

### **MINIMIZE RISKS IN PROJECT FINANCING WITH USING INSURANCE IN UZBEKISTAN**

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#### **INTRODUCTION**

One of the most effective ways to manage risks is through insurance, which helps minimize the negative consequences of unpredictable events. Project financing risk insurance protects participants from potential losses and creates a stable foundation for successful project implementation. This article analyzes the main types of project financing risks and the role of insurance in managing them.

In Uzbekistan, several decrees and regulatory acts address project management, particularly in the context of government and investment projects. Some of them directly regulate issues related to project management, procurement, financing, monitoring, and reporting. The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 404, dated June 30, 2017, "On Additional Measures to Improve Project Management in Public Administration," is aimed at enhancing coordination and management of projects in the public sector, as well as implementing mechanisms to improve project implementation efficiency.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 8, dated January 17, 2018, "On Measures to Improve the Project Management System in the Public and Private Sectors," focuses on improving project management mechanisms within public-private partnerships, creating a legal framework for joint projects, and increasing the efficiency of resource utilization.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 785, dated December 25, 2020, "On Measures to Improve Project Management in the Infrastructure Sector," regulates project management in infrastructure, including transport, energy, and construction.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 594, dated November 7, 2022, "On the Procedure for Developing and

## E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30<sup>th</sup> May 2025

**Website:** <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

Implementing Large Investment Projects," aims to simplify the process of developing and implementing large investment projects, focusing on accelerating procedures and improving planning.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 1017, dated December 25, 2017, "On Measures to Improve the Investment Project Financing System," addresses financing issues for major investment projects, including lending, grants, and government co-financing.

The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 844, dated November 27, 2020, "On Measures to Implement Digital Technologies in Project Management," regulates the introduction of digital technologies and platforms for project management, increasing transparency and efficiency in handling project documentation and reporting.

PMBOK Guide (Project Management Body of Knowledge) – Published by the Project Management Institute (PMI), this is the primary guide on project management standards, continuously updated to include best practices, methods, and tools for successful project management. PMBOK serves as the foundation for the Project Management Professional (PMP) certification. "Project Management: From Theory to Practice" (Kravenko V. V., 2018) – This book examines key aspects of project management, including strategic management, risk management, quality management, and other critical components of successful projects.

"Project Management Guide" (Frederick B. Healy, 2015) – This source explores key project management methods and tools, as well as project efficiency assessment and problem-solving strategies.

"Project Management: Principles, Processes, and Practices" (Gilda R. Heaney, 2021) – This book covers fundamental principles of project management and methods to enhance project management practices, including flexible approaches such as Agile.

"The Role of Project Management in Successful Project Delivery" (Aubry, M., Hobbs, B., & Thuillier, D., 2007) – This article discusses the role of project management in ensuring successful project completion and ways to improve project management efficiency through the implementation of new processes.

"Project Management and the Agile Transformation" (Cohn, M., 2010) – This article focuses on the application of Agile methodologies in various industries and how Agile can improve flexibility and efficiency in project management processes.

"A Framework for Managing Projects in a Multi-Project Environment" (Müller, R., & Turner, R., 2010) – This study examines methods for managing multiple projects simultaneously and how their integration into an overall project management system can enhance processes and improve efficiency.

"Best Practices in Project Management: How to Achieve Greater Success" (Kerzner, H., 2018) – This article presents best practices in project management and strategies for their implementation to improve project efficiency and success. Main Types of Insurance in Project Financing

### 1. Construction All Risks Insurance

This is one of the most common types of insurance in project financing, covering damage related to the construction process. It insures against risks such as damage or destruction of the construction site due to natural disasters, accidents, human errors, etc.

### 1. Business Interruption Insurance

This type of insurance protects against losses caused by temporary project suspension due to unforeseen circumstances such as natural disasters, technological failures, or other unpredictable events.

### 2. Political Risk Insurance

In projects implemented in countries with high political instability, it is crucial to insure against risks associated with political changes, asset nationalization, expropriation, or changes in legislation.

### 3. Credit Risk Insurance

This insurance covers losses related to defaults or payment delays from project partners or contractors. It is essential for protecting investors and creditors.

### 4. Environmental Risk Insurance

Used to protect against environmental damage during project implementation. It covers risks of violating environmental regulations and legislative requirements.

### 5. Currency Risk Insurance

In international projects, it is important to insure against risks associated with currency fluctuations, which can affect project costs or profitability.

Uzbekistan has been actively developing its economy, infrastructure, and attracting foreign investment, necessitating the implementation of modern risk management methods, including insurance. However, project risk insurance practices in Uzbekistan are still in their early stages. Recommendations for Improving the Project Risk Insurance System in Uzbekistan

1. Development of insurance products for project management. Specialized insurance products should be created to protect against specific risks in large projects, such as project delays, cost changes, legal risks, and environmental risks.
2. Strengthening the regulatory framework. Special laws and regulations should be introduced to govern risk insurance in project management, ensuring clear rules for insurers, designers, contractors, and clients.
3. Training specialists. Educational programs and training sessions should be developed to prepare qualified personnel who understand project management and risk insurance mechanisms.
4. Attracting international partners and adopting global experience. Involving international insurance companies and consultants and leveraging global best practices can significantly enhance Uzbekistan's project insurance sector.
5. Creating a system of guaranteed obligation fulfillment. Establishing a guaranteed commitment system (e.g., through insurance bonds) can ensure contract compliance and protect project stakeholders from force majeure risks.

Project financing risk insurance is a crucial risk management tool that helps protect project participants from unpredictable circumstances. Implementing effective insurance programs enhances investor and creditor confidence, facilitating successful project execution. However, to effectively utilize insurance, risks must be carefully analyzed, and appropriate insurance types must be selected. In a globalized and uncertain environment, insurance tools are becoming an integral part of successful project financing.

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