

THE ROLE OF ISLAMIC COOPERATION FOR DEVELOPMENT AND UZBEK
FINANCIAL INSTITUTIONS IN ISLAMIC FINANCING

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Abstract: This article explores the potential of Islamic financing in Uzbekistan, focusing on the development of Islamic financial institutions and the role of international collaboration in fostering the growth of the sector. With the country's predominantly Muslim population, Uzbekistan should offer a promising market for Shari'ah-compliant financial products such as Sukuk, Islamic microfinance, Takaful, and Islamic investment funds. The article discusses the opportunities for Islamic financing in Some sectors such as infrastructure financing, financial inclusion, and corporate banking. It also identifies challenges, including the need for a comprehensive regulatory framework, financial literacy, and the development of necessary market infrastructure.

Somewords: Islamic financing, Islamic cooperation for development, Shari'ah-Compliant Banking, Sukuk, Islamic Microfinance, Takaful, Islamic Investment Funds, Public-Private Partnerships, Islamic Development Bank (IsDB), Islamic financing Infrastructure.

Introduction

Islamic financing, a growing segment of the global financial system, is founded on principles that align with Islamic law (Shari'ah). Unlike conventional finance, which relies on interest-bearing transactions, Islamic financing promotes equity participation, risk-sharing, and ethical investing. Over the past few decades, Islamic financing has expanded from its traditional base in the Gulf region to countries across the globe. This expansion is not just confined to financial products like Sukuk (Islamic bonds) or Murabaha (cost-plus financing), but also includes a broader socio-economic development agenda.

One of the Some drivers of Islamic financing's growth is the cooperation between Islamic financial institutions and development organizations. Islamic Cooperation for Development aims to integrate the principles of Shari'ah into economic development, poverty alleviation, and infrastructure financing. Through entities such as the Islamic Development Bank (IsDB) and the Organization of Islamic Cooperation (OIC), Islamic financing has found a unique role in addressing the development needs of member countries. These institutions provide funding, technical assistance, and policy guidance to help nations implement sustainable and inclusive development projects that are aligned with Islamic ethical standards.

Main part

Islamic cooperation for development traces its origins to the establishment of the Organization of Islamic Cooperation (OIC) in 1969, a group that currently includes 57 member states from across the globe. The OIC was created with the primary aim of promoting solidarity among Muslim-majority countries and advancing collective political, economic, and cultural interests. In the economic realm, the OIC has consistently worked toward fostering development within its member states through collaborative programs and initiatives.

Islamic cooperation for development operates through several Some mechanisms. One of the most important is Islamic financial products, which are designed to promote ethical investment

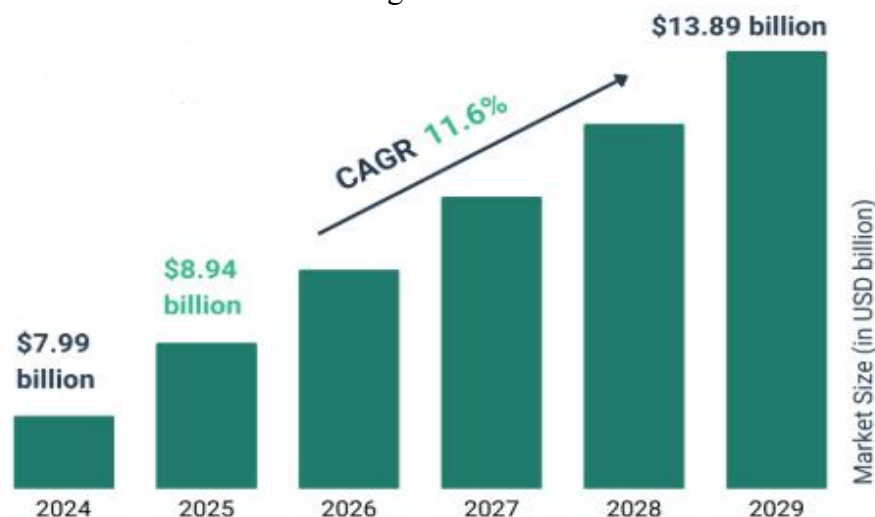
and financing in line with Shari'ah principles. These products are distinct in that they prohibit interest-based transactions, which are seen as exploitative in Islamic law.

These instruments have been widely used in infrastructure financing, such as the development of roads, energy, and healthcare facilities. For example, the IsDB has financed numerous infrastructure projects in member countries using Sukuk (Islamic bonds) as a tool for raising capital. These bonds are structured to provide investors with returns derived from tangible assets or income-generating projects, rather than interest.

Another significant mechanism is trade and investment promotion. The IsDB, in collaboration with regional development banks and financial institutions, has worked to promote intra-OIC trade by offering financing for trade projects. This has been critical for facilitating economic integration within the OIC and fostering economic cooperation among member countries.

The impact of Islamic financing on development can be observed through several initiatives supported by the IsDB. For example, the Al-Quds Fund, established by the IsDB, aims to promote development in Palestine by providing funding for infrastructure, education, and healthcare projects. Similarly, the IsDB has funded large-scale projects in countries like Indonesia, Malaysia, and Turkey, helping to modernize infrastructure and promote sustainable economic growth.

The unique feature of Islamic financing is its focus on ethical investing. Islamic financial institutions are required to avoid investing in industries that are considered harmful to society, such as gambling, alcohol, and weapons manufacturing. This ethical approach has attracted a growing number of investors who seek to align their investments with their values.



Picture 1. The islamic finance market growth forecast¹

The islamic finance market size has grown rapidly in recent years. It will grow from \$7.99 billion in 2024 to \$8.94 billion in 2025 at a compound annual growth rate (CAGR) of 11.9%. The growth in the historic period can be attributed to demand for sharia-compliant products and practices, vast oil wealth stimulated fresh interest, the importance of risk-sharing in raising finance, strong investments in halal sectors, and expanding Islamic banking services.

The islamic finance market size is expected to see rapid growth in the next few years. It will grow to \$13.89 billion in 2029 at a compound annual growth rate (CAGR) of 11.6%. The growth

¹ <https://www.thebusinessresearchcompany.com/report/islamic-finance-global-market-report>

in the forecast period can be attributed to the expansion of the Islamic finance industry, increase in the muslim population, ethical and socially responsible investing, government support and regulation, and globalization of Islamic finance. Major trends in the forecast period include the introduction of electronic modes in all products and services, innovation in financial products, new launches of Islamic exchange-traded funds (ETFs), popularity of ESG-related financial assets, and integration of financial technology.

While Islamic financing has made significant strides in promoting development, challenges remain, particularly in terms of integrating Islamic financing into the broader global financial system. Regulatory frameworks, capacity building, and market awareness are all areas where Islamic financing can continue to evolve and contribute to the development agenda.

The election of Shavkat Mirziyoyev as President in 2016 marked a new phase of economic reforms. Mirziyoyev's administration has prioritized economic liberalization, financial sector reform, and foreign investment. Under his leadership, Uzbekistan has taken significant steps toward opening up its financial markets and integrating more fully with the global economy. The financial system in Uzbekistan has historically been dominated by state-owned banks. These banks have played a central role in financing the economy, particularly in sectors like agriculture, industry, and energy. However, the Uzbek government has recognized the need for a more diversified financial sector to support private sector development and economic growth.

In recent years, Uzbekistan has introduced several reforms aimed at modernizing its financial system. These reforms include the privatization of some state-owned banks, the introduction of new banking products, and efforts to increase competition within the financial sector. Uzbekistan's stock market has also seen improvements, with new listings and increased foreign participation.

To support these reforms, Uzbekistan has made significant strides in improving its regulatory framework. In particular, the Central Bank of Uzbekistan has introduced new policies to promote financial stability, strengthen the banking system, and ensure greater transparency. The country has also made efforts to improve its anti-money laundering and counter-terrorism financing frameworks, aligning with international standards. At the same time, the Uzbek government has recognized the potential of Islamic financing to support economic development. Although the country does not yet have a comprehensive legal framework for Islamic financing, there has been growing interest in introducing Islamic financial products to cater to the demand from the Muslim population. Despite these positive developments, Uzbekistan's financial sector faces several challenges. One of the main challenges is the lack of financial literacy among the population. This has hindered the growth of the private sector and limited access to financial services, especially in rural areas. Additionally, regulatory barriers remain in place that prevent the full integration of Islamic financing into the mainstream financial system. There is a need for greater capacity building, training, and the establishment of Shariah boards to ensure compliance with Islamic principles.

In Uzbekistan, real GDP growth increased to 6.5% in 2024 (from 6.3% in 2023). Real private consumption growth accelerated to 7.5% (compared to 7% in 2023). The 27.6% growth in real investment was driven by centralized investment and foreign direct investment (FDI), with the latter accounting for 30.5% of total investment.

The current account deficit narrowed from 7.6% of GDP in 2023 to 5.0% in 2024, aided by a 19.6% increase in net remittance inflows. Exports rose by 4.5%, with non-gold exports increasing by 16.5%, driven by the service, food, and chemical sectors, while exports of gold, textiles, and machinery moderately declined.

Imports grew at an expected rate of 2.3% in 2024, driven by natural gas and a moderate reduction in the import of chemicals and transport equipment, the latter of which was a result of rising domestic production.

The Uzbek som depreciated by 3.7% against the US dollar in 2024 (compared to an 8.4% depreciation in 2023). International reserves reached \$41.2 billion at the end of 2024, representing 12 months of imports, and a 19% increase over the year due to the surge in the price of gold. In 2024, the budget deficit reached 3.2%, compared to 5.5% in 2023.

The UMIC poverty rate declined from 13.4% in 2023 to 10.9% in 2024 (\$6.85/day, 2017 PPP). High wage growth, increased employment, and growth in household agricultural and business income were the main drivers of this reduction.

Uzbekistan is projected to grow by 5.9% in 2025, driven by domestic demand from high real wages, remittance inflows, and investment. The improved trade balance, supported by growth in gold, services, and manufactured exports, along with fiscal consolidation, is expected to keep the current account deficit around 5% of GDP over the medium term.

The government is expected to meet its fiscal deficit target of 3% of GDP in 2025, as it continues its fiscal consolidation, including an additional round of energy subsidy reductions announced for mid-2025.

Headline inflation is projected to decline to 9% in 2025 and gradually approach the inflation target of 5% in 2027. The government is expected to adhere to its borrowing limits of \$5.5 billion, with public debt decreasing to below 33% of GDP by 2027.

The downside risks to this outlook include a further deterioration in Russia's economic performance, increased volatility in commodity prices, and rising food inflation compounding the 2025 energy tariff increases. Upside risks include higher global gold and copper prices, and faster productivity growth and FDI from ongoing structural reforms².

The legal framework for Islamic financing in Uzbekistan is still in its early stages of development, though there has been significant progress over the last few years. Islamic financing is not yet fully integrated into Uzbekistan's financial system, but steps are being taken to facilitate the introduction of Shari'ah-compliant products and services. Uzbekistan's government has expressed interest in developing the Islamic financing sector as part of its broader goal to modernize the economy and attract investment from the Gulf region and other parts of the Islamic world. This is particularly relevant in light of Uzbekistan's rich Muslim heritage and the growing demand for ethical and Shari'ah-compliant financial products.

The Central Bank of Uzbekistan (CBU), in collaboration with other regulatory bodies, is working toward establishing the necessary legal and institutional frameworks to support Islamic financing. This includes efforts to update laws to accommodate Islamic financial products such as Sukuk (Islamic bonds), Murabaha (cost-plus financing), Ijara (Islamic leasing), and Mudarabah (profit-sharing). In 2020, the Uzbek government passed new laws to allow Islamic banking and Islamic insurance (Takaful). These laws are a step toward creating a more robust and inclusive financial system. However, the full implementation of these laws will require additional regulatory clarity and the establishment of regulatory bodies such as Shari'ah boards to oversee compliance with Islamic law.

Uzbekistan's regulatory reforms aim to create an environment conducive to the development of Islamic financing while ensuring that the sector operates within the bounds of international best practices. The inclusion of Islamic financing will help diversify the financial system and provide an alternative financing option for those who prefer Shari'ah-compliant solutions.

² <https://www.worldbank.org/en/country/uzbekistan/overview#economy>

While the legal framework for Islamic financing in Uzbekistan is still evolving, several Islamic financial products have started to appear on the market. These products cater to the demand for ethical and Shari'ah-compliant solutions for both retail and corporate clients.

Despite the relatively recent introduction of Islamic financing in Uzbekistan, the demand for Shari'ah-compliant products has been steadily increasing. This demand is driven not only by the Muslim population, which makes up a significant portion of the country's 34 million people, but also by the growing interest from international investors who seek ethical investment options.

Several factors are contributing to the growth of Islamic financing in Uzbekistan. First, the government's commitment to financial sector reform is creating an enabling environment for Islamic financing to flourish. This includes the privatization of state-owned banks, the opening of the banking sector to foreign investors, and the liberalization of the currency market.

Second, the increasing integration of Uzbekistan with the global economy and its efforts to attract foreign direct investment (FDI) are creating opportunities for Islamic financial institutions to play a role in financing infrastructure projects and other large-scale ventures.

Finally, the rising awareness of Islamic financing among the population and within the financial community is accelerating the adoption of Islamic financial products. However, significant challenges remain in terms of regulatory capacity, market infrastructure, and public understanding of Islamic financing.

Islamic banks have a unique role to play in Uzbekistan's financial system, as they provide an alternative to conventional banks that operate on interest-based models. The establishment of Islamic banks has been slow but steady in Uzbekistan.

Uzbekistan's financial sector is also benefiting from its partnerships with international Islamic financial institutions. The Islamic Development Bank (IsDB) has been an important partner in supporting the development of the Islamic financing sector in Uzbekistan. The IsDB has provided funding and technical assistance for several projects, including the development of Islamic banking infrastructure, capacity-building initiatives, and the introduction of Shari'ah-compliant financial products.

In addition to the IsDB, other international institutions such as Dubai Islamic Bank and Al Baraka Banking Group have shown interest in expanding their operations in Uzbekistan. These institutions are bringing valuable expertise and experience in Islamic financing, which will be crucial for the development of Uzbekistan's Islamic financing industry.

Islamic leasing and microfinance are emerging sectors within Uzbekistan's financial system. Islamic microfinance is particularly important in promoting financial inclusion for low-income households and small businesses. Microfinance institutions in Uzbekistan are increasingly adopting Islamic principles, providing small loans that comply with Shari'ah law.

The development of Islamic leasing is also creating opportunities for businesses to acquire equipment and assets without resorting to interest-bearing loans. Leasing contracts like Ijara are becoming popular in sectors such as agriculture, manufacturing, and construction, where businesses need to invest in machinery and equipment but cannot afford to make large upfront payments.

The social impact of Islamic financing in Uzbekistan is already visible in areas such as financial inclusion and poverty alleviation. Islamic financial institutions are providing services to underserved populations, including rural communities, women, and small businesses. By offering interest-free loans, profit-sharing models, and equity financing, Islamic financing is helping to reduce the burden of debt and empower individuals and businesses to invest in their future.

Islamic financial institutions also play a role in promoting ethical investments that contribute to social and environmental well-being. Investments in sectors such as renewable energy, healthcare, and education are in line with the Shari'ah principles of fairness, justice, and social responsibility.

The Islamic Development Bank (IsDB) has been an active partner in Uzbekistan's economic development, providing both financing and technical assistance for a range of infrastructure and development projects. The IsDB has supported projects in sectors such as energy, agriculture, education, and healthcare, with a focus on ensuring that these projects are both economically viable and aligned with Islamic ethical principles.

The IsDB has also been instrumental in providing Sukuk-based financing for large-scale infrastructure projects in Uzbekistan. For example, the IsDB has provided funding for road construction, electricity generation, and water management projects, all of which contribute to the country's economic growth and development.

Some of the Some projects supported by the IsDB in Uzbekistan include the Tashkent-Chirchik Highway and the Construction of a Solar Power Plant in Samarkand. These projects are part of a broader effort by the IsDB to help Uzbekistan develop its infrastructure and address its growing energy needs. The IsDB has also provided technical assistance to improve the country's education and healthcare systems, with a focus on building capacity in these sectors. While the IsDB's work in Uzbekistan has been successful, there are still challenges to overcome. One of the primary challenges is the need for regulatory clarity and the establishment of Shari'ah-compliant frameworks that align with international standards. Additionally, the IsDB faces challenges in promoting public-private partnerships (PPPs) and ensuring that Islamic financing is integrated into Uzbekistan's broader financial system. However, Uzbekistan presents numerous opportunities for the IsDB, particularly in the areas of infrastructure financing, agriculture, and small business development. The country's efforts to diversify its economy and attract foreign investment align with the IsDB's mission of fostering sustainable and inclusive development in member countries.

One of the most significant opportunities for Islamic financing in Uzbekistan is in infrastructure financing. The country has embarked on a large-scale development agenda aimed at improving its infrastructure, including roads, energy, healthcare, and housing. Given the immense financing needs of these sectors, Islamic financing offers an attractive alternative to conventional debt financing, especially considering that Islamic financial products can be structured to align with the government's goals of sustainable development. The potential for Sukuk issuance is particularly relevant in this context. Sukuk, or Islamic bonds, are ideal instruments for raising capital for infrastructure projects because they are backed by tangible assets, such as real estate, infrastructure, or natural resources. Sukuk can be used to fund public infrastructure projects, including road construction, water systems, airports, and energy plants, thus providing an avenue for the government to raise capital while adhering to Shari'ah principles. Additionally, the global demand for Sukuk presents an opportunity for Uzbekistan to tap into international capital markets. Several international Islamic financial institutions, including the Islamic Development Bank (IsDB) and private entities like Dubai Islamic Bank and Qatar National Bank, are potential investors in Uzbekistan's infrastructure projects. These institutions can also provide advisory services, helping to structure projects in line with Islamic financing principles.

Another Some opportunity lies in financial inclusion, particularly through Islamic microfinance. Uzbekistan has a relatively low level of financial inclusion, with many people in rural areas lacking access to basic banking services. Islamic microfinance can be an effective tool for

improving access to finance for underserved populations, particularly women, smallholder farmers, and entrepreneurs.

By providing interest-free loans or profit-sharing micro-financing, Islamic financial institutions can help individuals and small businesses invest in education, healthcare, and income-generating activities. This can play a significant role in poverty alleviation, reducing economic disparities, and fostering inclusive growth.

In rural areas, Islamic microfinance institutions (MFIs) could offer Shari'ah-compliant financial products tailored to the specific needs of these populations, including Murabaha, Mudarabah, and Ijara contracts. These products could be used for financing small-scale agricultural projects, providing working capital for rural entrepreneurs, and facilitating access to education and healthcare.

The growth of Islamic financing presents an opportunity to diversify the financial offerings available to both corporate clients and retail customers. Islamic financial institutions can offer Islamic banking products that appeal to consumers seeking ethical alternatives to conventional banking services.

1. Corporate Financing: Large corporations can benefit from Musharakah and Mudarabah contracts, which are profit-and-loss-sharing arrangements that allow businesses to raise capital without incurring interest payments. These structures are particularly attractive to entrepreneurs and businesses in Uzbekistan's emerging sectors, including agriculture, technology, and manufacturing.

2. Retail Banking: On the retail side, Islamic banks can offer products such as home financing (Murabaha), education financing, and personal loans that comply with Shari'ah law. The increasing demand for ethical investment products from both Muslim and non-Muslim populations provides an opportunity to tap into a new market segment.

Given that Uzbekistan's population is predominantly Muslim, there is also a natural demand for Shari'ah-compliant banking services. This creates a potential for Islamic retail banks to attract customers who are currently underserved by conventional banks.

While there are numerous opportunities for the growth of Islamic financing in Uzbekistan, several challenges must be overcome to fully integrate the sector into the country's financial system.

One of the most significant challenges is the lack of a comprehensive regulatory framework for Islamic financing. Although progress has been made, with laws passed in recent years to permit Islamic banking and finance, there is still a need for further development of legal infrastructure to support Islamic financial institutions and products. For example, the development of Shari'ah-compliant capital markets and Sukuk issuance requires regulatory frameworks that ensure transparency, accountability, and investor protection.

Moreover, there is a need for Shari'ah advisory boards to oversee the compliance of financial products with Islamic principles. These boards must include qualified scholars who have expertise in Islamic jurisprudence and finance to ensure that the products offered by banks, insurers, and microfinance institutions are fully compliant with Shari'ah law.

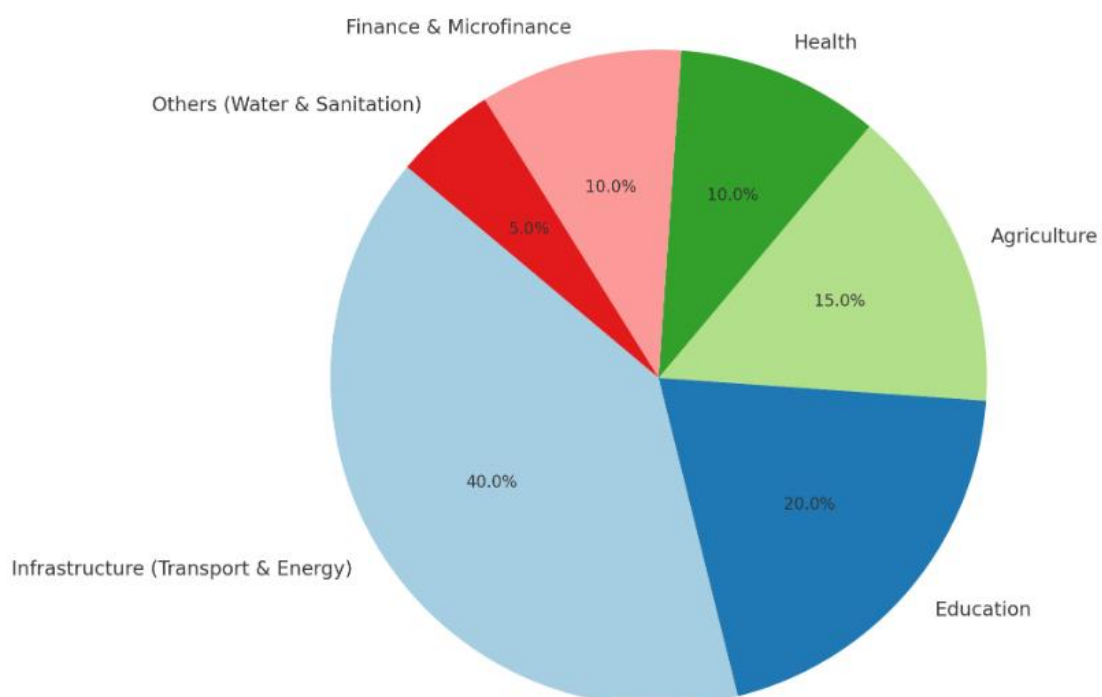
A significant barrier to the growth of Islamic financing in Uzbekistan is the lack of awareness about Islamic financial products and services. While Uzbekistan is a predominantly Muslim country, many people are unfamiliar with the principles of Islamic financing or the types of products available to them. This lack of awareness extends to the financial sector professionals as well. There is a shortage of individuals with specialized knowledge in Islamic financing in Uzbekistan, making it difficult to develop new products or manage Islamic financial institutions

effectively. As such, there is a need for training programs and educational initiatives to build expertise in Islamic financing across the country.

The financial market infrastructure in Uzbekistan needs further development to support Islamic financing. This includes the establishment of Shari'ah-compliant investment vehicles, financial institutions, and capital markets. Additionally, building capacity in areas such as Islamic microfinance and Islamic insurance requires targeted initiatives from both the government and private sector.

The absence of Shari'ah-compliant financial institutions in some sectors creates an additional barrier to the growth of Islamic financing. For example, Islamic banks are essential for providing Shari'ah-compliant financing products such as Murabaha and Ijara. As such, more Islamic banks need to be established, and existing banks should be encouraged to offer Islamic products.

Despite the challenges, the future prospects for Islamic financing in Uzbekistan are positive. The country's young population, growing middle class, and Muslim-majority status provide a solid foundation for the development of Islamic financing. Moreover, Uzbekistan's economic reforms and efforts to integrate with the global financial system are creating an enabling environment for the growth of Islamic financing. The Central Bank of Uzbekistan, in collaboration with the Islamic Development Bank and other international organizations, is well-positioned to play a leading role in supporting the development of Islamic financing. With the right regulatory framework, market infrastructure, and educational initiatives, Uzbekistan can become a regional hub for Islamic financing. Furthermore, the increasing demand for ethical and socially responsible investment options presents an opportunity for Islamic financing to meet the needs of investors seeking ethical alternatives to conventional financial products. This trend is expected to continue growing in Uzbekistan, offering promising opportunities for the future of Islamic financing.



Picture 2. The estimated sectoral distribution of Islamic finance investments in Uzbekistan³

³ Done by author

The pie chart illustrates the estimated sectoral distribution of Islamic finance investments in Uzbekistan, reflecting how funds from Islamic financial institutions are allocated across various areas of the economy. Infrastructure (Transport and Energy) – 40%. The largest share of Islamic finance investments goes to infrastructure, underscoring Uzbekistan's emphasis on improving roads, railways, and energy systems through Sharia-compliant financing instruments like sukuk. Education – 20%. A significant portion is allocated to education, supporting the construction of schools, training centers, and curriculum development aligned with long-term human capital growth. Agriculture – 15%. Investments here aim to boost productivity and food security, especially in rural areas, through Islamic financial tools like mudarabah and murabaha contracts. Health – 10%. Funds are directed to improve hospitals, clinics, and medical equipment, helping to expand access to healthcare services. Finance and Microfinance – 10% Islamic finance also supports the development of Sharia-compliant banking services, including microfinance aimed at small entrepreneurs and underbanked populations. Others (e.g., Water and Sanitation) – 5% A smaller share targets essential services like clean water, waste management, and urban sanitation. This allocation demonstrates how Islamic finance in Uzbekistan is not only supporting economic growth but also contributing to social development and infrastructure modernization in line with Islamic ethical principles.

Conclusion and suggestions

A robust legal and regulatory framework is crucial for the long-term success of Islamic financing in Uzbekistan. While significant steps have been made with the introduction of laws enabling Islamic banking, there are still gaps in the regulation of Some Islamic financial products such as Sukuk (Islamic bonds) and Islamic insurance (Takaful). To ensure the proper functioning of these products and services, Uzbekistan should focus on the following actions:

- Issuing comprehensive regulations for the establishment of Shari'ah-compliant capital markets, including clear guidelines for Sukuk issuance.
- Creating a central Shari'ah board to oversee the compliance of financial institutions with Islamic principles. This board can serve as the standard for certifying Shari'ah-compliant products and services, providing guidance to both the public and private sectors.
- Establishing specific laws for Islamic microfinance to encourage financial inclusion, focusing on flexible and accessible micro-loans for rural communities, women, and underserved populations.

Additionally, the government should engage with global experts in Islamic financing to ensure that the legal framework aligns with international standards and attracts investment from Islamic investors worldwide.

To boost the adoption of Islamic financing products and services, Uzbekistan must address the lack of financial literacy and awareness about Islamic financing principles. Public and private sector institutions should invest in educating the public about the benefits of Islamic financing, its ethical principles, and how it differs from conventional banking.

Some strategies to improve financial literacy include:

- Education campaigns aimed at both consumers and financial professionals, focusing on the benefits of interest-free financing and profit-sharing models.
- Training programs for banking professionals to build capacity in Islamic financing. This will help ensure that a new generation of professionals is equipped to operate Islamic financial products effectively and in accordance with Shari'ah law.

- University partnerships: Collaborating with local universities and institutions to offer specialized courses on Islamic financing, which will also attract international students interested in the sector.

Increased financial literacy will not only help create demand for Shari'ah-compliant financial products but also promote a deeper understanding of the ethical foundations of Islamic financing, which is important for its long-term success in Uzbekistan.

The growth of Islamic financing in Uzbekistan will require substantial investment in infrastructure. Investing in Islamic financing infrastructure will not only foster a thriving sector but also demonstrate Uzbekistan's commitment to ethical financial systems that are compatible with the values of its predominantly Muslim population.

Public-private partnerships (PPP) are crucial in financing large infrastructure projects, and Islamic financing is an ideal vehicle for structuring such partnerships. Uzbekistan should leverage Islamic financing models to promote joint ventures and collaboration between the government and private sector investors. These partnerships could focus on areas like:

- Renewable energy projects: Given Uzbekistan's commitment to developing green energy and sustainable infrastructure, Islamic financing offers a means of financing through Sukuk or Ijara contracts.
- Social projects: Projects that improve access to education, healthcare, and housing can be supported by Islamic microfinance and impact investing, helping to improve the livelihoods of the population.
- Infrastructure development: PPPs can also be used in road construction, rail systems, and other large-scale infrastructure projects, enabling long-term financing that is both Shari'ah-compliant and sustainable.

Fostering PPP frameworks using Islamic financing models will enable Uzbekistan to finance major projects, increase efficiency, and attract international investors while ensuring that the financing remains aligned with Islamic ethical principles.

By leveraging international collaboration, Uzbekistan can ensure that its Islamic financing sector is built on global best practices, ensuring stability, credibility, and sustainable growth in the years to come.

In conclusion, Islamic financing has immense potential to transform the financial landscape of Uzbekistan. With the country's growing population, rich Muslim heritage, and strong economic reform agenda, the prospects for Islamic financing are bright. However, the sector's success depends on a series of strategic actions, including strengthening the regulatory framework, improving financial literacy, and building the necessary market infrastructure.

Uzbekistan's efforts to embrace Islamic financing are aligned with its broader economic goals, which include diversifying the economy, attracting foreign investment, and ensuring sustainable development. By leveraging Islamic financial products such as Sukuk, Islamic microfinance, Takaful, and Shari'ah-compliant investment funds, Uzbekistan can address the challenges of poverty, infrastructure gaps, and financial exclusion while staying true to Islamic principles. Through international collaboration, strategic public-private partnerships, and a focus on financial literacy, Uzbekistan can position itself as a leading player in the growing global Islamic financing industry. As such, the future of Islamic financing in Uzbekistan holds great promise, and the country is well on its way to becoming a hub for Islamic financing in Central Asia.

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