

ISSUES OF FINANCING OF INVESTMENT PROJECTS ON THE BASIS OF SYNDICATE LOANING

Aminova Nilufar Umarboy Qizi,
Teacher, Tashkent Institute of Finance,
ID:0000-0003-2618-7523

Annotation:

This article examines the current issues of financing investment projects through syndicated lending, analyzes the current state of financing of investment projects implemented in the Republic of Uzbekistan through these syndicated lending instruments and makes recommendations for their improvement. It also highlights the crucial role of attracting investment to boost the economies of countries, the construction and reconstruction of new enterprises equipped with modern equipment and technologies, as well as the creation of new jobs.

Keywords: investment, investment project, foreign investment, guarantee, syndicated loan, commercial banks, interest rate, resource base.

Аннотация:

ушбу мақолада инвестиция лойиҳаларини синдикатли кредитлаш орқали молиялаштиришнинг долзарб масалалари ўрганилган бўлиб, ушбу синдикатлаштирилган кредитлаш воситалари орқали Ўзбекистон Республикасида амалга оширилаётган инвестиция лойиҳаларини молиялаштиришнинг ҳозирги ҳолати таҳлил қилинган ва уларни такомиллаштириш бўйича тавсиялар берилган. Шунингдек, мамлакатлар иқтисодиётини юксалтириш, замонавий техника ва технологиялар билан жиҳозланган янги корхоналарни барпо этиш ва реконструкция қилиш ҳамда янги иш ўринларини барпо этиш учун инвестицияларни жалб қилишнинг ҳал қилувчи аҳамияти очиб берилган.

Таянч сўзлар: инвестиция, инвестицион лойиҳа, хорижий инвестиция, кафолат, синдикатли кредит, тижорат банки, фоиз ставкаси, ресурс база

Introduction

The concept of an investment project can be viewed as a system that combines technological, technical and organizational documentation, the process of construction and commissioning of facilities, the movement of material, financial, labor resources, as well as the corresponding management decisions and measures to achieve its goal. An investment project is a separate type of activity that has its own purpose, direction, scope, duration and boundaries.

An investment project is a set of legal documents based on complete and perfect calculations. It is an investment document created as a result of investment entrepreneurship and initiative, any set of activities provided by the investment, i.e. it is a set of interrelated activities aimed at gaining profit or social benefits for a limited period of time.

Today, the financing of investment projects remains one of the urgent(current) tasks. Financing of investment projects means the formation and calculation of optimal investment resources to cover the costs of developing an investment project, its targeted implementation, as well as monitoring.

Sharpe W., Alexander G., Bailey J. The textbook "Investments" provides a comprehensive and convenient form of financing, describes all types of securities and stock markets, describes their activities in theoretical and practical terms, provides specific examples, graphs and tables. [1].

The basics of risk management in investment projects, the general theory of risk management are described in the textbook "Risk management of the investment project", edited by MV Gracheva. The main stages of risk management in investment projects, certain approaches to the classification of project risk are expressed, the tools of project risk management are qualitatively described and classified. Investment projects describe the basics of economic and mathematical models of risk management, in particular, sensitivity analysis, scenario approach to simulation modeling [2].

Also, in the textbook "Organization and financing of investments" written by BSMamatov, D.Yu.Khojamkulov, O.Sh.Nurbekov, the economic significance of the organization and financing of investments, the content and main stages of the process of investment financing, the role of foreign investment in economic development described. The role of the investment climate in the organization and development of investment financing, capital construction in investment activities, syndicated lending of investment projects, assessment of financial and economic efficiency of investments are also reflected [3].

Research Methodology

In the research process, based on the national model of socio-economic development in the Republic of Uzbekistan, such methods as system analysis, analog methods, comparative analysis and comparative analysis were used.

Analysis and Results

Attracting investments is crucial for the development of the country's economy, the construction and reconstruction of new enterprises equipped with modern equipment and technologies. This will provide an opportunity to address important social issues, such as increasing employment and incomes in the first place. Therefore, one of the urgent issues is to provide economic incentives and create the necessary conditions for enterprises that are actively attracting foreign investment.

Table 1 Information on major investment projects implemented in the Republic of Uzbekistan in recent years and their importance

№	Name of major investment projects launched	Work done and results
1.	"Samarkandkimyo" JSC	A new complex fertilizer plant with a capacity of 240,000 tons has been launched.
2.	Tashkent Thermal Power Plant	A 370-megawatt steam-gas plant has been built at the station.
3.	Charvakhydroelectricpower	Hydroelectric power plants have been modernized
4.	"Qo'ngirat" soda factory	The production of soda ash was expanded
5.	Ustyurt Gas Chemical Complex, built on the basis of the Surgil field	With a total value of more than 4 billion dollars, this company, working on the basis of the world's most modern, high-tech, as one of the largest enterprises, provides 4 billion 500 million cubic meters of natural gas processing, 400 thousand tons of polyethylene 83 thousand tons of unique polypropylene production and its volume 3.1 times more.
6.	"Mubarek" gasprocessingplant	Three sulfur treatment units were launched, which produced 6 billion cubic meters of gas.

7.	Central Asia – China Gas Pipeline	The third network of the Central Asia – China Gas Pipeline, which allows the transmission of 25 billion cubic meters of gas per year, has been launched, with a length of 1 thousand 830 kilometers.
8.	Restoration of the Angren-Pop electrified railway line	The construction of a 19-kilometer tunnel through the Khamchik pass has been completed and an important link of the transnational transport corridor connecting the European continent with Asia has been launched.
9.	Navoithermalpowerstation	A steam-gas device with a capacity of 478 megawatts, produced by the Japanese company Misubishi, has been launched, which in addition allows the production of 2 billion 800 million kilowatt hours of electricity.
10.	Dehkanabadpotashfertilizerplant	The project, worth more than \$ 250 million, has the potential to produce up to 600,000 tons of potassium fertilizer a year, and more than 350,000 tons of this product are exported.

To some extent, the successful attraction of investments in the economy of Uzbekistan will depend on three groups of factors.

Firstly, to the availability of investment capacity. It is made up of natural, labor reserves, as well as production, consumption, financial, innovation, institutional and infrastructural capacities.

Secondly, the existing investment conditions in the country are important. These include: general economic, Market, Regulatory, Information supply, environmental, social, cultural and socio-cultural conditions.

Thirdly, investment risks are factors. They are opposed to the tasks of foreign investors on the use of investment capacity and favorable advantages of investment conditions.

All groups will be closely related to each other. For example, investment conditions that are not attractive enough, even the possibility of implementing high-capacity investment projects, will send a decline.

In general, the formation of investment resources can be divided into three groups: own funds; borrowed funds; attracted funds.

Investment projects are financed from the three groups of sources mentioned above, using different methods and means of financing. One such method is syndicated lending.

Syndicated lending of investment projects is generally considered to be very significant when it comes to the fact that a large amount of financial resources is required for the implementation of the project, as well as the inability to finance it with the help of the evasion of the funds of only one investor, or, in rare cases, even when the funds of.

Syndicated lending refers to the financing of large-scale investment projects to the evasion of the funds of several creditors, which serves as an important financial basis in meeting the requirements for large-scale production in the economy and attracting investments to finance it.

It is important to pay serious attention to this issue that the president of our country Sh.Mirziyoyev also emphasized in his speeches: "I am very pleased with the performance." The high rates of economic growth and growing demand for investment resources are not in line with each other" [4].

The importance of carrying out investment projects in the development of the national economy is unequivocally great and it is explained by the following:

- First of all, foreign investment will develop the production of export-oriented products by introducing modern equipment and technologies into production;
- secondly, to launch the production of import-substituting goods and, for this purpose, to direct foreign investment to priority sectors of the economy and, ultimately, to ensure a decent standard of living;

- thirdly, by accelerating the development of small business and agricultural production, it will provide its growing population with jobs;
- fourth, it will renew and technically re-equip outdated production facilities, material and technical base of enterprises;
- fifth, promotes the establishment of enterprises processing natural resources, etc. [3].

The investment projects implemented in our country today should be focused primarily on the priority sectors, namely oil and chemical industry, transport, energy, production of underground fossil resources, construction, telecommunication networks, production and processing of agricultural products, development of Tourism.

Table 2 Information on major investment projects implemented in the Republic of Uzbekistan in recent years

№	Year of launch of major investment projects	Number of large investment projects launched	The volume of launched large investment projects, USD
1.	2012	205	Morethan 1.6 billion
2.	2013	150	2,7billion
3.	2014	154	4,2billion
4.	2015	158	7,4 billion
5.	2016	164	5,0billion
6.	2017	161	2,4 billion
7.	2018	76 thousand (all)	21 trillion. soums and \$ 1.0 billion
8.	2019	184	4,2billion
9.	2020	197	23billion.

At the same time, serious attention should be paid to attracting foreign investment and loans. Increasing their participation and contribution to the financing of large investment projects will be an important factor in modernizing the economy.

Also, in April 2018 in Bukhara region in cooperation with the Russian company LUKOIL the project cost 3.4 billion soums. The Kandym gas processing complex, which is worth USD 1 billion, has been launched. During the official visit of the President of our country Sh. Mirziyoyev to the state of Kazakhstan, 1 billion soums were exchanged between the two countries. They signed a \$ 16 billion deal when they went to the Russian Federation and a \$ 23 billion deal when they went to China. [9].

All this plays an important role in attracting foreign investment to our country and in establishing contacts with foreign partners in the financing of strategic projects, and as a result in solving pressing problems resulting from the launch of large investment facilities.

In turn, it should be noted that there are specific problems in further intensifying the implementation of syndicated lending of investment projects and financing of other projects with the participation of foreign investment.

The solution of the above problems will also play an important role in the development of syndicated lending for investment projects.

Among the factors determining the participation of bank credit financing sources in the syndicated financing of projects in Uzbekistan are the competitive environment and the monetary, interest rate policy and strategy of banking institutions pursued by the Central Bank in general.

Syndicated lending is widely used in all countries of the world. In the West, up to 80 percent of major projects are financed on a syndicated basis. At present, Uzbekistan has the conditions to further develop the credit market.

Syndicated loans can be categorized according to several characteristics. For example, depending on the term of the syndicate, syndicated loans are divided into the following types:

- temporary, ie established to finance one major investment project;
- Establishes permanent banks on a parity basis;
- In terms of collateral, syndicated loans are divided into the following types;
- secured, ie the borrower can provide liquid collateral or guarantee;

Depending on the possibility of participation in the syndicate, syndicated loans can be divided into the following types:

- open type, for instance, all interested banks can participate in it;
- collective, combined, that is, creditors may include clear and limited banks.

In turn, since the implementation of investment projects on the basis of syndicated lending is a rather complex process, the organization of investment project monitoring is considered important.

This is due to the fact that monitoring will ensure the effective implementation and viability of the investment project, as well as the solution of important tasks in ensuring the achievement of the goals of investors interested in it.

It is also expedient to ensure the following in order to improve syndicated lending for investment projects:

- political stability and clarity in the state's economic regulation policy;
- formation of a legal basis for project financing;
- creation of a system of state support for project financing mechanisms (including financial);
- training of managerial staff and ensuring their practical experience;
- achieving further development of the market of capital and derivative financial instruments[7].

The mobilization of investments is, in many respects, based on the high efficiency of projects. The reason is that such investment projects allow to receive great benefits. As a rule, high profits are the main goal of most investors, so investors will be interested in financing such projects. However, all investors are required to assess their different economic performance, level of risk, and set their own requirements for project financing, as well as their own capabilities, before financing an investment project [8]. It is natural that projects that meet the wishes and goals are accepted for funding by them. Typically, not all investment projects will have the same indicators. While some indicators are highly positive in one project, others may be the opposite in another project, and some other indicators may have a lower amount in one project than in another project. The fact that projects that are specific to one area have such (mutually contradictory) information, creates competition between them. Investment decisions come in some difficult situations, especially in competitive investment conditions.

The emergence of a competitive struggle between investment projects is usually based on the following reasons:

1. The fact that investments are covered at the shortest opportunity and bring high profits.
2. Limited capital budget of the investor

Investments are contradictory investments and are called competitive investments when they provide alternative opportunities to achieve certain results or use certain types of limited resources. Comparison of alternative (contradictory) investments allows to determine the most effective of them and to finance it in the way of the intended purpose. When comparing alternative projects, first of all: production plan and size or project capacity; time factor; the volume of work (services) performed on new equipment or advanced technology; social factors of production and consumption of the product (including the impact on the environment); attention should be paid to financial indicators (price levels, inflation and interest rates for loans, etc.).

It is expedient to study the experience of foreign countries in increasing the country's investment potential, financing investment projects through syndicated lending and strengthening the participation of commercial banks in it, and to pay more attention to the application of their achievements in our national practice. In particular, it is necessary to establish Development Banks in Uzbekistan, established in the Federation of China and Russia and operating in more than 30 countries around the world, which serve for socio-economic development. In particular, the experience of the Vietnamese state has shown that the activities of foreign banks do not affect the decline of independence of domestic banks, and, ultimately, have a positive impact on changes in corporate investment behavior [10].

Conclusion/Recommendations

In conclusion, we can say that the effectiveness of investment projects will depend on the realistic implementation of the plan (forecasts) developed on high indicators. All these predictions will be aimed at producing high-quality, in-demand products and selling them on the basis of high profits. However, it is necessary to take into account that the technological structure of projects (complexity and longevity of the production process), the gradual utilization of project capacity and the process of product sales have a significant impact on project efficiency.

Also, most of the investment projects that are planned to achieve full project capacity at the first stage of the launch of the facility are unrealistic. The reason may be due to various technological, production and commercial difficulties (a decrease in sales volume, inconsistencies in the supply of raw materials and labor, etc.) that are not consistent with the developed plans of the projects. This is especially the case for investment projects where full utilization is planned in the first year of project capacity. Because, in most cases, there may be some problems in the production and sale of the product. Therefore, when developing a project plan, it is necessary to try to adapt it to the full capacity of the project by the third or fourth year of the investment project, and in large and complex projects in 4-7 years.

Such planning is based on the industry, project characteristics, types of production, market conditions, and is aimed at ensuring that the product is sold continuously and with maximum capacity. The problem of correct decision-making is always a topical issue, and these and other aspects of projects lead to conflicts in choosing the most effective of them.

In syndicated lending of investment projects, very serious attention should be paid to these aspects. In this case, it is desirable to select the most highly effective investment project on the basis of the choice of alternative projects, to carry out financing.

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