

STUDY ON THE EVOLUTION OF PUBLIC-PRIVATE PARTENERSHIPS IN EUROPEAN UNION

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Abstract

The multiple possibilities of the private sector to relieve the state of some tasks and its involvement in public services is a topic widely debated throughout the European Union, with positive effects on the functioning of the economic sector, especially agriculture. The involvement of economic entities belonging to the associative environment in sustainable development is essential in the context of the current economic crisis. This paper aims to analyze the effects and role of public-private partnership involvement, through a evolution analysis based on data provided by the European Commission. The present paper is based on the evolution of Public-private partnership and it has as main objective the highlighting of the similarities and discrepancies of this form of cooperation.

Keywords: PPP, sustainable development, agriculture, competitiveness

DOI: 10.24818/CAFEE/2020/9/14

Introduction

Lately, due to the role that the Public-Private Partnership can play in relieving some of the state's tasks, this concept is more and more used. A common practice for some European countries is to carry out infrastructure works by identifying opportunities for the private sector to provide public services. Another practice is a new point of interest, especially due to the current economic crisis by increasing public spending while decreasing revenues.

The purpose of this article is to analyze the evolution of development through the Public-Private Partnership of the states of the European Union having as main objective the highlighting of the similarities and discrepancies of this form of cooperation.

The conceptual approach of the PPP highlights an effective way of cooperation between the private sector and a public authority or non-governmental organizations and aims to produce productive effects for the development of states. It can be represented by a medium or long-term contract, meaning by contract, the relationship between a public entity and a private entity for risk analysis and financing expertise for the provision of a service.

Public authorities may carry out economic activities on their own account or through third parties, such as mixed capital entities in a PPP. The public-private partnership ensures the correctness of the application of some programs and the transparency of their realization. At the same time, the partnership helps to work up the governance system and local development.

As there is a diversity of collaboration between public authorities and the private sector in the Member States of the European Union, there is no standard partnership model, although this is materialized by the implementation of two major objectives such as employment and development local by ensuring social and economic cohesion. Given the PPP's private sector contribution, this consists of contributing to capital or other assets as well as performing the tasks assigned to the joint venture. At European level, economic analysts place great emphasis on this form of partnership because studies have shown that the transfer of

managerial concepts from the private to the public sector can reduce the shortcomings of the public sector economy. To a large extent, these deficiencies result from the way public money is managed by the responsible people, because they do not assume any personal risk, not being their own money. They follow certain possible pressures of political, administrative or personal interest which may lead to a decrease in the efficiency of the allocation of funds.

Literature review research method

The present paper is based on the evolution between the states of the European Union regarding the involvement of associative forms such as Public-Private Partnership, using an updated database that reflects the level of investment in the public and private sectors. At the current state of research in this field, the present analysis is a concise description of the significance of PPP at the aggregate level in Europe. The extension of the PPP concept is noted by DLA Piper (2007) and Standard & POOR (2006) which analyzes the growing momentum of European agreements that through recent legislation has enabled countries such as Germany, France, Spain, the Netherlands, UK, Italy, Ireland, Portugal, Romania. The decision-makers of these countries take into account a percentage of 10-15% of the total capital expenditures in the public procurement sector, a percentage similar to the level of the United Kingdom. The institutional maturity of the various sectors requires time to prepare projects, and according to DLA Piper (2007) the total value of PPP transactions reached 73 billion euros in the transport sector alone.

Comparative analysis between the member states of the EU

France

In France is a tradition of public-private partnerships, especially in the area of infrastructure development concessions. Although the French system is the oldest, the concept of PPP has not evolved at the level of other states because there is no unitary legal regime for public works concessions but there are provisions on public procurement and sectoral laws on concessions.

At national level, forms of PPP are mainly concluded for infrastructure projects, and in addition to these, several forms of PPP have emerged in the field of crime prevention, ensuring social cohesion, in the water, energy, transport and telecommunications sectors.

Germany

In Germany, the first forms of public-private partnership have been identified in some sectors of activity such as the construction of hospitals, schools and prisons. The concept of public-private partnership that had the greatest impact was in the transport sector, for the construction of highways and dates back to the beginning of 1994 when the law on private financing of the construction of highways was adopted. At the beginning, the legislation allowed the application of PPP only for the construction of bridges, tunnels and mountain roads, which led to a slow development of the transport sector. For most potential PPP projects, the public sector was responsible for carrying out the project, but with special support, mainly in the form of operating guidelines on procedural standards. In order to facilitate the transport infrastructure sector, the public sector has approved the financing of construction and maintenance costs by private investors receiving start-up funds from the state and, for a limited period, the revenues obtained from the collection of the transit fee for large capacity passenger vehicles.

Netherlands

Public-private partnerships enjoy a wide interest in the Netherlands, where private parties are involved in implementing the policy and delivering political products or services.

The concept of PPP began around 1986 when state-owned companies were thus privatized, outsourcing tasks and public goods that became popular due to budget cuts, as well as discussions on state withdrawal. The first forms of PPP were set up to develop infrastructure and targeted both road tunnel projects and high-speed rail projects. PPP development strategies are managed by the Ministry of Finance where there is a PPP Knowledge Center that reports to the ministry council and parliament. Regarding PPP in the Netherlands, the largest share is in the transport, housing and urban development sectors.

United Kingdom

In the UK, the public-private partnership was introduced in 1992 and is therefore considered the pioneer of this type of partnership. The PPP projects have been grouped under the name of Private Financing Initiative (PFI), an institution belonging to the Ministry of Finance and are subject to the control of the National Audit Office. Most public-private partnership projects have been allocated to rail transport (three underground transport projects in London), road and bridge construction, health, education and prison administration projects. PPP projects aim at the completion of significantly improved public services by increasing the quality and quantity of investments, and public administration bodies must ensure that they can apply appropriate internal control mechanisms to monitor the achievement of Community interests.

Spain

In Spain, PPPs were first adopted in the mid-1990s and targeted intergovernmental projects monitored by the government to build motorways. The greatest attention has been drawn to the development of the railway and road network, where Spain has an advanced stage of development.

Another direction for the development of the infrastructure program is to increase the capacity of ports and airports, as well as the health sector by building new hospitals.

Portugal

In Portugal, PPPs have been ambitious, long-term initiatives, and government structures have launched a considerable number of PPP projects in the fields of health and infrastructure. At the same time, projects were implemented in public-private partnership in the construction sector by raising the second bridge over the Tagus River and the construction of roads and highways to facilitate routes between Portugal and Spain.

Italy

In Italy PPPs have been born since 1998 and have been focused on public works used mainly in sports facilities, transport, urban and have been promoting public-private partnerships in development programs / projects in southern Italy and Sicily. A country-wide structure has been set up in the Economic Policy Committee to encourage the participation of the related sector in infrastructure investment projects. It is composed of representatives of the Ministry of Infrastructure and Transport, the Ministry of Economy and Finance.

Ireland

Ireland has developed local and regional development policies in which PPP development policies have been integrated and also set up a central unit with a coordinating role for PPPs in

the Ministry of Finance and secondary units in the Ministry of Environment and Local Public Administration, in the Ministry of Education. , in the Ministry of Public Enterprises, as well as in the National Road Authority.

Romania

In Romania, the first public-private partnership structures were the National Sustainable Development Strategy – 1999, the Medium Term Economic Development Strategy - 2000, as well as the Tripartite Commission and the Economic and Social Council. These partnerships have helped to achieve an environment of cooperation between the public and private sectors, although the lack of legislation clearly defining their objectives and implementation has often delayed development through this type of partnership. The normative framework that regulates the concept of “Public-Private Partnership” is GEO 38 issued in 2018, which was amended and supplemented by GEO 7 of 2020, which establishes measures regarding public investments.

In recent years, the Romanian authorities have entered into partnerships with the private sector and civil society is investing in infrastructure and developing public services of local interest. This new orientation is a general trend at European level and is based on the advantages obtained within a public-private partnership.

Regarding the concept of Public-Private Partnership in Agriculture, it is important to create a mechanism between partners for resources, technology, market, benefits and also the need to strengthen and raise awareness of this type of partnership through Local Action Groups (LAGs).

The implementation of the Local Action Groups and the LEADER approach was initiated in the period 2007-2013 through PNDR (National Rural Development Program) with the objectives of mobilizing and promoting rural development and adapting decisions on the various needs of the rural environment. For the 2014-2020 programming period, the LEADER measure develops the innovative nature of the integrated approach and continues to fund actions to capitalize on local resources and promote local specificity with a public allocation of 637,632,785 Euros. According to the situation of the projects submitted and updated in October 2020, the number of completed projects is 1,873 with a value of 37,056,058 Euro, and the total payments 320,786,776 Euro.

Conclusions

The potential of Public-Private Partnerships to help the implementation of policies and ensure that they are maintained at an appropriate level has not always been effectively managed. At the same time, the implementation of PPP was not always managed efficiently, being affected by delays, exceedances of the estimated costs, an development of the projects under their capacity, these things leading to the non-fulfillment of the objective proposed by the partnership.

Although PPP has the potential to gain added value, there is no strategy in all European countries on how this type of partnership should be implemented, as the legal framework is not clear and explicit in all situations, thus requiring the need to develop tools for the efficient management of partnerships. Only a part of the EU member states have experience and maturity in the implementation of PPPs, and for the rest of the countries there is a risk that such partnerships will not lead to the initial goal because often a thorough analysis a public-private partnership can provide the best cost-benefit ratio and protect the interests of the public sector.

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