Section: Money, finance and credit.

Shuliuk B. S.
Ph.D. in Economics, Docent,
Associate Professor of Department of Finance named after S.I. Yuriy
Ternopil National Economic University,
Ternopil, Ukraine
Petrushka O. V.
Ph.D. in Economics, Docent,
Associate Professor of Department of Finance named after S.I. Yuriy
Ternopil National Economic University,
Ternopil, Ukraine

THE FORMATION AND DEVELOPMENT OF PARTNERSHIP RELATIONS OF THE STATE AND BUSINESS IN GREAT BRITAIN

The basis for the development of a modern model of public-private cooperation in Great Britain was laid in 1992 by the creation of the Private Financing Initiative (hereinafter – IPF), which became the first systematic program aimed at promoting public-private partnership (hereinafter – PPP), government lending to the private sector.

The development of the IPF was based on the principles of effective risk sharing and return on investment, effective value for money, as well as the main forms of implementation of IPF projects – life cycle contracts, that is long-term contracts for financing the operation of infrastructure facilities in exchange for periodic payments from the state budget. Thus, the state covered the cost of servicing and repairing the assets throughout the project life cycle. The capital expenditures for construction were made at the expense of the private sector, which was then amortized over the life of the project. In this way, the state created opportunities for actively attracting private investment for the construction of infrastructure and their subsequent operation without the creation of relevant state-owned enterprises and assets [1, p. 138].

Subsequently, analyzing the experience of project implementation, the Great Britain Government concluded that a number of aspects of IPF were not working effectively, which led to suboptimal value for money in some projects, along with a slow and expensive procurement process, lack of flexible contractual conditions, lack of contractual conditions, obligations of contractors of IPF projects and obtaining by some investors unforeseen concluded contracts of profit. At the same time, some features of the IPF had positive effects: the projects were implemented on time and in line with the budgeted cost, creating incentives for the private sector to effectively manage the risks and ensure that the assets were properly maintained during the implementation of the contracts.

In 2011, after a detailed study of the problems of PPP implementation, the Great Britain Government created a new approach to the development of a public-private partnership called Private Financing – 2, which was to raise funds for the financing of infrastructure – schools, roads, hospitals, treatment facilities [2]. The general differences in the basic principles and directions of action of the newly created institution were as follows:

– the state acts as an investor in the creation of equity (or the acquisition of a share in the authorized capital);

– diversification of sources of financing by attracting long-term and less costly sources of financing (funds from insurance and pension funds, long-term credit funds) compared to expensive and short-term bank financing;

– transparency: a number of measures aim at improving reporting, including the introduction of obligations to publish financing reports in the securities market;

– improving the mechanism of risk sharing through changes in insurance and other branches of law;

– effective value for money: the government should consult on the best value for money;

– centralization: reform envisages strengthening of a centralized approach to the selection and implementation of PPP projects [1, p. 138].

Thus, the changes made were aimed at achieving a better allocation of powers to control joint activities, to give them greater transparency and to increase the economic impact of the Great Britain Government through the growth of its own assets.

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