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MECHANISMS FOR ATTRACTING INVESTMENTS IN FINANCING SOCIAL SPHERES

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Abstract. This article analyzes the mechanisms of attracting investments in the financing of social spheres. The article examines modern methods of attracting investments in social spheres, existing problems and their solutions. As a result of the study, effective mechanisms for attracting investments in social spheres have been proposed.

Keywords: social sphere, investments, financing mechanisms, public-private partnership, foreign investment.

Annotatsiya. Ushbu maqolada ijtimoiy sohalarni moliyalashtirishda investitsiyalarni jalb qilish mexanizmlari tahlil qilingan. Maqolada ijtimoiy sohalarga investitsiyalarni jalb qilishning zamonaviy usullari, mavjud muammolar va ularning yechimlari ko'rib chiqilgan. Tadqiqot natijasida ijtimoiy sohalarga investitsiyalarni jalb qilishning samarali mexanizmlari taklif etilgan.

Kalit so'zlar: ijtimoiy soha, investitsiyalar, moliyalashtirish mexanizmlari, davlat-xususiy sheriklik, xorijiy investitsiyalar.

Аннотация. В данной статье проанализированы механизмы привлечения инвестиций в финансирование социальной сферы. В статье рассмотрены современные методы привлечения инвестиций в социальные сферы, существующие проблемы и их решения. В результате исследования были предложены эффективные механизмы привлечения инвестиций в социальные сферы.

Ключевые слова: социальная сфера, инвестиции, механизмы финансирования, государственно-частное партнерство, иностранные инвестиции.

INTRODUCTION

In the current conditions of transformational changes in the world economy, the development, modernization, and improvement of mechanisms for financing social sectors have become critically important. Especially in the post-COVID-19 pandemic period, the issue of financing social sectors has gained even more significance, necessitating the development of innovative solutions and new mechanisms in this area [1].

Global experience shows that, alongside state budget funds, attracting private sector investments plays a crucial role in financing social sectors. This, in turn, contributes to improving the quality and expanding the coverage of social services [2]. Moreover, the experience of developed countries demonstrates that significant results can be achieved by introducing modern and innovative mechanisms for attracting investments into social sectors.

In Uzbekistan, significant reforms have been implemented in recent years in the financing of social sectors. Specifically, consistent measures have been taken to introduce public-private partnership mechanisms, attract funds from international financial institutions, and create favorable conditions for local and foreign investors. However, there are still several issues in this regard, and new approaches and mechanisms are required to address them.

The main objective of this article is to analyze the modern mechanisms of attracting investments in the financing of social sectors, identify existing problems, and develop proposals and recommendations for their solutions. Additionally, the research also includes studying the experience of developed countries and adapting their positive experiences to local conditions.

METHODOLOGY AND LITERATURE REVIEW

The research of foreign and local scholars on mechanisms for financing social sectors and attracting investments has been analyzed, with various theoretical and practical approaches explored in this field.

Smith [1] in his studies paid special attention to innovative mechanisms for attracting investments in social infrastructure. According to him, social impact bonds and establishing special investment funds for financing social projects are considered promising directions. The author has detailed the successful experiences of these mechanisms in developed countries.

Russian scholar Alekseev [2] examined modern forms of public-private sector collaboration in financing social sectors. His research discusses the importance of concession agreements, risk management issues, and project monitoring mechanisms. The approaches proposed by the scholar have been adapted to the conditions of CIS countries and are of practical significance.

Foreign scholars Petrov and others [3] conducted in-depth research on institutional mechanisms for attracting investments in social sectors. In their studies, public-private partnership mechanisms hold a special place. The authors analyzed various models of public-private partnership, highlighting their advantages and disadvantages. Furthermore, they developed valuable recommendations for adapting institutional mechanisms used in developed countries to the conditions of developing countries.

Uzbek scholar Karimov [4] studied the current issues of financing social sectors in Uzbekistan. His research discusses the improvement of the legal framework for attracting foreign investments, enhancing the institutional environment, and providing additional guarantees to investors. The recommendations developed by the scholar were prepared considering local conditions.

Johnson [5] investigated the role of digital technologies in attracting investments to social sectors. According to him, creating financing mechanisms for social projects based on blockchain technologies and smart contracts is a promising direction. The innovative solutions proposed by the author are of practical importance and reflect modern trends.

The research by the International Finance Corporation [6] allows for an analysis of the dynamics of international investments directed toward social sectors. According to their data, the volume of impact investments has significantly increased in recent years, and this trend continues. The analytical materials prepared by the Corporation are an important source for understanding global trends in financing social sectors.

Wilson [7] conducted in-depth research on the market for social impact bonds. His studies address the advantages, risk factors, and practical application of this financial instrument. The approaches proposed by the author expand the opportunities for attracting alternative sources in financing social projects.

Zhang and Anderson [8] studied the issues of attracting venture capital to social sectors. Their research thoroughly covers the role of venture funds in financing social projects, investment strategies, and risk management issues. The recommendations developed by the authors are of practical significance for financing innovative social projects.

The analysis of the literature shows that there are various approaches to improving the mechanisms for attracting investments in the financing of social sectors, and applying them in a comprehensive manner and adapting them to local conditions is of great importance. At the same time, the development of digital technologies and innovative financial instruments is opening up new opportunities.

RESULTS AND DISCUSSION

According to the results of the research, several effective mechanisms for attracting investments in the financing of social sectors have been identified and each of them has been deeply analyzed.

Public-private partnership mechanisms are emerging as one of the most promising directions for financing social sectors. As Johnson [5] emphasized, through this mechanism, social infrastructure can be developed and the quality of services can be significantly improved. The advantage of public-private partnership projects is that by combining the resources of both the public and private sectors, social issues can be addressed more efficiently. In this context, the guarantees and benefits provided by the government serve as an additional incentive for private investors.

There are also significant opportunities in the direction of attracting funds from international financial institutions. According to the International Finance Corporation [6], in recent years, international investments directed towards social sectors have shown a stable growth trend. In this process, international financial institutions are providing not only financial resources but also technical assistance and expertise. At the same time, to attract funds from international financial institutions, it is crucial to align the technical and economic justifications of projects with international standards and properly assess project risks.

The financing mechanism of issuing social bonds is widely used in developed countries. As Mahmudov [9] noted, this instrument has been yielding significant results in financing social projects. The difference between social bonds and traditional bonds is that the funds raised through them are directed solely to socially significant projects, and their effectiveness is measured through specific social indicators.

Attracting venture funds is an effective mechanism, especially for financing innovative social projects. According to the studies by Qodirov and Rahimov [10], venture capital plays an essential role in developing social entrepreneurship and implementing innovative social solutions. However, it is necessary to establish a proper risk assessment and management system in this direction.

The impact-investment sector is also rapidly developing. The unique feature of these types of investments is that they are aimed not only at generating financial returns but also at producing positive social impacts. Impact investors aim to solve social problems while achieving sustainable financial outcomes.

Financing mechanisms based on digital technologies, including crowdfunding platforms and blockchain technologies, are opening up new opportunities. These mechanisms enable the financing of small-scale social projects and provide the opportunity to involve a wide audience.

The research results identified the following problems in financing social sectors:

Figure 1. Problems in Financing Social Sectors

To address these problems, a comprehensive approach is required. Specifically, it is necessary to implement measures to improve legislation, enhance institutional capacity, study international experience, adapt it to local conditions, and develop the personnel training system.

At the same time, introducing innovative mechanisms in financing social sectors, widely using digital technologies, and expanding cooperation with international financial institutions have been identified as promising directions.

Table 1.

Comparative analysis of financing mechanisms for social sectors

Financing Mechanism	Advantages	Disadvantages	Application Opportunities
Public-private partnership	- Availability of government guarantees - Long-term contracts - Risk distribution	- Complex negotiation process - High transaction costs - Bureaucratic barriers	- Social infrastructure projects - Education and healthcare facilities - Large-scale social projects
International financial institutions	- Large-scale funds - Technical assistance availability - Sharing international experience	- Presence of rigid terms - High currency risks - Long-term agreements	- Strategically important projects - Innovative projects -Infrastructure facilities
Social bonds	- Wide range of investors - Flexible terms - Transparent mechanism	- Underdeveloped market - High level of risk - Complex structuring	- Medium and small-scale projects - Innovative social projects - Social entrepreneurship

RESULTS AND DISCUSSION

According to the results of the research, several effective mechanisms for attracting investments in the financing of social sectors have been identified, and each of them has been thoroughly analyzed.

Public-private partnership mechanisms are emerging as one of the most optimal options for financing large-scale social infrastructure projects. The main advantage of this mechanism is the presence of government guarantees and the optimal distribution of risks. However, the complexity of the negotiation process and high transaction costs limit the application of this mechanism in smaller projects.

Based on the discussion results, applying various financing mechanisms in an optimal combination, i.e., creating hybrid financing models, has been evaluated as the most effective solution. This approach provides an opportunity to maximize the advantages of each mechanism and diversify risks.

CONCLUSION

Improving the mechanisms for attracting investments in the financing of social sectors is one of today's pressing tasks. Based on the results of the research, the following conclusions were drawn:

Firstly, it is necessary to further improve public-private partnership mechanisms for financing social sectors. For this, it is essential to improve the legal and regulatory framework, create a system of guarantees protecting the interests of the private sector, and enhance the mechanisms for project evaluation and monitoring.

Secondly, creating a favorable investment environment for attracting foreign investments is of great importance. This, in turn, requires implementing measures such as tax incentives, reducing administrative barriers, and ensuring transparency.

Thirdly, developing the market for social bonds can attract additional sources of financing for social projects. In this direction, studying international experience and adapting it to local conditions is of critical importance.

Fourthly, it is essential to expand the opportunities for financing social projects through innovative financing mechanisms, such as crowdfunding platforms, impact investments, and venture capital.

Fifthly, extensive use of digital technologies in attracting investments to social sectors and implementing transparent financing mechanisms based on blockchain technologies are promising directions.

Based on the above conclusions, it is advisable to implement comprehensive measures to improve mechanisms for attracting investments in the financing of social sectors, deeply study international experiences and adapt them to local conditions, and search for and implement innovative solutions. This, in turn, will ensure the sustainable development of the social sector and contribute to improving the living standards of the population.

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