AREAS INCREASE OF PPPS’ FINANCIAL POTENTIAL BY SECTORS BASED ON ADJUSTMENT OF FINANCIAL POLICY

Abstract. The type of financial policy, based three–dimensional positioning as PPP’s financial potential by sectors, is selected. The directions adjusting financial policy to improve the public–private partnership’s financial potential are developed, the proceedings of which will contribute to achieving the set goals and objectives for the formation of public–private partnership’s financial potential. There are formed types of financial policy: stimulating, moderate, and aggressive supportive, that are based on three–dimensional model positioning Ukrainian regions in PPPs’ sectors according to their financial capacity, which gives an idea of the regions in terms of the possibility and expediency of their use in the implementation of public–private partnerships. There were developed ways of increasing the public–private partnerships’ financial potential in view of the reasonable targets for each type of financial policy. For stimulating type there are balancing options of growth limited financial resources with provision of sufficient financial security and efficient allocation and use of financial resources. For moderate type there is ensuring an acceptable level of financial stability and profitability using its own capital. For supporting type there is focus on the rapid growth of the financial capacity of the strong support of public funding to avoid worsening financial condition and the type of transition to aggressive financial policy. For aggressive type there is directing efforts at addressing the adverse factors affecting the search for potential sources of reserves and financial support, to improve the financial capacity of a PPP sectors and supporting the transition to the type of financial policy.

Keywords: public–private partnership, financial policy, financial potential targets, positioning, region, public, private and financial and credit sectors.

JEL classification: E62, H32, H39
Formulas: 0; fig.: 5, tabl.: 1, bibl.: 10

Тищенко В. Ф.
d.е.н., доцент, старший науковий співробітник НДЦ ІПР НАН України,
м. Харків, Україна; e-mail:vf_hneu@ukr.net

Остапенко В. М.
к.е.н., викладач кафедри управління фінансовими послугами
Харківський національний економічний університет ім. С. Кузнеця,
м. Харків, Україна; e-mail:viktoria.ostapenko@hneu.net

НАПРЯМИ ПІДВИЩЕННЯ ФІНАНСОВОГО ПОТЕНЦІАЛУ СЕКТОРІВ ПУБЛІЧНО–ПРИВАТНОГО ПАРТНЕРСТВА НА ОСНОВІ КОРИГУВАННЯ ФІНАНСОВОЇ ПОЛІТИКИ ДЕРЖАВИ

Анотація. Сформовано напрями коригування фінансової політики держави для забезпечення підвищення фінансового потенціалу публічно–приватного партнерства (ППП), що передбачають врахування: стану фінансового потенціалу секторів ППП, тенденцій і напрямів розвитку регіонів України для підвищення фінансового потенціалу ППП; цільових показників фінансової політики, що найбільш впливають на фінансовий потенціал ППП за секторами. Напрями коригування обґрунтовано за допомогою тривимірного позиціонування
регіонів України відповідно до їх фінансового потенціалу ППП, що дає уявлення про можливості участі у реалізації ППП.

Ключові слова: публічно–приватне партнерство, фінансова політика, фінансові потенціал, цільові показники, позиціонування, регіон, публічний, приватний та фінансово–кредитний сектори.

Формула: 0; рис.: 5, табл.: 1, бібл.: 10

Тищенко В. Ф.
д.э.н., доцент, старший научный сотрудник НИЦ ИПР НАН Украины,
г. Харьков, Украина; e-mail: vf_hneu@ukr.net,

Остапенко В. Н.
к.э.н., преподаватель кафедры управления финансовыми услугами
Харьковский национальный экономический университет им. С. Кузнеца,
г. Харьков, Украина; e-mail: viktoria.ostapenko@hneu.net

НАПРАВЛЕНІЯ ПОВЫШЕНИЯ ФИНАНСОВОГО ПОТЕНЦІАЛУ СЕКТОРОВ ПУБЛІЧНО–ЧАСТНОГО ПАРТНЕРСТВА НА ОСНОВЕ КОРРЕКТИРОВАННЯ ФІНАНСОВОЇ ПОЛІТИКИ ГОСУДАРСТВА

Аннотация. Сформовані напрямки коректировання фінансової політики держави для забезпечення підвищення фінансового потенціалу публічно–частного партнерства (ПЧП), з урахуванням: стану фінансового потенціалу секторів ПЧП, тенденцій і напрямків розвитку регіонів України для підвищення фінансового потенціалу ПЧП; цільових показників фінансової політики, які більше всього впливають на фінансовий потенціал ПЧП по секторах. Напрямки коректировання обґрунтовано з допомогою трьохмерного позиціонування регіонів України в співвідношенні з їх фінансовим потенціалом ПЧП, що дає представлення о можливості участі у реалізації ППП.

Ключові слова: публічно–частне партнерство, фінансова політика, фінансові потенціал, цільові показники, позиціонування, регіон, публічний, частний і фінансово–кредитний сектор.

Формула: 0; рис.: 5, табл.: 1, бібл.: 10

Introduction. Results of the research confirmed that the Ukrainian economy feels the lack of financial security both in terms: the part of the state budget amount resources and the failure of existing financial institutions, to form a financial policy that would meet the national interests of the country and had a set of financial instruments that meet the new factors and conditions of economy.

However, as revealed in the research, not all regions have equal opportunities for development of public–private partnership, which doesn’t achieve the appropriate level of financial self–sufficiency, while also inhibited the development of even regions with relatively high financial potential of public–private partnership. Therefore, the strategic goal of the state financial policy is alignment of regional disparities and taking into account regional specifics. Reducing financial differentiation in regions of Ukraine and enter the path of convergence of the financial potential levels of public–private partnership is possible in the development and implementation of the state financial policies, will give impetus to a balanced and uniform increase of the potential of partners in terms of the concept of development the public–private partnership.

Previous research on the subject. A large number of studies has been devoted. In particular, we can distinguish the works of such of scientists as V. Boronas [1] I. Zapatrina [2], Tanklevska [3] Telizhenko [4] others. In the world today there are many publications on analyzing of public–private partnerships, including European Commission [3] and such scientists as E.White [5], E. R. Yescombe [6], T. Ysa [7], G. Hodge [8].

Purpose of work is to suggest ways of increasing PPPs’ financial potential according to the type of financial policy Ukrainian regions.

Results of the research. The restructuring of the state financial policy in the regional context to improve the should consider the current condition of the public–private partnerships’
financial potential, trends and aspects of its development for a detailed identifying areas adjustments of financial policies that the proposed using via positioning regions of Ukraine for PPPs’ financial potential by sectors and the grade of sustainability (Fig. 1) [433].

According to the place, which covers a region in a three-dimensional model positioning advisable to choose the type of financial policy, which is optimal considering the current state of the PPPs’ financial potential (Tab. 1). Based on the opinions of the authors [101], proposed to consider the following types of financial policy as stimulating, moderate, supporting and aggressive. Due to the existence of unresolved issues should be highlighted the following areas of financial policy adjustments that fully meet the established indicators.

So, stimulating financial policy based on the low level of state funding and the material and spiritual benefits while maintaining the proper level of activity in the private sector and financial and credit institutions. It is aimed at the formation of the maximum interest in sectors of the economy effective management (Fig. 2). Expansionary fiscal policy describes the style and methods of management decisions aimed at minimizing the financial risks [433].

Fig. 1. Three-dimensional model positioning of Ukrainian regions in the PPPs’ financial potential by sectors
Source: Prepared by the authors

Table 1

<table>
<thead>
<tr>
<th>Types of financial policy</th>
<th>Sign region relative to the average value of the integral index of PPPs’ financial potential by sector</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stimulating</td>
<td>&gt; &gt; &gt; &gt;</td>
<td>Dnipropetrovsk, Donetsk, Lviv, Kharkiv</td>
</tr>
<tr>
<td>Moderate</td>
<td>&gt; &gt; &lt; &gt;</td>
<td>Luhansk oblast, Autonomous Republic of Crimea, Odesa</td>
</tr>
<tr>
<td>Supporting</td>
<td>&gt; &lt; &lt; &gt;</td>
<td>Ivano–Frankivsk, Rivnevs, Khmelnysk, Chernivs</td>
</tr>
<tr>
<td>Aggressive</td>
<td>&lt; &lt; &lt; &lt;</td>
<td>Sumy, Volyn, Vinnytsia, Zhytomyr, Zakarpattia, Kyiv, Kherson, Kirovohrad, Mykolaiv, Poltava, Ternopil, Cherkasy, Chernihiv</td>
</tr>
</tbody>
</table>

Symbol:  > – more than the average value of the Ukrainian regions;
< – less than the average value of the Ukrainian regions.

Source: Prepared by the authors
By providing a sufficient level of financial security, this type of financial policy not too committed to providing high end of its financial results. Stimulating type of financial policy focused on ensuring the efficient allocation and use of financial resources and balancing options limited growth funds.

For moderate financial policy, which is aimed at solving the priority financial problems of one ineffective part of the PPPs’ financial potential when supported by the level of other. Depending on the subtype corrective measures should focus mainly on weak sector. It provided links and improve weak financial sustainability enables the transition to the first type of financial policy (Fig. 3).

Moderate financial policy describes the type of style and methods of management decisions aimed at achieving the medium efficiency results in financing activities in the medium degree of financial risk.

In this type of financial policy, not avoiding financial risks, it is advisable to abandon the Financial Transactions excessively high risks, even at the expected high financial results. Moderate financial policy of state should be based on the fact that the value of financial capital in the region is sufficient. Due to long–term equity and debt capital to be financed almost all state programs and national projects, while state support is minimal. This type of financial policy provides an acceptable level of financial stability and profitability using the equity ROE 12–18%.

Supportive financial policy priority requires adjustment of financial policy of the two sectors in public–private partnerships by providing financial third (Fig. 4). Fiscal policy should aim accelerated growth potential of financial resources in order to avoid the possibility of supporting the transition to a type that requires a significant increase in demand for financial resources and government regulation.

Funding by sustaining strategy provides that the value of government support should be an essential. Due to equity and long–term commitment to be funded state programs and national projects. Short–term credits cover only a fraction of the financial resources that minimizes risk.

This type of financial policy will ensure a high level of financial stability (by using the minimum amount of short–term borrowings), but will increase the cost of equity for funding and to reduce its profitability (ROE < 12%). The aggressive type of financial policy is applied to the regions with the lowest levels of all sectors of the PPPs’ financial potential (Fig. 5).

Financial policy should aim to eliminate the adverse factors that negatively impact on the search of potential sources and stockpiles of financial security to improve at least one of the PPPs’ sector and supporting the transition to the type of financial policy. Ant crisis financial policies designed to ensure financial stabilization during the crisis of its operations, causing viewing areas of production, determination of optimal markets or segments, taking into account the characteristics and potential.

Aggressive type of financial policy describes the style and methods of managerial financial decisions aimed at achieving the highest results in financial activities regardless of accompanying its financial risks. Since the level of financial performance for its separate parameters usually corresponds to the level of financial risks, we can say that the type of aggressive financial policy generates the highest level of financial risks.
Adjustments of Stimulating financial policy are to support and strengthen the financial position

**Stimulating investment activity and improvement the investment climate**

<table>
<thead>
<tr>
<th>Targets</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of using the state financial funds, measured the amount of budget expenditures</td>
<td>Government protection of private property rights, interests of business partners, investors and creditors: direction on corporatization of large public companies (natural monopoly) as a way of giving them the opportunity to attract private capital and to form common ventures; regulation of public-private partnerships based on the fundamentals of the Model Law, adopted by the UN Commission on International Trade Law (UNCITRAL) and the OECD, which also prudential into account fiscal risks.</td>
</tr>
<tr>
<td>The degree of equalization subsidy regions by Government</td>
<td></td>
</tr>
<tr>
<td>The return of financial resources spent on fixed assets</td>
<td>Improvement the rights protection of foreign investors, first of all in the common partnerships to enable the transfer of technology; support marketing and investment subsidies (Green Box); improvement of incentives for cooperation between public research institutes and the private sector; removal of all obstacles to start and exit business in order to increase competition and eventually increase productivity</td>
</tr>
<tr>
<td>The degree of profitability of the entities</td>
<td>Promoting lending capacity of commercial banks reducing interest rates and increase the proportion of long-term loans.</td>
</tr>
<tr>
<td>The amount of loans provided to non-financial corporations</td>
<td></td>
</tr>
</tbody>
</table>

Profitability by attracted funds for households Activity of the banking sector in the investment process

Fig. 2. Adjustments for stimulating type of the state financial policy
Source: Prepared by the authors

Adjustments of Moderate financial policy are to support and strengthen the financial position

**Stimulating investment activity and improvement the investment climate**

<table>
<thead>
<tr>
<th>Targets</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of using the state financial funds, measured the amount of budget expenditures</td>
<td>提供 balancing of local budgets and realism, strengthening local finance; accountability of the public of all budgetary and extra-budgetary funds of budget institutions; improving the financial incentives for state enterprises to encourage investment in modernizing.</td>
</tr>
<tr>
<td>The degree of equalization subsidy regions by Government</td>
<td></td>
</tr>
<tr>
<td>The return of financial resources spent on fixed assets</td>
<td>Reorganization of financial-economic activity of businesses public sector to provide rights management in the private sector under public-private partnership; incentives for businesses to fixed assets using the simplified system of depreciation.</td>
</tr>
<tr>
<td>The degree of profitability of the entities</td>
<td>Attracting for cover the budget deficit funds from government securities and loans to reduce the NBU, allocated for this purpose; introduction to effect changes to the legislative framework for the reorganization of non-performing loans and support the merger and restructuring of banks.</td>
</tr>
<tr>
<td>The amount of loans provided to non-financial corporations</td>
<td></td>
</tr>
</tbody>
</table>

Profitability by attracted funds for households Activity of the banking sector in the investment process

Fig. 3. Adjustments for moderate type of the state financial policy
Source: Prepared by the authors

On the basis of positioning by using three-dimensional models we can make the choice of financial policies and corrective measures for weak sectors of PPP, based on the selection of characteristics and attributes. This type of financial policies aimed at leveling the PPPs’ financial potential and the achievement of sustainable development. Overall, the proposed matrix approach allows for a balanced range of corrective measures to meet the needs, capabilities and resources.
Directions adjusting of the financial policy
Adjustments of Supportive financial policy are to support and strengthen the financial position and improve the investment climate. Measures include:

- Reducing the overall tax burden by reducing the number of taxes and reducing their rates;
- Optimizing the structure of enterprises;
- Promoting a restructuring of non-performing loans and support for the merger and reorganization of banks.

Targets:
- The level of using the state financial funds, measured the amount of budget expenditures;
- The degree of equalization subsidy regions by Government;
- The return of financial resources spent on fixed assets;
- The degree of profitability of the entities;
- The amount of loans provided to non-financial corporations.

Fig. 4. Adjustments for supporting type of the state financial policy
Source: Prepared by the authors

Fig. 5. Adjustments for the aggressive type of the state financial policy
Source: Prepared by the authors

**Conclusions.** Therefore, financial policy should be aimed at finding a balance, optimal for the time value of several areas of national economic development and selection of the most effective methods and mechanisms to achieve them. Fiscal policy is not only structured, but the system that is to be associated with all elements of the overall economic policy and rationally linked to the structural elements. That is what caused the need for an integrated, systematic approach to building and implementing financial policies. The complexity of financial policy stipulates that the amendment of indicators and mechanisms for implementing financial policies require screenplay assessment of options considering the direct and indirect consequences of their impact on the economy. Implementation of effective ways of adjusting financial policy will contribute to economic stabilization and economic development.
Література

Стаття надійшла до редакції 20.05.2017 © Тищенко В. Ф., Остапенко В. М.

References