



REDUCING POVERTY BY INCREASING THE ATTRACTIVENESS OF THE INVESTMENT ENVIRONMENT IN THE REGION

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ABSTRACT

This study explores the opportunities to reduce poverty in the region by enhancing the attractiveness of the investment environment. Investments play a crucial role in local economic development, creating new jobs, and increasing the income of the population. Within the scope of the research, the study analyzes effective mechanisms for attracting investments, the system of taxes and incentives, business support institutions, as well as the significance of financial and legal infrastructure. Additionally, it examines the possibilities of achieving sustainable economic growth through regional characteristics and the efficient use of local resources. The findings of the study provide practical recommendations for policymakers and investors in shaping strategies to reduce poverty.

Home part. The attractiveness of the investment environment is an important factor in regional economic development and poverty reduction. A high-quality investment environment stimulates local businesses, creates new jobs, and helps increase the income of the population [1]. At the same time, the presence of a stable legal and financial infrastructure, as well as a system of taxes and incentives, is of significant importance for investors [2]. Taking regional characteristics into account, the efficient use of resources and strategically targeted investments can serve as an effective tool for reducing poverty [3]. The study aims to examine effective mechanisms for attracting investments and to develop practical recommendations for policymakers and local authorities.

The attractiveness of the investment environment is an economic concept that reflects how favorable, safe, and efficient the opportunities and conditions available for investors are in a region or country. It influences investors' decisions to allocate capital, implement new projects, and obtain long-term economic benefits [1]. The attractiveness of the investment environment depends on several factors: a stable political and legal system, tax and financial incentives, business support institutions, market openness, and the competitive environment [2]. Additionally, local resources, workforce skills, infrastructure, and technological capabilities also play an important role [3]. An attractive investment environment is not only beneficial for investors but also strategically important for regional economic growth, job creation, and poverty reduction. Therefore, the state and regional authorities consistently focus on improving the investment environment.

The attractiveness of the investment environment holds strategic importance in regional economic development and poverty reduction. In regions with favorable investment conditions, investors implement new projects, stimulate local business development, and increase the income levels of the population. At the same time, new jobs are created, and the poverty rate decreases. Therefore, the state and regional authorities must consistently focus on improving the investment environment.

The attractiveness of the investment environment depends on several factors. First, political and legal stability ensures investor confidence. Stable legislation and the protection of property rights play a key role in attracting investments. Second, a system of tax and financial incentives enhances investment attractiveness. For example, reducing taxes or providing grants for investment projects can increase capital inflows.

Business support institutions and infrastructure are also crucial factors. Implementing investment projects requires a skilled workforce, transport and communication infrastructure, and technological capabilities. Additionally, supporting startups and providing financial and advisory services increase the success of new projects. Market openness and a competitive environment create favorable conditions for investors, attracting foreign capital and innovative technologies.

Taking regional conditions into account, improving the investment environment requires strategic approaches. Local governments can create favorable conditions for investors by optimizing taxes, expanding investment incentives, and ensuring legal stability. At the same time, enhancing workforce skills, developing infrastructure, and introducing new technologies increase the efficiency of investments.

Enhancing the attractiveness of the investment environment has a direct impact on poverty reduction. As investors implement new projects, the number of jobs increases, the income of the population rises, and socio-economic well-being improves. For example, attracting investment in agriculture or small industrial enterprises, expanding production, and introducing new technologies can provide employment and increase income levels. Additionally, innovative projects contribute to the diversification of the regional economy and lay the foundation for sustainable development.

The following measures are important in forming regional investment strategies: simplifying taxes, establishing credit and grant systems, supporting startups and small businesses, implementing programs to improve workforce skills, developing transport and communication infrastructure, and organizing marketing and PR activities to attract foreign investors. In this way, improving the investment environment not only increases investment inflows but also contributes to poverty reduction and ensures regional economic stability.

Enhancing the attractiveness of the investment environment in a region is an effective strategy for reducing poverty. A stable political and legal system, financial and tax incentives, business support, infrastructure, and workforce skills are the main factors determining investment attractiveness. This, in turn, stimulates local economic development, creates new jobs, and improves the well-being of the population. Therefore, improving the investment environment and developing an effective investment strategy is a pressing task for the state and regional authorities. The following table presents the main indicators for assessing the regional investment environment (Table 1).

Table 1

Indicators for Assessing the Investment Environment in the Region¹.

Indicators	Status (1-5 points)	Notes	Opportunities
Political and legal stability	4	Local legislation is favorable for investors	Investment increases through the strengthening of stability
Tax and financial incentives	3	Some taxes are high, and incentives are limited	Introducing tax relief and grants
Business support	3	Opportunities for startups in the region are insufficient	Support through incubators and funds
Infrastructure and technology	2	Transport and communication are limited	Modernization through investments
Workforce skills	3	A moderately skilled workforce is available	Skills development courses and training
Market openness and competition	4	The local market is developed, with opportunities for foreign investors	Market expansion through new investments

The table analysis shows that political and legal stability in the region is relatively high (4 points), creating a reliable and favorable environment for investors. Stable legislation and the protection of property rights facilitate investment attraction. Tax and financial incentives are rated at an average level (3 points) because some taxes are high and incentives are limited, indicating opportunities to introduce tax relief and grants. The business support system is also at an average level (3 points), and additional encouragement through incubators and funds for startups and small businesses is necessary. Infrastructure and technology are the weakest indicators (2 points), and investment efficiency can be improved through modernization of transport and communication. Workforce skills are at a moderate level (3 points), and worker potential can be enhanced through training and skills development programs. Market openness and the competitive environment are positive (4 points), with expectations of market expansion and increased economic activity through new investments.

Conclusion.

Enhancing the attractiveness of the investment environment in the region is a key factor in reducing poverty and ensuring economic stability. The study results indicate that political and legal stability, along with market openness, create favorable conditions for investors. At

¹ Author-developed

the same time, improvements are needed in taxes, financial incentives, business support, and infrastructure. Enhancing workforce skills and developing technological infrastructure help increase the efficiency of regional investments.

Based on this, the following recommendations are proposed: first, simplify and expand the system of taxes and financial incentives; second, establish mechanisms to support startups and small businesses; third, implement courses and training programs to develop a skilled workforce; fourth, modernize transport and communication infrastructure. These measures will stimulate regional economic growth and significantly contribute to poverty reduction.

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