Financing start-up projects and analyzing the financing mechanism

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Abstract: The article examines new opportunities and prospects in innovation activities. The number of start-up projects over the past five years. Analyzed the development of start-up projects in the Republic of Uzbekistan and the main sectors for sustainability and development of innovative technologies. Analyzed modern and scientific practical literature. Influence of innovation on economic factors was studied. Also the basic criteria in the development of innovative economy were studied..

1 INTRODUCTION

The Republic of Uzbekistan is a landlocked state located in Central Asia with an Atlas-estimated GNI per capita in current prices of $2,040 in 2018. It had a population of 33.2 million as of January 1, 2019, with an area of 447,000 square kilometers. GDP growth in 2018 was 5.4%. The economic outlook for Uzbekistan remains positive with projected growth of 5.6 percent in 2019 and high rates by 2025 based on strong investment growth and a deepening reform program. Up until now, the republic has relied heavily on natural resources, mainly energy and water, which raises concerns about their long-term sustainability. Uzbekistan's exports of food, textiles, other manufacturing products and services are expected to increase in the coming years, while gas and mineral exports are likely to decline given rising domestic demand and falling world commodity prices. Uzbekistan also faces another development challenge related to the creation of new jobs due to its rapidly growing labor force. This will require, among other things, an accelerated transition from a state-dominated economy to a market economy dominated by the private sector. The public sector will not be able to create the large number of jobs required to meet the needs of a rapidly growing labor force, which is projected to continue to grow through 2040. Thus, private sector development and investment are critical to job creation. As we know, extensive structural reforms began in Uzbekistan in 2017. They included, among others, unification of the som exchange rate, liberalization of the foreign exchange market and visa regime, strengthening the independence of the Central Bank, assessment of the sustainability of the banking sector, implementation of financial recovery plans in key state-owned enterprises, price liberalization, resumption of the WTO accession process in December 2018, significant tax cuts from January 2019, and new legislative provisions to promote competition and public-private partnerships. Authorities are still committed to their goal of achieving high-middle income per capita status by 2030 by increasing the competitiveness of the economy, improving the business environment, and developing infrastructure to support rapid job creation. In connection with the above-mentioned data we can say that the chosen topic is considered relevant

2. METHODS OF MODELING SOLAR BATTERY

In the modern scientific and practical literature, the main emphasis in many studies of "start-up is on the problems of management, development of new biofuel models, and motivation of people. Among such literature are E. Ris "Business from scratch: The Lean Startup Model in Checking Ideas and Choosing

Business Models", S.Weitz and Bafiy Freud "Startup Opportunities: Know When to Quit Your Permanent Job", S.Blank "Startup: A Workbook" and Yu Appelo, D.S Rouse, E.Brigman, S.Fisher or N.Duane, T.Hogan and K.Broadbent.

We can give an example of Kawasaki's books [1]. In many publications, including scientific literature, at scientific conferences the topic of startups is rapidly discussed. And the fact that new sources of development and funding are appearing confirms that this direction is promising. But not all authors succeed. Only those who are unconventional in start-up projects, offering solutions for themselves, will receive this honor.

Theorist and scholar-practitioner E.Ris says that the problems in start-ups are the old management vision and the lack of financial support. A lot of bad luck will be a hindrance to any success: products are removed from the shelves in a couple of weeks. The author suggests using the "cost-effective startup" method (The Lean Startup) in finding a solution to the problem. According to him, creating a short-term product offers a method that does not require a lot of initial funding, based on its verification.

Startups refer to organizations that arise with high maneuverability in terms of adapting to changes in the market, as well as flexibility and dynamism supported by technological tools that have revolutionized business forms, product concepts and, mainly in the provision of these services [2].

I also propose this approach to start-up: a start-up is an innovation that has not existed before, or has been rediscovered, or otherwise has a unique change that is unlike its predecessors, differs by at least 50% and has high efficiency in that direction.

3. Results

The research on financing trends of start-up projects is based on the main sectors of the start-up economy and the volume of their financing. There is no doubt that start-up projects began to form and participate in these types of innovative developments. It has been only a year since the Ministry of Innovative Development of the Republic of Uzbekistan created the Department of start-up projects within its structure [3].

If we trace the history of announcements issued for start-up projects, based on data from the Ministry of Innovative Development, there was one competition for start-up projects in November 2018. By 2019, the number of competitions for start-up projects reached 2 announcements. In 2020 there were 3 start-up competitions, in 2021 there were also 3 start-up competitions. In the period up to May 2022 the number of competitions for start-up projects reached 7. We can see a graph of competitions held on start-up projects in Diagram 1.

Analyzing this indicator, we see that in 2022 the number of competitions held increased compared to 2018 - by 7 times, compared to 2019 - by 2.5 times, compared to 2020 and 2021 - by 2.3 times.

If we look at the funds allocated to start-up projects [4], in 2021, 56 start-ups were recommended for financing projects in their local and international competition for a total amount of 41.4 billion sum.

The proportion of proposed start-up projects by sector and section of the economy is 15 billion sum in the agricultural sector, 9 billion sum in the health sector, 12 billion sum in the information technology sector, 8 billion sum in the transport and energy sectors, 3 billion sum in the food sector and 9 billion sum as a result of implementation of these projects it is planned to create 685 new jobs in total.

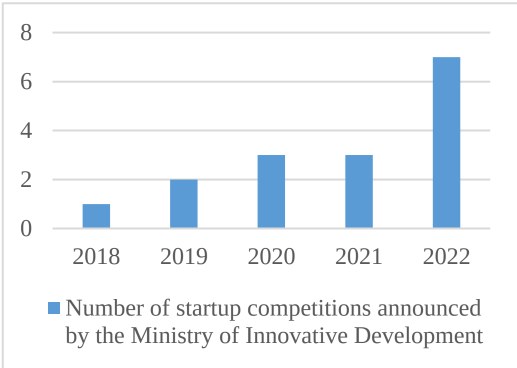

Diagram 1. Number of startup competitions announced by the Ministry of Innovative Development

Source: Innovation was compiled by the author on the basis of data from the Ministry of Development

In 2021, more than 1,600 projects worth 407.1 billion sum were financed under the project of initiative budgeting. The largest number of proposals from citizens was on repair of internal roads (408) and educational institutions (367), construction of drinking water supply, sewerage and irrigation systems (131), street lighting (115).

In February-March 2022 in the process of active participation of citizens on the platform of initiative budget 69.7 thousand proposals were received, most of which account for repair or construction of internal roads - 17.2 thousand (25% of all initiatives), schools - 10.1 thousand (15%), pre-school educational organizations - 4.4 thousand (6%). Citizens also sent proposals related to repair or installation of lighting systems, drinking water supply, playgrounds, repair of mahalla buildings, gas and electricity supply sphere, and others (Fig. 1).

Fig. 1. Proposals received by sphere

Source: https://openbudget.uz/ru/boards/4

DISCUSSIONS

Currently there are a number of works on the development of start-ups in Uzbekistan. In order to form a start-up culture and create new jobs in innovative spheres, on April 5, 2021 a competition was announced on the topic "start-up projects aimed at solving problems in innovative spheres". According to the competition, a total of 131 start-up projects were submitted by the ministry [5] for consideration and funding. In particular, 14 from Nukus district of Karakalpakstan, 12 from Bashi Andijan regional district, 5 from Romiton district of Bukhara region, 9 from Altyarik district of Fergana region, 13 from Friendship district of Djizak region, 19 from Gurlan district of Khorezm region, 5 from Chust district of Namangan region, 2 from Karman district of Navoi region, 1 from Nishan district of Kashkadarya region, 14 projects were submitted, 3 from Altynsoy district of Surkhandarya region, 19 from Melonaron district of Tashkent region. As a result of the contest, 29 start-up projects worth 20 billion sum were recommended for financing. Particularly, sum 3 billion from Nukus district of Karakalpakstan, sum 0.8 billion from Romiton district of Bukhara region, sum 1.9 billion from Ferghana region, sum 1.6 billion from Friendship district of Djizak region, sum 2 billion from Gurlan district of Khorezm region. Sum, 3 units worth 3.4 billion sum from Chust district, 3 units worth 1.1 billion sum from Syrdarya district of Syrdarya region and 2 units worth 1.3 billion sum from Altynsoy district of Surhandarya region. As a result of consideration in the competition, 4 projects worth 4 billion sum from Ahangran district of Tashkent region were recommended for financing.

In order to further develop the wine sector in our country, July 10, 2021, according to the results of the contest of start-up projects on the theme "Innovative ceramic and leather ware for production and packaging of wine products", 1 start-up project worth 0.3 billion sum was recommended for financing.

In order to increase the share of start-up development in the areas of copper industry, viticulture [6], silk and wool industry, biotechnology and medicine, renewable energy, agriculture, information technology in our country, a "contest of start-up projects in new promising areas" was announced on November 1, 2021. According to the contest, a total of 132 start-up projects were submitted by the ministry for consideration and funding.

CONCLUSION

Uzbekistan managed to promptly take the necessary measures to overcome economic difficulties in 2022, but next year will bring even greater challenges, which must be reckoned with and responded to, without resorting to the old tools that have ensured strong growth in the past. The slowdown of the economy. In 2022, Uzbekistan was benefiting from the current situation, but next year it will have to face the negative effects. For example, recession in the Russian economy will negatively affect Uzbekistan through foreign trade, investment and migration flows. If we take into account the fact that Russia is the main foreign trade partner of Uzbekistan in 2021 and for the first 11 months of this year, the deterioration of the economic situation in Russia will not bypass our country. In 2023 the ratio of the total fiscal deficit to GDP may reach about 4-4.5%. In 2024, there will be grounds for forming this ratio near 3.5-4%, while in 2025 it will be near 3%. Under this scenario, consumer demand in the economy will be at a lower level compared to the main scenario, and the inflation rate, taking into account the other factors mentioned above, is projected to be about 7-8% next year. If this scenario is implemented, the Central Bank will maintain "moderately tight" monetary conditions until the end of the forecast period to ensure a balance between price stability in the economy and support of economic activity. The formation of positive real interest rates at the money market will create opportunities to reduce the pressure of external risks on the exchange rate. At the same time, given the likelihood of a decrease in foreign exchange flows and pressure on the exchange rate of the national currency, proposals are being prepared and measures will be taken to reduce the effect of the exchange rate changes transfer on prices within this scenario.

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