

## **PUBLIC-PRIVATE PARTNERSHIP AS A COMPONENT OF THE INSTITUTIONAL AND STRUCTURAL TRANSFORMATION OF THE AGRICULTURAL SECTOR OF THE ECONOMY**

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*The main components of the concept "public-private partnership" have been studied. The purpose, mechanisms and directions of partnership implementation have been defined. The main features of public-private partnership have been supplemented. The connection between the partnership activity of agricultural enterprises and the welfare of rural territories have been substantiated. The directions of activity of public-private partnership in the agricultural sector of the economy have been proposed.*

**Keywords:** *Public-private partnership, partnership of government and business, agricultural sector of the economy, legislation and regulations, investment activity.*

**Target setting.** Solving the problem of providing the population with foodstuffs of own production is a strategic goal of the development of the agricultural sector of the economy. The main obstacle is the underdevelopment of our country versus economically developed countries in implementation of the institutional and structural transformation of the branches of the agricultural sector of the economy. Despite the priority of development of the agricultural sector of the economy, its financing from the budget funds is not sufficient. Public-private partnership (PPP) is recognized as an effective instrument for attracting additional funding for these purposes. This is confirmed by world experience, which shows that the development of the system of transformation of the agricultural sector of the economy is impossible without the public-private partnership. In recent years, various methods, models, forms of cooperation between the state and agricultural business have become increasingly widespread.

**Relevant studies analysis.** The following scientists contributed significantly to the development of the theory

and practice of partnership between the state and business: V. Varnavskiy [1], N. Butenko [2], V. Liashenko [3], L. Tarash [4], P. Shylepnytskyi [5] and other investigators. However, despite the rather thorough studies of scientists on this issue, their work does not pay enough attention to the current realities of the development of public-private partnership in the agricultural sector of the economy.

**The objective of the article** is to study the models and mechanisms of public-private partnership in the conditions of institutional and structural transformation of the agricultural sector of the economy.

**Statement of basic materials.** The partnership is an equal relationship, the mechanism of interaction between individual subjects. The economic essence lies in the fact that the partnership may include an entire system of relationships between subjects, united by the the same objective. The partner is involved in joint activities, usually in cases where the subject has insufficient own resources to achieve the goals. Public-private partnership is becoming increasingly widespread in terms of transition to a program-oriented management method. In the course of the study, we have identified the main features of public-private partnership, as well as the main features of the partnership: firstly, longer duration of partnership agreements (from 5 to 50 years); secondly, the mandatory presence of a competitive environment; thirdly, the risk sharing between the parties of the agreement on the basis of the respective agreements between the parties.

Each partner contributes to the overall project. Business provides financial resources, professional experience, effective management. The state, on its part, ensures the rights of the owner, the possibility of providing tax breaks, guarantees, as well as material and financial resources. The degree of actual participation of private entrepreneurship in joint public-private projects may increase or decrease, depending on the purpose chosen by the partnership. The essence of the PPP is to coordinate and record the mutual interests of the state and business in implementing joint innovation-investment projects, targeted sectoral programs, in accordance with the goal of strategic development and is

implemented by agricultural policy. Transformation of branches of the agricultural sector of the economy as the system includes the following elements: innovations, investments, institutes, infrastructure.

Innovation is the basis for the development of the national economy. Strategic development of each branch, as organizational innovation, becomes a prerequisite for the implementation of product, technological and technical innovations. At the same time, investments should be not only on scientific developments, but also on their introduction into production, as well as the regulation of markets and the development of rural areas. And this requires the creation and development of appropriate institutions and infrastructure.

If existing institutions (education, science, state regulation) require to be adapted to the current conditions of an economic competitive environment, then other institutions (strategic management, self-regulation of business within the framework of formed trade unions and associations, public-private partnership) need to be created anew. Institutional, industrial, social, legal and financial infrastructure must also be created (adapted) in accordance with the requirements of market economy and the development of new institutions.

All elements of the system are interrelated and interdependent; they must correspond to each other in time and space. The transformation of the agricultural sector of the economy as the system includes all interconnected and interdependent elements (innovations, investments, institutions, infrastructure) and contributes to the increase of production volumes and increase its competitiveness.

The processes of transformation are developing more intensively where there is a higher investment, which uses a comprehensive approach in the process of improving technology, equipment and production organization. In turn, investments are higher in those regions, which combine the beneficial effects of natural-climatic, political, institutional, economic, organizational, social and other factors. The role of public-private partnership, as one of the institutions, is to ensure that a prudent agricultural

policy aimed at improving the socio-economic level, which stimulates agribusiness to participate in complex transformation, is ensured.

With the achievement of sustainable development of rural territories, the interests and obligations of the state (the whole society) are dominated, with the achievement of sustainable development of agricultural production, the interests and obligations of business are dominated, while in the process of transformation of industries, the interests and obligations of entrepreneurs and the state are approximately equal.

We consider it expedient to highlight the following main features of public-private partnership in the transformation of the agricultural sector of the economy: the partners of the partnership should be represented both by the public and private sectors; the parties to the PPP must be legally established; they should be partner in nature, that is, equal in nature; partners must have agreed goals that allow the interests of each partner to be realized; the parties of the PPP should combine their resources (financial, labor, informational) to achieve agreed goals.

Each partner contributes to the overall project. Thus, business provides financial resources, professional experience, effective management, flexibility and responsiveness in decision making, and the ability to innovate. In this case, more efficient methods of work are being introduced, machinery and technology are improved, new forms of organization of production arise, new enterprises are created, effective cooperative relations with suppliers and contractors are established. In the labor market, as a rule, the demand for highly skilled and well-paid workers increases. The state, on its part, ensures the rights of the owner, the possibility of providing tax and other breaks, guarantees, as well as allocates subsidized loans. In the PPP, it gets the opportunity to perform its basic functions - control, regulation, observance of public interests.

In today's economic conditions there are four models of relationships: organization, co-operation, integration and financing. When implementing innovative processes, mixed models are used. During the transformation of the agricultural

sector of the economy, three conceptual approaches to the development of partnership are used: sectoral, institutional and functional. The sectoral one envisages forecasting and planning of volumes of production of agricultural products and foodstuffs in separate sectors and the placement of sectors in the regions of the country. Sectoral state and regional programs are being developed. The institutional approach involves the formation of various institutions for this in the development of individual forms of management, their integration and cooperation. Functional approach involves the division of functions between the state and business. The state delegates part of its management functions to self-regulated organizations (associations and unions). We suggest all these approaches to be used comprehensively in the design and implementation of targeted programs and the development of other forms of partnership.

The next step should be to build the appropriate administrative apparatus capable of realizing state goals in partnership with business. Thus, the coordination of the interests of the state and business at the macro level will be achieved. We propose to formalize the process of coordinating of all program parameters. The primary coordination of interests, the definition of priority order, as a rule, is fixed in the program document. The development of a targeted program always begins with the definition of the problem to be addressed in the process of its implementation, and assessment of available capacity.

The economic systems of most countries at the present stage of their development are represented not only by a market but by a mixed economy. It combines private entrepreneurship with state influence, but in some countries, the degree and forms of state interference in private business differ significantly.

Strategic management and strategic partnership between the state and business provide innovative development of the national economy, the transition to an innovative model of expanded reproduction, which unlike the previous models begins with a new phase - scientific training.

The process of interaction between business and government is quite dynamic. Its character changes along with changes in the

institutional structure of society and represents a specific form of relations between the society represented by the specific subjects of state power and business entities, acting as the driving force of market economy. At the same time, institutional transformations form in the progressive directions of development of society, economy only if the institutional reforms being carried out are performed in an organic way with the needs of society. Society, business and government should have mutual interests, and then the goal of their cooperation will be achieved.

In the economic system - at each of the phases of the reproductive cycle, there is a system of relations: production, distribution, exchange and consumption, which requires well-defined forms of PPP.

Production relations are the relations that arise at the production phase with regard to the use of factors of production and the creation of benefits necessary to society. Distribution relations arise both in the process of allocating economic resources, which are transformed into factors of production, and in the process of distribution of these goods (products and services) produced by these factors.

Depending on emerging relations, all relationships are divided into: technical and economic, organizational-economic and socio-economic. Technical and economic relations reflect the degree of rational use of resources and characterize the level of development of productive forces. Organizational-economic relations reflect the strategy of the industry development and measures to achieve the target indicators. Socio-economic relations characterize the division of ownership into means of production and manufactured products. All these relations are interconnected. The optimal functioning and development of organizational-economic relations is possible with the implementation of the following principles: partners obligatoriness, complexity, dynamism, proportionality and rhythm - provide the optimal mode of operation of all the links of a single organizational and technological chain and interest in improving the efficiency of the final output.

Economic relations represent a process of realizing the economic interests of economic entities within the framework

of existing economic laws through various mechanisms. Due to economic interests, laws that operate in social production determine its orientation, form and dynamics of movement. Since at each level of the economic system there is a special subject of ownership, the realization of the hierarchy of interests can be achieved with the help of not simply subordinating each lower level to higher, but only when forming a mechanism based on the relations of mutually beneficial economic partnership.

The state is interested in sustainable development of agricultural production and rural territories, creation of new jobs, increase of employment and incomes of the population, provision of food security and import substitution of food.

As a result of the integrated approach to solving the problems of innovative economic development, the state will receive a qualitatively new transition to a more economically viable and strategically important type of production development. This is not an extensive, but innovative development, which allows not only gradually transforming the economy, but also providing as a pledge of a “smart” economy for the future. It is possible to achieve the goal in this direction only by developing a clear strategy of interaction between private business and the state not as isolated separate projects, but as a chain of interrelated areas that apply to the regions. In this interaction, goals, terms, economic and non-economic benefits and risks should be clearly defined. It is important that in each of the strategic directions and in the concept itself, the interests of the state and its global function - the transformation of the economy through innovative development - must be clearly traced.

**Conclusions and perspectives for future research.** The forms, models and mechanisms of partnership between the state and business should be improved in accordance with the changes in the environment and should be adapted to new conditions. Only in this case Ukraine’s competitive advantages in the world food markets will be used. The variety of already tested forms of public-private partnership which are not very common in the agroindustrial complex yet opens wide opportunities for unifying efforts and rational allocation of resources. The task of each

region is to search for the most successful forms of cooperation, the solution of which will allow attracting private investment and ensure the further development of the agricultural sector of the country's economy.

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***М. В. Дубініна. Державно-приватне партнерство як складова інституціонально-структурної трансформації аграрного сектора економіки***

*Досліджено основні складові поняття «державно-приватне партнерство». Визначено мету, механізми та напрями здійснення партнерської діяльності. Доведено, що ефективним інструментом залучення додаткового фінансування є державно-приватне партнерство. Визначено роль державно-приватного партнерства як одного з інститутів, що забезпечує проведення розумної аграрної політики, спрямованої на поліпшення соціально-економічного рівня та стимулювання агробізнесу брати участь в проведенні комплексної трансформації. 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. Доповнено основні ознаки державно-приватного партнерства. Обґрунтовано зв'язок між партнерською діяльністю аграрних підприємств та добробутом сільських територій. Запропоновано напрями діяльності державно-приватного партнерства в аграрному секторі економіки.*

**Ключові слова:** державно-приватне партнерство, партнерство влади і бізнесу, аграрний сектор економіки, законодавчо-нормативні акти, інвестиційна діяльність.

**М. В. Дубинина. Государственно-частное партнерство как составляющая институциональной-структурной трансформации аграрного сектора экономики**

Исследованы основные составляющие понятия «государственно-частное партнерство». Определены цели, механизмы и направления осуществления партнерской деятельности. Доказано, что эффективным инструментом привлечения дополнительного финансирования является государственно-частное партнерство. Определена роль государственно-частного партнерства как одного из институтов, который обеспечивает проведение разумной аграрной политики, направленной на улучшение социально-экономического уровня, стимулирования агробизнеса к участию в проведении комплексной трансформации. 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, не является новым институтом, в той или иной форме оно сопровождает все исторические периоды развития государства, но на современном этапе приобретает особое значение. Дополнены основные признаки государственно-частного партнерства. Обоснована связь между партнерской деятельностью аграрных предприятий и благосостоянием сельских территорий. Предложены направления деятельности государственно-частного партнерства в аграрном секторе экономики.

**Ключевые слова:** государственно-частное партнерство, партнерство власти и бизнеса, аграрный сектор, законодательно-нормативные акты, инвестиционная деятельность.