ORGANIZATION OF FINANCING INVESTMENT PROJECTS

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Annotation. The article explores specific aspects of financing investment projects. Also, the financing processes of investment projects are covered in detail.

Key words. Investment, investment projects, project financing.

In the conditions of modernization of the economy, the development of financing of investment projects in priority sectors of the economy is of particular importance. Its role in the development of the real sector of the economy, in many ways, comes from the features of financing investment projects, stages of implementation.

"Risk-sharing and minimization among financiers is carried out on the basis of project financing aimed at implementing projects. Such financing is based on the quality of the resource base, determining the value of attracting resources, ensuring the effective use and repayment of funds being attracted, their duration, and evaluating their efficiency. Moreover, it allows for determining the influence of external and internal factors, monitoring third-party investments, suppliers, clients, state, and international structures. The financing of investment projects fundamentally differs from corporate financing and lending, as it is implemented through a financing plan that considers both internal and external resource sources and combines various funds."

"The importance of financing investment projects in the real sector of the economy is directly related to the analytical work carried out in project financing. Project financing includes project analysis, which also considers syndicated loan repayment analysis. In addition, it evaluates the cost of attracting resources, resource utilization periods, the placement and repayment periods of the attracted funds, profitability levels, and determines the impact of internal and external factors on their quality."

The importance of financing investment projects in countries with a transitional economy provides opportunities for each creditor to solve serious problems by lowering individual credit risks. Project financing will have a special system of tracking the implementation of the project. It provides for the use of its funds, borrowed funds, investments of others, monitoring the activities of suppliers, customers, international structures. Monitoring also covers the current activities of the participants in the investment process, the initial financing structure, the usefulness of the calculations, the schedule for the repayment of syndicated loans and the conditions for the disconnection of debt.

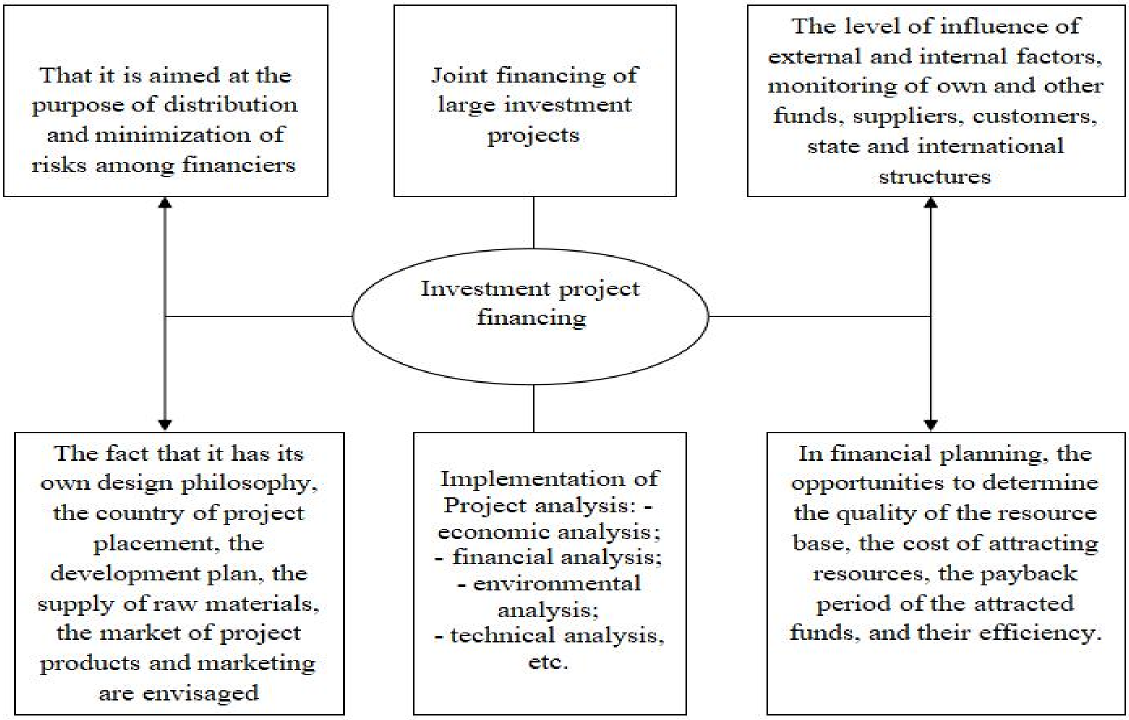

Figure 1. Features of financing investment projects [1]

Project financing has a special mechanism for financing investments, assessment and analysis of resource sources, specific principles and methods of financing, own conditions for financing a syndicated loan, as well as methods of Project Management. Such financing is carried out by the formation of debts and the issuance of sub-letters on the basis of sub-bonds. The basis of project financing is the complex financial relations of participants on the basis of the commonality of corporate interests.

Financing of investment projects usually involves financing large expenditures in various regions of the world with the aim of organizing joint ventures, branches of which. In this case, the financing of projects is carried out separately from the main activity, by raising large funds to finance expenses. With the help of such a mechanism of project financing, the risks in lending are minimized. In project financing, the debt is not given directly to the initiator of the project, but to an institution controlled by the participants in the syndicated loan, which, in turn, transfers the funds to a subsidiary or joint venture responsible for the implementation of the project. The consolidated lending institution usually makes advance payments at the expense of future delivery of the product on the result of the project. This product is purchased by another enterprise of the parent company from the financial institution under the contract.

Thus, attracting a syndicated loan in project financing creates complex mutual obligations and, ultimately, direct obligations of the parent company or one of its main subsidiaries. In this: the participants in the syndicated loan agree on the mutual distribution of risks in cases where there is a lack of material guarantees to cover the debt and take on a fixed part of the risks associated with the implementation of the project. The corporate interest Party is not liable for debt with its other assets. Knowledge of the tasks of participants, various owners of funds who have the opportunity to participate in project financing of investments in the implementation of the project is an important factor that contributes to the effective consolidation of funds into the project and promotes high results.

There are different methods and sources of financing for investment projects in world practice, and each state uses these methods, depending on its economic and investment policy, the degree of validity of the market mechanism.

In order to organize the financing of investment projects in the required order, a special responsible person – project manager-is appointed by the bank. The project manager takes responsibility for the implementation of the project and its monitoring.

Loans for project financing are provided only if the project meets the bank's request with economic, financial, technical and environmental indicators. The borrower enterprise as a legal entity must be established in the desired order and must be subject to state registration.

The project manager should try to increase the share of the debtor's own funds contributed to the project in order to reduce the risks of the bank and distribute it fairly between the debtor and the bank. In this case, the share of the debtor's own funds in the total cost of the project should not be less than 30% of the cost of the project. The financial position of the debtor should be at the level of demand, there should be no risk of bankruptcy or other court-related processes that negatively affect the effective implementation of the project in its activities.

Financing of the project is carried out with the aim of creating or purchasing the main funds of the borrower and establishing working capital associated with the investment.

Project financing can be divided into two types, depending on the financing procedure based on the experience of world practice [1]:

- parallel financing;
- -step-by-step financing.

First round financing is also called “collaborative financing” in practice. For the implementation of investment projects of high importance in this, several credit institutions allocate borrowed funds. Step-by-step financing requires the need to participate in a bank with a high reputation.

In conclusion, the role and importance of financing investment projects in the real sector of the economy is, above all, the fact that it has a special system of Project analysis and implementation and monitoring, minimizing risks on the project, ultimately allowing successful implementation of investment projects.

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