

Legislative constraints for public-private partnership development in Ukraine

*N. MUSHCHYNSKA, Ph.D., Associated Professor
Kharkiv National Municipal Academy*

The program of economic reforms for 2010-2014 in the field of housing and utility service confirms the vital necessity of public-private partnership (PPP) development for the infrastructure modernization to accelerate technological upgrading and improving resource and energy efficiency. In spite of (PPP) today is one of well-known model for construction and infrastructure projects development, whether use it or not is still controversial issue and depends on many factors. Figure 1 presents an overview of the frequency of PPP-model usage in European countries.

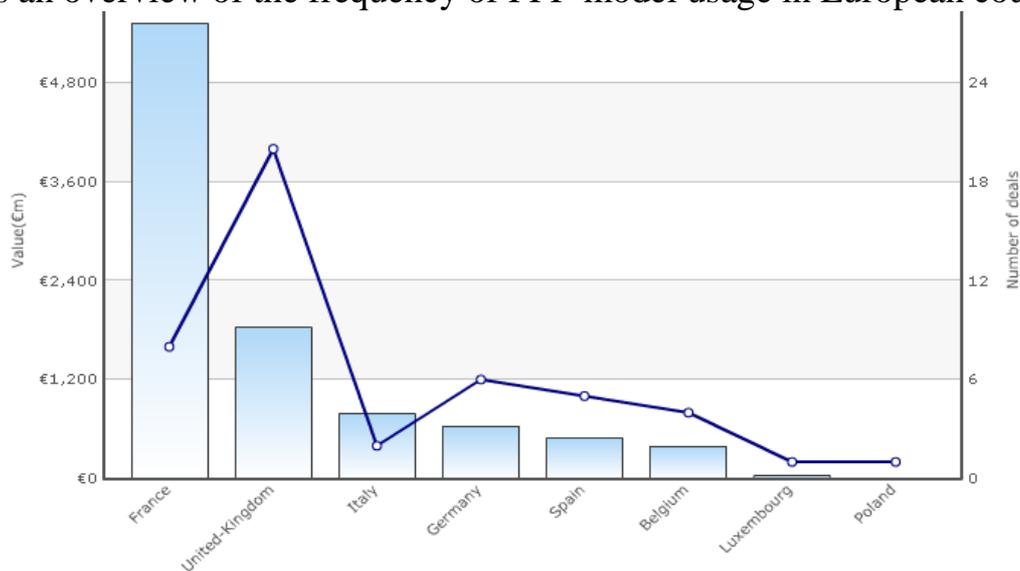


Figure 1. – European PPP market by Country in the first semester of 2011

The elucidation explores the influence of Ukrainian law “On State-Private Partnership” which was adopted in July 2010. Despite the fact that the law had to promote the growth of business interest to infrastructure projects and modernization utility service companies, PPPs have not got off the ground.

First of all Ukrainian legislation doesn't identify directly the goal of PPP but it is clear that the goal could not be a profit. The second problem is that in spite of the efficiency of institutional form, that have been proved in many European countries, only contractual form of PPP is suggested in Ukraine. We should also focus on corporate form of partnerships. For Ukraine, this form is also acceptable, because it actually has been used successfully, but in other forms of cooperation between state and private business (primarily concerned created in the process of corporatization or privatization of the so-called mixed-stock companies with varying degrees of state participation in the authorized capital) [1,2].

To implement this law “On State-Private Partnership” the Cabinet of Ministers of Ukraine in 2011 adopted the following regulations: Resolution "On approval of the state support for the implementation of public-private partnership", "On Approval of the Methodology of the identification risks associated with public-private partnership, their evaluation and determination of the form of management", "On

approval of the private partner to provide public information about contract under public-private partnership”. Ministry of Economic Development and Trade is defined to be competent authorities in the field of PPP. Legislation on PPP is a new and significant array of regulations as its implementation has not yet been approved. It actually makes the effective implementation of PPPs. Currently, the state budget does not provide funds to support PPP. However, the Cabinet of Ministers requires public authorities to provide appropriate expenditures to support PPP in its proposals.

Generally, Ukrainian legislation constraints the development of PPP that cause an increase of unsolved problems in the sphere of utility service and slow down an infrastructure modernization.

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