

Opportunities for project financing in the development of the country's infrastructure

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ВОЗМОЖНОСТИ ПРОЕКТНОГО ФИНАНСИРОВАНИЯ В РАЗВИТИИ ИНФРАСТРУКТУРЫ СТРАНЫ

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Аннотация: В статье рассматривается проектное финансирование с точки зрения его возможностей как инвестиционного инструмента для развития инфраструктурных проектов, потребность в которых остро ощущается в России в последнее время. В рамках проведенного анализа выявлены не только сильные стороны и перспективы проектного финансирования, но и факторы, сдерживающие его более результативное применение, обнаружен ряд проблем, характерных для типов участников и применяемых долговых инструментов. В проектном финансировании ключевую роль играет генерируемый денежный поток. Важным условием его соответствия прогнозным параметрам является не только совершенствование системы корпоративного управления, но и создание удовлетворительной системы мониторинга и оперативного контроля реализации проектов за счет оптимизации всех процессов. Это требует создания единой государственной электронной базы данных (платформы) по проектам, использующим проектное финансирование, включая инфраструктуру на основе ГЧП и концессий, созданную на принципах проектного финансирования и обновляемую в режиме реального времени. В статье сформулированы меры, принятие которых способствовало бы более широкому и эффективному применению проектного финансирования для реализации инфраструктурных проектов.

Ключевые слова: инфраструктура, инвестиции, проектное финансирование, государственно-частное партнерство, корпоративное управление

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OPPORTUNITIES FOR PROJECT FINANCING IN THE DEVELOPMENT OF THE COUNTRY'S INFRASTRUCTURE

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Abstract: The article considers project financing as an investment tool for financing infrastructure projects since recently this approach is quite relevant in Russia. The analysis revealed both the strengths for the development of project financing and the factors constraining its application. In the research, the author identified some problems connected with the participants of project financing as well as with the use of debt instruments. In project financing, the key role is played by the generated cash flow. An important condition for its compliance with forecast parameters is not only the improvement of the corporate management system but also the creation of a satisfactory system for monitoring and operational control over the implementation of projects through the optimization of all processes. It is also important to improve the system of benefits and guarantees for investment projects using project financing. The article formulates measures, the adoption of which can contribute to wider and more effective use of project financing for implementing infrastructure projects.

Keywords: infrastructure, investments, project financing, public-private partnership, corporate governance

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Introduction

Infrastructure development has recently become the most important factor which has a positive impact on the country's competitiveness and sustainability of economic development. Currently, in Russia, there is an urgent need not only to reconstruct and modernize the outdated infrastructure but also to create new facilities that meet modern requirements. The problems with underfunding that have accumulated over the past decades, as a result, influenced the country's lag in some indicators characterizing the level of infrastructure development. According to the experts, the country annually loses up to 10–20 % of its GDP due to the problems with the provision of infrastructure [Yeganyan, 2016. P. 715]. "The state and level of infrastructure development characterize the state of the economy: if it is insufficient, we see an inevitable disruption of the normal reproductive process, a decline in business activity and the weak development of the commodity market" [Kuznetsova, 2007. P. 268]. According to our calculations, based on data from the Global Infrastructure Center¹, created at the initiative of the G20 in 2014, Russia's needs in financing infrastructure (energy, telecommunications, transport (ports, railways, and highways), water supply) in the period 2020–2040 will amount to 1,559 billion US dollars, while current investment trends foresee spending over the same period in the amount of 911 billion US dollars, which means the investment gap is at least 648 billion US dollars. At the same time, these figures do not take into account the costs of construction and renovation of infrastructures, namely: social, housing and communal services and waste disposal.

To create infrastructure, it is necessary not only to find the finances but also to use effective mechanisms and instruments of financing. In international practice, significant parts (about a quarter) of infrastructure projects are implemented based on project financing. In Russia, the share of project financing in the total volume of investment in fixed assets and Russian GDP is at a low level. We have calculated that since 1998, its share in investments in fixed assets has averaged 1.6 %, and its contribution to GDP is only 0.3 %. As for infrastructure, in Russia, project financing provides only 3 % of the volume of investments in infrastructure projects².

To determine the possibilities of project financing for the implementation of infrastructure projects, it is necessary to clarify its features. There is no fixed definition of such a concept as "project financing" in the domestic regulatory framework. The Central Bank of the Russian Federation uses this term based on the definition given by the Basel Committee, as a financing method in which the lender considers primarily the income generated by the same project, both in terms of the source of repayment and in terms of providing risk³.

The features of project financing

The peculiarity of project financing is that for a given project, a separate project company (SPV/SPE; in Russia – a special project finance company – SPFC) is created, which controls all financial flows and assets created during the process. The work of such a company does not affect the balance sheets of project participants, does not lead to an increase in their debt burden, and does not affect their main activities, but at the same time protects their own assets from claims related to the project obligations. The source of debt servicing is the cash flows created only by the project itself. Project financing is based on the quality of project preparation and structuring since at the beginning the project does not create a cash flow and has no assets, and the repayment of debts to creditors is carried out from the cash flow brought after the project is already completed. For project financing, it is important to identify, analyze and distribute risks among all project participants, as well as to take measures to manage, control, and minimize them. While the project begins to take shape, the assets it creates can serve as collateral for loans.

Over the past 20 years, Russia has accumulated experience in the use of project financing, including with the participation of international financial institutions. Also, amendments were made to the legislation, and special programs were developed to expand the use of project financing. However, the advantage of this investment tool has not yet been fully disclosed. For example, calculations show that Russia's share of total global project financing over the period from 1997 to 2018 averaged at 1.85 %. During this period, Russia has only twice been the leader in terms of capital raised for the two largest projects: Gazprom's Yamal project (1997) and Novatek's Yamal LNG (2016), with Russia's share of 8.2 % and 8.1 % accordingly⁴.

In 2018, the Ministry of Economic Development of the Russian Federation launched the "Project Financing Factory" on the basis of Vnesheconombank to support investment projects using project financing for enterprises in the real sector of the economy. It was assumed that, in 2019, the amount of private investments under this program would be 100 billion rubles⁵. This is only 0.55 % of the total investment in fixed assets. In 2019, according to forecasts, investments would grow by 3.1 % compared to 2018⁶ and will be approximately equal to 18.14 tril-

4 Project Finance International, League Tables. Thomson Reuters. <http://www.pfie.com>

5 Public declaration of goals and objectives of the Ministry of Economic Development of Russia for 2019. http://economy.gov.ru/wps/wcm/connect/48a4c9f4-0eab-429f-a61a-d26906e2aaca/public_declaration2019.pdf?MOD=AJPERES&CACHEID=48a4c9f4-0eab-429f-a61a-d26906e2aaca

6 Forecast of the socio-economic development of the Russian Federation for the period until 2024. <http://economy.gov.ru/wps/wcm/connect/60223a2f-38c5-4685-96f4-6c6476ea3593/prognoz24svod.pdf?MOD=AJPERES&CACHEID=60223a2f-38c5-4685-96f4-6c6476ea3593>

1 Global Infrastructure Hub, Infrastructure Outlook. <https://outlook.gihub.org/countries/Russia>

2 "ROSINFRA" platform for supporting infrastructure projects. <https://rosinfra.ru>

3 Basel Committee on Banking Supervision. International convergence of capital measurement and capital standards: Refined framework approaches, June 2004. <http://safbd.ru/sites/default/files/basel.pdf>

lion rubles. According to the forecast of the Ministry of Economic Development, in 2019, the total cost of investment projects planned for implementation within the framework of the “Factory” was supposed to amount to 941 billion rubles (5.2 % of the estimated investment in fixed assets)⁷. According to the Ministry of Economic Development, in 2018, the volume of private investments in infrastructure public-private partnership (PPP) projects was planned at the level of 600 billion rubles⁸, i.e., 3.6 % of the estimated investment in fixed assets for 2018. In 2018–2020, state support for the «Factory» also included 828 million rubles in subsidies and a state guarantee of the Russian Federation of 294 billion rubles⁹. In addition, 23 investment projects worth a total of 183.36 billion rubles (0.2 % of GDP) out of 42 projects selected in 2015, with a planned financing volume of 342.96 billion rubles, were implemented within the Program to support investment projects under Resolution No. 1044¹⁰ of the Russian Government of October 11, 2014.

However, despite the measures taken, the volume of project financing, firstly, remains at a low level, and a significant increase in project financing is not expected in the near future, even taking into account the fact that this instrument has great opportunities to increase investment in infrastructure.

Secondly, in Russia, there is still a sectoral limitation for project financing.

Thirdly, when considering the draft of the Federal budget for 2020 and the subsequent period, as well as the draft of the Basic Directions of the Unified State Monetary Policy, it became obvious that the investment policy of the state and the Central Bank of the Russian Federation is contradictory, which is a constraining factor for the dynamics of investments in the country as a whole and project financing in particular.

In existing programs, some issues were also identified aimed at increasing the use of project financing.

Project financing and infrastructure development

Now we need to consider the possibilities of project financing related to infrastructure development. We will consider foreign experience and measures, the

7 Report on the results of the activities conducted by the Ministry of Economic Development of Russia for 2018 and tasks for 2019. <http://economy.gov.ru/wps/wcm/connect/f01dc68e-302b-4c30-ac5d-e75ec48f6df6/doklad20182019.pdf?MOD=AJPERES&CACHEID=f01dc68e-302b-4c30-ac5d-e75ec48f6df6>

8 Public declaration of goals and objectives of the Ministry of Economic Development of Russia for 2018. <http://economy.gov.ru>

9 Report on the results of the activities conducted by the Ministry of Economic Development of Russia for 2017 and tasks for 2018. <http://economy.gov.ru>

10 Decree of the Government of the Russian Federation of October 11, 2014, No. 1044 “On the approval of the Program for supporting investment projects implemented on the territory of the Russian Federation on the basis of project financing”. <http://base.garant.ru/70764842/>

adoption of which will allow these opportunities to be realized. This is rather relevant since the Government of the Russian Federation, formed on January 15, 2020, received a mandate to clarify previously approved investment programs aimed at increasing the rate of socio-economic development in the country. We believe that the adjustment of the project financing mechanism and its wider use will give a new impetus to investment activity in the country.

The state is often the initiator and financier of infrastructure projects. The two main documents are the Presidential Decree “On the national goals and strategic objectives of the development of the Russian Federation for the period until 2024”¹¹, and the Order of the Government of the Russian Federation of 13.02.2019 No. 207-r “On the approval of the Strategy of the spatial development of the Russian Federation for the period until 2025”¹². The documents refer to the construction of social, communal, and telecommunications infrastructure, the construction, and modernization of roads, the expansion of highway infrastructure, the creation of better access to ports and major transport hubs, as well as mention more ambitious projects. For example, the development of the transport corridors “West – East” and “North – South”, the Northern Sea Route, the construction of transport and logistics centers and increasing the capacity of the Baikal-Amur and Trans-Siberian railways, the expansion and modernization of railway, aviation, road, sea and river infrastructure, the development of high-speed railway communication, as well as the development of centralized energy systems (this includes the modernization of generating capacities of thermal, nuclear and hydroelectric power plants), distributed energy generation (including renewable energy sources).

These projects are capital-intensive, with long periods of implementation and recoupment, and are executed on the principles of project financing. Considering that budgetary funds for the implementation of all the designated infrastructure tasks will not be enough, the issue of attracting private capital to infrastructure projects for the state is more than relevant. This concerns not only the volume of invested financial resources but also effective methods and tools for attracting them. In this case, project financing can be used as one of the effective investment tools for attracting the necessary funds, in particular, within the framework of public-private partnership (PPP) mechanisms and concessions based on the principles of project financing. For example, in 2006–2010, the share of the private sector in total infrastructure investment in Russia did not exceed 16 %,

11 Decree of the President of the Russian Federation of 07.05.2018 No. 204 “On the national goals and strategic objectives of the development of the Russian Federation for the period until 2024”. <http://www.garant.ru/products/ipo/prime/doc/71837200/>

12 Order of the Government of the Russian Federation of 02.13.2019 No. 207-r “On the approval of the Strategy of the spatial development of the Russian Federation for the period until 2025”

while in the U.S. it was 29 %, India – 40 %, and in the EU countries about 44–64 %¹³.

The first of the opportunities provided by project financing is the possibility of attracting financial resources significantly exceeding those available to the initiators of the projects. As a rule, project financing is used for creating or reconstructing large and expensive capital construction projects when the initiator does not have enough funds to conduct the work. Borrowed funds can make up 60–90 % of the total cost of the project, taking into account various conditions and industry specifics. For example, in 2016, loans in international transactions using project financing averaged at 78 %¹⁴ for the quarter, while for all infrastructure transactions in general, loans averaged at 64 %¹⁵.

The second opportunity for project financing is to attract a wide range of investors with long-term resources.

Sources of finance and instruments for raising funds for project financing are the funds of the initiators (sponsors), state-federal, and regional budgets, bank loans, funds of institutional structures, development institutions, and investment funds, as well as debt instruments (shares, bonds). On a global average, between 2012 and 2016, bank loans accounted for 56 % of debt in project finance transactions, loans from development institutions accounted for 17 %, and share and bond financing accounted for 27 % (18 % and 9 %, respectively)¹⁶. The bulk of the share capital is provided by corporate sponsors (initiators), and the bulk of the debt is formed from bank loans, including syndicated loans.

The important fact is that the number of defaults on bank loans in infrastructure projects based on project financing (due to its specificity) is at a low level.

13 The road to 2030: a survey of infrastructure development in Russia. EY, 2014. <https://www.ey.com/ru/ru/issues/business-environment/ey-road-to-2030-infrastructure-development-in-russia>

14 Full Year 2016. Global Project Finance. League Tables. IJ Global, 2017. <https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=2ahUKEwithPCBllzIAhXawsQBHcZLDyo-QFjACegQIAxAC&url=https%3A%2F%2Fijglobal.com%2Fuploads%2FFull%2520Year%25202016%2520Global%2520Project%2520Finance%2520League%2520Tables.pdf&usg=AOvVaw11BS4egk3AeqSOoij0pMXZ>

15 Full Year 2016. Global Project Finance. League Tables. IJ Global, 2017. https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=2ahUKEwio8fv8mlzIAhWoxMQBHaH3BY-QQFjAAegQIBRAC&url=https%3A%2F%2Fijglobal.com%2Fuploads%2FFull%2520Year%25202016%2520League%2520Tables_All_0.pdf&usg=AOvVaw28LWTTwiERZpZIH_j4f5uu

16 Full Year 2016. Global Project Finance. League Tables. IJ Global, 2017. <https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=2ahUKEwithPCBllzIAhXawsQBHcZLDyo-QFjACegQIAxAC&url=https%3A%2F%2Fijglobal.com%2Fuploads%2FFull%2520Year%25202016%2520Global%2520Project%2520Finance%2520League%2520Tables.pdf&usg=AOvVaw11BS4egk3AeqSOoij0pMXZ>

Moody's estimated the 10-year cumulative default rate for bank loans based on project financing in infrastructure at 4.7 % (based on Basel II criteria), which is better than the 6.4 % (2016) and 5.8 % (2017) rates for all project financing projects as a whole. We should note that the aggregate percentage of defaults on bank loans based on project financing under PPP is much lower and amounts to 4.3 %¹⁷. For project financing in the sphere of infrastructure, the percentage of final recovery of payments on bank loans is on average 60–80 %, and with the project financing of infrastructure under PPP, the percentage of recovery is even higher and amounts to 85.5 % (Basel II criteria) and 81.8 % (according to Moody's criteria)¹⁸.

The third opportunity for project financing is the ability to attract resources by issuing debt securities. Debt instruments such as bonds have become a promising way to attract institutional investors to infrastructure projects. In recent years, funding of projects using project financing has increased several times through the issue of bonds, and over 11 years (2008–2018), it amounted to 374.5 billion US dollars¹⁹. According to our calculations, most of the bond were issued for infrastructure projects (31 % of the total, including 6 % for social infrastructure), energy (28 %), oil and gas (26 %), transport (10 %), while the remaining sectors (petrochemicals, mining, telecommunications, water and sewage, and others) accounted for 5 %. According to IJ Global, from the beginning of 2017 to the first half of 2019, project financing accounted for 13 % of the total amount of bonds issued to finance infrastructure projects²⁰. It should be noted that infrastructure securities (corporate and project finance securities) have a significantly lower frequency of defaults and loan losses compared to securities of non-financial corporations involved in infrastructure projects – 2.5 % and 8.5 % of the total number on the five-year horizon²¹.

Multilateral development banks are actively involved in project financing. As the international practice of project financing shows, their role is to directly lend to projects (on average, 75.5 % of the total participation in financing over the past 11 years) and to provide guarantees (24.5 %)²².

17 Default Research: Default And Recovery Rates For Project Finance Bank Loans, 1983-2016. Moody's, March 2018. https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1114036

18 Ibid.

19 Project Finance International. League Tables. Thomson Reuters. <http://www.pfie.com>

20 Project Finance International. League Tables. Thomson Reuters. <http://www.pfie.com>

21 Infrastructure & Project Finance: Infrastructure Default And Recovery Rates, 1983–2017. Moody's, September 2018. https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1110153

22 Project Finance International. League Tables. Thomson Reuters. <http://www.pfie.com>

Table 1. Sources and instruments for financing infrastructure projects using project financing

Sources and instruments	Benefits	Issues
Bank loans	The presence of a significant amount of liquidity in the banking sector, the availability of units specializing in project financing, experience in assessing projects, risks and management, with an opportunity to organize syndicated lending	Persisting high level of interest rates on loans, lack of long-term liquidity, limited borrowing opportunities in the external market, limitations imposed on the banking sector by the Basel II and III regulations in terms of regulatory requirements to the level of capital adequacy, reserves and risk-taking
Equity capital	Equity financing by the initiators is the most important condition for project financing and varies depending on the sectoral affiliation of the project from 10 to 40 %	The need to improve methods for protecting the rights of shareholders. Poor development of the debt finance market, the existing restrictions to attract equity (share) financing established for NPF (the ban on participation in direct investment in PPP), as well as for business entities controlled by the state (banks with state participation, RDIF, etc.) – a ban on participation in PPP as a private partner
Bonds	Great potential for attracting a wide range of investors, including institutional investors. The fulfillment of obligations under the bonds of project financing is tied to a specific project under the SOPF (SPV/SPE), as well as to a project under a PPP or concession	Insufficiently developed rating system and secondary bond market
Vnesheconombank Bank of Development (State Corporation "National Development Institute "VEB.RF")	State support, significant experience in funding projects using project financing, availability of qualified specialists in the field of project financing, project structuring, and risk management	Limited financial resources, the presence of losses according to annual reports, the need to cover large debts in the coming years
Institutional investors	Large volume of "long-term" financial resources in management	Poor development of long-term investment instruments. Restrictions imposed on insurance companies in terms of assets allowed for investment and investment procedures, rigid system of regulation, and restrictions set for the structure of the portfolio and permissible instruments for NPFs. The need for independent expert organizations to conduct a qualitative assessment of projects and assigning ratings
Private investors	Experience in project and risk management, willingness to assume some of the project's risks	The need to improve methods for protecting the rights of investors
Financial resources of the population	A large amount of accumulated resources, some of which can be transformed into long-term projects on the principles of project financing through debt instruments	Lack of appropriate long-term instruments and mechanisms for collective investment and investment guarantees

Source: Compiled by the author

In Russian practice, the analysis for the use of domestic types of investors and project finance tools revealed a number of both advantages and disadvantages that reduce its application, including in infrastructure projects (Table 1).

The analysis above shows that solving some of the problems in project financing is in the competence of the Government and the Central Bank of the Russian Federation and can be done by amending the existing regulations, stimulating the development of the system and methodology for assigning projects' ratings. It is also worth noting that the inflow of investors in project financing directly depends on the quality and potential of the project.

For the state, the advantages, disadvantages, and prospects of infrastructure project financing within the framework of PPP and concessions can be considered based on SWOT analysis (Table 2).

The SWOT analysis above shows that project financing for infrastructure has significant advantages and prospects. If the state is interested in this approach, then the disadvantages and threats of this investment instrument can be mitigated through the introduction of appropriate amendments to the legislation, a decrease in the cost of borrowed funds, the development of a system of debt instruments to attract funds from institutional investors and the population, training of qualified specialists, improvement of the planning system and project and risk management, development and implementation of special measures aimed at reducing bureaucratic delays at the initial stages, as well as taking measures to minimize corruption during tender procedures.

In terms of importance, infrastructure projects can be divided into several groups:

- projects of national importance under the strategy of economic growth or special importance

Table 2. SWOT analysis of PPP and concessions based on the principles of project financing in infrastructure

Advantages	Disadvantages
<p>Ability to create capital-intensive and socially important projects.</p> <p>Reduction of the debt burden on the budget by attracting financial resources from various sources to implement projects.</p> <p>Possibility for using debt financing instruments.</p> <p>Reduction of budget costs for the operation of ready-made project financing facilities.</p> <p>Protection of the interests of the state and other participants in the project through isolation within the project company and control of cash flows throughout the project.</p> <p>Possibility for reducing the risks through their distribution between all participants in the project.</p> <p>Improvement of the quality of project management.</p>	<p>Gaps in the legislation that regulates project financing and PPP, as well as in banking law.</p> <p>Compared with public financing and risk-taking, the cost of funding projects using project financing is higher.</p> <p>Long-term, expensive and complex process for preparing and structuring projects, settling legal nuances.</p> <p>Poor level of development in methods and tools of debt financing.</p> <p>Permanently high cost of borrowings for business.</p> <p>Limited contingent of business structures, banks, and other financial institutions that have a positive experience of participating in the implementation of large-scale projects based on the principles of project financing.</p> <p>Lack of highly qualified specialists in the field of project financing.</p>
Threats	Perspectives
<p>Deterioration of common macroeconomic indicators.</p> <p>Mistakes in project planning and structuring, risk identification, allocation, and management.</p> <p>Increase in the financial costs of the project and the construction period.</p> <p>Underestimation of the environmental and social consequences in large projects.</p> <p>Mistakes in forecasting and the risk of overestimating demand for products (services).</p> <p>Failure of participants to fulfill contractual obligations.</p> <p>Bureaucratic delays in the various approvals, permits, and licenses.</p> <p>Corrupt practices in the process of selecting the participants for project implementation and in tenders.</p>	<p>Increasing the application of project financing through the experience gained by government agencies and businesses, institutional investors, and banks.</p> <p>Development of regions, increasing their investment attractiveness, rising GRP, and receiving additional tax revenues to budgets at all levels.</p> <p>Improvement of legislation and the legal framework in the field of project financing and PPP, taking into account the accumulated experience.</p> <p>Increasing the possibility of attracting foreign investors.</p> <p>Contribution to the improvement of the business and investment climate.</p> <p>Improvement of the efficiency of budget expenditures.</p> <p>Development of sectors of the economy related to the projects.</p>

Source: Compiled by the author

(for example, Olympic objects, major transport routes (The Baikal–Amur Mainline, The Trans–Siberian Railway, etc.));

- projects of regional significance under regional development strategies (advanced development zones). This may also include projects related to recycling and waste disposal in regions where this problem is particularly acute and the expected costs are high;
- projects of sectoral significance under strategic plans for the development of budget-forming sectors or areas of the non-resource sector;
- projects selected under the Project Financing Factory program;
- projects that are not directly related to strategic programs for the development of the country's economy (industries, regions); not large-scale but effective, promising, socially significant, with a positive impact on economic growth;
- projects selected by commercial banks as part of their lending policy at the request of the initiators of infrastructure facilities.

It is also important to improve the system of benefits and guarantees for investment projects using project financing. In our opinion, guarantees and benefits should be provided only for strategically important projects (1–4 groups of projects) when it is difficult to find funding

from private investors; for qualitatively structured projects having efficient distribution/minimization of risks along with a satisfactory level of protection (5th group of projects). There also is an urgent need to increase the responsibility of the heads of the organizations involved in the project for non-fulfillment of the planned parameters of projects, failure to meet the deadlines for construction, supplies and increase in funding, poor risk management, as well as for not observing an appropriate level of control over the movement of financial resources under the project.

Conclusion

It is important to understand the issue of how much more profitable the provision of state support (benefits and guarantees) is than direct financing of projects from the budget. We want to note that projects based on project financing are long-term, and the situation in the economy and the demand for project results may change for reasons beyond the control of initiators. In this case, the state needs to consider the project from the point of view of its broader significance than just receiving investment income, for example, considering its socio-economic significance. The state should neutralize the most negative factors through insurance or take into account the low return of cash flow from the project in

Table 3. The form for monitoring projects

Project creation stage	Responsible agency, organization, person	The cost of work per stage	Deadlines according to schedule	Result of the stage (completed/not completed)	In case of non-fulfillment of the activities for the stage, specify		
					reasons for non-fulfillment of activities for the stage	measures taken to solve the situation (penalties, replacement of the participant who did not follow the steps for the stage, etc.)	possible negative consequences for the project (delayed commissioning, higher costs, etc.)

Source: Compiled by the author

advance. This applies to projects where the payback may not justify the original parameters, but for the population, the project is quite important.

In project financing, the key role is played by the generated cash flow. An important condition for its compliance with forecast parameters is not only the improvement of the corporate management system but also the creation of a satisfactory system for monitoring and operational control over the implementation of projects through the optimization of all processes. This requires the creation of a unified state electronic database (platform) for the projects using project financing, including infrastructure based on PPP and concessions created on the principles of project financing and updated in real-time. The responsibility for the fulfillment can be assigned to authorized representatives of the state structure (for example, the Ministry of Economic Development if such structures were created on its basis) and to authorized officials in the regions that are related to these state structures. A separate block is created for each project. This block may contain information (project passport): the name of the project, its characteristics, project cost and funding sources, implementation terms, project participants, the assumed share of the state (federal, regional, and local level), work scope, financing mechanisms and debt instruments from the private sector, banks, and other financial institutions, expected benefits and guarantees

(grace period, tax preferences, etc.) and other important characteristics. The form for monitoring may have the following organization (Table 3):

Real-time monitoring will allow you to control the process of financing and creation of the project, as well as quickly take the necessary measures to comply with its planned parameters. It will also make it possible to identify "bottlenecks" caused by objective, non-objective, and artificially created reasons, as well as to eliminate them in a short period of time. In special cases, using monitoring, we can make appropriate adjustments in the course of the project. However, it is worth considering that the reputation of those who violated the obligations and the functions assigned to them, as well as their relevance for new projects in the future will depend on their validity. Parameters of the platform can be different, have an open and closed part (regulated by the level of access to commercial information), but in any case, it will be useful to analyze the possibilities of project financing, especially for its further use in PPP and concessions that involve budgetary funds.

Thus, we see good prospects for the use of project financing, but only if appropriate measures are taken, including at the regulatory level. Project financing is perfectly suitable for solving the tasks for increasing the volume of renovation and creating infrastructure in Russia.

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