Chapter 13.

THE ORGANIZATION OF PROJECT FINANCING AND MANAGEMENT AS A NEEDED CONDITION FOR THE INTENSIFICATION OF UKRAINIAN-POLISH CO-OPERATION

Yuriy Yamko

Abstract Nowadays, organization of project management and financing is an inalienable part of big investment projects realization. Realization of scientific-technical development projects, infrastructural projects, complex tasks is impossible without determination of standard constituents of project management and financing. Ukrainian-polish collaboration must be examined as a multiproject which must be managed with proper financing. Moreover, as the Ukrainian-polish collaboration is assumed as a complex and long-term, including economic, social, ecological and political constituents, its successful realization is possible by usage of exceptionally program-target method of management.

Keywords: ukrainian-polish collaboration, infrastructural projects, program-target method of management, project management, project financing

Introduction

A program-target method, developed by scientists in 60th, is realized in the followings basic concepts: problem - purpose – target realizing complexes with the system of allocation of resources - system of decisions.

In order to know what and how to do in every moment, it is necessary to have a clear view of for what it needs to be done. Basic occasion to change the state of the system - our desires.

Accordingly, desire to intensify an Ukrainian-polish collaboration, transform it in another high-quality sphere, is possible during formalization of task in a task of object management as the following algorithm: determination of parametric model of the real object as a system; determination of the future parameters, desired state of the system; forming of transition algorithm from current state to desired; realization of the task.

Major principle of program method of management is his special purpose character, imputing the programmatic measures of the system echeloned in time, objectively reflecting a transition from the really present state of economy or region (in this case is the Ukrainian-polish Euroregion) and state of Ukrainian-polish relations in the moment of preparation of the program, in the direction of priorities of their development on all of term of action of program document.

As to development of special purpose program of intensification of Ukrainian-polish
collaboration program-target method supposes direct oriented measures of government control to certain end-result, having concrete quantitative and quality parameters.

However in operating regional subprograms (border-line collaboration, collaboration in a cultural and humanitarian sphere etc.) application of special purpose method is formal: practically fixing of special purpose options of these programs on the quantitative and quality parameters of development is absent not in general, but from the global analysis of social-economic position of region and his long-term changes.

As a result, declared aims of the programs: a) not grounded in a sufficient measure, especially, from point of terms and priorities of social-economic development of regions in a prospect; b) often cannot be appraised from point of their actual realization because of their uncleanness forming or because of lack of necessary information-statistical base.

The high-quality methodological base for special purpose programs, their examination, mechanism of realization and monitoring is not developed actually.

The present state

International and national standards examine projects exceptionally as an administrative task, so an investment project is an object of management.

Activity as object of management is examined as a project when:

- it objectively has complex character and for its effective management an important value has an analysis of structure of all works in complex (operations, procedures etc.);
- transitions from one work to other determine basic maintenance of all activity;
- achievement of aims of activity is related to consistently-parallel implementation of all of elements of this activity;
- time limits, financial and labor resources in the process of implementation of complex of works have the special value;
- duration and cost of activity obviously depends on organization of all complex of works.

Therefore, it is accepted to consider the object of project management as the special appearance of organized complex of works, directed on the solving of certain tasks or achievement of certain goal, implementation of which is limited in time, and also related to the consumption of concrete financial and labor resources.

Management process is an aggregate of separate types of activity, directed on providing of functioning and development of the system in behalf of achievement of aims which stand before it.

Two tasks are decided in the process of management:

- tactical – related to support of firmness and co-operation of all of elements of the system;
- strategic – provides development and perfection of the system, transition of it in other high-quality state.

The sequence of implementation of elements of administrative process, which determines composition, maintenance of constituents of its operations as administrative procedure is documentarily fixed.

At the end of 50th in the USA for realization of the program of research and construction works on creation of rocket “Polaris” the method of planning and management, based on the idea of determination, estimations of credible terms and control of the so-called “critical way” of all of complex of works, was first used. The major result of project “Polaris” was the birth of method of PERT (Project Evaluation and Review Technique) as a new way of management organization.

Since that time “critical way” method not only got a wide use in everyday practice of
management but also stipulated appearance of the special scientifically applied discipline - project management. In center of attention of this discipline are the questions of planning, organization, control and adjusting of course of performance of projects, organization of logistical, financial and human resources support of projects, estimation of investment attractiveness of different variants of projects realization.

In a modern business environment actuality of project management as a method of organization and management of productive-social systems grew considerably. It is considered by objective tendencies in the global restructuring of business. Principle of concentration of productive-economic potential transformed to principle of concentrating on development of own potential of organization.

The large productive complexes are quickly substituted by flexible network structures, among of them principle of preference of the use of external resources prevails internal (outsourcing). Therefore production activity grows into the complex of works with the complex structure of resources usage, complex organizational topology, strong functional dependence on time and enormous cost.

If to come out from theoretical approaches of the use of program-target methods of management in Ukraine, programmatic approach is required by realization of native structural changes in an economy. In their number are included: creation of new, development and support of existent progressive productions, - so-called, «points of growth», objects of production and social infrastructure, allowing to realize the competitive positions of region; creation of favorable economic conditions for operating and development of enterprises in a region on the following basis:

• development of legislative and normative base, directed on creation of most favored nation «basis», above all things, for regional producers, working in the priority for development of region spheres of economy and industries of production, including middle and small enterprises;
• creation of favorable investment climate in a region;
• development of infrastructure of national and regional level;
• participating in the international programs on joint creation of production and infrastructural objects, solving of social and ecological problems.

Diagnosis of the problems

Effective use of program-target method of management, is possible only on the basis of stability of its resource base, that especially is actual, because programs of Ukrainian-polish collaboration, as a rule does not have the sufficient resource base, on the essence being more an intentions, but not the programs.

The special role of the special purpose programs in a market economy is determined by the impossibility to mobilize additional financial resources for development of regions. Successfully solving the tasks of the use of resources, he enough badly gets along at the tasks of their reproduction, requiring greater duration of investment cycle.

Therefore all, that is related to giving the economy of forward going dynamics in the conditions of discreetness of large problems, in natural way lies upon the programs. Estimation and choosing of possible variants of the programs is made on different criteria (a minimum of expenses or time of realization at the fixed eventual indexes etc.) by the special receptions (for example, programmatic matrix).

Presently, the regional programs are an instrument, providing the co-ordinated development of different subsystems (economic, socially-demographic, ecological, development of infrastructure etc.).

The main task at the use of program-target methods of management is exception of
specific object of programmatic management «dissolve» in the general stream of questions, usually solved by the territorial organs of management.

The object of the territorial (regional) planning is considered as a current processes and perspective functionings of regions and municipal forms, supported by the proper channels of mobilization of resources.

In a programmatic management are mentioned such projects, which by virtue of the features cannot be realized through the autonomous conservative actions of business corporations, regional public organs and organs of local self-government.

The programs are developed and realized not only by the specialized organs of programmatic management but also by other structures, including territorial. In this case, they are a part of the system of territorial management and directed on realization, first of all, regional and local interests.

Thus there are also problems of concordance of interests of participants of realization of the programs, because any programmatic planning achievements of new aims always mean the redistribution of resources - limitation of interests of separate participants of regional reproduction process.

On the first plan the potential possibility of increasing of efficiency of management by social-economic system in a programmatic method is pulled out. Presently this possibility is underestimated because aims of the regional programs, as a rule, wider, than maximization of profit; therefore any of them, as dissatisfying the criterion of commercial efficiency can be rejected.

Nevertheless, as the experience of the developed countries testifies, a program-target method of management is one of the instruments of realization of regional policy and allows carrying out effective connection of programmatic aims with the ways of their achievement, including the mechanisms of government and market control.

In the modern world of program-target method in combination with the applied models of organization of project management and project financing are used during realization of majority of scientific and technical, ecological and infrastructural projects. In addition, as a rule, complex projects have all indicated constituents.

So, for example, by the governments of Great Britain and France the project of building of a transport transition was successfully realized on the bottom of channel of La Mansh, the international projects of creation of new technologies and competitive production decisions are realized within the framework of countries of European Union etc. with the purpose of providing of steady development of territories.

In modern economic literature under a program-target management the system of subject realization of measures is understood, actions the lead through of which is called to provide achievement of single, beforehand put purpose. The program in the most general sense of word means the aggregate of set of actions, operations, procedures, which must be implemented, which are connected by solved problem, and also information about these actions. The synthesis of concepts «program» and «purposefulness» forms categories «program-target activity», «program-target methods», «program-target management», «special purpose programs».

The combination of terms «program» and «purposefulness» allows selecting circle of program activities, possessing an orientation, in the aggregate of target directed measures. Such measures form a purposeful program-target complex, in which the purpose of activity goes out on the first plan, becomes, from one side, the main target, and from other - the interlink of all system of actions.

A program-target management is the system of set of actions, which must be realized, the lead through of which is called to provide achievement of single, beforehand put purpose. The program-target activity has the most different forms: «program-target planning»,
«program-target management», «social-economic programming». All of forms, types of activity, wrap-round planning, prognostication, organization, co-ordination on program-target basis, use general methodology, urgent program-target approach, or program-target method.

Such methodology is most characteristic for the processes of making and realization of administrative decisions, related to the tasks, which do not find decisions in an economy as a managed system.

A program-target management is the specification of system approach, examining object of management as a complex purposeful system, having its own functions, structure, connections.

Special purpose program on the essence must be an address document in which resources usage must be balanced, on performers and terms of completion. Thus, the complete complex of scientific, social, economic, organizationally-economic, production-technical and other measures, directed on the solving of one or a few national economy tasks is integrated in the special purpose program.

At regional level program-target approach in a management is used in the general methodology, but has its specific features. Besides characteristic for the regional programs maximal aiming on the solving of social problems of territory, for them in a greater degree, comparing to the federal programs, search of possibilities of expansion of horizon of the programs is inherent, use of modern budgeting methods, use of mechanisms of state-private partnership in preparation and realization of the programs.

Such important stages of application of program-target method of management, as authentication of management object, goal or system of goal of managing influence setting, are consistently analyzed in practice.

Term “project”, as is generally known, originates from the Latin word “projectus”, that in a word to word translation means “abandoned forward”. Thus, at once becomes clear, a management object which can be presented as a project distinguishes possibility to foresee his states in the future.

Therefore the object of project management is a complex of associate works, directed on the decision of some original task is, as a rule.

Ukrainian-polish collaboration is thus possible to examine as a management object, with the proper selection of aims and systems of managing influence.

The specific of the project financing supposes that projects will be realized on the basis of the followings principles:

· strictly certained or isolated economic activity within the framework of project;
· competent management and presence of the system of functional guarantees of participants of project risks;
· presence of the worked out financial model, as a base for investing and financing;
· professional project management.

Modern infrastructural projects as a rule will be realized on the basis of organization of the system of the project financing.

In the classic chart of the project financing, as a rule, is being created economic and the legally isolated project company.

Possibility of bringing in of financing in a project depends on, as far as its managers will succeed to prove to investors that the risks of project are maximally minimal. Also it is maximum important to promote transparency of project management to the investor acceptable level.

As a circle of participants of project is wide enough, it follows the managers of project to spare attention to relations with partners and investors and co-ordinations of their work. It will allow providing transparency of informative and financial streams and attaining primary
purposes of project.

During realization of investment projects bringing in of financial advisers is widely widespread in world practice. They can render substantial support in area of legal, financially-analytical and organizational accompaniment of project.

It is suggested to use corporate standards on management of projects, and also templates of the followings workings documents of project, recommended by PMI to development of project management:

- Project charter;
- Project scope statement (preliminary and detailed);
- Project management plan.

Remedies

As an example it is possible to take preparation of the lead through of European Football Championship in 2012 by Poland and Ukraine which is expedient to examine as an management task, which is possible to be successfully solved by program-target method of management, by organization of the system of project management and project financing, as it has all of distinctive pre-conditions exactly for such approach in its decision - complex, multivariable, a few sources of financing, necessity of co-ordination of actions, social and political character of the program, dominant above economic constituent etc.

Appears expedient to use corporate standard on a project management, and also templates of workings documents of project, recommended by PMI to development at a project management:

- Project charter;
- Project scope statement (preliminary and detailed);
- Project management plan.

For organization of the system of the project financing it is necessary to create a managing company, and also to define all of necessary elements of infrastructure of the project financing.

Coming from the complex of tasks, it is necessary to define suppliers, users, insurers, financings institutes, bank-creditors, financial and legal consultants, system of control after technical realization of project, roles and responsibility of public organs, taking part in realization of project.

Accordingly, all elements of infrastructure of the project financing must be connected by the system of contracts. The organizational model of lowering of risks of this project must be developed similarly.

The use of program-target method of management in solving of preparation to Euro-2012 championship allows having:

- indicative character of subprograms, terms of realization of which are in direct dependence on necessary financial resources;
- system character of primary purposes and program tasks in decision of complex (interproductive and international) problems of different taxonomical level;
- providing of unity of the methodological and methodical approaches in the decision of tasks;
- possibility of concentration of the limited financial resources on the decision of principle questions of social-economic development of region;
- origin of multiplicative effect while special purpose use of the limited budgetary resources due to the additional bringing in off-budget facilities;
• providing of public inspection, at forming of aims and tasks of programmatic development and use of financial resources.

Recapitulation

Organization of project management and financing appears as the necessary condition of successful intensification of the Ukrainian-polish collaboration in realization of projects of scientific and technical development, infrastructural projects and special purpose complex tasks. Complex and long-term character of Ukrainian - Polish collaboration in economic, social, ecological and political constituents, supposes the use of program-target special purpose method of management. Problem moments of preparation of European Football Championship Euro - 2012 proves impermissibility of ignoring of the indicated approaches.

REFERENCES: