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BEST PRACTICES OF THE PUBLIC-PRIVATE PARTNERSHIP FOR FINANCING SOCIAL HOUSING

Abstract. *In the current socio-economic environment, the issue of providing vulnerable population with affordable and accessible housing has become acute, requiring the public authorities to invest heavily in this area. This problem is relevant not only for Ukraine, where many residential buildings were destroyed as a result of military aggression, but also for other European countries, as quarantine restrictions have caused significant damage to their economies. Another reason for the growing demand for social housing is urbanization, migration, and growing social inequality. The solution to this problem is complicated by the fact that the growing demand for social housing increases the necessary costs for territorial communities, which they cannot always fully cover with budget revenues. On the other hand, private investors need return on their investments, so they cannot finance social housing projects on their own. As a result, the public-private partnership model has become one of the ways to finance social housing. The purpose of the article is to analyze various public-private partnership mechanisms to provide financing for the construction and allocation of social housing. Since 1980s public private partnership (PPP) has gained global popularity as a viable alternative to public funding for building and financing infrastructure projects. PPP is a means to effectively deliver projects in the public sector because it emerges against the backdrop of financial constraints and management capacity in the public sector to support largescale infrastructure projects. PPP not merely means a way to accomplish financial problems by bringing private capital, but it also aims to bring private sector efficiency and best practices in delivering infrastructure. Although, focus of the current debates is primarily on economic infrastructure, but investment on social infrastructure has received surprisingly little attention and it is predicted to continue growing. Governments have a central role in policies and regulations to provide a transparent and fair 'investment field', as well as providing payments to private parties. In investing, the private sector actually requires stability, predictability and a framework that supports their investment in social infrastructure. Meanwhile, the private sector has a role to provide expertise in building social infrastructure efficiently and has added value in innovation. It is recommended to implement a modified PPP model in Ukraine to include international public and private partners as financial donors to compensate for lack of the national budget resources at the moment.*

Keywords: social housing, public-private partnership, social housing construction, public procurement, competitive negotiations, contractual procedures.

JEL classification: I38.

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СВІТОВИЙ ДОСВІД ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА ДЛЯ ФІНАНСУВАННЯ СОЦІАЛЬНОГО ЖИТЛА

Анотація. *У сучасних соціально-економічних умовах гостро постало питання забезпечення вразливих верств населення доступним і недорогим житлом, що вимагає від держави значних інвестицій у згадану сферу. Ця проблема є актуальною не лише для України, де через повномасштабну російську агресію було зруйновано багато житлових будинків, а й для інших країн Європи, оскільки у зв'язку з карантинними обмеженнями внаслідок пандемії коронавірусу завдано значних збитків їхнім економікам. Мета статті – аналіз різних механізмів державно-приватного партнерства для забезпечення фінансування будівництва та розподілу соціального житла. Збільшення попиту на останнє призвело до того, що місцеві бюджети більше не могли одноосібно фінансувати такі ініціативи. У результаті країни, які проводили активну соціально-економічну політику, спрямовану на захист вразливих верств населення, почали використовувати різні моделі державно-приватного партнерства (ДПП) для фінансування соціального житла. Перевагами ДПП для держави є зменшення ризику, підвищення ефективності використання коштів, швидша реалізація проєкту, а також зменшення обсягу державних капітальних інвестицій, причому приватна компанія управляє коштами під наглядом уповноважених державних органів. До переваг ДПП для приватних компаній належать отримання доступу до нових технологій, стабільного джерела гарантованих інвестицій. Рекомендовано використовувати видозмінений механізм ДПП в Україні, де його додатковими учасниками виступають міжнародні публічні та приватні донори.*

Ключові слова: соціальне житло, державно-приватне партнерство, будівництво соціального житла, державні закупівлі, конкурентні переговори, договірні процедури.

Табл. 1. Літ. 16.

In the current socio-economic environment, the issue of providing vulnerable population with affordable and accessible housing has become acute, requiring the public authorities to invest heavily in this area. This problem is relevant not only for Ukraine, where many residential buildings were destroyed as a result of military aggression, but also in other European countries, as quarantine restrictions have caused significant damage to their economies. Another reason for the growing demand for social housing is urbanization, migration, and growing social inequality. The solution to this problem is complicated by the fact that the growing demand for social housing increases the necessary costs for territorial communities, which they cannot always fully cover with budget revenues. On the other hand, private investors need a return on their investments, so they cannot finance social housing projects on their own. As a result, the public-private partnership model has become one of the ways to finance social housing.

The topic of the public-private partnership for financing social housing is rather popular in the scientific literature, including the vast research of Batra R., Braga M., Davidson N. M., Fraser J. C., Freemark Y., Hickman P., Kick E. L., Lawson J., Milligan V., Moskalyk A., Palvarini P., Pattison B., Pawson H., Preece J., Scally C. P., Stone M. E., Troy L., Vale L. J., van den Nouwelant R., Van Dyk N., Whitehead C., Yescombe E. R.

The purpose of the article is to analyze various public-private partnership mechanisms to provide financing for the construction and allocation of social housing.

Social housing is a crucial component of the urban fabric, providing affordable and adequate shelter for millions of people who face housing insecurity, poverty, and exclusion. However, the provision and maintenance of social housing is a complex and costly challenge, especially in the context of growing urbanization, migration, and environmental pressures. In many countries, the public sector alone cannot meet the demand and quality standards for social housing, and the private sector is often reluctant or unable to invest in low-profit projects. Therefore, there is a need for innovative and collaborative approaches to fund social housing, involving different actors from the public and private sectors, as well as civil society and the beneficiaries themselves.

According to the OECD, social housing is a term that covers various kinds of housing provision that aim to offer low-cost and suitable shelter for people who face housing difficulties, poverty, and marginalization. However, the definition of social housing varies across different countries and regions, depending on their specific policies and rules. Each country has its own criteria and regulations to determine the size, scope, target group, and type of provider of social housing. Braga M. and Palvarini P. in their overview of the social housing sector in the EU area and its dynamic in recent years provided definitions of social housing in different EU members states. For instance, in the Netherlands, social housing is the provision of housing at below market price to a target group of disadvantaged people or socially less advantaged groups, as well as to certain categories of key workers. In Slovakia, social housing is housing acquired with the use of public funds, addressed for adequate and humanly decent housing of individuals who are not able to ensure housing with their own effort and meet the conditions under the relevant act. In France, social housing is housing for sale or rent to persons/households below a certain income as well as measures related to specific groups which are targeted by housing and urban renewal programs. And thus, the lack of a common and consistent definition of what constitutes social housing across different countries is one the challenges of studying this topic. Given the diversity and complexity of social housing definitions, we can propose a single and unified definition that could capture necessary nuances and variations of the concept by analyzing the definitions used by countries in EU. Social housing is a type of housing that is provided and supported by public authorities, non-profit organizations, and private companies, as well as the combination of the two together with the goal of offering low-cost and suitable shelter for people who have low incomes or other housing needs, and who cannot access or afford appropriate housing in the market. Social housing can have various forms, such as rental or ownership, and can target different groups, such as low-income households, key workers, migrants, or vulnerable people. Social housing can also provide other related services, such as social support, community development, or environmental sustainability. The private sector can contribute to the funding, construction, and management of social housing projects, in exchange for incentives, revenues, or risk-sharing from the public sector [1; 2].

Adequate housing is not only a basic necessity but a cornerstone for societal stability and individual well-being. Access to safe and affordable housing promotes economic and social inclusion, breaking the cycle of poverty and homelessness. In order for these issues to be addressed, a proper strategy and approach must be created that would allow for sufficient funding of social housing initiatives. Collaborative efforts between government bodies, non-governmental organizations, and private sector entities are crucial to establish sustainable funding models and funding of social housing on the terms of partnership is one such approach, which aims to leverage the resources and expertise of different partners to create and sustain social housing projects that are viable, efficient, and socially beneficial. Davidson N. M. in his book highlights the paramount importance of affordable housing in addressing pressing societal issues, especially in times of economic crisis. The author focuses on the role of public-private partnerships (PPP) in the creation, operation, and maintenance of affordable housing. Author chose to discuss this approach as unlike public- or private-only methods, this one facilitates the pooling of resources, where governments contribute public funds and regulatory support, while private partners inject financial capital, technical expertise, and innovation into social housing projects for the most optimal outcome. The risk-sharing mechanisms inherent in PPPs not only alleviate the financial burden on the public sector but also incentivize private entities to engage in performance-driven project outcomes. Importantly, the author highlights the role of PPPs in promoting efficiency and innovation, with private partners often assuming responsibilities ranging from project design and construction to long-term management. Author came to a conclusion that distinct blend of public and private sector characteristics, coupled with a focus on community engagement and financial viability, positions PPPs as a promising avenue for the development of sustainable and inclusive social housing solutions [3].

This approach has been adopted by various countries and cities around the world, with different models and outcomes. However, there is a lack of systematic and comparative analysis of the advantages and disadvantages of this approach, as well as the factors and conditions that influence its success or failure. Moreover, there is a need for more dialogue and exchange of best practices among the stakeholders involved in the funding of social housing on the terms of partnership, to address the common challenges and opportunities that they face. Fraser, J. C. and Kick E. L. analyze the results of implementing mixed-income approach for financing social housing with the combines efforts of private and public sectors. The methodology employed in this study involves an in-depth examination of mixed-income housing initiatives through intensive case studies. The research focuses on embedding analyses within the specific urban context where these initiatives are deployed, emphasizing the capacities of various stakeholders and the governance structures of the projects. It explores how governance in mixed-income initiatives is shaped by the public and private sectors, seeking strategies to integrate civil society stakeholders, including community residents and non-profits. The authors used 2 case studies that involved mixed-income approach in terms of funding social housing. First is the example of HOPE VI, which is a legislation was passed in 1992 and in subsequent years encouraged local housing authorities to transform low-income social housing developments into mixed-income communities. The second case showcases an initiative implemented in Chattanooga, Tennessee, employing a mixed-income social housing development approach. The examination of mixed-income housing initiatives in the United States, as exemplified by these case studies reveal divergent outcomes influenced by the effectiveness of collaboration among various stakeholders. In HOPE VI, the implementation of the project proved ineffective due to inadequate capacities and disjointed goals among public housing authorities, private entities, and community residents. The physical redevelopment succeeded, yet the Community and Supportive Services component fell short, leaving many low-income households without the anticipated benefits. Chattanooga, on the other hand, presents a contrasting narrative where robust collaborations, especially between public and private sectors, facilitated substantial place-based investments, which significantly helped social housing development in the area. Ultimately authors came to a conclusion that such evidence can contribute to a more informed dialogue on the effectiveness and equity of these initiatives in shaping urban landscapes [4].

Similar issues were analyzed by Vale L. J. and Freemark Y. where authors look at the structure of social housing in United States analyzing historical data and experience as well as where it all led in the end point in terms of current architecture, management, and policies around social housing. Authors underline that since 1970 over the course of American history, the government has engaged in a series of experiments and policy changes in the financing and management of social housing initiatives. These endeavors have sought to address the diverse needs of different demographic groups. The ranged from limiting social housing to the upwardly mobile working poor to targeting it exclusively for the most impoverished citizens. Shifts in policy have witnessed experiments aimed at assisting young couples with children, while others redirected social housing funding and production to focus on supporting veterans or meeting the housing needs of the elderly. These dynamic and evolving experiments reflect the government's continuous efforts to adapt social housing policies to the changing demographics and societal challenges faced by various segments of the population. The results of a study show that starting from early 2000s US the United States government established a nuanced approach to social housing by implementing a mixed system of management and financing that incorporates both private and public elements, with variations observed from state to state. This model reflects the country's commitment to providing affordable housing options while leveraging the efficiency and innovation often associated with private enterprises. The collaboration between government agencies and private entities aims to address the diverse needs of communities across the nation, recognizing that housing challenges can vary significantly based on regional factors [5].

The book by Michael E. Stone compares the history, development, and current challenges of social housing in the UK and US, using a combination of historical analysis, comparative analysis, and case study methods (case study of the London Borough of Lewisham) to conduct his research on social housing in the UK and US. Author also employed qualitative methods such as interviews and observation to collect data from residents, activists, and professionals involved in social housing in the London Borough of Lewisham. The author discusses the current issues and activities around social housing, such as physical deterioration as well as ownership and funding which has been actively shifting from public to partnered between public and private as that allowed for a more sustained income flows from both sides. One of the main takeaways author came up with is the fact that governments of both countries, while should partake in partial private financing, should never go fully private. Both the central government and certain local councils derive apparent short-term advantages from the ability to limit public spending on housing while concurrently engaging in substantial and visible improvements to existing social housing and the construction of new social housing. That being said it comes at a very high cost. And while these costs won't become a problem in a nearing future, the bulk of these costs are deferred to the future, becoming a burden for residents, taxpayers and future governments. Private financing is creating very heavy private debt commitments, with a number of problematical consequences and implications. As such the most accurate approach in cases of both countries is to use a balanced system that would utilize both private and public funds in a partnered way [6].

Another look at a western system of funding social housing was provided in by Stone M. E. and Van Dyk, N. whose both respective works have been analysed the state of financing social housing in Canada. Much like authors above the main methods used by both authors are case study methods as well as implementation of literature and policy reviews. It can be concluded that as of late the lack of adequate and affordable housing in Canada has reached a crisis level, as both the national and regional authorities have reduced their support for social housing programs, which wasn't always the case and became an issue in recent decades. In addition, the social housing sector has faced many difficulties due to the shifts in housing policy over the years, which have forced the proponents of social housing to look for other sources of funding. In general, the private sector plays a bigger role in working with governments to provide public services in many nations. Due to the lack of funds and the impact of technology, many governments have stopped making huge investments in delivering public services. Moskalyk, A. even states that it may not be overstating the case to say that there is now broad consensus among main political parties and practitioners that claims that partnership is now the only basis on which successful urban regeneration can be achieved in Canada. Authors conclude that in order to create a public-private funding in Canada a number of measures need to be taken, of which negotiating an agreement with the federal and provincial governments to create new, permanent programs that work to support the production of social housing through public-private funding, Encourage the federal government to review and improve the mandate of the Affordable Housing Centre as well as Work with other social housing authorities to create a new initiative that conducts research on creating an investment climate that encourages the delivery and management of social housing through public-private funding [7; 8].

European system, assessed in a work of Whitehead, C. uses 3 main finance resources which are: the rent from existing tenants; loans, which have present interest expenses and future repayments; and also money from others – such as former, current and future landlords and tenants, employers and especially the state. The article highlights a global trend in the social-sector housing towards increased self-sufficiency. Notable examples include the Netherlands, where housing associations have operated without direct supply-side subsidies for nearly two decades, and Sweden, where housing makes a net contribution to public finances, and overall, decreasing reliance on government subsidies is observed due to rising capital values and deregulated private finance markets. While certain countries like Austria and France maintain supply subsidies, others like Germany and Eastern Europe, as well as Norway, exhibit minimal or no social housing. The transition involves declining municipal involvement and a shift towards not-for-profit and private landlords. Trends include a move from supply-side to income-related subsidies, the substitution of debt finance for subsidy, and a growing interest in private equity through public–private partnerships and direct private purchase of existing stock. Despite identifiable trends, variations persist among countries due to distinct institutional frameworks and opportunities, with some expressing concern about the impact of private finance on the nature of social housing. In the future the author anticipates a growing role for private finance, particularly through public–private partnerships and private-equity involvement in housing ownership, as countries seek new ways to provide housing with limited government subsidy [9].

All in all, it can be said that in recent years, global social housing strategies have witnessed a persistent shift towards partnership-based financing of social housing strategies all across the world. Some countries have come to this method of funding earlier than others but the vast majority has shifted from public only funding. There are multitude of mechanisms that such financing strategy utilizes, that differ from each other. Lawson J., Troy L. and van den Nouwelant, R. as well as Pawson H. Lawson J. and Milligan V. in their respective works describe such mechanisms. One of the main mechanisms is direct public-private partnerships (PPP), which implies a long-term contracts between public and private entities to deliver public services or infrastructure, such as social housing. The private partner usually provides the capital, expertise, and management, while the public partner provides the land, subsidies, and regulation. PPPs can reduce the upfront costs and risks for the public sector, and increase the efficiency and quality of service delivery. Another is tax subsidies for affordable supply, a method that is widely used in United States. These are tax incentives or credits that encourage private developers or investors to produce or preserve affordable housing units. Tax subsidies can stimulate the private sector involvement in affordable housing, and generate public savings and benefits. Another one that's been introduced fairly recently is inclusionary planning mechanisms where planning tools require or encourage private developers to include a certain percentage or number of affordable housing units in their developments, either on-site or off-site. Inclusionary planning mechanisms while are not directly create a financial inflow from private sector, can still leverage the its contribution to affordable housing, and create mixed-income communities. However, these strategies also face challenges and trade-offs, such as balancing the costs and benefits for different stakeholders, ensuring the quality and sustainability of social housing, and addressing the diverse and changing needs of social housing tenants [10; 11].

The future of social housing funding is likely to depend on the collaboration and innovation of various actors, such as governments, private sector, civil society, and communities using the aforementioned financing mechanisms. Obviously, the funding of social housing will vary across different countries due to distinct economic, regulatory, and social contexts. Each nation requires tailored approaches and mechanisms to address its specific housing challenges effectively. However, there is a discernible global trend towards partnership-based financing that transcends national boundaries. Collaborative models, such as Public-Private Partnerships (PPPs), are gaining prominence as they leverage the strengths of both public and private sectors. This universal shift towards partnership-based financing signifies a recognition of the need for innovative, sustainable solutions that can navigate diverse economic landscapes. Despite the diversity in funding mechanisms, the overarching emphasis on collaboration and shared responsibility suggests a growing consensus on the importance of cooperative approaches in ensuring the availability and affordability of social housing worldwide [12].

Increased demand for social housing has led to the fact that local budgets could no longer finance such initiatives alone. As a result, countries with proactive social and economic policies aimed at protecting vulnerable population have begun to use various public-private partnership (PPP) models to finance social housing. A public-private partnership is generally a long-term agreement that establishes a business relationship between public authorities and private sector companies. The purpose of such partnerships is to finance the construction, implementation and provision of public goods and public services. One of the areas that began to develop actively after the 1980s was PPPs in public infrastructure, including social housing. PPPs in public infrastructure have several key features:

– It is a long-term agreement between a public sector representative and a private sector representative,
– the public sector representative is obliged to pay the private sector representative for the use of the created object (building) during the contract period;
– the object remains in the ownership of the public sector representative or the ownership is transferred to the public sector representative upon termination of the contract.

The advantages of PPPs for the state are reduced risk, increased efficiency of use of funds, faster project implementation, and a reduction in public capital investment, while the private company manages funds under the supervision of authorized state bodies. The advantages of PPPs for private companies include access to new technologies and a stable source of guaranteed investment.

In general, there are two general models of PPPs: the “user pays” principle, i.e. a concession model, where a private sector representative provides specified services but can set fees for end users, and the “pay-as-you-go” principle or the private financial initiative model, where a private company manages an infrastructure facility for public authorities and receives periodic payments from the budget [13].

Despite the active application of PPPs in various areas of public infrastructure, the use of this instrument for financing social housing in European countries is rather limited. In total, we have analyzed nine European countries where this mechanism is widespread at the state level. The practice of these countries shows that the use of PPPs for social housing requires intensive adaptation of this practice compared to the standard mechanism for infrastructure facilities. Let's take this example to see what modifications were applied in these countries (see Table).

Table

Main changes in the PPP mechanism for financing social housing compared to the standard model

Country	Main changes in PPP	Social impact
United Kingdom	-Clearly define the timeframe and processes for local authorities, -Application of a non-profit model, -Promotion of mixed tenure types	+Effective project management and implementation, +Reinvestment of profits from housing construction, which ensures constant new developments, +Promoting social integration
Ireland	-Centralized management of the housing stock renovation, -Involvement of experts, -Mixed tenure and the establishment of a percentage of social housing, -Integrated transparent approach to public procurement	+Participation of end-users in projects, +Promotion of social integration, +Cooperation between participants
Denmark	-Defined guidelines and a list of documentation for PPPs, -Public financing	+Creating a reliable environment for investors, +Cheaper than private capital
Germany	-Use of competitive negotiations and contractual procedure at the same time, -Price change clauses, -Pre-determined framework for changing the terms of the contract	+Ensuring more flexible negotiations, +Protection against depreciation of the value of money after the contract is signed,
France	-Detailed contract terms and conditions, -Use of both competitive bidding and contractual procedures, -Determination of the percentage of social housing	+Reduction of procurement time, +Maximizing economic and social benefits
Norway	-Reducing the size of individual PPPs,	+The possibility of small investment projects,

End of the table

Country	Main changes in PPP	Social impact
	-Use of crowdfunding as a tool for raising resources	+Guaranteeing support of local stakeholders and transparency of the procedure
Netherlands	-Joint public-private investment, -Combining housing development and institutional infrastructure	+Risk sharing, +The goal is to build sustainable social conditions, +Strengthening community cohesion
Switzerland	-Integration of financing and risk insurance	+Effective risk insurance and quality results
Austria	-The model of a limited profit housing association, -Strict audit procedures	+Ensuring the possibility of reinvesting profits, +Improving quality and insuring risks

Compiled by the authors.

As the experience of the UK, France and Denmark shows, the creation of separate centralized bodies and standardized documentation promotes more active use of the PPP mechanism, reduces risks and allows learning from previous mistakes. The existence of such a body also demonstrates the stability and commitment of the state to such a financing mechanism. In particular, Denmark uses it to create a more favorable environment for private investors. It also promotes social integration of the residents of such buildings.

Different forms of contracting affect the duration of the procurement process, which can last from 7 to 34 months, so it is very important to find the optimal combination of competitive negotiation and contractual procedure that will maximize the speed of the construction process but will allow to obtain a high-quality result. It should be noted that depending on national legislation, in some countries public investment will be cheaper than private borrowing (Denmark). But in most cases, the state provides the private partner with significant autonomy for financial management, but at the expense of more expensive private funds. In some cases, the state may set a certain percentage of social housing in the total volume of new construction [14].

Even if in theory we examined nine countries that use the PPP for social housing, in practice, there are very few countries, in particular the UK and Ireland that primarily demonstrate a lot of experience and insights with PPP housing. The UK has faced many issues over the years in providing social and affordable housing, and the government has resorted to measures in addressing these issues through a wide variety of provisions for involving the private sector into the role. The main reasons for adopting PPP in many housing projects have been to focus on the social, environmental and economic objectives through promoting mixed tenure developments, enhancing social integration, construction of environmentally friendly buildings and boost the local economy by creating local employment opportunities [15].

Some of the major achievements for the PPP projects for social housing are: (1) building alliances with key individuals or organizations, (2) focusing on both physical as well as social regeneration requirements, (3) ensuring enough community participation, (4) demanding resources necessary for the community participation, (5) setting up special teams and learning from other best or failed models, (6) scheduling the planning, (7) understanding the partnership approach, (8) having a central regeneration board legally bounded and representing all the stakeholders over the board, ensuring enough decisive power at hand with the board, (9) setting up and involving a team of experts on all aspects of the project, (10) holding high standards and expectations and (11) being strictly fair and transparent amongst the parties.

Despite the observed scenario across these countries demonstrating the trends regarding their institutional arrangements, procurement, financing structure, or value for money, PPP is not practiced widely in housing in other European countries. No other country's case elaborates on PPP housing or gives a holistic approach towards addressing the housing demand using PPP.

Many types of procurement models are adopted in PPPs with varying levels of involvement of the public sector. The basic spectrum of PPP contracts ranges from outsourcing or service contracts which are more input-based models and involve less risk transfer to more output-based models like concessions or Design-Build-Operate-Finance (DBOF) involving more risk transfer. The most commonly adopted models in the UK, Denmark, Switzerland, the Netherlands, Norway, or Ireland are the Design-Build-Finance-Maintain-Operate or Design-Build-Finance-Operate models with contracts for over 25 years. The majority (73%) of the PPPs practiced in Germany are based on the owner model, and the rest encompasses rent model, license, leasing, or company model. French PPPs are mostly of two types: concessions or partnership contracts (CP). Concession contracts are governed by the user-pay system and are very commonly adopted in France across all different sectors. The private partner provides the services at their own risk in concession PPPs, and their revenue is dependent on the commercial exploitation of the service provision [16].

Since 1980s, public private partnership (PPP) is gaining global popularity as a viable alternative to public funding for building and financing infrastructure projects. PPP is a means to effectively deliver projects in the public sector because it emerges against the backdrop of financial constraints and management capacity in the public sector to support largescale infrastructure projects. PPP not merely means a way to accomplish financial problems by bringing private capital, but it also aims to bring private sector efficiency and best practices in delivering infrastructure. Although, focus of the current debates is primarily on economic infrastructure, but investment on social infrastructure has received surprisingly little attention and it is predicted to continue growing. Governments have a central role in policies and regulations to provide a transparent and fair 'investment field', as well as providing payments to private parties. In investing, the private sector actually requires stability, predictability and a framework that supports their investment in social infrastructure. Meanwhile, the private sector has a role to provide expertise in building social infrastructure efficiently and has added value in innovation. Our analysis of the best practices of the nine European countries showed that the PPP model can be successfully implemented in Ukraine with certain modifications as a response to the unique circumstances of our country. One of the possible adaptations is to include international public and private partners as financial donors.

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