# THE ROLE AND SIGNIFICANCE OF THE REGIONAL INVESTMENT ENVIRONMENT IN ATTRACTING FOREIGN INVESTMENTS TO THE ECONOMY

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Investment environment (or investment environment) is a concept used in a very broad sense, which includes all the problems and issues that are taken into account by the investor. The investor evaluates the favorable and unfavorable aspects of investing in a certain country, as well as the ideology, politics, economy and culture of the country in which he wants to invest his capital [1].

In the matter of creating a positive investment environment, it is necessary to interpret the globalization of the economy as the main process and, as a result, to expand the scope of acquiring investment resources, and in turn, to strengthen the competition among investors. If we want to increase the volume of foreign investments, we must make the investment environment, regional conditions and conditions more acceptable and higher than others (competitors), as well as create a favorable and risk-free "climate" for the activation of domestic (national) investments. we need to focus on ensuring that.

In the current socio-economic conditions, the influx of investments depends on the development of innovative industries and the development of innovative entrepreneurship, the investment climate and the investment mechanism.

Studies show that if the investment climate is good, on the one hand, it allows for the growth of domestic investment, and the increase of savings in relation to consumption in the structure of planned expenses. This is a guarantee of high rates of economic growth.

As part of the study of the scientific research carried out on the regional economy, in this study, the factors indicating the investment attractiveness of the regions were grouped and brought into a single system. As the main groups, the points of view and scientific-practical views representing the socio-economic potential reflecting the complex indicators of the region are summarized and classified (Table 1).

**Table 1 Investment potential of the country and a set of factors affecting it [2]**

| № | Group | A set of indicators |
|---|---|---|
| **I. FACTORS AFFECTING THE LEVEL OF INVESTMENT COMPETENCE OF REGIONS** | | |
| 1 | **Natural-geographic potential** | - raw material resources: mineral raw materials; land and water; fuel and energy; various ores and metals. |
| 2 | **Labor potential** | - demographic potential of the region: population density; quantity and quality of labor resources; workforce; average monthly salary paid to labor; number of unemployed; age level of employed and unemployed; skills and level of the unemployed. |
| 3 | **Production capacity** | - production capacity: gross regional product (GDP); condition of fixed assets; productivity of production factors; specialization of the region according to sectors and sectors; volume of import and export. |
| 4 | **Innovative potential** | - scientific and technical potential of the region: scientific and technical achievements; those who have science and scientific degrees; volume of scientific and technical projects; those engaged in science; scientific research and experimental design institutes/branches available in the region. |
| 5 | **Institutional capacity** | - republican and local legislation: consumer rights; principles of corporate governance; healthy competitive environment; conditions and information provision for conducting business; accounting and statistical reports; development of financial markets and institutions. |
| 6 | **Infrastructure capacity** | - infrastructure supply: the state of water and electric energy available in the area; availability of airport, road and railways; development of information and communication technologies. |
| 7 | **Financial potential** | - the main criteria of financial potential: the volume of loans granted by commercial banks for the activities of economic entities; the volume of funds placed in bank deposits by the population in national and foreign currencies; the volume of deposits of legal entities in banks (in national and foreign currency). |
| 8 | **Consumption potential** | - consumption demand of the population of the region: salary; all other forms of income (rent, rent, dividend, interest, profit, allowance, subsidy, etc.) |

The positive concentration of the various factors mentioned above allows the active inflow of foreign investments. This, of course, means additional jobs, additional income, and an additional opportunity for economic growth. In addition, the most important thing is that foreign investors bring with them not only capital, but also the advanced knowledge and experience of their countries. This will allow the future economic growth of the country.
Today, several forms of attracting foreign investments are used in our republic. They are shown in Figure 1 below.

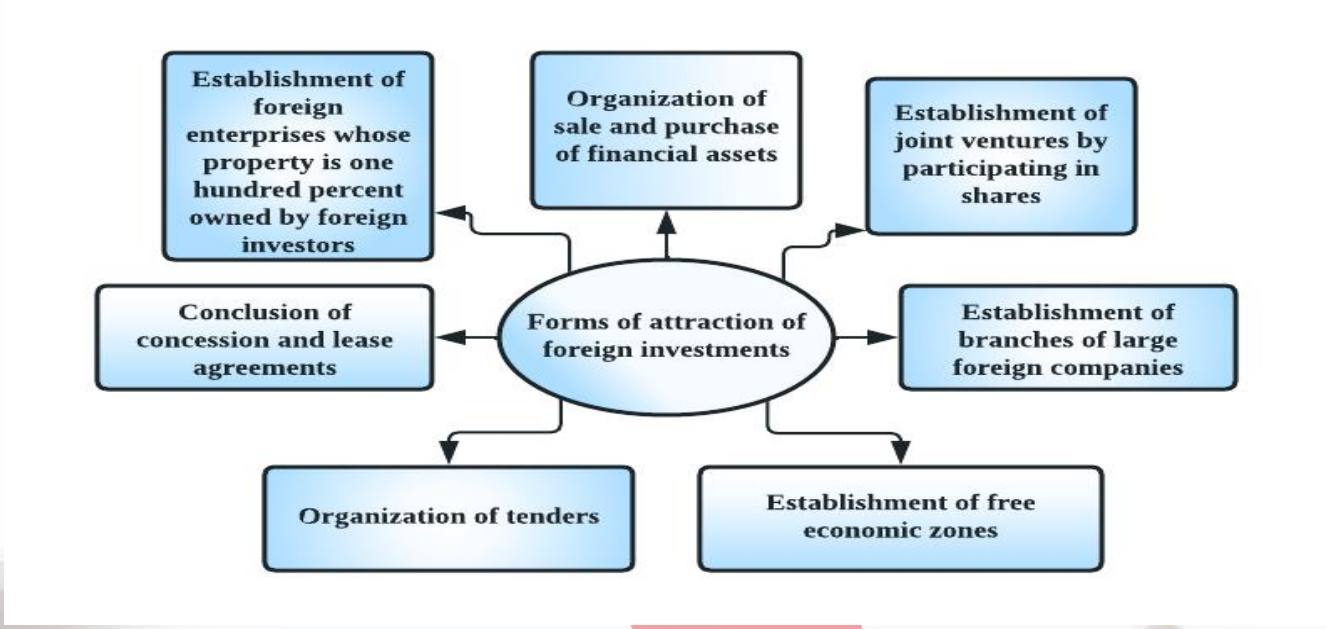


**Figure 1. Forms of attraction of foreign investments [3]**

It can be seen that the basis of relations related to the attraction of foreign direct investments is measured by the level of development of industries and sectors within the country. This, in turn, is a factor that determines the country's investment attractiveness. It is natural for investment flows to politically, socio-economically stable countries. It is possible to witness many foreign direct investment transactions between countries worldwide.

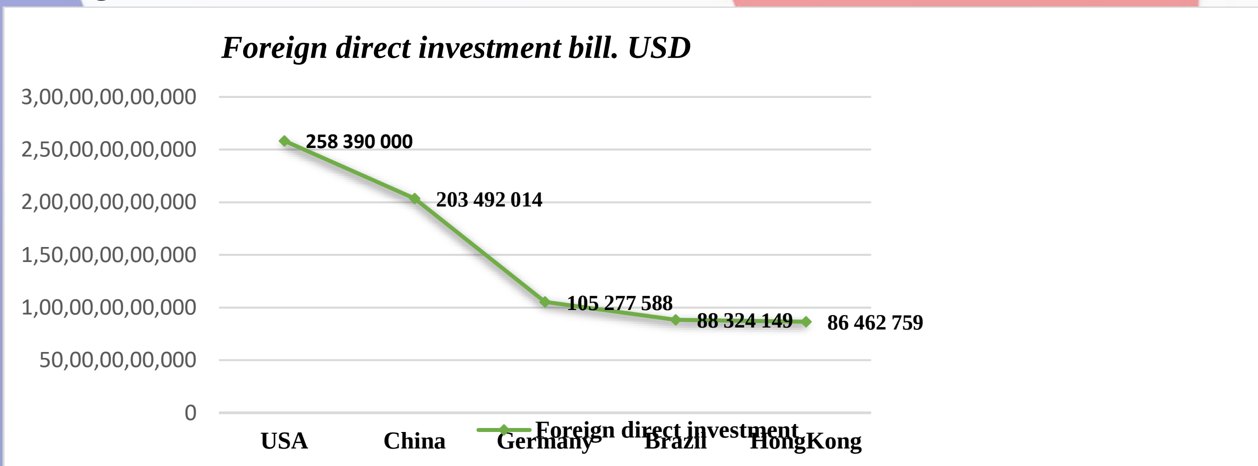


**Figure 2. Indicators of foreign direct investments attracted by countries as of 2019 (in million US dollars) [4]**

According to the situation in 2019, the largest share of direct foreign investments in the world market corresponds to the USA, the attracted direct foreign investments amounted to 258 million. amounted to US dollars. This shows that the political, socio-economic spheres related to investment attractiveness are actively developing in these countries (Fig. 2).

Summarizing the above analysis and comments, it should be noted that in the context of increasing modernization processes, it is necessary to accelerate the investment flow to the country through the medium and long-term investment strategy of the state, as a result of which, the organization of innovative production and the creation of new jobs [5]. It also creates the basis for a significant increase in the country's export potential. Another important aspect of foreign investment is that it has a positive effect on the further development of international integration processes of recipient countries. This is a stepping stone for the country to enter the world investment arsenal with competitive products.

**List of used Literature**

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