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Finance and Investment: The Practitioners' Perspectives (2)

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FINANCIAL PRODUCTS AND CONSIDERATIONS IN COOPERATION PROPOSALS FOR
COUNTRIES WITH NON-AEROSPACE DEVELOPMENT

Abstract

Central American region have tried to generate the right environment to manage cooperation projects, focusing in social, commercial, educational, legal, and knowledge transfer areas. Nevertheless, projects with technological nature have not been taken into consideration with the same frequency, although there are some projects that have managed to overcome a series of challenges and in which significant amount of money have been invested. We know that there are still important gaps to be reduced in the region to increase the impact of technological cooperation.

In case of aerospace developments, Central America has taken some steps that showed progress, however they have been generated as initiatives that show scarce regional integration. The proposal to start a regional aerospace project has the potential to generate a high impact not only for the participant nations in a singular way, but also for the entire region.

In aerospace initiatives the scientific and technological mission design is the focus of attention, however there are many other more areas that need to be coordinated to reach the goal. Some of the key elements for a project to be successful are the costing analysis and the entire financial planning. It is important that the cash flow and the budgeting process includes topics related to transfer fees, financial products, funding allocating decisions, liquidity requirements, among others.

For this document we investigate about different risks implied in a proposal of an aeronautical project between Central American countries regarding the political, financial, and legal areas. Also we made a financial analysis of the project, including budgeting, cash flow, liquidity requirement, exchange rate, and transfer fees. Finally, we looked in the market for some financial products that can be useful for this kind of venture initiatives, and with this is intended to expose the main critical factors to financial decision process.

Our hypothesis is that there are not enough financial instruments in the Central America banking industry that can attract investors within this type of projects. Nevertheless, the governments need to understand that this is not only a very challenging scientific and technological project, but also it can become in the kick of a long-term investment that can help create new capabilities in technology and technical jobs that can improve the economy of the region in a more comprehensive way.