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FORMATION OF THE ENVIRONMENT FOR THE PUBLIC-PRIVATE PARTNERSHIP DEVELOPMENT IN UKRAINE

***Summary.** The article proposes approaches to the formation of an environment conducive to the development of public-private partnership in Ukraine. On the basis of the key elements of the public-private partnership development system and the indicators reflecting these elements, the possibilities of the regions to ensure the development of the public-private partnerships have been analyzed with the help of the cluster modelling.*

***Key words:** public-private partnership, cluster approach, competitiveness, environment.*

Problem statement. Modern economic transformations are formed on the basis of complex challenges to the state. Increasing social needs against budget constraints is forcing to start searching for new ways of providing socially important services to society. One of these approaches is the involvement of the state in the cooperation of business entities of private ownership, known as public-private partnership (PPP).

Analysis of recent researches and publications. To date, the study of the above issues were addressed in the researches of: Pakulina A., Pakulin S., Pyontko N., Sukhodolia O., Tsyppkin Yu., Shilepnytskii P. and others. However, in order to ensure the development of PPP, it is necessary to pay particular attention to the study of the key elements which form the environment

conducive to the development of partnership between the state and private owners.

The purpose of the article is to identify and explore the key elements of the PPP development environment in Ukraine and at the regional level.

Presenting the main material. The main directions of the future economy of Ukraine envisage the development of: the agrarian sector, the military and industrial complex, the information and communication technologies, energy production, high-tech mechanical engineering, and the development of transit infrastructure. By implementing these areas, it is possible to gradually reduce the budget deficit moving towards balance and progress. In the scenarios developed for Ukraine, the balanced development implies attracting investments through the public-private partnership mechanisms in the state's innovation spheres [1]. Practically all areas to one degree or another can be covered by projects in the form of public-private partnership subject to legislative regulation of the characteristics of the respective industries.

It is important for PPP development to understand the key indicators which characterize the development of the economic environment and the performance of institutions which provide economic development of the country, for example - the evaluation of the Institute of Management (IMD), which promulgates the overall competitiveness rating (IMD World Competitiveness) of 63 countries. The IMD World Competitiveness 2018 rating [2] is based on an analysis of criteria which are combined into four groups: the internal economic potential (macroeconomic indicators, macroeconomics, foreign investment, market openness, prices); government effectiveness (state policy, tax system, institutional framework, legislation on business activities); business efficiency (productivity, labor market, finance, management, scale); infrastructure.

Taking into account these approaches, the process of PPP development should in the future be based on certain key areas, the complex development of which will provide the necessary components for the environment of the PPP

projects functioning, which will in general strengthen and expand the “field” of application of the PPP sphere state regulation mechanisms. The analysis of the PPP definition, the study of the legal and economic nature of public-private partnership, the approaches to understanding the partnership between the state and the private sector as an element in the system of state regulation, the study of the features of PPP implementation in various spheres of management, the analysis of the scientific studies of this topic [3-6] allowed highlighting the key elements of the PPP development system in Ukraine: public administration, economy, regional development, and innovations (Table 1).

Table 1

Key elements of the PPP development system

The elements	Essential properties
Public administration	Purposeful activity to regulate public relations through the exercise of power
Economy	The result of producing resources and tools which meet the needs of society and man
Regional development	Positive changes in the social and economic parameters of the regional system: properties, characteristics, within established limits
Innovations	Qualitative changes, updates to implement innovations to improve economic, legal and social relations

The key elements mentioned above are due to: the need to formulate sound budgetary policies on the basis of economical business management and modern management approaches; creation of a system of effective governance, which provides for the rule of law, modernization, reforming, medium-term planning, the combination of state regulation with market mechanisms; the need for leading-edge innovation development based on real economy sector development and human capital development strategies; implementation of European approaches to regional development.

Based on the proposals as for the need to develop key elements of the PPP

development system in Ukraine, it is advisable to study the indicators of regions which characterize the potential opportunities for the successful PPP development, namely: economic and investment-innovative development, infrastructure development, financial self-sufficiency and entrepreneurship development. The above directions contain a set of different indicators [7-10]. Taking into account the individual indicators of regions (with the exception of Donetsk and Luhansk regions), we use STATISTICA software to model the groups of regions which are different in data values and reflect the ability to successful implementation of PPP projects. For this task, we will perform a cluster analysis of the existing data pile using the full link method and choose the Euclidean distance as the distance. As a result, we obtain the following horizontal dendrogram (Fig. 1), which shows the gradual integration of regions into clusters based on available data.

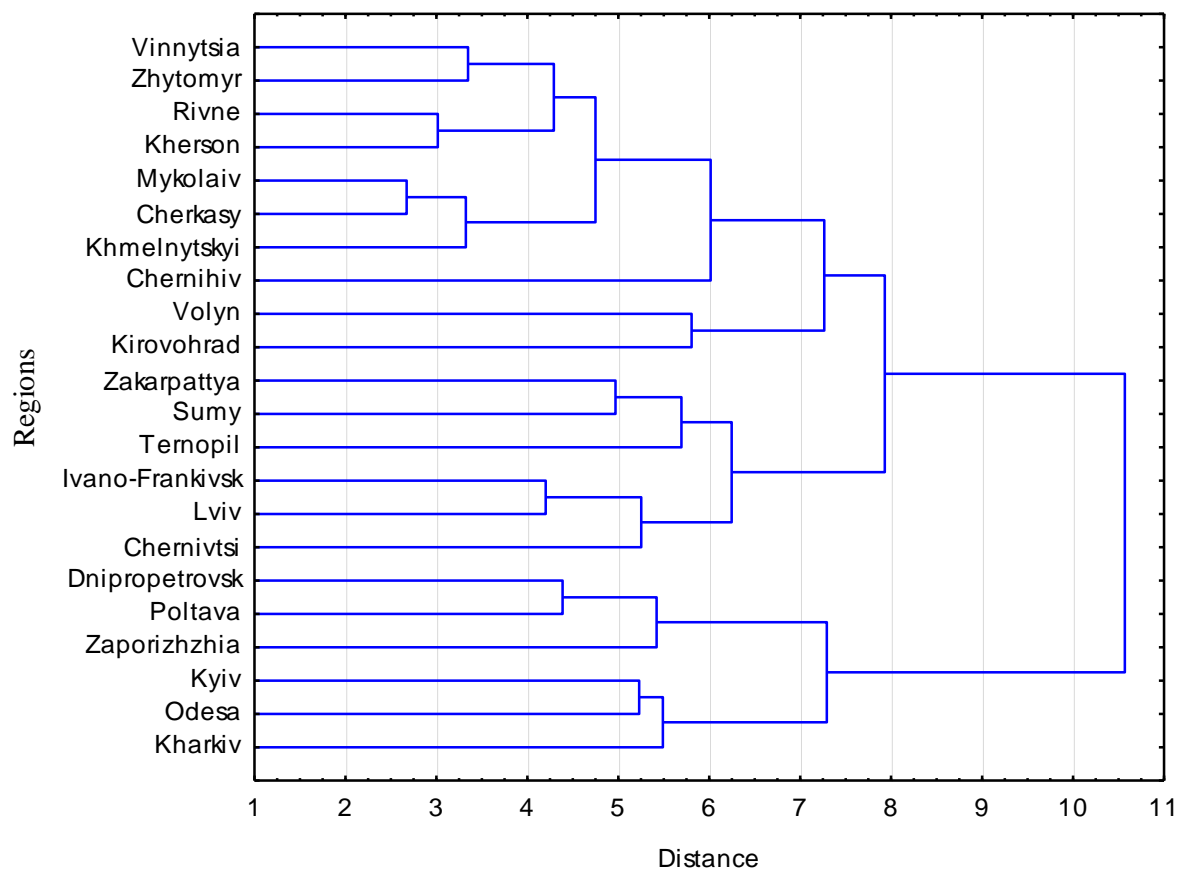


Fig. 1. Dendrogram of tree clustering of regions of Ukraine

3 major regional clusters can be highlighted in the above dendrogram, which can be characterized by varying degrees of provision and ability to implement PPP projects at the regional level. First of all, it is a cluster characterized by much better development indicators than the others (Dnipropetrovsk, Zaporizhia, Kyiv, Odessa, Poltava, Kharkiv regions). The other two clusters are notable for smaller indicators which characterize the economic, investment and innovation development, infrastructure development, financial self-sufficiency and entrepreneurship development.

Based on the results of the above analysis, it is possible to draw conclusions about the need to strengthen the directions which affect the relevant indicators. This applies to the Volyn region (construction production index, capital investment index), Zakarpattia region (the volume of the industrial output, gross regional product, capital investment), Mykolaiv region (rate of growth / decrease in direct foreign investment, share of realized innovation output), Ternopil region (foreign direct investments growth / decrease rate, foreign direct investments volume per capita, the local income budgets per capita, capital expenditures of local budgets), Kherson region (the volume of construction work per capita, integrated assessment of regional human development, capital expenditures of local budgets), Chernivtsi region (the volume of industrial output, gross regional product, Consumer Price Index, Gross Regional Product, Capital Investments, Foreign Direct Investment per capita, Growth / Decrease Rate of local budgets, revenues of local budgets per capita), Chernihiv region (index of industrial production, the volume of construction work performed per capita).

Given the above, the state policy of PPP development should be directed to the necessary changes of the institutional environment; legislative formation of the effective legal mechanisms; strengthening the protection of private investors; simplification of bureaucratic procedures in the implementation of infrastructure projects through the public-private partnership mechanisms; the

use of territorial marketing tools and tax incentives for private partners within PPP projects [11].

Conclusions. Thus, the cluster analysis revealed regional peculiarities as for the successful implementation of PPP projects and some gaps in the formation of directions which provide economic and investment-innovative development, the infrastructure development, financial self-sufficiency and entrepreneurship development, which directly affect the sphere of public-private partnership development.

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