Under the conditions of increasing necessity to enhance cooperation between the public and private sectors of the Ukraine’s economy, governmental support to public-private partnership (PPP) development becomes more vital. This requires elaboration of effective public policies focusing on regulation of interaction mechanism between state and local authorities, business entities and civil society institutions to ensure systematic development of PPP is in place. The article seeks the solution for the described challenge, which is the main goal of the research. For this purpose, the authors applied theoretical and empirical methods. The article underlines the important role of government regulation mechanism in the formation of public policy for PPP development support. Regulation mechanism plays regulatory, supportive and compensatory functions. In this context, the content of "government regulation of PPP" definition has been re-defined. In this regard, (I) subjects that compose the institutional environment of PPP have been identified; (II) functional components of each PPP actor have been described; and (III) range of public policy tasks on PPP development support depending on the level of government (central/local level) has been formulated. The mix of above mentioned activities may improve the coordination system for government regulation
mechanism in the field of PPP. In addition, the authors developed recommendations aimed at improvement of public policies on PPP development in the legal, institutional, organizational, budgetary and investment areas. Suggested recommendations in certain areas of public policy connected with the support of PPP development foster PPP development and improve PPP practice usage in Ukraine. The results of the research can be used by the representatives of state authorities and local governments engaged into formation of strategic programs on PPP development and implementation of PPP development concept in Ukraine.

Keywords: public-private partnership (PPP), PPP development, PPP state policy, mechanism of PPP government regulation, directions of improvement, institutional environment.

В умовах зростаючії необхідності розширення співробітництва між державою та приватним сектором економіки України, важливої значення набуває питання державної підтримки розвитку державно-приватного партнерства (ДПП). Це вимагає від держави створення ефективної державної політики, що спрямована на регулювання механізму взаємодії органів державної влади, місцевого самоврядування, представників бізнесу та інститутів громадянського суспільства, яка б сприяла системному розвитку ДПП. Вирішення поставленого питання стало метою проведеного дослідження, для здійснення якого було використано теоретичні та емпіричні методи наукового пізнання. Автором статті підкреслена важливість механізму державного регулювання у формуванні державної політики з підтримки розвитку ДПП, що включає регулюючий, підтримуючий та компенсаційний напрями. В даному контексті було уточнено зміст поняття “державне регулювання ДПП”, представлено композицію механізму державного регулювання розвитку ДПП. Для цього було визначено учасників ДПП, що складають інституційне середовище ДПП; описано функціональні складові кожного учасника ДПП; узагальнено коло завдань державної політики щодо підтримки розвитку ДПП в залежності від рівня органів державної влади (національний/місцевий рівень). Вищезазначене дозволить
удосконалити систему координації механізму державного регулювання в сфері розвитку ДПП. Також автором дослідження розроблено рекомендації щодо удосконалення державної політики з підтримки розвитку ДПП за правовим, інституційним, організаційним, бюджетним та інвестиційним напрямами. Реалізація рекомендацій за визначеними напрямами державної політики з підтримки розвитку ДПП забезпечить стимулювання розвитку та поліпшить стан ДПП в Україні. Результати поданого дослідження можуть бути використані представниками органів державної влади та місцевого самоврядування, при формуванні програм стратегічного розвитку ДПП та реалізації концепції розвитку ДПП в Україні.

Ключові слова: державно-приватне партнерство (ДПП), розвиток ДПП, державна політика ДПП, механізм державного регулювання ДПП, напрями удосконалення, інституційне середовище.

В умовах росту необхідності розширення співпраці між державою та частним сектором економіки України, важливим є питання створення ефективної державної політики, яка забезпечить розвиток державно-частного партнерства (ГЧП). Це потребує створення інституційних механізмів, що стимулюють розвиток ГЧП.

Решіння поставленого питання стало метою проведенного дослідження, для того щоб узагальнити на досвід зосередження акценту на розробці механізму стимулювання розвитку ГЧП. В даному контексті було досягнуто значення критерію "государство-частність". Подкріплено це узагальнення зображення "государство-частність". Подкріплено це узагальнення зображення "государство-частність".
было определено участников ГЧП, которые составляют
институциональную среду ГЧП; описано функциональные
составляющие каждого участника ГЧП; обобщено круг задач
государственной политики по поддержанию развития ГЧП в
зависимости от уровня органов государственной власти
(национальный/местный уровень). Вышеупомянутое позволит
усовершенствовать систему координации механизма
государственного регулирования в сфере развития ГЧП. Также
автором исследования разработаны рекомендации для
совершенствования государственной политики по поддержанию
развития ГЧП по правовому, институциональному, организационному,
бюджетному и инвестиционному направлениям. Реализация
рекомендаций согласно с определенными направлениями
государственной политики по поддержанию развития ГЧП обеспечит
стимулирование развития и улучшит состояние ГЧП в Украине.
Результаты представленного исследования могут быть использованы
представителями органов государственной власти и местного
самоуправления при формировании программы стратегического
развития ГЧП и реализации концепции развития ГЧП в Украине.

Ключевые слова: государственно-частное партнерство (ГЧП),
развитие ГЧП, государственная политика ГЧП, механизм
государственного регулирования ГЧП, направления
совершенствования, институциональная среда.

The influence of internal and external negative factors of the financial
and economic crisis has proved the vulnerability of the existing model of
the Ukraine’s national economy. Considering that Ukraine is searching for
ways of crisis recovery, the issue connected with public-private partnership
(hereinafter referred to as - PPP) development is becoming increasingly
important. The special role of the state at the development stage of the
partnership pattern of economy management is determined by the fact that
it can exert multilevel influence/not influence on processes associated with
formation of the PPP institutional environment.
Improvement of the state policy for PPPs development support involves using the flexible tools of government regulation by the state that takes into account both "solely" state and "solely" market principles of economy management. Equally important is the delineation of powers and responsibilities between central government and local self-government authorities, and determination of functions of the state and civil society institutions in the PPP development process. Thus, construction of an effective mechanism of PPP government regulation, coordination of actions between all the PPP participants require an overarching analysis and improvement for the purpose of the PPP state policy development.

Significant findings related to PPP development in Ukraine are provided by experts of the "Public-Private Partnership Development Program in Ukraine" (hereinafter referred to as the Program) that was implemented under technical support of the US Agency for International Development, USAID. Thus, the proposed by the Program "Concept of PPP Development in Ukraine for 2012-2017" represents the main reasons behind the slow PPP development in Ukraine. The absence of an effective mechanisms of PPP state support and a proper management system of PPP development were pointed out as the key problematic issues [1].

The comparative study of international experience related to the PPP development has shown that such foreign scientists as O.S. Olsen [2], V. Cuttaree, C. Mandri-Perrot [3], W. Scherrer [4], K. Verhoest, N. Carbonara, O.H. Petersen [5], A. Roumboutsos [6] pay much attention to aspects of the PPP state support.

In Ukraine, the issues of institutional and legislative support of PPP development have been raised by many national scientists, such as V. Geyets [7], B. Danylyshyn [8], T. Yefimenko [9], I. Zapatrina [10], S. Pidgaiets [11], O. Pyltyay [12], M. Satanovska [13]. It should be noted that the institutional environment, regulatory and legislative support form the basis of state policy on PPP development. The papers of national scientists such as V. Varnavskyy [14], Y. Ivanov [15, 16], M. Kyzym [17], P. Krush [18], D. Stechenko [19], L. Shynkaruk [20] present the problematic issues concerning government regulation of the economy on the sectoral and regional levels. However, the mechanism of PPP government regulation is still underdeveloped in Ukraine because of lacking research in this area.
Thus, systematization of national experience and adaptation of European experience in the formation of PPP state policy is considered to be an important methodological, scientific and practical task that underlines the significance of the chosen topic.

The article aims to develop recommendations for the improvement of state policy for the support of PPP development in Ukraine. This requires assignment of the following tasks: (I) to determine the role of government regulation mechanism in the formation of public policy for PPP development support; (ii) to clarify the content of the concept "PPP governmental regulation"; (iii) to identify the components of this mechanism and reveal the role of the participants that form the partnership.

While considering the state policy, it is necessary to mention that mechanisms of public administration and government regulation play a significant role in its formation. It seems extremely important to distinguish these two components of the state policy that are closely interconnected between each other. Thus, according to research of O. Radchenko "there could be as much mechanisms of state administration as many functions the state has, at the same time each function of state administration requires existence of a corresponding mechanism for its implementation" [21].

In the research, N. Tkacheva points to the need for ordering mechanisms of regulation and administration as interrelated elements that provide system functioning (Table1).

Table 1

<table>
<thead>
<tr>
<th>Mechanisms ordering as elements that provide system functioning [22]</th>
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<td>Types of mechanisms</td>
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<tr>
<td>Regulation Mechanism</td>
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<td>Administration Mechanism</td>
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O. Boyko-Boychuk, who fundamentally studied the forming components of the common mechanism model and presented the structure and content of the public administration, shares opinion of the above authors [23].

According to O. Chechel, the abovementioned allows to make a reasonable grounded statement about the obvious necessity in the development of an effective mechanism of state regulation, as it is one of the main functions of state administration as a whole [24].

With the formation of the state policy in PPP, specific features of PPP should be taken into account. It is important to combine PPP fundamentals that are different by their nature. Thus, F. Uzunov distinguishes the following PPP aspects: "from the institutional side - state ownership, from the economic side - interaction of diverse institutional partners, from the administration side - combining mechanisms of coordination and competition" [25]. Coordination is usually realized by the state that initiates a PPP project taking into account social needs and interests of all project stakeholders. At the same time, it does not mean that the project will be successfully implemented and the PPP will gradually develop in Ukraine.

Building the state policy on PPP development in Ukraine involves a systemic management of all the processes related to the PPP. Since the partnership between the state and business is a specific and complex organizational form, it requires the use of flexible regulatory tools that form the mechanism of PPP government regulation. Therefore, we consider it reasonable to analyze the nature and content of the government regulation in the field of the PPP.

According to scientific developments of N. Kharchenko in the field of studying the state mechanism, the nature of any mechanism involves "... a set of interrelated and interacting parts or elements in the presence of, on the one hand, the internal ordering and coordination between them, and, on the other hand, differentiation and relative autonomy" [26].

In any case, the mechanism of government regulation should be considered as a system, and it is confirmed in scientific papers of many scientists, including V. Varnavskyy [14], I. Zapatrina, [10], V. Knyazyev [27], V. Prikhodko [28], M. Satanovska [13], A. Yakymchuk [29]. According to the research conducted by V. Prikhodko, the government regulation of
the economy under conditions of the market economy is "a system of typical measures of legislative, executive and controlling nature undertaken by governmental authorities and public organizations in order to stabilize and adapt the existing social and economic system to changing conditions" [28].

In accordance with A. Komyakov's definition, the content of the category "government regulation mechanism" should be considered "as a set of organizational and economic methods and tools used to perform interrelated functions to ensure a continuous and effective functioning of the appropriate system (state) to improve the economy functioning" [30, p.8].

The analysis of the above mentioned and other specialized scientific sources allowed to identify the main features of the government regulation mechanism, such as: a complex multilevel system; elements of the mechanism are usually linked, internally organized according to the main purpose/focus of the mechanism and differentiated/autonomous at the same time according to functions performed; a set of measures of legislative, executive and controlling nature; combination of tools, levers, methods and incentives to ensure a continuous functioning of the state in a particular area; it is implemented on the basis of clearly identified principles depending on economic areas/industries.

The presented generalization allows to form the basis for understanding the content of the concept "PPP government regulation". As it has been already noted, for a more complete disclosure of the content of this concept, it is important to take into account all aspects of PPP state policy. For this purpose, let us consider the "Concept of PPP Development in Ukraine for 2013-2018" No. 739-p (hereinafter referred to as the Concept) that was approved by the Cabinet of Ministers of Ukraine on August 14, 2013 [31]. This Concept outlines a number of issues that slow down PPP development in Ukraine, contains the analyzes of the reasons of their occurrence; covers basic problems connected with providing state support to the PPP; describes the ways and means of solving these issues. Let us focus on challenging issues that slow down PPP development in Ukraine, according to the "Concept of PPP Development in Ukraine for 2013-2018". The main ones are presented in Figure 1:
Fig. 1. The main reasons behind the slow PPP development in Ukraine according to the "Concept of PPP Development in Ukraine for 2013-2018" (complied by the authors, using [31] as a basis)

The last question is one of the key issues in ensuring successful implementation of PPP project, as it has a significant impact on the level of predictability and directly supports the possibility of the private investments repayment. In addition, some areas of the national economy are still not based on free market principles, and the tariff does not function as an economic regulator. Communal utility tariffs in most regions fail to cover the cost of the provided services and almost every tariff lacks an investment component [31]. The fact that the private partner can not influence on the formation of tariffs within the framework of PPP project, it complicates the repayment of investments. The outlined problems and the absence of an effective mechanism of reimbursing for the difference in tariffs do not make it possible for companies to undertake measures on modernization of equipment and networks [31].

Summarizing the above mentioned, we point out three main, in our opinion, areas of the PPP government regulation mechanism that includes
regulatory, supportive and compensation functions. Based on these direction, we offer the following vision of the content of the "PPP government regulation" concept. "PPP government regulation" is a system of measures for implementation of supportive, compensatory and regulatory activities of the state aimed at creating conditions for effective PPP implementation and development of the national economy based on principles of partnership forms of economy management.

Taking into account the formed vision of the content of "PPP government regulation" definition that has been re-defined, results of the international experience study on supporting PPP development, the authors of this article defined subjects/participants that form the mechanism of PPP government regulation and compose the institutional environment of PPP. Among them, the Cabinet of Ministers of Ukraine, Verkhovna Rada of Ukraine, state executive authorities of different levels. Another important tool ensuring effective implementation and development of PPP is involvement of civil society institutions on both, the central and local levels.

As the international experience has shown, an indispensable condition of successful PPP development is considered to be the work of a specialized or dedicated unit (PPP Unit) [32, 33]. Typically, such units are organized within the Ministry of Economic Development or the Ministry of Finance, and rarely it may function independently. The similar unit exists in Ukraine. It is considered to be the Department of Investment and Innovation Policy and PPP Development at the Ministry of Economic Development and Trade of Ukraine (hereinafter referred to as MEDT) in accordance with the Regulation on the MEDT approved by the Order of the President of Ukraine №634 dated May 31, 2011 [34]. However, as the practice has proved, responsibilities assigned to the MEDT can not provide a comprehensive development of PPP. Consequently, we consider that it is necessary to create an additional body that will strengthen the role of the MEDT. Thus, we build a composition of PPP government regulation mechanism that is shown in Figure 2.
Fig. 2. Composition of government regulation mechanism on PPP (developed by the authors)
In the basis of the composition lies the understanding of a systematic combination necessity of regulatory, supportive and compensation impacts of the state on PPP implementation and development of the state policy in this area. In the composition were represented actors of the government regulation in the field of PPP and their functional components, that compose a kind of generalization of the range of state policy tasks on PPP development support depending on the level of government authorities (central/local level).

Research of reasons of PPP slowdown in Ukraine, as well as problematic issues related to provision of the state support for PPP development that are set forth in the "Concept of PPP Development in Ukraine for 2012-2017" (USAID) and the "Concept of PPP Development in Ukraine for 2013-2018" (the Cabinet of Ministers) showed imperfection of the PPP government regulation mechanism and uncoordinated actions of central and local authorities.

Based on results of given study and previous research developments of the author in respect of the analysis of macro environment factors influencing the implementation of PPP in Ukraine, a set of measures to executive and legislative branches of government have been proposed. According to the set it is recommended to implement measures in the following directions: legal, institutional, organizational, budgetary and investment areas [35].

Some of the proposed recommendations are presented in Table 2.
Table 2

Recommendations for implementation of the PPP state policy in Ukraine
(complied by the authors, using [10, 12, 36] as a basis)

<table>
<thead>
<tr>
<th>Areas</th>
<th>Recommendations</th>
<th>Expected results</th>
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<tbody>
<tr>
<td>Legal area</td>
<td>1. Making an amendment to the Law of Ukraine &quot;On public-private partnership&quot; No. 2404-VI (2010) aimed to make public organizations or unions involved in development of project proposals, their implementation, justification of social, economic and environmental consequences of PPP implementation and monitoring of efficiency.</td>
<td>- increasing social and economic impact of PPP projects; - reducing corruptogenic factors during implementation of PPP projects; - promoting transparency of public authorities.</td>
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<td></td>
<td>2. Development of the package of typical documents for creation and management of PPP projects.</td>
<td>- development of typical documents, such as the form of request for participation in the project, forms for risk assessment, typical feasibility studies, forms of monitoring and evaluation will greatly facilitate and unify processes of preparation of PPP projects.</td>
</tr>
<tr>
<td>Institutional area</td>
<td>1. Development and approval of the PPP state priorities system on the short and medium term perspective with a list of concrete projects, involving private partners for the implementation.</td>
<td>- implementation of the practice for determining PPP areas in long-term national and regional strategic/policy documents.</td>
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<td>2. Development and adoption of the optimal model of PPP management depending on the sector of the economy (construction, transport-road complexes, power engineering, education, health care).</td>
<td>- implementation of guidelines on the format selection of the legal partnership between the state and the private partner-investor.</td>
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<td></td>
<td>3. Formation of PPP offices at the local level working on the &quot;one-stop-shop service&quot; principle.</td>
<td>- a constant direction of potential investors to authorities and their coordination with other participants of a potential partnership.</td>
</tr>
<tr>
<td>Organizational area</td>
<td>1. Evaluation of the state readiness at national and regional levels for PPP projects implementation based on a single model developed on the international experience.</td>
<td>- definition of normalized indicator of readiness of the state or local authority for PPP projects will allow to compare their values and analyze &quot;bottlenecks&quot;.</td>
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2. Development and introduction of modern techniques for initiating and managing PPP projects, including, in particular, the feasibility study development, evaluation and risks sharing, monitoring and evaluation the effectiveness of PPP projects.

<table>
<thead>
<tr>
<th>Budget and Investment areas</th>
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<tr>
<td>1. Creation of a financial guarantees system for private partners, including the involvement of foreign creditors, compensation of losses arising as a result of reasons that are out of investor’s control (for example, because of slump in demand).</td>
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<td>- will provide more favorable investment conditions for PPP projects implementation;</td>
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<td>- will enhance investor confidence in the state.</td>
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<tr>
<td>2. The spread of the practice of medium- and long-term budget planning in accordance with the program-aimed principle at all levels of governance.</td>
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<td>- prevision and guarantee of the state and local authorities financial obligations during implementation of PPP projects.</td>
</tr>
<tr>
<td>3. At the legislative level, to ensure an increase of local budget revenues for capital costs financing, i.e. development budgets.</td>
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<td>- increase of resources that can be used to initiate and implement PPP projects at the local level.</td>
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<tr>
<td>4. Development of eligibility criteria and methods of tax benefits and preferences calculation that will be available for private partners while executing the PPP project that have a high social significance (roads, bridges, energy facilities, social infrastructure, etc.).</td>
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<tr>
<td>- will increase the interest of private partners in PPP projects and, consequently, intensify PPP development in Ukraine;</td>
</tr>
<tr>
<td>- will increase the number of new high-quality infrastructure facilities.</td>
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</tbody>
</table>

Thus, the effective implementation of PPP projects depends on the level of institutional environment development and completeness, consistency and quality of regulatory, institutional, investment and budget support.

The research of state policy in PPP has revealed the important role of the government regulation mechanism in the development of PPPs. The composition of PPP government regulation mechanism was built under the proposed clarification of the "PPP government regulation" concept. The
composition highlights the need for systematic combination of regulatory, supportive and compensation impacts of the state on PPPs implementation and development of the state policy in this area.

Directions for further research may include studying the risk assessment process and risk sharing between partners of the PPP, and the development of criteria for the provision of state guarantees to PPP projects.

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Information about the authors

Larysa Afanasieva - Lecturer of the International Business and Economic Analysis Department of Simon Kuznets Kharkiv National University of Economics (9-A Nauky Ave., Kharkiv, Ukraine, 61166, e-mail: loraafanasieva@gmail.com).

Volodymyr Shemayev – PhD in Economics, Head of Infrastructure Investments Division at Odessa Regional State Administration (4, Shevchenko Ave., Odessa, Ukraine, 65032, e-mail: vshemayev@odessa.gov.ua).

Інформація про авторів

Афанасьєва Лариса Миколаївна - викладач кафедри міжнародного бізнесу та економічного аналізу Харківського національного економічного університету імені Семена Кузнеца (просп. Науки, 9-А, м. Харків, Україна, 61166, e-mail: loraafanasieva@gmail.com).

Шемаєв Володимир Володимирович – канд. екон. наук, заступник начальника управління - керівник відділу інвестицій у транспортний комплекс Одеської обласної державної
адміністрації (просп. Шевченка, 4, Одеса, Україна, 65032, e-mail: vshemayev@odessa.gov.ua).

Інформація об авторах

Афанасьева Лариса Николаевна - преподаватель кафедры международного бизнеса и экономического анализа Харьковского национального экономического университета имени Семена Кузнеца (просп. Науки, 9-А, г. Харьков, Украина, 61166, e-mail: loraafanasieva@gmail.com).

Шемаев Владимир Владимирович – канд. экон. наук, заместитель начальника управления - начальник отдела инвестиций в транспортный комплекс Одесской областной государственной администрации (просп. Шевченка, 4, Одесса, Украина, 65032, e-mail: vshemayev@odessa.gov.ua).