

# World Practice in the Evolution of Public-Private Partnership of Infrastructure Projects

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## ABSTRACT

The purpose of this article is to analyze historical course, contemporary trends and directions in the worldwide evolutionary development of public-private partnerships, as well as to determine the use of PPP mechanisms as a result of the significant decrease of countries' budgets and the gap in financial resources that could be used in improvement of their efficiency. The public-private partnership in contemporary conditions becomes a driver of economic development, a basis for modernization, and a factor for increasing the country's competitiveness, which determines the development of infrastructure, potential in the construction and modernization of a complex of socio-economically significant objects. The concept of public-private partnership (PPP) is widespread worldwide. The study demonstrated that in developed countries the establishment of a public-private partnership system is playing an increasingly important role, and the cooperation between partners (public authorities and private enterprises) takes place within different structures, with different tasks and competencies. PPP applies to any use of the resources of the business environment to meet social needs. At the same time, the resources attracted from the private sector can be different - both capital and know-how, as well as managerial experience.

**Keywords:** Public-private partnership, Partner, Infrastructure, Project, Development, Economy, Investment, Governments.

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### **Highlights of this paper**

- The article present the historical evolution and development of the PPP.
- Findings reveale the experience of world leaders in public-private partnerships.

## **1. INTRODUCTION**

At different stages of economic development, the evolution of the relationship between public authorities and entrepreneurs in developed and developing countries, has shown that their constructive interaction is an essential factor in successful socio-economic development. The growing gap between the population's needs for public services, infrastructure, standards, and budgetary constraints, has led to the development of partnerships between state and business structures.

Previously stated about the transformation process of the state economy, it is important to find alternatives, which would directly produce economic growth. One of them is the Public-Private Partnership, which enables the attraction of additional resources in the economy, the redistribution of risks between the public and private partners, directing the efforts of entrepreneurs to address significant social and economic objectives for the society, while maintaining the functions of the inalienable tasks of the state. Simultaneously, external experience shows that the implementation of PPP projects offers significant savings in budget funds.

In the light of the modern economy development, public-private partnerships are becoming useful for the public and private partners thanks to:

- The public partner receives an additional funding source required from the state budget, for example, infrastructure development.
- The private partner has the opportunity to implement PPP projects under low market demand and receives a long-term source of income.

Building connection units between public and private structures in the state, development conditions is an important issue of effective and sustainable progress, on the state level and local one. The development of the economic model relied on private incentives and state settlement of the economic processes that are determined on the market conditions of competition and tendency to enhance the population state of good. Further, this socio-economic development strategy transitions to a type of sustainable development, based on the use of PPP as a mechanism capable to ensure the long-term transition to all levels of interactions towards a balanced development: social, environmental and economic – which is very important.

Public-private partnership is not a new economic system. PPP models – can be considered concession schemes, which appeared before our era in Rome and ancient Greece, which were also widely used in the Middle Ages. Nowadays, the mechanisms upgraded by the PPP are used in more than 60 countries of the world and continue to develop. Further in the article we will analyze the course of PPP formation and the world practice.

## **2. LITERATURE REVIEW**

### *2.1. The Historical Course in the Field of PPP*

The legal and economic practice of concessionary forms of partnership (the most applied type of PPP) has evolved since the Middle Ages. In France, the first concession project was implemented in the middle of the 16th century. In Great Britain the concessionary legislation appeared in the 17th century, and in the USA, the first concessions were issued three hundred years ago. In France, since Napoleon's time, there has been a law on concessions in the field of public services (housing and communal services, construction and road operation, energy, etc.)

The relaunch of the interest in mutually beneficial cooperation was marked by the 80s of the twentieth century, both by the state and private sector. Economic development and population growth have forced states to develop

road infrastructure in a viable way, to increase energy capacity, build new drinking water supply systems and waste processing, etc. (Anand, 2018).

While the debt crisis significantly reduced countries' ability to attract new credit and financing, due to the slowdown in global economic growth, the largest international private companies have sought new areas of investment of available resources and use of the experience gained. As a result, many countries have begun to encourage the direct involvement of the private sector in the development of public infrastructure and the attraction of financial resources to finance projects, which were widely used in the oil industry in the 1970s. The business environment started to get more involved in PPP in the 1990s, that is explained by the growing need for services, especially for the services which for, the state is responsible: health, education, communal services, transport, etc. (Weber, Staub-Bisang, & Alfen, 2016).

The purpose of PPP in different states is very diverse, with a wide range of models and business relationships. Cooperation between partners (authorities and companies) can take place within different structures, with different tasks and competencies. In the most general sense, this term applies to any use of the resources of the business environment to meet social needs. Simultaneously, the resources attracted by the private sector can be different - both capital and know-how, as well as the experience of managers.

As seen above, from a historical point of view, a certain degree of cooperation between the public and private sectors has always existed (Wettenhall, 2003), but in recent years "... the academic interest in their use and effectiveness as tools for economic development seems to have grown in recent decades.

## *2.2. The expansion of the PPP*

The modern world has taken the path of consumerism, so governments were faced with a dilemma: how to meet the growing expectations of consumers of public services in chronic conditions for many countries - the need to reduce the state budget deficit.

This problem is exacerbated by the slowdown in economic growth and declining tax revenues. However, there is a proven solution to this dilemma - reducing the state deficit by reducing budget expenditures. Of course, such an option in the democratic context has little interest for all participants, so that the idea of public-private partnerships opens certain perspectives demonstrated by thousands of projects implemented through PPPs internationally. In the present, there are two fundamentally different structures, both from a methodological point of view and depth of institutional changes, in the sphere of relations between the public authority and private business environment.

The first one concerns to structural adjustment of the existing institutional environment to the goals, objectives, preferences and changing conditions of the economic activity of the public authorities. The preparation of new principles, norms and rules of a partnership between the public and private environment, appears either in the context of the new economic policy of state regulation (Great Britain, New Zealand, Argentina, other Latin American countries) or within the model already existing, but slightly modified and supplemented by the government (USA, Canada, Japan, EU countries). Also, newly industrialized countries (South Korea, Taiwan, etc.), as well as developing countries with a sufficient level of market relations development, understand and implement the benefits resulting from state-business partnership agreements. The second scheme involves the establishment "from scratch" of institutions in line with the market economy and the new place of the state in economic life. This system is implemented in the former socialist countries, in the post-Soviet space and some developing countries (Maslennikov, 2008).

However, the historical experience in the field of developed and relatively easily adapted PPP to the institutional environment, has allowed the countries of the Organization for Economic Development and Cooperation (which

brought together 30 countries around the world (OECD), to begin in the years 1980-1990 the development of new mechanisms of the partnership. The changing role of the state in the economy and the expansion of the partnership is reflected in creation of special institutions: agencies (in the US, UK, Netherlands), state corporations (in Italy, New Zealand), associations (in France), etc., so that in international economic practice through a public-private partnership, it is acceptable to understand a wide range of business models and business relationships. In the broadest sense, this term applies to any use of private sector resources to meet public needs.

Moreover, the global economic and financial crisis has created new challenges for all governments, in emerging and developed countries" (Rossi & Civitillo, 2014). In several states, anti-crisis packages included innovative public actions that were carried out in combination with private investment (Burger, 2009).

### **3. FINDINGS AND DISCUSSIONS**

Currently, the world leaders in public-private partnerships are the United States, United Kingdom, France, and Germany.

Meanwhile, in the United States, the cooperation between authorities and private companies is particularly widespread, but differs from state to state. According to the National Council for Public-Private Partnership, in the US an average city uses 23 types of PPPs out of 65 basic types. The most widespread activities of municipal authorities are water supply, drainage, rubbish collecting, schooling, parking, etc. For example, the market for PPP projects in the field of transport infrastructure began to develop in the 1990s with the SR-91, Dulles Greenway and Camino Colombia projects. However, when these projects encountered financial difficulties, the market for this type of PPP project froze for several years. It was not until the mid-2000s that the US PPP transportation market began to gain momentum. However, many PPP projects at the municipal level have existed for a long time, mainly in water distribution and sanitation. Correctional service companies have also built prisons and provided services at all levels of government for many years. Some states have PPP legislation; others are based on legislation relating to their public procurement authority and common law. In some cases, PPP legislation is limited to certain categories of projects, such as transport. In others, it allows the realization of all types of infrastructure projects.

Currently, most states and Puerto Rico have enacted PPP legislation that relates to transportation infrastructure and social projects. In some cases, PPP legislation authorizes specific projects on an ad hoc basis. Some states have adopted pilot programs that authorize the procurement of a limited number of projects using the PPP model. Some American authors attribute the development of modern forms of PPP in the 1980s, starting with the development of power procurement agreements in the United States, which provide for a two-component compensation system: an availability capacity payment and an actual utilization payment (Aschauer, 1991).

In the UK, PPPs are a key element of the government's strategy to provide modern, high-quality public services, as well as to improve the country's competitiveness. Public-private partnerships have a wide range of business structures and forms of partnership: from a "private financial initiative" to joint ventures and concessions, outsourcing, the sale of shares' part in state-owned enterprises. In the number of PPP agreements in Europe, the undisputed leader is the United Kingdom, where annually, up to 80 new agreements are signed for hundreds of millions of pounds, that offer up to 17% savings for the country's budget (PPPUK, 2020). Public-private partnerships have invested £56 billion in more than 700 infrastructure projects in the UK. These include new schools, hospitals, roads, housing, prisons, military equipment and accommodation PPP transfers delivery, cost risk and performance to the private sector - it protects the public sector from delays, cost overruns and poor performance.

However, in Great Britain, public-private partnerships are also the subject of heated debates. Every time national major projects are implemented, as the case with the construction of the Eurotunnel, the London Underground, the

railways, etc. Despite this, the United Kingdom has extensive experience in PPP projects, being one of the first to develop the PPP mechanism: in the early 1990s, through the "Private Financial Initiative" (PFI) program - the first program to stimulate public relations-private, which aimed developing more efficient public services of high quality. Shortly, this refers to attracting private investment for the construction of large state-owned facilities and de facto, private business carried out the construction from its accounts (Yescombe & Farquharson, 2018).

Currently, PFI has been adopted by the most developed countries: Canada, France, the Netherlands, Portugal, Ireland, the Czech Republic, Norway, India, Australia, Japan, Malaysia, the United States, Singapore, as part of larger program privatization and weakening of corporate control, as well as international organizations - WTO, IMF, World Bank.

France has a long tradition of public-private partnerships, which include the activities of the "Mixed Economy Communities" (MECs) and the award of concessions. The legislative bases of the MECs dates from 1966 and 1983. Describing the MEC, it is that the public sector and local authorities, by the MECs legislation, must own a large part of the MECs assets and thus play a predominant role in their management. MECs operates based on an agreement with local authorities (Saucier & Tra Tran, 2012).

According to the types of activities, the MECs can be divided into three categories:

- Development of MECs lands.
- Reinstallation of MECs.
- MECs services.

Lately, the number of MECs services is increasing. MECs operates more than 40 types of works and services, such as agricultural land development, construction, leasing, creation and management car parks, shopping centers, and fairs, maritime transport, garbage collection and processing, construction of water supply networks, sewerage, cable networks, etc. In addition to MECs, concession agreements in France are also concluded in full with private companies. The overall share of PPP projects in France in EU countries is 5.4% and 5.3% at their cost. In 2010, 19 projects worth €1.8 billion were carried out in France, and from 2004 to January 2012 the volume of contracts was €18 billion. Most projects are implemented in the construction and reconstruction of medical and educational institutions, sports facilities for mass entertainment events legal reform, which entered into force on 1 April 2016. The aim was to simplify, clarify and unify the existing legal framework governing the award and implementation of concession agreements and public procurement contracts (including partnership contracts). Thus, the French state renewed the Lyon-Turin high-speed line project of 26 billion euros during the 2017 French-Italian Summit. Also, in July 2017, France took over the field of green energy with the inauguration of its first offshore wind turbine, installed off the coast of Le Croisic and began the operation of the new high-speed train line Paris-Bordeaux.

In Germany, the idea of PPP was adopted very early in cooperative construction projects. The first non-profit construction companies were created based on private initiatives in the middle of the 19th century. In the context of cooperation between non-profit enterprises and the public sector, the former has been forced to impose certain restrictions on the development of their own business and the policy of making a profit, while the state offers them tax breaks. One of the first PPP projects was a tunnel called Warnowtunnel near the city of Rostock in northern Germany. It all started with the delegation from the state of North-Rhine who traveled to England, following an invitation to learn about PFI. After returning a few days later, politicians were amazed by the new model that combined all stages of the life cycle to be more efficient than conventional procurement. The state of North Rhine is still the main state in Germany when it comes to the number of PPP projects (Dieter, Kochendörfer, von Drygalski, & Hilbig, 2014).

However, in Germany, there is no specific law on PPPs that includes all the legal requirements for PPP projects. There is, however, a specific law on PPP concessions for bridges, tunnels, road sections, or mountain crossings in the federal road network called the Federal Law on the Financing of Private Roads of 1994. The German government has adopted a positive approach to PPP and implemented the Law to accelerate the PPP on 8 September 2005 - this amending many PPP laws. The PPP Acceleration Law has partially transposed Directive 2004/18/EC on procurement law into German national law. The purpose of this law was to remove obstacles and barriers for PPPs, identified by the government, and provided strong PPP support, through numerous PPP promotion bodies. The relevant EU provisions were reformed in 2014 and Germany has implemented these provisions in April 2016 (Hengeler, 2019).

After ages, more than 200 PPP projects in the field of transport infrastructure (construction, modernization, and operation of tunnels, road sections, etc.) have been carried out or started to be implemented for public buildings that reached over 4.1 billion euros and projects related to infrastructure construction - 1.9 billion euros (Dieter et al., 2014).

The lack of financial resources at the state level, in lands and municipalities, catalyzes the debates on the inclusion of the private economy in the implementation of public tasks. German banks and other financial institutions play an active role in debates on the future development of the public-private partnership. Private financing of public investments through leasing of fixed assets, factoring and other participatory models are promoted as an intellectual alternative to traditional municipal financing through traditional loans.

For Ireland, PPP is just a different way of procuring public services and infrastructure by combining the best public and private sectors, with an emphasis on cost-effectiveness and the provision of quality public services. The history of PPP in Ireland is relatively short, starting with a pilot program in the Department of Education and Science in 1999. Public-private partnerships are now used in several areas, such as transport, education, and health. Since their establishment in Ireland, a legislative and institutional framework has been developed to support and protect their users. Important aspects include Value for Money tests, accessibility checks, and the use of a public sector benchmark (PPPI, 2013). The National Development Plan 2018-2027 in Ireland highlights the budgetary priority that the Government gives to investments in public infrastructure (NDP, 2018).

The investment program set out in the plan must be considered in the context of the multi-annual state capital allocations for the four-year period 2018-2021 which "provides for additional capital financing of 4.3 billion euros, the total capital investment for this period with 17.3%, up to 29.2 billion euros ". Thus, PPP is a growing responsibility of the state; although from a low base and subject to a ceiling (NDP, 2018).

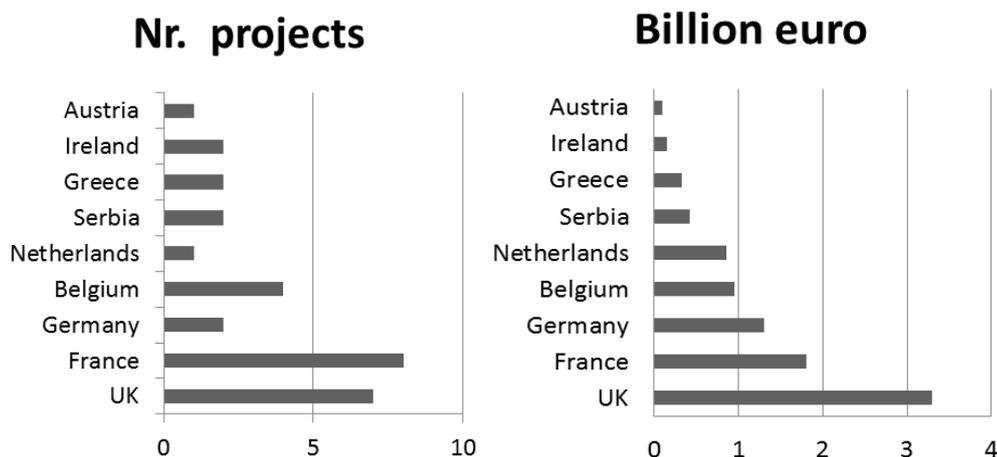
In the European Union, the fundamental economic and political rules constituting the cooperation of the public and private partner in the economic field, have been formed in the EU's leading countries for centuries. There has been a sharp increase in cooperation between public and private sectors in the regions on the development and operation of infrastructure for a wide range of economic activities (Guidelines, 2003).

The development of PPP agreements in the EU has been driven by public funding constraints to meet investment needs, as well as efforts to increase the quality and efficiency of public services. Since the 1990s, 1,749 PPPs totaling €336 billion have reached the financial threshold. However, until 2008 EU funds were little used for PPPs. The economic and financial crisis of 2008 has led to a new interest in PPPs. Faced with constraints on public resources, and fiscal space, while recognizing the importance of infrastructure investment, governments have become increasingly oriented towards the private sector as an additional alternative source of funding. The Structural Funds and the Cohesion Fund have been the main source of EU funding, followed by financial instruments - from the European Investment Bank (EIB) (PPPEU, 2018).

The European Commission has also directly contributed to the creation of independent organizations for the development and implementation of PPP projects: the European Regional Development Fund, the Cohesion Fund, EIB, and the European Investment Fund (EIF), European Center of Expertise of PPP. In particular, the EIB systematically supports the development of public-private partnerships in the trans-European transport networks, which offer long-term loans. The EIF, whose main task is to support small and medium-sized enterprises, is also able to provide guarantees for loans and risk capital under the Trans-European Transport Network. As a rule, cooperation between partners takes place within different legislative structures with a variety of tasks and competencies (PPPEU, 2018).

At the same time, there was a tendency to achieve a more pronounced leverage effect of public funds by mobilizing private funds in public-private partnerships. For example, the Europe 2020 Strategy emphasizes the importance of public-private partnerships. According to her, the mobilization of financial means by combining public and private investment and the creation of innovative investment financing instruments are some of the key aspects that Europe must consider to achieve the objectives of the Europe 2020 Strategy.

The EU PPP market is mainly concentrated in the United Kingdom, France, Germany, Belgium, the Netherlands, etc., which have implemented projects worth 90% of the entire market in 2019. The total number of projects implemented in 2019 is shown in Figure 1.



**Figure 1.** Breakdowns by EU countries by value and number of PPP projects in 2019.  
 Source: Review of the European PPP market, 2019.

Examples of PPP infrastructure projects (Review, 2019) implemented by the European Union authorities in 2019 whose total value amounted to 5.9 billion EUR, representing 61% of the total market value. Transactions on large infrastructure items that reached financial completion in 2019 were: Silvertown Tunnel - 1.4 billion EUR in the UK; Netz Elbe Spree rolling stock - 1.3 billion EUR in Germany; - Regeneration of Brentwood Borough - 1.2 billion EUR in the United Kingdom; A9 Amsterdam motorway - (EUR 850 million) in the Netherlands; Broadband Tarn-et-Garonne - 656 million EUR in France; and Tramvai de Liège - EUR 558 million in Belgium.

As mentioned above, public-private partnerships have a long history in some EU Member States and have recently begun to develop in others. PPPs have received a boost in various developing countries and have experienced significant economic growth. Candidate countries' efforts to reform and modernize infrastructure and services could benefit from PPPs in this regard. This is especially true, given the enormous funding requirements to bring these infrastructures up to European standards.

Data from the European Center of Expertise on Public-Private Partnerships (Review, 2019) shows that the UK and France led the European PPP market in terms of the number of closed transactions with private partners, see

Figure 2. Serbia is also on this list because it has managed to tick the first two PPP contracts for the Belgrade airport concession - EUR 420 million, and the Belgrade municipal waste treatment plant - EUR 350 million.

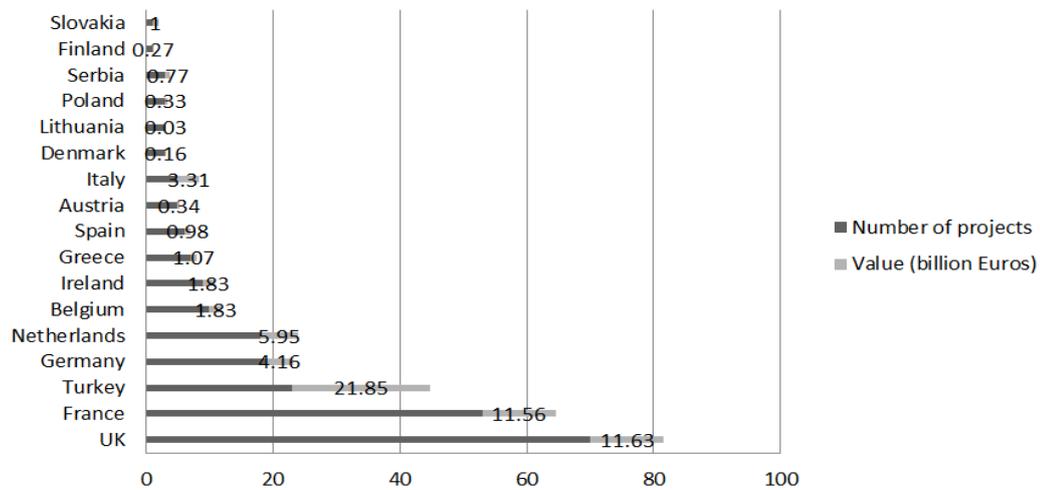


Figure 2. Evolution of the EU market of public-private partnership by country (2015-2019).  
Source: Review of the European PPP market, 2019.

According to the Figure 3, (Review, 2019), in 2019, the transport sector remained the largest in terms of value, with transactions worth over 6 billion EUR and 7 billion EUR in 2018. Ten transport projects reached financial closure in 2019, compared to seven in 2018. The Community housing and services sector recorded four transactions with a cumulative value of almost 1.5 billion EUR, including two of the social housing agreements in Ireland and the Brentwood Regeneration project in the United Kingdom. In the education sector, seven projects with an aggregate value of 937 million EUR and 952 million EUR were implemented in 2018. The telecommunications sector closed two projects with a cumulative value of 826 million EUR and 3 billion EUR in 2018. Both are transactions made in France. The environment sector ticked two closed projects with a cumulative value of 388 million EUR and 1.6 billion EUR in 2018.

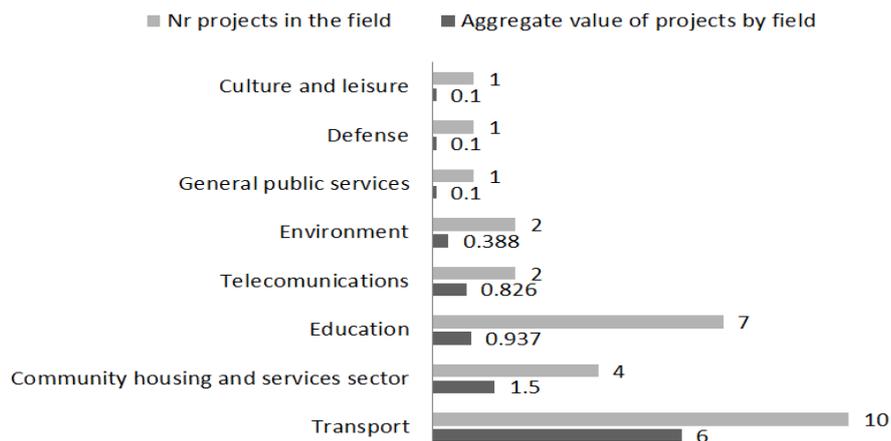


Figure 3. Focusing projects on investment areas.  
Source: Review of the European PPP market, 2019.

In the European Union, the most common type of PPP implemented is the contract from the category "design-build-finance-maintenance-management" (DBFMO), in which all phases of the project are assigned to the private partner, starting with the design stage up to the construction, management and maintenance of the infrastructure, including fundraising.

Argentina is a federal country. According to the Argentine Constitution, the issues related to provincial public law, including rules on public procurement, are issues addressed to the provinces, as well within the provincial administrations and municipalities.

Consequently, as a general rule, federal law applies only to PPPs related to activities that are substantially related to infrastructure, or interprovincial activities carried out on federal territory or by federal authorities (PPPA, 2021).

In Japan, there is the Law on the Promotion of Private Financing Initiative (PFI Law). Since its adoption, the PFI Law has contributed to 527 projects totaling approximately \$ 4.9 trillion (PPPJ, 2017).

However, there is some ambiguity about PPPs, for which there is no legal definition. PPP is sometimes used to describe projects that are not in the form of PIF. In practice, design-build-operate and design-build-maintenance projects are used in addition to PFI. There are also projects such as those in which the public partner leases land to a private party and the private party carries out activities on that land, or projects in which the public partner concludes a comprehensive contract with a private party for the operation of the infrastructure. All these aspects fall under the umbrella of public-private partnerships.

In the Republic of Moldova, public-private partnerships have begun to become increasingly popular in recent years, especially those concluded at the local level. In the Republic of Moldova, the formation of the institution of public-private partnerships dates back to 2008. Currently, the Public Property Agency monitors 76 contracts, of which 9 at the central level and 58 at the local level. The rest of the documents are suspended. The data are presented in the information note of the draft state budget for 2018 (PPAM, 2021).

Internal experience in implementing public-private partnerships is mainly associated with infrastructure projects, while abroad, typical areas of public-private partnerships are transport, housing, communal services, telecommunications, environmental projects, the financial sphere and the social sphere.

The most important factors in the development of project financing in the late twentieth - early twenty-first century, became the internationalization of the global financial market and investment market, as well as the privatization of public infrastructure enterprises (especially housing and communal services) in the most developed countries. The main task the state invest in developed countries, is to ensure a stable macroeconomic, legislative and fiscal environment for projects and investments.

Generally, the scope of public-private partnerships in developed countries is very diverse: financial sector, public order, security, real estate, education, medicine, development of tourism infrastructure, municipal services, telecommunications, transport, etc. The effective implementation of the PPP was influenced by the following factors:

- 1) Efficient administrative structure.
- 2) Private sector development.
- 3) Investment potential.

Project financing (hereinafter PF) has its development evolution, which, in practice, has proved to be efficient and reliable. To date, project financing is one of the most common forms of attracting and organizing investments in the real sector of the economy, both in developed and developing countries, because this form offers an opportunity for active interaction between the real sector of the economy, financial and banking sector.

The experience of implementing PPP projects worldwide demonstrates the special importance of this mechanism in the development of different industries. However, despite its potential, there are many constraints in the implementation of these projects: the conjuncture and the external environment of the project, state involvement, efficient planning and operation of the object, monitoring and support from the state, efficient structuring, etc. In the opinion of some specialists, one of these factors, is the financing of PPP projects. That is why, it is necessary to consider the specificity of the financing of public-private partnership projects in different countries. In global practice

there are a sufficient number of financial mechanisms through which the public-private partnership is achieved, which is formed according to the sources of funding:

- 1) Budgetary sources of different levels.
- 2) Funds of state enterprises and institutions.
- 3) Funds of the internal private sector of the economy.
- 4) Funds of public and non-profit structures.
- 5) Credit resources of financial institutions.
- 6) Issuing securities of joint ventures; foreign investment funds and private investors.
- 7) Funds of individuals and other sources (international financial bodies).

If we look at industries, then preferably, funding in developed countries (Austria, Denmark, Australia, Israel, Finland, Spain, Portugal, Belgium, Greece, South Korea, Ireland, Singapore) is given to PPP projects in the field of road construction and reconstruction. Second, with a large gap, follows the health, education, water supply, and sanitation sectors. In countries with economies in transition (Bulgaria, the Czech Republic, Hungary, Croatia, Poland, Romania, Ukraine, the Baltic countries), PPP projects are primarily funded for transport infrastructure: construction and reconstruction of roads, ports, railways, bridges, tunnels, metro and airports.

The international nature of project financing is confirmed by the rapid growth of Asian markets and the implementation of pilot projects in the energy sector on their territory - Asian countries, within 20 years, occupy 46% of the global project financing market. Project financing credits for Asia-Pacific and Japan countries in 2017 amounted to \$ 80.4 billion from 258 transactions (Muellner, 2017). South Asia recorded a significant increase of 146% per year, reaching 21.4 billion USD from 101 offers. The development of this market was carried out on the principle of "export of project financing", mainly from the USA - totaling in 2017 a volume of bonds for projects of USD 13.6 billion. In the last 10 years, Chinese banks and investment funds have entered the global PF (project financing) markets, which have started to use project financing technologies, giving priority to national projects (mega-infrastructure projects, resource development projects, etc.) and expand into the global investment and project financing market.

Despite the accelerated development of project financing around the world, the evolution of international project financing practice and theory, including financial management in the field, there is currently no clear understanding of the term project financing. The specialized economic literature contains numerous definitions of economists, bankers, lawyers, there are also various interpretations of project financing schemes classified according to different characteristics, while the term project financing is interpreted as (Gatti, 2012):

- Loans granted to the debtor for the implementation of the investment project without recourse (turnover), or with the limited recourse of the creditor to the debtor, through which the debtor's obligations are ensured by the rights from future income generated by the investment activity, as well as assets related to the investment project.
- How to mobilize various sources of financing and the integrated use of different methods of financial support for investment projects with a balanced distribution of financial risks associated with their implementation among project participants.
- A financial technique that involves raising funds for a single large-scale indivisible capital investment project, in which cash flows are the only way to meet financial obligations and provide investors with income.

A financing method aimed to negotiating the contract and the risks following the interests of the parties involved, as well as choosing the optimal combination of equity and borrowed capital, including the mezzanine type for a specific project.

#### 4. DISCUSSION

As indicated above, we can say that globally, the PPP model is at an important crossroads. Countries with established and mature PPP markets are agitated by the changing financial and political climate. In some places, the main model and principles of PPP have faced profound challenges.

In other countries, where PPPs have traditionally played no role, or only a small role, in fulfilling infrastructure tasks, governments are exploring the potential of the model and are taking definitive steps to establish policies, networks, resources and partnerships with the private sector providers. Decisions made by governments from scratch can be reduced in improving PPPs in established markets, allowing for continuous improvement. Developed areas offer interesting lessons for developing countries.

#### 5. CONCLUSION

Based on the study of the evolution and experience of countries on public-private partnership in infrastructure projects, it was found that a certain degree of cooperation between the public and private sectors has always existed and PPP mechanisms increase the living standards of the population.

The PPP mechanism is widely used internationally to attract private capital for the further development and management of public infrastructure and, overall, is conditional on the trend of modern economic development. In different countries, cooperation between partners (public authorities and the business environment) takes place within different structures, with different tasks and competencies, respecting local and Community law (in the case of EU countries) or federal and state law (US). At the same time, in international practice, the development of PPP's takes place at different levels: if in the UK, France, Germany, and Spain the market is already sufficiently formed, other countries have just started implementing such programs.

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