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*Larysa Hrytsenko, Hanna Shevchenko***PUBLIC-PRIVATE PARTNERSHIPS AS A MECHANISM OF THE BALANCED DEVELOPMENT OF RECREATION***Лариса Гриценко, Ганна Шевченко***ДЕРЖАВНО-ПРИВАТНЕ ПАРТНЕРСТВО ЯК МЕХАНІЗМ ЗРІВНОВАЖЕНОГО РОЗВИТКУ РЕКРЕАЦІЇ***Лариса Гриценко, Анна Шевченко***ГОСУДАРСТВЕННО-ЧАСТНОЕ ПАРТНЕРСТВО КАК МЕХАНИЗМ УРАВНОВЕШЕННОГО РАЗВИТИЯ РЕКРЕАЦИИ**

The possibilities of implementing public-private partnership are considered in the recreational area of Ukraine. The mechanism of public-private partnership is proposed, aimed at socio-economic balancing recreation that includes such components as: complex assessment of recreational investment projects; analysis of opportunities and risks for the partners and stakeholders in the development of recreation; integration of environmental and energy saving aspects in the planning, construction and operation of recreation, including travel and sports facilities; focus on the construction of facilities and infrastructure given the wide range of recreational needs.

Key words: recreation, balanced development, public-private partnership, social component.

Fig.: 1. Bibl.: 15.

Розглянуто можливість впровадження державно-приватного партнерства в рекреаційній сфері України. Запропоновано механізм державно-приватного партнерства, спрямований на соціально-економічне зрівноваження рекреації, що містить такі складові, як: комплексна оцінка рекреаційних інвестиційних проектів; аналіз шансів і ризиків для партнерів і зацікавлених сторін у розвитку рекреації; врахування екологічних і енергетично ощадних аспектів у процесі планування, будівництва та експлуатації рекреаційних, у тому числі туристичних і спортивних об'єктів; орієнтованість на будівництво об'єктів та інфраструктури з урахуванням широкого спектра рекреаційних потреб.

Ключові слова: рекреація, зрівноважений розвиток, державно-приватне партнерство, соціальна складова.

Рис.: 1. Бібл.: 15.

Рассмотрены возможности внедрения государственно-частного партнерства в рекреационной сфере Украины. Предложен механизм государственно-частного партнерства, направленный на социально-экономическое уравновешивание рекреации, содержащий такие составляющие, как: комплексная оценка рекреационных инвестиционных проектов; анализ шансов и рисков для партнеров и заинтересованных сторон в развитии рекреации; учет экологических и энергетически сберегающих аспектов в процессе планирования, строительства и эксплуатации рекреационных, в том числе туристических и спортивных объектов; ориентированность на строительство объектов и инфраструктуры на основе широкого спектра рекреационных потребностей.

Ключевые слова: рекреация, уравновешенное развитие, государственно-частное партнерство, социальная составляющая.

Рис.: 1. Библ.: 15.

JEL Classification: H 54, L 83

Formulation of the problem. Billions of euros can be brought to national economies with the help of public-private partnership (PPP) in the world developed countries. The main sectors for investment are typically determined as energy, road infrastructure, health care, etc.; in recent years – tourism and recreation as well. Given that the state of the domestic recreational sector requires significant investments for its restructuring and development, while its social side traditionally for our country somewhat slows the processes of funding, especially in conditions of total crisis – experience of involving the PPP is essential. Despite of the fact that the PPP as a concept and mechanism is currently actively studied and requires further examination of its characteristics, the fact of its effectiveness is undisputed, especially in social and economic projects, including recreation, in which the state, business and public are equally interested.

Analysis of recent studies and applications. Emphasis on formerly unsolved aspects of the problem. Authors of work [1] M. Franco and C. Estevao propose a conceptual model of PPP in the tourism sphere at the regional level in context of competitive economic activities development, while stressing the importance of this sector at the national level. The scholar researching the recreation P. F. J. Eagles [2] explores the management criteria of the

most frequently used management models of parks and protected areas. In the work of V. V. Kruglov [3] the establishment and development of recreational and tourist clusters based on public-private partnerships are studied. In the paper of H. P. Sklyar and Yu. V. Karpenko [4] the PPP is analyzed, the directions of improvement the efficiency of activity and social interaction in tourism and recreation are identified. The work of S. H. Nezdoyminov and N. M. Andryeyeva [5] is dedicated to PPP in recreation and tourism sphere in the context of social responsibility. In the paper of D. M. Stechenko and I. V. Bezuhlyy [6] was concluded that the PPP activates the socio-economic processes in the recreational and tourism sphere of our country.

However, the questions of PPP influence on the development of recreation considering the necessity of government regulation and support, the balance of social and economic factors and other issues that play a particular role in achieving equilibrium in the recreational area – will require further exploration.

The purpose of the article. Based on the above, the purpose of this study is to analyze and search for new possibilities of PPP as a mechanism for balanced development of recreation.

The body of the article. Defining the rules of the game in the recreational business, we believe that public-private partnership is a form of relationship between the state or local governments and private partners, which are shaped in the form of agreement that provide the implementation and co-financing of socially significant projects on a long term basis and allocation of risk, responsibility and reward [7]. Herewith, starting from 2010, when the Law of Ukraine “On Public-Private Partnership” [8] was adopted, as of today, the expert [9] states that “... the entry into force of the Law on PPP not resulted in a greater amount of projects due to the lack of detailed characteristics, the presence of which allows to relate a certain project to PPP, insufficient orderliness of state projects support procedure, the minimum guarantees for investors, restriction of PPP...” and as a consequence, change of the rules of the game (according to the Law of Ukraine in 2015 [10]), namely:

- changes regarding the entry into force certain provisions of the concession agreement and the rules regarding concession payments – create more favorable conditions for business for the construction of recreational facilities;

- changes to the list of fields of activity where PPP can be used – extending the capabilities of state support to various, including non-traditional forms of tourism and recreational activities;

- changes regarding the provision of additional guarantees for investors, in particular the right of private partner to suspend fulfillment of investment obligations is appeared, if the prices for a private partner services, which are regulated by the state, are not economically justified and so on.

Although during the last decade have occurred some domestic achievements on the project implementation with application of PPP [11, p. 135], merely few of the international investors took part in them.

In the field of recreation the positive experience of PPP already exists. But in the context of development of the social aspects of recreational services, and therefore on the way to equilibrium of economic and social sides of recreation, PPP projects is almost a new thing.

So, in Germany three models of PPP are circulated, namely [12, p. 5]:

- the model in which public authorities control how the company spending investment at the building, planning and production;

- the model in which public authorities grant to private suppliers privileges for providing specific works or services;

- the model in which public and private companies combine efforts for the joint execution of specific projects.

However, it is stated that in the social sphere the experience with PPP projects is almost absent. In this context, as subjects of recreational activities in the form of partnership, along with government agencies, profitable companies, non-profit organizations and communities are considered [2]. It is substantiated that within the orientation on the principles of consensus, accountability and transparency, are the best model of involving to leadership the representatives of non-profit social organizations.

Undoubtedly, a look at the social issues of PPP, as well as economic issues, should be made in the light of levels of socio-economic development of countries. So, authors of the article [13] J. P. Sai, N. Muzondo, and E. Marunda examine challenges affecting the establishment and operation of PPP in sphere of tourism on the example of a developing country, in particular: lack of trust, lack of adequate incentives, high level of risk, the lack of legal protection of partnerships, lack of initiative on the side of promising private partners, lack of government support and willingness to cooperate.

On the basis of the recommendations set out in the works [11; 13, c. 8–21; 14; 15, c. 70–71, 85–87], in particular, according to the so-called Myulhaymer's model (Mühlheimer Modell) [15, p. 110–112], we propose to use PPP mechanism in recreation area in order to maintain (balancing) its social component along with the economy of rest and recovery sphere (figure 1).

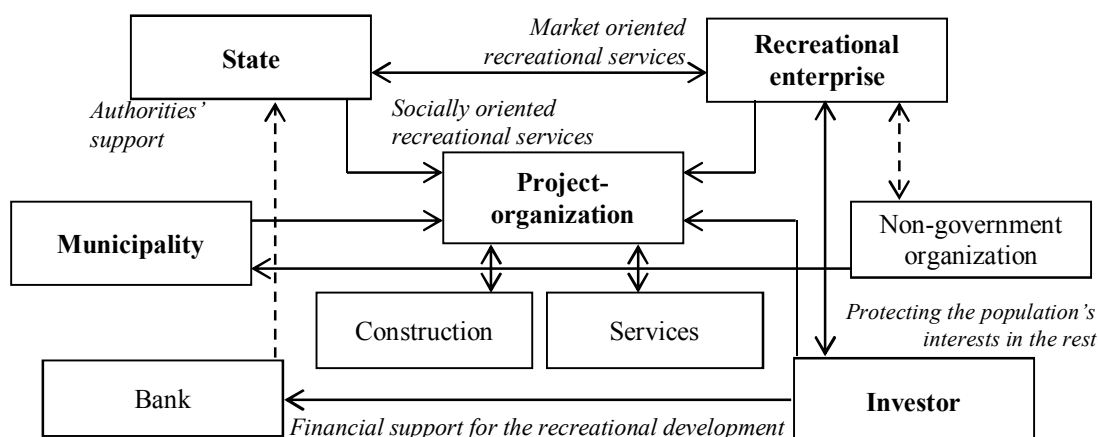


Fig. 1. The mechanism of public-private partnerships for the balanced development of recreation
Source: developed by the authors.

Accordingly, the PPP mechanism which is aimed at the socio-economic balancing of recreation contains the following components:

- integrated assessment of projects, which includes the following points: organization of the procedure of carrying out the competition for selection of PPP projects; the choice of method of financing (forfeiting, grants, subsidies, etc.); installation project, investment and actual amount of funding; the amount of real estate; economic rationale and prognostic evaluation of project efficiency; detailed analysis of demand for services in accordance with project; situationally conditioned operational interventions to the processes of planning and construction according to project requirements, etc.;

- analysis of the opportunities and risks for all PPP project partners: the community, state or local authorities, businesses and investors. With this approach additional complications might appear because of the increased number of participants with different interests. However, provided the effective coordination and conflict management additional benefits can be achieved that extend beyond just providing recreational services and will increase the attractiveness of the of the territory and improve the welfare and living standards of citizens;

- broad consideration of the environmental and energy saving aspects in the process of planning, construction and operation of recreational, including travel and sports facilities and structures;

– orientation on construction of facilities and infrastructure, given the wide range of recreational needs: as people who spend considerable resources to rest or are professional athletes requiring specific recreational services involving, for example, special functional equipment; and people with the usual requests for rest or recovery and receiving positive emotions, but also and above all socially vulnerable groups, children, seniors, people with disabilities and others.

In general, the implementation of PPP as a mechanism for balanced development of recreation should focus primarily on cultural differences, administrative traditions and principles of social and economic life within the studied territory. If the local authority (or government representatives) sees in the medium and long term benefits for the development of their territory from the construction or restoration of certain recreational (tourist, resort, sports) facilities and structures, then it is appropriate to consider PPP as an alternative form of recreation business. In contrast to the direct government involvement, the involvement to management through PPP private economic agents will result in their interest to create sustainable demand for recreational services, and thus a high level of quality services and the overall attractiveness of the recreational industry. There will a peculiar effect of shared responsibility and therefore will merge the finance of municipal (state budget) and private (funds of individuals and legal entities, foreign investment) sides of partnerships.

Conclusions and propositions. Thus, in the field of recreation, which is determined among other sectors of the national economy by its social component, which is not less important than the economic component, in the absence of budgetary funds PPP is a mechanism that is able to invest in this sphere and moreover – to invest to integrated recreational product. Precisely such an approach complies with the requirements the concept of sustainable development and promotes the development of recreational business in the long run. The PPP mechanism proposed in the given work differs among other mechanisms and instruments to support the development of recreation as follows: the complex assessment of projects, analysis of risks and chances for all partners and third parties, taking into account a wide range of recreational needs and, above all, needs of social orientation.

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Hrytsenko Larysa – Doctor of Economics, Associate Professor, Professor at the Department of Finance and Credit, Sumy State University (2 R.-Korsakova Str., 40007 Sumy, Ukraine).

Гриценко Лариса Леонідівна – доктор економічних наук, доцент, професор кафедри фінансів і кредиту, Сумський державний університет (вул. Р.-Корсакова, 2, м. Суми, 40007, Україна).

Гриценко Лариса Леонидовна – доктор экономических наук, доцент, профессор кафедры финансов и кредита, Сумский государственный университет (ул. Р.-Корсакова, 2, г. Сумы, 40007, Украина).

Shevchenko Hanna – PhD in Economics, Associate Professor, Associate Professor at the Department of Management, Sumy State University (2 R.-Korsakova Str., 40007 Sumy, Ukraine).

Шевченко Ганна Миколаївна – кандидат економічних наук, доцент, доцент кафедри управління, Сумський державний університет (вул. Р.-Корсакова, 2, м. Суми, 40007, Україна).

Шевченко Анна Николаевна – кандидат экономических наук, доцент, доцент кафедры управления, Сумский государственный университет (ул. Р.-Корсакова, 2, г. Сумы, 40007, Украина).

E-mail: annshev@ukr.net