DIRECTIONS FOR IMPROVING THE EFFICIENCY OF FINANCING INVESTMENT ACTIVITIES AT THE ALMALYK MINING AND METALLURGICAL COMPLEX

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https://doi.org/10.5281/zenodo.23067972

ABSTRACT

This thesis examines priority directions for improving the efficiency of financing investment activities at the Almalyk Mining and Metallurgical Complex (AMMC). The study focuses on the structure of financing sources, the optimization of the cost of capital, the balance between own and borrowed funds, project selection based on financial criteria, risk management, and the introduction of digital monitoring tools. Particular attention is paid to the use of weighted average cost of capital (WACC), net present value (NPV), internal rate of return (IRR), debt service indicators, phased financing, and currency risk management. The study argues that a diversified financing model combined with stronger project governance can reduce financial risks, improve capital allocation, and increase the long-term sustainability of large-scale industrial investment programs.

Keywords: investment activity, project financing, AMMC, capital structure, WACC, NPV, IRR, financial risk, foreign loans, digital monitoring.

INTRODUCTION

Investment activity plays a decisive role in the modernization of large industrial enterprises, expansion of production capacity, introduction of resource-saving technologies, and strengthening of export potential. This is especially important for mining and metallurgical enterprises, where projects are capital-intensive, technologically complex, and implemented over long periods. For such enterprises, the effectiveness of investment activity depends not only on the volume of attracted resources but also on the price of capital, repayment schedules, currency structure, risk distribution, and the quality of project management (1,2).

The Almalyk Mining and Metallurgical Complex is one of Uzbekistan's major industrial enterprises and implements large investment programs related to mining, processing, modernization, and expansion of metallurgical capacities. Therefore, improving the efficiency of financing investment activity is an important condition for ensuring the financial sustainability of the enterprise and maximizing the economic return from capital investments. The purpose of this thesis is to identify key directions for improving the efficiency of financing investment activity at AMMC and to formulate practical proposals applicable to large industrial projects.

MAIN PART

The efficiency of investment financing is determined by the ability of an enterprise to attract resources at an acceptable cost and to direct them to projects that generate sufficient cash flow and strategic value. In practice, large industrial projects are financed through a combination of retained earnings, bank loans, foreign credit lines, export-credit agency resources, international financial

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institutions, bond financing, and other long-term instruments. A diversified funding structure reduces dependence on a single creditor and makes the financing model more resilient to changes in interest rates, liquidity conditions, and foreign exchange markets (2,3).

One of the central tasks for AMMC is the optimization of the capital structure. Excessive dependence on debt may increase interest expenses and refinancing risks, while financing only from internal resources may reduce working-capital flexibility and limit the pace of modernization. For this reason, the ratio between own and borrowed funds should be evaluated using the weighted average cost of capital (WACC), debt service coverage indicators, and forecast cash flows. Investment projects should be prioritized when their expected return exceeds the cost of capital and when projected cash flows provide a sufficient margin for debt servicing (3,4).

The use of NPV and IRR indicators is also important for improving capital allocation. NPV reflects the value created by a project after discounting future cash flows, while IRR allows management to compare the expected return with the enterprise's required rate of return. These indicators should not be used in isolation; they should be supplemented by scenario analysis, sensitivity analysis, payback period, and strategic relevance. Such an integrated approach is especially important for mining and metallurgical projects because their results are sensitive to metal prices, exchange rates, energy costs, construction delays, and changes in global demand (1,4).

Another important direction is phased financing. Instead of allocating the full amount of financing at the beginning of a project, resources may be released according to specific milestones such as feasibility study completion, equipment delivery, construction progress, commissioning, and achievement of planned capacity. This mechanism strengthens financial discipline, reduces the risk of cost overruns, and links further funding to measurable project results. Phased financing can be combined with KPI-based monitoring, where schedule variance, budget variance, procurement efficiency, debt service indicators, and projected return are tracked on a regular basis.

Foreign currency risk is particularly relevant when imported equipment and foreign loans are denominated in US dollars or euros, while part of the operating cash flow is generated in the national currency. In such cases, matching the currency of debt with foreign-currency revenues, using forward or swap instruments where appropriate, and maintaining liquidity buffers can reduce the negative impact of exchange-rate volatility. Risk sharing with international lenders, export-credit agencies, insurers, and contractors can further improve project resilience (4,5).

Digital monitoring should become an integral element of investment financing management. A unified dashboard can integrate information on project budget, financing source, payment schedule, procurement status, construction progress, expected commissioning date, and financial performance. Such a system improves transparency, accelerates managerial decisions, and makes it possible to identify deviations before they become critical. Digital monitoring also strengthens accountability by linking project teams' performance to financial and operational indicators.

Table 1. Key directions for improving the efficiency of financing investment activity at AMMC

Direction	Mechanism	Main indicator	Expected effect
Capital structure optimization	Balance own and borrowed funds	WACC, DSCR	Lower financing cost and debt risk

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Project prioritization	Rank projects by financial and strategic criteria	NPV, IRR, PI	Higher return on invested capital
Phased financing	Release funds by milestones	Budget variance, schedule variance	Lower risk of overruns and delays
Currency risk management	Match debt and revenue currencies; use hedging	FX exposure	Reduced exchange-rate losses
Digital monitoring	Unified project-finance dashboard	KPI, cash flow, progress	Faster decisions and higher transparency

The table shows that improvement of financing efficiency requires not one isolated measure but a coordinated system combining capital structure management, financial appraisal, staged allocation of funds, risk management, and digital control. In this model, each investment project becomes accountable both for the use of resources and for the creation of economic value.

CONCLUSION

Improving the efficiency of financing investment activity at the Almalyk Mining and Metallurgical Complex requires a systematic approach to capital allocation and project governance. The most important directions include diversification of financing sources, optimization of the ratio between own and borrowed funds, application of WACC, NPV and IRR in project selection, phased financing, currency risk management, and digital monitoring of implementation indicators.

The coordinated application of these instruments can help reduce the cost of capital, strengthen debt sustainability, improve the quality of project selection, and increase the transparency of investment spending. In the long term, such an approach may support AMMC's modernization, improve the return on large-scale capital investments, and strengthen the enterprise's financial resilience in changing market conditions.

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