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Galtsova O.L.

*Doctor of economics, professor,
Head of national and international economics department,
Classical Private University, Zaporizhzhya, Ukraine*

PROBLEMS OF DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIP IN UKRAINE

ANNOTATION

The article investigates theoretical and practical problems of the current state of reform of public-private partnership in Ukraine. The process of formation of public-private partnership projects in Ukraine and proposed lines of effective reform.

Key words: interaction, economic model, public sector, public-private partnership, private sector.

АНОТАЦІЯ

Стаття присвячена дослідженню теоретичних та практичних проблем сучасного стану реформування державно-приватного партнерства в Україні. Розглянуто процес формування проектів державно-приватного партнерства в Україні та запропоновані напрями ефективного їх реформування.

Ключові слова: взаємодія, державний сектор, державно-приватне партнерство, економічна модель, приватний сектор.

АННОТАЦИЯ

Статья посвящена исследованию теоретических и практических проблем современного состояния реформирования государственно-частного партнерства в Украине. Рассмотрен процесс формирования проектов государственно-частного партнерства в Украине и предложены направления эффективного их реформирования.

Ключевые слова: взаимодействие, государственный сектор, государственно-частное партнерство, экономическая модель, частный сектор.

Formulation of the problem. The essence of public-private partnership is to organize an institutional alliance between the state and business, which is created for the implementation of social, economic, production, that is, socially significant projects. The development of an innovative economy in Ukraine is increasingly prompting a thorough interconnection between the state and the private sector. Public-private partnership is the main and basic mechanism and process of realization of the policy of modernizing the economy of our country, solving of extremely acute socio-economic problems [5]. In order to implement large modernization projects in various branches of the economy, a significant investment resource is required, based on which private business. At the same time, in the post-crisis development, the interest of the business to state support increases, which will reduce the risks of private investment, improve the reliability and strength of investment projects for credit institutions.

The modern Ukrainian economy is looking for exits from the financial, political, social, resource, military and moral crises of society, therefore the awareness of the importance of the intellectual potential of society is extremely important. In the interests of strengthening and stabilizing its own economy, awareness of the intellectual potential of society is extremely important.

Intellectual potential is the most disposable asset of the national economy, capable of guaranteeing the security, vital activity of society and economic growth.

The intensity of using the tools of the mechanism for strengthening economic security largely depends on the general conditions and environment that have developed in the state, that is, on the degree of development of the economic system, the institutional environment, the level of innovation of the entrepreneurial sector, the socio-political climate, etc. Indeed, the effectiveness of the functioning of the system of economic security in general will depend on the correct and correct choice of tools for strengthening economic security in specific conditions.

Consequently, in the period of exacerbation of internal and external contradictions, the issue of establishing an economic security system becomes of paramount importance.

Analysis of recent research and publications. The question of theoretical justification for the research tasks is the scientific work of domestic and foreign scientists in the field of public-private partnership and management of the development of the economy L.L. Gritsenko, S.Ye. Klymenko, O.V. Mishuk, F.V. Uzunov, E.R. White and B. Desielce and others. Despite the large number of publications devoted to the development of relatively new forms of cooperation between the state and business for the development of the economy for Ukraine, the significance of issues regulating public-private partnership is increasing, which makes the topic of our research relevant and timely.

Setting objectives. To determine the economic content and structure of the system of public-private partnership functioning and to analyze the mechanisms of construction and improvement of legislative and methodological support, to formulate strategic goals and directions of development and ways to improve public-private partnership in Ukraine.

Presentation of the main research material. Public-private partnership for Ukraine is a relatively new form of medium- and long-term cooperation between the state and business for solving socially significant problems on mutually beneficial terms. The potential success of the development of public-private partnership is marked by the possibility of achieving better results in those areas where market deficiencies are particularly

marked, or there are problems with the realization of tasks traditionally considered to be the prerogative of the state, in the context of slowing down the pace of globalization of the economy.

The topic of development of public-private partnership (hereinafter – PPP) is rather relevant, but at the same time ambiguous for Ukraine. On the one hand, the state has a great need to attract investments for the development of infrastructure projects. On the other hand, the normative regulation of relations, which are formed within the framework of PPP, is subject to improvement. This may lead to an increase in investors' interest in this area, which in the future will enable large-scale projects to be implemented.

Today, the creation of modern and efficient infrastructure is one of the important components of Ukraine's development. Without this factor it is impossible to provide a decent quality of life for Ukrainians. Even with the ideal climate and with the slow development of business, transaction and logistics costs of business entities under the existing infrastructure are extremely high. This factor shows that Ukraine will have to "go to Europe" for a long time yet. It should not be forgotten that modernization of infrastructure is an engine of economic development. In the Law of Ukraine "On Public-Private Partnership" this notion is formulated as cooperation between the state of Ukraine and territorial communities in the person of specific bodies of state power and bodies of local self-government (state partners) and legal entities, except state and communal enterprises, or individuals – entrepreneurs (private partners), carried out on the basis of the contract [1].

In order to establish clear and transparent rules of work in the field of PPP in 2010, the Law "On Public-Private Partnership" was adopted. However, when the law came into force, the number of major projects did not increase, due to the lack of detailed features that would allow certain projects to be included in the public-private partnership, minimal guarantees for investors, restrictions on PPP spheres and a number of other factors. But already on November 24, 2015, the Verkhovna Rada of Ukraine adopted the Law "On Amending Certain Laws of Ukraine Concerning the Elimination of Regulatory Barriers for the Development of Public-Private Partnership" in order to improve the functional mechanisms of this sphere, expand the amount of guarantees for private investors and elimination of contradictions between legislative acts. This Law, which came into force in May 2016, amends a number of other laws: "On Concessions", "On Public-Private Partnership", "On Management of State-Owned Objects" and "On Private International Law".

The implementation of infrastructure projects with the use of public-private partnership mechanisms can provide economic growth, investment attraction, and job creation for each region of Ukraine. In turn, the developed infra-

structure greatly increases the investment attractiveness, creates the basis for the implementation of business projects and, consequently, sustainable growth in incomes and regional budgets [4].

As the world experience shows, the PPP mechanism is used in projects for the construction of new production facilities, infrastructure development (road transport, communication, information, etc.) during geological exploration of deposits and in the process of extraction of minerals, as well as in solving energy conservation issues, management of real estate, modernization of objects of housing and communal services, utilization of production and consumption wastes, provision of high-quality health care services, water treatment and tourism development. For a better understanding of this issue, we will analyze the use of public-private partnerships in different countries around the world. The mechanism of public-private partnership in these countries is implemented in the form of infrastructure and humanitarian projects, implementation of projects on environmental protection.

Important is the experience of public-private partnership in France. The country had a significant practice of public-private interaction in the field of infrastructure, but mainly in the form of concessions. The legal base here was stable and very weak. The public sector initiated the development of public-private partnership. New forms of partnership contracts were adopted, for which, in particular, medical institutions, police stations and other institutions were built. The experience of Italy in the field of public-private partnership demonstrates the significant benefits of this form of government. The country actively applies mechanisms for the implementation and implementation of public-private partnerships, its legal and economic aspects, and concession mechanisms. Public-private partnership is one of the most promising and effective instruments for urban and regional economic and social development.

Infrastructure projects include the following: road building, schools and hospitals (Great Britain, Spain, Finland, Canada); construction of high-speed road and railways, underground and airports, stadiums (France, Austria, Portugal, Turkey and Greece); Reconstruction and construction of new ferry crossings (Romania, Bulgaria, Greece) [2].

An example of humanitarian projects can be: improving the quality of education and health care (USA and Canada); creation of a base for conducting scientific researches. An example of the implementation of projects on environmental protection can be a country like Canada [2]. Turkey, for example, was able to raise its GDP by three times over a 10-year period, thanks to the application of the PPP mechanism, receiving \$ 115 billion in investments in 193 PPP projects. The main sectors of investment were energy, roads, ports, airports and health [3]. The above

material regarding the experience gained from both economically developed and developing countries suggests that such PPP projects allow tightening private capital into infrastructure projects in short time and build fast and targeted economic growth, even if lack of government investments.

Today, Ukraine needs considerable financial resources to restore and modernize its infrastructure, in particular, that was destroyed by the conflict in the eastern part of the country. Neither the state budget nor international assistance can cover the country's financial resources to build its infrastructure. Under such conditions, public-private partnerships could become an effective financial mechanism for accelerating infrastructure development. However, without developing state-supported public-private partnership mechanisms, the involvement of private business in infrastructure projects in our country, especially in the social and housing sectors, can be considered problematic, since the incomes of the population are low and the solvent demand for most socially important services in general no. Public-private partnership projects require substantial efforts for their implementation, close cooperation between the private and public sectors, a qualitative legislative basis, a stable economic situation, high qualifications of public authorities, and a full understanding of the procedure for the implementation of such projects by all participants in this process. And for such states as Ukraine, there are also effective mechanisms of state support. All these issues require constant monitoring and further in-depth scientific research in this direction.

For our country, public-private partnership is an improvement of the financial level of the country, budget and tax legislation in order to improve the investment climate and develop targeted state support projects, as well as legislation on the formation and application of the tariff regulation mechanism. It is also one of the most promising ways to attract investment in the existing state and communal infrastructure, especially since the program of total privatization is not fully implemented.

Cooperation between the state and business tends to develop in those areas which are important both for the improvement of the national economy and the economy as a whole and socially significant for society. If both of these factors coincide, the development of similar industries uses the partnership strategy of the state and private business, for example, in the form of joint ventures with mixed public-private capital. As part of the PPP, the state not only receives additional funding but also shares with the private partner risks in organizing and managing a joint project [3].

In order to put in place basic PPP policies and practices, a targeted state policy on public-private partnership development aimed at developing a comfortable economic and managerial environment for the development and implementation of mechanisms is needed, namely:

- to improve the legal and regulatory framework for the implementation of relations and institutional support for PPP development;
- to increase the guarantees of protection of interests of public and private partners in the process of development, approval and implementation of projects [5];
- to create a comfortable economic environment, a business environment that will improve the investment climate of the tax and regulatory sphere;
- to form the basis of investment projects at the state, regional and local levels that can be implemented on the basis of PPP;
- to study and develop feasibility studies for projects. With it may be noted that the costs of such justification will be returned by the private investor after the decision on the project implementation;
- accelerate the readiness and start implementation of the main, in our opinion, PPP projects in the field of construction of highways, modernization of housing and communal services [6].

Analyzing the use of PPP in our country, the reputation of both private and co-ordinating partners is extremely important to the state. The key to success for today is the unbiasedness of the company, which is ready to assume the risks of managing the PPP processes and become a conductor among all the stakeholders involved in the project.

Final Statements. To effectively reform the mechanism of public-private partnership in Ukraine, it is necessary first of all to improve and make adjustments to the normative and legal framework for the regulation of PPP relations, to improve the institutional and legal formation of the preparation and implementation of PPP projects, to increase the level of protection of interests of private investors and the state in the implementation of projects PPP, to create a general favorable business environment based on improving the investment climate, tax and regulatory environment higher. This will avoid some of the problems that arise in this area. Then the PPP field in Ukraine will be interesting for the investor, especially in the context of large infrastructure projects.

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