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SECTORAL APPROACH TO THE REGULATION OF INVESTMENT CLIMATE AND ITS APPLICATION TO THE ECONOMY OF THE KYRGYZ REPUBLIC

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A B S T R A C T

The goal of this paper is to develop a sectoral approach to the regulation of the investment climate and recommendations for its application to the economy of the Kyrgyz Republic. This empirical research is conducted based on the statistical data on the investment-driven economy of the Kyrgyz Republic for 2010-2023. Using the data, an econometric model of the sectoral investment-driven economy of the Kyrgyz Republic is compiled, which specifies the consequences of changes in the tools of state regulation with the state of the investment climate in the sectors of the Kyrgyz economy. A new approach to regulating the investment climate in the economy is proposed, which is notable for flexible changes in the activity of using the tools of state regulation of the investment climate by the sectors of the national economy. The author's recommendations are given for the practical application of the sectoral approach to regulating the investment climate in the economy of the Kyrgyz Republic. Their application will allow increasing value-added, created in all main sectors of the Kyrgyz economy, including chemical, food, machine-building, textile, and high-tech industry, service sphere, and agriculture, and achieving the growth of the net inflow of foreign direct investments in the economy of the Kyrgyz Republic. Systemic implementation of the author's solutions will allow improving the government investment policy in the Kyrgyz Republic, ensuring the inflow of additional private financial resources in the economic sectors, and accelerating the development of all sectors in support of the diversification of national production and exports.

1. INTRODUCTION

In the Kyrgyz Republic, like in many other countries, the stronghold of the economy's sustainability in the Decade of Action is the diversification of the national economy, which is caused by a range of the following reasons. One of the reasons is of the geo-economic nature and is connected to the fact that in the sanctions environment of the world economy, the production specialisation of the economy violates the integrity of offer in domestic markets.

Dependence of the country's abilities in the sphere of satisfaction of the national demand from international sanctions, which drive world markets to a state of uncertainty and collapse due to disruption of the free movement of goods and production factors, makes import impossible. To remain production sovereign and support economic security, the Kyrgyz Republic requires large-scale import substitution in all sectors of the economy.

Another reason is technological: social implications of automatization in the conditions of the Fifth Industrial

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Revolution demonstrate a vivid sectorial differentiation. The peak of socio-labour risks of automatization is observed in industry, where smart productions reset the human intensity of economic processes. Capabilities of automatization are limited in agriculture due to price caps and the unprofitability of replacement of cheap labour force with smart technologies; in the service sphere – due to the social nature of most economic processes.

Despite the reduced acuteness of socio-labour risks, they are also present in the agriculture and service sphere. Each new wave of technological progress raises these risks and violates the stability of the labour market. That is why the production specialisation of the economy creates a large threat to employment. Unlike it, diversification of national productions allows human resources flows to manoeuvre flexibly in the labour market, moving among the sectors and thus fully developing their labour potential.

Another reason is characterised by the trading nature and is caused by the fact that due to the cyclicity of world markets' development, export specialisation of the economy makes its position in these markets unstable, and national revenues and employment – unstable due to their exposure to frequent fluctuations in these markets. In case of a crisis in any sectorial market, specialisation means a general recession of the national economy, and diversification of production and exports allows retaining the stability of business activity, economic growth, and revenues in the country: government, corporate structures, and households.

It is also necessary to mention the reason for the environmental nature: environmental costs of the production and distribution processes and changes of these costs in the course of technological modernisation of these processes vary a lot among the sectors of the national economy. The specialisation of the economy would mean growth of the level of its environmental risks. Unlike it, diversification supports the green growth of the economy and its decarbonisation, which is of top priority for the Kyrgyz Republic.

The course towards diversification of the economy was set by the "National Programme of Development of the Kyrgyz Republic until 2030", adopted by the Decree of the President of the Kyrgyz Republic (2025) No. 178 dated 10.06.2025. However, despite the outline legal and regulatory field, the practical implementation of the set course is complicated in the Kyrgyz Republic due to insufficient reliability of the scientific and methodological support of state management of investment flows in the economic sectors.

A relevant problem is the insufficient flexibility of the national investment policy in the Kyrgyz Republic, which leads to the deficit of private financial resources in the sectors of the economy and slows down the development of all sectors. This research, motivated by the desire to help with the resolution of the problem posed, aims to develop a sectoral approach to regulating the investment climate and recommendations for its application to the economy of the Kyrgyz Republic.

2. LITERATURE REVIEW

This research uses the scientific provisions of the concept of an investment-driven economy, given in the works by Mitsas et al. (2022) and Shaturaev (2023). This concept names the following main tools for state regulation of the investment climate in the economy:

- Subsidiary co-financing of investment projects from the national government budget (IvRg1, Bogoviz et. al., 2018);
- Optimisation of the fiscal environment, which allows minimising the tax burden on economic subjects and raising the comfort of their taxation, as well as preventing tax opportunism and ensuring tax revenues in the national government budget (IvRg2, Bogoviz et. al., 2019);
- Strengthening of property rights through their rigorous protection to raise investors' confidence in the safety of their assets and reduction of investment risks in the economy (IvRg3, Astanakulov et al., 2022);
- Development of government institutes, which ensures the general increase in the effectiveness of public management of the economy (IvRg4, Ostrovskaya et al., 2017);
- Raising the freedom of international trade to stimulate healthy competition in national markets, satisfaction of internal demand with the help of import in case of absence of import substitution, and development of the economy's export potential (IvRg5, Sngryan, 2022);
- Stimulation of corporate social responsibility and implementation of social innovations by businesses, including those aimed at an increase in gender inclusivity in the economy (IvRg6, Rogachev et. al., 2018).

The performed literature review demonstrated that, even though the above tools of state regulation of the investment climate are studied in detail in the existing publications, there is a gap connected with insufficient elaboration on the differences in return on the distinguished tools among economic sectors. This leads to the following research question: how does the application of the main tools of state regulation of the investment climate influence the investment climate in various sectors of the economy?

The established general economic approach to the regulation of the investment climate stems from the assumption that this climate is general for the national economy and must be regulated universally (Ergasheva et al., 2024; Vasilikhina, 2025). That is, according to the existing approach, there is no need to take into account sectorial differences, and no need to adapt the tools of state regulation of the investment climate to the specifics of economic sectors.

Contrary to this, based on the works by Hrosul et al. (2021) and Sozinova et al. (2023), which present certain information about the sectorial specifics of investments, this paper offers a hypothesis that the implications of using the tools of state regulation of the investment

climate differ substantially by the sectors of the modern economy. The proposed hypothesis is checked in this paper by the example of the economy of the Kyrgyz Republic through monitoring of the results of the application of these tools in various sectors of the national economy.

3. MATERIALS AND METHODOLOGY

To check the proposed hypothesis, this paper forms a sample of statistical data on the investment-driven economy of the Kyrgyz Republic for 2010-2023. Based on this sample, the method of regression analysis is used to determine the influence of using the tools of state regulation of the investment climate ($IvRg_{1-6}$) from the materials of Table 1 on the state of the investment climate, including the share of sectors in the economy – chemical (Ic), food (If), machine-building (Im), textile (It), and high-tech industries (Ih), service sphere (Is), and agriculture (Ia), – and on the new inflow of foreign direct investments (Ii) in the economy of the Kyrgyz Republic from the materials of Table 2.

Table 1. Application of the tools of state regulation of the investment climate in the Kyrgyz Republic, 1=low to 6=high

Year	CPIA quality of budgetary and financial management rating	CPIA fiscal policy rating	CPIA property rights and rule-based governance rating	CPIA public sector management and institutions cluster average	CPIA trade rating	CPIA gender equality rating
	$IvRg_1$	$IvRg_2$	$IvRg_3$	$IvRg_4$	$IvRg_5$	$IvRg_6$
2010	3.50	4.00	2.50	3.00	5.00	4.50
2011	3.50	4.00	2.50	3.00	4.50	4.50
2012	3.50	3.50	2.50	3.10	4.50	4.50
2013	3.50	3.50	2.50	3.10	4.50	4.50
2014	3.50	3.50	3.00	3.20	4.50	4.00
2015	3.50	3.50	3.00	3.20	4.50	4.50
2016	3.50	3.50	3.00	3.20	5.00	4.50
2017	3.50	3.00	3.00	3.20	5.00	4.50
2018	3.50	3.00	3.00	3.20	4.50	4.50
2019	3.50	3.00	3.00	3.20	4.50	4.50
2020	3.50	3.00	3.00	3.20	4.50	4.50
2021	3.50	3.50	3.00	3.20	4.50	4.50
2022	3.00	3.50	3.00	3.00	4.50	4.50
2023	3.00	3.50	3.00	3.00	4.50	4.50

Source: *Compiled by the authors based on the World Bank (2025a)*

The hypothesis is deemed proven if, in each studied sector of the economy of the Kyrgyz Republic, a specific set of tools of state regulation of the investment climate turns out to be effective – i.e., if in the equations for $IvRg_{1-6}$ positive values take regression coefficients with different factor variables.

Table 2. Investment climate of the economy of the Kyrgyz Republic on the whole and by its sectors, % of GDP

Год	Share of the sectors in the economy							Foreign direct investment, net inflows
	Chemicals	Food, beverages and tobacco	Machinery and transport equipment	Textiles and clothing	Medium and high-tech manufacturing value added	Services, value-added	Agriculture, forestry, and fishing, value added	
	Ic	If	Im	It	Ih	Is	Ia	Ii
2010	0.04	2.29	0.20	0.66	0.03	49.34	17.45	9.86
2011	0.01	2.58	0.15	0.83	0.04	47.87	16.57	11.06
2012	0.02	2.54	0.16	0.84	0.07	51.04	16.65	3.95
2013	0.01	2.48	0.17	0.72	0.07	49.63	14.64	8.34
2014	0.02	2.04	0.10	0.53	0.04	50.61	14.72	4.59
2015	0.01	1.96	0.08	0.52	0.03	52.15	14.06	17.13
2016	0.02	1.96	0.12	0.58	0.03	50.15	12.83	9.09
2017	0.03	2.66	0.16	0.41	0.03	49.93	12.51	-1.39
2018	0.02	2.64	0.14	0.56	0.02	49.77	11.68	1.74
2019	0.02	1.92	0.16	0.54	0.02	50.33	10.37	4.31
2020	0.05	2.00	0.10	0.35	0.02	50.69	12.17	-4.85
2021	0.04	2.05	0.10	0.31	0.02	51.04	12.41	2.45
2022	0.04	2.37	0.12	0.36	0.02	51.02	11.00	0.45
2023	0.04	2.19	0.11	0.34	0.02	50.79	9.65	3.51

Source: *Compiled by the authors based on the World Bank (2025b).*

Using the results of the regression analysis, the optimal activity of application of the chosen (the most effective in this sector) tools of state regulation is selected for the maximum improvement of the investment climate.

4. RESULTS

4.1. The model of sectoral investment-driven economy of the Kyrgyz Republic

As a result of the regression analysis of data from Table 1, a model of the sectoral investment-driven economy of the Kyrgyz Republic is compiled. This model reflects the influence of applying the tools of state regulation on the state of the investment climate by sectors of the Kyrgyz economy and contains a range of the following equations of multiple linear regression. Equation (1) was compiled for the chemical industry.

$$Ic=0.24+0.02IvRg_1-0.01IvRg_2+0.04IvRg_3-0.14IvRg_4+0.01IvRg_5+0.01IvRg_6 \quad (1)$$

According to equation (1), in the Kyrgyz Republic, the growth of the activity of subsidiary co-financing of investment projects from the national government budget by 1 point leads to the growth of the share of the chemical industry by 0.02% of GDP. Strengthening property rights by 1 point leads to an increase in the share of the chemical industry of 0.04% of GDP.

The growth of the freedom of international trade by 1 point ensures the growth of the share of the chemical industry by 0.01% of GDP. An increase in gender inclusivity in the economy of 1 point is accompanied by an increase in the share of the chemical industry of 0.01% of GDP. Equation (2) has been compiled for the sector of the food industry.

$$If=11.95+0.15IvRg_1-0.63IvRg_2-0.69IvRg_3-1.98IvRg_4+0.18IvRg_5-0.16IvRg_6 \quad (2)$$

Based on equation (2), in the Kyrgyz Republic, an increase in the activity of subsidiary co-financing of investment projects from the national government budget of 1 point leads to the growth of the share of the food industry by 0.15% of GDP. The growth of the freedom of international trade by 1 point ensures the growth of the share of the food industry by 0.18% of GDP. Equation (3) has been compiled for the sector of the machine-building industry.

$$Im=1.16+0.10IvRg_1-0.08IvRg_2-0.07IvRg_3-0.36IvRg_4+0.06IvRg_5-0.01IvRg_6 \quad (3)$$

According to equation (3), in the Kyrgyz Republic, an increase in the activity of subsidiary co-financing of investment projects from the national government budget of 1 point leads to the growth of the share of the machine-building industry by 0.10% of GDP. The growth of the freedom of international trade by 1 point ensures the growth of the share of the machine-building industry by 0.06% of GDP. Equation (4) has been compiled for the sector of the textile industry.

$$It=1.48+0.13IvRg_1+0.01IvRg_2-0.66IvRg_3+0.33IvRg_4-0.03IvRg_5-0.09IvRg_6 \quad (4)$$

Equation (4) shows that an increase in the activity of subsidiary co-financing of investment projects from the national government budget of 1 point in the Kyrgyz Republic leads to the growth of the share of the textile industry by 0.13% of GDP. Growth of the optimality of the fiscal environment by 1 point leads to an increase in the share of the textile industry of 0.01% of GDP. Growth of the level of state institutes' development by 1 point leads to an increase in the share of the textile industry of 0.33% of GDP. Equation (5) has been compiled for the sector of high-tech industry.

$$Ih=-0.06-0.13IvRg_1+0.01IvRg_2-0.15IvRg_3+0.34IvRg_4+0.003IvRg_5-0.03IvRg_6 \quad (5)$$

Equation (5) states that the growth of the optimality of the fiscal environment by 1 point in the Kyrgyz Republic leads to an increase in the share of high-tech industry of 0.01% of GDP. Growth of the level of state institutes' development by 1 point contributes to an increase in the share of high-tech industry of 0.34% of GDP. The growth of the freedom of international trade by 1 point ensures the growth of the share of high-tech industry by 0.003% of GDP. Equation (6) has been compiled for the service sphere.

$$Is=3.56-9.67IvRg_1+1.91IvRg_2-3.41IvRg_3+25.64IvRg_4-0.49IvRg_5+1.16IvRg_6 \quad (6)$$

According to equation (6), the growth of the optimality of the fiscal environment by 1 point in the Kyrgyz Republic leads to an increase in the share of the service sphere of 1.91% of GDP. The growth of the level of state institutes' development by 1 point contributes to an increase in the share of the service sphere of 25.64% of GDP. An increase in gender inclusivity in the economy of 1 point is accompanied by an increase in the share of the service sphere of 1.16% of GDP. Equation (7) has been compiled by the sector of agriculture.

$$Ia=9.47+4.10IvRg_1+2.75IvRg_2-5.99IvRg_3+2.77IvRg_4+1.05IvRg_5-3.58IvRg_6 \quad (7)$$

Equation (7) shows that an increase in the activity of subsidiary co-financing of investment projects from the national government budget of 1 point in the Kyrgyz Republic leads to the growth of the share of the agricultural sector by 4.10% of GDP. Growth of the optimality of the fiscal environment by 1 point is accompanied by an increase in the share of the agricultural sector of 2.75% of GDP.

Growth of the level of state institutes' development by 1 point leads to an increase in the share of the agricultural sector of 2.77% of GDP. The growth of the freedom of

international trade by 1 point ensures the growth of the share of the agricultural sector by 1.05% of GDP. Equation (8) has been compiled for the net inflow of foreign direct investments in the economy of the Kyrgyz Republic.

$$Ii=-231.19-3.06IvRg_1+19.42IvRg_2-1.87IvRg_3+47.64IvRg_4-2.52IvRg_5+10.76IvRg_6 \quad (8)$$

Equation (8) demonstrates that the growth of the optimality of the fiscal environment by 1 point in the Kyrgyz Republic is accompanied by an increase in the net inflow of foreign direct investments in the economy of 19.42% of GDP. Growth of the level of state institutes' development by 1 point contributes to an increase in the net inflow of foreign direct investments in the economy of 47.64% of GDP. An increase in gender inclusivity in the economy of 1 point is accompanied by an increase in the net inflow of foreign direct investments in the economy of 10.76% of GDP.

Thus, in each considered sector of the economy of the Kyrgyz Republic, the specific set of tools for state regulation of the investment climate turned out to be effective. This is proven by the fact that regression coefficients took positive values with different factor variables in the equations. In the equation for Ic, this is $IvRg_1$, $IvRg_3$, $IvRg_5$, and $IvRg_6$,; for If and Im – $IvRg_1$ and $IvRg_5$; for It – $IvRg_1$ and $IvRg_4$; for Ih – $IvRg_4$ and IvRg; for Is – $IvRg_2$, $IvRg_4$, and $IvRg_6$; for Ia – $IvRg_1$, $IvRg_2$, $IvRg_4$, and $IvRg_5$; for Ii – $IvRg_2$, $IvRg_4$, and $IvRg_6$. Thus, the proposed hypothesis is deemed proven.

4.2. A new approach to regulating the investment climate and investment policy implications in the Kyrgyz Republic

Based on the obtained model of the sectoral investment-driven economy of the Kyrgyz Republic, a sectoral approach to regulating the investment climate in the Kyrgyz economic system is offered. The novelty of this approach is that it involves differentiation of the activity of using the tools of state regulation of the investment climate by the sectors of the national economy.

According to the author's approach, the optimal activity of using the most effective tools of state regulation is selected for each sector of the Kyrgyz economy, which allows for the maximum improvement of the investment climate in this sector. For the sector of chemical industry, the recommendations are as follows:

- Raising the activity of subsidiary co-financing of investment projects from the national government budget by 1 point leads to the growth of the share of the chemical industry by two times; from 3 points in 2023 to 6 points by 2030;
- Strengthening property rights by 1 point leads to an increase in the share of the chemical industry by two times: from 3 points in 2023 to 6 points by 2030;
- Growth of the freedom of international trade by 33.33%: from 4.50 points in 2023 to 6 points by 2030;
- Increase in gender inclusivity of the economy by 33.33%: from 4.50 points in 2023 to 6 points by 2030.

Practical implementation of the author's recommendations will allow raising the share of the chemical industry by 9 times: from 0.04% of GDP in 2023 to 0.35% of GDP by 2030. Recommendations for the food industry are as follows:

- Raising the activity of subsidiary co-financing of investment projects from the national government budget by 33.33%: from 4.50 points in 2023 to 6.00 points;
- Improving the freedom of international trade by 2 times: from 3 points in 2023 to 6 points by 2030.

Implementation of the author's suggestions will ensure the growth of the share of the food industry by 35.63%: from 2.19% of GDP in 2023 to 2.98% of GDP by 2030. Recommendations for the machine-building industry are as follows:

- Raising the activity of subsidiary co-financing of investment projects from the national government budget by 2 times: from 3 points in 2023 to 6 points by 2030;
- Increasing the freedom of international trade by 33.33%: from 4.50 points in 2023 to 6 points by 2030.

Practical implementation of the offered solutions will contribute to an increase in the share of the machine-building industry by 4 times: from 0.11% of GDP in 2023 to 0.47% of GDP by 2030. The following solutions are given for the textile industry:

- Raising the activity of subsidiary co-financing of investment projects from the national government budget by 2 times: from 3 points in 2023 to 6 points by 2030;
- Growth of the optimality of the fiscal environment by 71.50%: from 3.50 points in 2023 to 6.00 points by 2030;
- Growth of the level of state institutes' development by 2 times: from 3 points in 2023 to 6 points by 2030.

Practical implementation of the author's recommendations will allow increasing the share of the textile industry by 278.34%: from 0.34% of GDP in 2023 to 1.27% of GDP by 2030. Recommendations for the high-tech industry are as follows:

- Raising the level of development of state institutes by 2 times: from 3 points in 2023 to 6 points by 2030;
- Growth of the optimality of the fiscal environment by 71.50%: from 3.50 points in 2023 to 6.00 points by 2030;
- Growth of the freedom of international trade by 33.33%: from 4.50 points in 2023 to 6 points by 2030.

Implementation of the author's offers will ensure the growth of the share of the high-tech industry by 33 times: from 0.02% of GDP in 2023 to 0.77% of GDP by 2030. Solutions for the service sphere are as follows:

- Growth of the optimality of the fiscal environment by 65.68%: from 3.50 points in 2023 to 5.80 points by 2030;
- Growth of the level of state institutes' development by 4.04%: from 3.00 points in 2023 to 3.12 points by 2030;
- Improvement of gender inclusivity of the economy by 30.57%: from 4.50 points in 2023 to 5.88 points by 2030.

Practical application of the proposed solutions will contribute to an increase in the share of the service sphere of 18.13%: from 50.79% of GDP in 2023 to 60.00% of GDP by 2030. Suggestions for agriculture are as follows:

- Increase in the activity of subsidiary co-financing of investment projects from the national government budget by 2 times: from 3 points in 2023 to 6 points by 2030;
- Growth of the optimality of the fiscal environment by 71.50%: from 3.50 points in 2023 to 6.00 points by 2030;
- Growth of the level of state institutes' development by 4.04%: from 3.00 points in 2023 to 3.12 points by 2030;
- Growth of the freedom of international trade by 33.33%: from 4.50 points in 2023 to 6 points by 2030.

Practical implementation of the author's recommendations will allow raising the share of agriculture by 232.94%: from 9.65% of GDP in 2023 to 32.14% of GDP by 2030. On the whole, the investment-driven economy of the Kyrgyz Republic requires the following:

- Growth of the optimality of the fiscal environment by 71.50%: from 3.50 points in 2023 to 6.00 points by 2030;
- Growth of the level of state institutes' development by 4.04%: from 3.00 points in 2023 to 3.12 points by 2030;
- Increase in gender inclusivity of the economy of 33.33%: from 4.50 points in 2023 to 6 points by 2030.

Implementation of the author's solutions will ensure the growth of the net inflow of foreign direct investments in the economy of the Kyrgyz Republic by 43 times: from 3.51% of GDP in 2023 to 152.19% of GDP by 2030.

5. DISCUSSION

The results obtained contribute to the literature (Mitsas et al., 2022; Shaturaev, 2023), further developing the scientific provisions of the concept of an investment-driven economy through disclosing differences in return on the tools of state regulation of investment climate among sectors of the economy. Unlike Ergasheva et al. (2024) and Vasilikhina (2025), it is proven that investment climate is not general for the national economy, but varies by its sectors and must be regulated not universally but differentially by the sectors of the economy.

Unlike Bogoviz et. al. (2018), it was established that subsidiary co-financing of investment projects from the national government budget allows improving investment climate only in such sectors as chemical, food, machine-building, and textile industries and agriculture.

Unlike Bogoviz et. al. (2019), it was revealed that optimisation of the fiscal environment, which allows minimisation of the tax burden on economic subjects and raising the comfort of their taxation, as well as preventing tax opportunism and ensuring tax revenues of the national government budget, contributes to the improvement of the investment climate only in such sectors as textile and high-tech industries, service sphere, and agriculture.

Unlike Astanakulov et al. (2022), it was demonstrated that strengthening property rights through their rigorous protection to raise investors' confidence in the safety of their assets and reduction of investment risks in the economy ensures the improvement of the investment climate only in the chemical industry.

Contrary to Ostrovskaya et al. (2017), it was established that the development of government institutes, which ensures the general increase in the effectiveness of public management of the economy, allows improving investment climate only in textile and high-tech industries, service sphere, and agriculture.

Unlike Sngryan (2022), it was revealed that raising the freedom of international trade to stimulate healthy competition in national markets, satisfy internal demand with the help of import when import substitution is not achieved, and develop the export potential of the economy contributes to the improvement of the investment climate only in chemical, food, machine-building, and high-tech industries and agriculture.

Contrary to Rogachev et. al. (2018), it was demonstrated that the stimulation of corporate social responsibility and implementation of social innovations by businesses, including ones aimed at the improvement of gender inclusivity in the economy, ensures the improvement of the investment climate only in the chemical industry and service sphere.

In support of Hrosul et al. (2021) and Sozinova et al. (2023), the following hypothesis was proven: consequences of the application of tools of state regulation of the investment climate differ a lot among the sectors of the modern economy. The developed sectoral approach to the regulation of the investment climate, which was approbated by the example of the Kyrgyz Republic, has scientific novelty.

6. CONCLUSION

Thus, the main results of the performed results consist in the following. First, the econometric model of the sectoral investment-driven economy of the Kyrgyz Republic was compiled. It disclosed previously unknown cause-and-effect relationships of applying the tools of

state regulation with the state of the investment climate in the Kyrgyz economy's sectors.

Second, a new – sectoral – approach to regulating the investment climate in the economy was developed. It is notable for the flexible variation of the activity of using the tools of state regulation of the investment climate among sectors of the national economy. Third, the author's recommendations for the practical application of the sectoral approach to regulating the investment climate in the economy of the Kyrgyz economy were given.

Their implementation will ensure an increase in value-added created in all main sectors of the Kyrgyz economy, including chemical, food, machine-building, textile, and high-tech industries, service sphere, and agriculture, as well as the growth of the net inflow of foreign direct investments in the economy of the Kyrgyz Republic.

The practical significance of the author's scientific and methodological solutions and applied propositions is that their implementation will allow improving the investment policy of the government in the Kyrgyz Republic, achieving the inflow of additional private financial resources in economic sectors, and accelerating the development of all sectors in support of diversification of national production and exports according to the "National programme of the development of the Kyrgyz Republic by 2030", carried out by the initiative of the President of the Kyrgyz Republic (2025).

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