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### **The overview of models of the public-private partnership and of the spheres of their utilization**

**Abstract:** The different approaches to the classification of models of the public-private partnership and their essential characteristics are highlighted in the article. The analysis of the current problems of the implementation of a public-private partnership mechanism in the Ukraine is described. The necessity of implementation of the foreign experience taking into account peculiarities of the national market is proved.

**Keywords:** models of public-private partnerships, spheres of the national economy, responsibility, risks, projects.

Reforming and modernization of the economy of the Ukraine is a key task of the government that actualizes an investigation of the different models of the public-private partnership (PPP). Such type of collaboration permits to use available funds of the private sector for a satisfaction of social needs. It also allows transforming governmental enterprises with a high level of depreciation into the effective and profitable participants of the economic relations. This determines a necessity of an analysis and a research of existing models of public-private partnership and their approbation to the economic reality of the Ukraine.

Pavlyuk K., Pavlyuk S. [5], Simson O. [6], Chykaeva I.K. [7], Shilepnizkij P.I. [8], Nejlova I.S., Mel'nik M.I. are the scientists that are involved in the questions of studying of the public-private partnership models.

This problematic isn't developed sufficiently as in the acts of legislation, as in the works of the scientists so the peculiarities of an implementation of models of the public-private partnership in the world practice are needful for an investigation. A practical value of research is in the use of the foreign experience in the process of the development of the public-private partnership.

A comparison of the models of the public-private partnership and an examination of the opportunities of their use in the Ukraine is the goal of an article.

There isn't a common opinion about a standard classification of the models of the public-private partnership.

Chykaeva I.K., Bgan L.G. [7] distinguish six models of public-private partnership: outsourcing, leasing, franchising, contract of rent, mix type of contracts, concession, privatization.

Pavlyuk K., Pavlyuk S. highlight models of the public-private partnership according to the materials of the representation office of the United Nations on the question of a development of the housing maintenance and utilities [5]: services contracts (governmental contracts, management contracts (O&M, OM&M), leasing contracts (BLT, BLTM, LROT), mix type of contracts (BOT, DBOT, ROT, BOOT, DBFO, DCMF, DBFOM, BOO), concessions, joint activity of the government and business.

There are two models of public-private partnership from the point of view of the international juridical practice [6, 225]: a concession model of the PPP in the spheres of the

traditional responsibility of the government and an organizational model of the PPP. The first model obtained a realization in the sphere of an infrastructure and the second is an instrument of implementation of an innovational policy practically in the all spheres of an economy.

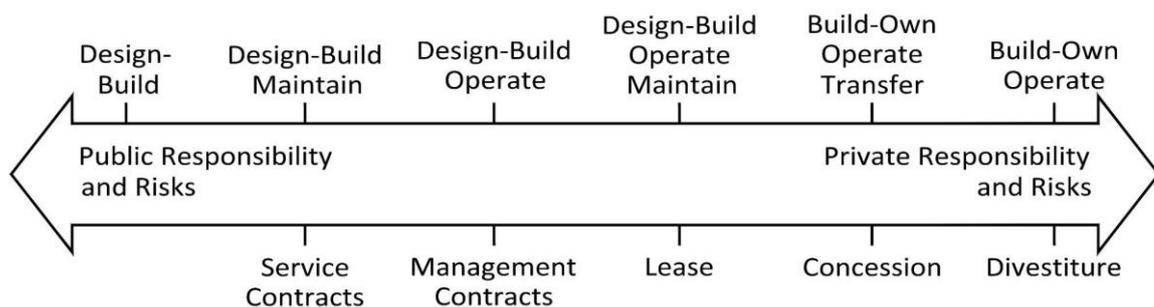
Classification of the World Bank divides models of the public-private partnership according to a participation of the private capital in the collaborating projects: management and lease contracts, concessions, Greenfield projects, and divestitures.

The article number five of the law of the Ukraine “About public-private partnership” [1] determinates contracts of concession, of the joint activity and other contracts as the forms of the public-private partnership.

As Chykaeva I.K accentuates: “The law of the Ukraine “About public-private partnership” has a “frame” character, as it defines a limited variety of the forms of a cooperation between private and public sectors, but in a such form it can promote the development of the public-private partnership, because an economical potential of the PPP in the Ukraine can be estimated as a high” [7, 49].

Regardless of the diversity of the scientific opinions on the classification of the PPP models, all authors arrive to a conclusion that the mechanism of the public-private partnership should be developed as a rational way of the modernization of the capital assets that belong to the important and strategic enterprises of the municipal and government forms of the property and to infrastructure facilities.

According to a report of a leading auditing and consulting firm Deloitte, models of the public-private partnership could be ranked for the level of the responsibility and risks of private or public sectors (pic.1).



Pic.1 Models of the public-private partnership by the level of the responsibility and risks, [10, 5]

Governmental sector has responsibility for risks and a project implementation in accordance with the models Design-Build, service contracts and management contracts according to a presented conception. Models of leasing and concession differ from the others by the longest term of contracts, the domination of private investments and a growing level of risks that belong to the private business.

“Management contracts differ from the service contracts by the responsibility of private sector for the all aspects of the exploitation and a technical servicing of the object of the partnership” [10]. Service contracts are short-term and the government plays a role of an investor and a contractor of the tasks in this model. The government makes capital investments, but business forms operating capital in the service contracts.

The level of risks of private sector is minimum in the service contracts as the capital investments are made by the government sector.

The current financial situation (profitability) is the sphere of the responsibility of the private sector in the leasing contracts. The government makes a strategic planning of the public-private partnership object. In the same way as in the management contracts there is a necessity of budget funding that impedes a realization of this forms of the public-private partnership in the current Ukrainian economic situation because of the deficit of the budget. Investments are made

as by the government as business in this model that is reflected on the picture in the middle level of risks and responsibility that are incidental to both sides of the partnership.

The concession is a model of the public-private partnership in which business makes investments in a construction and a development of a concession object and is responsible for its effective management and a realization of social important functions. Concession is a long-term agreement that can be from 10 to 50 years according to an article 9 of the law of the Ukraine “About concession” [2] that permits private sector to recompense investments in the whole and to obtain a profit.

The concession model of the public-private partnership is an optimal way for a realization of infrastructure projects that is proved by the experience of the Great Britain, Canada, and France. It is efficient to use concession in the circumstances of the high level of the moral and physical depreciation of the infrastructure network of the Ukraine and a limited amount of budget resources because an object stays in the governmental property in contradistinction from the privatization.

Furthermore using concession in the spheres, which are related to natural monopoly, permits to introduce an element of competitive relations in the case of choice private partners. As Shylepnytskyj P.I. emphasizes: “low prices, more innovations, an investment growth and improving services are results of introduction of concession relations” [8, 37].

The projects of the public-private partnership are related to the various spheres of the economy. An experience of the realization of the public-private partnership projects is summarized in the table 1.

Table 1

The experience of the realization projects of public-private partnership (composed on the base of data [3], [9, 142], [4, 47])

Country	Housing maintenance and utilities	Airports	Housing accommodation	Health protection	IT	Harbor	Water supply and sewage	Automobile roads	Military defense	Reworking and elimination of waste
France	+	*				*	+	+	*	
Australia	+			+			+	+	+	
Portugal	+	*		*		+	+	+	*	
Spain	+			+		+	+	+		
UK	+	+	+	+	+		+	+	+	+
Finland				+				+		
Holland	*						*	+		
Greece		+		*				+		
Canada	+			*			+	+	*	
Germany	+	*					+	+	*	*
Ireland	+		*	*			+	+		*
Italy	*			+			+	*		+
Ukraine		*				*	*	*		

+ - realized PPP projects, \* - early stage of the realization of the PPP projects

PPP projects are successfully realized in the spheres of water supply and sewage, housing maintenance and utilities, the construction of automobile roads and the health protection in accordance with the research.

The UK is a certain leader of the realization of the PPP projects almost in the all spheres of the economy. In particular this country started the partnership between the government and business in the form of the first system program Private Financial Initiative.

There is Australia on the second place that realized PPP projects in the spheres of the construction of automobile roads, water supply and sewage, military defense, health protection, housing maintenance and utilities.

Except of the traditional spheres of the realization PPP projects such as infrastructure, a transport sphere, a system of life necessities of the cities, there is a tendency of partnership in the sphere of military defense in which social security was traditionally on the first place.

Dluhopolskyy O.V. and Zhukovska A.Yu. advance an opinion that: “as the private sector is focused on profitability it is impossible to practice a model of PPP in the spheres where a public security is important, management – expensive and services aren’t applicable for a sale (police, military defense, parks and reserves, libraries and museums, fire protection” [4, 46].

A sphere of PPP realization depends on priority-oriented spheres of economy and of some that aren’t sufficiently financed on the part of budget programs as a world experience shows

The Ukraine is on the early stage of formation of the PPP mechanism from the point of view of an insufficient legislative base and organizational-managerial problems.

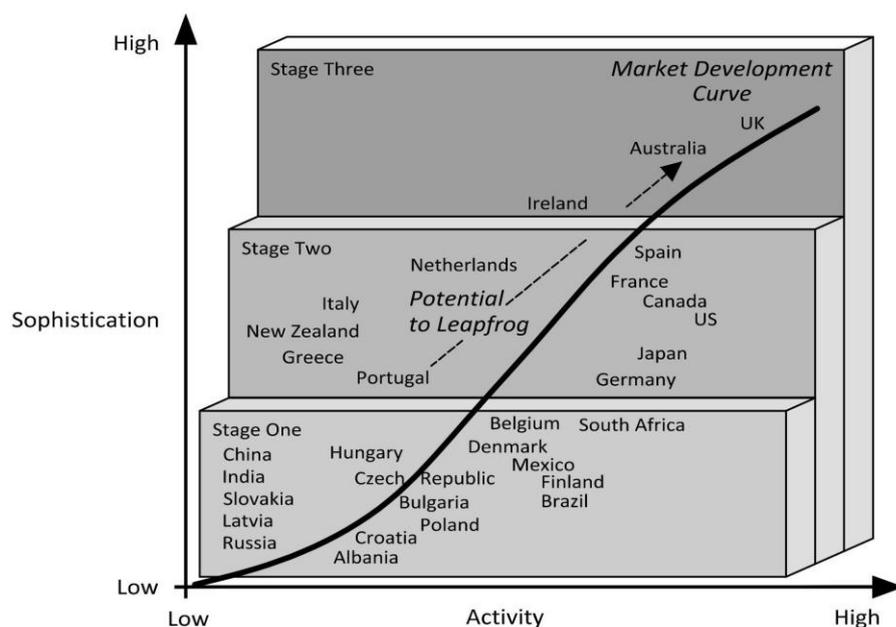
As rightly been said by Chukayeva I.K.: “the government should concentrate efforts on the creation of the positive social opinion for a transfer of functions of ownership and use objects of government and municipal forms of ownership, procurement of confidence to the new for the Ukraine type of household relations” [7, 49].

One of the tasks of “The government program of an activation of the economy development on 2013-2014” [3] is attracting of the costs of the government and investment resources for the realization of the infrastructure projects with an aim of an implementation of structural reforms in the strategic sectors of the economy. The consideration of the resources of the public and private sectors is planned for a construction and modernization of transport infrastructural objects (automobile roads, harbors, airports).

According to a research of the Deloitte «Closing the Infrastructure Gap: The Role of Public-Private Partnerships», Ukraine isn’t highlighted on a curve of the ripeness of the private-public partnership in view of a discrepancy of criterions (pic.2).

Every study of the development of the PPP market has obligatory criterions that are requested be the world community. Countries on the first stage of the formation PPP mechanism should conform to the next characteristics [10, 6]:

- correlation of the PPP policy and a legislative providing;
- central government authority that controls processes of the project realization;
- standardized structure of the PPP contract;
- development of the comparator model of the public sector;
- transference of the experience of the PPP projects realization from the transport infrastructure to other sectors of the economy.



Pic. 2 Public-private partnership Market Maturity Curve [10, 6]

realize structural reforms in the strategic sectors of the Ukraine and to involve available funds of the private sector.

Conclusion. In such a way there are various opinions of the national and foreign researchers about the classification of the public-private partnership models but the biggest part agrees with a highlighting concession as a most effective model of the cooperation between private and public sectors. The positive influence of this type of the partnership on an economic situation determines a necessity of the development of the public-private partnership mechanism and its organizational-management base. PPP models are introduced mainly in the spheres of the life necessities of cities and infrastructure as the foreign experience showed. In this aspect market maturity curve is a special indicator of the development of the public-private partnership market in a country.

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