

EFFICIENT MANAGEMENT OF INVESTMENTS AND SUCCESSFUL IMPLEMENTATION OF PROJECTS IN THE RAILWAY TRANSPORT SECTOR

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Abstract. *This study explores the key mechanisms required for effectively managing investments and successfully implementing projects within the railway transport sector. It emphasizes the importance of addressing infrastructure aging, attracting private investors, and fostering public-private partnerships. By analyzing investment processes, risks, and the strategic management of resources, the research identifies steps to enhance the investment environment, improve infrastructure, and boost the sector's competitiveness.*

Keywords: *Railway transport, investment management, infrastructure development, public-private partnership, strategic management, economic efficiency.*

Introduction.

The railway infrastructure in the Republic of Uzbekistan faces significant challenges due to aging systems and insufficient funding. Additionally, the pace of attracting private investors remains slow, contributing to these issues. One major concern is the lack of separation between high-speed passenger lines and freight lines, which negatively impacts the timely delivery of freight trains and reduces the capacity of certain railway lines.

Enhancing transportation and road infrastructure, attracting investments, implementing infrastructure projects based on public-private partnership (PPP) models, and renewing the fleet of transport vehicles are vital to increasing the attractiveness of transport infrastructure.

A crucial task in the transportation sector is attracting private capital for constructing and reconstructing infrastructure facilities, a particularly pressing issue in railway transport. The primary goal of railway transport reform is to attract private investments to foster industrial development. Such investments must be based on thorough technical, financial, and economic justifications to ensure financial viability and economic profitability.

To achieve these goals, the Republic of Uzbekistan must increase the volume of intensive investments and innovations introduced into its railway industry. This involves creating favorable conditions and guarantees for private investors and developing innovative mechanisms to stimulate investment activities.

Investment Challenges in the Railway Sector

Currently, infrastructure development relies significantly on state funds and, in some cases, contributions from major industrial holding companies (freight owners). However, systematic financing mechanisms for railway infrastructure by private investors are lacking.

The transport system's state does not fully meet modern economic demands. Transport costs account for 14-15% of the final cost of local products, compared to 7-8% in developed countries. Furthermore, the population's mobility is 2.5 times lower than in developed nations. The aging of key assets and the lagging technical and technological levels of rolling stock and equipment behind global standards remain persistent issues.

In the global economy, there is a mismatch between the supply and demand for investments. At the same time, challenges in enhancing investment efficiency highlight the need for improved project management practices. International experience underscores the importance of mechanisms to attract foreign investments, prioritize high-tech sectors, and ensure the alignment of financial management tools with investment activities.

Mechanisms for Attracting Investments in the Railway Sector

Figure 1: Mechanism for Proper Direction of Investment Processes in the Railway Network

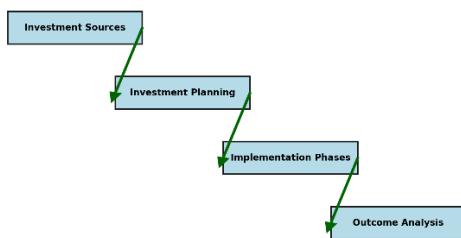


Figure 1: Mechanism for Proper Direction of Investment Processes in the Railway Network

Investment processes in railway transport have systemic characteristics, primarily defining the relationships among participants and aligning Uzbekistan's railway transport subsystems with investment resources. The investment process in railway transport can be viewed as a "process-object-scale" system, encompassing stages from creating conditions for attracting investors to evaluating the outcomes of investment activities.

Effective management of investment processes requires analyzing and synthesizing management objects, aligning with integration trends in strategic management objectives and tasks.

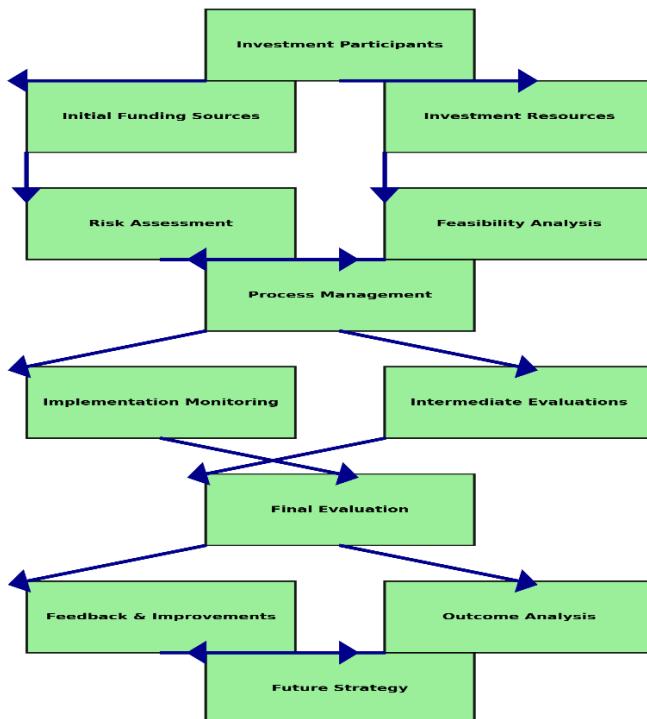


Figure 2: Mechanism for Managing Investment Processes in the Railway Industry

The railway transport system must address its strategic development tasks to act as a catalyst for socio-economic growth. This underscores the importance of managing investment processes through

diversified mechanisms, including:

- Investment Attractiveness
- Investment Environment
- Investment Image
- Investment Reputation

Investment Potential refers to the conditions that positively influence investors' decisions. Investment Risk reflects factors that may negatively affect investors' intentions. Together, these elements define the investment environment, which offers a framework for assessing investment attractiveness and fostering favorable conditions.

Steps for Effective Investment Management

1. Assess Investment Potential and Risks: Analyze investment potential and risks to identify the sector's attractiveness.
2. Create a Favorable Investment Environment: Establish conditions conducive to implementing investment attractiveness.
3. Promote Awareness Among Investors: Inform potential investors about the investment environment, opportunities, and reputation.
4. Evaluate Implementation Efficiency: Assess the efficiency of utilizing the investment environment and analyze the impact of the sector's investment image and reputation on investor intentions.

Support for the investment infrastructure includes legal, informational, organizational, and human resource mechanisms, enabling effective system-wide implementation of investment processes.

Conclusion

The development of railway transport in Uzbekistan requires mechanisms to manage investment processes effectively. This includes creating a favorable regulatory and financial environment, enhancing the sector's image, and ensuring investor confidence. Integrating these mechanisms strategically will facilitate the sector's growth, contributing to industrial innovation and economic development.

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