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MAIN FACTORS ENSURING THE CONDITIONS FOR DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIP PROJECTS

***Summary.** The paper considers the main factors that shape the environment for successful implementation of public-private partnership projects in Ukraine. A conclusion has been made that it is necessary to use organizational, legal, and economic mechanisms of government regulation to reinforce certain factors ensuring the implementation of PPP projects.*

***Key words:** public-private partnership, mechanisms of state regulation, projects, factors, investment.*

Problem statement. Implementation of the infrastructure projects of considerable public importance requires the application of new management principles, project approach, and mobilization of private sector resources through the implementation of public-private partnership (PPP) models. The use of public-private partnerships ensures an overall reduction in life cycle costs by means of changes at the relevant project stages; attracting private sector financing resources for the construction and operation of public facilities; reducing the burden on the state and local budgets, which makes it possible to allocate the released funds to other social needs; creation of an opportunity for the state to perform its basic functions; implementation of innovative technologies and approaches [1].

Analysis of recent researches and publications. Modern approaches to the conditions of successful implementation of PPP projects were studied by J. Delmon, T. Ghossein, G. Hodge, M. Carr, C. Cruz, J. Sarmento, E. Savas and others. The issue of identifying and analyzing the factors that shape the development environment for PPP in Ukraine is still relevant.

The purpose of the article. The purpose of the paper is to investigate the main factors ensuring the conditions for the development of public-private partnership in Ukraine.

Presenting the main material. The successful implementation of PPP projects is based on: a targeted PPP strategy; PPP implementation experience; partners' actions coordination through incentives; use of financial and political tools. In the PPP development management system, strategic, organizational, and operational levels may be identified that are implemented in accordance with the planned decisions. Strategic decisions are based on a study of the potential demand for PPP, which involves: identifying infrastructure sectoral needs; analysis of PPP implementation environment; risk sharing; fiscal restrictions; state support; priorities formation. Organizational decisions include: the establishment of a body that implements PPP policy; assessment of available PPP capabilities; reform of cooperation incentives. The operational level involves: analysis of infrastructure projects in terms of best implementation models; research on the formation of modern financial and consulting tools; evaluation of PPP project effectiveness, costs, achievement of goals; study of project implementation experience [2].

Improving the implementation of PPP projects requires overcoming major obstacles based on policy of reforms in sectors where PPP models are applied; drawing up the sectoral strategic documents based on the use of the private sector; state support that reinforces the PPP potential; forming communications with state agencies that influence PPP projects implementation; appropriate risk sharing; following the political commitments to implement PPP projects [2].

The United Nations Sustainable Development Goals (SDG) include investing in quality infrastructure which is important to ensure the sustainable development and empowerment of communities around the world. Increasing investment in infrastructure through PPPs, promoting effective partnership between public and private sectors with civil society is a strategically important task. Transparent PPP legislation plays a significant role in the development of a market economy. Creating a clear legal and institutional framework is a critical success factor for PPP projects [3]. Fig. 1 demonstrates a comparison of PPP management processes in Ukraine, Belarus and Kazakhstan. Evidently, Ukraine has a leading position in addressing issues in the private owner’s proposal process and in the preparation of PPP projects.

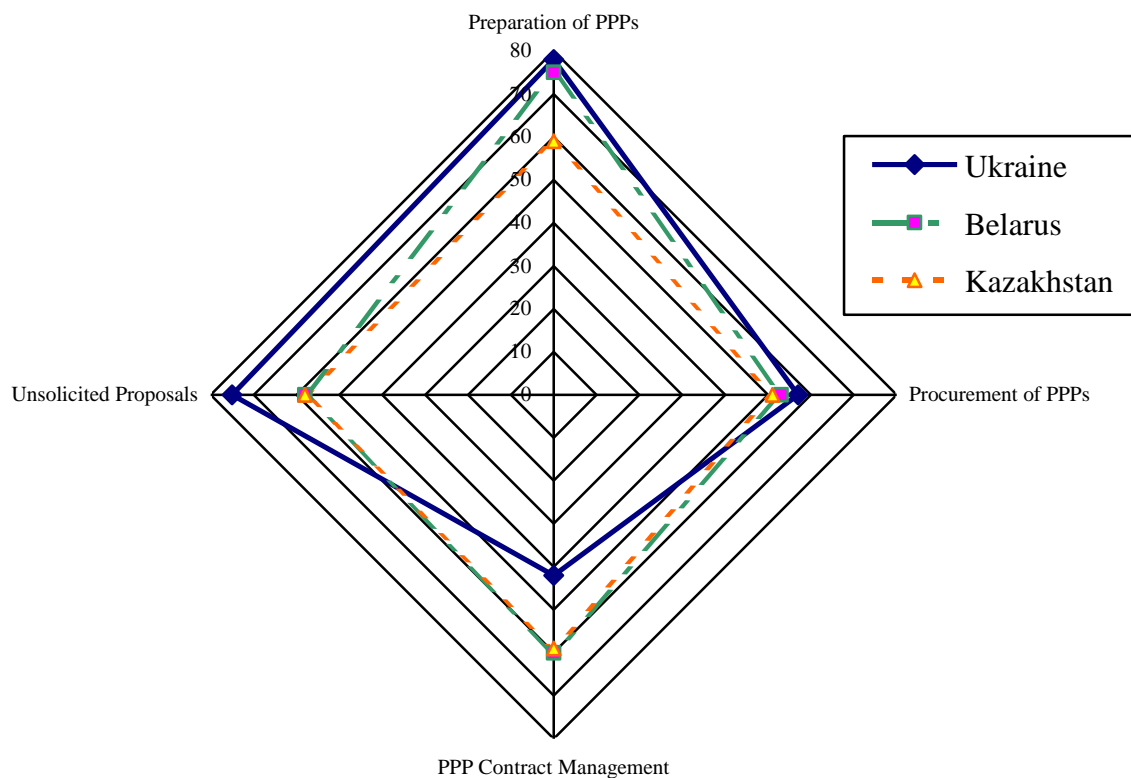


Fig. 1. Comparison of PPP projects implementation processes [3]

The Infrascopes index is another characteristic of existing PPP policies and conditions in Ukraine, which includes 5 evaluation areas and 23 indicators. Quantitative data were obtained from the Economist Intelligence Unit and the

World Bank's Participation in Infrastructure Database (PPI) [4].

Based on the comparison of indicators of Ukraine in the area of PPP implementation in terms of: legal regulation; institutions; operating experience; investment and business climate; financing with similar average data of 12 countries (Albania, Belarus, Egypt, Georgia, Jordan, Kazakhstan, Morocco, Romania, Serbia, Slovakia, Turkey) (Fig. 2), one can see that legal regulation; institutions; investment and business climate; funding are lower than the average in the ranking countries.

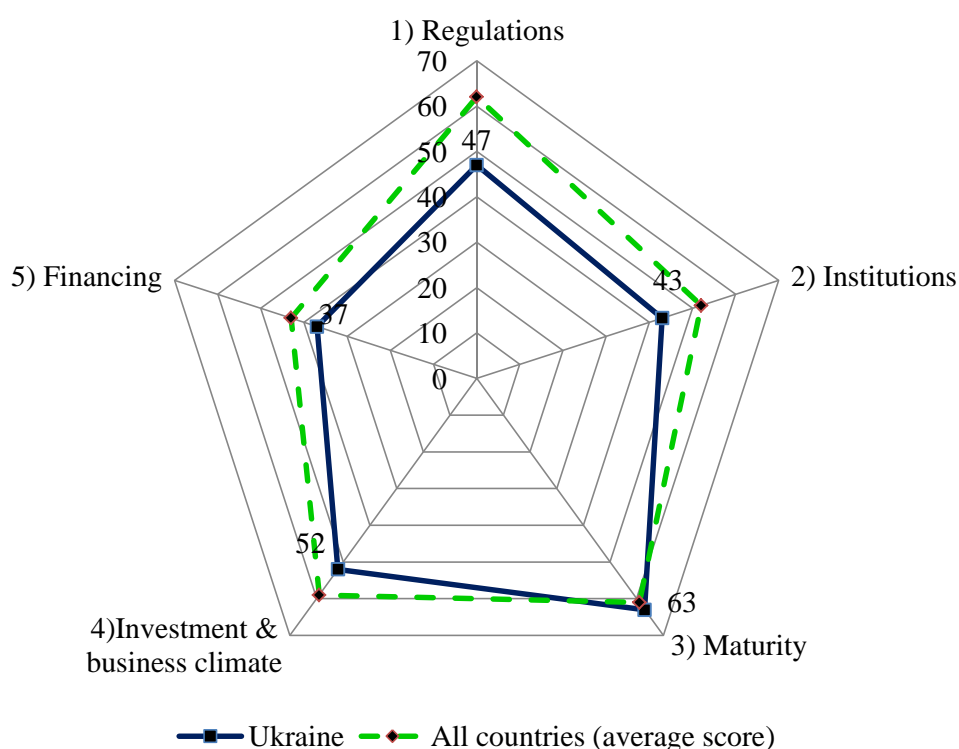


Fig. 2. Comparison of conditions for public-private partnership development [4]

When providing a more detailed consideration of the assessment of conditions for public-private partnership implementation in accordance with 23 indicators, one may build a profile of Ukraine and the place of each indicator among 40 developing countries (Fig. 3).

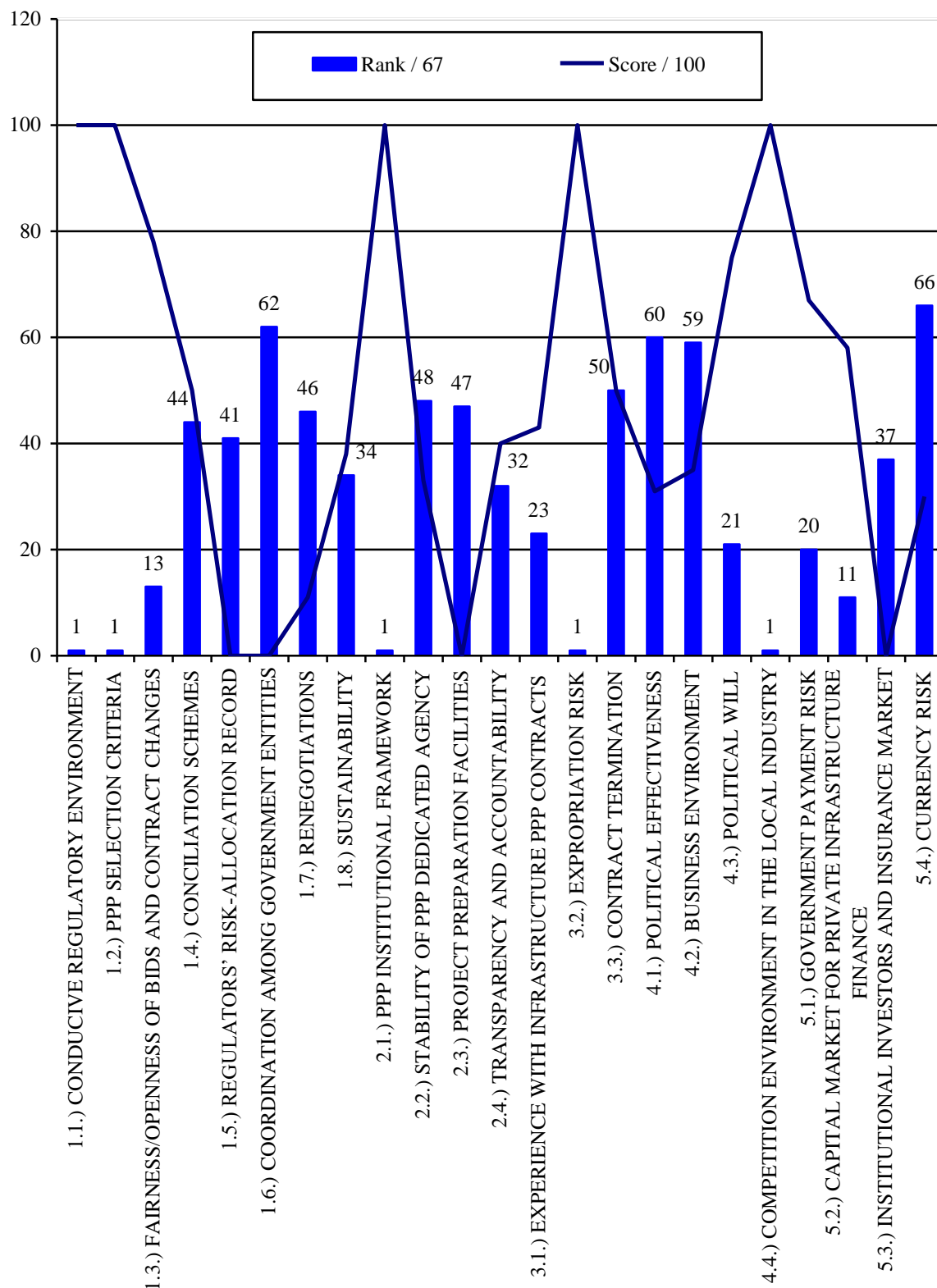


Fig. 3. Profile of Ukraine according the factors of conditions for PPP implementation
[5; 6]

The profile received will give an opportunity to identify and analyze

downsides in creating conditions for PPP development: coordination between state institutions; the risk of state repossession; transparency and accountability; currency risk, etc. [5].

Formation of PPP development policy in Ukraine must in all cases consider the implementation of other state policies: investment, tax, regulatory, business development policy, etc. When elaborating economic policy, the formation of PPP development policy is a prerequisite as an important element of modernizing economic relations and creating the necessary social effects. The following factors are essential for the formation of PPP development conditions: economic potential; government and business efficiency; infrastructure enhancement; political stability; the quality of regulatory and legal activity; rule of law; anti-corruption activities of the state; investment climate; creation of a business climate on the meso-level; improvement of the efficiency of the united territorial communities; legislative regulation of land relations; completion of territorial administrative reform; ensuring sectoral governance at the community level; formation of a modern State regional development strategy for the future, taking into account the processes of decentralization and needs in local infrastructure.

Conclusions. Thus, some modern approaches to define the factors that influence the conditions of development of PPP projects and their numerical values for Ukraine (in comparison with some countries in the world) have been considered, which gives an opportunity to focus on maintaining positive tendencies and reinforcing certain directions in accordance with current organizational, legal, and economic mechanisms of government regulation of public-private partnership.

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