***Workshop**: Finance, insurance and stock-exchange industry, innovation and investment strategies*

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ESTIMATION OF THE EFFICIENCY OF BUDGET INVESTMENT IN CONDITIONS OF MARKET TRANSFORMATIONS

The state of the economy depends to a large extent on the investment component. Traditionally, a system of budget investment involves investing in those industries that are able to attract additional investment in the future and stimulate its development in general. The modernization of the Ukrainian economy involves the creation of clear mechanisms for regulating budget investment, redistribution of financial resources, depending on the political, social, economic goals of the state, stimulation of investment in production. In Ukraine it is expedient to purposefully use all available opportunities to create a favourable investment climate. This is one of the most important means of supporting the national producer, who can play a decisive role in economic revival. In our opinion, in the process of budget investment it is necessary to focus on the general economic strategy of the state, to attract own funds and to implement internal programs in priority sectors.

It is expedient to evaluate the effectiveness of budget investment in three areas: assessment of social, economic and financial efficiency, assessment of the effectiveness of the state's participation in the project as an investor, and assessment of the effectiveness of public and private partnership.

At the stage of developing an investment project, the effectiveness of budget investment can be assessed in two aspects: social and economic efficiency and financial efficiency. Social and economic efficiency is based on aggregate data of the effectiveness of investment programs and the gained social effect from their implementation. Efficiency of budget investments expresses the degree of achievement of the planned result. At the same time, the most difficult, in our opinion, is the choice of those narrow priority areas in which the maximum result will be obtained as soon as possible. Social investment results can often be expressed not in monetary form, but only by certain qualitative criteria [3].

State financial support should be stimulating and selective, so, on the one hand, the state should not act as a competitor in the investment market, pursue a policy of investing in those activities where may be a full partner, and, on the other hand, budgetary investment should not be reduced to a simple redistribution of funds through the budget mechanisms in favour of individuals with low investment return potential. Priority in determination of the order and terms of financing is the examination and competitive selection of projects of those enterprises that are engaged in one of the most important areas for a particular region.

An assessment of the effectiveness of a project that claims to receive budget funding should include an assessment of technical, social, and financial performance. This stage involves the assistance of qualified experts who are able to assess the business and the opportunities of the contestants. In our opinion, the system of performance evaluation should be supplemented with a methodology for assessing the budget and social efficiency of the investment project.

For the state, the social effect is extremely important. Therefore, we recommend to add the indicator of social and economic efficiency to the system of assessment. Under social and economic efficiency, we understand that discounted tax and other income (dividends, interest) will exceed the amount of money intended to provide state support. It is important, then, that the increase in revenues should be the result of this project, and not the entire business that existed before. Under social benefits we consider the discounted benefits that society receives in general from the implementation of a separate project. The commercial effect of project implementation can be presented as a difference between actual project benefits and business costs.

The main purpose of budget investment is to obtain the maximum economic effect from investing, that is, a certain overrun of the results, obtained from the implementation of a separate investment program, over expenditures over a certain period of time. Therefore, one of the most important tasks of the state budget investment policy is the accumulation of investment resources and placement in those sectors of the economy that will maximize the effect, which will lead to improvement of macroeconomic indicators.

To improve the situation and maximize the economic effect of public investment it is necessary:

1) to regulate the sphere of public procurement. Investment budget expenditures can significantly increase domestic demand, contributing to the growth of production, only if public procurement procedures are transparent and competitive, and participation in them is accessible to all the interested;

2) to approve a clear methodology for identifying priority development projects that will be financed by budget funds. Budgetary funds should be spent on those projects and programs that will have the greatest economic or social effect for the state;

3) to implement the principle of co-financing investment projects, optimally distributing financial obligations between the central, local authorities and private investors who will benefit from their implementation;

4) to legislate the provision of state guarantees only for lending of investment projects of national importance;

5) to introduce a regular monitoring of the state of implementation of the most powerful investment projects financed by the budget funds, with a public representation of its results.

To summarize, using the above mentioned mechanisms, we can reduce the risk associated with budget investment and determine the effectiveness of the implementation of investment projects. It will also create the basis for the creation of a favourable investment climate, which will help, besides budgetary investment, to attract additional funds from domestic and foreign investors, stabilize macroeconomic indicators, create an information environment for planning investment activities.

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