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**IMPLEMENT WORLD EXPERIENCE IN MANAGING THE DEVELOPMENT
OF PUBLIC-PRIVATE PARTNERSHIPS**

The article analyzes the world experience in managing the development of public-private partnership, which is a justified form of constructive interaction between business and state power structures. It is determined that the nature of such interaction, its methods and forms may differ depending on the national characteristics and current legislation of the countries of the world. Cooperation between the state and business is carried out in conditions based on historically developed needs and opportunities for the implementation of large-scale socio-economic projects and the reform of economic processes. It is substantiated that in modern economic conditions, various models, forms, and types of implementation of partnership relations between the state and business have developed in world practice. It is established that when implementing public-private partnership projects within the framework of its organizational and legal forms and mechanisms of cooperation, various models of cooperation between state structures and private business enterprises can be involved. They are differentiated depending on the volume of quotas transferred to the private partner in management, investment obligations, financial obligations, principles of risk sharing between partners, responsibility for organizing the work. The features of state regulation of partnership relations with business are determined by contractual relations with private sector enterprises, non-profit and public organizations.

Keywords: *interaction of business and government; public-private partnership; state regulation; cooperation; cooperation; organizational and legal relations; management models; interaction mechanisms.*

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**ІМПЛЕМЕНТАЦІЯ СВІТОВОГО ДОСВІДУ УПРАВЛІННЯ РОЗВИТКОМ
ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА**

В статті проаналізовано світовий досвід управління розвитком державно-приватного партнерства що є обґрунтованою формою конструктивної взаємодії бізнесу і структур державної влади. Визначено, що характер такої взаємодії, його методи та форми можуть відрізнятися в залежності від національних особливостей та діючого законодавства країн світу. Кооперація держави і бізнесу здійснюється в умовах, за історично складеними потребами і можливостями для реалізації великомасштабних соціально-економічних проєктів та реформування економічних процесів. Обґрунтовано, що в сучасних умовах господарювання в світовій практиці склалися різноманітні моделі, форми, типи реалізації партнерських відносин між державою і бізнесом. Встановлено, що при реалізації проєктів державно-приватного партнерства в рамках його організаційно-правових форм та механізмів кооперування, можуть бути задіяні різноманітні моделі співпраці державних структур і підприємств приватного бізнесу. Вони диференціюються залежно від обсягу переданих приватному партнеру квот в управлінні, інвестиційних зобов'язань, фінансових зобов'язань, принципів поділу ризиків між партнерами, відповідальності за організацію проведення робіт. Особливості державного регулювання партнерських відносин з бізнесом визначаються контрактними відносинами з підприємствами приватного сектора, некомерційними та громадськими організаціями в сферах, які раніше були прерогативою державного сектора економіки.

Ключові слова: взаємодія бізнесу та влади; державно-приватне партнерство; державне регулювання; співпраця; кооперування; організаційно-правові відносини; моделі управління; механізми взаємодії.

Problem statement. The world practice of developing a corporate governance system for enterprise development in the form of public-private partnership (hereinafter referred to as PPP) demonstrates the feasibility of cooperation between the state and the private sector in socially significant areas of the economy that are capital-intensive and low-profit. Such areas include, first of all, alternative energy, modernization of the energy sector, life support systems for cities and towns, healthcare, education, mining, transport, and telecommunications. These areas are fundamental for cooperation between the state and the private sector worldwide and have innovative development vectors in the context of economic transformation.

Unresolved parts of the problem. As a mechanism for attracting private investment to the development and implementation of projects, public-private partnership received an impetus for its development within the framework of the creation in 1992 in the UK of the "Private Finance Initiative". According to these initiatives, it was envisaged to transfer to the private sector the function of financing the construction, reconstruction, operation, and management of production and social infrastructure facilities that were in state ownership. The implementation of these initiatives was achieved through the adoption of the relevant law "On Private Finance Initiatives" [10], which provided the opportunity for the private sector to join public services under clearly defined conditions. Since then, governments of many countries around the world have been implementing the experience of attracting private investment and the organizational potential of the private sector, capable of effectively managing risks when implementing projects using PPP [1].

The purpose of the article is to study the implementation of world experience in managing the development of public-private partnerships into domestic realities in the context of post-war reconstruction.

Analysis of recent research on the problem. According to EPEC – the European PPP Expertise Centre – for the period from 1994 to 2022 in the UK, for example, 1031 infrastructure projects were implemented within the framework of PPPs for a total amount of 160 billion euros [10, 11]. In terms of sectoral breakdown, the largest number of projects falls on the education sector – 331 projects and the healthcare sector – 291 projects.

As a result, today the PPP development program in the UK can be considered mature: the average number of PPP projects is 15, most of which are implemented in the social infrastructure sector.

The success of the UK has contributed to the introduction and development of PPPs in many countries, especially in such countries as Germany, France, Spain, Ireland, Portugal, the Netherlands, and the USA.

In order to understand European trends in the development of the corporate governance system for enterprise development, we will analyze private investments in infrastructure development. Thus, according to the World Bank, in 2020, the total volume of private investment amounted to \$96.7 billion in 409 projects, which is 3% lower than in 2019. The transport sector continued to outpace the energy sector, attracting \$47.8 billion in 123 projects. The energy sector received \$40.1 billion in 169 projects, which is 41 percent of the total investment in 2019. The solid waste sector received \$4.7 billion in 64 projects, and the water sector attracted \$4.0 billion in 51 projects, while the telecommunications sector received \$174 million in three projects.

In the transport sector, China received the largest private investment (\$28.4 billion), followed by India (\$6.7 billion) and other countries (\$3.4 billion). More than half (59%) of the investment in the transport sector was in roads, which in 2019 amounted to \$28.4 billion for

90 projects. In addition, private investment was in 7 airport infrastructure projects worth \$3.9 billion, 9 rail projects worth \$10.6 billion and 17 port projects worth \$4.9 billion [2, 3]. At the same time, the report on private sector participation in infrastructure for the first half of 2020 shows a sharp decline in investment volumes in almost all sectors, which is explained by the negative impact of the global COVID-19 pandemic.

Summary. Since the beginning of 2022, ongoing projects have been delayed or cancelled due to the full-scale Russian invasion, increased macroeconomic turbulence, and negative economic forecasts, which in turn have negatively affected the flow of private investment. It is expected that such consequences will significantly affect the private investment sector in the near future [3].

Thus, the volume of investment in the transport sector in the first half of 2022 amounted to \$4.5 billion in 17 projects, which is 82% less than in the first half of 2021. India received the largest volume of private investment (\$1.2 billion), followed by Bangladesh (\$861 million). The road subsector, which dominates investment in the transport sector, fell by 79% in the first half of 2020 to \$4.1 billion. In 2020, there was a significant decrease in investment in transport projects in China, Turkey, India, Colombia and Brazil – countries that are usually leaders in terms of private investment in the transport sector. This is due to a decrease in revenue from user fees, a decrease in the volume of population movement due to restrictions related to preventing the spread of COVID-19 and military operations in Ukraine.

At the same time, the need for infrastructure development during the war has only increased. Digital connectivity, the disposal of damaged energy infrastructure are key factors in combating and overcoming its consequences. More traditional infrastructure sectors, such as transport, the social sphere are also important in order to ensure that revenues are provided where they are needed most.

Thus, the analysis of the dynamics of private sector investment in the world allowed us to identify the following trends:

- the regions with the largest number of projects financed at the international level are the countries of Latin America (LAC) and Europe and Central Asia (ECA);
- the main sponsors of investment investments are the countries of Europe and Central Asia and China;
- over the past 5 years, there has been a trend towards a decrease in the level of private investment in infrastructure projects in the countries of Europe and Central Asia, which is mainly due to a decrease in the volume of investments in Turkey. Despite the small volume of investments in 2020, among the countries that received investments from the private sector were Serbia, Armenia, Georgia, Kazakhstan and Ukraine;
- the level of investment in South Asia, the Middle East and North Africa remains unchanged;
- transport remains the dominant sector for private investment and accounts for half of global investment investments;
- investments in the energy sector tend to grow. Of the 150 electricity generation projects in 2019, 136 were in renewable energy sources, accounting for 91% of all new electricity generation projects. In terms of investment volumes, renewable energy sources account for 62% of electricity generation investments;
- of the total investment provided in project financing, private investments accounted for 62% in 2019, which is 3% more than in 2018.

Given the global trends in the dynamics of private sector investment, let us consider the European PPP market in more detail.

According to the European PPP Expertise Centre, which analyses PPP activity in the EU-27 countries, as well as the UK, Turkey and the countries of the Balkan region, in 2020 the value of

PPP project transactions amounted to €9.8 billion, which is 31% less than in 2018 (€14.3 billion) [10].

In general, it should be noted that over the past ten years the PPP market has been characterized by fluctuations, which is associated with both global economic trends and other external factors.

An analysis of the European PPP market over the past 5 years in terms of the participating countries of the European PPP Expertise Centre showed that the UK retains a leading position in terms of quantity. Also among the countries with a high number of PPP projects, France, Turkey and Germany should be noted.

In terms of the value of PPP agreements concluded for the period from 2015 to 2020, Turkey ranks first, having implemented such infrastructure projects as the construction of a new airport in Istanbul, the Eurasian Tunnel, etc. within the framework of PPP. The United Kingdom and France are in second place after Turkey, followed by the Netherlands. Other countries have significantly lower indicators in terms of both the number and cost of PPP projects.

As with the global trend of the transport sector dominating the volume of private investment in infrastructure development, the European PPP market by sector shows a similar trend. Over the past 5 years, the transport sector, despite the general trend towards a reduction in the volume of financing supported by PPPs, has significantly dominated other sectors.

In 2019, the transport sector transactions amounted to over €6 billion. Ten transport PPP projects were completed. In the education sector, the total value of PPP projects decreased to €937 million (€952 million in 2022), while the healthcare sector has maintained a transaction level of €900 million over the past 3 years. Overall, it should be noted that the transport, healthcare and education sectors dominate the development of PPP projects for almost all EU countries, the UK, Turkey and the Balkans.

The leading countries in terms of the number of PPP projects in the transport sector are the Netherlands, Germany, Belgium, France and Turkey.

In order to monitor the experience and quality of the functioning of the corporate governance system for the development of infrastructure and service enterprises in EPEC member countries and to form a unified mechanism and procedure for the implementation of public-private partnerships, the European PPP Expertise Center initiated the collection of information on best practices in the field of PPPs in 2014.

Over the past 20 years, for the development of PPPs, the member countries of the European Center of Expertise have carried out institutional and administrative reforms aimed at strengthening their capacity to effectively manage PPP projects. A feature of such reforms was the creation of PPP units (agencies), the form and functions of which vary depending on the policy and institutional and administrative features of the EPEC member countries.

PPP agencies established under a government program, as in EPEC member countries, can operate at different levels and in different sectors. Such units can be established within a line ministry or as a separate institution or as a separate business entity with partial government ownership.

The experience of the evolution of the role of the corporate governance agency in the development of enterprises in the Netherlands, where support for PPP projects is provided at the level of the Ministry of Finance, is interesting. Since the late 1990s, the formation of the PPP agency has gone through three different phases:

- the first phase was aimed at developing the PPP market. In 1999, a PPP information center was established on the basis of the Ministry of Finance, the function of which was to develop a methodological framework and the foundations of PPP project management;

- the second phase was largely based on the coordination of PPP activities. This involved the dissemination of methodology, experience and lessons learned regarding the specifics of PPP activities in the government by the PPP information center;

- the third phase concerned the supervision of the implementation of PPP projects.

Conclusions and results of further research. According to the results and the generalization of foreign experience in the implementation of public-private partnership practices, it is substantiated that the success of projects with the participation of PPPs depends on the existence of an effective institutional mechanism for initiating and developing the PPP concept in EPEC member countries [1, 5, 6]. According to the generalization of scientific opinions and statements [5], we note that the main elements of an effective institutional mechanism are:

- clear justifications for PPP policy;
- improved legislation in the field of PPPs;
- provision of transparency in the selection, preparation and procurement processes within the framework of PPP projects;
- development of standardized commercial contracts for concluding agreements between the private sector and the state;
- clear dispute resolution procedures;
- provision of a procedure for evaluating applications for PPP projects.
- clear diversification of risks within the framework of the implementation of PPP projects.

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