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FOREIGN EXPERIENCE IN INVESTMENT MANAGEMENT IN CONSTRUCTION ENTERPRISES AND WAYS OF ITS APPLICATION IN OUR COUNTRY

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Abstract:
This article analyzes the effective investment management practices in construction companies of developed countries such as the USA, Germany, and Japan. Foreign experience highlights the importance of project selection, risk management, efficiency evaluation, and the use of information technologies. Based on this analysis, the paper proposes priority directions and practical recommendations for applying international investment management practices in Uzbekistan's construction sector.

Keywords: Investment management, construction company, foreign experience, investment project, efficiency, risk.

Introduction

The construction sector plays an important role in economic development, significantly influencing the social and economic progress of countries. Attracting leading investments into this sector and managing them effectively ensures the strengthening of the economy, creation of new jobs, and development of infrastructure. Moreover, investment management in the construction industry depends on the state's economic policy, financial-legal system, and investment climate.

Today, the issue of investment management in construction enterprises remains relevant. Although a number of reforms have been implemented in Uzbekistan to improve the effective management of investments in the construction sector, many problems still persist. In searching for solutions to these issues, foreign experiences are of great importance. The economic conditions, political systems, and financial capacities of each country influence their methods of investment management. At the same time, utilizing international practices is considered a reliable direction for developing construction enterprises and improving investment management in Uzbekistan.

Analysis and Results

Investment management is one of the key factors ensuring the sustainable development of the construction sector. Studying foreign experience and adapting it to national conditions can make a significant contribution to economic growth.

According to the Presidential Decree No. PF-60 dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022–2026," goal 26 states: "Further improving the investment climate in the country, increasing its attractiveness, and taking measures to attract \$120 billion over the next five years, including \$70 billion in foreign investment."

To achieve this, it is planned to create favorable conditions for investors by introducing a new management system based on the "bottom-up" principle, protecting their interests, and ensuring their effective operation. Additionally, by using foreign experiences and adapting them to construction enterprises in Uzbekistan, it is possible to increase the effectiveness of investment management. This contributes to the successful functioning of the current system and maximizes the development of the country's investment potential.

In developed countries, the investment period usually does not exceed 10 years. The average duration of implementing an industrial investment project (first phase) would not be less than 10 years: 2.0–2.5 years for pre-project studies and design; 5–8 years for construction; and 2.5–3.0 years for commissioning and reaching full project capacity.

The normative operational phase of the created industrial production usually lasts about 25 years, with an additional 10–15 years if extended. In the U.S., the full investment cycle typically includes: 3 years for construction, 7 years for operation, with the payback period covering the first three years.

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Table 1 Duration of the Investment Period in the Construction of Standard-Type Industrial Buildings (Single-Story Buildings / Weeks)

Stage of the Period	USA	Germany	France	United Kingdom
Pre-project justification, decision-making, and obtaining construction permits	4.5	12	16	26
Preparation of architectural and construction drawings	6	12	10	20
Preparation of cost estimates for construction by type of work and material resources	6.5	17	10	11
Construction	23	29	30	57
Investment period without phase integration	40	70	66	114
Actual duration of the investment period	33	56	56	96
Integration coefficient, %	17.5	20.0	15.2	15.6

Investment management in the construction sector has been developed and implemented differently across various countries.

Table 2 Investment Management Practices in the Construction Sector in Foreign Countries

Country	Practices
USA	In the USA, investment management in the construction sector widely utilizes public-private partnerships (PPP). Mechanisms such as the mortgage market, subsidies for construction companies, and tax incentives are applied. The government places great emphasis on infrastructure projects, which stimulates the development of the construction sector. In addition, investment funds and project management companies play a major role in the U.S. construction market. Large-scale infrastructure projects are implemented through joint funding from both the public and private sectors.
European Union	In European countries, environmental sustainability and green standards are given significant importance in managing construction investments. For example, in Germany, attracting investment into green technology-based construction projects is widespread. Construction companies receive financial support and long-term loans from both national governments and EU funds. In France and the Netherlands, energy-efficient technologies are widely applied in construction. Grants are provided by the state, and projects meeting environmental standards are prioritized.
China	In China, state regulation plays a vital role in managing construction investments. The government supports the private sector through loans and subsidies, and promotes the integration of modern technologies and innovations. The "Belt and Road Initiative" enables international cooperation for infrastructure development. China also effectively uses state guarantees and regulatory mechanisms for the real estate market. Urban development and infrastructure modernization are achieved through strong collaboration between the public and private sectors.
Japan	Japan practices investment management focused on innovation and resource efficiency in construction. The “Lean Construction” approach is applied to ensure quality while minimizing resource consumption. The government provides financial support to the private sector for infrastructure projects. State policies have been developed to encourage the use of advanced technologies in construction. Japanese banks offer special credit programs for financing construction projects.

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The methods of attracting and effectively managing investments are studied according to the economic conditions and socio-political situations of each country. Foreign experiences are mainly related to the following factors:

1. **Government Support and Stimulation.** It is important to consider the role of the government in the construction sector. For example, in developed countries like the USA and Germany, the government attracts large investments annually to develop construction and infrastructure. In these countries, tax incentives and grants are provided by the government to support the construction sector. This method helps attract investors and encourages them to inject large amounts of capital.

One of the methods of government support in the construction sector is the provision of tax incentives and grants. In the USA and Germany, special programs are developed to attract investments in construction projects through tax benefits and grants. For example, in the USA, the federal government offers tax incentives, grants, and financial subsidies to support certain construction projects. These funds are mainly allocated to projects aimed at sustainable construction, energy efficiency, and social infrastructure development.

In Germany, construction projects are financed through government loans, collaborative projects, and grants. This type of government support helps attract private investors to the construction sector. Programs aimed at government support, combined with private investments, create opportunities for high profitability and long-term development.

Such government stimulation contributes not only to significant socio-economic development but also helps improve the quality of infrastructure. Furthermore, government support stimulates the private sector and creates opportunities for the efficient use of their financial resources.

These methods, based on the economic outcomes, prove to be effective in promoting the growth and development of the construction sector in these countries. Different forms of government support for the construction sector help to attract high-level investments and ensure investment confidence in construction projects.

2. **Attracting Foreign Investments.** In global practice, the use of foreign investments in the construction sector is of significant importance. Foreign capital, especially in developing countries, plays a major role in economic

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growth and the development of the construction sector. These investments can lead to rapid development in construction, infrastructure, and tourism. Foreign investments have unique features and advantages. On the one hand, they contribute to economic development, and on the other hand, they introduce new technologies and create new opportunities in local markets.

For instance, Singapore has widely utilized foreign investments to develop the construction and tourism sectors. As a country, Singapore pays significant attention to creating a favorable business environment and ensuring the efficient management of investments. Through government policies and financial opportunities, Singapore has attracted foreign investments to develop the construction and tourism sectors. Favorable tax incentives, simplified permit procedures, and financial subsidies are provided to foreign investors.

Singapore’s government creates a legal framework to ensure the smooth and effective management of foreign investments. At the same time, it attracts foreign capital to develop and renew its core infrastructure. Singapore's policies in this area create significant opportunities for successfully attracting investments and financing specific projects. This, in turn, ensures the growth of the local economy and development in the tourism sector.

Attracting foreign investments is one of the main factors for the economic development of a country, not only in the construction sector but also in tourism and infrastructure projects. This method helps create new jobs, improve skills in technology and expertise, and enhance the standard of living for the population. Moreover, foreign investments help increase a country's competitiveness in the global market.

3. **Financial Innovations.** Public-Private Partnerships (PPP) play a vital role in ensuring economic development and increasing efficiency in the construction sector. This model combines the resources and opportunities of the public and private sectors to develop public infrastructure and implement large projects. Taking into account the successful experiences of Singapore and the UK, the PPP model can also be used to improve the financing and implementation of construction projects in Uzbekistan.

Singapore's Experience:.In Singapore, public-private partnerships are widely used in the construction sector. The government involves private investors to carry out large infrastructure projects and creates favorable conditions for them. For example, public-private partnerships are formed for the construction of transport infrastructure and social facilities. In return, the government offers legal guarantees and financial support, while the private sector provides resources and innovative technologies. This collaboration has led to high-quality infrastructure and effective investment management in Singapore.

The UK's Experience: In the UK, the PPP model is implemented through the "Private Finance Initiative" (PFI). This model involves cooperation between the public and private sectors to create and manage infrastructure projects. The private sector is responsible for constructing, financing, and sometimes managing the facilities, while the government guarantees the provision of services. This method has led to significant achievements in improving public facilities and saving the government budget in the UK.

4. Ensuring the Stability of Investments. Ensuring the stability of investments in the construction sector is a crucial condition for economic development. This requires developing long-term strategic plans, considering environmental and social aspects, and implementing modern investment policies. The successful experiences of Canada and Japan serve as good examples for studying and applying practical solutions in this area.

Canada's Experience. In Canada, special attention is paid to the concept of environmental sustainability to ensure the stability of investments in the construction sector. The country prioritizes the rational use of natural resources, waste reduction, and the introduction of energy-efficient technologies in construction projects. The following mechanisms have been implemented for construction enterprises in Canada:

1. **Environmental standards and requirements**: Projects must comply with environmental norms. This ensures the sustainability of investments in the construction sector.
2. **Government subsidies and incentives**: The government provides financial assistance to support environmentally sustainable projects.
3. **Socially beneficial investments**: Public-private partnerships are widely used in projects with social significance, such as social housing construction.

Japan's Experience. In Japan, the principles of social responsibility and environmental sustainability are fundamental when implementing construction projects. The country has developed long-term strategic plans covering the following areas:

1. **Attention to ecology**: Construction projects incorporate renewable energy sources and technologies to improve energy efficiency.
2. **Social aspects**: Projects aim to improve the living standards of the population and develop social infrastructure.
3. **Innovative technologies**: Japan has enhanced investment efficiency in the construction sector by introducing innovations. "Smart" buildings and resource-saving technologies are of great importance in this process.

Opportunities for Public-Private Partnerships (PPP) in Uzbekistan
Developing public-private partnerships in Uzbekistan's construction sector could provide the following advantages:

1. **Attracting financial resources**: Large projects can be financed without additional burden on the state budget.
2. **Introducing innovations**: The private sector can improve construction quality by introducing new technologies and advanced management methods.
3. **Economic efficiency**: Combining the capabilities of both sectors ensures timely and high-quality project implementation.
4. **Creating a favorable legal environment**: Tax incentives and a system of legal guarantees need to be introduced to attract the private sector.

Implementing the PPP model in Uzbekistan, particularly in transport infrastructure, housing construction, tourism, and social facilities, creates significant opportunities. This cooperation not only contributes to economic development but also establishes a reliable and efficient environment for private investors.

Experience from CIS Countries and Foreign Nations
Experience from CIS and foreign countries shows that the highest efficiency in project development is achieved through the activities of project-construction alliances. The main advantage of such alliances is that they allow for both project management and construction processes to be conducted within a single organization. This approach involves preparing design documentation and

carrying out construction work in parallel, which leads to faster execution of investment projects.

Conclusion and Recommendations

Taking into account the specific characteristics of investment activities at the enterprise level, investment management should be based on the following principles:

1. **Consistency of the investment strategy with the enterprise's long-term and current goals**, ensuring the continuity of long-term and medium-term investment planning. The implementation of this principle determines the alignment of the enterprise's development directions, resolves conflicts between goals, and helps improve the overall efficiency of the enterprise.
2. **Alignment of the enterprise's investment activities with its financial and investment resources**, as well as ensuring the financial stability and balance liquidity of the enterprise. This principle means limiting the selection of investment objects based on the availability of resources to support them.
3. **Optimization of the balance between investment profitability and risk** in order to prevent significant financial losses and damages. This principle, in line with the enterprise's investment strategy, involves maintaining a balance between profitability and risk. To implement this, an optimization of the investment portfolio and diversification of investment objects will be carried out.
4. **Optimization of investment profitability and liquidity**. Implementing this principle involves maintaining specified proportions between profitability and liquidity to ensure the financial stability and payment capacity of the enterprise.
5. **Ensuring the possibility of managing the investment portfolio**, which means restricting the number and complexity of investments based on the ability to monitor the investment status (profitability, risk, liquidity, etc.) and timely diversification of the portfolio. The implementation of this principle involves providing investment objects that match the human resource capacity and the ability to quickly reinvest funds.

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