INTERNATIONAL EXPERIENCE OF PUBLIC PRIVATE PARTNERSHIP DEVELOPMENT

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This article is a review of the experience of foreign countries with the most successful practices of applying public-private partnerships and the implementation of relevant projects. The author analyzes the European market, identifies the most sought-after industries in respect of which PPP contracts are concluded. Also, the author of the article asks how exactly the existence of its own legislative base affects the effectiveness of project implementation. Based on the data obtained, the author tries to determine the key features due to which there is an effective management and implementation of PPP projects.

Keywords: public-private partnership, the interaction between government and business, foreign experience.
**INTRODUCTION**

In the modern world, various methods that are able to assist the state in fulfilling its tasks are becoming increasingly relevant. In the context of budget deficits, government agencies are resorting to the search for new sources to attract extrabudgetary funding for the implementation of infrastructure projects. In this regard, projects based on the principles of public-private partnership will be of particular interest to the state.

For this, civil servants need to obtain fundamentally new competencies, within which they will have to understand not only the features of the business, but also be able to interact with it on the principles of equality and equality of parties to achieve mutually beneficial goals. It is through such cooperation that the state will be able to achieve positive results in the development of the country.

The primary consideration in this case is taking into account foreign experience, for which the use of PPP is one of the most optimal ways to solve socio-economic problems.

**LITERATURE REVIEW**

*United Kingdom*

The United Kingdom is one of the first countries where public-private partnerships have been legislated.

The first step to this was the adoption in 1992 of a special concept, called the “Private Finance Initiative” (Private Finance Initiative, PFI) [9, p. 8]. Its meaning was as follows: the functions of building, reconstructing, and operating state-owned social infrastructure facilities were transferred to private companies. This meant the emergence of the British PPP model, which had the following characteristics:

- the public partner undertook the obligation to compensate for the costs of the private party and to ensure the rate of return after putting the facility into operation;
- The state made regular payments from the budget.

This concept was successful until the onset of the global crisis in 2008. Then many projects were suspended due to lack of funding.

To date, the British government identifies the following main forms of interaction between the state and private business:

1) corporatization - the transfer of state ownership into the hands of a private business through the formation of mixed enterprises or the sale of part of the shares of a state company;

2) private financial initiative - the conclusion of long-term agreements between public and private partners for the construction, financing, management, operation of public property;

3) outsourcing - transfer of state functions to a business.
It should be noted that one of the features of the British PPP model is the freedom to choose a contractual form for each project due to the lack of a single law on PPPs. However, not all investment projects can be classified as PPP: there is a certain algorithm and a number of requirements, the main provisions of which are regulated by the Public Procurement Rules [7].

Currently, more than 700 PPP projects in various fields are being implemented in the UK. Their value is estimated at more than 54 billion pounds, while the largest amount of investments was attracted to the transport sector - more than 26 billion pounds. In turn, the largest number of projects are implemented in the areas of health and education. It should be noted that, as priority investors, the British government attaches particular importance to insurance and pension funds, which have significant financial resources. In addition, over time, government guarantees have increasingly been used. As a result, changes to PFI have led to the emergence of a new model called PF2

Features of PF2 include:
- increased budget efficiency;
- to ensure transparency, the state will strive to be a minority investor in projects (no more than 30%);
- sharing of risks clearly reflected in agreements;
- centralization of procurement;
- simplified access to borrowed capital.

One of the first programs concluded under the PF2 model was the Priority School Building Program, adopted in 2011. The project cost is estimated at 4.4 billion pounds, and the total number of schools that fell into this program is equal to 537. The program is scheduled for completion in 2021 [6].

In addition, the UK has the Regional Growth Fund, which was created by the British government to attract extrabudgetary funding. As of 2018, the fund has a budget of 2.6 billion pounds [8].

Canada

Since Canada is a state with a federal structure, the development of PPP in this country began in the 1980s. at the provincial level. A special contribution to the development of this direction was made by the provinces of Ontario, British Columbia, Alberta and Quebec.

For example, in Ontario, the state-owned Infrastructure Corporation is implementing PPP programs. Between 2006 and 2014, she implemented the large-scale infrastructure program Ontario’s Infrastructure Investment Program, the cost of which amounted to about 96.7 billion dollars. It is worth noting that the program had the following economic effect:
- The average contribution to real GDP was $ 11.3 billion annually;
- growth of corporate profits by $ 2.2 billion per year;
- reduction in unemployment;
- 16.7 billion dollars in additional tax revenue;
- 166 thousand new jobs [3, S. 5-6].

At the national level, the Department of Infrastructure Canada and the Canadian Council for Public-Private Partnerships play an important role. The main responsibilities of the latter include informational counseling, analytics and dissemination of best practices of PPPs, while the Canadian Department of Infrastructure is distributing funds from The P3 Canada Fund.

The PPP Fund is one of the tools to support regional and local governments regarding the implementation of PPP projects in various fields. Funding is carried out in several ways, and the distribution of funds occurs on a competitive basis. It should be noted that the maximum amount of support for the Fund cannot exceed 25% of the total project cost. As of 2018, the fund has supported 25 different projects across the country. The total cost of the projects totals more than 6 billion dollars, investments from the fund amounted to about 1.3 billion dollars [5].

Currently, 282 PPP projects are being implemented in Canada, the total cost of which exceeds $136 billion. The most widespread projects are in the field of healthcare (99), transport (79) and water supply (20). Nevertheless, one of the most ambitious PPP projects is being implemented in the energy sector: it is the Bruce Power Nuclear Power Plant Construction Project in Ontario. The total project cost is estimated at 23 billion dollars, which makes this project one of the largest in the history of Canada. All operational and market risks were transferred from the province to Bruce Power [4].

A special role for Canada is played by green economy projects. So, in the province of British Columbia, there is a thermal power station formed from industrial waste burial sites. It works on the gas that these same waste products emit. This approach is more environmentally friendly than burning. The private company BC Hydro, one of the key organizations in the development of British Columbia, was engaged in the design, construction, and operation [10]. Private investments amounted to about 10 million dollars, and the company makes their return through the sale of electricity and heat. The public partner on whose land the landfill is located receives 10% of the revenue in the city budget. He also guarantees the supply of waste necessary for the operation of the station. The term of the agreement between BC and BC Hydro is 20 years.

**ANALYSIS AND RESULTS**

**European PPP Project Market**

According to studies of the European Investment Bank [2], in 2018 the total cost of PPP projects that have passed the stage of financial closure is 14.6 billion euros, which is 4% less than in 2017 (15.2 billion euros).
Based on the data presented in Figure 1, we can draw the following conclusions:
- the total number of projects decreased to 39, while in 2017 their number was equal to 44. This is the smallest number of projects since 1997;
- the average cost of a single project increased to 375 million euros (345 million euros in 2017);
- 51% of all transactions were payments by a public partner (most in the form of availability fees).

It should be noted that 66% (9.6 billion euros) of the total cost of PPP projects in the European market were 8 projects:
- Channakalle Bridge (3.1 billion euros, Turkey);
- Ankara-Nowhere Motorway (1.2 billion euros, Turkey);
- Broadband access network in the Gironde (1.2 billion euros, France);
- Tunnel of Blankenburg (1 billion euros, the Netherlands);
- Highway A16 in Rotterdam (930 million euros, the Netherlands);
- Dam Afsletdeyk (810 million euros, the Netherlands);
- Laboratory at Bilkent University (711 million euros, Turkey);
- Highway A10 / A24 Neuruppin-Pankov (652 million euros, Germany).

Based on the above, it can be argued that the transport sector for PPPs is one of the most popular in Europe. The total value of all projects implemented in this industry is equal to 7 billion euros. It should be noted that in 2017 their value was approximately 7.6 billion euros.

The leader in the total cost of PPP projects in 2018 is Turkey with an indicator of 5.1 billion euros, although this is less than in 2017 (6 billion euros). At the same time, the largest number of projects were implemented in France - immediately 15 projects passed the stage of financial closure (see Figure 2).
It should be noted that at least 2 projects were implemented in five countries, while at least 1 project was implemented in ten countries. Great Britain also draws particular attention, which at relatively low cost (less than 500 million euros) managed to implement about 8 PPP projects.

An important role in the implementation of the projects was played by insurance companies and pension funds. 21 PPP projects out of 39 in 2018 received additional funds thanks to institutional investors through the use of various financial models.

With regard to industry separation, the transport sector remains the most costly. At the same time, as many projects (7) were agreed in this industry as in the areas of telecommunications and ecology. Note that telecommunication projects are most widespread in France, where 6 projects have passed the stage of financial closure. Nevertheless, the largest number of projects (9) are implemented in the field of education, while their total cost is about 952 million euros.

As follows from the above data, PPP is used a little less often than it was a few years ago. Investors continue to show great interest in transport industry projects, despite their high cost. Obviously, projects in the field of telecommunications will gradually gain more popularity and development. First of all, this is due to the global trend towards technological and digital development.

An equally important factor in the development of PPP is the presence of government bodies, as well as the level of effectiveness of the performance by civil servants of their duties. Based on the experience of foreign countries, two basic models are distinguished: the creation of specialized governing bodies for PPPs and within the framework of a general public administration system. Note that most European countries prefer to go the first way, and this applies to the category of countries in which there is no specialized legislation. It is obvious that the creation of such bodies allows for more effective management of PPP projects, facilitating their implementation, and performing control and monitoring functions.
here is occupied by financial assistance to PPP projects: it can include both soft loans and tax measures. In some countries (Great Britain, Australia) trust funds are being created whose main purpose is to co-finance PPP projects.

CONCLUSION
Over the past few decades, the phenomenon of PPP has significantly changed and has undergone a number of changes. The number of projects is gradually increasing, the legal framework is being strengthened, and the industry is expanding. An analysis of foreign experience shows that there is a centralization of public administration in this area: public institutions play an increasingly important role in the establishment of the PPP institution and its transformation into an infrastructure development tool.

References