

## IMPORTANT ASPECTS OF FINANCING BUSINESS PROJECTS: IN THE EXPERIENCE OF DEVELOPED COUNTRIES

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### Abstract

*In this article, the content, importance, forms and specific features of business project financing were studied based on the experience of developed countries in financing business projects, and researches were conducted based on the researches of various economists. The foreign experience of financing business projects is analyzed based on international practice and the current situation in the USA. Also, in the world practice, capital attraction through shares and bonds and their importance in the corporate sector were studied. Based on the research, relevant conclusions and proposals were formed.*

**Keywords:** *Investment Project, Business Project Financing, Financing Types, Shares, Bonds, Corporate Bonds.*

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### INTRODUCTION

Today, the strengthening of the country's economy is carried out through the effective implementation of business projects in various sectors of the economy. Therefore, until now, many forms of business project financing have been created and different business project financing forms are used in all countries based on their characteristics. However, a number of problems remain in the implementation of cheap and effective forms of financing business projects for developing countries like Uzbekistan. In particular, the lack of development of the stock market in the country, the high interest rate of bank loans, and the fact that modern forms of financing business projects are not used are among them. Therefore, it is important to study the experience of foreign countries in financing business projects.

### LITERATURE REVIEW

W. Leonski studied the essence and specific features of financing business projects through crowdfunding. "Crowdfunding is one of the fastest growing alternative ways of financing new business initiatives in the modern market. The development of crowdfunding is undoubtedly related to the development of information technology and computer networks. This type of financing is especially important for those who have an attractive, innovative idea, but do not have the financial means to implement it" [1]. This form of financing is suitable for financing start-up projects and small business projects.

The essence of project financing was studied by S. Gatti. "Project financing represents the process of financing a specific economic entity, SPV or project company, created by sponsors using equity or benchmark debt, and the creditor considers cash flows as the main source" [2].

According to F. Cottone and others, "a project financing deal requires the services of consultants and specialists in unrelated fields. Sponsors and creditors remain responsible for project implementation and making strategic decisions about the project" [3]. The services of financial intermediaries also play an important role in financing business projects. Because paying attention to this aspect determines the success of business project financing practice.

E. Teitey defines the financing of business projects as "the process of determining how to obtain the resources necessary to manage the costs associated with the initiation and continuation of the project" [4]. While this process sometimes involves reallocating resources to finance the project, project financing usually involves securing loans or other types of financing to cover project costs.

D. Gardner and J. Wright researched venture financing and stakeholder relationships. "Project financing is basically a process of fair distribution of project risks among different stakeholders of the project" [5]. One of the important aspects for the parties is the diversification of risks in the financing of business projects.

B. Mamatov and others researched the issues of business project financing. "Project financing is a type of lending to investment projects, where the creditor partially or fully assumes the risks associated with the implementation of this project" [6]. However, it is appropriate to pay attention to other forms of financing in this process.

I. Alimardonov expressed the opinion that "tax benefits play an important role in the state support of the financing process of business entities" [7]. Therefore, it is necessary to take into account the tax policy when determining the ways of business financing.

Bank loans are the main form of financing business projects in most developing countries today. Therefore, the role of bank loans in financing business projects was studied by N. Oblomurodov. "The demand of business entities for bank loans is somewhat higher in developing countries. In developed countries, on average, 40 percent of business entities need a loan, while in Eastern Europe and Central Asian countries, this figure ranges from 45 to 60 percent. At the same time, it should be shown that the requirement of collateral in the lending process is on average around 60 percent in developed countries, and on average it is higher than 80 percent in the countries of Eastern Europe and Central Asia" [8].

Taking into account the above points, it can be noted that the use of bank loans and securities issuance is widely used in the financing of business projects.

## RESEARCH METHODOLOGY

In the study of the experience of foreign countries in financing business projects, the researches of various economists on financing business projects were researched and the methods of analysis and synthesis were used. Comparative analysis and statistical analysis methods were used to study the foreign experience of financing business projects.

### Analysis and results

By analyzing the international practice, it can be observed that the issuance of securities is widely used in the financing of business projects. In particular, the United States is one of the countries where various forms of financing business projects are widely used. Focusing on US initial public offerings (IPOs) over the past decade, a large number of IPOs were organized between 2013 and 2022 (Figure 1).

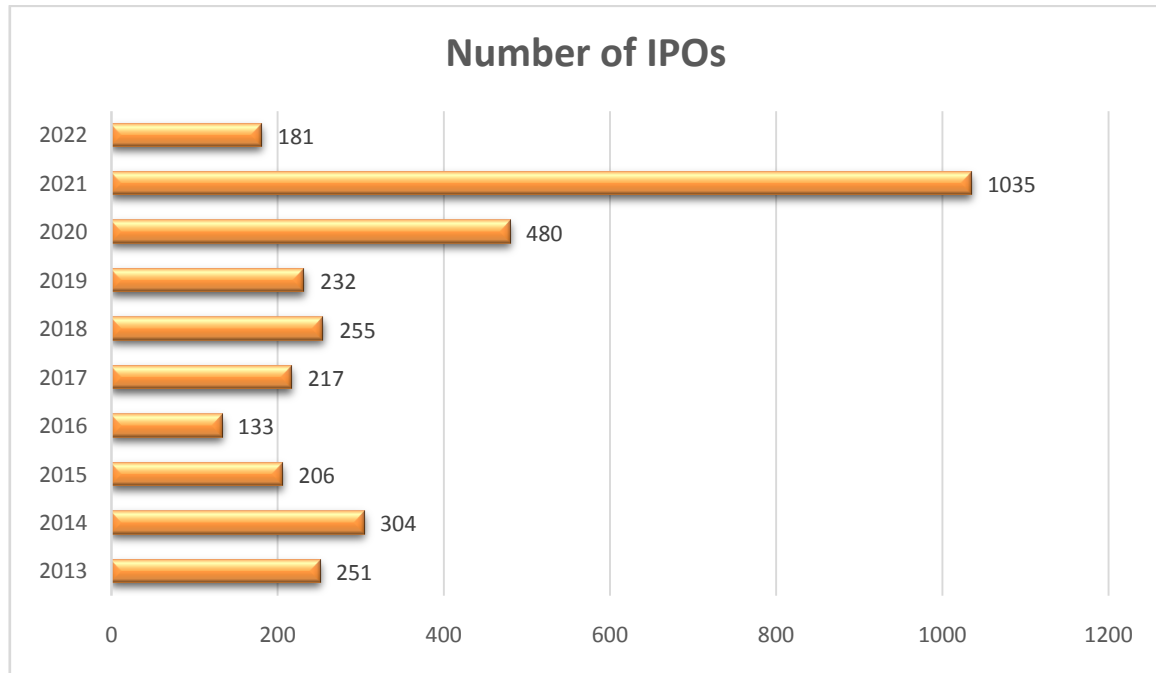


Figure 1. Number of IPOs conducted in the US in 2013-2022 [9]

In the last decade, the largest number of IPOs was held in 2021, which amounted to 1,035 (Figure 1). In 2016, the fewest IPOs (133) were organized.

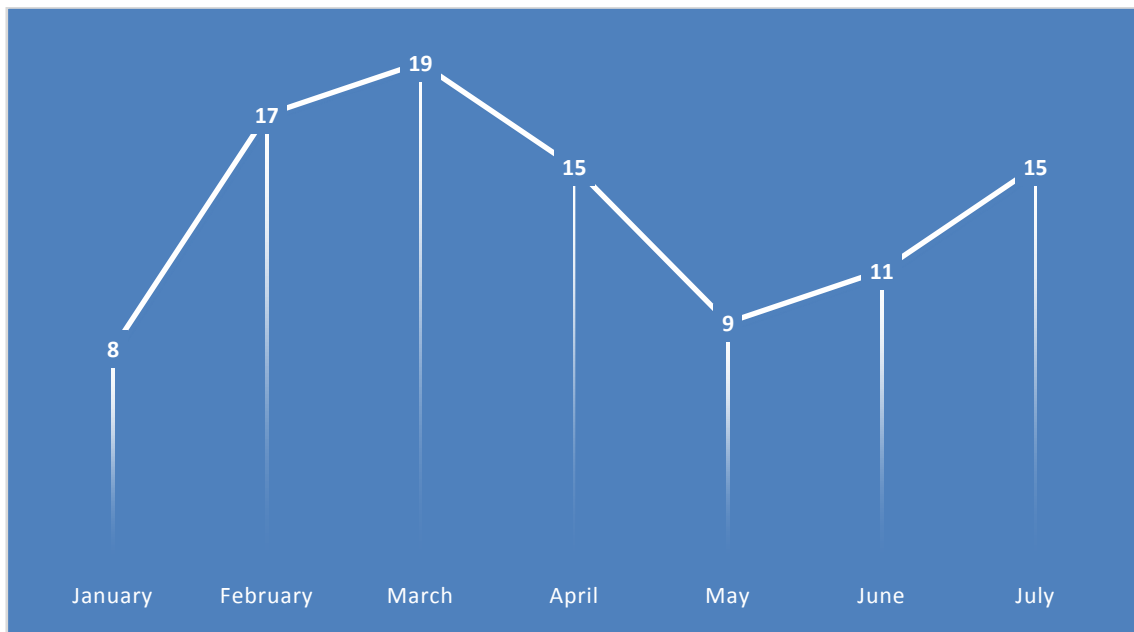


Figure 2. Number of US IPOs in 2023 [9]

Analyzing the IPO practices conducted in the USA in 2023, it can be seen that a total of 94 IPO practices were conducted in January-July. The largest number of IPOs was organized in the USA in February-April (Figure 2).

**Table 1** Indicators of IPO practices conducted in July 2023 [9]

No	The date	Company name	IPO value of the stock	The current value of the stock	Change
1.	27.07.2023	Surf Air Mobility Inc.	\$20.00	\$1.34	-93.30%
2.	27.07.2023	ParaZero Technologies Ltd.	\$4.00	\$1.14	-71.50%
3.	26.07.2023	Haymaker Acquisition Corp.	\$10.00	\$10.25	2.50%
4.	25.07.2023	Keen Vision Acquisition Corporation	\$10.00	\$10.15	1.50%
5.	25.07.2023	Earlyworks Co., Ltd.	\$5.00	\$1.51	-69.80%
6.	25.07.2023	Warrantee Inc.	\$4.00	\$0.97	-75.64%
7.	25.07.2023	Janover Inc.	\$4.00	\$1.26	-68.50%
8.	21.07.2023	Turnstone Biologics Corp.	\$12.00	\$10.91	-9.08%
9.	19.07.2023	ODDITY Tech Ltd.	\$35.00	\$41.62	18.91%
10.	14.07.2023	Apogee Therapeutics, Inc.	\$17.00	\$23.75	39.71%
11.	14.07.2023	Nabors Energy Transition Corp. II	\$10.00	\$10.22	2.15%
12.	14.07.2023	Sagimet Biosciences Inc.	\$16.00	\$12.04	-24.75%
13.	12.07.2023	Bowen Acquisition Corp	\$10.00	\$10.27	2.70%
14.	12.07.2023	60 Degrees Pharmaceuticals, Inc.	\$5.30	\$1.46	-72.45%
15.	07/06/2023	Prestige Wealth Inc.	\$5.00	\$6.20	24.00%

2023 year July in the month in the USA it was done IPO practices indicators who learns. If so, this is it in the month 15 in total IPO organized (Table 1). Surf Air Mobility company of the action IPO value July in the month the most high was this is it action the most many p negative change (-93.30%) . encountered action as too not reach can. Also, Haymaker Acquisition, Keen Vision Acquisition, ODDITY tech, Apogee Therapeutics, Nabors Energy Transition, Bowen Acquisition, and Prestige Wealth are among the companies whose stock price increased after the IPO in July 2023. In 8 out of 15 IPOs, the share price decreased after the IPO.

One of the most common forms of attracting capital to business projects is the issue of corporate bonds. In particular, if we analyze the total bonds sold in the international market in 2022, it can be seen that the main part of corporate bonds was sold in several "hard bonds" (Figure 3).

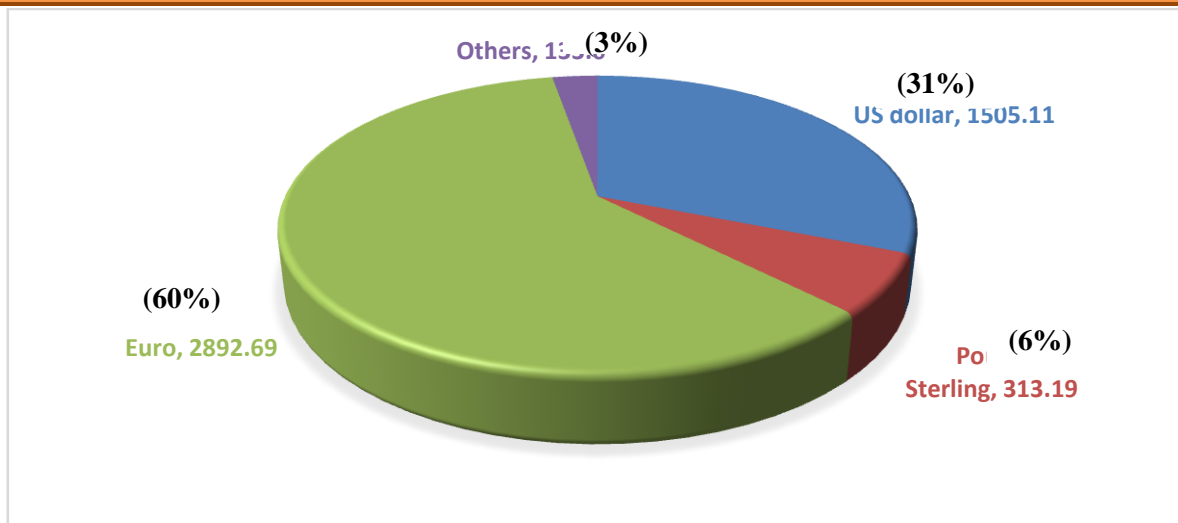


Figure 3. Indicators of total sold corporate bonds in 2022, bln. in euro [10]

Figure 3 shows the indicators of total sold corporate bonds in 2022 billion. denominated in euros, most corporate bonds in the international market are in euros (60%), followed by US dollars (31%) and sterling (6%).

## CONCLUSION

The following conclusions were formed by studying the experience of foreign countries in financing business projects.

Mechanisms for the practical application of new forms of financing should be developed in the development of the practice of financing business projects in Uzbekistan.

When researching forms of financing business projects, it is necessary to focus on determining the cost of capital involved. Also, issues of minimizing the risks that arise in the financing of business projects are considered important aspects.

The formation of financial resources necessary to manage the costs associated with the start-up and continuation of the business project should be taken into account by the project owners. Also, favorable conditions for financing business projects should be created by the state.

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