



Determining The Effectiveness Of Investment Projects

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ABSTRACT

In this article, the financial and economic assessment of the investment project is based on the possibility of placing funds in various operations (facilities) with real assets, central to the process of selection and justification of options, financial analysis is the result of the project, which should be achieved in the implementation of the project, based on the goals of each of its participants, disclosure of opportunities to achieve results and other issues will be analyzed.

KEYWORDS

Project, investment program, economy, available resources, real opportunities, financing mechanisms.

INTRODUCTION

In order to implement large infrastructure projects, build modern high-tech production facilities, the country is carrying out large-scale work on the rapid development of the economy, the active attraction of foreign investment. Among them is the content and purpose of the Resolution PQ3437 of December 18, 2017 on strengthening the legal framework for improving the efficiency of investment activities. The resolution considers the status of investment projects included in the investment program as follows: "The effectiveness of activities in this area is

negatively affected, first of all, by a number of shortcomings related to the irrational use of available resources, the superficial study of the economic feasibility and profitability of projects included in the investment program. There is no concept of long-term development of sectors and regions of the economy, taking into account the existing resources, as well as the real opportunities for attracting investment, especially foreign investment. As a result, there are cases of initiating projects that are not economically viable, inefficient use of financial resources, which, in turn, leads

to a decrease in the investment attractiveness of the country as a whole". These circumstances require a radical overhaul of the procedure for the formation of investment programs, its financing mechanisms, increasing the transparency and efficiency of the selection of proposed projects.

The main purpose of the study is to develop scientific and practical proposals and recommendations to improve the mechanisms and methods of assessing the cost-effectiveness of projects in financing investment projects in real sector enterprises in the context of modernization of the economy.

Comparison, grouping, and economic statistical methods were widely used in the research process. As a result of the study, conclusions were made on the evaluation of the cost-effectiveness of projects in the financing of enterprises in the real sector of the economy, and scientific and practical recommendations for improving evaluation methods were developed. It was assessed that making investment decisions with the ability to make high-precision forecasts through the right approach to the use of cost-effectiveness assessment methods of investment projects is an important factor in achieving such key indicators as increasing the production capacity of enterprises of the national economy.

The developed scientific and practical proposals and recommendations can be used in the development of targeted state programs to improve the mechanism of financing the organization of investment policy in the country and the modernization of real sector enterprises.

Financial and economic evaluation of the investment project plays a central role in the selection and justification of possible options for the placement of funds in various operations (objects) with real assets. The financial analysis reveals the benefits of the project, the ability of each of its participants to achieve the results that should be achieved

in the implementation of the project, based on their goals. In economic analysis, the project is analyzed in terms of its impact on the national economy. In particular, World Bank staff (experts) conduct extensive analysis to determine which project is more effective for each project than the conflicting options for the allocation of other specific resources to the economy.

One of the important tasks of the state, enterprises and organizations is to increase the economic efficiency of investments. The essence of the problem of increasing the economic efficiency of investments is that it is necessary to achieve an increase in the volume of production, services and profits, as well as national income per unit of cost (labor, material, financial).

It is known that the terms "efficiency" and "effectiveness" are often used in micro and macro economies and their sectors. They differ from each other depending on their economic nature and content. The concept of "effectiveness" reflects the result (achievement of a positive result) of the measures taken in any part (link) of the economic process. Effectiveness is an absolute indicator that reflects the economic results of production.

Determining the validity of achieving such results in the investment process is the main task of determining the financial and economic performance of any project on investments in real assets. Conducting such an assessment is always a daunting task, as it requires the consideration of the impact of a number of important factors:

- First, investment costs can only be incurred once or over a long period of time;
- Second, the length and duration of the period from which the results of the investment project are obtained;
- Third, long-term operations can lead to increased uncertainty and risk in assessing all aspects of investment.

CONCLUSION

The main criterion for the selection of investment projects in the World Bank is the present value of the discounted profit after deducting costs. Both revenues and expenses will increase as the project progresses. In order for a project to pass the economic selection, it must meet the following two conditions:

- The net present value of the expected benefits from project implementation should not be negative;
- The net present value expected from the project must be equal to or higher than the net present value expected from the alternative conflicting projects.

The evaluation of the effectiveness of the project is carried out by determining the representation of the interests of the stakeholders. Although everyone the participant conducts the assessment work independently and differently, but in the future, the interest in the benefit is common to all participants. In evaluating the project in terms of efficiency, the public interest and interest, the ecological purity of the product, its socio-economic system, determining the appropriateness of the development project to the investment project has a major impact on financial performance.

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