

The Role of International Financial Organizations in Ensuring Economic Stability

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Abstract: *This article describes the role of international financial organizations in ensuring the stability of the world economy, their goals and objectives, and analyzes them based on statistical data. Cooperation relations between the Republic of Uzbekistan and international financial organizations, in particular, the Asian Development Bank and the Islamic Development Bank, are analyzed, and the practical expression of financial relations between them is analyzed based on tables and diagrams. Conclusions are drawn on the importance of international financial organizations for developing member countries in coordinating their economic development plans, as well as its specific features.*

Keywords: *international financial organizations, capital investments, economic stability, financial market, financial organizations, globalization, financial relations, economic development, economic cooperation.*

Introduction

International financial institutions, which represent the aggregate of international financial resources and their movement, occupy a leading position. Each country One of the most important priority issues in the economy is the development of international financial relations, which, as a result, is aimed at increasing gross domestic product, attracting capital, and increasing investment attractiveness. In this regard, international financial organizations occupy a leading position. International financial organizations represent international organizations established on the basis of interstate agreements to regulate financial and currency-credit relations in order to ensure the stability of the world economy .

International financial organizations operate with the following objectives in mind:

- unifying efforts within the international community to stabilize the world economy and international finance;
- joint development and coordination of strategies and tactics of global monetary and financial and credit policy;
- The level of participation in international financial organizations and the influence of individual countries are determined by the size of their capital contribution .

In fact, the strategy identifies the goals, objectives and priority areas for the development of the banking system, the directions of transformation and reform of the banking system in 2020-2025, and ways to find possible solutions based on the experience of transforming the financial sector of foreign countries and taking into account global trends in the financial sector.¹

That is why today, economic relations between Uzbekistan and many international financial organizations have been effectively established, and further expansion is envisaged in the future. As a

¹ Decree of the President of the Republic of Uzbekistan dated May 12, 2020 "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025".

result of Uzbekistan's relations with international financial organizations, infrastructure in the regions has improved, a number of investments are being attracted to the social and economic spheres. Strengthening international relations with international financial organizations plays an important role in entering the international market, increasing the export potential of the state, improving the social support of the population, and improving the infrastructure for providing services.

Methodology

The methodology employed in this study involves a qualitative analysis of the role of international financial organizations in ensuring economic stability, with a specific focus on Uzbekistan's cooperation with the Asian Development Bank (ADB) and the Islamic Development Bank (IDB). The research relies on secondary data obtained from official reports, statistical documents, and policy papers published by international financial institutions, governmental agencies, and relevant academic sources. A comparative approach is utilized to examine the financial strategies and investment projects implemented by these institutions within Uzbekistan, highlighting their impact on economic development, infrastructure improvements, and financial sector reforms. The study also incorporates content analysis of presidential decrees, economic resolutions, and strategic plans that outline Uzbekistan's financial policy framework. To enhance the validity of the findings, numerical data on loan allocations, investment distribution, and economic indicators such as GDP growth, inflation trends, and industrial expansion are examined. Tables and diagrams extracted from authoritative sources are employed to illustrate key financial trends and economic forecasts. By synthesizing qualitative and quantitative data, this research aims to provide a comprehensive understanding of how international financial organizations contribute to economic stability and investment attraction in Uzbekistan. Additionally, the analysis identifies the challenges associated with international financial cooperation, including loan repayment policies and sectoral privatization, and suggests policy recommendations for optimizing the country's financial engagement with global institutions.

Analysis and results

As a practical proof of our ideas, it can be said that Uzbekistan is a member of several international financial organizations and a number of socially significant investment projects are being implemented in the country on the basis of their grants and loans. It should be noted that the Asian Development Bank is an international regional bank, the main purpose of which is to assist the economic development and foreign trade of developing countries in Asia, to provide technical, financial and economic assistance. A preliminary agreement has been reached between the Republic of Uzbekistan and the Asian Development Bank on signing a loan agreement in the amount of 59.0 million US dollars.² The project "Program for the Comprehensive Development of Cities in the Republic of Uzbekistan" envisages the adoption of a distribution of shares to repay the Asian Development Bank debt starting in 2028 and further improving the lifestyle and social protection of the population, as well as expanding cooperation with the Asian Development Bank. According to international agreements of the Republic of Uzbekistan, goods purchased within the framework of projects implemented at the expense of funds from international financial institutions and foreign government financial organizations, i.e. debts and credits, are exempt from customs duties, and the project implementation period is set at 5 years (2023-2027). The Ministry of Investments, Industry and Trade is designated as the executive body responsible for the timely implementation of the project and the targeted and effective use of Asian Development Bank loans. The Asian Development Bank has allocated \$10.8 billion in loans, grants and technical assistance to the country. At the same time, with the assistance of international financial organizations, it is planned to gradually privatize state shares in Ipoteka-bank JSC, Uzsanoatqurilishbank JSC, Asaka JSC, Aloqabank

² President of the Republic of Uzbekistan Resolution No. PQ-124 of April 19, 2023 "On measures to implement the project of the Integrated Urban Development Program in the Republic of Uzbekistan with the participation of the Asian Development Bank".

JSC, Qishloq Qurilishbank JSC and Turonbank JSC, including their institutional transformation, i.e., the transformation of their activities, and the sale of a package of state shares in the second stage. It is also envisaged that the Central Bank of the Republic of Uzbekistan and the Ministry of Economy and Finance will take measures to conduct an assessment of the state of the financial sector based on the International Monetary Fund and the World Bank Program (FSAP) no later than 2024.

Table 1 Economic indicators of Uzbekistan based on the report of the Asian Development Bank (ADB)

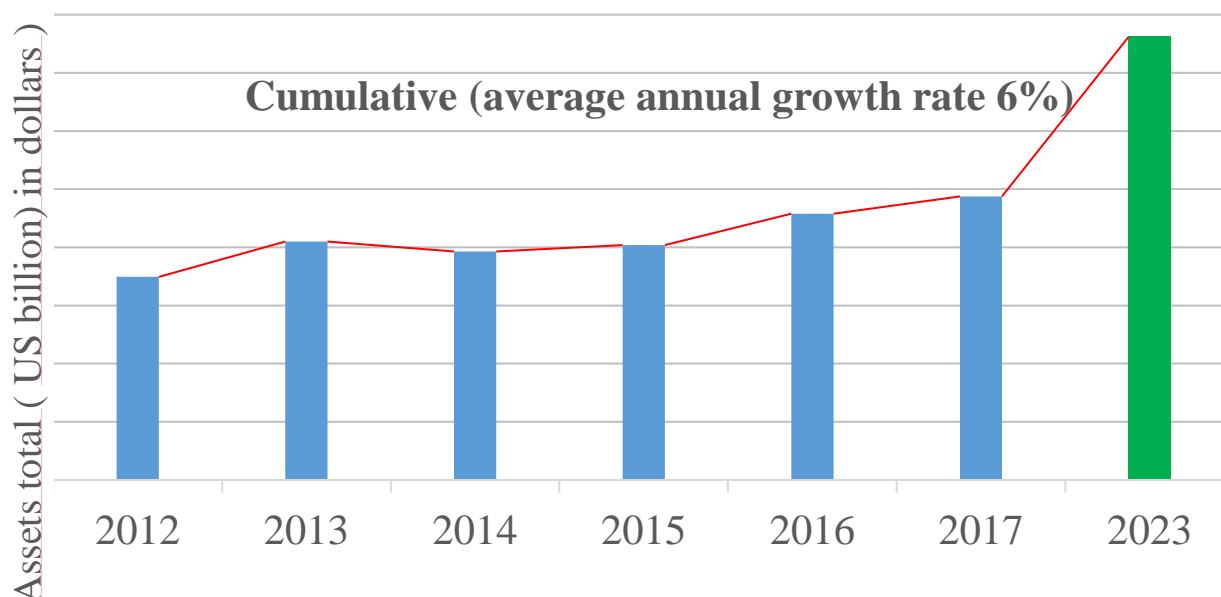
Indicator	Years	Forecast / value	Explanations
Annual growth prognosis	2023	5%	-
Annual growth prognosis	2024	5%	-
Industrial growth	2023-2024	5.5%	-
Services growth	2023-2024	5.5%	Demand has decreased. because of decrease expected
Inflation prognosis	2023	11%	Central bank Forecast : 8.5-9.5%
Inflation prognosis	2024	10%	Central bank Target : 5%
International reserve	2023-2024	37 billion up to a dollar	-
Wide money funds growth	2023-2024	25%	-
Demand for the skilled workforce	-	-	2% of the population per year growth with education necessary

Above table information based on highlight, total internal of the product growth forecast 5 percent in 2023-2024 organization industry growth of 5.5 percent in 2023-2024 organization reached , in 2023 Inflation forecast and The central bank's forecast is 8.5-9.5 percent. organization to be in mind caught although, in fact, 11 percent organization In particular , in 2024 and central bank inflation forecast 5 percent organization to be in mind caught actually 10 percent organization Wide money funds and 25 percent in 2023-2024 organization reached .

Also, if we think about the Islamic Development Bank, Uzbekistan became a member of the Islamic Development Bank on September 3, 2003. A cooperation program has been developed between the Islamic Development Bank and the Government of the Republic of Uzbekistan, which includes 14 projects. The program provides for financing the following areas: infrastructure development, namely water supply, housing and communal services, and small business development. Turning to new aspects of economic cooperation between the Islamic Development Bank and the Republic of Uzbekistan, The Economic Opportunities Fund has been established with the participation of the Islamic Development Bank. The initial authorized capital of the Fund is \$100 million, of which the Islamic Development Bank's share is \$20 million, the Government of Uzbekistan's share is \$35 million, and the Saudi Arabian investors' share is \$45 million. The Fund will create more than 100,000 new jobs by supporting small, medium and large entities. In addition, a loan agreement worth \$200 million was signed with the Islamic Development Bank within the framework of the "Prosperous Village" program to modernize the rural infrastructure of the Republic of Karakalpakstan, Khorezm, Bukhara and Navoi regions. Infin BANK's effective cooperation with corporations that are part of the Islamic Development Bank group serves to meet the demand for Sharia-compliant banking products in the financial market of Uzbekistan. The International Islamic Trade and Finance Corporation has recognized the Trustbank Private Joint-Stock Bank as the "Best Partner in the Small and Medium Business Sector". Trustbank has signed 6 agreements with the Islamic Corporation for the Development of the Private Sector and the International Islamic Trade and Finance Corporation for a total of 64 million US dollars. Within their framework, a total of 54 projects of small and medium-sized businesses in Uzbekistan have been financed. As a result, the

development of small businesses and entrepreneurship will improve, creating a number of jobs, ensuring employment, eliminating unemployment, and providing the population with a source of income.

WORLD ISLAMIC FINANCIAL INSTITUTIONS ASSETS GROWTH RATES



Based on the data in this diagram, it can be said that the growth rate of assets of global Islamic financial institutions was 1.746 billion US dollars in 2012, 2.438 billion US dollars in 2017, with an average annual growth rate of 6 percent. In 2023, it will be 3.809 billion US dollars.

Conclusion and suggestions

In conclusion, it should be noted that today, the world market situation is changing dramatically, and competition is becoming increasingly intense in the context of globalization, which requires the national economy to develop more sustainably and at a faster pace. In developing financial relations between Uzbekistan and international financial organizations, based on the factors of economic and financial development, as noted above, it should be well-thought-out, far-sighted, and at the same time, quick and convenient, and at the same time able to respond in a timely and adequate manner to new problems and threats that cannot be predicted in the current rapidly changing and emerging world. In turn, the country's investment attractiveness in the international financial market is also important in attracting loans from such banks. It also requires the government to create an attractive policy to facilitate business and ensure its development. Through this policy, international companies will be able to come to Uzbekistan and develop business. For this reason, in recent years, many incentives have been created for investment projects. The institutional reforms within the framework of cooperation with international financial organizations in the emerging Republic of Uzbekistan require expanding the goals and objectives of the economic policy process and further improving its mechanisms.

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