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STATE SUPPORT OF PUBLIC-PRIVATE PARTNERSHIP IN TRANSPORT INFRASTRUCTURE

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***Abstract.** The article is devoted to the problem of transport infrastructure financing. Using the model of public-private partnerships as a form of implementation of projects in transport infrastructure has been proposed. The necessity of using the system of state supporting PPP has been proved and the ways for its improvement have been recommended.*

***Key words:** public-private partnerships (PPPs), government support, transport infrastructure, legal basis, investment and financial resources (IFR), project.*

ДЕРЖАВНА ПІДТРИМКА ПУБЛІЧНО-ПРИВАТНОГО ПАРТНЕРСТВА В ТРАНСПОРТНІЙ ІНФРАСТРУКТУРІ

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***Анотація.** У статті розглянуто проблему фінансування транспортної інфраструктури. Запропоновано використання моделі публічно-приватного партнерства як форми реалізації проектів в транспортній інфраструктурі. Доведено необхідність використання системи державної підтримки ППП та надано рекомендації щодо шляхів її удосконалення.*

***Ключові слова:** публічно-приватне партнерство (ППП), державна підтримка, транспортна інфраструктура, законодавче забезпечення, інвестиційно-фінансові ресурси (ІФР), проект.*

Almost all countries face the problems of transport infrastructure development, demolition and destruction which result in higher social spending, negative productivity affects, low production efficiency and reduction of the competitiveness of national economies, increasing the number of accidents, disasters etc. In this regard, we can observe the increasing of needs in financing the projects for expansion and modernization of transport infrastructure. This situation is proved by assessment of the need for investment and financial resources (IFR) in different countries and regions (Table 1) [2, p.7].

Table 1

**The need for investment and financial resources in different countries
and regions for the development of transport infrastructure**

Country (region)	The need for IFR, bn. dol. USA
USA	1600
Canada	125
Germany	843
Ireland	127
China	132
India	250
Ukraine	100
Russia	120
Latin America + Caribbean region	71
South Africa	1000
South-West Asia	199,6
Middle East + North Africa	28

In international practice, the problem of the lack of financial and economic resources is solved by taking various measures: additional budget allocations; targeted tax for users of infrastructure borrowing guaranteed by the government, attracting extra-budgetary investment based on the mechanisms of public-private partnership. Using the mechanism of public-private partnership we could make upgrading and construction of transport infrastructure, such as the construction of powerful highways, tunnels, bridges, airports etc. This model of cooperation can increase the competitiveness of Ukraine's economy by creating and implementing strategically important projects and attracting investment in transport infrastructure.

World experience shows that in the less economically developed countries, with the imperfect legal and institutional basis the implementation process of infrastructure projects requires more significant support from the state. These countries cannot afford passing on all the costs for upgrading infrastructure to businesses their failure in bearing such costs. Therefore, the

question of state supporting PPP is extremely important for investment projects in transport infrastructure [1].

To some extent state support of PPP is regulated by legislation, namely the Law "On public-private partnership" [3] and the Resolution on the Procedure of the State support of the implementation of PPPs [5]. Certain provisions of the possible forms of support and limitations that exist in this sphere are defined by the Budget and Tax Codes of Ukraine.

The forms of state support in the implementation of PPP projects are the following:

- financing (partial funding for project development costs and management, repayment of interest on loans for fixed assets, land, assignment of grants, subsidies, etc.);
- state guarantees and security (damages resulting from inconsistencies of the demand plans of a private partner, failure of the state partner obligations under the agreement, inadequate tariff regulation, public procurement of certain goods / services, the state project risks in the case of inflation fluctuations, exchange rate, interest rates on loans, energy prices, etc.);
- participation in the authorized capital of entity, joint financing on a contractual basis;
- methods to stimulate private investors (tax holidays, providing exclusive rights to produce goods/services, permission to cross-subsidies etc.).

However, nowadays in Ukraine we can observe the problems in the system of state support in line with the international principles and essence of PPPs:

- formation of the principles and criteria for state support;
- establishment of the appropriate legal and methodological provision of state support;

- development of the mechanisms to implement forms of state support for PPPs;
- limited opportunities for obtaining certain forms of state support as a result of the general critical state of the governmental and local budgets in Ukraine, the amount of its debt.

These problems prove inadequacy of the system of state supporting PPP in Ukraine. For solving all these problems it is necessary:

- to develop procedures for the investment projects selection regarding strategic, economic and social importance of the project;
- to form the criteria for determining the parameters of state support, such as the marginal amount, the mechanism of state support and source of funds;
- to bring the system of state support in line with the requirements of budget and tax legislation, taking into account the nature of PPPs;
- to approve competent authority with responsibility for granting state support and the options of available sources of financial resources [4, 6].

Now Ukraine actively uses the public-private partnership to restore its infrastructure. However, implementation of state strategic projects without government support in today's conditions is not realistic. It is stipulated by the economic situation in the country, imperfect legal and institutional basis and lack of experience of PPPs projects. But the problems that exist in the system of state support greatly complicate the implementation of strategic investment projects.

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