



## ЗАРУБІЖНИЙ ДОСВІД ВИКОРИСТАННЯ ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА В СФЕРІ ЖИТЛОВОГО БУДІВНИЦТВА НА ПРИКЛАДІ СЛОВАЦЬКОЇ РЕСПУБЛІКИ

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**Анотація.** Стаття присвячена вивченню зарубіжного досвіду використання державно-приватного партнерства у сфері житлового будівництва на прикладі Словачької Республіки. У даній статті розкрито форми проектів державно-приватного партнерства, реалізація яких добре зарекомендувала себе під час будівництва, реконструкції і ремонту значущих для держави транспортних і інфраструктурних об'єктів. Відображено концептуальні принципи реалізації державної житлової політики Словаччини, нормативно-правові засади регулювання відносин між державним та приватним секторами, наведено діючу поточну модель державно-приватного партнерства. Викладено аналіз житлової політики Словачької Республіки і виявлено можливість використання такого виду партнерських відносин, як державно-приватне партнерство у сфері житлового будівництва.

**Ключові слова:** державно-приватне партнерство, житлове будівництво, житло, інвестиції, будівельна галузь, приватний сектор, державне регулювання.

## ЗАРУБЕЖНЫЙ ОПЫТ ИСПОЛЬЗОВАНИЯ ГОСУДАРСТВЕННО-ЧАСТНОГО ПАРТНЕРСТВА В СФЕРЕ ЖИЛИЩНОГО СТРОИТЕЛЬСТВА НА ПРИМЕРЕ СЛОВАЦКОЙ РЕСПУБЛИКИ

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**Аннотация.** Статья посвящена изучению зарубежного опыта использования государственно-частного партнерства в сфере жилищного строительства на примере Словацкой Республики. Раскрыты формы проектов государственно-частного партнерства, реализация которых хорошо зарекомендовала себя при строительстве, реконструкции и ремонте значимых для государства транспортных и инфраструктурных объектов. В тексте данной статьи отражены концептуальные принципы реализации государственной жилищной политики Словакии, нормативно-правовые основы регулирования отношений между государственным и частным секторами, приведена действующая текущая модель государственно-частного партнерства. В материалах статьи изложен анализ жилищной политики Словацкой Республики и обнаружена возможность использования такого вида партнерских отношений, как государственно-частное партнерство в сфере жилищного строительства.

**Ключевые слова:** государственно-частное партнерство, жилищное строительство, жилье, инвестиции, строительная отрасль, частный сектор, государственное регулирование.

## FOREIGN EXPERIENCE IN THE USE OF PUBLIC-PRIVATE PARTNERSHIPS IN THE FIELD OF HOUSING CONSTRUCTION BY THE EXAMPLE OF THE SLOVAK REPUBLIC

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**Abstract.** The article is devoted to the study of foreign experience in the use of Public-Private Partnerships in the field of housing construction by the example of the Slovak Republic. The forms of Public-Private Partnerships have been found out, the implementation of which has well proved itself in the construction, reconstruction and repair of significance transport and infrastructure objects for the state. This article describes the conceptual principles of implementation of state housing policy in Slovakia, the legal basis for regulating the relationship between the public and private sectors, and a current model of Public-Private Partnerships. The analysis of the housing policy of the Slovak Republic has been given, and the possibility of using such type of partnership, as Public-Private Partnerships in the field of housing construction, has been found out.

**Keywords:** public-private partnerships, housing construction, residential property, investment, construction industry, private sector, government regulation.

### Relevance

Research of management practices an economicaly developed and developing countries indicates about growing activity of various forms of partnership between the state and the private sector in various fields. Public-Private Partnerships (PPPs) is an effective and promising instrument for economic and social development at regional and local levels as a way of attracting sources in projects where the state and local authorities are trying to maintain control and to establish cooperation with investors. Studying of foreign experience of this phenomenon and in particular the experience of the Slovak Republic (the SR) will help shape the understanding of PPPs development in Ukraine.

### Analysis of recent researches and publications

The analysis of use such type of partnership as the PPPs in the SR were conducted using domestic and foreign sources. Publications of V. Tóth, M. Šveda are devoted to problems of housing policy. To the implementation of PPPs in the public policy of housing construction are devoted the scientific works of such authors as E. Balabenko, A. Nikolaev, I. Zapatrina. There are some aspects

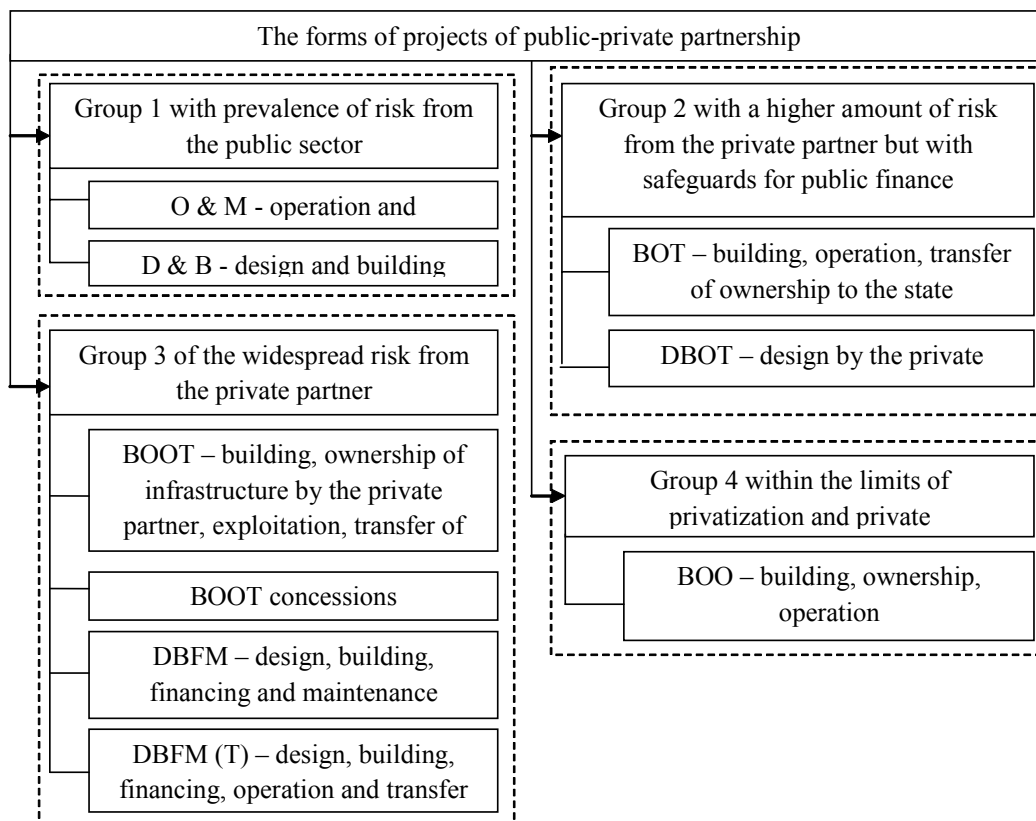
of the use of PPPs that are considered in the scientific works of B. Danylyshyn, M. Dolishny, B. Skuratovskyi, P. Tkachuk, Y. Sharov, and etc.

The purpose of research is to study of international experience of PPPs and identify possibilities using of this type of partnership in the field of housing construction for the solving important social and economic problems of the region in the future.

### The main material of the research

The term of «PPP» is a form of cooperation between public authorities and business sector in order to ensure the finance, construction, repair, operation and maintenance of new infrastructure or operation and maintenance of existing infrastructure to provide public services [1, p. 6]. There are several different forms of PPP projects, which are divided into four main groups (fig. 1). They are differ by ownership of assets and risk sharing between the state and private partners [2, p. 7–9].

The success of PPPs depends on the effectiveness of the national and municipal legislative and regulatory structures [3, p. 38]. Legal/regulatory framework for PPPs is general law about public



**Figure 1.** The forms of PPP projects.

procurement in place, but there are not specific laws on PPPs; there are specialized PPPs units within the Ministry of Finance; the relevant directives of the European Union (the EU) are transferred to the Slovak legislation, namely the PPP Association – is a group of private companies, which provides opinions and comments about new promissory notes/directives and also serves as a think tank in the identification of new deposits PPPs. Review of the regulatory framework and appropriate changes in legislation currently makes the PPP unit as part of the Ministry of Finance [4, p. 18].

According to the Slovak legislation, the issue of PPPs in relation to the private partner is legally governed by the law № 25/2006 «On public procurement and changes to certain laws with amendments». Besides, the rules of public-private sector are envisaged in the law № 523/2004 «On budget rules and changes to certain laws with amendments» and law № 583/2004 «On financial regulations of local governments and changes to certain acts».

The Procurement Act of 2006 governs public procurement in the SR. The Procurement Act implements the EU procurement directives into legislation of SR and introduces four methods of procurement identified in the EU legislation: open procedure; restricted procedure; negotiated procedure; and competitive dialogue. The Procurement Act as interpreted by the Legislative of the SR also allows the concession dialogue procedure, which can be designed by public authorities respecting the fundamental principles of the Procurement Act. Legal provisions are implemented in accordance with the procurement act accurately reflect the EU requirements for competitive relations [5, p. 111].

Slovak legislation separates the aspects of PPPs as procurement, state property management, financial regulations, bankruptcy law, state aid, construction law, accounting and taxation.

Legislation of the SR separates the aspects of PPPs on procurement, state property management, financial regulations, bankruptcy law, state aid, construction law, accounting and taxation.

The benefits of PPPs are: mobilizing private capital, the ability to accelerate implementation and reduce costs during the whole period of the project, the motivation to improve productivity, strengthen public administration, implementation of innovative solutions to attract people interested in the project, and using experience and advanced technology.

The SR does not have a large portfolio of closed deals. Many projects are in the pipeline, however, and the PPP method of procuring in transport and social infrastructure is becoming increasingly popular. Transport projects are a priority for SR in a direction of use PPPs as a tool for procurement. The current road PPP projects which being undertaken in the SR have attracted significant political support at the highest levels. This support and the pragmatic approach has taken by the government, particularly the Minister of Telecommunications and Transport, have been the factors for the continued support of the private sector in the projects despite the size of the projects and current market conditions.

A positive experience in the field of PPPs is the creation of the PPP Association of the SR.

The main activities of the PPP Association are: holding educational activities and providing information about PPPs, including through consultation, updating a website on the Internet, and printing news in the magazine of PPP. PPP Association is also involved as an expert and partner in creating a legislative and regulatory framework for

PPP projects and actively working to improve the quality of PPP projects, their particularities and various opportunities for public use. It also provides a platform for the exchange of experience and ideas for companies dealing with PPP. Due to the relative lack of experience of the implementation PPP projects in the SR PPP Association is trying to spread extensive international experience and know-how among the members of the PPPs and support potential candidates, performers, and the public and private sectors [6, p. 50].

It should be also noted that there is a positive experience of the implementation of the PPP model in Slovakia (fig. 2) [4, p. 7] which laid the foundation for the development of housing construction.

The quality of housing is the main purpose of improving the technical condition of existing housing fund and using appropriate recovery instruments to help extend the life of buildings and reduce energy consumption.

Duties of State should be aimed mainly at creating the necessary legal framework for the various actors in the housing sector, to create effective economic instruments of subsidies, loans, and fiscal policy and carry out the necessary methodological work in this area [7]. A brief overview of Housing Policy in the SR is given in table 1.

Figure 3 shows the specific tasks of the Concept of State Housing Policy on 2015-2020 of the SR.

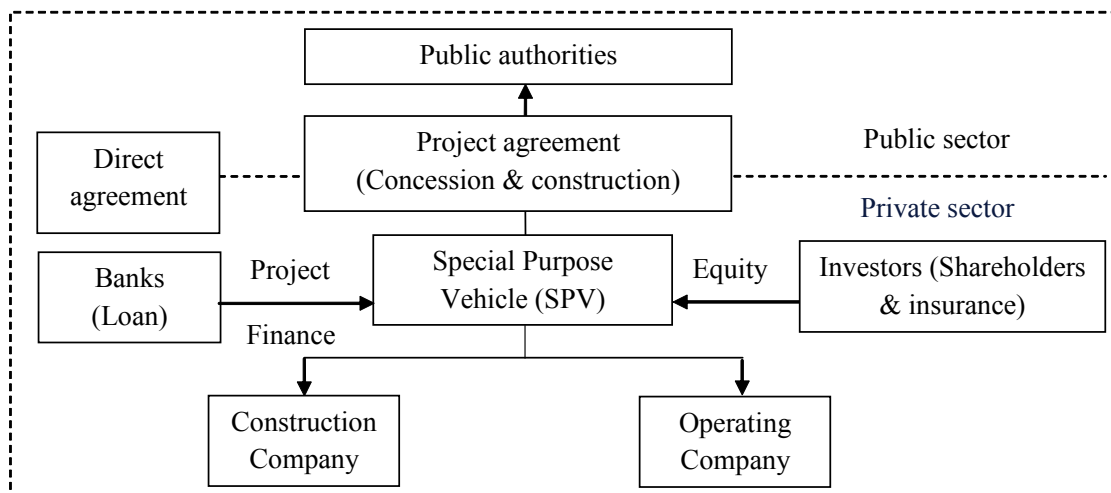
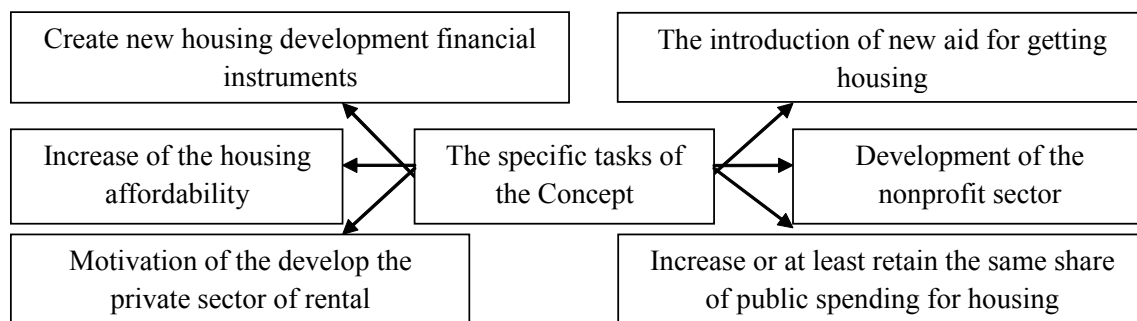


Figure 2. Current model of PPPs in the SR [4, p. 7].

**Table 1.** Housing Policy in the SR [8]

1.	1989	Minimization of the public sector control Minimal response by the public sector
2.	Since 1994	In approximately 5 years periods are adapted new Concepts of State Housing Policy Thanks to the 5 years continuity, it was possible to create and to adjust relevant legislation and economic instruments
3.	1996	Establishment of State Fund for Housing Development
4.	After 2000	Development of mortgage markets and real estate markets Development of targeted subsidy schemes
5.	Current housing market	High proportion of owner-occupied sector High rental prices Large real estate prices, the difference in tariffs between regions Severe shortage of affordable social housing
6.	Since 2014	Private sector business can apply for state support
7.	Despite the gradual improvements, over the last decade, government has failed to fully achieve its targets in housing policy	Housing development tools provide yearly increase of social rental housing in the amount of 10–20 % of the overall new housing construction Currently is the renewal of existing housing fund at 25–30 % of overall housing stock



**Figure 3.** The tasks of the Concept of State Housing Policy on 2015–2020 of the SR [8].

According to the above analysis of active measures of the state in the construction industry of the SR in recent years quite significantly increased the level of commissioning of the total area of new housing. Especially notable these changes compared with the Crisis of 2009, when the figure sharply decreased. Further development of the construction industry is directly dependent on creating an effective system cooperation between the state and the private sector.

The Government of the SR promotes policies and programs of housing finance by means of the State Fund for Housing Development (SHDF) to

provide access to housing and/or other affordable housing the poorest by providing loans through financial institutions (public, private or semi-public and private sources). SHDF provides loans on favorable terms (low interest rates) to individuals who are nationals and permanent residents in the SR over the age of 18 years. Support is aimed mainly at young people and takes the form of subsidized credit to 80 % of the purchase price that not exceeding 52,300 euros for an apartment (charged 2 % rate of up to 30 years). Applicants must strictly fulfill certain conditions, one of which is the amount of income that does not exceed 3.5 living wages.

SHFD was established in 1996 under the Law on the State Fund for Housing Development. SHFD has a revolving fund, which at the beginning was financed exclusively from the state budget, and recently partially financed from the state budget and its own sources, providing favorable loans that envisaged by the law of SHFD. To improve the housing development and increase the share of public rental housing for low-income households, the state has introduced following programs [9]: economic construction scheme (1992); Mortgage Bank (1994); State Fund for Housing Development (1996); Housing Development Program (1998). The results of these programs are positive. In the period 1998–2011 they helped start construction of approximately 32,000 municipal rental houses. The relevant documents [9]: the Concept of State Housing Policy 2015; the law № 443/2010 «On subsidies for housing development, and social housing»; the law № 607/2003 «On the State Fund for Housing Development with amendments»; the law № 483/2001 «On the activities of banks with amendments»; the law № 310/1992 «On the construction cost of the change; housing development program».

### Conclusions

The article presents analysis of foreign experience in the use PPPs in the field of housing construction of the SR. According to the research formulated the following conclusions.

1. It is presented the basic forms of PPP projects, the implementation of which has well proven

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in the construction, reconstruction and repair of significance transport and infrastructure objects for the state. It should be noted that the use of PPPs in field of housing construction is quite promising, considering the experience of the developed EU countries.

2. It is revealed the conceptual principles of the State Housing Policy of the SR, which allowed revealing possibility of using this type of partnership as PPPs in the field of housing construction of Donetsk region.
3. It is considered legal framework that governing relations between the public and private sectors. The relevant laws to regulate activity in this area in the EU and Slovakia in particular, are a good example, which is facilitating the formation of the necessary legal and regulatory framework for the use of PPPs in the construction industry at the regional level.
4. It is presented the current PPP model of the SR, which provides constructive cooperation of all project participants and allows solving complex questions to stimulate socio-economic development.

In general, it should be noted that the experience of the SR is a good example for the implementation own PPP elements in the Donetsk region, where the interaction of the state and the private sectors is only at the primary level. Currently, PPPs is one of the most effective instruments of construction and reconstruction of various infrastructure objects without critical burden on the state budget.

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