

Concepts of Financial Engineering and Formulation of International Investment Projects

Financial Engineering is the use of financial instruments to restructure an existing Finance profile and achieve another with improved and more desirable properties. Therefore, it is a technique that allows to increase or increase the financial productivity of a business.

Basic characteristics of financial engineering

- The existence of an objective
- The combination of financial instruments
- The internationalization of the operations

The formulation and evaluation stage consists of three stages: profile, pre-feasibility, feasibility, and engineering.

Profile

The solution alternative is presented in terms of investment projects prepared with very general information and based on common judgment and opinion obtained from experience. The proposal is formulated with information basically coming from secondary sources and from people who contribute their experience and sensitivity to the viability of the possible alternative solution or investment proposed.

In summary, the profile allows selecting the most attractive among the various solution alternatives, but only with a very general evaluation.

Prefeasibility

The term project means to devise, draw up, arrange, or propose the plan and the means to achieve an objective. When it is mentioned that it is necessary to develop a plan to achieve an objective, it is necessary to specify with what resources and how the activities will be

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carried out that are required to achieve the desired result, which in this case is to specify the alternative solution proposed at the idea level in the investment project.

Feasibility or final project

This section of the project is prepared with first-hand sources of information and based on accurate background information. The definition of the environment variables where the company or project will operate should be almost identical to the one obtained in the previous studies; however, the market, economic and financial information must be precise and demonstrative so that it allows deciding attached to reality. For this reason, convincing information is required regarding the alternative solution, and many times it is necessary to have sensitivity studies of the variation in the prices of the products or inputs necessary to implement the alternative solution.

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PROYECTOS DE INVERSION FORMULACION Y EVALUACION

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