

## EXPERT EVALUATION OF CONCESSION PROJECTS

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Nowadays state economic policy should be focused on solution of such problems as achievement balance of economic and social development, increase of investment activity, maintenance of ecological balance, rational use of financial, material and human resources, stabilization of the banking system, optimization of foreign economic relations etc.. Today the most important problem of socio-economic development is the elaboration and implementation of socially significant infrastructure projects.

Major infrastructure projects can be financed on a concession basis at the expense of the investment resources of all participants. Thus the decision-making on investing in certain line of business for the financing of the state and municipal property should be based on the developed designing estimates of concession projects, the results of coordination, effectiveness evaluation and integrated evaluation of projects in accordance with the guidelines on expert evaluation.

Designing estimates (or design materials) is a system of documents containing a description and justification of the project, which covers documents required for the design of capital construction project and additional materials developed by project participants during examination, preparation and project implementation. Concession investment projects are developed on the base of the design of materials after the detailed estimation of the project feasibility and alternative analysis.

The purpose of the examination of concession projects is to identify effective socially important investment projects, which implementation will result in more benefits for the further socio-economic development of countries, regions and cities. In our opinion, concession projects must be exposed to exhaustive expert examination. It should include such main stages as the compulsory comprehensive public examination (investment, sanitary-hygienic, environmental, examination of fire safety, labour safety, energy conservation, examination of nuclear and radiation safety, technical and economic examination) and a voluntary examination that includes estimation of social and economic effects and some other aspects (strategic, technical, manufacturing, financial, economic, commercial, social evaluation, analysis of organizational level of project, patent and legal and institutional examination). The decision on further review and approval of investment projects at different levels should be based on expert opinion.

Evaluation of the concession project effectiveness includes analysis of the following areas:

- establishing the limit values for main criteria for project investment decisions;
- financial (commercial) feasibility evaluation;
- effectiveness evaluation of the whole project;
- evaluation of the project for third-party business entities, which interests are affected by the results of the project;
- evaluation of social and environmental efficiency of the project;
- evaluation of the effectiveness of participation in the project for each participant, namely, concessionaire, investors, lenders, state, local governments, etc..

It should be noted that the main features of concession projects are the high cost, long payback period, low business efficiency, a large number of participants and high project risk. Therefore, in the course of the formation of the main criteria for evaluation concession projects the interests of all shareholders should be taken into account.

Comprehensive project evaluation should be implemented in accordance with guidelines on expert evaluation of concession investment projects. Such guidelines should include project evaluation in the following aspects:

1. Evaluation of investment attractiveness of the region (city) where the concession project should be realizes.
2. Evaluation of conformance to regional socio-economic development strategy.
3. Effectiveness evaluation of the concession project.
4. Evaluation of the fiscal effectiveness of concession project at the regional (local) level.
5. Evaluation of socio-economic efficiency of concession project at the regional (local) level.
6. Evaluation of financial feasibility and potential ability of project to generate effect.
7. Evaluation of the project sustainability to changes of external parameters, including evaluation of possible risks.
8. The multi-stage expert appraisal of concession project.

Infrastructure projects are low effective, so in the course of a multi-stage expert examination considerable attention should be paid to evaluation of the environmental and social impacts of the project, and the degree of its impact on the environment and social sphere of country, region and city. Environmental examination is carried out at the first stage of compulsory comprehensive public examination, social - on the second level of voluntary examination.

Ergo, project examination should be one of the main stages of evaluation procedures for choice of alternative projects and adoption of a decision on financing of concession investment projects. Particular attention should be paid to solving issues related to financing of examination procedures, development of examination's methodology, determining the value of socio-economic discount rate, which should take into account inflation, risks, time etc. Integrated solution of these tasks will lead to increasing the efficiency of investment management and acceleration of socio-economic development of countries, regions and cities.