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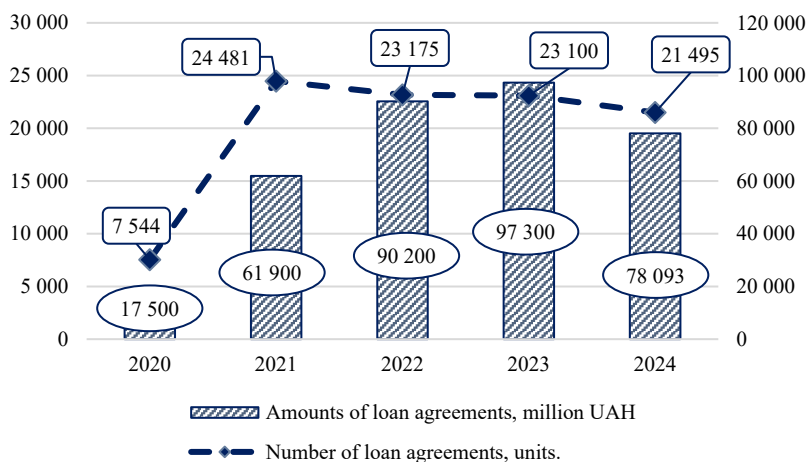
## **PROSPECTS FOR THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIPS IN UKRAINE**

Public-private partnership (hereinafter referred to as PPP) in Ukraine plays an important role, in connecting the state and private enterprises to solve urgent problems and the possible gradual recovery of the country. Using resources rationally in these difficult times is important since they are limited. The most expensive resource for us is time, but money and human labour should also be valued. Another important part of PPP is the ability to attract international investment. Investors are ready to cooperate with Ukraine and support socially and economically significant projects, even today's difficult realities. However, as in any other business, PPP projects that are being implemented must be clearly planned, qualitatively implemented, and transparent throughout the entire process. This issue is important since violating these basic rules can have consequences, such as distrust among the population and investors, and, in general, the reputation of the state may suffer. This, of course, is unacceptable. Therefore, in Ukraine, laws and regulatory legal acts regulate the methods and means of analyzing projects implemented based on PPP. Among these is the Methodology for Analyzing the Effectiveness of PPP Implementation, approved by Order of the Ministry of Economy of Ukraine dated December 14, 2021 No. 1967 [1]. This Methodology defines the basis for analyzing the effectiveness of PPP projects, the so-called "performance analysis". PPP projects are assessed at the stage of competitive selection. The powers of the competitive commission include: setting the terms of the competition, including the term of the primary selection; creating competitive documentation and submitting it for approval by the partner; registering applications; familiarizing competitors with the mandatory documentation for preparing and submitting an application and a competitive proposal; providing competitors with explanations regarding the competitive documentation; submitting for approval to the state partner a decision on the admission (non-admission) of applicants to participate in the competitive selection; notifying applicants of their admission (non-admission) to participate in the competitive selection; registering, reviewing and evaluating the participants' competitive proposals; submitting a protocol on the results of

the competition (on determining the winner of the competition, on rejecting all competitive proposals without determining the possibilities or on declaring the competition as not having taken place) for approval by the state partner; notifying the winner and other participants of the results of the competition; receiving documents and other materials from state authorities, enterprises, institutions and organizations in accordance with the established procedure, some of which are necessary for the performance of the tasks assigned to the commission; other tasks related to the organization and conduct of the competition.

The tender committee is also responsible for evaluating the tender proposals and determining the winner of the tender. This is carried out based on the following indicators: the term of the PPP contract; the IRR (internal rate of return) of the project implemented under PPP terms; the net present value (NPV) of all cash flows of the project implemented under PPP terms; the net present value (NPV) of capital investments, operating costs and material and technical maintenance of the PPP facility; the reliability of the proposed financing mechanism; the volume of possible state support (in particular, the operational readiness fee) if provided; the net present value (NPV) of the operational readiness fee (if any); compliance of the PPP implementation with environmental norms and standards; other criteria that assess the financial, economic or socio-environmental efficiency of the project implemented under PPP terms. Typically, tender proposals are evaluated based on one or more of the above criteria. All of these are components of the administration and organization of PPP.

One of the PPP instruments is credit support for business entities in various sectors of the economy. For example, the state program “Affordable Loans 5-7-9%” is quite popular among small and medium-sized enterprises seeking loan capital. The state program operates under the Resolution of the Cabinet of Ministers of Ukraine “On Providing Financial State Support” dated 24.01.2020 No. 28 [2]. It aims to support entrepreneurs by loaning a business entity, particularly microenterprises and small and medium-sized enterprises, at the appropriate loan interest rate. The government compensates the creditor bank for the difference between the bank’s lending rate and the interest rate under the state program to make loans accessible to entrepreneurs in various sectors of the economy. It also helps support and encourage entrepreneurs to invest in their businesses, create new jobs, and contribute to the country’s economic development. According to the results of the state program “Affordable Loans 5-7-9%”, the amount and number of agreements concluded rapidly increased from 2020 to 2022 (Figure 1). In 2023 and 2024, these indicators had a downward trend; that is, over the past year, enterprises took out fewer loans than in 2021 and 2022.



**Figure 1. The amount and number of loan agreements concluded under the state program “Affordable Loans 5-7-9%” for 2020-2024**

*Source: systematized by the author based on [3]*

After analyzing the state program “Affordable Loans 5-7-9%”, it was found that in the years of the program’s operation, loans worth UAH 347,309.6 million were provided, and 100,409 loan agreements were signed. During the study period, there was a stable demand for the PPP instrument as credit support for business entities. The key problems of PPP and financial support for entrepreneurship under martial law are corruption and lack of transparency, mismatch between public and private values, and citizens’ distrust of the state. There are also problems with insufficient funding for state programs, high bureaucratic procedures, and a shadow economy. The main steps that will bring us closer to overcoming the issues identified are a set of measures aimed at reducing the level of corruption in government bodies, among entrepreneurs, and the population of the country as a whole, actions aimed at creating dialogue and understanding between the private sector of the economy and the public sector, and measures must be taken to increase the level of citizens’ trust in the state. It is necessary to create prerequisites that will influence society and convince it that there is stability and confidence in the future. In conclusion, it is worth noting that only public-private partnerships, through the distribution of controlled responsibility, can ensure the successful implementation of projects in conditions of instability. That is why, in conditions of transformational changes, it is necessary to focus on the interaction of business entities and the state.

### References:

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