



## Course «Investment project management»

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# The eleventh lesson. Capital investments to economy

- 11.1. The essence and importance of project financing investment.
- 11.2. Type of Investment Financing Types.
- 11.3. The syndicated lending arrangement of investment projects
- 11.4. Stages of financing investment projects



## 11.1. The essence and importance of project financing investment.

**Project financing** of investments is one of forms of monetary mobilization, where a number of finance and credit institutions will be involved in the implementation of large-scale projects, and investment expenditures will be covered at the expense of future revenues of newly created entities


Loans provided by EBRD are focused on specific targets: purchases of foreign equipment and technologies, partial repayment of services and working capital, such as subprojects financing.

One of the main conditions for obtaining the EBRD credit line is that the project focuses on the production of export-oriented products. The loan term is up to 7 years, with 2 years of grace

## Project financing sources 2018

№	Sources	Amount of expenses (USD)	Final interest
1	Private Equity	219798	50,96
2	Bank loan	211496	49,04
	Total	431294	100,00

## Specific features and mechanism of organization and implementation of investment project financing

 must be no less than 25% of the initial value of the project. Loan collateral (purchased as collateral for third parties or government guarantees, insurance policies, fixed assets, buildings, facilities, 70% of valuation cost and equipment cost 60-70% of valuation value). Must be at least 120% of the amount requested. The interest rate for the loan is the fees of the banks of the republic, where the credit line of interest is not less than LIBOR (or NIBOR, PIBOR).

## 11.2. The syndicated lending arrangement of investment projects

- Financial assessment (or financial viability assessment) should be used when selecting the objective, conditions and options of the project, and the use of additional information in the investment design process.
- However, in practice, many businesses do not reflect cash flow information. This does not allow us to analyze whether the entity's cash resources and activities are in return. The result makes it difficult to finance the enterprise. Therefore, when declaring data on financial and economic activity of the enterprises, it is necessary to fully comply with the requirements of the Minister of Finance of the Republic of Uzbekistan from December 27, 2002 № 140 (registered by the Ministry of Justice of the Republic of Uzbekistan on January 24, 2003).

# The method of assessing the effectiveness of the investment project

Financial Assessment

Economic evaluation

Earnings report  
(Figure 2)

Transactional cash flow statement  
(Figure 4)

Balance  
(Figure 1)

Simple  
(statistical)  
methods

Discount  
Methods

Coefficients of financial  
valuation

Net  
discounted  
earnings

Internal  
liquidity norm

Simple norm of  
profit

Return time