

PROJECT MANAGEMENT AND FINANCIAL AND ECONOMIC SECURITY IN THE CONDITIONS OF GLOBALIZATION

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ASSESSMENT OF THE POTENTIAL OF PUBLIC-PRIVATE PARTNERSHIP IN UKRAINE

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The article is devoted to analyzing public-private partnership (PPP) in Ukraine, which is an important tool for attracting investments and modernizing infrastructure, which requires urgent updating. In the context of economic challenges and limited budget resources, cooperation between the state and the private sector opens new opportunities for effective management of public services. The introduction of PPP reduces the financial burden on the state budget and provides access to the latest technologies and management practices. Emphasizes the importance of transparency in the field of PPP and the need to increase professional training. It also considers successful examples of project implementation in different sectors of the economy, such as health care, energy, and infrastructure. The historical development of public-private partnerships in the country has been investigated and legal achievements and current problems are covered. However, despite the positive results, there are also challenges such as legal ambiguity, corruption, and insufficient financial resources from the state that impede the successful implementation of PPP projects. Emphasis on these challenges can help you create the basis for understanding the need for comprehensive reforms. This article discusses the main aspects of public-private partnership in Ukraine, its advantages and disadvantages, as well as development prospects in the context of modern economic realities. Some examples testify to the potential of public-private partnerships in Ukraine to solve socio-economic problems and improve the quality of life of the population through effective cooperation between the state and the private sector.

The article mentions several projects related to the Public Private Partnership (PPP) in Ukraine in different sectors. One of the prominent examples is the project of reconstruction of the M-05 Kiev-Odesa road. This project has encountered significant problems, including corruption scandals in trading processes and funding delays, which led to an increase in costs and a decrease in the quality of the final product.

Another important area that has been emphasized is the healthcare partnership, where cooperation with private hospitals has shown the potential to improve the quality of patient care. These partnerships are recognized for their ability to provide quality services, despite the still unused potential of private companies in this sector.

In addition, projects covering renewable energy, in particular in the solar and wind energy sectors, are noted as significant steps towards improving energy security in Ukraine. Attracting private investors plays a crucial role in accelerating new technologies and reducing costs.

Moreover, the modernization of water supply infrastructure in Lviv is referred to as another project planned for 2018, but faced delays, mainly due to insufficient financial guarantees from the state, preventing private investors from making capital without clear indicators.

In general, these examples illustrate the diverse nature of PPP projects in Ukraine, demonstrating both the potential advantages and the different problems they face.

ОЦІНКА ПОТЕНЦІАЛУ ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА В УКРАЇНІ

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Ключові слова: державне-приватне партнерство (ДПП), проекти, проблеми, інвестиції, законодавство.

Стаття присвячена аналізу державного-приватного партнерства (ДПП) в Україні як важливого інструменту залучення інвестицій і модернізації інфраструктури, що потребує нагального оновлення. В умовах економічних викликів і обмежених бюджетних ресурсів співпраця між державою та приватним сектором відкриває нові можливості для ефективного управління суспільними послугами. Запровадження ДПП знижує фінансове навантаження на державний бюджет і забезпечує доступ до новітніх технологій та управлінських практик. Наголошується на важливості прозорості у сфері ДПП та необхідності підвищення рівня професійної підготовки. Також розглядаються успішні приклади реалізації проектів у різних секторах економіки, таких як охорона здоров'я, енергетика та інфраструктура. Проаналізовано історичний розвиток державного-приватного партнерства в Україні, окреслено законодавчі досягнення та наявні проблеми. Водночас, незважаючи на позитивні результати, існують і проблеми, такі як правова невизначеність, корупція та недостатні фінансові ресурси з боку держави, що заважають успішній реалізації проектів ДПП. Акцент на цих викликах дозволяє усвідомити необхідність комплексних реформ. У статті розглянуто основні аспекти державного-приватного партнерства в Україні, його переваги й недоліки, а також перспективи розвитку в контексті сучасних економічних реалій. Деякі приклади свідчать про потенціал ДПП в Україні у вирішенні соціально-економічних проблем та підвищенні якості життя населення шляхом ефективної співпраці між державою та приватним сектором.

Стаття присвячена аналізу державного-приватного партнерства (ДПП) в Україні як важливого інструменту залучення інвестицій і модернізації інфраструктури, що потребує нагального оновлення. В умовах економічних викликів і обмежених бюджетних ресурсів співпраця між державою та приватним сектором відкриває нові можливості для ефективного управління суспільними послугами. Запровадження ДПП знижує фінансове навантаження на державний бюджет і забезпечує доступ до новітніх технологій та управлінських практик. Наголошується на важливості прозорості у сфері ДПП та необхідності підвищення рівня професійної підготовки. Також розглядаються успішні приклади реалізації проєктів у різних секторах економіки, таких як охорона здоров'я, енергетика та інфраструктура. Проаналізовано історичний розвиток державного-приватного партнерства в Україні, окреслено законодавчі досягнення та наявні проблеми. Водночас, незважаючи на позитивні результати, існують і проблеми, такі як правова невизначеність, корупція та недостатні фінансові ресурси з боку держави, що заважають успішній реалізації проєктів ДПП. Акцент на цих викликах дозволяє усвідомити необхідність комплексних реформ. У статті розглянуто основні аспекти державного-приватного партнерства в Україні, його переваги й недоліки, а також перспективи розвитку в контексті сучасних економічних реалій. Деякі приклади свідчать про потенціал ДПП в Україні у вирішенні соціально-економічних проблем та підвищенні якості життя населення шляхом ефективної співпраці між державою та приватним сектором.

The purpose of the article is to study the peculiarities and mechanisms of PPP implementation in Ukraine, to consider the historical aspect, to analyze its impact on the country's economic development, and to assess the benefits and challenges faced by public and private partners. The article also aims to identify the key areas of PPP application, review examples of project implementation, and offer recommendations for improving cooperation between the state and business. The article highlights the importance of PPPs for attracting investment and modernizing infrastructure in Ukraine.

Analysis of recent research and publications

The study of public-private partnership is relevant, since it is precisely such relationships that ensure effective activity. Berezhnyska U. in the article "Small and Medium-Sized Entrepreneurship – an Institute for the Development of the National Economy" identified the problems, role and importance of small business for the national economy and the expediency of its development [1].

In the article Svirko S. V., Vlasiuk T. O., Shevchuk O. A., & Suprunova I. V. "Public-private partnership as a tool for innovative development of urbanized territories" the issue of public-private partnership in Ukraine is revealed and attention is focused on urban economy. A model for the development of public-private partnership in urbanized territories has been proposed and the mechanism of its implementation in the field of innovative development of urbanized territories has been improved [2].

Information on public-private partnerships in Ukraine can be found in a number of publications, including Malin O.L. 'Analysis of PPP Development in Ukraine and the World' [3], Ministry of Economy of Ukraine 'State of PPP Implementation in Ukraine' [4], as well as in numerous articles and research papers, several relevant laws of Ukraine are presented on legal support. In the monograph Nebrat V.V., Suprun N.A. a historical and institutional analysis of entrepreneurship in Ukraine is performed, the

problems of small business are investigated and proposals are made for its activation and the need for public-private partnership [5].

However, the factors influencing the development of public-private partnership have not been studied. Therefore, the topic is relevant and timely.

Problem statement

Public-private partnerships (PPPs) in Ukraine are an important tool for attracting investment and modernizing infrastructure, but their development faces numerous challenges that need to be addressed urgently. Despite the adoption of legislation regulating relations between the state and the private sector, there are a number of obstacles that impede the effective implementation of PPP projects. The main problems include insufficient consistency of the regulatory framework, overlapping functions of various government agencies, and the lack of clear mechanisms to support private investors.

Summary of the main material

Public-private partnerships in Ukraine have developed under the influence of several factors. Its historical origins can be found in the early 2000s. This period saw the first attempts at cooperation between the state and private enterprises.

Firstly, in 2004, the Ministry of Economy developed the concept of public-private partnerships. It helped to create a legal environment for the development of this type of cooperation. The concept was an important step in attracting investment in socially important areas.

Secondly, in 2006-2010, Ukraine implemented its first PPP projects. These were mainly in the area of infrastructure. Thus, the construction of roads and bridges received a new face. Private companies began to be actively involved in the implementation of state projects.

However, the dynamic development of PPPs during this period was hampered by imperfect legislation. There were

difficulties with tenders and a lack of clear implementation mechanisms. Many investors were hesitant to enter the Ukrainian market due to the uncertainty of the rules of the game.

In the early 2010s, the situation began to change. The Ukrainian government realized the importance of PPPs for economic and social infrastructure development. In 2010, the Law of Ukraine 'On Public-Private Partnership' was adopted. This was an important step towards formalizing cooperation between the state and business. The law defined the basic principles and mechanisms of PPPs, which helped to attract new investments. It established that partnerships can take various forms - concessions, joint venture agreements, construction financing, etc.

The next legal document is the Budget Code of Ukraine, which establishes the basic principles of financing PPP projects, including the sources of revenue and the procedure for using funds, which is important for risk management and guarantees of public funding.

As well, many projects are regulated locally through local government acts, which often make the regulatory framework more regionally specific.

However, the existence of a law alone does not solve all problems. In practice, difficulties arise due to the lack of development of specific by-laws. This makes it difficult to implement the plans.

In addition, the existence of numerous rules and regulations can lead to delays in project implementation. Often, ambiguities in legislation lead to litigation between the state and private partners.

Transparency is an important aspect of PPPs in Ukraine. Many investors raise questions about the fairness of the processes. Regular corruption scandals have become an obstacle to attracting new participants.

At the current stage, PPPs in Ukraine cover a variety of areas. From road and school construction to energy and healthcare development. Among the successful projects is cooperation in the healthcare sector. Partnerships with private hospitals have shown that together we can create high-quality conditions for patients.

The current state of PPPs in Ukraine requires focusing on a number of key points. First, it is important to raise awareness of PPP opportunities among businesses. Often, companies are not aware of the benefits they can gain. Second, government agencies need to improve communication with the private sector. Regular dialogue will help to resolve problems that arise in the course of implementing plans.

It is also important to educate PPP professionals. Training will contribute to a better understanding of the mechanisms and specifics of cooperation. Successful examples from other countries demonstrate that education is a key element in establishing effective public-private partnerships.

PPPs in Ukraine have great potential. The right steps in improving the efficiency of the system and legislation can stimulate economic development. Interaction between the government and business will create new opportunities for infrastructure development and improve the quality of life.

Taking into account the successful experience of foreign countries, it is important for Ukraine to continue

to improve its regulations in this area. It is necessary to take into account best practices and create a system that guarantees legal purity and transparency.

Public-private partnerships in Ukraine face various challenges and constraints that hinder their development. These barriers prevent successful outcomes in PPP projects. Understanding these issues is important for formulating an effective strategy for implementing public-business partnerships.

One of the main problems is the lack of legal certainty. PPP legislation is frequently changed, which leads to uncertainty among investors. The absence of clear and consistent rules creates risks in the implementation of intentions. For example, in 2019, a legislative reform was introduced to improve the PPP environment. However, qualified investors continue to face uncertainty about the application of the new rules.

Corruption is another major barrier to PPP development. Corruption is caused by both imperfect legislation and the strong influence of political interests. In public procurement, corruption schemes lead to a decrease in transparency. This discourages investors who seek significantly higher standards of business conduct. Such problems impede fair tenders, making it difficult to attract private capital.

Insufficient professional training in the field of PPPs is also a factor. Many civil servants lack the necessary knowledge of PPP mechanisms. This leads to ineffective negotiations with private partners. Project teams consisting of qualified specialists are absent in many regions.

It is also important to note the lack of financial resources. The state often fails to provide adequate support for projects. Limited budgets make it difficult to implement large infrastructure programs. Private investors are not ready to invest without guarantees of return on investment.

The example of the M-05 Kyiv-Odesa road reconstruction project illustrates how these problems are linked to low efficiency. The original intention was to build new, safer roads. However, due to corruption scandals in tenders and delays in funding, the project was delayed for several years. This led to higher costs and lower quality of the final product. Uncertainty in legislation, corruption, and a lack of trained personnel are just some of the challenges investors face.

Under these conditions, businesses are only interested in short-term and most profitable ideas, the implementation of which is also part of the country's international obligations. An example of such projects is the facilities built for Euro 2012. In the preparation for and hosting of Euro 2012, no potential PPP projects were specially prepared and put out to tender in certain regions. Accordingly, no official PPP agreements were concluded in the context of the preparation and holding of Euro 2012. In their reports on PPP development, public authorities mostly present contracts that can only be conditionally classified as PPPs [6].

One of the projects that has faced difficulties is the construction of a renovated terminal at Boryspil Airport. The partnership with the private sector promised to improve the quality of service and increase passenger traffic. However, imperfect contracts and delays in implementation have raised serious questions about the project's success.

Investors often point to confusion in tender procedures. In Ukraine, there are many regulations governing tenders. The accumulation of these regulations only complicates the process. Private companies are concerned about delays during auctions. There are often situations when tenders are canceled due to violations.

Another important project is the modernization of the water supply infrastructure in Lviv. The project was scheduled for 2018, but its implementation was delayed. The main problem was the lack of funding guarantees from the state. A private investor could not decide to invest capital without clear indicators.

In Ukraine, PPP projects are not always evaluated according to performance criteria. Many initiatives do not receive adequate analytical support, which leads to uncertainty about the results. This makes it difficult to assess their long-term viability.

In addition, the lack of transparency in tenders and subsequent project implementation also affects efficiency. Investors often feel the need to protect their interests. This situation complicates partnerships as businesses try to avoid potential risks.

There are also problems with the long-term strategy for PPP development. The lack of clear goals and strategy hinders investment attraction. Without addressing this gap, government policy will not have significant results.

Dialogues between government agencies and the private sector are necessary to identify common interests. This will allow for proper coordination of efforts within the plans. Changing the approach to project management is also an important element. Adopting new business practices can lead to more efficient implementation of PPP plans.

Problems with coordination between different government agencies do not contribute to the successful completion of projects. Interaction between ministries and local administrations is often insufficient. This leads to conflicts of interest. Investors do not receive clear guidelines, which further complicates obtaining permits and approvals.

Solving the problems of PPPs in Ukraine will require a comprehensive approach. It is necessary not only to improve the legislation but also to establish communication between all participants. It is important to create a mechanism that regulates the activities of project teams and provides them with training.

Undoubtedly, the main goal is to improve the investment climate. Increased transparency and security of projects will lead to increased trust from international partners. Attracting new resources will open up new opportunities for Ukraine.

Assessing the potential of PPPs in different sectors of Ukraine's economy should take into account the specifics and needs of each industry. For example, in the transport infrastructure sector, public-private partnerships can help modernize roads, bridges, and railways. The need for road repairs and construction is extremely urgent today. As of 2023, more than 50% of roads require capital investment. Implementation of PPP projects in this area will not only improve the quality of transport links but also attract the necessary investments for modernization.

In the energy sector, PPPs can ensure the rehabilitation and modernization of energy-generating facilities. Ukraine has significant potential in the renewable energy sector. Attracting private investors to develop solar and wind power plants is an important step towards energy security. Ukraine has already implemented over 1500 projects in this area with a total capacity of over 6 GW. Partnerships with the private sector can significantly accelerate the introduction of new technologies and reduce costs.

The healthcare sector also has great potential for development through PPPs. Attracting private investment will help modernize hospitals, purchase new equipment, and develop innovative medical services. Private companies are already involved in implementing projects in this area, but their potential has not yet been fully exploited. For example, ideas for public-private partnerships in the healthcare sector could include the construction of new hospitals or the development of outpatient services.

The education sector can also find applications for PPPs. Improving the infrastructure of educational institutions, implementing new educational programs, and IT-related projects can be successfully implemented through public-private partnerships. Partnerships with private companies will help improve the level of education and ensure that the technical equipment of educational institutions is updated.

Only the joint work of the state and business can ensure the successful implementation of projects and changes in the lives of Ukrainians.

Public-private partnerships in Ukraine have a huge potential for the development of various sectors of the economy. This mechanism of interaction between the state and the private sector opens up new opportunities for investment and modernization of important infrastructure facilities. The existing PPP system in Ukraine can be characterized by best practices that can serve as a basis for further development and implementation of projects in many areas.

An analysis of the experience of successful implementation of public-private partnership projects by European governments has shown that several conditions are required for positive results from their implementation:

- a stable political situation in the country, as it is very important that the public sector is unchanged and clearly defines what it wants;
- clear and transparent 'rules of the game', i.e. the rights and obligations of the state and the private partner, which should be enshrined in legislative acts;
- introduction of the most favored nation regime for the private partner, introduction of tax benefits, exemption from concession payments for the first 5 years of the public-private partnership project;
- the principle of non-interference of the state in the economic activities of the private partner;
- providing guarantees for the preservation of investments and private property, regardless of which political force is in power;
- preservation of state and municipal ownership of facilities while introducing mechanisms for infrastructure management by private partners;
- openness and transparency of the activities of state and local authorities in identifying private partners;

- ensuring the provision of high-quality and low-cost services as an indicator of the effectiveness and efficiency of public-private partnerships;
- combining resources of financial and credit institutions under the guarantees of state and local authorities;
- distribution of risks, definition of obligations and responsibilities in the public-private partnership agreement;
- protecting the interests and meeting the needs of the community, controlling the quality of services provided by private partners, discussing and monitoring projects involving NGOs [7].

Based on this experience, Ukraine can improve its PPP practices, but it needs to expand the list of suggestions based on its characteristics.

One of the main suggestions is to improve legislation. A clear and stable legal framework is critical to attracting investors. Selecting legislative initiatives that will simplify procedures and minimize bureaucracy can radically improve the situation. Legislation should be adapted to current market conditions, taking into account the needs of investors.

Education and training of PPP personnel is also an important element. The creation of educational programs that include all stakeholders - civil servants, private sector representatives, and experts - will help to increase the level of knowledge about PPP mechanisms and principles.

More attractive conditions for investors should be created to attract capital. The use of public-private financing mechanisms, the availability of state guarantees, and a reduction in the tax burden on investors are just some of the possible solutions.

To address the problem of corruption, it is necessary to ensure fairness in tender procedures, transparency in determining the winners, and publicity of project information. Establishing independent oversight bodies for PPP programs should be a priority.

It is also important to create platforms for dialogue between government agencies and the private sector. Regular meetings, conferences and discussions on ways to develop PPPs will contribute to better understanding between all participants in the process. This will allow for a prompt response to problems that arise during project implementation.

Involving international partners to exchange experience will be useful. Ukraine can study PPP mechanisms that are successfully used in other countries. For example, Poland's experience in the field of partnership in transport infrastructure can be a valuable lesson for Ukrainian experts and government structures.

The prospects for PPP development in Ukraine are great and can become a driving force for the modernization of the economy, development of infrastructure and improvement of the quality of life, because the existing problems are not insurmountable, and efforts aimed at solving them, together with the active participation of the state, support of investors and a sincere desire to work, can significantly

improve the situation and change the future of Ukraine for the better.

Research results

The effectiveness of PPPs depends significantly on the creation of a stable legal framework. The presence of clear and transparent rules defining the rights and obligations of the government and private partners is important for building investor confidence. Recommendations are provided for a reliable regulatory environment that minimizes current fluctuations.

The study highlights the critical problem of insufficient financial resources available to the state, which is an obstacle to the implementation of significant infrastructure projects. Limited budgetary opportunities limit the implementation of major initiatives, which, in turn, discourages private investors from making commitments without guarantees of profit.

In addition, the article identifies corruption as a major problem that undermines the integrity of public procurement and transparency within PPPs. This corruption leads to a lack of trust among potential investors who prefer an ethical business environment.

Another important finding is poor coordination between government agencies involved in PPP initiatives. Such disorganization complicates project completion and creates conflicts of interest, hindering effective cooperation between the public and private sectors.

Conclusions

The significant potential of PPP in Ukraine requires a comprehensive approach to implementation. The development of clear regulatory and legal acts that regulate the processes of public-private partnership, as well as the promotion of relevant education and training, are critically important for the development of this sector. It is noted that without the active participation of the state, it is impossible to ensure the stability of the functioning of PPPs.

Recommendations for improving legislation and practice for the implementation of PPP plans in Ukraine are based on the need to create transparent and stable conditions for investors. This includes simplifying the procedures for registering projects, as well as ensuring access to information about existing projects. The development of clear criteria for selecting investors will reduce the risk of corruption and help increase trust in the PPP system.

In addition, the presence of independent bodies for monitoring PPP projects can help ensure transparency and accountability. Such bodies should be able to assess the effectiveness of programs at all stages of their implementation.

Therefore, effective public-private partnerships can become an important tool for the development of Ukraine's economy if a systematic approach to the implementation and support of such ideas is ensured. This will allow Ukraine to realize its strong potential for economic growth and social development.

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