MEASURING INVESTMENT ATTRACTIVENESS AND ECONOMIC SECURITY: A COMPARATIVE REVIEW OF INTERNATIONAL INDICATORS AND ASSESSMENT FRAMEWORKS, WITH EVIDENCE FROM UZBEKISTAN

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Abstract

International rankings and indices are widely used in investment promotion, but they measure different things in different ways and often tell different stories about the same country. This article compares ten frameworks that investors, rating agencies and governments use to judge investment attractiveness and economic security: Doing Business, B-READY, the Index of Economic Freedom, the Worldwide Governance Indicators, the Corruption Perceptions Index, the WJP Rule of Law Index, UNCTAD and balance-of-payments FDI statistics, sovereign credit ratings, IMF external-sector assessments and composite vulnerability indices. Each framework is classified by construct, data basis and design weaknesses, and Uzbekistan is used as a test case. Uzbekistan stands higher in indices of rules and openness (53–64 per cent of ranked countries are below it) than in indices of integrity and enforcement (31–43 per cent). Headline numbers also depend on definitions: foreign investment for 2025 is USD 43.1 billion in national statistics but USD 4.4 billion as net equity inflows in the balance of payments, a ratio of almost ten to one. The evidence is descriptive and rests on a small number of indices. I argue that no single framework is enough, that numerical rank targets create incentives that need managing, and I propose a five-layer dashboard that reads rules, enforcement, realised investment, the external balance sheet and the market's verdict together.

Keywords: investment attractiveness; economic security; international indices; governance indicators; measurement; Uzbekistan

Introduction

In investment promotion, rankings are used constantly. A climb of a few places is announced as news, quoted in investor presentations and, in some countries, written into official targets. Uzbekistan is a clear example: a 2024 resolution named 15 priority international rankings and indices [1], and the 14-place rise in the 2026 Index of Economic Freedom was presented by the government as a result against one of them [2]. Indices compress a large amount of information and make comparison possible. My concern is that an index is a set of design choices (what to include, whose opinion to ask, how to aggregate, which year to use), and a ranking is often read as a measurement of fact.

The problem matters twice for a country like Uzbekistan. First, investment attractiveness (how appealing a country looks to outside investors) is judged almost entirely through such instruments, so what they miss, the country's reform agenda is likely to miss as well. Second, economic security (the ability of an economy to keep growing and to withstand external shocks) is judged through a different family of indicators, built by the IMF, rating agencies and researchers, and these are rarely read together with the first family. In an earlier study I found that better regulatory quality moved together with higher FDI in Uzbekistan, while external debt and dependence on remittances also rose [3]. That result raises a measurement question: would the same conclusion appear if different indicators had been used?

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I wrote this article because of three problems. The first is instrument risk. The World Bank discontinued Doing Business in 2021 after an investigation found that staff had been pressured to alter data affecting China, Saudi Arabia, the United Arab Emirates and Azerbaijan [4, 5], which shows that even a well-known ranking can be manipulated. The second is disagreement among current indices. In 2026 Uzbekistan gained 14 places in the Index of Economic Freedom and entered the "moderately free" group [6, 7], yet its score on the Corruption Perceptions Index slipped from 33 in 2023 to 31 in 2025 [8]. The third is that headline figures depend on definitions. The Ministry of Investments, Industry and Trade reports USD 43.1 billion of foreign investment and loans for 2025 [9, 10], while the World Bank's balance-of-payments series shows net FDI equity inflows of USD 4.40 billion for the same year [11].

The article therefore asks three questions. (1) What do the main international frameworks actually measure, and how do they differ in design? (2) How does Uzbekistan's position vary across them, and do they agree? (3) How sensitive are conclusions about investment and external security to the choice of indicator, and how could frameworks be combined? Two hypotheses guide the work. H1: indices that measure rules and openness place Uzbekistan higher than indices that measure integrity and enforcement. H2: headline figures for FDI and the external position differ by an order of magnitude or more depending on the definition used. The design is a structured comparative review with simple descriptive calculations, so I treat the findings as patterns for discussion and not as estimates of any causal effect.

Literature Review

Concepts and determinants

The institutional view of investment treats rules as part of the asset. North defines institutions as the rules of the game that shape the costs and uncertainty of exchange [12], and in Dunning's eclectic paradigm the institutional setting of a host country is one of its location advantages [13]. Empirical work has repeatedly linked FDI to governance. Asiedu found that lower corruption, a reliable legal system and political stability were associated with higher FDI in Africa [14], Busse and Hefeker reached similar conclusions for 83 developing countries [15], and Daude and Stein found that unpredictable regulation, regulatory burden and weak government commitment reduce inflows [16]. A caution comes from Blonigen and Piger, whose systematic review of the FDI literature shows that results are sensitive to which determinants are included and that few variables are robust across specifications [17].

On the security side, the literature is organised around vulnerability and resilience. Briguglio et al. separate an economy's exposure to external shocks from its capacity to absorb them [18], and the early-warning literature on currency crises identified signals such as real exchange rate overvaluation, weak exports and a high ratio of broad money to reserves [19]. The IMF's reserve adequacy metric combines exports, broad money, short-term debt and other liabilities into one benchmark, and treats reserves of 100 to 150 per cent of the metric as a broadly adequate range for emerging markets [20]. These tools are rarely used in the same discussion as investment-climate rankings, although both describe the same economy.

Critical work on indicators

Indicators have attracted a large critical literature. Arndt and Oman warned that governance indicators are often used for purposes they were not designed for, such as ranking countries or tracking small year-to-year changes [21]. The Worldwide Governance Indicators (WGI) are the most studied case. Their authors combine perceptions from about thirty sources, report margins of error and stress that many year-to-year changes lie within those margins [22], while defending the indicators as useful for broad comparison [23]. Critics respond that the six dimensions are so highly correlated that they may capture one general sense of country quality rather than six separate things [24], and that the perceptions behind

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them are shaped by a country's income and recent economic performance, which weakens their use as an independent explanatory variable [25].

A second critique concerns the distance between written rules and practice. Hallward-Driemeier and Pritchett show that the formal rules measured by Doing Business-type indicators often differ from what firms report experiencing, because outcomes in many developing countries are negotiated case by case [26]. A third critique concerns incentives. When an index becomes a target, behaviour changes to improve the index and not the thing it was meant to measure, a pattern known as Campbell's law [27]. The Doing Business investigation is the extreme case, but milder forms apply wherever a government publishes numerical ranking targets.

Studies on Uzbekistan

Work on Uzbekistan reaches conclusions close to the international literature. Abdullaeva et al. built a composite economic freedom index and found that it significantly raises FDI [28], and Hojiyeva found that FDI supports technology transfer but shows declining returns over time [29]. Both rely on one index or one data series. In my earlier study I used the World Bank's governance indicators and balance-of-payments data to show an association between regulatory quality and FDI together with rising external vulnerability [3]. Among the studies I reviewed, none compares several international frameworks side by side for Uzbekistan or asks how far the conclusion depends on the framework chosen. This article tries to fill that gap.

Methodology

Selection of frameworks

I selected frameworks by four criteria: (a) they are produced by an international organisation, a major research institution or a rating agency; (b) they are widely cited in investment decisions or official reports; (c) they cover Uzbekistan; and (d) their methodology is published. They fall into four families: business environment and economic freedom (Doing Business, B-READY, the Index of Economic Freedom), governance and rule of law (WGI, Corruption Perceptions Index, WJP Rule of Law Index), realised investment (UNCTAD and balance-of-payments statistics) and external security and risk (credit ratings, IMF assessments, composite vulnerability indices). Table 1 lists them. Doing Business is included although it is discontinued, because it is still used in academic work and its history illustrates instrument risk. Investor-confidence surveys and commercial country-risk services were left out because their methods are proprietary or only partly published.

Table 1. Frameworks included in the comparison

Framework	Family	Producer	Edition used for Uzbekistan	Scale
Doing Business (DB)	Business environment	World Bank	DB 2020 (published Oct. 2019); discontinued 2021	Score 0–100; rank of 190
B-READY	Business environment	World Bank	B-READY 2025; Uzbekistan results published Dec. 2025	Three pillar scores, 0–100
Index of Economic Freedom (IEF)	Economic freedom	Heritage Foundation	2026 edition	Score 0–100; rank of 184

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Framework	Family	Producer	Edition used for Uzbekistan	Scale
Worldwide Governance Indicators (WGI)	Governance	World Bank	2024 estimates	−2.5 to +2.5 per dimension
Corruption Perceptions Index (CPI)	Governance	Transparency International	2025 edition	Score 0–100; rank of 180
WJP Rule of Law Index	Rule of law	World Justice Project	2025 edition	Score 0–1; rank of 143
FDI statistics	Realised investment	UNCTAD; World Bank and IMF (balance of payments)	WIR 2025 and 2026; WDI 2025	USD flows and stocks
Sovereign credit ratings	External risk	S&P, Moody's, Fitch	Positions at June 2026	Letter grades and outlooks
IMF Article IV and reserve adequacy	External risk	IMF	2025 and 2026 consultations	Ratios, projections, risk assessment
Composite vulnerability index	External risk	Researchers	External vulnerability index in [3]	0–1, equal-weighted

Source: author's compilation from the sources cited in the text.

Comparison dimensions

Each framework is described by its construct (what it claims to measure), data basis (perceptions, expert coding of laws, firm surveys or hard statistics), scale and coverage. I also assess four design features on a three-point scale (low, medium, high): transparency (are methods and data public), timeliness (how often and how fast results are published), resistance to gaming (how hard it is to raise the score without changing reality) and link to realised practice (does it capture what happens to firms, or only what rules say). These are my qualitative judgments, built from the published methodologies and the critical literature above. They structure the comparison and are not a ranking of quality.

Position of Uzbekistan across frameworks

To place Uzbekistan on a common scale I use the share of ranked countries placed below it, (N − rank) / N, for the five indices that publish ranks: Doing Business 2020 (69th of 190) [30], the Index of Economic Freedom 2026 (86th of 184) [6, 7], the WJP Rule of Law Index 2025 (81st of 143) [31], the Corruption Perceptions Index 2025 (124th of 180) [8] and the Logistics Performance Index 2025 (107th of 139) [1]. To test H1, I average the first two (rules and openness) and the next two (integrity and enforcement). The Logistics Performance Index is shown but not used in the test, because it measures trade infrastructure. For the WGI, which do not publish one ranking, I use the 2024 estimates on the

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original scale [32], and for B-READY the three pillar scores [33]. This measure is crude: samples differ between indices, the data years range from 2019 to 2026, and rank is sensitive to how many countries sit close to Uzbekistan.

Results and Analysis

What the frameworks measure

Table 2 summarises the constructs, data bases and main design weaknesses. Two features stand out. First, only three frameworks (Doing Business, B-READY and the Index of Economic Freedom) were built to guide the design of business regulation. The governance indicators describe the surrounding institutional quality, and the remaining ones measure outcomes or risks. Second, the data bases differ sharply. The WGI and CPI aggregate the opinions of experts and business people, the WJP index adds surveys of residents, Doing Business used coded legal texts and standardised case scenarios, B-READY adds firm-level evidence, and UNCTAD and IMF figures depend on what national authorities report. B-READY, the World Bank's replacement for Doing Business, covered 101 economies in its 2025 edition and is planned to reach 179 by 2027 [33]. UNCTAD's 2026 report adds a global frame for the outcome statistics: world FDI rose 6 per cent to USD 1.6 trillion in 2025, and the 20 largest host economies took more than 80 per cent of flows [36].

Table 2. Constructs, data bases and main design weaknesses

Framework	Construct	Data basis	Main design weakness
Doing Business	Cost and speed of ten business processes for a standardised domestic firm	Expert questionnaires on legal texts and case scenarios	Focus on written rules; documented data irregularities; incentive to reform for rank [4]
B-READY	Regulatory framework, public services and operational efficiency across ten topics	Legal analysis, expert consultation and firm surveys [33]	Short track record; Uzbekistan results known mainly through official summaries
IEF	Twelve economic freedoms in four pillars	Third-party statistics and the publisher's own scoring	Equal weighting is a choice, not a finding; mixes legal and outcome measures
WGI	Perceived quality of six governance dimensions	Aggregation of about thirty surveys and expert assessments [22]	Perceptions, not practice; dimensions highly correlated [24]; margins of error
CPI	Perceived corruption in the public sector	Thirteen sources of expert and business opinion [37]	Says little about contract enforcement; coarse year-to-year movement
WJP Rule of Law Index	Eight rule-of-law factors, including civil justice and absence of corruption	Surveys of residents, legal professionals and experts [38]	Not every country is covered (Tajikistan and Turkmenistan are absent) [38]

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Framework	Construct	Data basis	Main design weakness
FDI statistics	Realised FDI flows and stocks; announced greenfield projects	National balance-of-payments reports compiled by UNCTAD, IMF and World Bank	Definitions differ (net equity or total incl. loans); single large projects distort annual figures
Sovereign ratings	Capacity and willingness to repay sovereign debt	Agency analysis with committee judgment	Centred on public debt; lagging; thresholds such as investment grade drive behaviour
IMF Article IV and reserve adequacy	Macro-financial stability and reserve adequacy	Authorities' data and staff projections	Depends on official data; benchmark ranges are conventions [20]
Composite vulnerability index	Exposure to external shocks	Public series, equal-weighted	Arbitrary weights; short window; no formal thresholds [3]

Source: author's compilation.

Conclusion

International indicators are useful but partial. For Uzbekistan they show clear progress in rules and openness and a slower improvement in integrity and enforcement, while headline investment and external-position figures vary widely with definition. Reading rules, enforcement, realised investment, the external balance sheet and the market's verdict together gives a more reliable picture than any one ranking.

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