

UKRAINIAN ROAD SECTOR PROJECTS IMPLEMENTATION WITHIN THE PUBLIC-PRIVATE PARTNERSHIP

Problem statement

The topical problem of the Ukrainian public road system development is the realization of projects on reconstruction and repair of roads and engineering structures located on them that in its turn requires both financial and material and technical resources at all stages of projects implementation - from their implementation to operation. These important issues shall be resolved with the participation of both the state and private capital that's why the public-private partnership issue arises.

Analysis of studies and publications

The issues of external financing of enterprises and project management were elaborated in publications of H.F. Boiko, Iu.S. Hrysiuk, L. Otul, V. Rebok, V.I. Iakunin, V.H. Varnavskiy, V.N. Mochalnykov, L.I. Iefimova, V.A. Mykhieiev, V.Ie. Manzhykova, E.Iu. Bondarenko, V.I. Iakunin, A.M. Vinnyk and others have been investigating the public-private partnership.

The objectives hereof are the theoretical coverage, structuring and classification of financing methods of the launch and operation of the public-private projects in the Ukrainian road sector.

The main material

In recent decades the main scientific and practical problems in the project management have been formed by the International Project Management Association (IMPA). The definition of the "project" can have different interpretations depending on the nature of the project. For example, when we are talking about the project implementation in the physical representation (buildings, industrial buildings, etc.) the "project" is a purposeful, pre-determined and planned construction or upgrading of physical objects, technical processes, technical and organizational documentation for them and created usage systems of usage of material, labor, financial and other

resources and management decisions and measures to implement them. In the modern sense the projects are a thing that changes our world: industrial object construction, research program, enterprise reconstruction, new organization creation, a new technology and technology development, a new movie creation, implementation of social and technical measures for regional development- all of these are projects.

In this sense in the transport construction one can distinguish a number of specific projects groups connected by their purpose, implementation method and peculiarities of resources (investment) support. A brief classification includes 5 projects groups, namely:

A Group. Projects on the regions' transport connection management structures development such as:

- projects on the creation and implementation of the regions' socio-economic development models which allow to get the information on the need for transport facilities and requirements for their operational characteristics based on the promising information on dynamic characteristics of the sectors and region's social structure;
- projects on the determination of the rational structures and transport facilities' operational maintenance forms;
- projects on the regions' transport connections;
- projects on the rational relationship system creation between the parties of the work programs implementation on the criteria of mutual benefit and profit.

B Group. Projects on the transport facilities development such as:

- projects on the creation and maintenance of investment processes for the construction or reconstruction of existing transport facilities such as roads, bridges, transport services objects or separate routes;
- projects on the long-term programs implementation of the transport facilities' operational maintenance;

C Group. Projects on the creation of modern methods of planning, organization and production management such as:

- projects on the development of substantiation systems of current and future work programs and resources which ensure the reliable operating condition of the road network;
- projects on the creation of rational methods systems of work production organization on the road network of the region as one of the functions of the production management;

- projects on the determination of rational management forms of the operation maintenance system of individual regions' roads.

D Group. Projects on the manufacturing and industrial base development such as:

- projects on the substantiation of current and future needs for material and technical resources that are required to perform certain work programs;
- projects on the creation of management system of the region's industrial base.

E Group. Projects on the new technologies creation such as:

- projects on the new design solutions implementation such as a road pavement construction, new bridge constructions and so on;
- projects on the creation and implementation of technologies for production of new materials and constructions manufacturing processes automation systems.

F Group. Projects on the social welfare services such as:

- projects on the creation of efficient use of the region's labor resources in the implementation of promising work programs on the road network.

All types of projects combine two features such as their performance requires some investment resources and they develop according to typical phases. This means that under the conditions of a shortage of the customer's investment resources, it should look for favorable conditions and attract other participants' investment resources to the project. The involvement in the cooperation of other concerned project participants can take place at different phases of the project management which under the peculiarities of the transport construction are identified as follows:

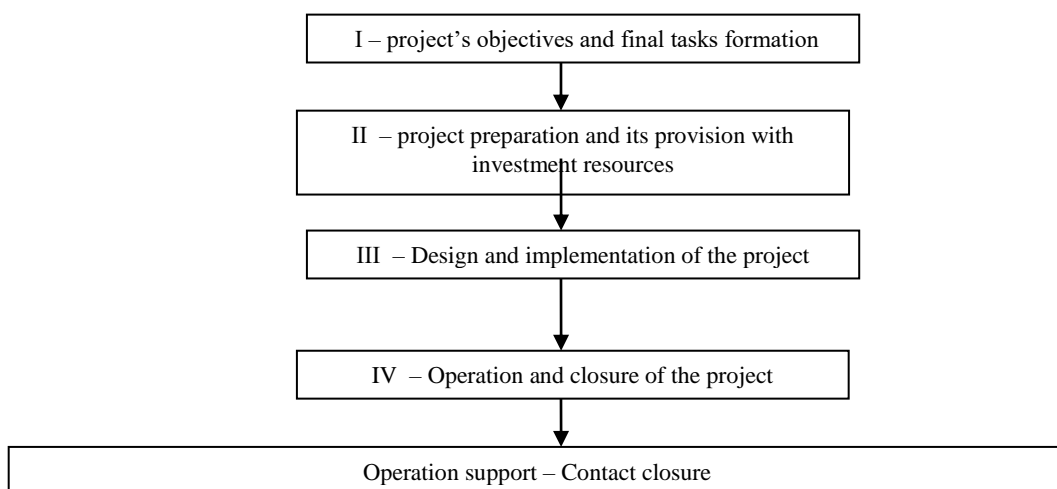


Figure 1 - Project management phases

The main feature of this projects management stages formation system is to maintain continuous assessment processes of the intentions and actions of all participants regarding the use of investment resources that are present in each phase. With this purpose in each phase of projects management one should use special techniques or carry out technical and economic calculations to determine directions or rational variants of investments use.

For the development of the road sector projects implementation processes under terms of the public-private partnership it's necessary to solve some preliminary tasks, which essentially form a sequence of actions on the development of this project implementation form.

First of all, it should be noted that the projects management is an activity performed by a highly professional community of experts. Therefore, sector bodies shall be created that control and direct the development of the processes on the development of different projects groups which will be performed using different investment forms. This should be a special management structure that acts on the public-sector level and its Articles of Association and activities functions are defined by the list of actions aimed at projects management provided the involvement of various resources forms.

An example of such structure can be projects management groups created in 2003 – 2008, for example M-06 GROUP, which cooperated with the State Agency of Automobile Roads of Ukraine (Ukravtodor) in the process of the projects implementation problems solution with the involvement of the international investment banks. During the last time these groups were combined in the organization structure which is called the State Enterprise Ukrainian Road Investments “Ukrdorinvest”, the function of which is to facilitate the determination of the scope and structure of investments in the roads' construction and reconstruction and maintenance of these projects to their operation.

The second task is the development of the legislative framework on the public-private partnership development directly in the transport construction field. Despite the fact that recently in Ukraine the legislative acts were adopted in the area of the public-private partnership development there is still a real need for the development, operational management and adaptation to the current conditions of certain provisions of these laws. First of all it is about taking into account the characteristics of the long-term management of investment projects on the maintenance of the rational level of the road network condition.

The third task is the establishment of the all works complex on the project documentation formation. It should be distinguished two directions such as the creation of the complete structure of national requirements and the documents development under the international standards. These requirements are reflected, for example, in the development of the EUROCODES system which is used in the process of the projects drafting, it is the development of standards in the area of accounting and economic regulation, for example, accounting systems.

The fourth task is the work process implementation on the performance of the programs of individual projects using modern forms of the production activities management of the main performers. First of all, it is about the creation and use of operational management system of the resources use processes both investment and production resources of the work programs performers.

The fifth task is the development of modern forms of operational projects such as the project management based on long-term contracts, development of new forms of investment attraction, for example, the fare of certain groups of vehicles, use of advanced forms of concessions and joint use (operation) of transport facilities.

The sixth task is the comprehensive maintenance of management processes of all types of projects classified above as well as all projects under various forms of purpose such as construction, repair, operational maintenance.

To implement the various groups of transport construction it's possible to attract different types of investment resources, and the best option of their selection is defined both by terms of investment and forms of possible business partnership. The comparative characteristics of conditions and methods of the investment resources use in the transport production is shown in Table 1.

The final foundation of forms and conditions of the investment resources use is defined in the process of the technical-economic foundation of the project and economic calculation of feasibility of a particular investment process. With this purpose at the different stages of the first phase of the project performance certain documents are drawn up (according to the project team and its type):

- Project Development Requests;
- Business Plans;
- Provisional Project Budget;

- Technical and Economic Feasibility Study for a project and its individual stages

For the paperwork both typical methodologies and approaches for all industries, and specific instructions, methodologies and guidelines which are in force in the field of the transport projects substantiation are used.

In the table below the basic advantages and disadvantages of the projects' investment schemes are identified.

Table 1 - Advantages and disadvantages of different investment schemes

Types of investments	Use conditions	Partnership conditions		Advantages	Disadvantages
		Name	Conditions		
1	2	3	4	5	6
I Public funding	High social significance The company's activities shall must state standards Resources provision and products shall be directed to the objects of national importance	All kinds of production activities	Projects of A, B, C Group	Reliability and regularity of financial support The lack of charges and taxes on received resources Efficiency and transparency of the operations with financial resources	Difficulties in resources obtaining The probability of the project's underfunding The limited amounts of funding The limited space of the allocated resources use
II Crediting	A clear plan for establishing the project and the amount of resources	All kinds of business activities (without limitation)	Projects of all groups such as A, B, C, D, E	Speed of the processes for the resources receipt Almost no restrictions on the amount of resources	Need of pledge (guarantee) Rather high rates of the resources obtaining

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1	2	3	4	5	6
	A positive history of the company's activities or the kind of activity High liquidity of the project			Lack of control over finances The flexibility and multivariance of the clearing payments processes	The high cost of the project The probability of bankruptcy The probability of losing the company (or the project)
III Strategic investment	Stable macro-economic projects The high level of management in the project's operation phase	Significant international projects	Projects of A and B Groups	The use of the experience and technological advantages of the investor The inclusion of the project in the general programs The use of significant resources The obligation of the ultimate goal reaching	High dependence on the investor The ability to change the results of the project by the investor and other participants The low profitability of the project at the operation stage

Conclusions

Thus, not all of the schemes of the projects launch and management are universal. Thus, should the type II schemes be the most affordable in terms of attracting private capital, they shall meet considerably higher requirements for the risk management, but these projects are best suited to the public-private partnership implementation concept due to high liquidity.

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