

EFFICIENCY OF INVESTMENT PROJECT EVALUATION IN THE DEVELOPMENT  
OF INNOVATIVE INDUSTRIAL ACTIVITIES

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**Abstrac:** *The article discusses the issues of the effectiveness of investment projects, and their assessment when introducing innovations into the process. As you know, innovations, both domestic and foreign, allow you to first create the prerequisites for stabilizing the situation in the country's economy, and then for a radical increase in its efficiency. That is why the theoretical substantiation of the conceptual approach, the development of practical recommendations for solving problems, and strategies for the innovative development of industries are becoming an important factor in progress and, therefore, very relevant and significant research for practice. The efficiency of investment projects is analyzed based on the goals of the industry.*

**Keyword:** *Dynamic method, Efficiency assessment, Innovation, Investment project, Modified internal rate of return, Statistical method.*

In the context of the globalization of the world economy, special attention is paid to the widespread introduction of innovations and the development of an effective mechanism for the gradual assessment of investment projects, the compliance of the calculations of investment projects with international standards, the introduction of a public-private partnership mechanism, and an increase in the influence of the attractiveness of securities on active investment (Hertz, 1979). Also, the effectiveness of investment projects is ensured through structural changes and the creation of economic institutions (Lin, 2011, Ivanter, 2017). In this regard, scientific research is being carried out to improve the efficiency of evaluating investment projects in the context of the development of innovative activities in industries. In Uzbekistan, large-scale reforms are being carried out in all spheres of the economy, where priority is given to the implementation of investment projects with the involvement of foreign and national investors, in particular, the deep introduction of market mechanisms, the creation of ample opportunities for the development of private property and entrepreneurship, the organization of modern industries and infrastructure. "... one of our priority tasks in the field of economics is to further increase the prestige of our country in the international arena, increase the volume of attracted investments, by strengthening the economic ties of Uzbekistan with other states and by widely promoting the economic opportunities of our country abroad. One of the most pressing issues is the substantiation of scientific proposals and practical recommendations aimed at increasing the efficiency of evaluating investment projects in the context of the development of innovative activities of industries and in the

implementation of these tasks, the practical use of modern mechanisms. In the world economy, “5,300 innovative projects have been announced in recent years” (Kim & Mauborgne, 2003). Over the past decade, the efficiency of industries around the world has been assessed in terms of volume, forms of investment, and the scale of innovation processes.

According to the McKinsey Global Institute, “to maintain the expected rates of economic growth in the world during the 2016-2030 investments in economic infrastructure should amount to an average of 3.3 trillion. dollars per year (about 3.8% of world GDP)”. In particular, “in 2019, restrictions on foreign investment were lifted in China, agreements worth over \$ 64 billion were reached on investment projects”. Saudi Arabia strives to effectively develop its economy through innovative projects by 2030. “Under the agreement to develop the first phase of \$ 86 billion projects between China and Kuwait in February 2019, will further support foreign direct investment”. According to expert estimates, by 2020 Japanese corporations can earn about \$ 30 trillion. yen from sales of infrastructure projects in the international market (Тимошина, 2017). The stability and competitiveness of the economy are achieved only by a country that pursues an active investment and innovation policy. Therefore, it can be argued that if the investment is the driver of the economy, then innovation is the force of its movement. The success of investment projects and their evaluation while adding innovations into the process are discussed in this article. As you may be aware, both local and foreign innovations enable you to first provide the groundwork for stabilizing the country's economy, and subsequently for a dramatic rise in its efficiency. As a result, the theoretical justification of a conceptual approach, the development of practical recommendations for solving problems, and strategies for the innovative development of businesses are becoming increasingly important factors in progress, and thus very relevant and important research for practice. The effectiveness of investment projects is evaluated based on the industry's aims and methodologies employed. A calculation is provided to improve the efficiency of the industry's executed projects. In this regard, it is critical to emphasize the necessity of timely identification and systematic use of reserves for the execution of new activities, as well as for growing inventive activity to achieve more efficient subsequent industry activities.



Figure 1. Classification of types of investment project efficiency.

Flexible and effective management of investment processes taking into account changes of the external and internal environment is reached by improvement of quality of efficiency evaluation at the expense of the approved choice of the measure values satisfying sets of requirements of investors and used in efficiency evaluation of projects, definiteness and a correctness of use of the main criteria of efficiency, accounting of specific features of activity of industrial enterprises when carrying out efficiency evaluation of projects from a portfolio and practical recommendations for a choice of the best of alternative options.

More complete examination of investment projects has to be provided due to use of the integral estimates considering both traditional, and other indicators representing essential interest for the investor during all stages of lifecycle including project completion. Necessary completeness of examination is provided on the basis of an integral quantitative assessment which forms when using of the developed method of multilevel complex sequential estimation of efficiency of investment projects. The structure, stages and functions of such method are defined proceeding from accounting of modern specific features of implementation of investment projects in the conditions of action of the sanctions connected with modernization and technology updating of production, performance improvement of work and quality of products, implementation of innovations, decrease in labor input and costs . A key element of its evaluation of the effectiveness of the investment project is risk monitoring their unpredictable conclusion at all stages of implementation. Incorrectly certain project scope, limitation of determination and risk management, an incorrectness of determination of main assumptions, a formalism or insufficient competence of procedure of carrying out efficiency evaluation of projects are basic reasons of risks of unsatisfactory end. Thus the factors influencing on not predicted project completion, influence the size of cash flows on them on which, in turn, performance indicators directly depend.

Social or socio-economic efficiency. In former times, it was called national economic efficiency. In the cash flow calculations, the cost estimate here reflects not only the direct consequences of the implementation of this project, but also those indirect effects that manifest themselves in other sectors of the economy, in the social and environmental spheres. "Externalities" should be quantified where available. In cases where these effects are very significant, and their quantitative assessment is impossible, the scores of independent qualified experts are used. Commercial efficiency of the investment project. This indicator takes into account the financial implications of the project for the participant implementing the project, assuming that he produces all the necessary costs and then uses all the results. The effectiveness of participation in the project. This block includes the calculations necessary for potential project participants to decide on the appropriateness of a particular form of their participation in its implementation. Speech here can go about the following participants: - enterprise and its shareholders. In calculating the effectiveness of

participation, enterprises take into account any available sources of funds; - region, industry, as well as holding structure, association of enterprises, financial and industrial group.

This type of assessment reflects the effectiveness of the project, taking into account the interests of the region, industry, business association, holding structure or financial and industrial group. Regional efficiency indicators reflect the financial efficiency of the project for the respective region. Even without being direct participants of the project, regional structures may have one or another interest in its implementation or, conversely, in its rejection. They take into account, in particular:

- an additional effect brought by the project in related sectors of the national economy of the region;
- social and environmental implications for the region;
- revenues and expenditures of the regional budget;
- cash receipts related to the project implementation in the region from other regions, foreign sources;
- cash outflows associated with the project from the region to other regions and to foreign countries.

Sectoral efficiency indicators assess the impact of project implementation on such management structures as industry, holdings, common technological chains, financial and industrial groups, etc. Calculations of these indicators are carried out in approximately the same way as the assessment of the effectiveness of the project for an individual enterprise. The indicators of sectoral efficiency take into account the impact of the project on the activities of other enterprises in this industry and do not take into account:

- deductions and dividends paid by participating companies in various sectoral funds;
- mutual settlements of the project participants with other enterprises of the industry;
- interest for a loan provided to project participants by industry funds.

Budget effectiveness of the project, reflecting the interests of the state or regional government. It is determined on the basis of an estimate of budget flows. The budget expenditures include:

- funds allocated for direct budget financing of the project;
- loans from banks to individual participants in the project, if they are subject to compensation from the budget;
- state and regional guarantees of investment risks to foreign and domestic investors. The structure of budget revenues includes:
  - all types of taxes and tax revenues (including benefits) and rental payments to the budget;
  - incoming customs duties and excise taxes on products (resources) produced (expended) in accordance with the project;

- dividends on shares owned by the state and the region and other securities issued to finance the project;

- budget receipts for the use of land, water and other natural resources, fees for mineral resources, licenses for the right to conduct geological exploration;

- revenues from licensing, tenders and tenders for the exploration, construction and operation of facilities provided for by the project;

- repayment of preferential loans for the project, allocated at the expense of budget funds, and servicing of these loans.

Extrabudgetary funds - a pension fund, employment funds, medical and social insurance - are also equal to budget revenues in the form of compulsory deductions for wages charged for performing work provided for by the project. Of particular importance when conducting performance evaluations is the analysis of alternative solutions adopted in investment projects. Among the variable parameters of the project can be:

- the value of the expected demand for the products;

- design capacity of the enterprise, the nomenclature and the volume of its products;

- sales prices;

- basic technical and technological, organizational and managerial decisions;

- production costs and investment costs;

- interest on loans and tax conditions;

- inflation and a number of others.

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