

Money, finance and credit

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STRATEGIC BENCHMARKS OF THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIP IN UKRAINE

For the effective implementation of the mechanisms of cooperation between the public and private sectors, a national strategy of the development of public-private partnership (hereinafter – PPP) is required. The development of the PPP strategy should first of all be developed in the direction of building the national socio-economic system. At the same time, the state's task is to create favourable conditions for social and economic activity on the basis of PPP (perfect regulatory framework, the existence of governance institutions, targeted state support), and the business tasks are the materialization of developments (effective PPP management).

In Ukraine, a legislative framework for the development of partnership relations between the state and business structures has been created. In particular, in 2010, the Law of Ukraine «On Public-Private Partnership» [1] was adopted, which defined the essence of the concept of «public-private partnership», its main principles, legal forms, as well as the process of concluding agreements between partners. However, there is no strategy for its development.

Taking into account the purpose of the state and business activity, as well as the experience of developed countries of the world, the main tasks of the domestic PPP development strategy should be:

- development of public-private partnership programs at both the national and regional levels;
- assistance in creation of advanced technologies for the state order;
- promotion of the integration of power, science and business into the system of innovation infrastructure (cluster policy);
- attraction of investment resources in joint projects on the basis of PPP;
- introduction of innovative solutions in traditional spheres of management through the use of modern forms of PPP;
- increasing the level of trust of business representatives to state administration organs;
- formation of elements of the institutional environment of the PPP;
- international scientific and technological cooperation.

Effective allocation of functions between PPP will reduce transaction costs. Thus, the state, based on the public interest, should identify and justify the feasibility of a project, set goals, determine quantitative and qualitative parameters, specific forms of financing, conduct competitive selection of participants; to provide performance of pre-determined duties; organize monitoring and evaluation of project implementation, etc. And the private partner should perform operational functions at different stages of the project implementation. In addition, effective partnership is real only if the strategy of further development of the country is fully clear and predictable. Without this, without confidence in the stability of the business can not expect anything other than formal participation in large-scale state projects [2, p. 106].

Therefore, the main directions of the development strategy of public-private partnership in Ukraine are:

- promotion of the dissemination of information on public-private partnership in the field of science and innovation;

- combining state and private property within the framework of innovative projects on the principles of PPP;
- development of innovative PPP programs in the priority sectors of the national economy;
- implementation of measures to increase trust between partners;
- development of social responsibility between PPP participants;
- creation of institutions for project expertise;
- development of the system of responsibility of PPP participants.

Consequently, the formation and implementation of a national strategy of public-private partnership will create a number of advantages:

1. For the public sector: involvement of business in socially important problems of the country; preservation of strategically important objects in state ownership; the involvement of successful partners in the implementation of the project on a competitive basis (holding a tender); increasing the efficiency of projects through the acquisition of experience, knowledge, know-how, private sector investments; reduction of budget expenditures at the expense of non-state means; increase in tax revenues; effective redistribution of functions, which facilitates greater flexibility and mobility in decision-making; increase of efficiency of use of state funds; transfer of risks to the private sector.

2. For the private sector: expanding activities through access to traditionally state-owned and business facilities; implementation of scientific and technological achievements in their own activities; receiving and using state support in the form of subsidies, grants, permits, licenses, etc.; expansion of investment opportunities; possibility of long-term placement of investments under reliable state guarantees; improvement of economic indicators of projects; use of advanced foreign experience.

Thus, clearly outlined strategic guidelines of the development of public-private partnerships will enable more effective development of financial relations between the state and private structures and minimize their costs; direct investment and capital flows into strategically important areas, to develop infrastructure at the local level; use new technologies, management methods and modern forms of project financing.

References:

1. On public-private partnership: Law of Ukraine dated July 1, 2010, №. 2404-VI. Available at: <https://zakon.rada.gov.ua/laws/show/2404-17>.
2. Musichenko A. S., Berganir A. L. Public-private partnership as the institution of interaction of power and business. *Economic space*. 2013. № 75. P. 100–108.