




Course «Investment project management»

Dr. Dilorom Davranova. Tashkent state university of economics

The forth lesson. Investment policy


- 4.1 The essence and classification of sources of financing of real investment.
- 4.2 Methods of Valuation of Effective Investment Projects
- 4.3 Indicators of economic evaluation of the efficiency of investment projects
- 4.4. Stages of project financing

4.1. The essence and classification of sources of financing of real investment

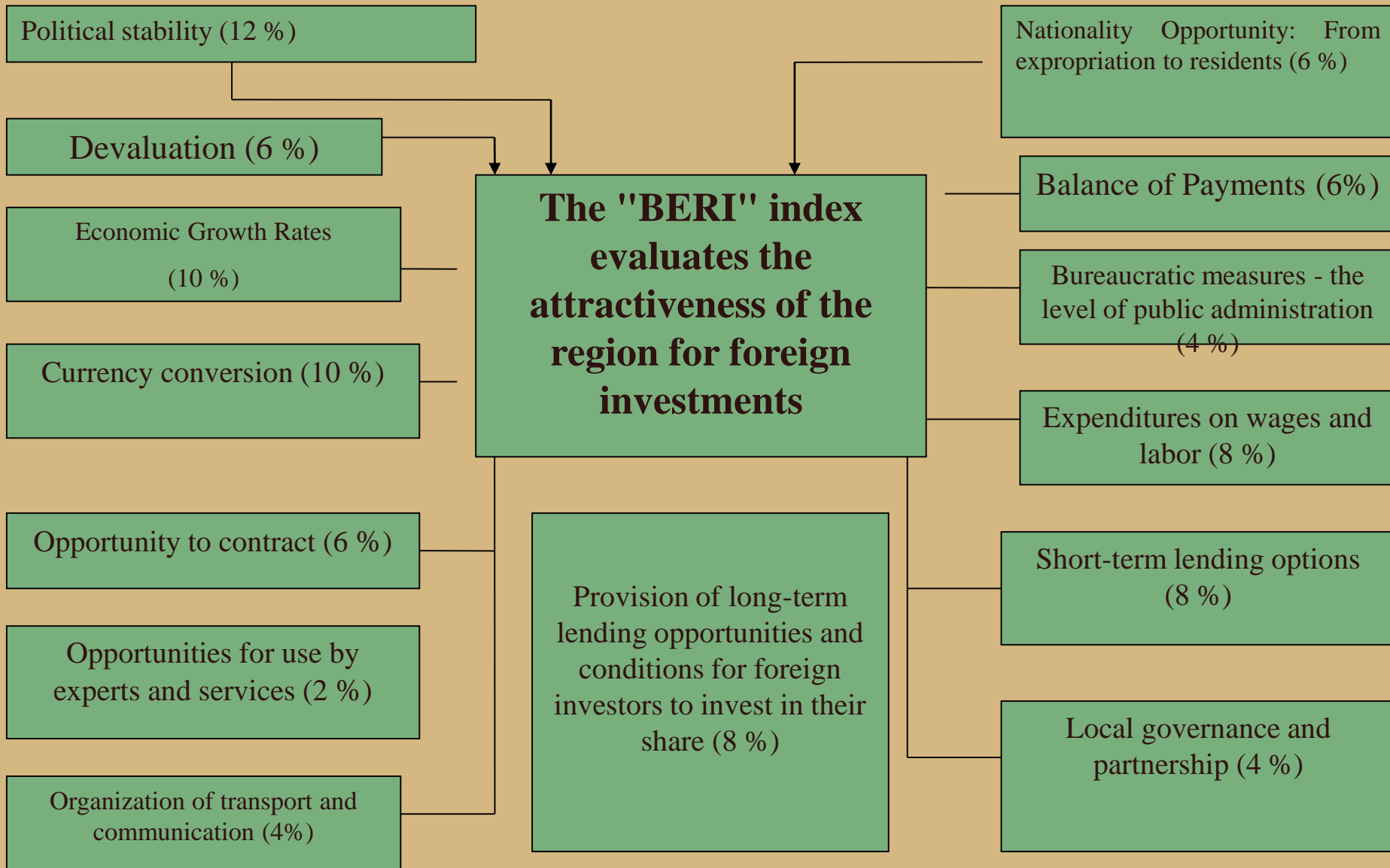
 **Securities.** Securities are traded on the financial market. Securities are issued in accordance with these statutory legal requirements, which provide a holder (or holder) with certain proprietary rights and at the same time have value.

- **Revenue**, which is called Deividend, is paid to the shareholders according to the number of shares they have.
- **Chat methods.** There are several types of securities that combine the characteristics of borrowing and ownership rights. They are preferential shares and convertible (exchangeable) bonds.
- **Preferential Shares.** Privileged shares, such as ordinary shares, give the firm the right to own a portion of the enterprise's capital, but the owner does not grant the right to participate in management.

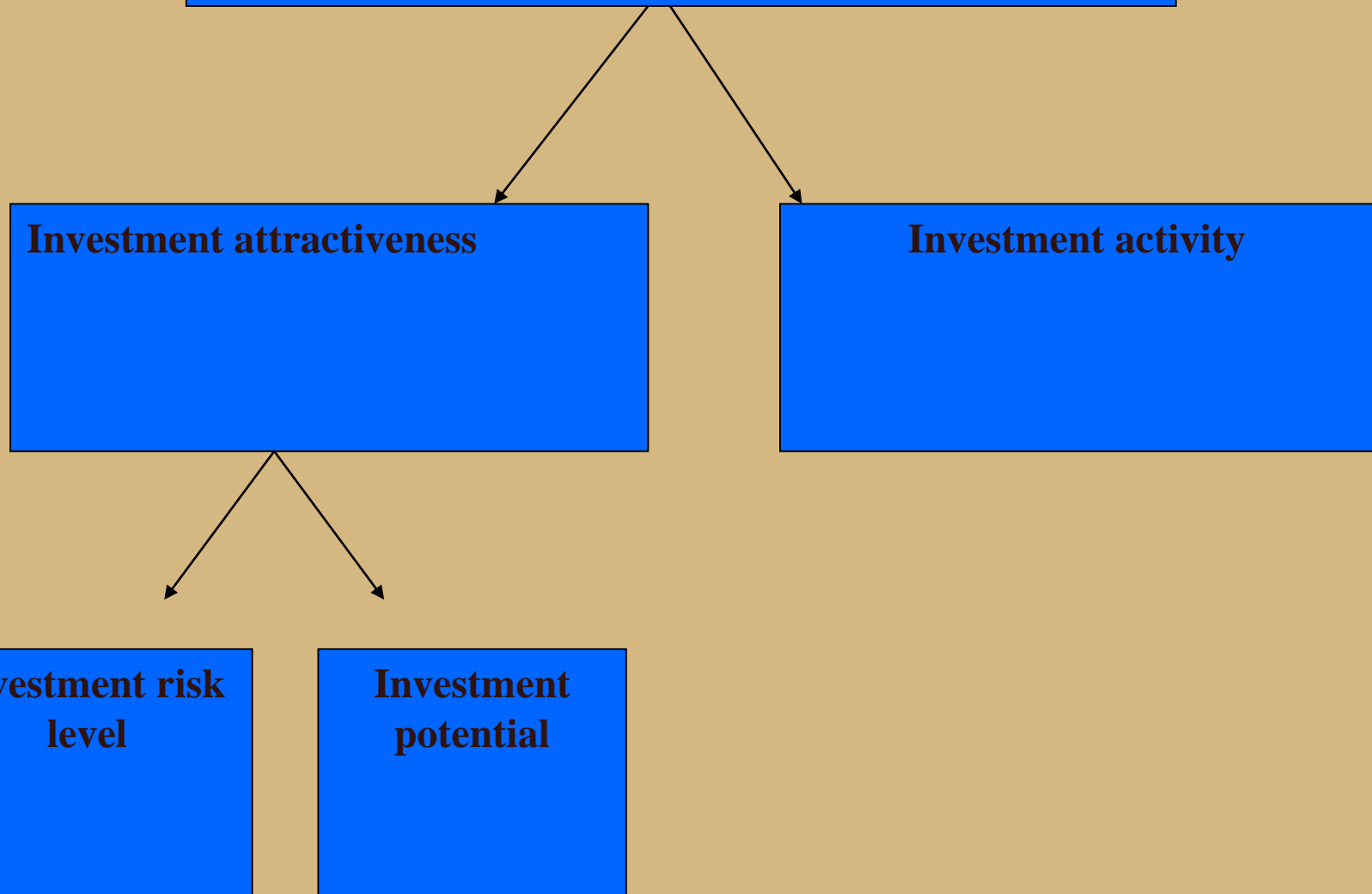
Financial Markets.

 In modern terms, financial markets are defined as the sale of financial assets, in which there are clear rules of trade, market participants' skill and developed market infrastructure, low profitability and alignment.

4.2. Valuation Techniques for Real Investment Projects



INVESTMENT ENVIRONMENT



Factors Affecting Investing:

Political and macroeconomic stability

Guarantees of investors' rights

Availability of the necessary infrastructure for production

Raw material base and availability

Favorable geographical location and optimal transport corridors to consumer markets

Availability of qualified work force (institute, college, etc.)

Benefits and preferences for tax and customs payments to investors








Financial accounting system that meets international standards

4.3. Indicators of economic evaluation of the effectiveness of real investment projects.

- Financial Risks
 - Interest rate risk
 - Foreign exchange risk
 - Credit risk
- Business Risks
- Investment risk

Factors affecting the investment climate

Political Factors

-  - public policy towards foreign investments
-  - comply with international agreements;
-  - the level of government intervention into the economy;
-  - system of participation in international agreements;
-  - effectiveness of the state apparatus;
-  - Political stability;
-  - others.

Economic Factors

- general state of the economy (development or crisis);
- inflation rate, stability of the exchange rate;
- Different taxes, tax exemptions;
- the procedure for the use of labor force and labor;
- Demand and supply for specific goods;
- provision of raw materials;
- credit value;
- others.

Social factors

- the attitude of members of society to foreign capital and private property;
- ideological knowledge of the society;
- organization of the working class;
- others.

Classification of reliability of the securities used in making international credit ratings

Ratings marks		REYTING INTERPRETATION
Standart Poor's	Moody's	
AAA	Aaa	Extremely high reliability. The probability of repayment of principal and interest is very high.
AA+ AA AA	Aa1 Aa2 Aa3	High reliability. The principal of interest and debt is high.
A+ A A-	A1 A2 A3	Reliability is high. The Issuer's debts and interest rates are high, but depend on the internal stability of the economy.
BBB+ BBB BBB-	Baa1 Baa2 Baa3	Reliability is sufficient. The ability of the issuer to pay debts and interest depends on the internal stability of the economy at the time of payment.
BB+ BB BB-	Ba1 Ba2 Ba3	The situation can be considered reliable, but there is a risk of not always paying due to the instability of the domestic economic situation.
B+ B B-	B1 B2 B3	High risk of non-payment. The Issuer's solvency is limited, but meets current commitments.
CCC+ CCC CCC	Caa	Low or non-payable liabilities. The issuer's solvency has been damaged by domestic economic instability.

4.4. Stages of project financing

Any form of property that is aimed at gaining profit from a state other than a state can be called full-fledged foreign investment. But there are some forms of ownership that we can not call them foreign investment. For example, the embassy is a property of a foreign state, or a foreigner is a foreigner, but not a foreign investor.

International investment

 International investment is an investment in the world. Outward investment, their active movement among countries has become a distinctive feature of modern global economy and international economic relations.

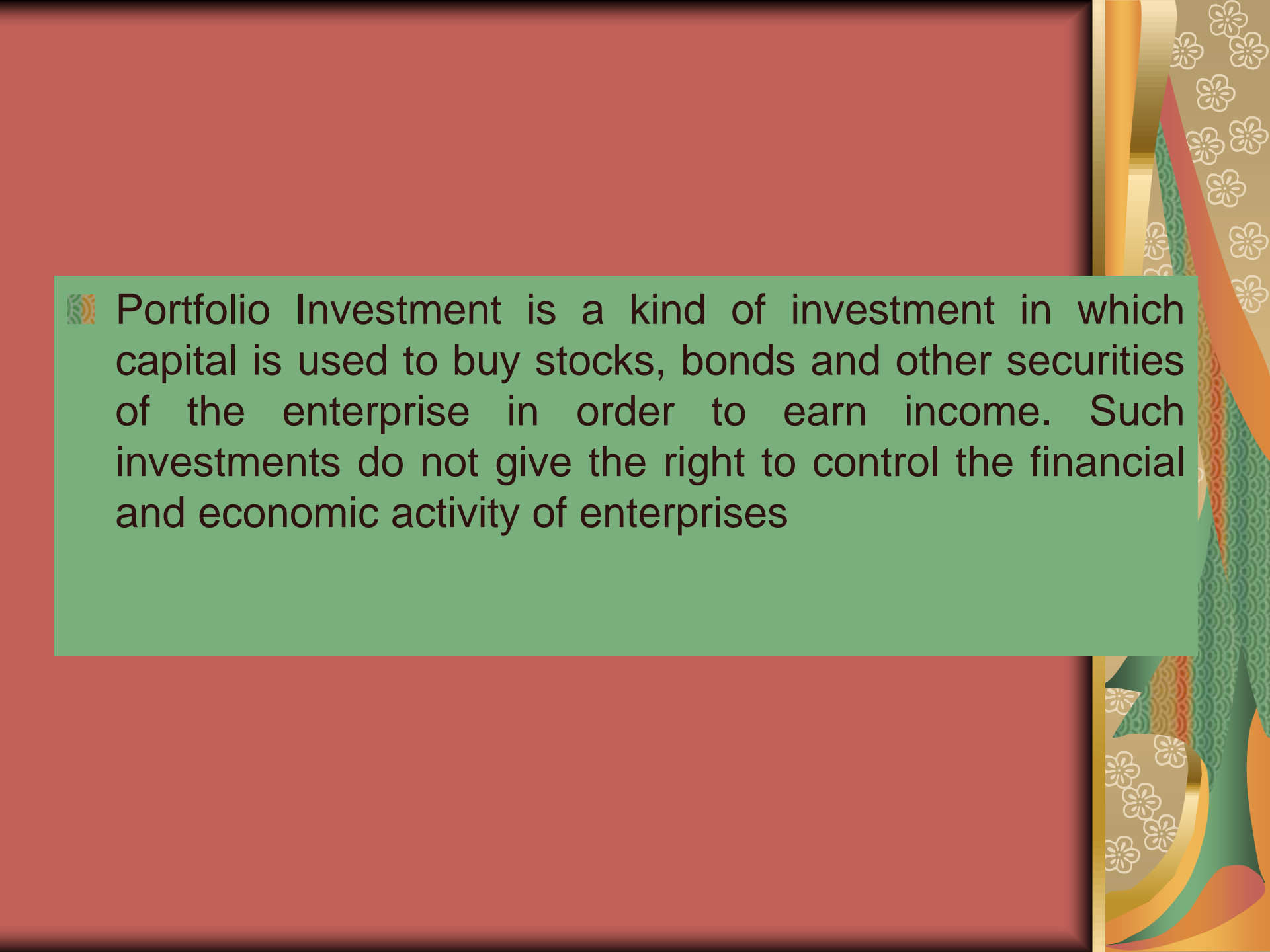


Problems of attraction of foreign investments to the regions :

- insufficient development of investment infrastructure - promoting the activities of banks, investment funds, insurance and leasing companies and effectively setting up their participation in the implementation of investment projects;
- Insufficient level of business skills of entrepreneurs, including experience and legal knowledge of investment projects - the establishment and functioning of consulting, marketing and legal service centers in the regions;
- investment proposals and technical and economic feasibility of the project are inadequate to co-ordinate and take control of local administrations to provide practical assistance to entrepreneurs by commercial banks, Chambers of Commerce and Industry and other competent agencies in the development of investment projects;

Read more :

- The inadequacy of the financial and economic situation of the initiators of the project - a thorough analysis of the financial and economic situation of initiators of the proposed projects by local authorities and commercial banks, included in the investment programs and socio-economic development programs;
- the lack of active participation of local khokimiyats in providing more detailed information on foreign investors - in order to provide foreign investors with full information (investment project and business proposal database, regional press releases, economic analysis, raw material and labor potential data) Organization of "Regional Investment Potential" web portal, as well as conferences, seminars and presentations on investment activity (in the republic and abroad in public transport).



Portfolio Investment is a kind of investment in which capital is used to buy stocks, bonds and other securities of the enterprise in order to earn income. Such investments do not give the right to control the financial and economic activity of enterprises