

Theoretical Foundations 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. An analysis of methods for determining the economic efficiency of investment projects, indicators and ways to improve it were carried out. Problems were identified at the stage of implementation of investment projects. The important role of investment in the country's economy is substantiated.

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 is to achieve a significant increase in the volume of production, services and profits, and national income for each unit of costs - labor, material, financial .

In the Republic of Uzbekistan, much attention is paid to the development of investment activity 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 Investment and Foreign Trade of the Republic of Uzbekistan was created, by Decree of the President of the Republic of Uzbekistan dated January 28, 2019 No. PP-4135 "On the organization of activities of the Ministry of Investment 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 ones, 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 over the two months of 2019 was carried out. The head of state, noting the generally unsatisfactory state of foreign investment development, seriously warned those in charge. The lack of, in some industries and regions, proposals for foreign investors based on accurate calculations 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 target indicators 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 facilities 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 to accelerate the start of construction work.

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

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

The lack of necessary local infrastructure 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 of Investment and Foreign Trade was instructed to develop a three-year program for the development of infrastructure facilities in the regions.¹

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

In our opinion, first of all, we need to dwell on the essence of the very concept of efficiency and effect. The economic effect is understood as an increase in production volume, an increase in labor productivity, profit, an increase in national income or a reduction in costs, initial and current. 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 economic or social effect to the costs of achieving it. The criterion for assessing the economic efficiency of social production is the maximization of national income in relation to production costs or resources used in production.

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

To maintain the competitiveness of the organization and expand its 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. To reconstruct old equipment and purchase new equipment, an organization needs an investment of money, which is most often unavailable to

¹ Meeting of the President of the Republic of Uzbekistan Shavkat Mirziyoyev at a meeting of the Cabinet of Ministers dedicated to accelerating the implementation of investment projects and work to attract direct investment, <https://uznews.uz/ru/article/14341>

it due to the lack of available funds. To attract the necessary funds, the organization must pursue an appropriate investment policy. Investment activity, to one degree or another, is inherent in any organization. With a large selection of types of investments, the organization is faced with the task of choosing an investment solution. Making an investment decision is impossible without taking into account the following factors: type of investment, cost of the investment project, multiplicity of available projects, limited financial resources available for investment, 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 their use for the purchase of new equipment and modernization of existing fixed assets. At the same time, a significant expansion of production can only be achieved through new investments of funds directed both to the creation of new production capacities and to the improvement and qualitative updating of equipment and technology. It is investments used for the development and expansion of production in order to generate income in the future that constitute the economic meaning of investment.

All of the above determine the topic of my article .

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

The purpose of the study is to develop scientific and practical recommendations aimed at increasing the efficiency of investments in the Republic of Uzbekistan. The set goal 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 republic's economy;
- reveal the importance and need for the development of investment activity in the context of modernization of the national economy;
- determine the main directions for analyzing the effectiveness of investment processes;
- reveal the features of traditional methods for assessing the effectiveness of investments;
- disclose methods for assessing the effectiveness of investments based on discounting;
- analyze the practice of developing investments in the socio-economic development of the Republic of Uzbekistan;
- evaluate the effectiveness of investments using the example of Mubarek Gas Processing Plant LLC ;
- analyze risks when assessing the effectiveness of investments;
- determine the positive and negative aspects of assessing project effectiveness using discounting methods;
- justify some directions and ways to improve the efficiency of investment activities;
- determine the main factors for increasing the efficiency of investment activities;
- develop scientifically based proposals to improve the efficiency of investment activities.

Research hypothesis is that the developed scientific proposals and practical recommendations of the dissertation work make it possible to increase and ensure the efficiency of investment activity in the Republic of Uzbekistan.

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

The theoretical and practical significance of the research results allows us to improve methods for assessing the effectiveness of investment projects and ensure increased 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 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 general theory of systems, the fundamental principles of investments are theoretically generalized, which made it possible to study and identify the properties and patterns of their development;
- the role and place of investment in economic development is revealed;
- types of investments are identified and classified and appropriate conclusions are drawn on them:
- the theoretical foundations and features of investment activity are revealed;
- the main directions for analyzing the effectiveness of investment processes are determined;
- the features of traditional methods for assessing the effectiveness of investment projects are revealed;
- methods for assessing the effectiveness of investment projects based on discounting are disclosed;
- scientific conclusions on the development of investments in the socio- economic development of the Republic of Uzbekistan have been formed;
- the effectiveness of the investment project was analyzed using the example of Mubarek Gas Processing Plant LLC ;
- identified the features of risks when assessing the effectiveness of an investment project;
- positive and negative aspects of methods for assessing the effectiveness of investment projects based on the concept of discounting are identified;
- some directions and ways to improve the efficiency of investment activities are substantiated;
- the main factors for increasing the efficiency of investment activities have been identified;
- scientific proposals and practical recommendations have been developed to improve the efficiency of investment activities.

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