ROLE OF INVESTMENT IN INNOVATIVE DEVELOPMENT

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Abstract

Increasing investment activity and attracting foreign investment is one of the main tasks for the innovative development of the economy of Turkmenistan. Investing in innovative technologies contributes not only to improving the standard of living of the population, but also to ensuring sustainable economic growth. The scientific article analyzes investment activity in the country on the basis of specific statistical data and presents the positive impact of investments attracted to the economy on the introduction of innovations in production and expansion of its scale.

Key words: investment, gross domestic product, innovative technologies, digital economy, sustainable development, entrepreneurship, profitability, competitiveness.

The main directions of the economic strategy of the respected President Serdar Berdimuhamedov are clearly reflected in the following national documents: “Revival of a New Era of a Powerful State: National Program for Socio-Economic Development of Turkmenistan of the country for 2022–2052”; the Program of the President of Turkmenistan for Socio-Economic Development for 2022–2028; approved New Edition of the National Program of the President of Turkmenistan for the transformation of social and living conditions of the population of villages, towns, cities of etraps and etrap centers until 2028. This strategy involves a fundamental transformation of the economy, focusing on its innovative development, diversification and digitalization of the economy sectors, widespread introduction of science and the latest technologies into production, active participation of the country in global economic relations, and achieving high efficiency in investment policy. Currently, investments in innovative projects are becoming increasingly important for the economy’s innovative development. An increase in investment in innovative projects has a positive impact on production efficiency, product competitiveness, and enterprise scale expansion.

There are different approaches to the concept of innovation in the scientific works of both domestic and foreign researchers. The national Leader of the Turkmen people, Hero Arkadag, in his book “State Regulation of the Socio-Economic Development of Turkmenistan” gives the following definition of innovation: “Innovation is the final result of activity, expressed in obtaining a new or improved product sold on the market, or a new or improved method applied in practice” [1].

The introduction of innovations in the national economy is impossible without investment in the digital economy. Digitalization of the economy contributes to the innovative development of enterprises, improves document flow and increases production efficiency. In the context of the development of the global economy and globalization, the digitalization of national economies is accelerating. As a result, the service sector is developing rapidly, and in developed countries the share of this sector in GDP is growing significantly.

Types of investment in innovative projects include:

– investments in scientific research and development activities;

– investment in new technologies;

– investments in the production of new types of products;

– investments in the organization of enterprises based on new models;

– investment in human capital.

The importance of investment for innovative development can be indicated by the following indicators:

– growth of economic development;

– increase of competitiveness;

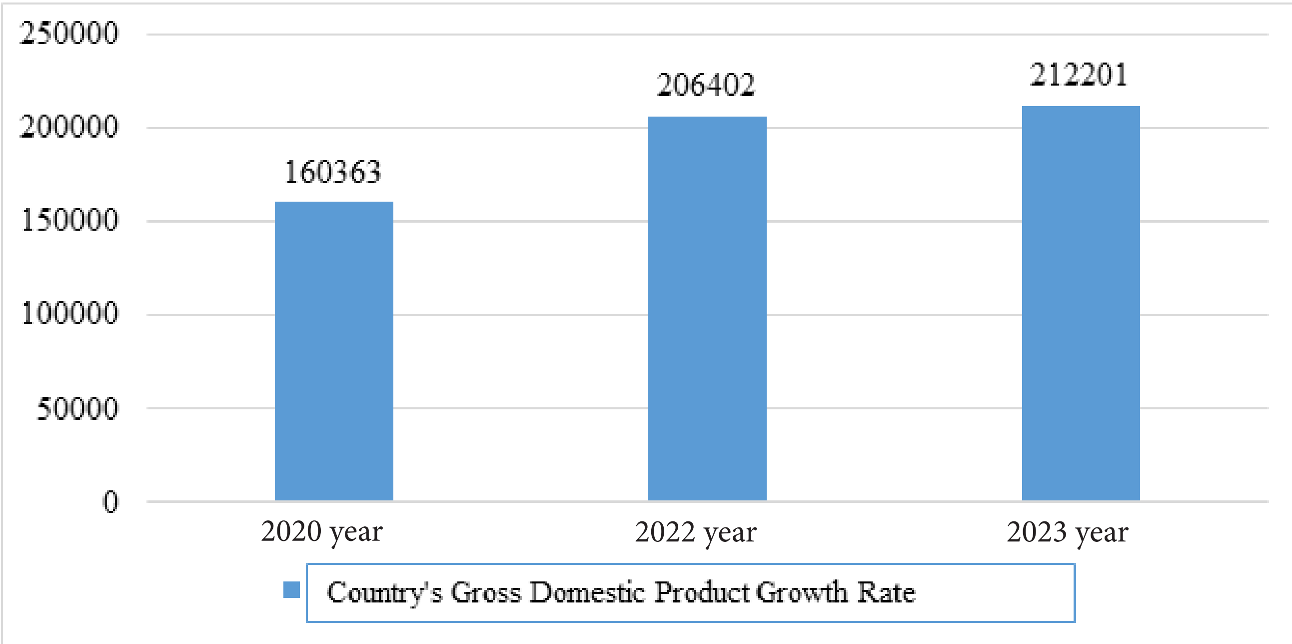

Diagram 1. Growth rates of Turkmenistan's Gross Domestic Product [4]

– improving the standard of living of the population;

– ensuring sustainable economic growth.

At the new stage of development, with the widespread introduction of modern technological innovations in all sectors of the economy, production methods are undergoing radical changes, as well as the requirements for employees' thinking and professional skills are consistently increasing. Thanks to the implementation of long-term state programs in Turkmenistan, significant investments are directed to the modernization of all sectors of the economy and their technical and technological re-equipment.

In neutral Turkmenistan, sustainable development is achieved through successful implementation of program objectives. So, thanks to targeted development in 2024, the growth rate of gross domestic product was 6.3 percent. The country's Gross Domestic Product growth is shown in Diagram 1.

As can be seen from Diagram 1, the growth rate of our country's gross domestic product (GDP) remains stable. Among the components of GDP, key sectors of the economy such as trade and services grew at a high rate. Our country's gross domestic product growth was also ensured in 2024. For example, growth of 1.5 % was achieved in industry, 10.1 % in trade, 5.3 % in agriculture and 8.6 % in services. It can also be noted that the volume of retail trade turnover in 2024 increased by 13.1 %.

In 2014 the volume of exported products manufactured in the country exceeded 12 billion US dollars [2]. The capital investment program, funded from all sources was fully implemented, and compared to 2023, the volume of assimilated investments increased by 9.1 % [3].

According to the Program of socio-economic development and Investments of Turkmenistan for 2025, it is planned to maintain the GDP growth rate at 6.3 %, sustainable development of national economy sectors and regions of the country, ensuring full utilization of industrial enterprises, creating more than 3,000 new jobs through the organization of new enterprises, bringing the volume of foreign trade turnover to 20 billion US dollars.

The expected composition of GDP in 2025 is presented in Diagram 2.

As can be seen from Diagram 2, in 2025, the country's economic growth will be achieved by diversifying the structure of gross domestic product. In the International Year of Peace and Trust, it is planned to fully develop the national economy and ensure sustainable GDP growth. It is expected that as a result of the implementation of the planned measures, the GDP growth rate will reach 6.3 percent. The structure of gross domestic product is projected

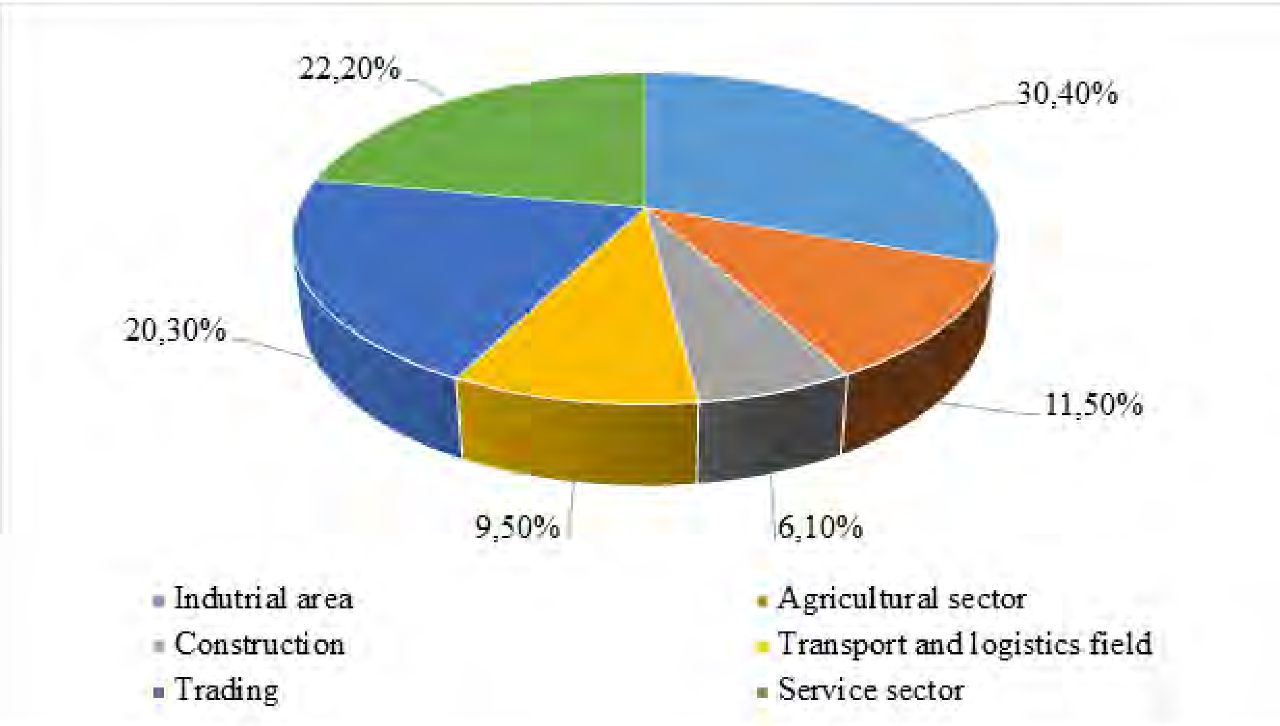

Diagram 2. Projected structure of Turkmenistan's gross domestic product in 2025 [2]

as follows: industry – 30.4 %, agriculture – 11.5 %, construction – 6.1 %, transport and communications – 9.5 %, trade – 20.3 %, services – 22.2 % [2]. The level of investment activity in Turkmenistan is shown in Diagram 3.

As can be seen from Diagram 3, investment activity in Turkmenistan is constantly increasing. This indicates an increase in the efficiency of investments directed to the country's economy.

In 2025, it is planned to allocate 40.1 billion manats of capital investments into the country's economy under all funding sources. These funds will mainly be invested in the development of industrial sectors, expanding the activities of innovative joint ventures, creating industries that replace imports and increase exports, ensuring food security, creating modern jobs, and improving social security and living standards of the population.

It is also planned to develop small and medium-sized businesses, increase the share of the private sector in the GDP structure to 71.6 %, as well as increase wages, pensions, social benefits and scholarships by an average of 10 %, which will contribute to the growth of incomes and improve living conditions. According to the Program, 65.6% of the total investment in 2025, will be directed to production purposes and 34.4% to socio-cultural purposes.

As a result of measures taken to develop market conditions and tools that stimulate a competitive economy, as well as to improve a favorable business environment, it is expected that the share of the non-state sector in the investment structure will be 32.9 %. The structure of investments for 2025 is shown in Diagram 4.

As can be seen from Diagram 4, the increase in the share of the non-state sector in the country's investment activity is a clear indication that the state creates ample opportunities for the development of private entrepreneurship. Along with domestic resources, much attention is also paid to attracting foreign investment. It is expected that in 2025 the share of foreign investments in the total investment structure will be 9.7 %.

The main part of investments is directed to priority and strategically important sectors of the

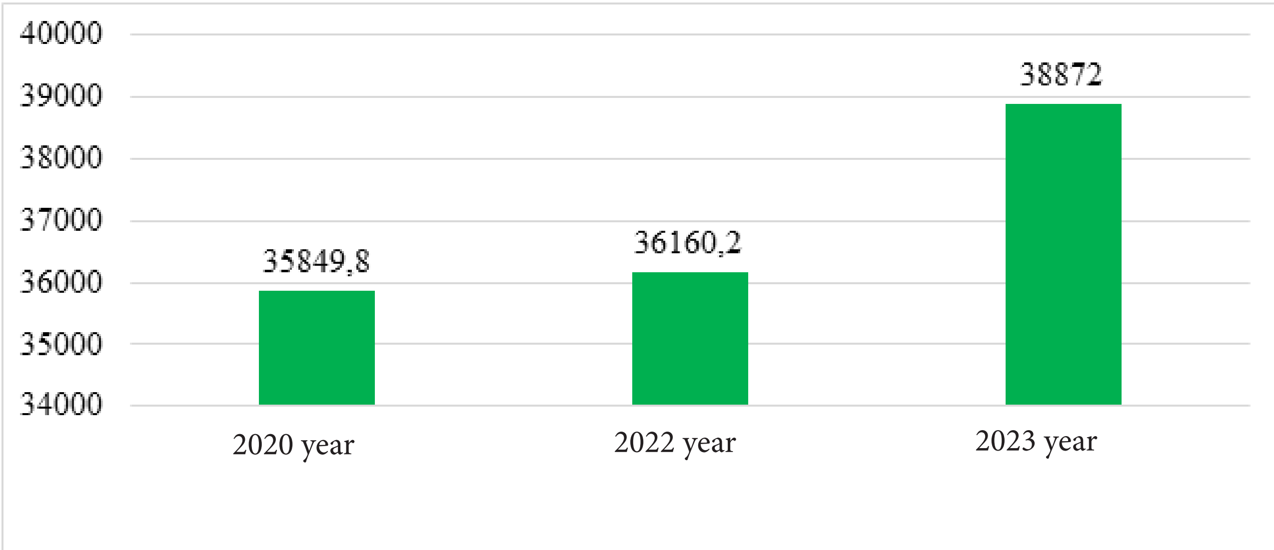

Diagram 3. Investment activity of Turkmenistan [4]

economy. This creates all the necessary conditions for the organization of innovative production at new enterprises. Innovative production increases labor productivity, reduces the cost of production, increases profitability, reduces the payback period for investments, and ensures economic and social efficiency. The widespread introduction of modern innovative technologies in production contributes to ensuring environmental safety, improving the efficiency of waste management, improving the quality of the environment, as well as creating conditions for rational, economical and highly efficient use of labor resources and financial resources in all sectors of the economy.

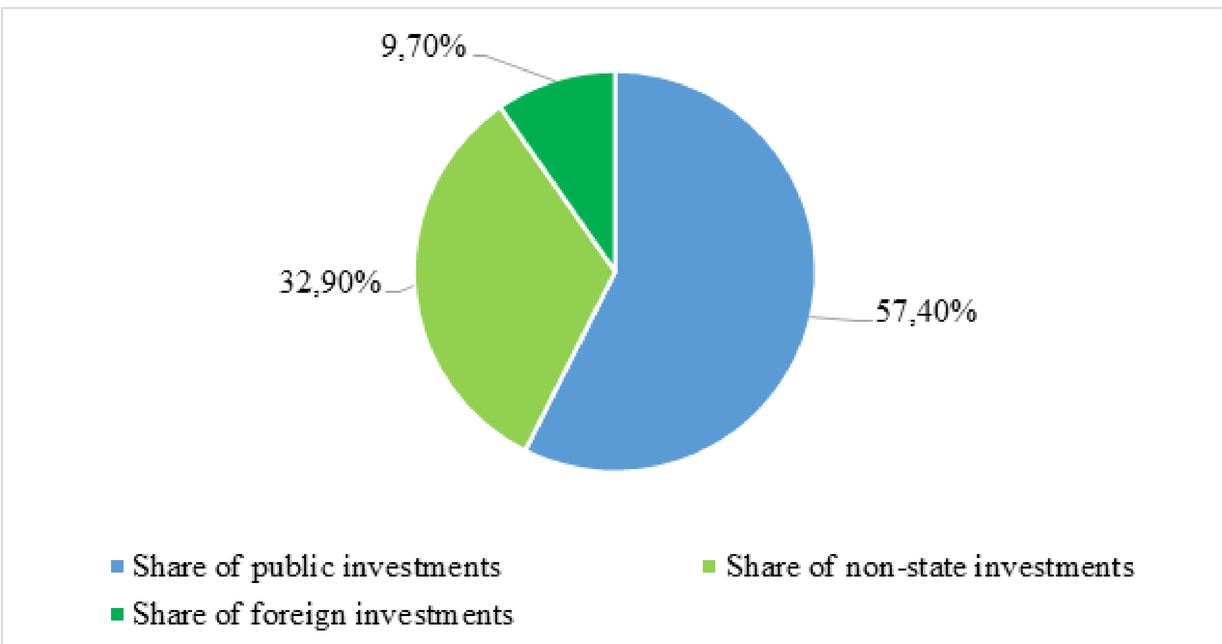

Diagram 4. Investment structure for 2025 [2]

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