

Assessment of the Economic Efficiency of Investment Projects in the Oil and Gas Industry of the Republic of Uzbekistan

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Abstract

The article reflects the theoretical foundations of the project approach to assessing the economic efficiency of investment projects. The analysis of methods for determining the economic efficiency of investment projects, indicators and ways to improve it was carried out. Identified problems at the stage of implementation of investment projects. The important role of investments in the country's economy is substantiated.

Keywords: *Investment program, investment projects.*

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One of the most important tasks of the state, organizations and enterprises is to increase economic efficiency. The essence of the problem of increasing the economic efficiency of investments lies in the fact that for each unit of costs - labor, material, financial - to achieve a significant increase in the volume of production, services and profits, national income.

In the Republic of Uzbekistan, much attention is paid to the development of investment activities, and this serves as a prerequisite for the relevance of a qualitative assessment of the financial and economic efficiency of investment projects.

In 2019, the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan was established, by the Decree of the President of the Republic of Uzbekistan dated January 28, 2019 No. PP-4135 "On organizing the activities of the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan", responsible for the implementation of a unified state investment policy, coordination of attracting foreign investments, primarily direct investments, cooperation with international financial institutions and foreign government financial organizations, as well as the formation and coordination of a unified state policy in the field of foreign trade and international economic cooperation.

On March 20, 2019, President Shavkat Mirziyoyev held a meeting on accelerating the implementation of investment projects and work to attract direct investment.

During the meeting, a critical analysis of the work done in two months of 2019 was carried out. The head of state, noting the generally unsatisfactory state of the development of foreign investment, seriously warned the responsible persons. The lack of proposals for foreign investors based on accurate calculations in some industries and regions has been criticized.

It was emphasized that meetings of intergovernmental commissions have not become an effective platform for the formation of investment projects, and therefore it is necessary to develop targets for attracting direct investment for each commission.

The investment program for the current year provides for the implementation of construction and repair work at about 3 thousand objects at the expense of centralized sources. President Shavkat Mirziyoyev instructed to complete the financing and development of design and estimate documentation in a short time and speed up the start of construction work.

In the regions, the state of attracting investments in production is unsatisfactory; it was emphasized at the meeting. In this regard, the President instructed the heads of ministries and departments to travel to the regions assigned to them and take measures to accelerate the projects being implemented there and attract investors.

The state of disbursement of funds from international financial institutions was also considered. Responsible persons were given instructions to accelerate the implementation of projects.

The lack of the necessary infrastructure on the ground hinders the attraction of investments, it was noted at the meeting. There are problems associated with the allocation of land for projects, connection to electricity, gas, water supply and sewerage networks. In this regard, the Ministry for Investments and Foreign Trade was instructed to develop a three-year program for the development of infrastructure facilities in the regions.¹

¹ Совещание Президента Республики Узбекистан Шавката Мирзиёева на заседании Кабинета Министров, посвящённом ускорению реализации инвестиционных проектов и работы по привлечению прямых инвестиций, <https://uznews.uz/ru/article/14341>

The problem of economic growth is inextricably linked with the effective investment of capital. All enterprises carry out investment activities to one degree or another. The basis for making a decision on investments is a competent investment policy of the enterprise. A necessary condition for the development of a quality investment policy is a qualitative assessment of the economic efficiency of investment projects, which is an important part of the investment policy and requires special knowledge and experience.

In our opinion, first of all, it is necessary to dwell on the essence of the very concept of efficiency and effect. The economic effect is understood as an increase in the volume of production, an increase in labor productivity, profits, an increase in national income or a reduction in initial and current costs. The social effect is understood as an increase in the well-being of the people, an increase in the level of education, an increase in free time, etc.

Efficiency (economic and social) is the ratio of the economic or social effect to the cost of achieving it. The criterion for evaluating the economic efficiency of social production is the maximization of national income in relation to production costs or the resources used in production.

The problem of the effectiveness of capital investments has always been quite relevant and much attention has been paid to it both in science and in practice, which is why in my work I will talk about methods for assessing the effectiveness of investments, their types and characteristics.

To maintain the competitiveness of the organization and expand the market share, it constantly needs to reconstruct production facilities, update the existing material and technical base, increase the volume of production activities, and develop new types of activities. For the reconstruction of the old and the purchase of new equipment, the organization needs an investment of money, which is most often not available to it due to the lack of free cash. To attract the necessary funds, the organization must pursue an appropriate investment policy. Investment activity is inherent in any organization to one degree or another. With a large selection of types of investments, the organization is faced with the task of choosing an investment decision. Making an investment decision is impossible without taking into account the following factors: the type of investment, the cost of the investment project, the multiplicity of available projects, the limited financial resources available for investment, the risk associated with making a particular decision, etc.

An objectively necessary link in the reproduction process is the replacement of worn-out fixed assets with new ones, which is carried out using the mechanism of accumulating depreciation charges and using them to purchase new equipment and modernize existing fixed assets. At the same time, a significant expansion of production can be ensured only through new investments of funds directed both to the creation of new production capacities and to the improvement and qualitative renewal of equipment and technology. It is the investments used to develop and expand production in order to generate income in the future that make up the economic meaning of investments.

All of the above determine the topic of the article I have chosen.

The object of research in the work is the methods and indicators for evaluating the effectiveness of investment projects. The subject of the study is the financial relations that arise when evaluating the effectiveness of investment projects.

The purpose of the study is to develop scientific and practical recommendations aimed at improving the efficiency of investments in the Republic of Uzbekistan. The goal set determined the need to

consider and solve the following tasks:

- explore the essence of foreign investment, as well as determine their role in the development of the economy of the republic;
- reveal the importance and necessity of the development of investment activities in the conditions of modernization of the national economy;
- define the main directions of efficiency analysis investment processes;
- reveal the features of traditional methods for evaluating the effectiveness of investments;
- disclose methods for evaluating the effectiveness of investments based on discounting;
- to analyze the practice of development of investments in social economic development of the Republic of Uzbekistan;
- evaluate the effectiveness of investments on the example of Mubarek Gas Processing Plant LLC;
- analyze the risks in assessing the effectiveness of investments;
- identify the positive and negative aspects of the assessment methods discounting the effectiveness of projects;
- substantiate some directions and ways to improve efficiency investment activity;
- identify the main factors to improve efficiency investment activity;
- Develop evidence-based proposals to improve efficiency of investment activity.

The hypothesis of the study is that the developed scientific proposals and practical recommendations of the dissertation work can improve and ensure the effectiveness of investment activities in the Republic of Uzbekistan.

In the process of research, dialectical, abstract-logical and system approaches, methods of comparative analysis, methods of grouping and statistical processing of data, methods of analysis, synthesis and forecasting were used.

The theoretical and practical significance of the results of the study allows us to improve the methods for assessing the effectiveness of investment projects and to improve the efficiency of investment activities. The recommendations of the dissertation research can be used in the practical work of ministries and departments of the republic of economic and financial profiles, institutions of the financial sector and large commercial banks of the Republic of Uzbekistan.

Scientific novelty of the research:

- from the point of view of the provisions of economic theory and the general theory of systems, the fundamental foundations of investments are theoretically generalized, which made it possible to study and identify the properties and patterns of their development;
- disclosed the role and place of investment in the development of the economy;
- identified and classified types of investments and made appropriate conclusions on them;
- the theoretical foundations and features of investment activity are disclosed;
- the main directions of efficiency analysis are determined investment processes;
- the features of traditional methods for evaluating the effectiveness of investment projects are

disclosed;

- disclosed methods for evaluating the effectiveness of investment projects based on discounting;
- formed scientific conclusions on the development of investments in the socio-economic development of the Republic of Uzbekistan;
- the effectiveness of the investment project was analyzed on the example of Mubarek Gas Processing Plant LLC;
- the features of risks are determined in assessing the effectiveness of an investment project;
- positive and negative aspects of assessment methods are identified efficiency of investment projects based on the concept discounting;
- justified some directions and ways to improve the efficiency of investment activities;
- the main factors for increasing efficiency were identified investment activity;
- Developed scientific proposals and practical recommendations to improve the efficiency of investment activities.

Reference

1. Совещание Президента Республики Узбекистан Шавката Мирзиёева на заседании Кабинета Министров, посвящённом ускорению реализации инвестиционных проектов и работы по привлечению прямых инвестиций, <https://uznews.uz/ru/article/14341>