

PUBLIC-PRIVATE PARTNERSHIP: ORGANIZATIONAL AND ECONOMIC SUMMARY

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The article analyzes the economic-organizational nature of a public-private partnership, identifies the main challenges and PPPs characterized by the risks and suggests the ways to minimize them in the implementation of PPP projects.

At the present stage of transition economy logistics the infrastructure requires a significant improvement. But in times of crisis the funds from the state funding are not enough, therefore, they began to attract the private sector. Public-private partnership (hereinafter – PPP) is the most appropriate method for the realization of different logistics projects.

There is no single approach to the definition of a public-private partnership, and this concept is different in different countries, and different authors. For example, the Law of the Republic of Belarus "On state private partnership" defines this term as the legal registration for a specified term mutually beneficial cooperation between the public and private partners to identify resources and risk sharing that meets the goals, objectives and principles set forth by this law, carried out in the form of agreements PPP [1].

World Bank offers this definition: "PPP is an agreement between public and private parties about the production and the provision of infrastructure services, concluded in order to attract further investment and, more importantly, as a means to improve the efficiency of budget financing" [2].

Thus, we can offer the following definition: PPP is a mutually beneficial cooperation between the state and the private sector in order to attract additional resources, risk allocation and efficiency of budget financing.

The implementation of PPP in the logistics is associated with the implementation of the following list of problems:

1. The development of logistics infrastructure;
2. Implementation of science and technology;
3. Achieving effective financing;
4. Improving the quality of services provided;
5. Increasing the level of employment;
6. Optimization of flow processes for solving socio-important tasks [4].

To perform these tasks using PPP mechanisms is used in various spheres. They can be classified into the following groups: infrastructure, legal, public and state support of entrepreneurship tools [3]. All of them are presented in Table 1.

Table 1 – Instruments of PPP

Instruments	Examples
Infrastructure	Investment Fund; Development Bank of the Republic of Belarus; Special Economic Zones; Technopark; Venture Company; Other corporations.
Legal	Law of the Republic of Belarus "On public-private partnership"
Public	Public organizations (unions of entrepreneurs); Non-profit organizations; The business community; Self-regulatory organizations.
Instruments of state support for entrepreneurship	Tax stimulation; Access to credit; Subsidies and grants; Direct government funding; Government loans and loans; Inclusion in the public investment program.

Source: own elaboration based on the studied literature.

PPP mechanisms are particularly effective in the implementation of transport and logistics infrastructure projects that have a high level of capital intensity, long payback period and return on investment. [4]

Funding logistics projects involves the distribution of risks between the partners. PPP involves the transfer of risk to the private sector, as it copes with them most effectively. The government is also involved in mitigating risks, but to a lesser degree. Types of possible risks are listed in Table 2.

Table 2 – Possible risks in the implementation of PPP projects

Risk Name	Examples
Macroeconomic risks	Changes in exchange rates; Inflation; The growth of the debt; Changes in interest rates; The risk of default.
Political risks	Change or inconsistency of legislation; The risk of rupture of the contract; The risk of military action.
Technical risks	Lack of technical equipment; Changes in environmental conditions; Damage to the equipment;
Financial risks	Excess of expenses over revenues; Revenues from the project did not reach the expected level; A high proportion of the costs in the logistics industry; The ability to implement a new type of tax.

Source: own elaboration based on the studied literature.

In order to avoid or minimize the risk of data, the following methods are used:

1. Recognize the type of risk that in the future to work on mitigation;
2. Risk sharing between the state and the private sector:
 - The State may take over a guarantee for the money and the obligations of the private partner, if the proceeds from the operation of the facility will be insufficient to cover their [5, p. 197];
 - The state can compensate for a certain amount of investment expenses of the private partner [5, p. 197];
3. Provide incentives for implementing social projects [5, p. 197];
4. Insurance;
5. The provision of state support.

In the context of the economic situation of instability there is a need to invest in logistics centers [6]. To minimize the use of budget funds in order to continue providing state services involve the private sector. The state is activated less means there is risk sharing with the private sector. On the part of the private partner – receive guaranteed profits over the long term.

Thus, we can distinguish among the main features of PPP:

- The presence of two parties – the state and the private partner, which are distributed between the responsibilities and risks;
- Both the state and the private partner has its own goals for the association;
- Temporary or medium-term agreement;
- Focus on the implementation of social projects;
- Pooling of financial, material and social resources;
- The state does not consider the budget as the main source of funding, planning to use them as an incentive to private investment flows [4].

In conclusion, the private business is not the only investor in the development of logistics projects, but also a mechanism to optimize costs and reduce costs. As a result, the state and the private sector union logistics receive sufficient funding and will create all necessary conditions for the further development of logistics infrastructure in the Republic of Belarus.

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