

Money, finance and credit

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PROBLEMS OF IMPLEMENTATION OF THE MECHANISM OF PUBLIC-PRIVATE PARTNERSHIP IN THE SOCIAL SPHERE

The social sphere requires considerable financial resources, implementation of modern management methods, the latest technologies of rendering services and services. The implementation of public-private partnership projects (hereinafter referred to as PPP) is related to the realization of public interests, including social ones. Public-private partnership will allow, on the one hand, to attract the resources of business entities, on the other – to maintain control and supervision of the state in providing the socially significant services to the population to the required extent. The main prerequisite for the social orientation of PPPs is the dominance of the social purpose, which reflects the essence and main function and tasks of the social sphere, a specific institution where the social purpose is the mission of the public partner, and the economic goal of the private partner. In a partnership agreement, these goals should be clearly separated and the conditions created should not conflict with each other.

Therefore, public-private partnerships can have a significant impact on the social sphere, which will be reflected in: the creation of social infrastructure that

improves the life of society in everyday life; organization of conditions for the existence of the underprivileged population through the construction of shelters, orphanages, etc.; improving the lives of people with disabilities through the construction of hospitals, wellness and rehabilitation centers; recreation of the population, building tourist complexes, health care institutions, social protection of the population; creation of new jobs at the expense of creation or renewal of activity of the enterprises of various branches; improving the quality of goods and services through innovative enterprise development; obtaining quality educational services through the creation or renewal of the activities of educational institutions and the development of international cooperation between them and the enhancement of the social function of the state in the field of education; spiritual and religious development by building churches, institutions of the creative arts, etc.

With all the obvious advantages of using a public-private partnership mechanism to develop infrastructure in Ukraine, such projects face a number of serious obstacles. In the presence of appropriate legal framework, the number of concluded and effective concession agreements remains small.

Among the systemic problems of using the PPP mechanism in the social sphere it is advisable to distinguish the following [1, p. 34-35]:

- the lack of attractiveness to private investors of a large part of the objects, which envisage the implementation of PPP projects (usually those objects of housing and communal services with physically worn out equipment, which require considerable financial resources with indefinite terms of profit from their operation);
- absence of tax or customs privileges for private investors in the process of PPP projects implementation;
- imperfection of the domestic regulatory framework (in particular, the difficulty of obtaining a permit from the private investor and the agreement required to fulfill the terms of the contract), which does not provide for the rules existing in developed countries (discussing the conditions of payment to private owners of compensation in case of default their obligations under the concluded contracts, compensation of the difference in tariffs, etc.);

– lack of use of EU countries' experience on state-business cooperation on the basis of PPP in the humanitarian sphere;

– high level of corruption, which increases the transaction costs of business structures and minimizes the entrepreneurial initiative of private investors (including foreign ones);

– insufficient professional training of civil servants dealing with PPP issues, low level of motivation to seek and work with private investors to launch PPP projects;

– low awareness of business representatives about the benefits of using PPP mechanisms in the process of business development;

– low level of confidence of business representatives in the government due to inconsistency in economic and political decisions.

The aforementioned necessitates the urgent elimination of the most pressing problems and obstacles to the development of the main forms of public-private partnership and its activation in the social sphere.

References:

1. Voronkova T. E., Voronkov I. V. Public-private partnership as a tool for activation of innovative activity. *Scientific and technical information*. 2014. № 2. P. 28–36.