



*§1.4 TOOLS OF EFFECTIVE INTERACTION BETWEEN PUBLIC AUTHORITIES AND CIVIL SOCIETY INSTITUTIONS FOR IMPLEMENTATION OF PUBLIC-PRIVATE PARTNERSHIP PROJECTS (Gruzd M.V., Simon Kuznets Kharkiv National University of Economics)*

**Introduction.** Public-private partnership in territorial development and growth of small and medium-sized businesses as a way to introduce the capacities and efficiency of the private sector to develop initiatives at all levels is important and generally recognized. Public-private partnership (PPP) should ensure the coordination of the interests of the state and business in the implementation and adaptation of scientific developments to innovations for the purpose of effective territorial development at the level of united territorial communities (UTC). At the same time, the main task of state authorities and local governments when implementing PPP investment agreements is to eliminate numerous barriers to attracting business to the investment sphere of territorial communities.

Investment partnership of state institutions, local governments and business is a mechanism that allows attracting investment resources to socio-economic development projects at the level of united territorial communities. The development of partnership interaction between the state, local governments, science, education, business and society within the framework of the application of tools for building a public-private partnership model in order to stimulate investment in territorial development ensures the formation of appropriate social, production and innovation infrastructure taking into account the interests and with the active participation of business structures with the effective use of state and municipal property, public finances and leads to technological development.

Today, the insufficient efficiency of innovation and investment processes at the level of development of UTC leads to the unresolved problem of coordinating



mechanisms for combining market factors with state methods of regulating investment activities, consolidating certain forms of participation of the state and business in the full financial support of investment activities UTC, which negatively affects the development of the entire region and the investment security of the territories.

Public Private Partnership Development Program (P3DP), which is implemented in Ukraine and funded by the United States Agency for International Development (USAID), defines a public-private partnership as a long-term contract-based cooperation between a public sector organization and a private company or entrepreneur to provide public services and improve infrastructure. When defining the content of PPP in the program, the emphasis is on the provision of quality services, while assets created during the term of the PPP agreement are transferred to the ownership of the state or municipal partner upon its termination [1, p. 15].

The main advantage of PPP, compared to other types of contractual relations between authorities and the private sector at the territorial level, is the optimal distribution of powers to control joint activities. There are also opportunities to reduce local budget expenditures and quickly find investment resources for the implementation of various projects of local or state target programs, as well as the preservation of state ownership of property objects.

**Presenting main material.** The PPP model operating in Ukraine establishes a systematic approach to the organization of PPP in the implementation of investment projects, which is based on close interaction between state authorities and local governments and the private sector in the process of implementing the investment cycle, which allows for the formation of joint investment resources to achieve socially important results, the introduction of new methods of public management, the creation of added value for consumers and the state, increasing the efficiency of the use of state and municipal property based on entrepreneurial





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

motivation and ensuring better identification of needs with optimal use of UNC resources.

The development of joint concepts and programs for investment interaction between state institutions and business representatives within a single legal framework makes it possible to improve the performance of public authorities, increase the efficiency of the invested funds of the parties involved, and also satisfy the material and spiritual needs of the population of the territorial community. The introduction of PPP involves the expansion of the competitive sector, providing better opportunities for investing in large-scale investment projects, effective development or modernization of the UTC infrastructure.

When implementing PPP investment projects, the state acts as a direct customer, that is, it actually establishes all the conditions of investment cooperation and creates opportunities for business structures to make management decisions, while constantly monitoring the implementation of projects in order to effectively and qualitatively provide end-user services.

Today, partnership interaction between the state and business is widespread in many countries of the world. On the European continent, the largest share of public-private partnership agreements is implemented in Great Britain, France, Germany, Spain, Italy, and the Netherlands. Such forms of interaction are very actively practiced in Latin America and the Asia-Pacific region. These regions account for more than 1/3 of all public-private partnership projects. Most of the projects are implemented in China (18.7 % of agreements and 2.1 % of global investments in public-private partnership projects) and India (12.8 % of agreements and 13.4 % of global investments in public-private partnership projects [2, p. 268-269].

In 2024, the remaining transaction volume in the European public-private partnership market totalled €1.1 billion, distributed across several sectors. General



public services accounted for €331 million, down from €413 million in 2023. Defence experienced a sharp decline, reaching just €50 million – only 13 % of its 2023 value (€397 million). Environment saw an increase to €805 million, up from €150 million in 2023. Recreation and culture recorded €65 million in transactions (€150 million in 2023), while housing and community services accounted for €30 million (there were no projects in 2023) Finally, the energy sector accounted for €785 million (no projects in 2023). The transactions included: o a large-scale data centre project in Italy; the redevelopment of an energy-from-waste plant in France; energy efficiency improvements for the French Ministry of Defence; o four sports and leisure facility projects – one in Lithuania and three in Poland; o two street lighting projects – one in Italy and one in Greece; o an offshore wind farm energy transmission project in the United Kingdom [3, p. 3].

Countries with a high level of competitiveness are characterized by the presence of a developed institutional environment that generates income, high-quality infrastructure, a stable macroeconomic environment, a high quality health care system and higher education. Market openness and a developed financial sector create the basis for the rapid introduction of innovations that contribute to improving the quality of life of the population [4, p. 12].

According to the requirements of the international community, a rational structure for the areas of financing PPP projects is considered to be the ratio of funds directed to healthcare and education (social projects) – 50 % of the total financing of investment projects and 20 % – environmental projects.

According to the European PPP Expertise Center, in 2024, 21 % of PPP projects in social policy focus (education and healthcare) and transportation (26 %) were implemented in European countries. The distribution of PPP projects by areas in the European Community is given in Table 1.





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

Table 1

#### Number of European public-private partnership projects by sector in the pipeline, %

Sector	2023	2024
Transportation	30	26
Environment	20	25
Housing and community services	9	7
Healthcare	7	6
Education	12	15
General public services	5	5
Public order and safety	5	6
Other sectors	12	11

**Source:** compiled by the author based on [3, 5].

For the period 2023-2024, there is a structural change in the direction of investments in environmental protection PPPs, namely an increase in 2024 by 5 %, the share of PPP projects in education also increased by 3 %, and amounted to 15%, the share of PPP public increased by 1 %. order and safety. Significant reduction in investment in transport projects by 26 % (30 % – 2023), healthcare by 6 % (7 % – 2023).

There are many advantages for the successful implementation of public-private partnership projects in Ukraine. Among the main advantages are: favorable geographical location at the intersection of international trade corridors, significant transit potential; qualified labor force at the lowest cost in Europe; financial and technical support from international organizations with significant experience in implementing public-private partnership projects in the world and others [1, p. 20].

Today, in the country, state decisions on consolidating PPP mechanisms, including the legislative plan, are being developed and adopted very actively, and private business often participates in stimulating investments in the development of



territories and the introduction of innovations, as evidenced by data from the Ministry of Economy of Ukraine, the State Agency for PPP Support, and the Ministry of Reconstruction of Ukraine.

The legislation of Ukraine defines the following areas of PPP implementation: prospecting, mineral exploration and extraction, save for those on terms of production sharing contracts; production, transmission and supply of heat energy and distribution and supply of natural gas; construction and/or operation of highways, roads, railways, runways at airports, bridges, road overpasses, tunnels and subways, sea and river ports and their infrastructure; mechanical engineering industry; collection, purification and distribution of water; health care; tourism, recreation, culture and sport; operation of irrigation and drainage systems; treatment of waste; production, distribution and supply of electricity; property management; providing social services, managing social institution; production and implementation of energy-saving technologies, construction and capital repairs of residential houses partially and completely ruined as a consequence of military operations on the territory of Counter-Terrorism Operation; construction of module houses and temporary housing for internally displaced persons; providing education services and health care services; managing heritage-listed buildings and culture property sites [2, p. 10].

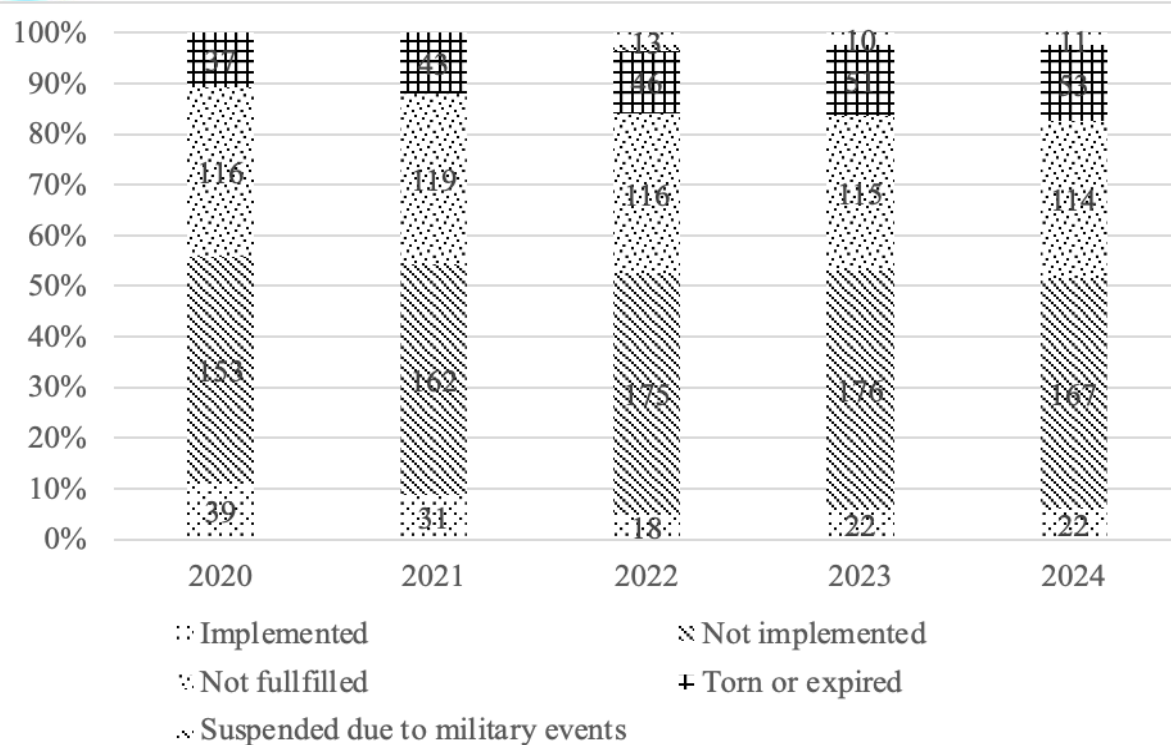
According to data from central and local executive authorities in Ukraine, January 1, 2025 concluded under PPP terms 200 contracts, of which 22 are being implemented (9 – concession agreements, 6 – joint activity agreements, 7 – other agreements), 167 agreements are not being implemented (114 – not being implemented, 53 – terminated/expired, 11 – suspended [2] (Fig. 1).





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*



**Fig.1.** Structure of PPP projects in Ukraine for the period 2020-2024.

Source: compiled by the author based on [6, 7].

During the period 2020-2024, the number of PPP projects increased by 8 projects. The positive dynamics for 2024 is the increase in the number of projects by 2 projects. During 2024, 22 PPP projects were implemented, however, the negative trend remains a large number of PPP projects that are not being implemented, although there is a decrease in their number by 9 projects (2023 – 176 projects, 2024 – 167 projects), one PPP project was added to the implementation, however, the number of projects suspended due to military events increased by one.

There is also a significant variation between the regions of Ukraine in the number of PPP agreements concluded (these projects are implemented in 16 out of 24 regions of Ukraine), which is explained by both objective and subjective reasons. It is obvious that in most cases PPP is not considered by either the



authorities or business as a basic or essential tool for infrastructure development or service improvement. Therefore, among the reasons for the stagnation of the process of implementing and implementing PPP agreements, it is worth mentioning the low awareness and competence at the local level of both civil servants or local government officials and businessmen. Therefore, there is distrust between the parties, which is exacerbated by the awareness of the presence of corruption, bureaucracy, and financial risks [8].

In the context of infrastructure development of united territorial communities, their restoration, there is an urgent need to modernize the housing and communal services, the need to ensure an increase in the quality of public services, which requires the search for various alternative approaches to ensuring territorial development with the involvement of representatives of civil society. Combining the capabilities of local governments and civil society institutions and private investments in many areas of functioning of territorial communities within the framework of the PPP will contribute to the sustainable socio-economic development of UTCs with the participation of potential investors and new approaches to managing changes at the level of territorial communities.

According to [10] contracts concluded under PPP terms in 2024 by areas of economic activity with state support: production, transportation, and supply of heat and distribution and supply of natural gas – a total of 4 contracts were concluded, one each in Volyn, Ivano-Frankivsk, Kyiv, and Kirovohrad regions; water collection, purification, and distribution – two contracts were concluded in Dnipropetrovsk and Mykolaiv regions, one each in Zakarpattia, Zaporizhzhia, Kyiv, and Lviv regions; waste management (except collection and disposal) – one contract each in Odessa and Poltava regions; tourism, leisure, recreation, culture and sports – one agreement each in Zhytomyr and Chernihiv regions, 2 agreements in Transcarpathia.





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

The number of communities that have benefited from intermunicipal cooperation is shown in Table 2.

Table 2

### Number of communities that have benefited from intermunicipal cooperation

Regions	10.01.2022	1.10.2023	1.10.2024	1.04.2025
1	2	3	4	5
Vinnitsia	15	27	27	27
Volyn	4	38	39	39
Dnipropetrovsk	22	80	82	82
Donetsk	2	14	14	14
Zhytomyr	5	22	23	25
Transcarpathian	21	29	29	29
Zaporizhzhia	14	18	18	18
Ivano-Frankivsk	25	62	62	65
Kyiv	7	22	22	22
Kirovohrad	10	16	17	17
Luhansk	2	2	2	2
Lviv	30	45	45	45
Mykolaiv	12	33	35	39
Odesa	7	34	34	34
Poltava	9	67	67	67
Rivne	32	71	73	74
Sumy	7	19	20	25
Ternopil	10	19	13	13
Kharkiv	19	12	36	41
Kherson	2	33	25	27
Khmelnyskyi	6	20	25	25
Cherkasy	6	25	21	31
Chernivtsi	18	18	45	47
Chernihiv	11	48	29	31
Kyiv city	-	29	-	-
Total	296	779	803	839

**Source:** compiled by the author based on [9 – 12].

The reporting data indicate positive changes in the dynamics of the number of communities that used intermunicipal cooperation: in 2024 (01.10.2024), the number of communities was 803, which is 507 more than in 2022 (10.01.2022), the dynamics continues during 2025, in the first quarter, another 36 communities



used intermunicipal cooperation tools. The leading regions in terms of the number of communities that used intermunicipal cooperation are Dnipropetrovsk (stable since 2023) – 82 communities, in second place – Rivne (74 communities), third – Poltava (67 communities).

The total number of cooperation projects of territorial communities in 2022-2024 is given in Table 3.

Table 3

**Total number of cooperation projects of territorial communities**

Regions	10.01.2022	1.10.2023	1.10.2024	1.04.2025
1	2	3	4	5
Vinnytsia	7	20	22	25
Volyn	1	22	22	25
Dnipropetrovsk	17	62	64	65
Donetsk	1	10	10	10
Zhytomyr	2	11	15	16
Transcarpathian	3	8	12	13
Zaporizhzhia	16	17	17	17
Ivano-Frankivsk	5	20	21	23
Kyiv	8	17	19	19
Kirovohrad	8	14	15	15
Luhansk	1	1	1	1
Lviv	13	27	28	28
Mykolaiv	6	15	15	23
Odesa	6	30	35	36
Poltava	7	58	60	64
Rivne	14	71	76	83
Sumy	4	17	17	23
Ternopil	1	2	2	2
Kharkiv	15	32	34	45
Kherson	1	9	10	11
Khmelnyskyi	1	9	9	10
Cherkasy	4	10	12	18
Chernivtsi	6	21	23	25
Chernihiv	6	13	13	18
Total	153	516	552	615

**Source:** compiled by the author based on [9 – 12].



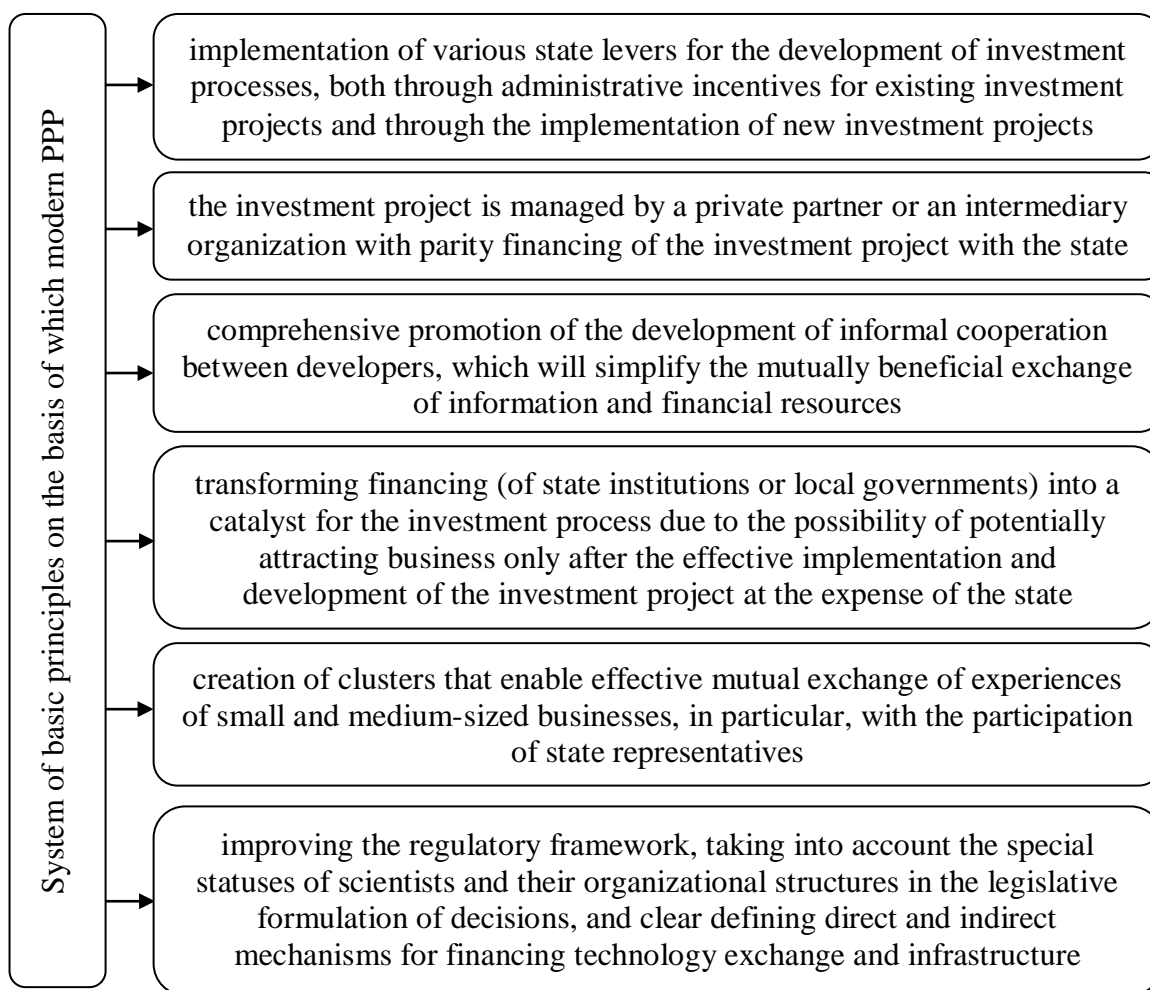


## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

According to the results of the consolidated information for the first quarter of 2025, 615 projects of cooperation of territorial communities are being implemented in the country, which is 63 more than in 2024 (01.10.2024), compared to the corresponding period of 2023, when the number of projects increased by 64 and amounted to 516 projects. The leading regions in terms of the number of projects are Rivne region (83 projects), Dnipropetrovsk region is in second place – 65 projects, Poltava region is in third place (64 projects).

The existing global experience of cooperation between the state and the private sector in the investment sphere allows us to outline a system of basic principles on the basis of which modern PPP is formed (Fig. 2).



**Fig. 2.** System of basic principles on the basis of which modern PPP

Source: compiled by the author.



The main areas of investment projects implemented through PPP mechanisms are the following: infrastructure projects (construction, modernization of municipal infrastructure; construction, modernization of real estate; construction, modernization of municipal facilities) and services projects (education, image of the territory, support for vulnerable segments of the population).

The practice of PPP application demonstrates its importance as a strategic tool for cooperation between the public and private sectors. The multi-vector nature of PPP use emphasizes its versatility in solving various tasks. The use of PPP allows combining resources, expertise and capital of both sectors to achieve common goals, including economic development, infrastructure improvement, provision of quality services for the population, as well as the development of social and environmental initiatives [13, p. 264].

Today, the rationalization of the influence of the institutional mechanism on the relationship between the state and private business is becoming an increasingly urgent problem. The functions of the state include the formation of an institutional mechanism for the interaction of economic entities, which, in turn, should contribute not only to the formation of the legal field of activity of business entities, but also to the implementation of control by government structures. As a result, the problem of creating an effective institutional environment arises [14, p. 12].

Based on the results of a study of foreign PPP experience, it can be concluded that the main factors contributing to the development of PPP in developed countries are: first, stable state economic policy aimed at encouraging private entrepreneurial initiative and involving civil society institutions; second, measures to support PPP subsidies, mechanisms for the assignment of claims; third, low political and social risks; fourth, effective use of the legislative and legal framework.





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

A study of world experience and existing practice allows us to identify the following areas of development of organizational and legal forms of PPP in the investment and innovation sphere of the region: financial partnership: venture and various joint funds for financing public-private projects; scientific partnership (non-commercial partnership) in the following types of interaction: pre-competitive research, education and advanced training, creation of special services for assessing the competitiveness of research; strategic partnership (for developing a strategic investment policy, taking into account private and public interests); partnership in a cluster initiative (innovation policies, parks, centers), which have become widespread at university sites and scientific and educational centers; partnership in technology transfers (commercial partnership with an innovative purpose based on higher education institutions, scientific and research organizations), that is, cooperation between state scientific institutions that invest their intellectual rights and private investors who provide funding and project management under such a partnership.

For a more complete understanding of PPP as a form of exercising property rights in the field of management, it is necessary to take into account the purpose, objectives and results or effects of such cooperation of public and private partners. In a broad sense, the purpose of PPP is the implementation of socially significant projects in many areas of socio-economic life [15, p. 262].

An effective system of financing infrastructure projects can be implemented either under the terms of joint public-private financing or under the terms of non-financial support of the private partner (under certain conditions, the state undertakes to buy out the facility from the private partner at a price that would provide it with an agreed profitability; provide tax benefits; lend to the private partner on preferential terms, repay any short-term deficit associated with principal payments and interest payments; extend the implementation period of the PPP investment project if the planned indicators set by the agreement are not achieved).



At the same time, PPP models are implemented through investment cooperation mechanisms (leaseback of state or municipal property); concession (granting the state the right to a private partner for a certain period of time to perform the functions stipulated in the contract and granting it certain powers for the effective functioning of the concession object with the obligatory return of the subject of the contract to the state partner); administrative agreement between a local government body and a private partner for the implementation of socially necessary activities; agreements on joint activities (the state takes permanent participation in the economic activities of the created business object depending on the share in the authorized capital)) with a clear definition by state institutions or local government bodies of the conditions of such cooperation while carrying out constant monitoring for the purpose of effective and high-quality provision of public services.

It is advisable for PPP project developers to choose a system of social indicators that will allow them to determine the social status of the investment project, as well as to be able to track the dynamics of the project's development and maintenance. A system of groups of indicators and indicators for assessing the impact of the PPP project on the territorial development of the UTC is proposed (Fig. 3).

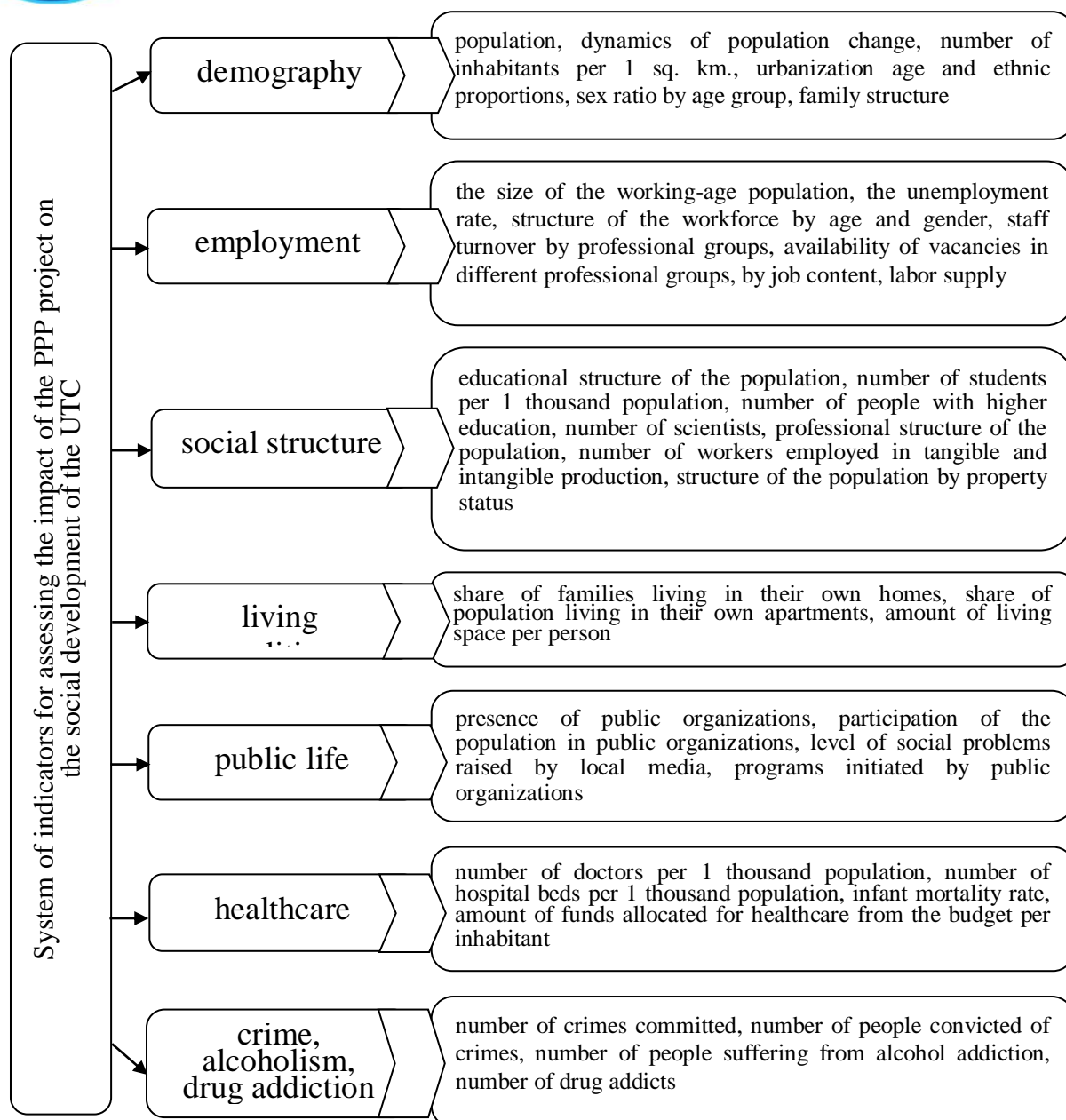
The state defines human security, protection of its rights and freedoms as its main value and implements the principles of security in the political, social, economic, environmental, informational and other spheres. PPP is increasingly being considered as a mechanism for solving many problems related to security management. The possibilities of PPP mechanisms give hope for the creation of clear rules and models of cooperation between the public and private sectors in the field of security [19, p. 120].





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*



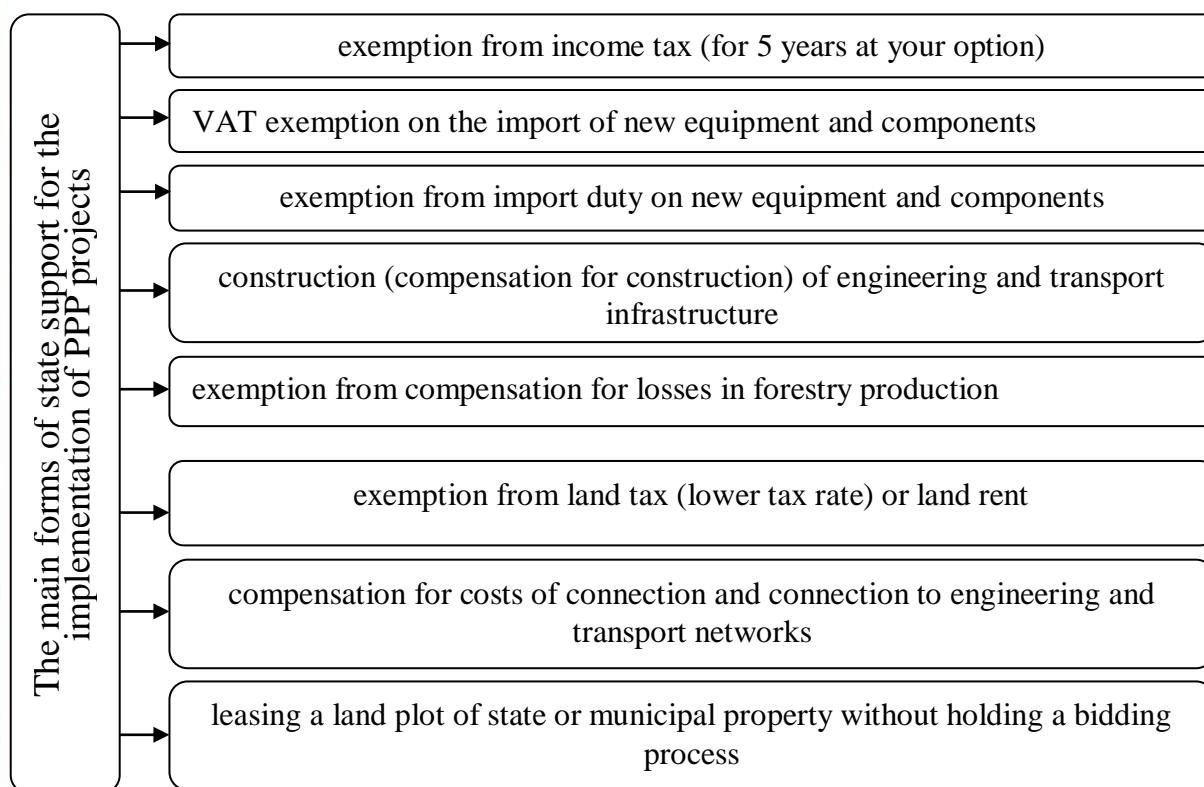
**Fig. 3.** System of indicators for assessing the impact of the PPP project on the social development of the UTC

Source: compiled by the author based on [16 – 18].

Public-private partnerships serve as a way of organization that can improve the flexibility and reliability and timeliness of the state's response to modern challenges and threats, including a wider range of public and private actors



[19, p. 120]. The main forms of state support for the implementation of PPP projects are presented in Fig. 4.



**Fig. 4.** The main forms of state support for the implementation of PPP projects

Source: compiled by the author based on [16 – 18].

Project developers can use those indicators and groups of indicators that, in their opinion, most closely correspond to the goals and content of the project. Project developers use the comparison method when assessing the impact of the PPP project on the social development of the region, namely, based on the above indicators, an assessment of the current and projected social state of the region is given, as well as an assessment of the impact of the PPP project on individual indicators of social development [16, p. 34].

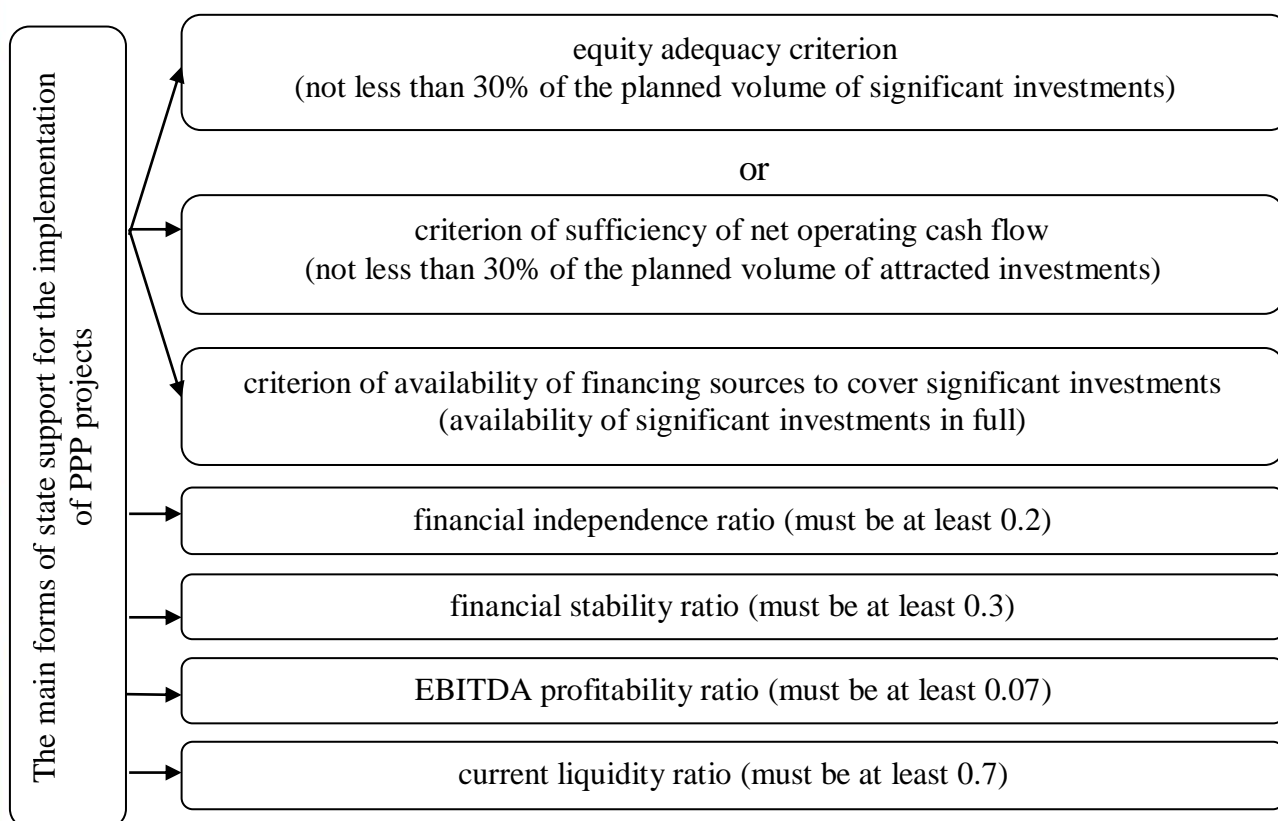




## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

These forms of state support are provided subject to compliance with financial capacity criteria and their confirmation during the implementation of PPP projects (Fig. 5).



**Fig. 5.** Financial capacity criteria and their confirmation in the implementation of PPP projects

Source: compiled by the author based on [20 – 22].

At the state level, the main areas of implementation of investment projects within the PPP have been established, the list includes the following areas: electronic communications, mining, education, scientific and scientific-technical activities, healthcare, tourism, art and culture, resort and recreational sphere, sports, logistics, postal and courier activities, warehousing, transport, waste management, processing industry, biogas and biomethane production. An effective mechanism for implementing PPPs in the social sphere is the implementation of



joint financing projects by city and regional councils. Local authorities act as co-investors, while public organizations and other civil society institutions that directly implement the project act as partners.

The experience of European countries in implementing PPP projects in the interaction of the state and local business entities indicates their effectiveness, prospects and acceptability for civil society. In difficult conditions of infrastructure development of Ukrainian UTCs, their restoration, the urgent need to modernize housing and communal services, limited opportunities in the available financial resources of local governments, the need to ensure an increase in the quality of public services to the population require the search for various alternative approaches. A rational combination of the capabilities of local governments and private investments in many areas of UTC functioning within the PPP will contribute to the sustainable socio-economic development of territorial communities. Without the participation of potential investors and innovative approaches to managing changes at the UTC level, it is practically impossible to respond to the modern challenges of today's Ukraine.

The main directions of PPP development within the framework of the socio-economic development strategy of the UTC are as follows: development and constant adjustment of the main directions of socio-economic development; support, promotion and dissemination of awareness about PPP; development of PPP development programs at the UTC level; formation of elements of the PPP institutional environment in UTC; carrying out communication activities to increase partner trust and develop a communication strategy between public and private partners.

The UTC level is more interested in implementing PPP projects, since, being limited in development resources, it is forced to constantly look for new growth points and tools for the development of the territorial community. PPP is also





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

interesting to local business, since it sees, first of all, a reliable and valuable partner in the public authority, rightly believing that the regional level may be inaccessible to it.

For local businesses, partnership with local governments within PPP projects ensures a fairly rapid implementation of the range of permits and helps reduce risks. The local investor receives a guaranteed income throughout the entire period of the PPP agreement, which is a significant advantage. That is, local authorities and civil society institutions will guarantee stable demand for the project and promote its implementation. Partnership with local governments guarantees financial integrity. Residents of UTCs receive high-quality and timely public services in various areas.

Territorial efficiency indicators reflect the financial efficiency of the PPP investment project from the point of view of the relevant UTC, taking into account the impact of the project implementation on local business, the social and environmental situation in the UTC, and the revenues and expenditures of the local budget.

The performance indicators of the PPP project at the UTC level include the following groups: operating activities (sale of final products (+), receipts to the local budget of taxes and fees due to the implementation of the PPP project (+), material costs for the implementation of the project (-), labor costs (-), indirect financial results (+); investment activities (acquisition of fixed assets and other non-current assets (-), changes in working capital (+ or -), sale of non-current assets (+), sale of acquired patents, licenses and other intangible assets (+); financial activities (subsidies, grants from the external environment (+), receipt of loans and funds from the issue of debt securities (+), return of the principal amount to the external environment (-), payment of interest on debt service to the external environment (-), payment of dividends to the external environment (-).



The use of PPP as a mechanism for implementing a new policy of territorial development of UTCs provides opportunities to: attract additional resources for modernization in UTCs of regions; reduce the burden on the expenditure side of regional and local budgets; attract financial resources that were previously "in the shadows" to the implementation of investment projects; redistribute risks and strengthen the responsibility of PPP participants for the implementation of investment projects at the local level.

In order for a private investor to participate in the provision of public services, it is necessary that he be confident in the feasibility and effectiveness of the costs. This means that the investment and business environment is stable and the management risks are insignificant [23, p. 15].

The assessment of the social economic efficiency of the PPP project is carried out using the following groups of indicators: cash flow from operating activities (sale of final products (+); sale of patents, licenses, intangible assets created during the implementation of the PPP project (+); income received from investments in financial instruments (+); VAT budget for the purchase of equipment (+); costs of payment for goods (-); labor costs (-); indirect financial results, which are reflected in monetary form (+); cash flow from investment activities (purchase of fixed assets and other non-current assets (-); changes in working capital (+ or -); sale of non-current assets (+).

The imperfection of PPP support tools and the establishment of effective interaction between public authorities and civil society institutions hampers the practical implementation of projects, while the development of PPP in Ukraine requires certain adjustments to national legislation, the starting point for which should be the creation of a single PPP base, which will allow for the most effective use of all the advantages of such a partnership in modern conditions of socio-economic development of the state.



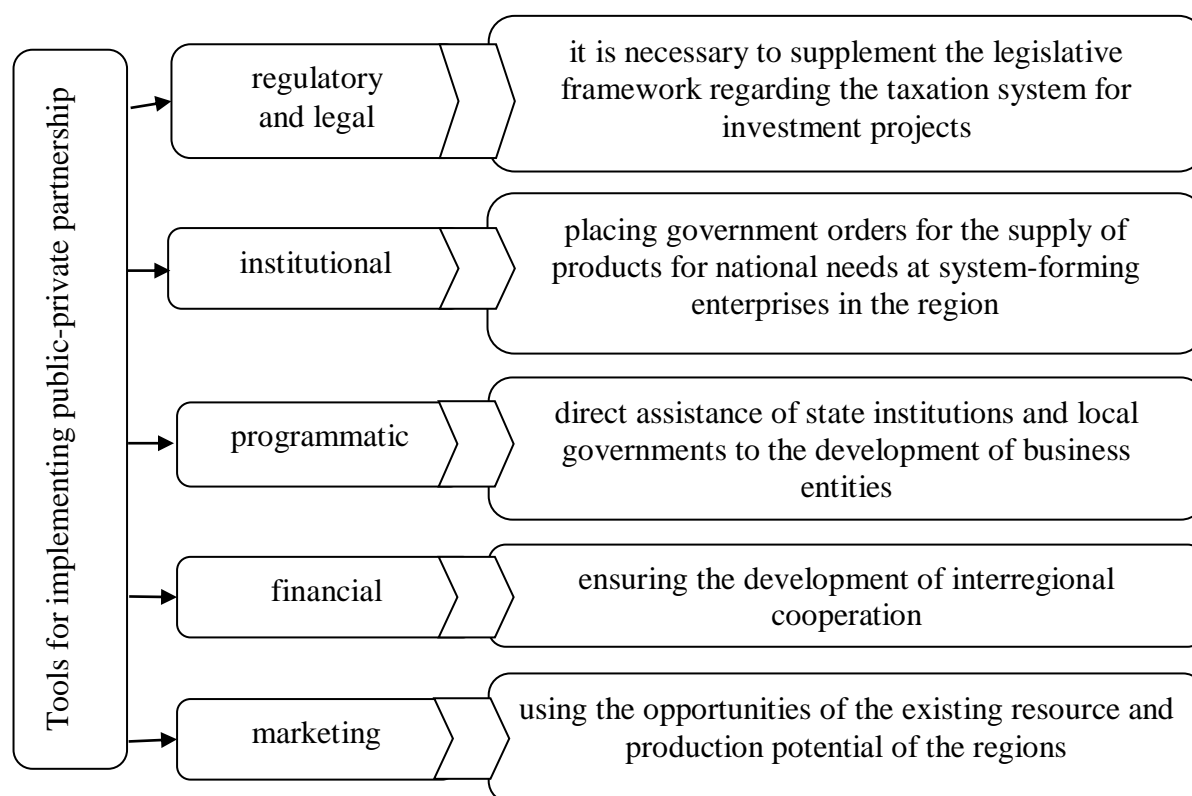


## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

The role of the state is to attract resources, provide access to expert advice and develop the institutional framework to ensure the successful development, implementation and management of projects.

The development of PPP implementation tools involves the directions presented in Fig. 6.



**Fig. 6.** Tools for implementing public-private partnership

Source: compiled by the author based on [2, 16 – 18].

In many countries, this is done through centralized institutional mechanisms that are part of the executive branch or affiliated with key ministries that provide resources for project development or other incentives for the use of the PPP mechanism. These institutional mechanisms can be coordinated by a single central agency or department (often called a «public-private partnership center»), or they can be distributed among a number of agencies and departments [7, p. 243].



The analysis of legislative and regulatory legal acts regulating the organizational and managerial aspects of PPP shows that their effectiveness in regulating the mechanism for implementing the partnership model of relations between state authorities, local governments and business is quite low, which does not contribute to the intensification of cooperation in ensuring innovative territorial development of UTCs. The PPP implementation mechanism is multi-level, there are significant overloads of power powers and control functions, a complex and bureaucratic procedure for making decisions on the implementation of PPP projects, a long period of determining a private partner, and prolongation of the terms for concluding a PPP agreement.

Joint effective work of public authorities, representatives of the business environment, public, scientific and educational institutions, experts of international organizations will contribute to the effective implementation of public-private partnership mechanisms as a key driver of attracting investments in the development of critically important infrastructure facilities. And this, in turn, will allow achieving the main goal, which is the post-war reconstruction of the national economy of Ukraine taking into account best practices, creating conditions acceptable to donors and participants, while preventing corruption risks [24, p. 271].

Cooperation of public representatives with state authorities and local self-government bodies, whose activities remain insufficiently transparent and bureaucratized, leads to the following negative consequences in the field of PPP: lack of effective public control by civil society institutions over the functioning of state and local authorities; insufficient public participation in the formation and implementation of state, regional policy and resolving issues at the local level; lack of effective state incentives for PPP investors, lack of effective mechanisms to prevent fraud and other abuses; imperfect unified state information and educational policy in the field of PPP; lack of state financial support for most civil society





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

organizations due to its limited scope, lack of transparent competitive procedures and provision of unjustified advantages to individual civil society organizations; implementation of projects of public organizations with state financial support is complicated by short implementation periods during which it is provided and unjustified restrictions on possible expenses financed from the budget; State authorities and local governments do not fully utilize the potential of public organizations in providing social services; there is no effective stimulation of social entrepreneurship and the possibility of public organizations implementing entrepreneurial activities aimed at solving socially significant problems of territorial development.

Expanding the tools of partnership relations between the state, education, science, business and society within the framework of using PPP mechanisms for the purpose of innovative development of regions and UTCs involves technological development, the formation of appropriate social, production and innovation infrastructure taking into account the interests and with the active participation of business, the effective use of municipal property and local budget funds, and the stimulation of innovation activity to attract investment.

The most serious obstacle to the implementation of PPP projects is the general state of the institutional environment in which the private partner has to implement the PPP project. The most serious problems of a systemic nature include: difficulties in obtaining permits and approvals necessary for the implementation of the PPP project ; difficulty in re-registering the right to use the land plot on which the PPP object is located to the private partner; insufficient professional training of officials dealing with PPP issues, low level of their motivation; the presence of corruption; difficulty in practical implementation of guarantees provided by the state partner for the purposes of implementing the PPP project, etc. [2, p. 7].



Today in Ukraine, a mechanism for implementing public-private partnership has been formed at the legislative level, however, its practical application proves the existence of significant legislative shortcomings, shortcomings and problems in it. As the study showed, none of the stages of the partnership implementation mechanism is perfect and requires changes. One of the main reasons that hinder the development of projects based on partnership between the state and business is the presence of two diametrically opposed phenomena - the legal field in the field of public-private partnership, depending on the context, is either unregulated or, conversely, regulated [25, p. 119].

An effective model for implementing PPP is the Government Concept Relation. According to this concept, it is the state as an institution of society, local governments, endowed with powers of authority by territorial communities, that are called upon to take on the initiative function of cooperation, with public authorities playing a key role, on the one hand, as the main customer of services, and on the other, as an entity that establishes special conditions for the implementation of the project.

Reconstruction and recovery will take a long time, combining the stability and determination of the state with the support of domestic business and international partners. And here it is important to interest the latter, provide them with a system of guarantees, security standards and reliable insurance, ensure the rule of law and minimize military risks, as well as introduce non-discriminatory transparent procedures in competitive selection. In general, the exchange of experience and transfer of best practices between countries can contribute to the further expansion and improvement of PPP models in the implementation of reconstruction projects in Ukraine. And due to the fact that there are various forms of PPP, this allows ensuring the optimal balance of interests and successful implementation of projects, provides flexibility in choosing a financing structure, sharing risks and



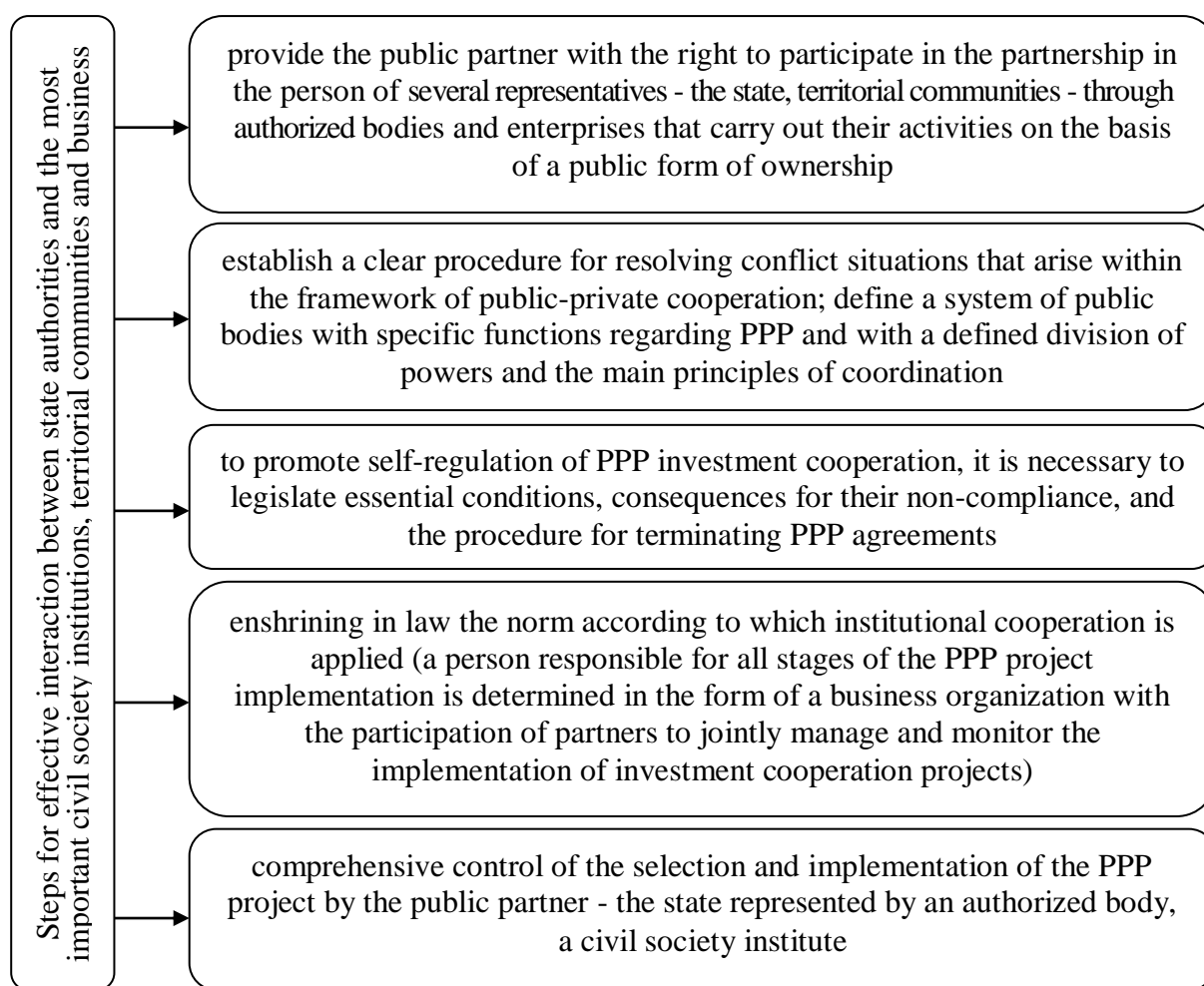


## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

benefits between the state and private partners, if the authorities have a serious intention to attract private investment on PPP terms for the reconstruction of destroyed infrastructure [26, p. 106].

Based on the work [4, 14, 27 – 34], the following steps can be identified for effective interaction of public authorities with civil society institutions, territorial communities and business (Fig. 7).



**Fig. 7.** Steps for effective interaction between state authorities and the most important civil society institutions, territorial communities and business

Therefore, the development of public-private partnership allows creating a synergy of capabilities of state administration bodies and local self-government



bodies, as well as the efficiency of private capital, and allows attracting significant investments into the economy [4, p. 13]. Further development and definition of institutional instruments of PPP from the point of view of the basic principles of civil society will largely allow to use the potential of UTCs, ensure the effectiveness and transparency of such cooperation and minimize the level of possible risks.

**Conclusions.** The modernization of the UTC economy, focused on innovative renewal of the real sector and the social sphere, can be achieved by creating a territorial innovation system ((accumulating public and private investments in the most significant innovation projects, thereby ensuring the organizational unity of organizations that realize creative potential), creating an infrastructure that meets the needs of the population, increasing the socio-economic efficiency of PPP: increasing the level of diversity of PPP forms and instruments, namely, applying the following forms: involving public representatives in participating in the preparation, implementation and monitoring of PPP projects; creating investment funds and collegial bodies on PPP issues at the regional level at the regional level; it is necessary to transform the social sphere into a priority object of PPP, create a body for policy formation and implementation of measures for the development of investment projects and a system for monitoring the conditions and results of PPP activities at the regional level with the involvement of civil society institutions.

Among the weaknesses of the implementation of PPP projects in Ukraine, the following can be distinguished: rapid changes in state policy and the legislative framework, which complicates planning; military operations in the country, unstable political situation, sanctions, decline in transit; unstable economic situation, high inflation and low purchasing power of the population; the presence of several different procedures for the implementation of PPP projects and the absence of clear criteria for their application, contradictions in the legislative





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

framework; lack of long-term budget planning and the possibility of establishing an «accessibility fee»; the need for significant investments in infrastructure modernization and the lack of resources in the state budget; imperfection of the mechanism for implementing projects and assessing their effectiveness, lack of experience and qualified specialists in the implementation of PPPs; ineffective interaction between state and local authorities, a complex procedure for approving PPP projects.

The development of PPP at the UTC level contributes to increasing the competitiveness of leading sectors of the economy; reducing entrepreneurial and investment risks in the field of research and development; spreading new technologies; developing innovative business, transport and municipal infrastructure; concentrating public and private financial resources on structural changes in the education system; solving problems in the social sphere and leads to increased innovative activity and efficiency of the investment sector of the economy, science and education, reducing budget expenditures of all levels in the implementation of socially significant innovation projects and programs.

At the same time, the tools for activating effective interaction between public authorities and the public in the implementation of PPP projects at the UTC level are: direct participation of state institutions and local self-government bodies in financing investment projects using PPP forms; financial decentralization and decentralization of powers in order to delegate more opportunities to regions to solve their own urgent problems; searching for and attracting business structures to implement PPP projects on a competitive basis; ensuring appropriate organizational, economic and legal foundations for ensuring the effective activities of PPP participants; ensuring the protection of the rights of PPP participants by providing guarantees to domestic and foreign investors in the form of risk insurance in case of non-fulfillment of the obligations undertaken.



## References:

1. Makuha S. M. Public-private partnership: problems and prospects for Ukraine. *Bulletin of socio-economic research. Odessa National Economic University*. 2024. № 3(21). P. 258–272.
2. Public-private partnership as a mechanism for implementing a new regional economy: application possibilities and practical aspects of preparing and implementing investment projects. URL: [https://rdpa.regionet.org.ua/images/129/PPP\\_report\\_U-LEAD\\_30\\_10\\_2017.pdf](https://rdpa.regionet.org.ua/images/129/PPP_report_U-LEAD_30_10_2017.pdf) (дата звернення: 25.04.2025).
3. Review of the European PPP Market in 2024. European Investment Bank, 03.2025. 20 p.
4. Knir M. O. Public-private partnership: world experience and experience of Ukraine. *Scientific notes of the National University «Ostroh Academy». Series «Economy»*. 2018. 10(38). P. 10–14.
5. Review of the European PPP Market in 2023. European Investment Bank, 03.2024. 20 p.
6. Офіційний сайт Міністерства економіки України. URL: <https://me.gov.ua/?lang=uk-UA> (дата звернення: 25.04.2025).
7. Status of PPP Implementation in Ukraine, URL: [https://me.gov.ua/Documents/Detail?id=9fc90c5e-2f7b-44b2-8bf1-1ffb7ee1be26&title=Stan\\_Zdiisnennia\\_DppVUkraini](https://me.gov.ua/Documents/Detail?id=9fc90c5e-2f7b-44b2-8bf1-1ffb7ee1be26&title=Stan_Zdiisnennia_DppVUkraini) (дата звернення: 25.04.2025).
8. Noskov O. M. Public-private partnership of local governments and small and medium-sized businesses: innovative approaches in Ukrainian communities. *Problems of modern transformations*. 2024. №14. URL: [https://reicst.com.ua/pmtl/issue/view/issue\\_14\\_2024](https://reicst.com.ua/pmtl/issue/view/issue_14_2024) (дата звернення: 25.04.2025).
9. Моніторинг реформи місцевого самоврядування та територіальної організації влади станом на 10.01.2022 р. URL: <https://decentralization.ua/uploads/library/file/800/10.01.2022.pdf> (дата звернення: 25.04.2025).





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

10. Моніторинг реформи місцевого самоврядування та територіальної організації влади станом на 01.10.2023 р. URL: [https://decentralization.ua/uploads/library/file/871/Моніторинг\\_01.10.2023.pdf](https://decentralization.ua/uploads/library/file/871/Моніторинг_01.10.2023.pdf) (дата звернення: 25.04.2025).

11. Моніторинг реформи місцевого самоврядування та територіальної організації влади станом на 01.10.2024 р. URL: [https://decentralization.ua/uploads/library/file/960/Моніторинг\\_III\\_квартал\\_2024.pdf](https://decentralization.ua/uploads/library/file/960/Моніторинг_III_квартал_2024.pdf) (дата звернення: 25.04.2025).

12. Моніторинг реформи місцевого самоврядування та територіальної організації влади станом на 01.04.2025 р. URL: <https://mindev.gov.ua/storage/app/sites/1/uploaded-files/monitoring-i-kvartal-2025-roku.pdf> (дата звернення: 25.04.2025).

13. Dzyurakh Yu. M., Samborak M. S. Development of food security using public-private partnership mechanisms in rebuilding the economy of Ukraine . *Current issues in modern science*. 2024. № 3(21). No. 5 P. 258–272.

14. Uzunov F. V. Improving the tools for implementing public-private partnership in Ukraine: author's abstract of the dissertation ... doctor of science in public administration: 25.00.02. Zaporizhzhia, 2015. 36 p.

15. Pashinin O. A. Public-private partnership as a form of property rights implementation in the field of management. *Legal scientific electronic journal*. 2024. № 4. P. 261–265.

16. Practical guide to preparing a feasibility study and applying the methodology for analyzing the effectiveness of public-private partnerships. Practical guide to preparing a feasibility study; United States Agency for International Development USAID. Kyiv: Sofia LLC. 2012. 102 p.

17. Brailovsky I. A. Public-private partnership: methodology, theory, development mechanisms: dissertation ... doctor of economic sciences: 08.00.01. 2014. 462 p.

18. Simak S. V. Institutional development of public-private partnership in the system of public administration: dissertation ... doctor of science in public administration: 25.00.02. Kyiv, 2016. 447 p.



19. Didych O. R., Naumenko M. M. Public-private partnership in ensuring national security in conditions of full-scale invasion. *Academic notes of V. I. Vernadsky TNU. Series: Public management and administration*. 2023. Volume 34 (73). №. 2. P. 118–123.

20. Guide: державна підтримка інвестиційних проєктів із значними інвестиціями. URL: [https://ukraineinvest.gov.ua/wp-content/uploads/2025/01/gajd\\_znachni-investycziyi\\_ukr.pdf](https://ukraineinvest.gov.ua/wp-content/uploads/2025/01/gajd_znachni-investycziyi_ukr.pdf) (дата звернення: 25.04.2025).

21. Інвестиційні можливості в Україні. URL: (дата звернення: 25.04.2025).

22. Інвестиційні можливості у державно-приватному партнерстві. URL: <https://ukraineinvest.gov.ua/wp-content/uploads/2024/12/dpp-ukraineinvest.pdf> (дата звернення: 25.04.2025).

23. Research of optimal models of public-private partnership for industrial parks in Yavoriv and Nowy Rozdil: developed under the project «Development of entrepreneurship by improving access to investment plots in the city and commune of Liubachiv, as well as restoration of degraded lands of Yavoriv district and the city of Nowy Rozdil». Lviv, 2015. 278 p.

24. Kyzym M. O., Khaustova V. E., Trushkina N. V. Financial support for the development of critical infrastructure in the conditions of post-war reconstruction of the economy of Ukraine. *Business Inform*. 2023. № 8. P. 263–274.

25. Shavlak M. A. Directions for improving the mechanism for implementing public-private partnership. *Academic notes of V. I. Vernadsky TNU. Series: Public management and administration*. 2022. Volume 33(72). № 5. P. 115–120.

26. Nagorna O. V., Vasylyshyn Yu. V., Ryaby R. A. Public-private partnership in the reconstruction of Ukraine. *Bulletin of socio-economic research. Current economic problems*. 2024. № 11(281). P. 101–108.

27. Bovsulivska I. V. Public-private partnership as an object of theoretical research in the field of public administration. *Scientific notes of V. I. Vernadsky TNU. Series: State Administration*. 2019. Volume 30(69). № 2. P. 7–12.





## MODERNÍ ASPEKTY VĚDY

### *Svazek LVI mezinárodní kolektivní monografie*

28. Kalinin O. V., Maltsev M. M., Datsyuk P. M. Effectiveness of operational management of a construction enterprise in conditions of public-private partnership. *Bulletin of the Eastern European University of Economics and Management*. 2024. № 1 (31). P. 136–149.
29. Karkovska V. Ya., Dub N. Ye. Public-private partnership in the field of private medicine: improving the availability and quality of services. *Society and national interests*. 2024. № 4. P. 1023–1031.
30. Merzlyuk L. V. Mechanisms for stimulating public-private partnerships in the field of infrastructure restoration: experience and prospects in Ukraine. *Investments: practice and experience*. 2024. № 3. P. 197–201.
31. Petrukha N. M. Public-private partnership in Ukraine: development prospects and impact on infrastructure restoration. *Public Administration and Policy*. 2024. № 2. P. 29–39.
32. Vinogradova N. V. Improving the institutional environment of public-private partnership in the implementation of priority projects of socio-economic development at the regional level. *Bulletin of socio-economic research. Odessa National Economic University*. 2024. №3 (21). P. 34–40.
33. Wolf V. Yu. Mechanisms of state stimulation of public-private partnership for the implementation of waste-free technologies for biofuel production in Ukraine. *Sustainable Economic Development*. 2024. № 2 (49). P. 346–353.
34. Zabashtansky M. M., Sydor I. P. Public-private partnership in ensuring sustainable socio-economic development of territorial communities. *Investments: practice and experience*. 2023. № 6. P. 18–23.