

**PREREQUISITES FOR THE PUBLIC-PRIVATE PARTNERSHIP APPEARING
AND ITS DEVELOPMENT IN EUROPE**

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During the 1990s, it became apparent that the European Union (hereinafter – EU) economy needed significant investment to increase its competitiveness on a global scale, including investment in the development of various types of infrastructure. In addition, EU citizens have demonstrated their dissatisfaction with the level of public service provided by various levels of government. After all, the need to increase the quality and efficiency of services provided to the public, to attract private sector resources to co-finance infrastructure projects, has led to the expansion of public-private partnership (hereinafter – PPP) practices across the European continent.

In the countries of the European Union, the extent to which the practice of functioning of public-private partnership and its institutionalization in the regulatory field is different. Therefore, the European Commission takes the view that, in the absence of a systematic legal framework for the regulation of PPPs in European law, it is necessary to rely on the «best practices» of public-private partnership tested in individual Member States. To disseminate best PPP experience, the European

Commission uses the possibility of grants and thus also reduces the costs of establishing a legal and institutional partnership mechanism.

There are various reasons for the authorities to turn to the PPP mechanism, in particular:

- budget constraints in the euro area countries;
- introduction of management approaches of the New Public Management;
- the need to provide financial assistance to the European Union in the countries of Central Europe [1, p. 83].

It should be noted that the real opportunity to attract the resources of international financial institutions, in particular the European Investment Bank (EIB), plays a major role in the dissemination of PPP practices in European countries.

It should be noted that institutional innovations and political expectations are a powerful impetus for the dissemination of PPP practices. In the territories of the states that have approved the relevant legislation, this mechanism is more widespread than in those where the legal field does not provide for separate rules for regulating new forms of relations between public and private entities. Equally important is the management training of public and municipal employees to work with the private sector, using new legal and managerial levers.

In some EU Member States, public-private partnership is perceived sufficiently negatively because of citizens' fears of losing control of the state or local governments over areas that have traditionally belonged to the public administration.

According to the criterion of the intensity of public-private partnership instrument proliferation, the member states of the European Union can be divided into three groups:

1) «pioneers» in the use of PPP: first of all, Great Britain, as well as France, Germany, Ireland and Italy;

2) «middle peasants», that is countries with an average prevalence of PPP practices: first of all, Spain and Portugal, in which this mechanism is used only in some areas of socio-economic life;

3) «newcomers», that is countries where PPP is initially used: Luxembourg, Sweden, Belgium, Greece;

4) Central and Eastern European countries that have acquired socio-economic characteristics different from the «old» EU members [1, p. 84–85].

In the pioneer countries, the PPP tool is used in many industries, including the construction of highways, railways, hospitals, and schools. Given that there are a large number of PPP completed projects, managers have a fairly clear idea of which sectors of the economy and social sphere is the most effective public-private partnership and which of these will be problematic. As a result, the abovementioned states usually adopt a national or sub-national regulatory framework that systemizes the legal scope of PPP and, at the same time, has specific tools (techniques) for pre-assessing the economic and financial effectiveness of the possible use of public-private partnership.

In the intermediate group of countries, as already mentioned, PPP is applied in one or two sectors of the economy, and the spread of this practice is hindered either by its legal uncertainty or by political bias.

In the «newcomers» group, the PPP mechanism is still undergoing testing, which is explained primarily by the significant role of the state in providing basic public services and ensuring the functioning of the infrastructure, or – for another reason – better public finance management than in other countries leading to a lack of deficit of budgetary resources for the construction of infrastructure facilities.

European experience shows that public-private partnership is inappropriate in areas where rapid technological advances or / and dramatic changes in the market environment (such as the IT sector) are inherent. At the same time, this mechanism is effective in the field of construction of highways and railroads, where technological and market conditions are set, and therefore the level of project implementation by a private company can be estimated using predefined indicators.

Thus, it can be concluded that the flexibility, or rather, the lack of transparency of European public-private partnership law, allows EU Member States to select the types (models) of this mechanism that are most appropriate to the specific needs.

Literature:

1. Vinnytsky B., Lendel M., Onishchuk B., Segwari P. Experience and prospects of public-private partnerships implementation in Ukraine and abroad. Kyiv: KI.S., 2008. 146 p.