including private and public organizations) contribute to a fund and select a suitable investment fund based on the size of the investment, its objective, and risk characteristics. Investors thus act as the primary source of funding for the fund's operations.

The investment fund, in turn, manages the attracted resources in the form of a diversified portfolio and directs funds to various projects. These include industrial, infrastructure, technological, and innovative projects, and the fund's activities are carried out through risk management mechanisms, income forecasting, and capital efficiency improvements. Thus, funds not only allocate financial resources but also serve to implement strategic projects and stimulate long-term economic growth.

Projects and investment assets are the central elements of the fund's portfolio. Funds are channeled into the real sector, startups, high-tech, and strategic projects, resulting in income generation for these projects, which increases the fund's overall portfolio. The resulting income is distributed among investors based on their share and used for reinvestment or financing new projects. This aligns the fund's efficiency with the investors' economic interests.

One of the responsibilities of investment funds is the financial analysis and evaluation of these projects. This process allows investors and government agencies to justify their decisions, improves investment efficiency, and reduces risks in transnational cooperation projects. Furthermore, the funds conduct the investment process in a transparent and controlled manner. They ensure the effectiveness of the funds' activities through financial reporting, monitoring, and auditing mechanisms, and serve as a reliable institutional platform in intergovernmental mechanisms.

The primary goal of investment funds is to stimulate economic development by concentrating financial resources and managing them effectively. Funds direct capital to strategic projects, diversify risks, and ensure long-term stable income. Moreover, investment funds not only strengthen cooperation between the public and private sectors but also ensure the efficient circulation of financial resources, attracting available funds from the population into the economy.

Investments received through the funds are used to implement economic integration, technological innovation, and cross-sector investment projects. Their goals are strategic, social, and economic in nature, and they are a central instrument for the sustainable development of international and national economies. Table 2 below presents the objectives of the investment funds and their descriptions.

**Table 2**

**Main objectives and description of the creation of investment funds\***

<b>Aims</b>	<b>Description</b>
<b>Capital concentration and effective management</b>	Generating a stable income by pooling investor funds and managing them on a portfolio basis
<b>Attracting free cash flow into the economy</b>	Investing personal savings in the economy through the fund, developing investments
<b>Risk diversification</b>	Reducing financial risk by distributing capital across various projects and sectors
<b>Promoting strategic and cross-sector investments</b>	Financing priority projects in specific sectors and regions
<b>Developing public-private partnerships</b>	Bringing together public and private investors on a single platform
<b>Economic integration and sustainable development</b>	Ensuring economic growth by directing capital to long-term and strategic projects
<b>Transfer of technology and expertise</b>	Combining international and national experience, introducing innovations

\*Based on research conducted by the authors.

The main goals of establishing investment funds are to reduce investment risks through the concentration and effective management of capital, attracting free cash flow into the economy, and diversifying risks. At the same time, these funds play a key role in financing strategic and cross-sectoral projects, developing public-private partnerships, and ensuring economic integration and sustainable development.

Furthermore, investment funds support innovative projects by combining foreign and domestic experience and transferring technology and expertise. Thus, the goals of establishing funds include not only regulating financial flows but also creating a comprehensive system aimed at strengthening long-term economic growth and strategic cooperation.

Funds also contribute to reducing regional and cross-sector economic inequality. For example, economic growth in underdeveloped regions is stimulated by the financing of infrastructure and industrial projects, which contributes to the further deepening of investment partnerships between countries. Another important goal of investment funds is to support local producers

and their integration into international markets. This will strengthen long-term economic partnerships and increase the effectiveness of intercountry investment mechanisms.

An analysis of investment funds operating in our country shows that their current stage of development has not yet fully matured. To achieve their core goals, the funds' mechanisms for effectively mobilizing capital, diversifying their portfolios, and serving investors' interests have not yet been fully developed. Therefore, it is important to study the experience of foreign countries, as the investment mechanisms they have created, based on public-private sector cooperation, serve to ensure long-term stability and investment efficiency. Table 3 below presents information on the activities of investment funds operating in Uzbekistan.

The data highlights the diversity of fund types and their respective investment strategies. It also reveals areas where regulatory frameworks and institutional support could be strengthened. Understanding these dynamics can help policymakers and investors make informed decisions and foster sustainable growth in the sector.

**Table 3**

**Information on the activities of investment funds operating in Uzbekistan [15]**

Indicators	Years						
	2019	2020	2021	2022	2023	2024	2025
<i>Number of investment funds</i>	8	8	9	9	9	9	9
<i>Individual investment funds</i>	6	6	7	7	7	7	7
<i>Mutual investment funds</i>	2	2	2	2	2	2	2
<i>Number of investment fund shareholders</i>	49727	49724	49713	49713	50439	51090	51343
<i>Individuals</i>	49692	49689	49676	49676	50402	51050	51303
<i>Legal entities</i>	35	35	37	37	37	40	40
<i>Volume of issued and acquired investment fund securities (billion soums)</i>	8,9	8,5	9,3	9,8	10,8	11,9	11,8
<i>Volume of issued securities (billion soums)</i>	2,0	2,1	2,3	2,3	2,3	2,3	2,3
<i>Volume of acquired securities (billion soums)</i>	6,9	6,4	7,0	7,5	8,5	9,6	9,5

In recent years, the number of investment funds in our country has been steadily growing. Between 2019 and 2025, the number of general funds increased from 8 to 9, with the main growth observed in individual investment funds. There was no change in mutual investment funds, the number remained two organizations. These data indicate a stabilization of the investment fund infrastructure and the continued creation of new funds.

The number of investment fund shareholders is also showing positive dynamics. In 2019, there were 49,727, and in 2025, this figure reached 51,343. Individuals remain the primary fund participants, while the number of legal entities increased from 35 to 40. This reflects the effectiveness of the mechanism for attracting available public funds into the economy through funds.

The volume of securities issued and acquired by investment funds also shows steady growth. In 2019, this figure amounted to 8.9 billion soums, and in 2025, it reached 11.8 billion soums. At the same time, the volume of issued securities remained stable in the range of 2.0–2.3 billion soums, while the volume of acquired securities increased significantly, reaching 9.5 billion soums from

6.9 billion soums. This demonstrates the effectiveness of the mechanism for actively attracting investors and expanding the fund’s portfolio.

Furthermore, the ability to attract available public funds to our country’s economy is increasing through expanded international cooperation and the creation of joint investment funds. This mechanism not only effectively stimulates financial resources but also enables the financing of strategic projects, the transfer of technology and expertise, and the development of domestic production and innovation sectors. Thus, international experience and international cooperation are important tools for the development of our country’s investment funds, effective capital management, and long-term economic stability.

Strategic investment funds based on state capital are typically established on a legislative basis, and their activities are aimed at promoting public interests. Mixed capital funds operate primarily under commercial law and improve investment efficiency through the expansion of private partnerships. In this context, the National Investment Fund of the Republic of Uzbekistan, established in our country in cooperation with the United States,

serves not only as a practical model for joint investment funds for capital accumulation and financing strategic projects, but also as a means of implementing international investment standards and ensuring long-term economic

development [1]. Table 4 below lists the organizations included in the authorized capital of the National Investment Fund of the Republic of Uzbekistan.

**Table 4**

**Organizations forming the authorized capital of JSC National Investment Fund of the Republic of Uzbekistan [1]**

<i>Nº</i>	<i>Organization Name</i>	<i>Transferable share (%)</i>
1	JSC Navoiazot	25
2	JSC Regional Electric Grids	40
3	JSC Thermal Power Plants	25
4	JSC Uzbekistan Airports	25
5	JSC Halyk Bank	30
6	JSC Uzbekhydroenergo	20
7	JSC Microcreditbank	40
8	JSC Uzbektelecom	25
9	JSC Business Development Bank	25
10	JSC Uzbekistan Airways	25
11	JSC Temiryulinfratuzilma	25
12	JSC Khududgaztaminot	40
13	JSC Toshshahartranskhizmat	25
14	JSC Uzbekistan Post	25
15	JSC Uzbekistan MET	40
16	JSC Republican Commodity and Raw Materials Exchange of Uzbekistan	40
17	JSC UzbekInvest	20
18	JSC Uzsvtaminot	40

This table reflects the share of the authorized capital of JSC National Investment Fund of the Republic of Uzbekistan invested by various organizations in investment funds. As can be seen, the shares vary from 20 to 40 percent, reflecting the distribution of strategic investments across various sectors of the country's economy. Organizations associated with the energy and utilities sectors (Regional Electric Grids JSC (40 percent), Uzbekhydroenergo JSC (20 percent), and Teploelektrostantsi JSC (25 percent)) hold a significant share in the fund, providing financing for national infrastructure and energy projects.

Organizations in the transport and aviation sector, including JSC Uzbekistan Airports, JSC Uzbekistan Airlines, and JSC Temiryolinkfratuzilma, each hold a 25 percent

stake in the fund, providing strategic investments in the infrastructure and transport sectors. Banking and financial institutions, such as JSC Halk Bank (30 percent) and JSC Mikrokreditbank (40 percent), play a central role in ensuring financial stability and liquidity in the fund's operations. Thus, the table reflects the coordination of public and private investments in the country, the effective allocation of capital to strategic projects, and the systematic development of a mechanism for managing economic resources. It clearly shows the main sectors in the fund's authorized capital and their economic significance.

Currently, the National Investment Fund of the Republic of Uzbekistan is in its pilot phase, and its primary focus is on channeling available funds into the economy. Therefore, the fund's impact on the financial market and

international investment cooperation is not yet noticeable. These initial activities of investment funds serve to regulate the country's economic resources, ensure financial stability, and develop long-term investment mechanisms.

### **Conclusion and Recommendations.**

Investment funds are an important institutional mechanism in the modern economy, serving to concentrate financial resources, distribute them efficiently, and stimulate economic growth. They ensure financial stability by aligning investor interests, channeling capital into high-tech and strategic projects, and diversifying risks. At the same time, investment funds foster cooperation between the public and private sectors and create opportunities for technology and experience transfer through international partnerships.

In Uzbekistan, a pilot project of joint funds, implemented through the National Investment Fund, aims to attract free cash flow into the economy. This mechanism not only ensures the efficient circulation of financial resources but also provides opportunities for financing strategic projects, developing the infrastructure and transport sectors, and stimulating national production and innovation. Thus, international cooperation

and foreign experience are important tools for the development of our country's funds and effective capital management.

The activities of funds, particularly in the context of joint interstate investment mechanisms, serve to ensure long-term economic stability and strengthen strategic partnerships. They not only manage financial flows but also act as an institutional platform between investors, government representatives, and the private sector, and support the modernization of the country's economy through strategic investment allocation.

The fund's activities in the current pilot phase have not had a significant negative impact on the financial market or international investment cooperation. In general, investment funds are not only an institution for managing financial resources but also play a central role in developing strategic cooperation, strengthening economic stability, and stimulating innovative development as a new model of intergovernmental investment mechanisms. Therefore, the process of expanding funds and attracting new investment to our country serves as an important tool for ensuring long-term economic development and national interests.

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