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EVALUATING THE EFFECTIVENESS OF PROJECTS, IMPLEMENTED AS PART OF A PUBLIC-PRIVATE PARTNERSHIP

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Abstract: The article identifies the features of public-private partnership (PPP) As a tool of socio-economic development, the content of this form of partnership is revealed. The use of public-private partnership mechanisms is currently widespread in Uzbekistan. It includes a number of forms of cooperation that allow the State and the private sector not only to benefit from each other, but also to share the risk. The author notes that the organization of a public-private partnership project is the process of preparing and conducting a public procedure for selecting a private partner and concluding a contract with him that defines the activities, rights and obligations of the parties to achieve the goals of this type of project, as well as the organization of monitoring the fulfillment of obligations of the private partner and public authorities in general.

Key words: public-private partnership, competitiveness, innovative development, region, concession mechanism

Introduction

In the context of globalization, the transition to an innovative way of development requires an adequate institutional form of innovation activity, based on the project as an organizational unit of coordination and the principle of partnership as a way to coordinate the activities of participants. In this context, in the conditions of project economy, the main investment decisions are made at the microeconomic level of an individual project. At the same time, the institutional structure and the corresponding mechanisms of investment activity are determined by the framework of the investment project (or a set of interrelated projects within the framework of one investment program) as an organizational unit of coordination institutional opportunities arising at the micro level to achieve the goals of social development, primarily the transition to innovative development.

Each modern state is aimed at modernization, transition to an innovative path of development, search for new centers of economic growth in the regions, and new public administration. One of the tools for implementing the project approach in public administration, increasing the financial, technological, innovative potential of various sectors of the economy of Uzbekistan, socio-economic development of regions is public-private partnership.

The method of coordination of activities within the framework of the project is based on the principles of partnership and the prevalence of horizontal relations between the subjects of investment activity, which makes it possible to ensure the introduction of innovations in production on a permanent basis. The corresponding modern approach in the economy of Uzbekistan is based on a new type of interaction between participants in the investment process - public-private partnership.

The directions for improving the system of public-private partnership through the creation of the necessary institutional, legal, economic, and organizational environment are formulated.

Public-private partnership can be considered as one of the main tools for implementing regional development strategies, as a resource for sustainable development of a competitive economy as a whole.

Analysis of literature. Public-private partnership is a relatively new category that is used to characterize the special relationship between the state and the private sector. Public-private partnership was first implemented in the UK in the late 1980s and early 1990s, and at the present time public-private partnerships operate in 40 countries around the world.

Actually, the term "public-private partnerships" appeared in the economic literature in the 80s of the XX century in connection with the liberalization of enterprises of naturally monopoly sectors of the economy[1]. Despite the fact that since then this term has been widely used by economists and governments of Europe and America, and hundreds of projects have been implemented on the basis of the principles of public-private partnership, even among the leaders in the introduction of public-private partnership mechanisms, there is no single definition of this concept and a clear understanding under what conditions its use gives the greatest effect, and under what conditions its implementation is inexpedient.

Initially, within the framework of public-private partnership, infrastructure projects were mainly implemented, later successful practices of public-private partnership began to spread in the public sector for the provision of public services, in the field of innovation and research and development.

Improving the mechanism of public-private partnership is a multifaceted problem, including a clear definition of the role and functions of the state and private investors, the features and principles of interaction between the parties, institutional regulation of partnership processes at all stages of its practical implementation, etc.

In modern literature, there are various options for defining public-private partnership, although researchers focus on two features:

– on the social significance of the projects being implemented;

– distribution of risks during their implementation.

Among the variety of definitions of foreign and domestic researchers, we will single out the main approach to the concept of public-private partnership. Public-private partnership is considered as a special type of management – "New Public Management" or a way of state organization – the organization of "good governance" (Good Governance) as an established form of agreements concluded between business and government regarding the financial relations and means (institutional, legal approach).

In this context, the regulatory framework for the category of "public-private partnership project" is defined by law, which "... The essence of this category is a set of measures implemented on the basis of attracting private investment and (or) introducing advanced management practices aimed at solving economic, social and infrastructural problems."[2]

A significant contribution to the development of the problems of interaction between the state and private business in the interests of regional development was made by economists: M.A.

[1]Varnavsky V. G. Public-Private Partnership in Europe. 2005. №2. Pp. 62-71.

[2]Law of the Republic of Uzbekistan. (May 10, 2019) About public-private partnership. No ZRU-537. Chapter 2. State regulation in the field of public-private partnership. Article 10. // https://lex.uz/docs/4329272

Deryabina, M.A. Klinova, Y.Sh. Pappe, A.P. Maslennikov, O.L. Mikheev, S.A. Rozhkova, V.A. Sidorov, V.A. Tsvetkov, M. Chernigovsky and others.

Various aspects of the economic content of PPP, as well as the processes of its formation and functioning, are presented by foreign researchers, among which are the works of L. Atkinson, F. Busquet, M. Gerard, E. Dolan, R. Cook, J. Lampel, V. Leontiev, V. Euken, M. Porter, and others.

At the same time, there is a lack of theoretical and methodological developments in economic science concerning the balance of interests of partners, mechanisms for their regulation in the implementation of the strategy for the development of transport and its infrastructure.

Outcomes. Public-private partnership is a relatively new tool of economic development. Therefore, it is necessary to analyze the conditions for the emergence of public-private partnership, to consider its economic essence, forms and features. It is also advisable to identify the conditions for the effective development of partnership, to consider the experience of its implementation in Uzbekistan and abroad. which are mainly related to the development of transport infrastructure and the construction of real estate.

In order to implement socially significant and promising commercial projects, public-private partnership should be used as a way of mutually beneficial cooperation between the state and the business community. The effectiveness of such a combination of interests is ensured not only by joint financing of projects, but also by using the capabilities of each of the two project participants and reducing risks.

Thus, the state, entering into an alliance with representatives of business structures, on the one hand, reduces budget expenditures, and on the other hand, receives a project management system.

Representatives of commercial structures have the opportunity to use legal and credit guarantees from the state. At present, risks are not fully distributed and insurance is not sufficiently developed, therefore, a unified model of interaction between business entities and state and regional authorities in investment activities has not yet been formed, which consists in joint financing of innovative projects, in attracting foreign capital by regional authorities to create joint ventures with foreign partners.

Interaction in technology is implemented in partnership models as the creation of innovation infrastructure entities in the form of business incubators, start-up schools, free economic zones, technology parks, and so on.

In this context, the main criteria for evaluating an innovative PPP project by a private partner are the investment attractiveness of the project, economic efficiency and risk allocation. The assessment of investment attractiveness is based on a comparison of the profitability of investments in this project with the profitability of investments in other projects or the placement of funds at interest, their circulation in securities.

Efficiency assessment is carried out by calculating a system of indicators or criteria for the effectiveness of an investment project. For this purpose, the following traditional methods are usually used:

- Static methods include: calculation of the payback period, calculation of the rate of profit;
- discounted methods take into account the time value of money: net present value, internal rate of return, discounted payback period, profitability index.

Since the calculation of these indicators is described in detail in the literature on assessing the effectiveness of investment projects, we will not dwell on them in detail.

Unfortunately, in the implementation of public-private partnerships, conflicts often arise between the motivations of the main subjects of the project. The private partner is interested in ensuring the profitability of the project, which, in certain forms of cooperation, may lead to an

increase in tariffs for services/products offered to the population, while the main function of the state is to ensure the interests of society and the end consumer. At the same time, in the course of the implementation of infrastructure public-private partnerships in projects, the contribution of a private partner can be very valuable, since it is he who brings professional experience, effective management, the ability to innovate, however, for him, such projects are of little interest, since they have a very low, if not negative, profitability.

Accordingly, private business will not be interested in taking part in such projects on market terms, which means that in order to attract a private investor, the state partner must provide him with certain benefits, as well as assume part of the risks of the project.

The presence of such contradictions and a large number of tasks that the implementation of public-private partnership is aimed at solving significantly complicate the formulation of the main criteria for the selection of projects for implementation and the formation of a project portfolio on the part of the state.

Thus, the conceptual approaches to the development of the National Infrastructure Plan imply, first of all, the identification of priority infrastructure projects on the basis of the following criteria:

- the need for construction or reconstruction within the framework of the infrastructure project;
- presence in the cost part of the project of costs for the construction/reconstruction of the infrastructure facility and/or its maintenance;
- availability of construction terms;
- the presence of a project goal, which provides for the development of the infrastructure of the sector.

After the inclusion of projects in this list, an assessment of the environmental consequences and possible impact of any measures for the development of infrastructure facilities on the environment is carried out and, most importantly, an assessment of costs and benefits, the distribution of risks in order to make effective decisions when choosing an investment option for the implementation of projects (public investment, foreign direct investment, attracting a private partner on the basis of public-private partnership, etc.).[3]

Other project proposals that are not included in the list of priority and infrastructure proposals, as a rule, are more often considered as possible for implementation with the involvement of a private partner, and not at the expense of direct public investment.

In the Practical Guide to Cost-Benefit Analysis (Value for Money), developed by the World Bank Institute, public authorities are offered an analysis mechanism that will allow them to decide whether it is necessary to implement a project in the form of a public-private partnership or whether it is worth preferring another "traditional" form of implementation of public procurement.

In general, cost-benefit analysis combines the following 2 types of analysis:

a) qualitative analysis is used at the earliest stages of project development and is an analysis of the validity of the application of PPP principles. Different countries use different criteria to assess the feasibility of implementing a particular project with private investment. The most common criteria for a project to be implemented in this form are:

long-term, predictable need for the service/product produced;

the ability to effectively distribute risks among participants;

the ability of the private partner to assume risks and responsibility for the implementation of the project;

the existence of a stable political environment and the necessary institutional framework;

[3] Conceptual approaches to the development of the National Infrastructure Plan of the Republic of Belarus for 2015 - 2025 // Website of the PPP Center in Belarus.//http://pppbelarus.by/training/methodology/

competitive market.

The criteria for non-compliance of the project include:

a project that is too small or too difficult to implement;

preferences and needs in this sector are changing very rapidly;

insufficient readiness of the responsible authority to implement the project on the principles of PPP.

b) Quantitative analysis includes a comparison of the algebraic sum of costs and benefits obtained in the implementation of the proposed public-private partnership and in the implementation of the project in the traditional form for the public sector (according to the so-called "basic model"), discounted taking into account the time factor. At the same time, the manual notes that in practice, the possibilities for applying such an analysis are very limited and vary depending on the type of programs and projects being implemented. Moreover, such a mechanism applies a number of assumptions that cannot be unambiguously estimated at the time of analysis, which makes the procedure very complex, and the results are not always accurate[4].

In turn, some researchers, in particular, N.A. Moissenko and O.I. Timoshina, in their article "Key Issues in the Selection of a Public-Private Partnership Project, Forms of PPP and Prerequisites for Their Use", suggest that when making a decision, project proposals should be ranked on the basis of expert decision-making models, in particular, a multi-factor model for evaluating a project based on the point principle. In their opinion, this model is more accurate and correct, since it uses a certain gradation of the quality of each specific factor (criterion), which include:

indicators of project feasibility, compliance with quantitative and qualitative restrictions;

indicators characterizing the financial efficiency of the project;

indicators characterizing the economic efficiency of the project;

indicators that characterize the acceptability of the project risk level;

qualitative indicators[5].

A lot of research is devoted to the issue of assessing the financial, economic and, importantly, social efficiency of innovative PPP projects, but in relation to the indicators of economic, financial and budgetary efficiency, researchers do not adhere to uniform assessment methods.

In particular, G.A. Makhovikova in her monograph proposes to select PPP projects in the following three stages:

- *At the first stage* , it proposes to form an information base about the project and the program for its implementation, which will allow to develop a feasibility study of the project;

- *At the second stage* , it is proposed, depending on the complexity of the project, to use various methods and tools from the simplest calculations, to the "cost-benefit" analysis, which was mentioned earlier, to draw conclusions about the value of partnerships, based on different types of performance categories;

- *At the third stage* of quantitative analysis, it is proposed to select PPP projects based on the calculation and comparison of the following indicators:

- *budget efficiency indicator (EB),* which is calculated by dividing the amount of discounted tax revenues and savings in state budget expenditures due to the implementation of the project by the total amount of funds of planned state support;

[4]Value-for-Money Analysis Practices and Challenges: How Governments Choose When to Use PPP to Deliver Public Infrastructure and Services // Report from World Bank Global Round-Table 28 May, 2013. WBI and PPIAF Washington DC, 2013. 34 p.

[5]Moissenko N.A., Timoshina O.I. Key Issues in the Selection of a Public-Private Partnership (PPP) Project, PPP Forms and Prerequisites for Their Use // University Bulletin (State University of Management) No 13, 2012. Pp. 80 – 86.

- *economic efficiency indicator (EF),* which reflects the ratio of income initiated by an investment project (taking into account external externalities) to the gross domestic product or gross regional product, depending on the scale of the PPP project.

According to G.A. Makhovikova, the assessment of the effectiveness of the PPP project implementation should be carried out at all stages of the project implementation from the emergence of the idea and throughout the process of actual implementation of the project, which will allow to track changes in the analyzed situation, as well as to make timely management decisions to adjust the efficiency of project implementation[6].

In turn, L.S. Shakhovskaya in her article "Assessing the effectiveness of the PPP institution and the risks of projects implemented on the basis of PPP principles" expands the methodology for analyzing the effectiveness of public-private partnerships to five stages, noting that such an assessment is carried out on the basis of two main areas:

- Assessment of economic efficiency;

- assessment of social efficiency.

In this extended methodology , the methodology for analyzing the effectiveness of public-private partnership in the aggregate includes five stages:

- *At the first stage* , it is proposed to analyze the general characteristics of PPP, the market environment, the management system of this type of partnership, the analysis of the socio-economic results of such a project and the environmental consequences and impact of public-private partnership on the environment;

- *at the second stage* , it is proposed to analyze alternative options for achieving the goal of public-private partnership and only after receiving confirmation of the fact that the implementation of the project in the form of PPP is justified - a financial analysis of public-private partnership (also based on the indicators of the project's contribution to GDP or GRP) and an analysis of the budgetary efficiency of the implementation of this type of project. In the course of such an analysis, budget revenues are taken into account different levels in the form of taxes, excise duties, duties, etc.:

in a separate third stage. The analysis of the risks of public-private partnership is highlighted, and at the last two stages it is proposed to analyze the form of implementation of this type of partnership and make a final decision on the project[7].

In our opinion, the latter method is the most systematic and comprehensive, since it takes into account the influence of many factors, including the impact of the project on the environment - an aspect that is given great importance in many countries as a whole, which is reflected in the concept of development of research works. It also allows you to take into account the specifics of projects implemented in the innovation sphere, offers clear indicators for assessing the effectiveness of public-private partnerships, a matrix for assessing the economic effect, taking into account the risk component. At the same time, it is also noted that there is a need to analyze alternative options for achieving the goal of this type of partnership. In this case, it seems appropriate to use the previously considered cost-benefit analysis

Partnership in the production of innovative products can take place using such models as the creation of joint ventures and franchise organizations, as well as co-financing of innovative projects, the development of strategic cooperation between research and industrial organizations of various

[6]Makhovikova G.A., Efimova, N.F., Public-Private Partnership: Foreign Experience and Russian Realities: Monograph. St. Petersburg, SPbSUEF Publ., 2013. 251 p. (In Russian)

[7]Shakhovskaya L.S., Popkova E.G., Morozova I.A., Pozdnyakova U.A. Assessment of the effectiveness of the PPP institute and the risks of projects implemented on the basis of PPP principles. 2014. № 6. Pp. 447-454.

forms of ownership for the implementation of the most important innovative projects of national importance.

In order to clearly distinguish public-private partnership projects from many others, we will introduce the features of public-private partnership (Fig. 1):

- a long-term project with clearly defined deadlines;
- voluntary mutually beneficial nature of cooperation;
- formal nature of cooperation on the basis of contracts and agreements with a clear structure of interaction and distribution of risks and benefits;
- joint participation of business and government in the financing and management and/or implementation of the project;
- production of public goods aimed at solving the most important socio-economic problems.

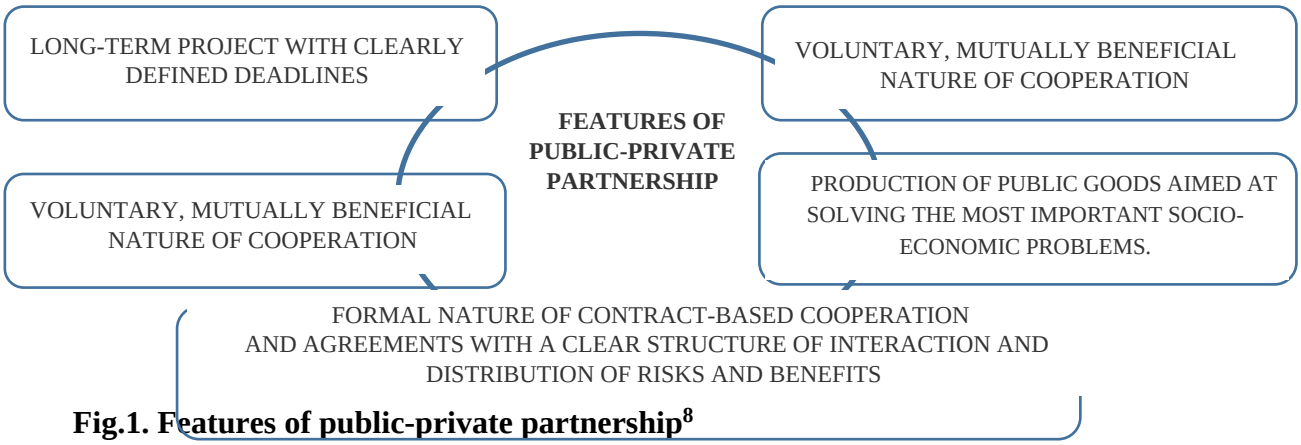


Fig.1. Features of public-private partnership[8]

In cases where projects do not meet all of the above criteria, but perform the same functions as PPP projects, we can distinguish quasi-PPP ("almost" PPP).

These include the following forms of cooperation between business and government:

- investment projects; government orders and government contracts; joint ventures;
- agreements on social and economic cooperation concluded by business structures and state and municipal authorities;
- state and regional target programs; programs for the creation of free economic zones, etc.

A common feature of public-private partnership and quasi-PPP projects is the financing of the production of public and quasi-public goods, the solution of the most important socio-economic problems. Unlike public-private partnership projects in their pure form, quasi-PPP has a number of features:

- financing, management or implementation of the project is carried out by one of the parties;
- Indefinite nature of the project (short-term current investments);
- can be informal;
- is legally formalized as a state contract, an agreement on social and economic cooperation, state and regional target programs.

[8]Compiled by the author on the basis of a synthesis of a number of scientific literatures, in particular, Moissenko N.A., Timoshina O.I. Key issues in the selection of a public-private partnership (PPP) project, forms of PPP and prerequisites for their use // Vestnik universiteta (State University of Management) No 13, 2012. P. 80-86; Kleymenycheva I.D. Assessment of the effectiveness of innovative projects in the context of public-private partnership: methods, procedures, indicators.// Journal: Bulletin of the Belgorod State Technological University named after V.G. Shukhov (vol. 1 No 8 , 2016) // https://bulletinbstu.editorum.ru/ru/nauka/article/29159/. et al.

Conclusion. The study of the experience of implementing innovative projects of public-private partnership in foreign countries, as well as the consideration of the works of researchers of the CIS countries, allow us to say that there is no single universal methodology for assessing the effectiveness of public-private partnership. All researchers note the need for an integrated approach in order to assess the effectiveness of achieving the tasks of each of the participants in the partnership and society as a whole.

The essence and content of economic efficiency are reflected in the cost and relative indicators of the implementation of investment projects. Understanding the fact that innovative projects are, as a rule, complex, unique projects with a long period of implementation, and each of them requires its own approach and in-depth analysis, leads us to the conclusion that the development of a unified methodology for assessing efficiency is not always possible. that each of the countries has its own, sometimes not used in world practice, forms of implementation and structures of financing public-private partnerships in the innovation sphere.

Nevertheless, the formation of a general concept by the institutions of public-private partnership , including methods, criteria and indicators for analyzing the effectiveness of this type of partnership, is necessary to search for and substantiate the most acceptable forms of cooperation between the state and business.

In each particular case, during a detailed review of project proposals, the parameters for analysis can be refined depending on the specifics of each project. But the availability of a comprehensive methodology will make it possible to carry out a current analysis of the effectiveness of the implementation of public-private partnership of the project at all stages, in order to track changes in the analyzed situation, and to make timely management decisions.

In conclusion, it should be noted that during the development of the concept, it is necessary to clearly define the main indicators that are an indicator of the need for financial "closure" of public-private partnership projects and at what stage of implementation.

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