

REFEREE'S REVIEW

Program:	Master in International Business
Student:	Alexandra Slepova
Title of thesis:	Implementation of energy strategy of Russia – choosing priority projects based on international experience

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	5	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5	4	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5	4	3	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	5	4	3	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	5	4	3	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5	4	3	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor.

Additional comments:

Please, elaborate on the above mentioned criteria (about 500 words)

Trying to summarize what was done in the thesis, the reviewer would say that the author introduced a tool for project evaluation and applied this tool to a group of projects in the Russian energy sector. The claim is made that the tool allows aligning the project evaluation with the sectoral strategy (Energy Strategy of Russia). On this way, the thesis provides references to a variety of theories, mostly irrelevant for the topic, but misses some relevant ones. Methodology is not well developed and can hardly contribute to the understanding the complexity of project evaluation in the energy sector.

1. The author assumes the sectoral strategy is similar to a corporate strategy and, therefore, instruments of corporate level strategy implementation can be used to enforce the strategy at national level. This assumption is wrong in a sense that "strategy" is just a traditional name for setting government policies for a sector, but is different in meaning from its corporate counterpart. It sets general regulatory framework and assumes actions of independent entities, without much reference to resources, to mention one of the differences.

2. It is not clear who would do the project evaluation to match it with the Energy Strategy goals and how the results can be used. If the private investors, they would bother only about general regulatory guidelines, if government to access the need to participate in a project financially, the framework is different (usually, private-public partnerships with lots of specific issues in project assessment). Evaluation from society's

point of view, implicitly implied by the author, requires a different approach – cost-benefit analysis – which is surprisingly missing in the thesis. So, what is a practical meaning of ranging projects in the sector according to the selected criteria is not obvious. Stop other projects, participate in the best projects funding, etc. – all these actions need additional assessment. Moreover, besides assessment of projects, strategy implementation has many other aspects. From this perspective, the reviewer believes it's overstatement to claim that "the goal is reached – the tool for the implementation of Energy Strategy of Russia is introduced" (page 63). What any single tool could possibly do this job?

3. While relevant theory (CBA and anything related to energy markets and their dynamics) is not present, some irrelevant are discussed. New Public Management and Balanced Scorecard are examples. The discussion in the theoretical part of NPM contains serious mistakes: the author states that the concept was introduced in (Osborne, Gaebler, 1992) as Reinventing Government idea, but NPM and RG are two ideas, different in many aspects, NPM being rooted in 1980s. Both, however, have nothing to do with project evaluation.

4. The author claims using different sources of information, including sectoral data, expert opinion, case studies and modeling. We should acknowledge that the author conducted six interviews with experts, but the author doesn't indicate what kind of the verification of the model or approaches might follow from different questions (like "In Brazil 80% of base load electricity is supplied from hydro power plants, in Norway hydro energy account for almost 50% of total energy consumption. Why cannot Russia do the same?" on page 69). Case studies are just examples of some energy sector projects, but they are not presented as research case studies, and contain just very narrow financial and capacity-related information.

5. The author provides a review of energy sector projects in four countries. Not clear, why these four are relevant for Russia, but most importantly, what exactly are "best practices on project selection" (discussion starts at page 41) – only lists of typical projects for each country are given. Why Russia has or even can borrow various and not related practices from these countries, as the author suggests on page 47?

6. The reviewer can not guarantee his correct understanding of "the tool", but it seems that it is represented by two dimensions: "strategy fit" and "implementation requirements". The latter includes "time to commission" and payback period. The immediate question is why payback and not any other common metric (NPV, Cost-benefit ratio)? Payback doesn't allow to compare projects of different scale (discounted investment of \$10 over discounted cash flow of \$20, as offer on page 24, gives same payback period as \$100 / \$200 project). Next question – why only direct investments and cash inflows are considered if the project evaluated from society point of view? Where are numerous externalities, typical for the sector? Where are consideration for alternative use of public money (if this is implied) and, therefore, social discount rate?

7. More questions on "strategy fit" that consists of an increase in Reserves/Production ratio, energy intensity and carbon intensity (page 38). But the three indicators are focusing on three different sides on energy policy and, therefore, three types of projects. How can we possible compare (based on "strategy fit" only) is it better to invest in geology (first indicator) or emission decrease (the last one)? Any weighting of the indicators is artificial, since the project can be hardly compared from society's point of view.

The difficulty in understanding the logic of the text is also related to the way the author expresses her thoughts in English. Apart from sentence structuring and grammar mistakes left in the text, the author sometimes uses non-conventional terminology. One of the examples throughout the text is “country management” by which the author means managing the national economy by government. Actually there’s no single term for this meaning since the single concept doesn’t exist in professional literature – economists normally specify what aspect of public intervention is meant (“macroeconomic policy management”, etc.). “Country management” is applied in a very different context of running multinational companies with country-level divisions. Same is true for “country strategy” used by the author. Honestly, “private management” is also an enigma as a concept for the reviewer.

Although interesting from the perspective of introducing sectoral strategy aspect to project financial evaluation, the thesis should be considered as a first and imperfect attempt of this kind.

Master thesis of Alexandra Slepova meets the requirements of Master in International Business program, and deserves a satisfactory grade, thus the author can be given the desired degree. The grade can be increased if the author demonstrates the basic logic of the research with a focus on what was really achieved in her presentation and Q&A session.

September 25, 2011

Referee: *Associate Professor Igor Baranov*

A handwritten signature in black ink, appearing to read 'Igor Baranov', written in a cursive style.