

## Improving the Mechanism of Public-Private Partnership in the Financing and Implementation of Projects in the Networks of the Infrastructure of the Agro-Industrial Complex

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### Abstract:

This article covers the main problems of financing public-private partnership projects of the country and is devoted to the study of the possibilities of using the mechanism of Public-Private Partnership in the implementation of infrastructure projects of the agro-industrial complex of its economy.

Further development of the country's economy is associated with structural changes. Public-private partnership is an important means of starting the development of infrastructure projects in conditions of limited budgetary funds. Within the framework of the project for the development of infrastructure sectors of the agro-industrial complex, cooperation between the state and business is aimed at creating conditions for the effective use of the country's agrarian sphere potential in the rapid development of Agriculture in the region and improving the mechanism of Public-Private Partnership.

The author lays the foundation for the benefits of using the mechanism of public-private partnership, offers ways to improve the mechanism of Public-Private Partnership in the implementation of infrastructure projects.

The article provides recommendations to improve the situation with financing and implementation of projects of the country's public-private partnership.

On the basis of various problems in the financing and implementation of the project, conclusions and practical recommendations were made to improve the mechanism of Public-Private Partnership.

**Keywords:** agro-industrial complex, infrastructure project, public-private partnership, innovation, investments, financing, mechanism, improvement.

### Introduction

The growth of Public-Private Partnership in recent years is closely related to the problems of financing projects. In this regard, it is necessary to approach the new financing system and implement it. In the study of financial policy, it is necessary to shade the methods of financing the project and its use within the framework of Public-Private Partnership. Like any partnership, a public-private partnership requires linking the interests of the parties. The need to attract business to solve State problems is usually not for projects that provide high profits and rapid return of

funds, but for projects related to infrastructure or large structures. This is especially important for large investments, several risks and the implementation of their long-term projects.

Project financing is a method of financing large projects through long-term loans. This is a form of financial technique - borrowed funds from the project on bail. The debt and capital used to finance the project are returned from the flow of their own funds.

Project financing is one in which the assets, rights and interest of a project depend on the flow of credit funds that are maintained as secondary collateral. Project financing is particularly attractive for the private sector, as companies can finance large projects without balance.

With the help of Public-Private Partnerships, a method of financing the project appears, accompanied by the establishment of cooperation between all infrastructure investments. Many companies issue traditional debts or shares for the implementation of such projects.

Financing public-private partnership projects using the public procurement system has its own mechanisms and tools that determine the specifics of this industry. Public-private partnerships make it possible to finance projects from various sources.

Public-private partnerships are formed from a legal point of view, acquire a paid nature, are carried out on the basis of equality and provide for the distribution of benefits and risks between partners. The most complex and long-term implementation is public-private partnership projects, which provide investments in the form of capital investments, that is, implemented in the form of projects.

Infrastructure has a number of differences from the projects implemented using public-private partnership mechanism in the implementation of projects. The main part of them is the private partner, who serves as a contractor after the completion of the project, is involved in the use of the facility for the purpose of providing public services agreed upon in the contract and is engaged in obtaining commercial benefit on agreed terms.

Public-private partnership appeared a very long time ago as a set of forms of medium-and long-term interaction, as a means of solving socially significant tasks between the state and business on mutually beneficial terms and the implementation of promising projects.

In recent years, the role and importance of Public-Private Partnership has increased significantly due to the complexity of socio-economic life and the challenge faced by the state in the performance of socially important tasks. Different types of public-private partnerships created for different reasons in countries with a developed market economy cover a wide range of market segments and reflect different public needs for infrastructure services.

Development of public-private partnership in the infrastructure sectors of the agro-industrial complex, implementation of large-scale social projects, in the stable growth of the agrarian economy the use of public-private partnership mechanism can be an effective means of implementation of the country's innovation and investment policy. When the country realizes the need to move to the innovative development of the agrarian economy, the innovation system is almost formed and the state innovation policy is developed. The main internal resources in attracting investments in the agrarian economy are primarily the subjects of public and private entrepreneurship operating in this country. World Bank research shows the following, "the 10% increase in infrastructure investment will increase long-term economic growth by 1 percent" [1].

Improvement of public-private partnership mechanism is important in the implementation of infrastructure projects.

As a result of the development of public-private partnership mechanism, new economic relations

are formed between the state and economic entities. This view of economic relations in the country is evident in the fact that the public and private sectors are partnership relations.

In accordance with the law “On public-private partnership” of the president of the Republic of Uzbekistan dated May 10, 2019-Law No. 537, “Public-private partnership this is a partnership between a public partner and a private partner based on the consolidation of their resources for the implementation of a legally formalized, public-private partnership project for a certain period of time” [2].

Public-private partnership-the agro-industrial complex of the Republic of Uzbekistan is a completely new sphere for infrastructure sectors. The experience of using public-private partnerships mechanism in our country is not at the level of developed countries, therefore, the results of research at the primary stage of scientific products obtained from the introduction of scientific developments into practice remain qualitatively low.

In the conditions of a systemic crisis in the infrastructure of the agro-industrial complex, some of its branches and economic entities can not provide solutions to problems on account of their capabilities. In order to effectively use public-private partnership mechanism in the Republic of Uzbekistan, it is necessary to solve a number of problems, namely: formation of a favorable institutional environment for the development of public-private partnership; creation of territorial bodies regulating issues related to public-private partnership; improvement of the normative-legal base in the sphere of public-private partnership. provision of large-scale guarantees by the state to the private sector; thorough development of projects; based on the goals, objectives, priorities of economic policy, legislative and regulatory framework, administrative structure and functions of state bodies, the country should create its own model by public-private partnership.

It is necessary to prepare for the implementation of public-private partnership initiatives and to implement a set of measures necessary to encourage the use of public-private partnerships mechanism.

Taking into account the seriousness of the infrastructure problems, the significant potential of the private sector in their solution, the measures to improve public-private partnership mechanism can give a significant impetus to the development of the infrastructure of the Republic.

The mechanism of public-private partnership of public and private capital is the most optimal solution for active cooperation. Public-private partnership is the most important and most versatile mechanism in the country and has the necessary impact on cooperation in all spheres of economic and social policy. Therefore, the improvement mechanism of public-private partnership in the implementation of infrastructure projects of the agro-industrial complex is an urgent task from a scientific-practical point of view.

Funding of public-private partnership research from budgetary and non-budgetary funds is necessary [3].

## **Material**

Public-private cooperation in the implementation of infrastructure projects of the agro-industrial complex is a legally formalized system of cooperation based on the fair distribution of the necessary organizational, financial, production and other risks and aimed at the implementation of their projects together with the optimal results for the parties.

Public-private partnership is the use of business resources, private investors, to ensure the interests and needs of the public. It is worth noting that these are business resources-not only financial resources, but also experience in technology and managers. Also, the infrastructure of the agro-

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industrial complex is an institutional and organizational alliance between public and private businesses for the implementation of socially significant projects and programs in the networks.

Today, public-private partnership in various forms is increasingly being used for the development of the social sector of the economy. As of now, the issue of public-private partnership relations and increasing their volume is also one of the issues in the attention of scientists, researchers and economists conducting scientific research in this field at the international level.

V.G.Varnavsky point of view says that in order to determine the economic phenomenon in foreign countries, which is called a “public-private partnership”, it is necessary to use the term “public-private partnership” in Russia [4].

M.V.Villisov says that in the domestic literature of recent years, various interpretations of public-private partnership have been given. For example: “public-private partnership is the legal mechanism for ensuring equality and harmony of public and business interests within the framework of the implementation of economic projects aimed at achieving the goals of Public Administration” [5].

"The general theory of employment, interest and money" created by J. Keynes. “It is necessary to pay attention to the problems that contribute to the fastest growth of national income through the economic policy of the state, monetary and budgetary policies, the promotion of private investment and the growth of consumer spending” [6].

J.K. By Geybreyt, mixed economy programs and the theory of “countries of universal prosperity” were developed, “Since that time, the joint efforts of the state and big business have been considered as a necessary condition for financing in technological knowledge, guaranteeing a certain level of price and obligations for the sale of products” [7].

V.A.Svetkov that's what emphasizes, In the process of developing public-private partnership in the infrastructure sectors of the agro-industrial complex, the state gets the opportunity to shift the emphasis of its activities from the point problems of construction and operation of individual elements to administration and control. And in this regard, the fact that the mandatory entrepreneurial risk is redistributed towards the private partner becomes of great importance. In the end, the public-private partnership project benefits society as the final consumer of better services [8].

A.G.Makhovikova Partnership in infrastructure networks world practice shows that, "to take advantage of the public-private partnership, each of the Economically Developed Countries has its own top priority area. In the USA, such a network is considered highways, in the Great Britain – health and education, in Germany – education, in Italy and France-health," he says [9].

V.A.Plotnikova said that this is the way out of the situation, “development of the mechanism of public-private partnership” [10].

In our opinion, in the near future it can be an effective means of interaction between the state and business: creating a network and use it; formation and use of an investment fund; implementation of the provisions and mechanisms stipulated by the law on concession agreements; increase the effectiveness of the activities of state development institutions, including developed banks; development of innovative infrastructure, including technical-current parks, creation of production clusters; financing high-tech and science-based projects.mechanism.

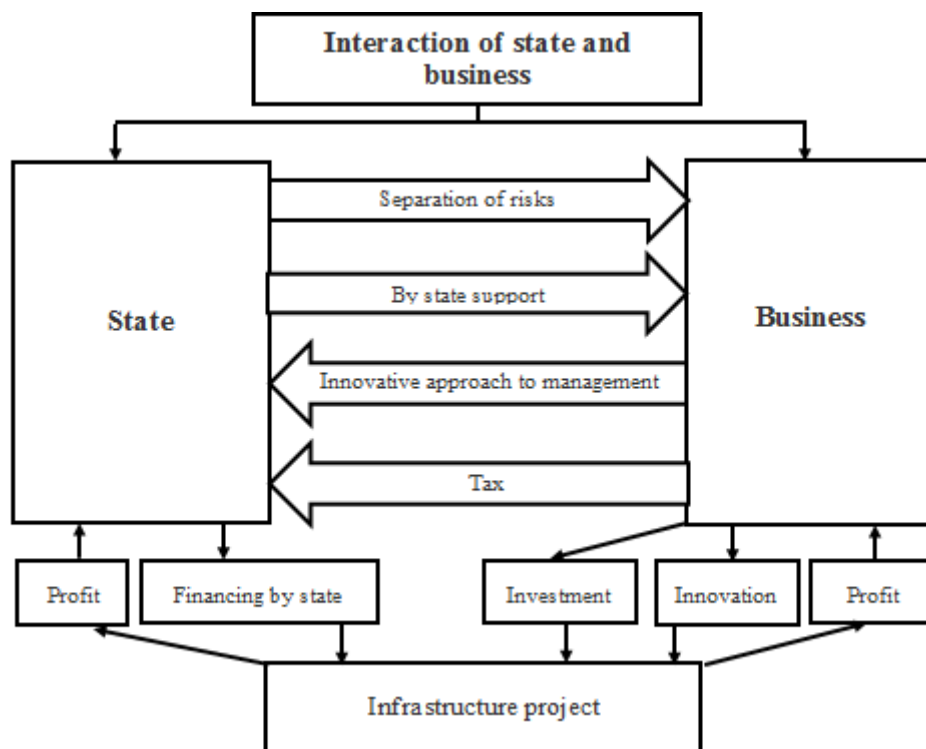
The impressive order of public-private partnership in the implementation of infrastructure network projects of the agro-industrial complex is presented in Picture 1.

There is no clear interpretation of the concept of “public-private partnership” in the literature devoted to public-private partnership issues, as well as in foreign and Uzbek legislation. There are different approaches to the definition of this type of economic relationship. The interpretation of this concept has certain characteristics in each country.

There are two main areas of interpretation of the concept of “public-private partnership”: system of relations between government agencies and business, which is widely used as a tool for economic and social development; specific projects carried out jointly by public authorities and private companies on the objects of ownership of state and public organizations.

In the works of many authors, too, along with the concept of “public-private partnership” is found as a synonym for the concept of “private-public partnership”.

Main features of public-private partnership: public-private partnership entities public and private investors; the relationship between the subjects of public-private partnership is strengthened from the legal point of view; equality of these relations; the social orientation of these relations; distribution of income and expenses between the parties.



**Picture 1. Impressive order of public-private partnership in the implementation of the infrastructure project<sup>1</sup>.**

The possible sphere of cooperation between the state and business is determined on the basis of territorial priority, directions of development of the regional economy and other features of the importance of the mechanism of public-private partnership in the implementation of the infrastructure project.

Experience using public-private partnerships mechanism in the country the most common areas of application of public-private partnership models: natural resources; agriculture; industrial infrastructure facilities, including automobiles and railways; power engineering enterprises and

<sup>1</sup> Source: Developed by the author on the basis of the study.



power transmission lines, power engineering systems, communication lines and communication; social infrastructure facilities; objects in the field of public services, including objects of communal property: public offices, utilities, environmental objects.

In the resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated April 26, 2020 "on improving the procedure for the implementation of public-private business projects" in the decision of RCMRUz-259-th number: initiative development of public-private partnership projects and the choosing of a private a partner; setting a preliminary assessment procedure for public-private partnership projects; preparation of the concept of public-private partnership project; reporting on the implementation of public-private partnership projects; maintaining a register of public-private partnership projects [11].

The sources of financing the activities of the agency are as follows: State budget funds of the Republic of Uzbekistan, financial organizations of international and foreign governments, non-budgetary funds, grants and loans (debts) of financial institutions and other donors; revenues from the placement of temporarily vacant funds of the fund in accordance with the established procedure in the framework of commercial banks of the Republic of Uzbekistan are financed by their funds on the basis of principles of public-private partnership. However, the experience of using public-private partnership in the infrastructure sectors of the agro-industrial complex can not be fully analyzed, since there is no general statistics of public-private partnership projects in the country.

One of the main points of development of this effective form of implementation of large-scale projects in the Republic of Uzbekistan is the lack of well-thought-out legal framework for private business and the state, which significantly increases the risks of projects in the country.

In our opinion, among the most serious obstacles that the initiators of some projects of the public-private partnership and their implementation should face at different stages, in particular, the following are noted: lack of clear strategy for innovative development of the Republic of Uzbekistan; lack of a centralized state body that coordinates and operates as a unitary entity public-private partnership projects implemented at the regional level; inefficiency of the current state order system for the short-term budget year; absence of the necessary powers to carry out economic activities in public offices, which operate as one of the parties to the partnership with private business; failure to clearly distinguish between public-private and private-public partnerships and the ratio of priorities in their relations; imperfection of legislation.

Improvement of public-private partnership mechanism in the implementation of projects in the infrastructure sectors of the agro-industrial complex depends on the quality of preparation of the project in the early stages.

In this case, the following aspects play an important role: adaptation of the organizational structure of the project to local conditions; establishment of Democratic control and positive reception by the population; develop trust relationships between partners (the public sector should be a reliable partner to third parties, since the introduction of such long-term relationships implies a secondary risk).

Another important result of the implementation of its projects in the country is the willingness of the agro – industrial complex to innovative economic growth through the improvement of public-private partnerships mechanism in infrastructure sectors.

The advantage of implementing projects in the public-private partnership-infrastructure network is the following: for the state-the provision of high-quality public property and optimization of the budget, for the private sector - the provision of basic incentives for the implementation of

significant investments at the stage of creating a project related to the achievement of operational and long-term efficiency.

The comparison of different variants of project decisions, which implies the use of public-private partnerships mechanism, the choice of the best of them, as well as the justification of the amounts and forms of state support for projects, should be carried out at the highest cost of the integrated social impact from the implementation of the project.

Public-private partnership as a socio-economic relationship is a resource management model that concentrates the advantages of competitive and innovative character [12].

In summary, public-private partnership is complex and multifaceted mechanism with its subtleties and complexities. Within the framework of the implementation of public-private partnership projects, if at least one of its elements is not working properly, the mechanism of public-private partnership will produce results that are different from those planned and will help in the absence of this framework or its national characteristics and inconsistency with the business mentality in the local market.

According to the state program for agricultural development, there are two levels of priorities: at the first level, the economic sphere is an increase in the profitability of agricultural enterprises, as well as an exit to the path of innovative development; second level, increasing competitiveness by optimizing logistics processes [13].

## Methods

The main issue in the formation of a public-private partnership for private business is the financial structure of the contract itself; the investor needs transparency, the intelligibility of the project and a guarantee of profitability from participation.

Project financing of a public-private partnership can be summarized as financing of investment projects, in which loans are granted directly to the created special project company, while debt provision is limited to the current assets and future income of the project.

The creation of a public-private partnership is a rather complex process in which it is necessary to harmonize the goals of many participants. Private sector participants are investors, creditors and companies involved in construction. As for participants from the state, these are institutions that organize and determine the procedure for Public-Private Partnership, and, of course, institutions that are engaged in public procurement.

It should also be said that, in addition to the main participants, the participants in this process are ordinary citizens who use the services of public-private partnerships.

In transactions based on public-private partnerships, it is very important to correctly distribute tasks between participants. To do this, you must first determine the capabilities of all participants. After that, all tasks are distributed and assigned to participants who can be performed more efficiently than others.

Public-private partnerships are an alternative to the purchase of infrastructure facilities by the public sector (public procurement), funded by tax revenues or public loans.

In the process of Public Procurement, state bodies perform the following tasks: formation of a technical assignment; selection of commercial proposals based on a detailed project; to pay for the construction of the facility to a private contractor company.

Public-private partnership avoids the disadvantages of direct regulation by the state by economic processes, while protecting against "market failures". At the same time, the main argument for supporting a public-private partnership is that both the state and the private sector have their own characteristics and advantages, which, when combined, create an optimal opportunity to act more effectively

Public-private partnership projects can be large public projects of great social importance - these are housing and communal services, transport, culture, health, educational projects and small model projects of municipalities.

Distinctive features of these projects: long-term IE to 10-20 years; low commercial efficiency; lack of budget funds; associated with the incorrect formation of funds.

Public-private partnership are projects: on the creation of objects of capital investments carried out in the interests of the public; it is carried out within the framework of the project by attracting private financing, which can be returned at the expense of income received by a private partner; use of the capital and powers of the private business to fully or partially cover the risks of design, construction, operation and commercial trade; use of the capabilities of the budget, state or municipal property, legislative power.

The most popular and really very effective financial instrument used in public-private partnership projects is project financing.

Project financing is carried out in the form of loans issued to a specially created target project company. This company has the right to build and operate an object within the framework of the project. One of the main positive aspects of project financing is that the obligations of the project company are not reflected in the balance sheet of the grantor or shareholders, and therefore do not affect their investment attractiveness.

The effectiveness of project financing is as follows: in ensuring the average value of capital compared to net capital financing; in promoting the use of a more transparent risk distribution mechanism; in the creation of benefits for improving the quality of work and effective risk management of all project participants.

The most popular and really very effective financial instrument used in public-private partnership projects is project financing.

Financing of projects carried out on the basis of public-private partnerships is characterized by all the features of project financing - the presence of a project company produced by the project cash flow as a basis for calculating with creditors and shareholders, the use of a complex system of financial instruments and contracts.

Project financing, this is a mechanism that allows you to combine the resources of several investors, taking into account the interests of all participating parties.

## **Analysis and results**

The use of public-private partnerships mechanism in a properly formed structure in the country is very beneficial both for the public and private sectors, especially for the population. For a country that complicates the process of rendering public services, a public-private partnership can solve problems in the field of infrastructure and improve the provision of Housing and communal services.

In order to achieve success in the implementation of large economic projects of universal importance in the conditions of a market economy, it is possible to create only the general effect of



combining state and business efforts. Public-private partnership is one of the most important and most versatile mechanism in the country and has the necessary impact on cooperation in all spheres of economic and social policy.

The mechanism of public-private partnership in the implementation of infrastructure projects, in particular, the experience of joint projects of business and government structures, was an incentive for scientific developments in the agrarian sector.

One of the priority areas of public-private partnership are: increasing livestock production, creating a national logistics system for wholesale food agro-industrial markets, as well as developing technologies for storing and processing products [14].

The application of Public-Private Partnership mechanism in many areas, including the infrastructure sectors of the agro-industrial complex, in the field of increasing scientific interest in public-private partnership is effective and the prospects are analyzed, and a lot of research work is being carried out.

Since the agro-industrial complex is not funded by the impact of scientific research and external factors, the use of public-private partnership mechanism allows to reduce the risk to private partners, while at the same time helping to adapt and distribute the results of new research or existing knowledge and technology.

A common feature of the implementation of Public-Private Partnership mechanism is a broader and simplified normative and legal framework that regulates contractual relations in different spheres and allows to fully consider the diversity of conditions for the functioning of various spheres.

The most optimal form of implementation of the foundations of the mechanism of public-private partnership is the contractual form of a public-private partnership, the specific types of which are investment and concession agreements, which is associated with a well-developed legislative framework and the availability of transparent tokens for the interaction of the parties.

The analysis of the projects carried out in our country made it possible to allocate priority directions for the state, to attract it to business. The agro-industrial complex is part of a network that carries out most of its projects on the basis of public-private partnership.

Given the special importance of socio-economic development, priority areas in public-private partnership are not profitable liquid projects, but on the contrary, long-term and unattractive, from an investment point of view, projects, however, socially significant. An illustrative example of such a sphere is the agro-industrial complex [15].

Today, the development of the agro-industrial complex and the regulation of agricultural products, raw materials and food markets is one of the tools of Public-Private Partnership, the targeted approach to the implementation of the state program. Carries out the organizational and economic function of the development of the State Agro-Industrial Complex, organizes the development of targeted state, departmental and territorial programs, innovation and investment projects, provides the formation of innovative infrastructure.

The formation of the innovation system of the agro-industrial complex and the means for the development of public-private partnership is the most modern form of public-private partnership, aimed at harmonizing the priority directions of scientific and technical policy between business, science and education in the areas of agricultural development and processing in the near future.

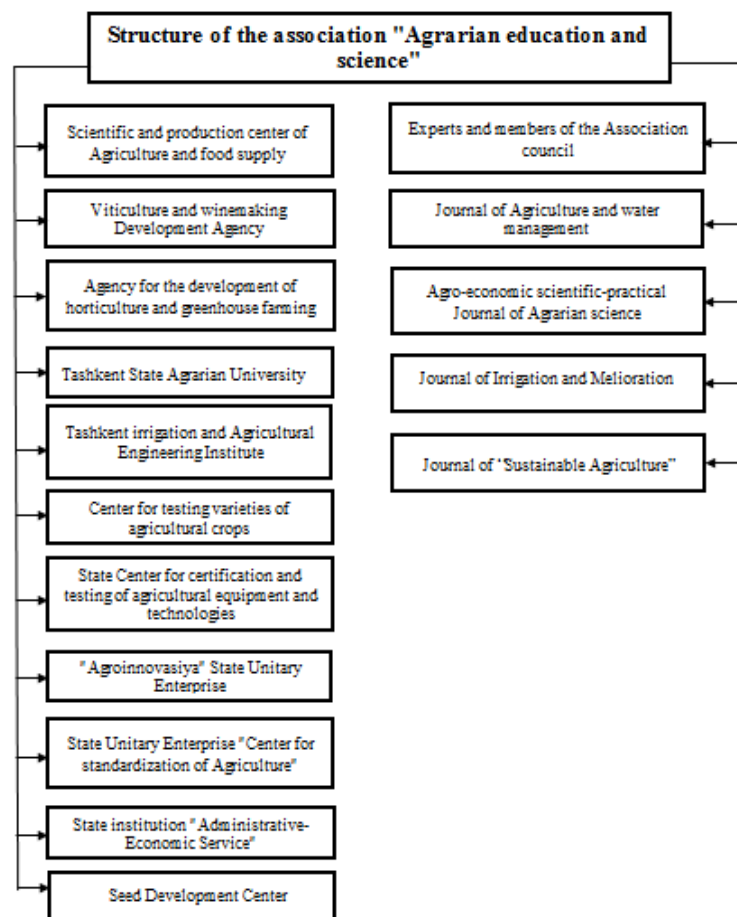
The most optimal form of implementation of the public-private partnership agreement is the form of a public-private partnership agreement, the specific types of which are investment and

concession agreements, which is associated with a well-developed legislative base and the availability of a transparent mechanism of interaction of the parties.

In addition to the forms considered in the practice of our country, the implementation of public private partnership projects is carried out mainly in the form of the use of funds of the Republican Investment Fund and other sources of financing of large investment projects corresponding to the main directions of the strategic development of the Republic. From the whole complex of investment projects implemented on the terms of public-private partnership in the Republic. All of them are aimed at changing the economy of the region by creating new high-tech agricultural production.

He stressed the importance of optimizing forms and models of public-private partnerships at the present stage of a thorough study of the problems and prospects for the development of public-private partnerships, risk reduction in the implementation of infrastructure projects. From the variety of forms of Public-Private Partnership, at the initial stage of the project, those who rely on the financial capabilities and administrative resources of state bodies should be selected.

In our opinion, the establishment of a public-private partnership between government agencies, agricultural organizations, farmers and farmers is the most optimal solution to this problem. An example of such a successful system of activity is the association "Agrarian education and science".



Picture 2. Structure of the association "Agrarian education and science"<sup>2</sup>.

<sup>2</sup> Source: Developed by the author on the basis of the study.

Currently, new forms of cooperation between State Scientific and educational institutions, authorities and self-regulating organizations are needed, which include agribusiness and alliances in the development of programs for the development of networks and territories. Such a system of successful activities includes the association "Agrarian education and science" (Picture 2).

The most developed form of partnership in the agro-industrial complex of the economy is targeted programs. At the present stage, the innovation and technological improvement of the sustainable food supply system is important, which implies the innovation of the most organizational structure that will ensure the solution of the problem, as well as the accumulation of measures and forms of influence.

The priority of them is as follows: promote the production of high-quality, environmentally friendly products; to provide the seed system with a budget; promotion of measures to expand food production; support of innovation activities in rural areas; encourage the implementation of scientific and technical achievements and practice of cooperation with scientific institutions; cooperation with higher educational institutions for the formation of highly qualified personnel for the agro-industrial complex; cooperation with professional development institutions of agro-industrial enterprises; promote the import substitution and the production of products of particular importance.

The problem in the agro-industrial complex of the country is that the introduction of a large part of the scientific developments in the field into practice and, accordingly, scientific developments in the field have both economic and social significance. That is, there is a huge discrepancy between the fundamental and practical part of the research. The implementation of investment through a public-private partnership will help reduce this gap.

Carries out financial support in the first stages of the development of a public innovation project can lead to the separation of financial functions between the public and private sectors to more profits. In the early stages, with a clearly defined direction of the research project, it is possible to reduce the difference between fundamental and Applied Research.

In addition, a clear definition of the direction of the project can now help to finance specific projects, achieve innovative activities from the financing of estimates. This will help reduce budgetary costs because the state will finance the initial stages of the project and at the same time be more efficient than the funds that will be spent by involving the private sector in the processes of financing development.

The public-private partnership model looks like this: the state gives direction to the scientific and technical project, the private sector finances and supports the project before getting the final results that will bring innovation to market. Support for the implemented projects is carried out by the private sector on the condition of state supervision and obtaining various benefits from the state, as well as additional financing.

Currently, in order to improve the efficiency of Management in the infrastructure sectors of the agro-industrial complex, it is necessary to combine the financial, material and technical and labor resources of the participants of the production process. On the basis of public-private cooperation of innovative activity, it is necessary to specify the models of agricultural production and investment in the agro-industrial complex before directly entering into the formation of organizational and economic dimensions of investments in infrastructure sectors of the agro-industrial complex.

The first model is the attraction of investors through government management structures, which have a certain share of financial participation in the charter capital of the created integrated structure.

The second model of investment in the infrastructure networks of the agro – industrial complex is the voluntary entry of the investor enterprise, which consists in putting its capital for the development of agricultural production on mutually beneficial terms.

In the implementation of infrastructure network projects, it is necessary to formulate the organizational and economic impact of investing in innovative activities in the agro-industrial complex based on public-private partnership.

Such conditions include methods of studying models of interaction between the state and business in the process of investment activities, legislative and legal support of investment mechanisms based on the principles of public-private partnership, formation of innovation and investment infrastructure, development of scientific and technical policy in agriculture, technical and technological modernization of production, increasing the efficiency of scientific and human resource potential, it is necessary to develop information and consulting services for agricultural producers.

Thus, the constant development of forms, models and mechanism of Public-Private Partnership for innovation and investment activities in the agro-industrial complex increases the efficiency of agricultural production, the competitiveness of the local agro-industrial complex.

On the basis of these conditions, relations between the subjects of innovation and investment infrastructure are formed, the organizational and economic mechanism of investment in innovation activities in the agro-industrial complex is formed on the basis of the mechanism of public-private partnership with the functional division of tasks that are solved at the state and private levels.

Thus, the use of public-private partnerships mechanism allows to mobilize resources and investments in the solution of priority tasks, increase the efficiency of public and private partners, implement innovation projects. Agro is the starting point for the development of a new level of relations between the state and business in the field of food security.

## **Discussion**

When financing a project, it is not the same as financing a project, since projects are funded in different ways. For example, through public debt using a public procurement system, without resorting to public-private partnership.

A general description of the financing of the project is given: its development; main features; the scale of the project financing market and the corresponding forms of financing; the reasons for funding the project are public-private partnerships.

Like public-private partnerships, project financing is a complex and slow process that requires high costs. Their union will undoubtedly exacerbate the problems. It also sharply limits the ability of project owners to freely manage it. And yet, there are serious reasons to take advantage of the financing of the project – it has advantages for both private investors and the state.

### ***First, the advantages for investors.***

There are several reasons why investors use project financing to finance projects - it is a public-private partnership.

Investors in public-private partnerships usually require a minimum level of internal capital return, which, unlike corporate finance theory, reflects a greater level of risk than the financing structure of the project.

IRR is the internal rate of return, from the English "Internal Rate of Return". This is one of the key parameters used in the analysis of the financial attractiveness of an investment project (formula 1).

$$IRR = r_{\min} + \frac{(r_{\max} - r_{\min})}{NPV(r_{\min}) - NPV(r_{\max})} * NPV_{\min \text{ or } \max} \quad (1)^3$$

### **Formula 1. The method of calculating IRR for the internal rate of return.**

The higher the debt share, the cheaper the loans are from the sale of shares, the easier it is to get a higher income from shares. However, it should be borne in mind that a high share of borrowed funds in a project financing transaction does not represent a high level of risk for creditors, and although the value of borrowed funds is growing, it is not like the share of borrowed funds in the company's own capital.

Borrowing large amounts by Project companies, in general, makes it more difficult to attract capital than to borrow. And if the need to attract more capital is associated with the need to attract more investors, this only complicates the management of the project. In addition, if a large number of investors are attracted, the original sponsors may lose control of the project.

### ***Second is the distribution and limitation of risks.***

Project financing is a structure that allows groups of investors to work calmly together, which in turn distributes risks. An investor who participates in a project and is involved in fundraising through project financing is usually not obliged to provide a guarantee to pay off the debt. Its risk is limited by the amount of capital investments, and in general its economic activity usually does not suffer from the failure of a particular project. That is, there is a risk arising from this project and a restriction on the risk of other investors for their activities. In fact, for a relatively low fee, the Sponsor determines the cost of the option, if it is successful or if the failure of a particular enterprise greatly affects other types of its activities, he will be able to save or sell investments with it.

It should also be noted that one of the most dangerous stages of the public-private partnership project is the organization and conduct of the competition, and the creation of a partnership at this stage will undoubtedly lead to a reduction in risk.

Unequal cooperation or strengthening of opportunities. Project financing for the implementation of large public-private partnership projects, which allow participants with different financial capabilities to work together, requires very small capital – due to the large share of borrowed funds in the company's capital.

### ***Third, long-term financing.***

Loans for project financing, as a rule, are issued for a longer period than loans issued to corporate borrowers. If the financed assets are of high value, long-term financing is necessary, which cannot be returned without increasing costs in a short time. And they are included in the price of the final product. Thus, a loan for public-private partnership projects can have a long term, and ordinary loans to corporate borrowers can have a short term. A long-term loan can reduce the risk of not

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<sup>3</sup> Source: The degree of internal profitability of financial instruments in scientific research.



making payments in the first years when the amount of cash is most uncertain. This is done by reducing the amount of cash required for annual debt payments.

The fact that each company has creditworthiness can lead to an increase in risks. Non-resource financing, which is involved by any branch of the project company, usually indicates not in favor of credit lines for corporate borrowers. It helps to increase the overall creditworthiness of the investor, that is, it provides the opportunity to participate in several large projects at once. In the same way, if the risks associated with investing in a project limited by the project financing scheme allow investing in many projects, the company's credit rating is unlikely to decrease.

#### ***Fourth, off-balance sheet operations.***

If the investor is forced to borrow it to invest in the project, this is reflected in his balance sheet. Project financing allows the investor not to include debt in the consolidation Balance.

Ba'zan qarz balansida aks ettirilmasligi, moliya bozorida kompaniyani baholash uchun foydalidir. Sometimes the debt is not reflected in the balance sheet, which makes it useful to evaluate the company in the financial market. But shareholders and creditors must take into account the risks associated with off-balance operations, which are usually recorded in the records of published reports, even if they are not included in the balance sheet. Project financing exists not only in order not to take into account borrowing on the balance sheet of investors.

However, there is another advantage, namely investing in the project through an unconsolidated Partnership Company.

In addition, project financing, on the other hand, allows subcontractors to establish a clearer boundary between contract and investment activities.

The results of the study may be used by public authorities and governing bodies in order to form a system of measures for development of public-private partnerships [16].

In investment projects, it is necessary to further develop cooperation between public-private partnerships and strengthen the strengths of the advantages of the implementation of public-private partnerships.

Public-private partnership is a promising mechanism for attracting long-term investment resources to develop infrastructure, modernize the national economy and ensure the country's innovative development.

#### **Conclusion**

Public-private partnership is an urgent mechanism for the implementation of socially significant projects. It is necessary to emphasize that the development of a form of public-private partnership can serve as an impetus for the development of investment attractiveness for the implementation of socially significant infrastructure projects.

To improve the mechanism for financing projects of a public-private partnership, confidence in the source of financing is required not only by a private partner, but also by the state. Project financing is a variety of mechanisms, within the framework of the implementation of public-private partnership projects, it is necessary to provide a mutually beneficial infrastructure for borrowing.

The mechanism for financing public-private partnership projects is a promising mechanism, the advantages of which have not yet been fully studied and used in the Republic, which determines both the disadvantages of the existing system for the implementation of such projects and the

possibility of its effective use in the future. From the point of view of the state, the positive socio-economic effect of the implementation of the project is a priority.

The research carried out showed that it is necessary to improve public-private partnership in the implementation of infrastructure projects. Public-private partnership is the optimal economic form of the organization of the process of financial provision of infrastructure networks and network projects. Innovation and investment activities in the agro-industrial complex development of public-private partnership and improvement of the mechanism allows to increase the efficiency of agricultural production, competitiveness of the local agro-industrial complex.

In addition to attracting private investors for the management of the infrastructure of the agro-industrial complex, direct participation in financing, among the main tasks that will be solved by the state, the following will be noted: implementation of the project and improvement of the quality of agricultural services; saving budget funds at the stage of exploitation of these facilities by the state; reduce inefficient costs, reduce the time of construction of objects, attract advanced modern technologies.

On the basis of the study, public-private partnership in the implementation of infrastructure projects of the agro-industrial complex can be described as follows, taking into account the modern features of the conditions for the formation of market relations of the country: "Public-private partnership – a system of legal formalized interaction of partner parties on the basis of fair taqsimlash financial, production and other risks, implementation of the project jointly with the necessary organizational results".

### ***The following offer is recommended.***

The maximum coordination of the implementation of the projects is the implementation in accordance with the integrated program of the public-private partnership, which is interrelated with the state program on food safety and import substitution. The positive impact of agribusiness development is noted, first of all, in the social sphere of the village with the participation of the state. For more effective implementation of projects improvement mexanizmini of public-private partnership and it is necessary to bring the normative and legal framework into a uniform form.

In our opinion, the development of an integrated approach to the agro-industrial complex, that is, the clustering of objects and the development of population punks on the basis of public-private partnership, that is, the introduction of the social component into the cluster, the Cluster Framework, it is an important and long-term aspect of encouraging positive population growth on account of the targeted education programme and increasing number of Labour worthy individuals. In order to develop the cluster structure in the infrastructure networks of the agro-industrial complex, it is necessary to create jobs for the rural population and provide them with qualified specialists and scientific personnel. Therefore, it is important not only to formulate the scientific potential of the agro-industrial complex, but also to ensure the balance of demand and supply of labor resources for infrastructure networks, primarily for projects implemented within the framework of Public-Private Partnership.

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