

Updating Mechanisms for Cooperation between the State and Business to Stimulate Economic Development

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Abstract: Public-private partnership (hereinafter referred to as PPP) is one of the most promising tools for the development of the modern economy, which can attract private investment with high efficiency. Such a tool helps in the modernization of infrastructure and, if necessary, improve the quality of services. In addition, in the context of global economic competition, the use of PPP contributes to sustainable development. The purpose of the article is to study the evolution of public-private partnership as a means of ensuring economic growth. The article is also aimed at identifying the main obstacles and obstacles that prevent the successful implementation of PPP and formulating proposals for increasing the effectiveness of the partnership between the state and business. A set of theoretical methods was used, including synthesis, systematization and generalization. A comparative analysis of PPP practices in different countries was conducted. A systematic approach is used to assess the impact of PPPs on the economy. The current state of PPP development is determined and the main problems are identified – lack of transparent procedures and lack of state support. Successful cases demonstrating the positive impact of PPPs on investment and infrastructure development are analyzed. Recommendations for improving legislation and stimulating partnerships are developed. For the effective development of PPPs, it is necessary to introduce transparent project selection procedures that will increase trust and minimize corruption risks. It is important to expand financial incentives for the private sector, in particular through tax breaks and government guarantees. Strengthening the monitoring of project implementation will ensure their timely implementation and contribute to sustainable economic growth.

Keywords: investment policy, investments, non-governmental organizations, public-private partnership, private investments, value.

Introduction

In the modern political and economic discourse, public-private partnerships are increasingly emerging as a technocratic mechanism for attracting additional financial resources for the implementation of socially important projects, as well as a form of systemic interaction that transforms established approaches to public administration. Given the deepening structural imbalances, the growing complexity of social needs, and the declining effectiveness of traditional budget models, the formalization of cooperation between the public and private sectors is taking on the

characteristics of a holistic management paradigm. Such a paradigm involves rethinking the nature of public interest, institutional responsibility, as well as the limits and mechanisms of legitimate business participation in the processes of ensuring public welfare. Such a transformation is accompanied by a gradual expansion of the functional spectrum of PPPs, which includes infrastructure renewal and reformatting of investment dynamics, modernization of approaches to human capital management, and the complication of the regulatory fabric that ensures the stability and predictability of contractual relations between partners. As a result, a qualitatively new dimension of interdependence between the public and private sectors is being formed, in which resource, value, institutional and managerial integration are of key importance. Therefore, the study of the public-private partnership system requires an interdisciplinary understanding of its ontological nature and applied manifestations through the prism of the interaction of infrastructure constraints, investment imperatives, human potential, and the regulatory environment. It is this analytical perspective that makes it possible to identify not only the factors of PPP performance, but also vulnerabilities related to imbalances in risk distribution, institutional immaturity, or legal fragmentation. The following discussion focuses on deconstructing these interrelationships in order to outline the systemic potential of PPPs in the context of multi-level interaction between the state and business.

The purpose of the article is to provide a comprehensive study of current trends in the transformation of public-private partnerships in the European Union (further – EU) and adjacent regions, taking into account its evolution from an investment instrument to a model of strategic co-management focused on socially significant results. Particular attention is paid to the analysis of structural shifts in the sectoral and geographical distribution of PPP projects, the dynamics of funding volumes, the shift in emphasis to small and medium-sized initiatives, the growing role of budgetary funding, and the formation of institutional approaches to the implementation of new projects. The study aims to identify the key factors that determine the effectiveness of PPPs in the context of sustainable development, mobilizing foreign direct investment, and increasing investor confidence, taking into account the regulatory, infrastructural, and political parameters of the environment. The article suggests a set of systematic guidelines for enhancing public policy in the realm of PPPs. These guidelines include the enhancement of the institutional capacity of states to manage partnership mechanisms and the adaptation to market challenges.

Literature review

Public-private partnerships (PPPs), which combine the resources, skills, and institutional advantages of the public and private sectors, are becoming increasingly recognized in the scientific community as a strategic tool for economic development. Such collaborations are regarded by Askarova et al. [1] as one of the most important instruments for promoting economic expansion in the framework of modernization changes. In his view, PPP serves to amass investment resources as well as a multifaceted mechanism that guarantees the economy's structural restructuring by integrating the capabilities of the private sector into the execution of the state's socially significant duties. Other recent research indicates that PPPs also help to foster an atmosphere that is conducive to sustainable economic growth, infrastructure renewal, and entrepreneurship [2–5].

One of the key areas in which the CPT has a positive impact on the economy is in catalyzing the development of entrepreneurship. Mashchenko and Shapran [3] emphasize that partnership projects contribute to the intensification of innovation by creating a favorable environment for small and medium-sized businesses. The authors stress that small businesses can stay competitive and grow their business models by getting help from the state with infrastructure, money, and management through PPPs. Mofokeng et al. [4] also say that effective implementation of PPPs leads to the creation of new markets and business opportunities, especially in developing countries. This increases both employment and domestic demand. In this context, Mirzanov and Qosbergenov [6] argue that effective PPPs are important both as transactional arrangements and as vital frameworks that contribute significantly to sustainable economic growth, emphasizing the need to adapt PPP models to local conditions to align public objectives with private incentives.

The second important area of research is infrastructure investments, which are often hard on the public sector's budget, especially when budgets are tight. Mofokeng et al. [4] say that public-private partnerships (PPPs) make it possible to use private money to pay for big infrastructure projects in transportation, energy, communications, and other areas. These investments have a multiplier effect, which means they make the economy more productive, create jobs, and help related industries grow. Budnyk et al. [2] add to this point by saying that the best way to use resources is through public-private partnerships (PPPs). In these partnerships, the government oversees management and regulation, and the private sector oversees carrying out the projects. Yakubova et al. [7] stress that PPPs are very important for funding infrastructure projects, especially in Europe and Central Asia, where 23% of these projects are located. They stress that the main purpose of PPPs is to bring together resources and expertise from both the public and private sectors,

which helps fill in important gaps in funding that often happen when building infrastructure. The writers look at the current state of public-private partnerships (PPPs) and say that these partnerships are important for getting private investors to help make infrastructure projects better and more efficient. Other writers stress how crucial it is to establish a supportive regulatory framework that can facilitate the formation and long-term growth of PPPs, ultimately promoting general economic development and prosperity in the areas where these programs are carried out [8–10].

A legal and institutional framework that safeguards the interests of participants, ensures predictability, and reduces risks is an equally critical factor that influences the efficacy of PPPs. Simultaneously, the authors observe that political instability, inadequate public awareness of PPPs, and inadequate legislation in numerous nations present substantial challenges. In this regard, it is especially crucial that the government create incentive programs that would encourage private investment in socially significant industries [11, 12].

A vital resource for raising a nation's competitiveness in the global economy is its human capital. PPPs are a strategic tool for tackling complex global issues like market volatility, inflation, demographic shifts, economic inequality, geopolitical instability, and digital transformation, according to Dragan et al. [13]. To ensure conditions for sustainable economic growth, PPPs enable efficient collaboration between public authorities and private investors in the development and execution of programs targeted at retaining and developing human capital. In the context of armed conflict, such as the Russian-Ukrainian war, the role of PPPs becomes particularly pertinent. Dragan et al. [13] highlights that war presents two challenges: the need to maintain a skilled labor force, which is the cornerstone of economic recovery, while also rebuilding damaged infrastructure. The opportunities provided by PPP programs targeted at reintegrating refugees and displaced people into host countries' labor markets are also highlighted by Omowole et al. [14]. By enhancing the human capital of host nations and promoting economic growth, this strategy helps to lessen the detrimental effects of conflict on the labor force and opens new business opportunities. Ravlinko et al. [15] and Makedon et al. [16], on the other hand, offer a nuanced perspective on PPPs in relation to the development of human capital, particularly during times of military conflict. They contend that in the highly competitive global economy, where nations vie for skilled labor to improve their positions, human capital is becoming increasingly acknowledged as a crucial resource. The authors stress that less economically developed nations frequently invest in the creation and development of human capital but are unable to make efficient use of these investments, making them sources of labor exports. Conflict-affected nations, on the other hand, lose a large portion of their labor force, whereas nations that grant asylum to displaced people stand to gain from the integration and assistance of these groups.

Thus, the results of previous studies confirm the significant potential of PPPs to generate economic growth. At the same time, successful realization of this potential is possible only if institutional maturity, political stability, and a strategic vision of long-term partnership with the private sector are achieved by the state.

Methods

In the course of the study, a set of methods was used to comprehensively assess the development and role of public-private partnerships in the modern economy, in particular in the European Union and neighboring regions:

- the synthesis method was used to study the theoretical foundations of PPPs, identify key concepts, current trends and challenges in the field of public and private co-management, and familiarize with the practices of PPPs in different countries. This allowed us to form a holistic view of the evolution of the role of PPPs as a tool for stimulating sustainable economic development;
- the statistical method - in particular, the analysis of official reports of the European Investment Bank and other authoritative sources – was used to quantify the state and dynamics of the PPP market in 2024. The volume of transactions, the number of projects, their sectoral structure, and distribution by country were studied;
- the method of generalization was used to systematize and synthesize information from various sources – statistical reports, PPP market monitoring, and industry research. Key trends, structural shifts, and regional differences in PPP development were identified using this method;
- the systematization method was used to classify PPP projects by sector, country, deal size, and financing model. This allowed for a thorough market analysis, the identification of geographical leaders, dominant application areas, and investment flow details.

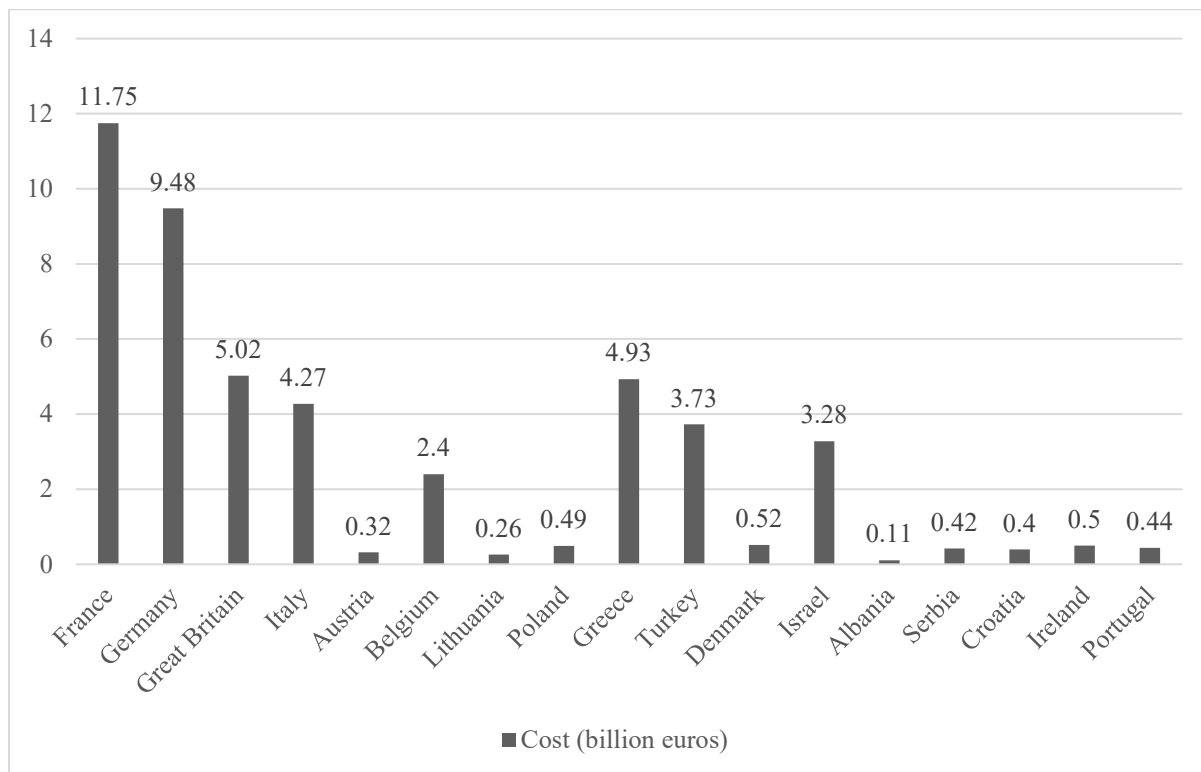
PPPs' strategic and practical aspects, such as an examination of investment priorities, regulatory frameworks, and human resource capacity, were covered by the study thanks to its multidisciplinary approach, which blended qualitative and quantitative methods.

Results

Financial Public-private partnerships (PPPs) are progressively evolving from a stand-alone instrument for luring investment to a comprehensive framework for business-state engagement that has the potential to impact structural shifts in the economy. Its role goes far beyond mere resource allocation or responsibility: PPPs are becoming increasingly recognized as a long-term co-management format that guarantees the sustainability of project implementation, its flexibility in response to environmental changes, and its emphasis on socially significant outcomes. The practical aspects of public-private partnerships are examined in the analysis that follows, which is based on the intricate interplay of important elements like regulatory framework, investment priorities, infrastructure limitations, and human resource capacity. Such an interdisciplinary approach allows for a comprehensive assessment of the role of PPPs in stimulating sustainable economic development and adapting to the dynamic challenges of our time [17].

In 2024, the public-private partnership market for public services in the European Union (including the UK, Western Balkans, Israel and Turkey) showed moderate consolidation amid a decline in the total value of transactions with a slight increase in their number. The aggregate value of PPP projects that reached financial closing amounted to EUR 11.47 billion, which is 17.5% less than in 2023 (EUR 13.9 billion). At the same time, the number of completed deals increased to 39 (compared to 38 in 2023), and the average transaction size per transaction decreased from EUR 367.7 million to EUR 294 million, indicating an increase in the weight of small and medium-sized multi-sector initiatives in the market structure. The evolution of the European public-private partnership market by country in 2020-2024 is shown in Figure 1.

Figure 1: European public-private partnership market by country in 2020-2024



Source: EIB [18]

Figure 1 shows the dynamics of the public-private partnership market in European Union countries during 2020–2024, demonstrating a clear trend toward the concentration of investments in developed economies with a high level of institutional maturity. The dominance of countries such as France, the United Kingdom, and Greece indicates a

correlation between the stability of the regulatory environment, the efficiency of procurement procedures, and the scale of private capital involvement. The decline in the total value of deals in 2024, accompanied by an increase in their number, reflects a shift towards a model of decentralized, socially oriented, medium-scale projects that are consistent with the principles of sustainable development.

The most significant were six projects with a budget of more than €500 million, which together amounted to €7.3 billion (64% of the total). Among them are the €3.3 billion Athens ring road concession (Greece), which was the largest infrastructure deal of the year, as well as road and energy projects in the UK, Belgium, France, and Spain. At the same time, 20 out of 39 projects were valued at less than €100 million, indicating a growing interest in local and highly specialized initiatives within the framework of “affordable payment” models. In addition, in 2024, the modality of PPP financing significantly shifted towards publicly paid deals – 61.5% compared to 53% in 2023, which demonstrates the growing role of budget guarantees in the face of increased market volatility and inflationary pressure on the construction sector.

Geographically, Greece was the most active country in terms of the value of PPP deals (EUR 3.3 billion vs. EUR 1.19 billion in 2023), which made a breakthrough thanks to a large-scale tender for the renovation of the Athens ring road. Belgium led the way in terms of the number of projects (9 deals), demonstrating the successful scaling of decentralized road, education, and municipal infrastructure management schemes. The United Kingdom ranked second in terms of volume (EUR 2.0 billion), France ranked second in terms of number of deals (7 projects), while only 11 countries were able to secure at least one financially completed PPP deal.

In terms of sectors, the 2024 PPP market remained dominated by transport-oriented deals – over €6.8 billion, accounting for about 59% of the total volume (compared to €9.1 billion in 2022). The most significant projects included: the renovation of the R4 highways in Belgium (€1.02 billion); a plan to reconstruct the Aragon road network in Spain (€630 million); a light rail system in Florence (Italy); and two rail initiatives in France.

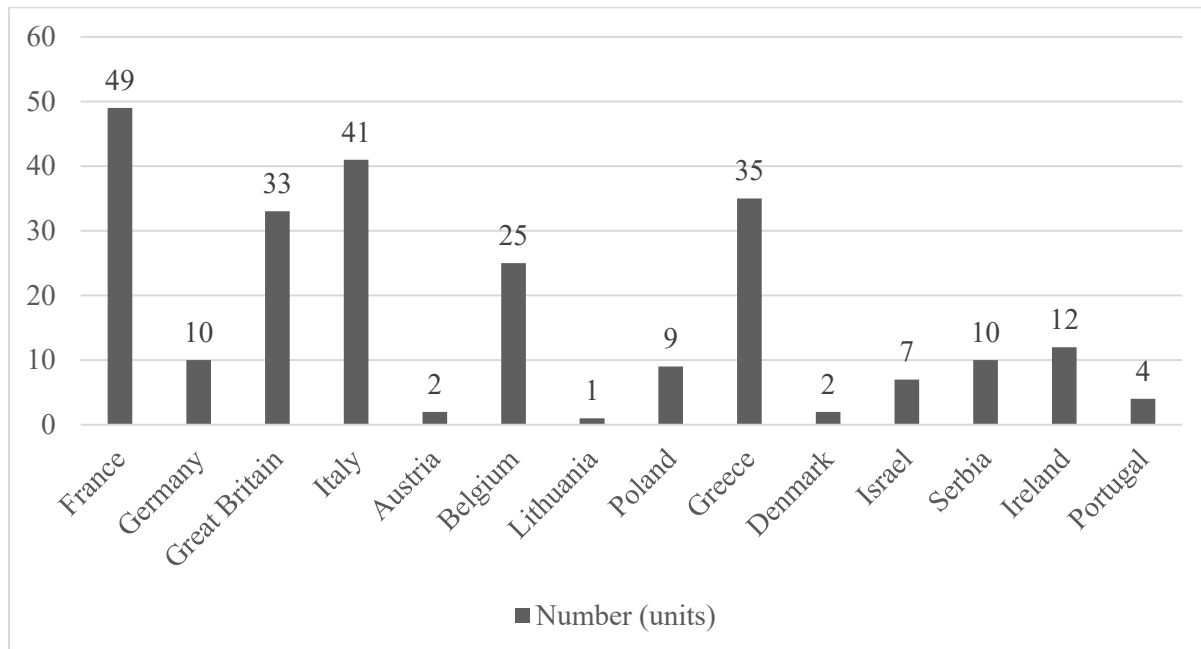
The education sector was the second largest in terms of attracted resources: €1.3 billion in 2024 (compared to €552 million in 2023), which included 15 deals, including university campuses in Italy, student dormitories in France and the UK, and school infrastructure in Belgium. Thus, educational projects accounted for almost 40% of all concluded PPPs by number, which indicates the active promotion of the PPP model as a strategy for renewing Europe’s social capital.

The third largest sector by value was the healthcare sector (€873 million), which for the first time in several years saw new projects: hospitals in Portugal and Denmark, as well as the Velindre Cancer Center in the UK.

Other sectors, such as environment, energy, and culture, showed explosive or compensatory growth: the volume of PPPs in the environment grew from €150 million to €805 million; in the energy sector, projects worth €785 million were concluded (none in 2023); cultural and leisure infrastructure remained marginal, with a total volume of €65 million. It is also worth emphasizing the emergence of innovative forms of PPPs, such as energy efficiency projects for the French Ministry of Defense, digital infrastructure (data centers in Italy), and the modernization of street lighting in cities in Italy and Greece [19].

It is worth noting that in the context of increased attention to investment attractiveness and long-term sustainable development of infrastructure, EU countries continue to form active project pipelines under the PPP mechanism. In 2024, according to official project monitoring, EU countries (including the UK) recorded a high level of activity in the formation of new PPP initiatives that have not yet reached financial closure but have already had contracts published in the Official Journal of the European Union.

As shown in Figure 2, France is the leader in terms of the number of projects in the pipeline with a total of 49 projects. There is also significant activity in Italy (41 projects), Greece (35 projects), and the United Kingdom (33 projects). Together, these four countries account for more than 60% of the region’s total active PPP portfolio, which indicates their systematic institutionalization of partnership mechanisms and readiness to attract private capital to implement public infrastructure initiatives.

Figure 2: Number of PPP projects in pipeline by country under development in 2024

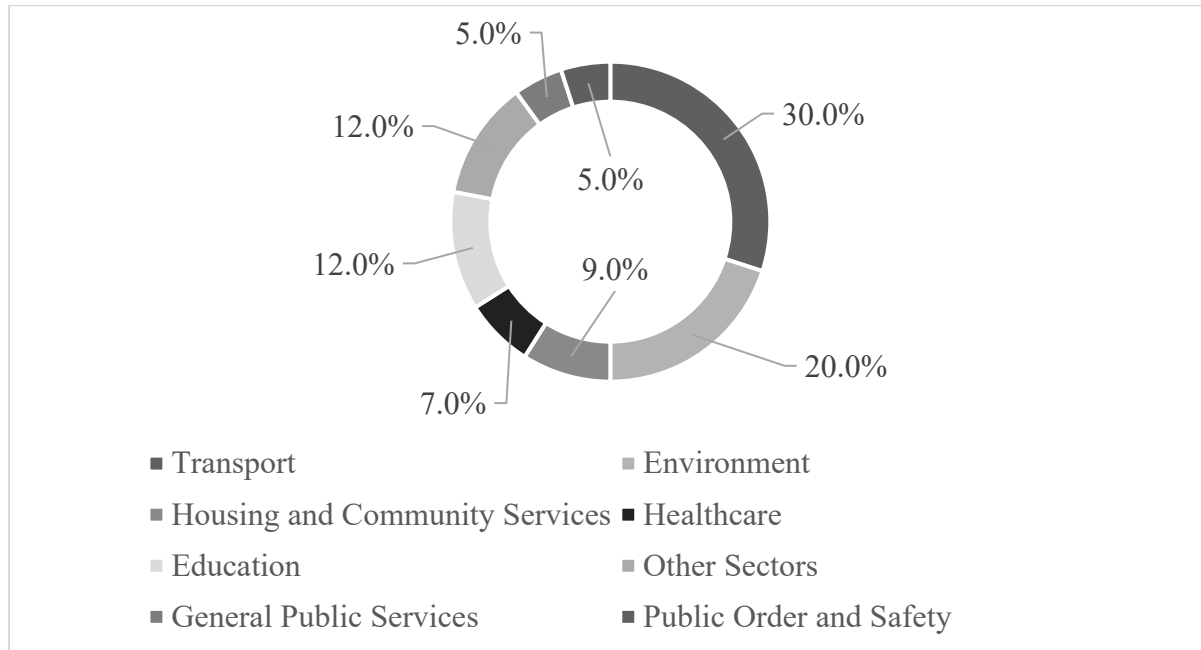
Source: EIB [18]

The figure fully confirms the increase in project activity in four key countries – France, Italy, Greece, and the United Kingdom – which account for over 60% of the European PPP portfolio. This concentration demonstrates not only the economic capacity of these countries, but also the systematic institutionalization of partnership mechanisms.

An analysis of the sectoral structure of the pipeline shows the dominance of the transport sector. According to Figure 3, in 2024, 77 active projects were recorded in the transport sector, which is more than 37% of the total PPP pipeline in the region. This figure correlates with long-term trends in the renewal of road, rail, maritime, and air infrastructure as basic elements of economic mobility and EU integration. The second largest number of projects was in the environmental sector, with 51 projects, including district heating and waste management systems. The education sector, represented by 34 projects, strengthens its third position in the ranking, which confirms the sustainable policy of supporting human capital through the modernization of educational infrastructure.

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Figure 3: Distribution of PPP projects by sectors under development in 2024



Source: European Commission [20]

The Figure 3 shows a clear dominance of transport projects (over 37%), which correlates with the EU's long-term infrastructure priorities. At the same time, the active growth of educational and environmental projects indicates a shift in the focus of PPPs towards increasing social sustainability and the "green" transition of the European economy.

Thus, in 2024, the PPP market showed a gradual reorientation from capital-intensive mega-projects to projects with high social significance and rapid implementation. A noticeable decrease in the average transaction value, a parallel increase in the share of publicly financed models, and the consolidation of portfolios in education and healthcare signal a transformation of public policy toward greater institutional sustainability and efficiency. At the same time, the concentration of infrastructure investments in a few countries points to structural challenges in integrating less prepared Member States into the pan-European PPP space. Further efficiency of PPP mechanisms will require optimization of the regulatory framework, alignment of investment priorities with the Sustainable Development Goals, and mobilization of new sources of blended finance.

Public-private partnerships have become an indispensable tool for increasing economic growth and attracting foreign investment, especially in developing countries where governments are often unable to finance significant infrastructure projects due to budgetary constraints. In addition, they effectively bridge the gap between public sector requirements and private sector capabilities by leveraging the experience, efficiency, and capital of the private sector. The value of these partnerships in promoting foreign direct investment (further – FDI) is that they create a structured framework that increases investor confidence by providing stable revenue streams, risk sharing, and legal clarity. In PPP initiatives, political stability is a critical factor that ensures a stable governance environment [6]. As a result, a strong regulatory framework is essential for fostering contract security and lowering the possibility of expropriation or sudden policy changes. Furthermore, foreign investors are encouraged to participate in PPPs by the need for infrastructure projects like roads and energy facilities, and the appeal of these investments is further enhanced by financial incentives like tax breaks and government guarantees. Despite their benefits, PPP projects have several drawbacks, such as political and regulatory risks brought on by an unstable political environment that could result in contract renegotiations or policy changes, financing constraints where high perceived risks discourage private investment, and exchange rate fluctuations that could impact the profitability of foreign investors [21, 22]. Governments and private sector partners can help overcome these barriers and increase investment flows to PPPs by strengthening legal and regulatory frameworks to protect investor rights and ensure transparency, providing financial incentives like tax breaks and subsidies, improving political and economic stability through long-term policies that

instill confidence in investors, and creating credit enhancement mechanisms like sovereign wealth funds to reduce financial risks.

Human capital, on the other hand, is a vital resource for improving a nation's competitiveness in the global economy. PPPs can be a strategic way to address global issues like economic inequality, rising inflation, market volatility, demographic shifts, digital transformation, and geopolitical instability. They can also help public authorities and private investors collaborate to create programs that build and retain human capital. It should be mentioned that PPPs play an even more significant role in the context of Russia's armed conflict against Ukraine. Rebuilding infrastructure and keeping a skilled workforce are two issues that arise from the fact that war-torn nations frequently lose a large amount of their human capital [13]. However, host nations can enhance their own human capital and boost economic growth by leveraging the abilities and potential of displaced people and refugees by integrating them into the labour market through PPP initiatives [14, 23]. This strategy lessens the detrimental effects of conflict on the workforce and generates fresh business prospects that are advantageous to the host nation as well as the refugees. To sum up, PPPs are a complex approach to boosting economic expansion through encouraging the construction of infrastructure, drawing in capital, and enhancing human resources. PPPs will play a critical role in fostering sustainable growth and resilience in the face of upcoming challenges as nations struggle with economic recovery and development, particularly in post-conflict situations. Therefore, it is crucial for governments to create an enabling environment that will facilitate the establishment and success of PPPs, ensuring that both public needs and private incentives are aligned for mutual benefit.

A well-defined legal and institutional framework that offers sufficient government support for the execution of high-quality, sustainable, and well-structured projects is crucial to the efficient operation of public-private partnerships (PPPs) in the European Union. The establishment of a clear PPP policy, the establishment of a suitable legal and regulatory framework, and the establishment of specialized institutions with clear roles and procedures are the three primary ways that public support for PPPs is implemented in the EU in accordance with the recommendations of the International Private Sector Development Fund [24].

The creation of a clear policy and sustained political backing that encourages the growth of a portfolio of PPP projects is the first and most important component of government support for PPPs. A PPP policy, while not always having a strict legal status, defines the basic principles of tendering, contract terms, and distinguishes PPPs from other forms of infrastructure procurement. Such a policy outlines the objectives, motivations and principles for implementing PPPs, facilitating coordination between different sectors and government institutions [25]. The existence of an officially approved policy document and its regular updating is one of the key indicators of the sustainability of political support for PPPs in the EU. Typically, the PPP policy covers the following aspects: definition of terms and scope, purpose of the PPP program, principles of risk sharing, establishment of a specialized PPP unit, project implementation procedures and audit mechanisms [26].

The second important dimension of state support is the availability and quality of legal regulation that defines the legal conditions and procedures for PPP implementation. There is a wide variety of approaches to legal regulation of PPPs in the EU: from specialized laws, such as in Ireland, that regulate financing and green lane procedures, to more decentralized and less formalized models, such as in Denmark or Sweden [27]. According to the recommendations of the European Bank for Reconstruction and Development [28] and the European Investment Bank [29], key elements of a PPP legal framework include: a specific general law on PPPs or concessions; compliance of the legislation with the requirements of EU directives; clear definition of the scope of the PPP, types of infrastructure, competent authorities and eligibility of private partners; procedures for selecting a private partner through competitive or exclusive procedures, as well as regulation of unsolicited proposals; and a clear and transparent legal framework. Therefore, this comprehensive legal mechanism provides legal certainty and reduces risks for PPP participants, which has a positive impact on the attractiveness of projects for investors.

The third component of effective PPP support is the organization of an institutional structure, in particular, the establishment of specialized PPP units or agencies. These bodies are key coordinators and facilitators of the PPP implementation process, responsible for policy development, project appraisal, contract standardization, and coordination among stakeholders [30]. The existence of a specialized PPP unit within the government, its formal status, size, clearly defined roles and responsibilities, and standardized procedures for project appraisal, approval, and implementation are important indicators of institutional support [25]. The use of standardized contract forms and tender procedures contributes to the transparency and efficiency of PPP implementation.

Thus, public-private partnerships play a key role in ensuring sustainable economic growth in today's environment by combining the potential of government regulation and private investment. To maximize the effectiveness of PPPs, a

comprehensive approach to its development is needed, including improving the regulatory framework, creating effective institutional mechanisms, and applying innovative incentives to attract business. The summary table of the proposed measures (Table 1) systematizes the main strategic guidelines that allow structuring the directions of reforming and development of the PPP aimed at increasing investment attractiveness, optimizing interaction between partners and integrating the PPP into key economic development priorities.

The process of rethinking the role of public-private partnerships in ensuring economic growth through the presented strategic guidelines shows that the successful development of public-private partnerships is based on a threefold foundation: a reliable regulatory framework, effective institutional mechanisms, and efficient financial and economic incentives. Implementation of systemic reforms in these areas will help create transparent and predictable conditions for private investment, expand the scope of PPPs, in particular in social and green infrastructure, which, in turn, will stimulate high-quality economic development and strengthen the competitiveness of the national economy. Such a comprehensive approach ensures the mobilization of resources and the formation of sustainable partnerships between the state and business, which is the key to sustainable growth in the long term.

Discussion

The results of the study confirm that public-private partnerships are one of the key tools for stimulating sustainable economic growth, integrating the potential of state regulation and private investment. A comprehensive framework that addresses the demands and challenges of the contemporary economy is produced by the strategic guidelines for PPP development that have been identified. These guidelines include regulatory reform, institutional strengthening, the use of financial and economic incentives, and creative integration into priority economic sectors.

The results align with the findings of many earlier studies that emphasise PPPs as a multipurpose mechanism of economic development [1–3]. It has been confirmed that an integrated approach that combines institutional innovation and legislative improvements – specifically, the establishment of central agencies for PPP coordination – is crucial.

This is consistent with Qwader and Al Sharif [5], who stress that to foster trust between the public and private sectors, transparent legal frameworks and unambiguous risk management protocols are essential. Furthermore, our research demonstrates that businesses' economic and financial incentives are essential for increasing private investment in PPP projects. The recommendations of Mofokeng et al. [4] and Budnyk et al. [2], which highlight the role of PPPs in mobilizing private capital for infrastructure investments with multiplier effects on employment and related sectors, are reflected in the provisions for tax incentives, government guarantees, and specialized financial instruments.

Integrating PPPs into the “green” transformation and modernization of social infrastructure is particularly crucial. According to several studies, sustainable development principles and current global trends are crucial [3, 13]. Our findings demonstrate that, by using partnership models that reduce strain on the state budget, PPPs can successfully serve as a platform for implementing energy-efficient technologies, encouraging renewable energy, and raising the standard of healthcare and education.

Dragan et al. [13] and Omowole et al. [14] emphasize the potential of PPPs to rebuild infrastructure and develop human capital, including through the integration of displaced people into labor markets, in light of the challenges presented by global instability, conflict, and demographic change. According to our research, PPPs both boost economic growth and carry out socially significant tasks that make the economy more resilient to shocks from the outside world. The risks and difficulties related to political instability and unequal human capital development, which may restrict the potential of PPPs in particular regions, must also be considered, as mentioned by Ravlinko et al. [15]. Our strategic guidelines take these factors into account by emphasizing institutional maturity and adapting partnership models to local conditions.

Thus, our study makes a significant contribution to the theoretical and practical understanding of PPP development mechanisms, demonstrating that successful implementation of strategic reforms in the regulatory, institutional and financial spheres is key to increasing investment attractiveness, expanding the scope of PPPs and achieving sustainable economic growth. Further research could focus on evaluating the effectiveness of specific innovative instruments and modeling the impact of PPPs on different sectors of the economy, taking into account regional peculiarities (Table 1).

Table 1: Strategic guidelines for the further development of public-private partnerships as a tool for stimulating economic growth in the EU

Strategic guideline	Prospects	Implementation tools	Expected effect / economic prospects
1. Institutional and legal transformation of the PPP mechanisms	1.1. Improvement of the legislative framework for the CPT in line with the <i>acquis communautaire</i>	Adoption of a codified law - Defining the types of PPP agreements and mechanisms for their implementation	Increasing legal certainty - Creating a favorable investment climate
	1.2. Institutionalization of an independent central body for PPP coordination	National Agency for the PPP - Advisory and analytical functions	Effective implementation of the PPP policy - Systematic project management
	1.3 Digitalization of PPP project management	Single electronic PPP platform - Transparent online procedures	Increased transparency - Reduction of transaction costs
2. Financial and economic motivation of the private sector	2.1. Introduction of a system of fiscal and financial incentives	Tax incentives Accelerated depreciation - Access to state co-financing	Increased investment attractiveness of projects - Growth of private investment
	2.2. State guarantees to minimize political and economic risks	Instruments of political risk insurance - State guarantees of return on investment	Reducing barriers to foreign investment - Attracting institutional investors
	2.3. Creation of specialized financial mechanisms for PPP development	PPP fund - Initiative for issuing infrastructure bonds	Diversification of financing sources - Increasing access of SMEs to PPP projects
3. Innovative and sectoral integration of PPPs into strategic priorities of the economy	3.1 Integrating PPPs into the implementation of sustainable development and green transformation priorities	Stimulating PPPs in renewable energy and waste management - Energy service contracts	- Improving energy efficiency - Reducing environmental footprint
	3.2. Involvement of PPPs in the modernization of social infrastructure	Models of availability payment - Partnership in education, healthcare	Improving the quality of social services - Reducing the pressure on the state budget
	3.3. Development of regional cluster PPP programs	PPP in the field of transport, logistics, digital innovations - Regional industrial platforms	Balancing spatial development - Activation of the local economy, job creation

Source: compiled by the author

Conclusion

Summarizing the conceptual and methodological foundations of the study, it should be noted that public-private partnerships (PPPs) in the context of the transformational dynamics of global economic processes acquire new functional properties, going beyond a purely infrastructure tool and emerging as a strategic platform for mobilizing resources to stimulate long-term economic growth. A paradigm shift in understanding the essence of PPPs is the

transition from an ad hoc mechanism for financing individual projects to a holistic model of public-private cooperation that can ensure the synergy of the regulatory potential of public authorities and the flexibility, innovation, and investment activity of business.

The complexity of the challenges faced by national economies in the context of growing competition, environmental instability, and social fragmentation necessitates a rethinking of the institutional architecture of PPPs. In this context, the formation of a favorable legal environment capable of providing basic guarantees of legal regimes of participation, as well as creating the basis for trust, stability and predictability of public-private interaction, becomes particularly relevant. At the same time, the institutionalization of independent coordinating structures and the introduction of digital platforms for managing partnership projects are an important condition for increasing the effectiveness of implementing investment attraction strategies and managing the life cycle of partnership initiatives.

The need to formulate a holistic strategy for the development of public-private partnerships makes it urgent to implement a systematic approach focused on long-term effectiveness and capable of ensuring a sustainable institutional logic of transformation. In this context, it seems reasonable to strengthen strategic coordination between government agencies, regional actors, and representatives of the private sector. This is not only about expanding the use of PPPs, but also about a qualitative transformation of the content of partnership: a transition from project implementation to institutionalized business participation in strategic areas of socio-economic development. Of particular importance is the incorporation of PPP mechanisms into programs for social renewal, environmental transformation, digitalization of governance, and development of regional economies, as they can generate a multiplier effect in terms of sustainable growth.

In view of the above, the prospects for the further evolution of the PPP should be considered in terms of strengthening its integration potential, both within the national institutional environment and in the broader context of the European economic convergence policy. Building flexible, inclusive, and transparent partnership models, supported by adequate regulatory mechanisms and financial instruments, will help to intensify investment activity and create a sustainable architecture of interaction between the state and business in the context of current challenges. That is why recommendations for the development of the PPP should be based on the ideas of balanced regulation, institutional trust and innovative openness, which will enable adaptive and at the same time strategically oriented growth of the national economy. It is advisable to deepen the analysis of the impact of digital tools on the transformation of PPP management, including mechanisms of transparency, open data and public monitoring. A separate vector should include research on inclusive PPP practices aimed at attracting small and medium-sized businesses, as well as assessing the role of regional PPPs in overcoming economic development asymmetries. In the global dimension, a comparative analysis of PPP policies in transition economies and the identification of factors for the successful adaptation of international experience to national realities remain relevant.

In the context of further development of the topic, it is advisable to outline several priority areas for future research aimed at deepening scientific understanding of the mechanisms of public-private partnerships. First, a comparative analysis of the effectiveness of different institutional models of PPP in EU countries and post-socialist states, taking into account the level of institutional maturity, regulatory harmonization, and political stability, seems promising. Second, the impact of the digitalization of management processes on increasing transparency, speeding up decision-making, and monitoring the implementation of partnership projects needs further study. Third, it is important to analyze the environmental dimension of partnerships in the context of implementing the “green” transformation of the economy and achieving the UN Sustainable Development Goals. Finally, a promising direction is modeling the socio-economic effects of PPP implementation to assess the long-term sustainability and multiplier effect of these mechanisms on regional development.

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