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# PUBLIC-PRIVATE PARTNERSHIP: CONCEPT, ESSENCE, SIGNIFICANCE

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*Abstract:* In the context of global economic development and infrastructural progress, the concept of public-private partnership (PPP) occupies one of the most central positions. PPP are commonly used for infrastructure projects related to healthcare, transportation, environment, recreation, culture, education, etc. According to the authors, PPP refers to a cooperative relationship between the public and private sectors aimed at jointly solving not only economic but also social problems. PPP is a methodology for solving a wide range of problems by combining the efforts of different segments of society.
*Keywords:* public private partnership, public sector, private sector, contractual agreement, mutually beneficial cooperation.

Public Private Partnership (PPP) has deep socio-economic roots and is known to virtually all legal systems. Special laws on such partnerships have been adopted in Japan, a number of countries in Africa and Latin America, Central, Eastern and Western Europe, and model laws have been adopted in the USA, the UK and the CIS.

In the twentieth century, such partnerships were established in countries with market or emerging economies. The situation is similar in countries in transition from planned to market economies [1]. For this reason, the Republic of Belarus and the People's Republic of China have adopted special legislation on public-private partnerships.

The concept of PPPs the does not have a recognized and unified standard globally, and is understood differently from different perspectives. There are various translations of the English term PPPs, such as public-private partnership, public-private partnership model, public-private partnership, public-private institutional partnership, official/private partnership, private open public services, public-private partnership, and so on. There are extensive debates about the concept of PPPs, whether PPPs needs a definition and what constitute a PPP [2, p. 150–152].

The importance of PPPs has attracted the attention of the international community and a number of international organisations. The 2008 UNECE

Guidebook On Promoting Good Governance In Public-Private Partnerships defines PPPs as follows PPPs refer to innovative ways in which the public sector contracts with the private sector, which brings its capital and ability to deliver projects on time and on budget, while the public sector retains responsibility for providing these services to the public in a way that benefits the public and delivers sustainable development and improved quality of life [3].

Through this form of cooperation, the parties can achieve more favourable results than they could expect individually. When partners participate in a project, the government does not transfer all responsibility for the project to the private sector. Instead of transferring all responsibility for the project to the private sector, the partners share responsibility and funding for the project.

As defined by the United Nations, PPPs aim to finance, plan, implement and operate services produced and delivered by the public sector, and their main features are to ensure the long-term provision of services, to transfer risks to private investors, and to work legally with state and local structures. [4, p. 364].

World Bank definition: PPPs are a mechanism for governments to procure and deliver public infrastructure and/or services using the resources and expertise of the private sector. Where governments face aging or inadequate infrastructure and need more efficient services, partnering with the private sector can help foster new solutions and provide financing. According to the World Bank, PPPs combine the skills and resources of the public and private sectors by sharing risks and responsibilities. This allows governments to benefit from the expertise of the private sector and instead focus on policy, planning and regulation by delegating day-to-day operations [5].

A PPP is defined by The National Council for PPPs of China (2013) as a contractual agreement between a public agency and a private sector entity, through which each sector shares the skills, assets, risks and rewards in the delivery of a service and/or facility for the use of the general public [6].

The preamble of the Law of the Republic of Belarus of 30 December 2015 No. 345-Z «On Public-Private Partnership» states that it is aimed at attracting investments into the economy of the Republic of Belarus, determines the legal conditions of public-private partnership, regulates public relations arising in the process of conclusion, execution and termination of agreements on public-private partnership. A public-private partnership is understood as a legally formalized for a certain period of time mutually beneficial cooperation between public and private partners for the purpose of pooling resources and sharing risks, which meets the goals, objectives and principles defined by the Law.

There is no widely accepted definition of PPPs and the associated accounting framework. There is no clear agreement on what constitutes a PPP and what does not. The term PPP is sometimes used to describe a wider range of arrangements. It can be concluded that PPPs are commonly used for infrastructure projects related to health, transport, environment, justice and corrections, recreation and culture, and education. Institutional capacity to create, manage and evaluate PPPs is essential to ensure that they become an effective tool for delivering essential services, but not just infrastructure.

The concept of PPP involves collaboration, the provision of public goods or services, and the sharing of benefits and risks.

In our view, PPP refers to a cooperative relationship between the public and private sectors aimed at jointly solving social problems, providing public services and promoting economic development. The connotations of PPPs include cooperation between government and private companies, sharing of resources and responsibilities, and joint risk taking.

Therefore, we believe that the definition formulated in the Model Law "On Public-Private Partnership" approved by the Decision of the Interparliamentary Assembly of the Member States of the Commonwealth of Independent States of 28 November 2014 No. 41-9 is quite successful. Article 1 of the Law defines PPP as a legally formalised form of cooperation for a certain period of time based on pooling of resources (money and other property, professional and other knowledge, experience, skills and abilities) and sharing of risks (including risks of financing, construction, ensuring accessibility or demand for the object of public-private partnership or relevant public services and related risks), mutually beneficial cooperation between public and private partners in order to solve state, municipal and other problems.

The main peculiarity of the SPT is that the subjects of public interest participating in partnership relations act as representatives of a public collective, within which a certain number of subjects of private interest have united in order to satisfy their own private interest. And the peculiarity of this private interest is its uniform character and content for all united subjects.

The PPP concept enshrined in national law is based on the idea of attracting investment into the state's infrastructure. However, the legal structure of the PPP institution is relatively flexible and contains instruments that allow solving a much wider list of tasks of state and social importance, which are not limited to the borders of state infrastructure.

PPPs can solve a social problem, promote sustainable development, provide public services, etc. It emphasises the sharing of benefits. In the process of cooperation, the private sector and the public sector are on an equal footing, participating and working together, and the participants often have complementary resources, skills or expertise. Through cooperation, they can share resources and risks to achieve better results, and win-win is the ultimate goal to be achieved.

Participants in a public-private partnership usually share the risks and rewards of the collaboration. This sharing helps to reduce the burden on any one party and incentivises active participation. These characteristics generally summarise the basic elements of the PPP concept, on the basis of which we believe that the PPP concept involves collaboration, the provision of public goods or services, the sharing of benefits and the sharing of risks.

The essence of PPPs lies in their unique ability to synergize the strengths of both public and private entities, fostering a relationship built on mutual benefits, shared responsibilities, and concerted efforts towards common objectives. Their significant role in addressing complex societal challenges is undeniable. The diversity in their conceptualization, reflected in varying global interpretations and applications, underlines their remarkable adaptability and potential for driving economic growth, infrastructural advancement, and societal prosperity.

Therefore, it seems fair to distinguish such types of PPPs as:

1) state-private partnership (as a property of the government of the country);

2) Municipal-private partnership (as a property of local governance and self-governance in the country);

3) consumer cooperation;

4) social entrepreneurship;

5) investment in human capital [7, p. 46–53; 8, p. 125–128];

6) social cooperation, etc. [9, p. 40].

Public-private partnerships are undoubtedly an element of today's national and international business processes. They comprise a certain approach to bonding state and business efforts in solving strategic issues of great significance. An analysis of numerous literary sources and legislation of various countries allows us to draw a scientifically substantiated conclusion that PPP refers to a cooperative relationship between the public and private sectors that aims at jointly solving not only economic, but also social problems. PPP is a methodology for solving a wide range of problems by combining the efforts of different segments of society.

The Chinese and Belarusian governments have shown an active attitude towards encouraging and supporting the participation of private investors in the provision of public infrastructure and services. There are huge investment opportunities for public-private partnerships (PPPs) in China and Belarus. However, neither China nor Belarus has yet developed a legal and institutional framework for PPPs that would allow them to realise their full potential for the development of society and the state.

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