

## **Improvement of the mechanism reducing the risks of financing of the investment projects**

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### **Abstract**

© 2014, Canadian Center of Science and Education. All rights reserved. The aim of this work is the development of a mechanism for minimizing the risks of project financing. The article offers a methodology to reduce potential risks of financing investment projects. Methodology includes such basic steps as a sensitivity analysis of the project's net present value to changes in key financial and economic parameters of its realization. The method used is based on the scenario approach: expert evaluation of the relevance of project-specific risks, calculation of integrated risk evaluation and development of recommendations on the prevention of the most significant for the particular variant of project financing risk. In General, the proposed method allows, on the basis of the sensitivity analysis and synthesis expert estimation, highlight the most significant risks of project finance and develop activities to minimize them in the future. The proposed methodology has been tested on real production development project financing Ltd. "Lesokombinat"(all names changed in the article). Found that the most significant risks of project funding are possible decrease in operating income and an increase in operating costs. In the minimization of the risk of a possible reduction of the operating income includes the following main activities: active work with major customers; long-term contracts for the supply of woodworking products at fixed prices; a more active market research (now the plant practically not engaged in active market research and forecasting market size); strengthening participation in State and municipal order as potentially effective channel of saling of products of plant.

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### **Keywords**

Investment project, Investment risks, Project financing, Reduce project risk