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**ECONOMIC ESSENCE, CLASSIFICATION AND TYPES
OF CONCESSION AS AN OBJECT OF ACCOUNTING****OLGA MIKHALEVICH, SVETLANA VEGERA****Polotsk State University, Belarus**

Investment plays a central part in the development of any country. It is the most important economic category, one of the main and efficient driving forces of economic process.

In recent years, an acute shortage of investment resources has become the biggest problem of the Belarusian economy. Belarus has adopted a model of socially-oriented economy, which allows to combine a free private initiative and competition with an active role of the state, the efficiency with a high level of social protection of the population. However, achieving these objectives is impossible without involving foreign investors in the Belarusian market and the development of public-private partnership [1, p. 28].

Public-private partnerships create significant added value for both sides of the relationship. Concession as a way of investment is a promising legal form of public-private partnership [1, p. 28].

One of the main achievements of concession is solving state problems due to private capital. This business has a long-term financial interest which allows to maximize the effectiveness of solving state problems [1, p. 29].

Concession is a contract with a foreign state, a legal entity or an individual (the concessionaire) for temporary commissioning of enterprises, land, mineral resources and other objects and values on certain agreed conditions in order to develop or restore the national economy and natural resources [2].

Nowadays concession is used in more than 120 countries.

Concession is a specific kind of large-scale long-term lease, the object of which is not only property but also the right to carry out activities in the field of public services, water and energy conservation.

According to the Law of the Republic of Belarus "On concession" only the state owned objects, resources (minerals, water, forests) and activities as stated in the Constitution of the Republic of Belarus may be the objects of concession [2].

Concession objects of administrative and territorial units are concession objects of communal property, except for concession objects, which constitute state secrets, and the concession objects of strategic importance for the Republic of Belarus [2].

Concession is drawn in the form of a concession agreement between the grantor (the state) and the concessionaire (a legal entity). Concessionaire may also act as a foreign legal entity or an individual. In this case it is an international concession. The concession contract is a written agreement, where one party (the grantor) is obliged to provide the other party (the concessionaire) with the right to possess and use the object of concession or the right to exercise activity free of charge or for a fee during a certain period of time [2].

The Law of the Republic of Belarus "On concessions" from July 12, 2013 stated the following three types of concession agreement on the territory of the Republic of Belarus:

- full concession contract;
- concession contract on production sharing;
- the concession contract for the rendering of services (works) [2].

On analyzing the works of Russian and foreign researchers we can present a wide range of concession forms. The main features of concession forms classification include the contract, the object of the concession agreement, the purpose of the agreement, the type of agreement, the level of authority, which acts as the grantor of the concession agreement.

Concessions in the field of subsoil use is the transfer of the rights for search, prospecting and extraction of natural resources from the grantor to the concessionaire.

Concessions in the field of infrastructure is the transfer of the rights for ownership and use of infrastructure facilities owned by the state or municipality from the grantor to the concessionaire. These may include facilities of communal and traffic infrastructure, education and health care establishments and other facilities, which are permitted by Russian law.

Table – The main features of concession forms classification

CONCESSION	According to the form of contract	The concession contract
		Service Agreement
		Risk-service agreement
		Memorandum of an association
		Production Sharing Agreement
		License with civil disclaimers
	According to the object of the concession agreement	Concessions in the field of subsoil use
	According to the purpose of the agreement	The concession of infrastructure
		Concession as a form of investment activity
		Commercial concession
	According to the type of agreement	BOT
		FBOOT
		BOL
		DBOM
		DBOT
		BOD
		BOOST
		BRT
		BTO
	According to the level of authority, acting as a concedent	Federal
		Regional
		Municipal

Source: Based on the study of references [3]

In international practice there are the following types of concession agreements:

- BOT (Build - Operate - Transfer). The concessionaire provides construction and operation (mainly – in the form of ownership) within a specified period, after which the facility is transferred to the state. The contract may provide the concessionaire's right for operating the facility after its transfer to the state. As a rule, such a type of concession is used for the construction of motorways (Italy, Spain, South Korea), pipelines (Germany), power plants (Turkey, India, Thailand), airports (Egypt, Greece, Canada), tunnels (France), stadiums and other infrastructure facilities, which require substantial investment but must be owned by the state;
- BTO (Build - Transfer - Operate). The concessionaire builds a facility that is transferred to the state (the grantor) immediately after the construction, but the concessionaire operates it. This type is more beneficial for the state, since it is able to control the facility and, if necessary, affect the concessionaire's decisions and actions if they cause damage to the state;
- BOO (Build - Own - Operate). The concessionaire builds a facility and performs subsequent operation, having the right of ownership, the validity of which is not restricted;
- BOOT (Build - Own - Operate – Transfer). Possession and operation of the constructed object on the right of private ownership is carried out within a certain period, after which the facility is transferred to the ownership of the state. Often it is seen as a way of development of large public infrastructure projects with private financing;
- BBO (Buy - Build - Operate) is a form of sale, which includes the restoration or development of an existing facility. The state sells the facility to the private sector, which makes the necessary improvements for the efficient operation [4].
- In conclusion, it should be said that in Belarus, a country with a high share of state ownership in the context of an acute lack of investment resources, the use of another attractive form of investment could contribute to the economy development.

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