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INSTITUTE OF PUBLIC-PRIVATE PARTNERSHIP IN THE CONTEXT OF THE POSSIBLE DIRECTIONS OF THE SOCIAL CAPITAL FORMATION

Introduction. *The article is devoted to the study of the institute of public-private partnership (PPP) and possible directions of the social capital formation. The paper analyzes the modern practice of realization of public-private partnership projects. Such projects include the presence of trust between central or local authorities and the private sector.*

The objective of the article is to substantiate the directions of the social capital formation in the process of implementation of the institution of public-private partnership.

Results. *The analysis of the institute of public-private partnership as an opportunity to mobilize previously unused private sector resources at the local and regional levels was carried out. Studies have shown that with the transition to an innovative way of development, public-private partnership becomes an effective institutional form of attracting private capital for solving problems in the field of scientific research, construction of infrastructure facilities, energy, and social sphere. In our opinion, it is not a new institution, in one form or another, it accompanies all historical periods of state development, but at the present stage it becomes of special significance. The conducted researches suggest that the successful implementation of projects through PPP largely depends on such a universal cultural characteristic as the confidence level of a given society. It was revealed that the lack of trust is one of the most significant causes of social tension, the erosion of social networks and the reduction of social capital.*

Proposals have been developed that suggest that the state is the most active in partnership for the implementation of the social function, since it is less interested in preserving the exclusivity of sovereign powers in this area.

Thus, social capital not only provides a stable flow of public capital, but also sets the social vector of its development through the institution of public-private partnership.

Keywords: *institute, public-private partnership; social capital, state, contract.*

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ІНСТИТУТ ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА У КОНТЕКСТІ ЕВЕНТУАЛЬНИХ НАПРЯМІВ ФОРМУВАННЯ СОЦІАЛЬНОГО КАПІТАЛУ

Стаття присвячена дослідженню інституту державно-приватного партнерства (ДПП) та можливим напрямам формування соціального капіталу. У роботі проаналізовано сучасну практику реалізації проектів державно-приватного партнерства. Такі проекти передбачають наявність довіри між центральними чи місцевими органами влади та приватного сектору.

Метою статті є обґрунтування напрямів формування соціального капіталу в процесі реалізації інституту державно-приватного партнерства.

Проведено аналіз інституту державно-приватного партнерства, як можливості мобілізувати раніше невикористовувані ресурси приватного сектора на

місцевому та регіональному рівнях. Дослідження показали, що при переході до інноваційного укладу розвитку державно-приватне партнерство стає ефективною інституційною формою залучення приватного капіталу для вирішення завдань в області наукових досліджень, будівництва об'єктів інфраструктури, енергетики, соціальної сфери. На нашу думку, не є новим інститутом, в тій чи іншій формі воно супроводжує все історичні періоди розвитку держави, але на сучасному етапі набуває особливого значення. Проведені дослідження дозволяють стверджувати, що успішність реалізації проектів через ДПП багато в чому залежить від такої універсальної культурної характеристики, як властивий даному суспільству рівень довіри. Виявлено, що дефіцит довіри входить в число найбільш значущих причин соціальної напруженості, розмивання соціальних мереж і зниження соціального капіталу.

Розроблено пропозиції, які дозволяють стверджувати, що найбільш активно держава вдається до партнерства для реалізації соціальної функції, оскільки в найменшій мірі зацікавлене в збереженні винятковості суверенних повноважень в цій сфері.

Таким чином, соціальний капітал не тільки забезпечує стабільний оборот громадського капіталу, а й, через інститут державно-приватного партнерства, задає соціальний вектор його розвитку.

Ключові слова: інститут, державно-приватне партнерство; соціальний капітал, держава, контракт.

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ИНСТИТУТ ГОСУДАРСТВЕННО-ЧАСТНОГО ПАРТНЕРСТВА В КОНТЕКСТЕ ЭВЕНТУАЛЬНОГО НАПРАВЛЕНИЯ ФОРМИРОВАНИЯ СОЦИАЛЬНОГО КАПИТАЛА

Статья посвящена исследованию института государственно-частного партнерства (ГЧП) и возможным направлениям формирования социального капитала. В работе проанализирована современная практика реализации проектов государственно-частного партнерства. Такие проекты предусматривают наличие доверия между центральными или местными органами власти и частного сектора.

Целью статьи является обоснование направлений формирования социального капитала в процессе реализации института государственно-частного партнерства.

Проведен анализ института государственно-частного партнерства, как возможности мобилизовать ранее неиспользуемые ресурсы частного сектора на местном и региональном уровнях. Исследования показали, что при переходе к инновационному укладу развития государственно-частное партнерство становится эффективной институциональной формой привлечения частного капитала для решения задач в области научных исследований, строительства объектов инфраструктуры, энергетики, социальной сферы. По нашему мнению, ГЧП не является новым институтом, в той или иной форме оно сопровождает все исторические периоды развития государства, но на современном этапе приобретает особое значение. Проведенные исследования позволяют утверждать, что успешность реализации проектов через ГЧП во многом зависит от такой универсальной культурной характеристики, как свойственный данному обществу уровень доверия. Выведено, что дефицит доверия входит в число наиболее значимых причин социальной напряженности, размывание социальных сетей и снижение социального капитала.

Разработаны предложения, которые позволяют утверждать, что наиболее активно государство прибегает к партнерству для реализации социальной функции, поскольку в меньшей степени заинтересовано в сохранении исключительности суверенных полномочий в этой сфере.

Таким образом, социальный капитал не только обеспечивает стабильный оборот общественного капитала, но и, через институт государственно-частного партнерства, задает социальный вектор его развития.

Ключевые слова: *институт, государственно-частное партнерство; социальный капитал, государство, контракт.*

Formulation of the problem. Public-private partnership is an institutional and institutionalized interaction on a mutually beneficial basis between the state and business in order to implement economically and socially significant projects and programs. In the context of the ongoing transition of the domestic economy to market mechanisms in all areas, various forms of PPP are an effective institution for accelerated development.

The main purpose of PPP is to provide private businesses with the opportunity to provide services using the infrastructure that is being developed now or have been developed before at the expense of the state, although there are options in which the business develops the infrastructure at its own expense, intending to subsequently provide services to the state or society as a whole. When implementing a project recognized as effective one by both public and private stakeholders, the risks associated with the project are redistributed among them as follows: the risks of an economic, financial, project nature are largely transferred to a private structure, and political, regulatory and macroeconomic - to the government, international financial institution or private insurers.

The following scientists, such as N. Butenko [1], L. Tarash [2], P. Shylepnytskyi [3] and other researchers, made a significant contribution to the development of the theory and practice of partner interaction between the state and business. The development of public-private partnership is largely due to the change in the philosophy of managing state projects in the 1980s. At that time, the concept of "new state administration" appeared, covering a wide

range of concepts used to describe the wave of public sector reforms around the world. The essence of this concept is that a large market orientation in the public sector will lead to greater government effectiveness, without negative side effects to other goals and government priorities. This concept has gained particular popularity in the Anglo-Saxon countries, where the system of state administration is built on a commercial basis and is aimed at reducing public spending on the provision of public services.

The objective of the article is to substantiate the directions of the social capital formation in the process of implementation of the institution of public-private partnership.

Presentation of basic material of the research. The effective organization of many public services through public and private sectors - public-private partnerships (PPP) - has become a viable alternative to the traditional scheme in which services are provided exclusively by the state or the private sector. With the right approach, PPP is able to mobilize previously unused private sector resources at the local, regional or international levels. The private sector's goal of participating in PPP is to profit from its capabilities and expertise in business management (utilities in particular). The private sector requires compensation for its services through fees for services rendered, as a result, receives a corresponding return on invested capital.

At the moment, there seems to be no clear definition of the concept of PPP and it includes a set of forms of medium- and long-term interaction between the state and business for

solving socially significant tasks on mutually beneficial terms.

In our opinion, public-private partnership is an effective institutional form of attracting private capital for solving problems in the field of construction of infrastructure, energy, and social infrastructure. Together with this, the implementation of large-scale investment projects is impossible without the trust of the parties to each other, mutual concessions, i.e. social capital. In Ukraine, the system of public-private partnership is at the stage of its formation.

In the transition to an innovative way of development, public-private partnerships become an effective institutional form of attracting private capital for solving problems in the field of scientific research, construction of infrastructure facilities, energy, and the social sphere. However, the implementation of large-scale investment projects is impossible without the trust of the parties to each other, mutual concessions, that is, social capital.

In the theoretical literature, PPP is defined as a long-term contract between the state and a private partner for the development and provision of services. In this connection, the term intersectoral collaboration or partnership is often used. In terms of targeted orientation, the entire economy is usually divided into three sectors: public, (private) non-commercial and (private) commercial. In such a scheme, the intersectoral partnership will be a partnership formed by the participants in these three sectors. Public-private partnerships (PPP) is, in fact, a formal public agreement between public and private sector organizations for the delivery of services to a society or the performance of certain works for it, according to which risks, revenues and responsibilities are common to all participants in the partnership. The concept of PPP has a large scope, but its use is especially important at various stages of infrastructure projects, where a socially acceptable allocation of responsibility for the design, financing, construction, management, maintenance or operation of infrastructure facilities is required. PPP increasingly becomes the choice of society

in cases where the market is not able to provide society with socially important goods and services.

The concept and implementation of PPP passed through different periods of development as the nature of the socio-economic policies of countries changed. During the 50's and 60's, the political and economic context was not so favorable for the formation of PPP in Europe and the United States. In the context of that time, strong state budgets were characteristic that allowed for broad government intervention in all economic and social spheres of society. The situation changed dramatically during the 70's and 80's after the recession and the onset of times of serious budget constraints. Opportunities for state intervention and provision of normal services to the population were substantially reduced. Given these circumstances, the support of proponents of the supply economy played an instrumental role in spreading PPP solutions.

PPP is relevant not only for the developing countries, but also for the industrialized countries, as, as a rule, PPP assumes that not the state is connected to business projects, but, on the contrary, the state invites business to participate in the implementation of socially significant projects. In Europe, PPP was first applied in 1992 in the UK, which today has the most indicative experience of PPP. In Portugal, PPP has been used for more than a decade, where for the period since 1999-2017, about 20% of all public investments were realized through PPP.

Public-private partnership is not a new institution, in one form or another, it accompanies all historical periods of state development, but at the present stage it becomes of special significance. In public-private partnership today, there is a means of resolving long-standing economic problems, a mechanism for increasing production, a tool for managing interest groups, and an effective form of interaction between public authorities and business. In the context of the global financial crisis, public-private partnership is a way to

mitigate the negative effects of the economic downturn.

Without assessing the effectiveness or feasibility of public-private partnership with the participation of legal entities of public law as executors of the functions of public partners, we note that narrow (territorial organizations of public power) or broad (public entities, including legal persons of public law) interpretation of the generic term "state" has an effect on the content of the general definition of the concept of "public-private partnership". Using its narrow interpretation, we consider public-private partnership in aspects of the realization of state functions, which is especially important in the context of our study. A broad interpretation of the term would orient us more to the problems of the forms and methods of realizing public interests, including through the functions of the state.

Equally difficult is the problem of defining the concept of "private", which underlies the concept of public-private partnership. Formally, the question is solved quite unambiguously. In the organizational sense, a private partner acts in a public-private partnership, which is understood as a legal entity with which a public partner enters into an appropriate agreement.

PPP is a bundle of many types of services, such as development, construction, financing and management in one contract, which is offered to the private sector.

Among specialists there is no common opinion about what forms of interaction between government and business can be attributed to PPP. Under PPP, broad interpretation implies constructive interaction of power and business not only in the economy, but also in politics, culture, science, etc. The PPP forms listed below are widely used in the literature, but this should not be considered as the final or complete list of PPP forms or models. The simplest form of PPP is Design-Build (DB) or a turnkey contract: private sector agents build an infrastructure facility to meet public needs in accordance with desired specifications, often at a fixed price. Thus, the DB is very similar to the traditional model of public procurement and the

risk of overspending generally falls entirely on the shoulders of an agent from the private sector. As a consequence, DB is often not included in the spectrum of PPP forms. Another popular form is the provision of services, for example, specific services for operation and maintenance (O&M). In this case, the private operator (according to the contract) works at the objects of state property for a period and on the terms stipulated in the relevant contract. At the same time, the right of ownership remains with the government body. Often, contracts for managing objects for the provision of services involve work on the terms of the object lease. In this case, private agents take on all the work to manage and operate the public property and provide related services. Lease agreements may include the possibility of further investment in the development and expansion of the service.

Alternatively, the following types of PPP are distinguished in the form of organization. Contracts are concluded between a government body and private firm for certain socially necessary and useful activities. At the same time, ownership rights are not transferred to a private partner, and costs and risks are fully borne by the state. The interest of the private partner as a rule consists in the fact that under the contract, it gets the right to a stipulated share in the proceeds or profits. As a rule, state contracts are attractive for private business through creating access to a stable market and income. Rent in its traditional form or in the form of leasing provides the relationship between the government body and private business with the transfer of a state or municipal property to a private partner for temporary use and for a fee. In some cases, for example, leasing, such leases may end with the repurchase of leased property. Under concession agreements, the government body remains the full owner of the property that constitutes the subject matter of the concession agreement and authorizes the private partner to perform certain functions for a certain period of time. The use of state property to the concessionaire is provided on a paid basis. The

ownership of the concession-produced products is transferred to the concessionaire.

Since the state resorts to the formation of PPP in order to use opportunity of the comparative advantages of two different types of economic agents - public and private - before starting to form PPP, it is necessary first of all to define the set goals, to assess the political conditions, legal framework and institutional infrastructure. Where the environment can be relatively quickly adjusted to create a more supportive environment, this should be done. For successful implementation of projects through PPP, the partnership should be based on preliminary diagnostics, which covers the following parameters: technical problems; legal framework; institutional capacities; commercial characteristics and issues of economic viability. A qualitative diagnostic study of the industry allows the government body to assess the status quo, identify shortcomings and weaknesses, and develop a roadmap or strategy for the development of the industry, identifying measures and tools for reforms.

The final goal of the diagnostic study should be an analysis of the interests of all interested groups in society and the diagnosis of cause-effect relationships. Based on this analysis, the government body should assess the current technical constraints in the relevant sector (as far as possible), including the effectiveness of the system, and also aim at meeting the needs of the affected population groups. The extent to which operational issues are the result of underinvestment, poor investment planning, maintenance, inefficient management, lack of operational experience, or other issues should be determined. It is necessary to carry out an inventory of current and planned investments, as well as existing assets, so that important information for the development of reforms is easily accessible. The analysis should take into account the coherence, links and interdependencies of various infrastructure elements (for example, electricity generation and distribution, the connectivity of different types of transport hubs, technical standards to be followed, etc.).

The success of implementing projects through PPP largely depends on such a universal cultural characteristic as the confidence level of a given society. The lack of trust is among the most significant causes of social tension, the erosion of social networks and the reduction of social capital. The value of trust as an indicator of social capital reflects the breadth and intensity of social ties in society. Trust is one of the factors that support the stability and integration of society. Thus, trust promotes the reproduction of a special phenomenon - social capital.

One of the directions of the evolution of social capital is the gradual inclusion in the process of formation of social capital of all levels of the social and economic system of society: nano-, micro-, meso- and meta-level. It is established that social capital at the nano-, micro- and meso-levels was in demand at all stages of the development of human civilization, and the formation of social capital at the meta-level begins only in the second half of the 20th century. It was revealed that the main function of social capital at the meta-level is to ensure a stable turnover of social capital. An important role in this is played by the institution of public-private partnership and agreements between the state, trade unions and business representatives.

In general, the analysis of the concepts of social capital, the functional role of this concept in the methodology of studying modern society and its development resources made it possible to reveal the multidimensionality of this concept, the representation of various opinions on its components, structure, functions, to establish the significance of the concept of social capital, as an opportunity for analysis and management of the public development, awareness of the functionality of the resources of social interactions and social relations that can be "invested" in order to achieve both economic productivity and socio-cultural indicators of social well-being. We draw attention to the fact that the concept of social capital refers, in its essence, to a broad category of system resources that disclose the various

opportunities for the development of individuals, groups, societies, which makes these resources inseparable from the very context of systemic development. The meaning of resources can be realized only in the context of a broader concept of the development of the social system, a more universal theoretical and methodological base. Analysis of the existing theoretical concepts of social capital, the problems of the development of modern society allows us to propose the following functional definition of this phenomenon: social capital is the resource pool of social interactions and relationships that cause positive consequences for individuals, groups, society as a whole. The functional definition of social capital establishes the possibility of empirical verification of the proposed functionality using modern methods of sociological analysis and mathematical statistics, which characterizes practically all studies aimed at studying the nature of social capital, its impact on significant economic, socio-cultural indicators. At the same time, it must be taken into account that the functions of social capital for individuals, groups, and society as a whole are to a large extent defined as latent, they should be identified, first of all, by theoretical methods of social and philosophical analysis, providing an interdisciplinary methodological basis for integration of the capabilities of various approaches to the problem of identification of systemic, complex resources of social interrelations and relationships in modern society.

In our opinion, social capital itself is the carrier of the boundaries of its development. And these boundaries of its development are social: the more contradictions in society generate the development of capital, the more threats it brings for the capital itself. From our point of view, the stability of the circulation of all social capital and the expansion of its development boundaries, the successful growth of individual capitals, from the capitals of transnational corporations to the capitals of small entrepreneurs, is impossible without taking into account the interests of society and the state, the active "generation" of social

capital at the meta-level of socio-economic system, i.e. in the relations between capital, society and the state. Thus, social capital becomes an important factor in the development of the socio-economic system, both at the level of a single country and the entire world economy. By social capital, we will understand social relations, interrelations and corresponding structures, as well as rules and norms, formed on the basis of trust and mutual assistance, which provide extended reproduction of the economic system.

Understanding the importance of the formation of social capital at the meta-level as a factor that guarantees the stable turnover of the entire social capital and the development of the socio-economic system is realized at the highest level of government and is institutionalized in agreements between the state, trade unions and business representatives, private partnership.

Conclusions. Public-private partnership is another institutionalized form of social capital formation at the meta-level of the social and economic system of society. According to the experts of the United Nations Economic Commission for Europe, public-private partnership provides a synergistic effect from the joint use of resources and management technologies that exist in the private sector and regulate the activities of the state [9].

Public-private partnership is used by the state: 1) to solve the problem of creating infrastructure as an environment for favorable economic development, increasing economic growth, living standards; 2) to improve the efficiency of public spending in a context of limited resources.

The institute of public-private partnership and the possibilities of its use in certain areas of state activity are directly dependent on the state-defined need to maintain exclusive sovereign competence in the relevant field.

The analysis of the practice of implementation of public-private partnership projects in Ukraine, in foreign countries shows that the state is most actively using partnerships to realize social functions, because it is least

interested in preserving the exclusivity of vector of its development through the sovereign powers in this sphere. institution of public-private partnership.

Thus, social capital not only ensures a stable turnover of social capital but also sets the social

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