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**Tkalych Maxym Olehovych,**  
PhD, Associate Professor  
Zaporizhzhia National University  
Head of the Center for Sports Law  
ORCID: <https://orcid.org/0000-0003-1101-8073>

**Tolmachevska Yuliia Olehivna,**  
PhD, Deputy Head of the Center for Sports Law  
ORCID: <https://orcid.org/0000-0002-7964-8875>

## TRENDS AND PROSPECTS FOR THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIPS IN THE FIELD OF SPORTS: CORRUPTION RISKS AND PROSPECTS FOR OVERCOMING THEM

*The development of sports infrastructure and support for sports at all levels is an important element of public welfare and national health. A healthy society cannot be achieved without adequate infrastructure for active recreation, making access to quality sports services one of the key responsibilities of the state. In the current context, where budget resources are limited and sports facilities require substantial modernization, public-private partnerships (PPP) serve as an effective tool for attracting private investments to finance sports projects. The implementation of PPPs significantly accelerates the construction and renovation of sports facilities, expanding opportunities for sports development at various levels, from grassroots to professional.*

*However, despite the potential of public-private partnerships, significant corruption risks exist that can reduce the efficiency of such projects. Corruption can lead to lower quality of sports facilities, unjustified cost increases, and erode trust in the partnership between the state and the private sector. Therefore, it is crucial to study the causes of corruption risks in the implementation of PPPs in the sports sector and explore ways to mitigate these risks.*

*This study is dedicated to analyzing the current trends and prospects for the development of public-private partnerships in the field of sports, with a particular focus on identifying the corruption risks that arise during the implementation of such projects. The research examines the main challenges and issues that hinder the effective development of PPPs in the sports sector and suggests possible ways to minimize corruption threats. Special attention is given to the analysis of international experience in the field of public-private partnerships and the potential for adapting this experience to Ukrainian realities. The adoption of best global practices in Ukraine could significantly enhance the transparency and efficiency of partnerships between the state and private investors, contributing to the sustainable development of sports infrastructure in the country.*

**Key words:** public-private partnership, sports, corruption, business, cooperation, public procedure, business, investment.

### ТКАЛИЧ М. О., ТОЛМАЧЕВСЬКА Ю. О. ТЕНДЕНЦІЇ ТА ПЕРСПЕКТИВИ РОЗВИТКУ ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА У СФЕРІ СПОРТУ: КОРУПЦІЙНІ РИЗИКИ ТА ПЕРСПЕКТИВИ ЇХ ПОДОЛАННЯ

*Розвиток спортивної інфраструктури та підтримка спорту на всіх рівнях є важливим елементом суспільного добробуту та здоров'я нації. Здорове суспільство неможливе без належної інфраструктури для активного дозвілля, тому забезпечення доступу до якісних спортивних послуг є одним з ключових завдань держави. У сучасних умовах, коли бюджетні ресурси обмежені, а спортивні об'єкти потребують суттєвої модернізації, державно-приватне партнерство (ДПП) виступає як ефективний інструмент залучення приватних інвестицій для фінансування спортивних проєктів. Впровадження ДПП дозволяє значно пришвидшити будівництво та оновлення спортивних об'єктів, розширюючи можливості для розвитку спорту на різних рівнях, від дитячого до професійного.*

*Однак, незважаючи на перспективність державно-приватного партнерства, існують значні корупційні ризики, що неможуть знижувати ефективність реалізації таких проєктів. Корупція здатна погіршувати якість спортивних об'єктів, призводити до невинного зростання вартості проєктів та підірвати довіру до партнерства між державою та приватним сектором. У зв'язку з цим надзвичайно важливим є вивчення причин виникнення корупційних ризиків у процесі впровадження ДПП у спортивній сфері та пошук шляхів їх подолання.*

*Це дослідження присвячене аналізу сучасних тенденцій і перспектив розвитку державно-приватного партнерства у сфері спорту, зокрема з акцентом на вивчення корупційних ризиків, які виникають під час реалізації таких проєктів. У роботі розглядаються основні виклики та проблеми, що перешкоджають ефективному розвитку ДПП у спортивній галузі, а також запропоновані можливі шляхи мінімізації корупційних загроз. Особливу увагу приділено аналізу міжнародного досвіду у сфері державно-приватного партнерства та можливостям його адаптації до українських реалій. Залучення найкращих світових практик до України може значно покращити прозорість та ефективність партнерства між державою та приватними інвесторами, сприяючи стійкому розвитку спортивної інфраструктури в країні.*

**Ключові слова:** державно-приватне партнерство, спорт, корупція, бізнес, співпраця, публічна процедура, бізнес, інвестиції.

**Introduction.** Attracting additional sources of funding for physical culture and sports (PCS) is an acute problem in the economies of both post-Soviet countries and countries with higher economic potential. In the context of the socio-economic and political transformation of modern Ukraine and Azerbaijan, the issues of strengthening physical and spiritual health and a healthy lifestyle are of particular importance. It is recognised that the future of any country is determined by the health of society. Therefore, the active use of physical culture and sports contributes to the preservation and promotion of public health; improving the quality of life; preventing diseases and uniting society. At the same time, the significant destruction of sports infrastructure as a result of the military aggression of the Russian Federation on the territory of Ukraine also requires measures to rebuild and restore it. Due to its social significance, the development of physical culture and sports and the restoration of sports infrastructure are becoming one of the priority areas of state policy.

In the context of infrastructure reconstruction and rehabilitation, it is advisable to use a public-private partnership (PPP) mechanism, which is a contractual arrangement between a public authority (which may be a local or central government) and a private provider for the provision of certain services, where the latter assumes responsibility for the construction or modernisation of the infrastructure supporting these services, arranges for the financing of the investment, and then operates and maintains the facility.

Such cooperation can be effective, on the one hand, given that the management is carried out by a competent contractor in the public interest. On another side, such cooperation can be risky for both the state and business. Despite the benefits, PPPs in sports are vulnerable to corruption, particularly due to the large sums of money involved, complex stakeholder interactions, and often opaque procurement processes. Common corruption risks include: bribery and kickbacks (in the procurement process, private companies might offer bribes to government officials to secure contracts or favorable terms; kickbacks are also a risk during the allocation

of construction contracts and sponsorship deals); bid rigging (the process of selecting private partners can be manipulated to favor certain companies, undermining fair competition; this might involve collusion between bidders or between government officials and private entities); misallocation of funds (PPP projects often involve significant public funding, which can be misappropriated by corrupt officials or mismanaged due to poor oversight); lack of transparency (many PPP agreements in sports lack transparency, making it difficult for the public and oversight bodies to scrutinize the terms of contracts, the selection process, and the management of funds).

In view of this, it is important to study the trends and prospects for the development of public-private partnerships in the field of sports, as well as to consider corruption risks and prospects for overcoming them.

**Purpose and objectives.** The purpose of the study is to examine current trends in the development of public-private partnerships in the field of sports, analyse corruption risks associated with such projects, and identify opportunities to take these trends into account in Ukrainian practice for the effective development of partnerships in this area. The objectives of the study are to: assess current trends and examples of successful projects implemented under PPPs in sports; identify the main factors contributing to corruption risks in PPPs in the sports sector; study the existing legislative and regulatory frameworks aimed at combating corruption in the context of PPPs and their effectiveness; assess future opportunities and potential for the development of PPPs in sports and overcoming corruption, taking into account the introduction of anti-corruption expertise, monitoring and changes to legislation.

**Research methods.** The article uses the method of analysis to study the impact of corruption on the implementation of public-private partnership projects. This helped to create a theoretical framework and identify the key factors affecting the implementation of PPPs.

The purpose of using the foresight method is to anticipate and establish mechanisms for ongoing monitoring and evaluation of PPP projects to determine

their effectiveness and identify areas for improvement. The use of this method helps to predict trends and identify problematic issues in order to avoid them, reduce corruption risks and facilitate the effective implementation of PPP projects in the field of sports.

**Main text.** In developing countries, where governments face budgetary constraints on public infrastructure development, prioritising infrastructure projects is important. Most countries have chosen to focus on economic infrastructure, as it directly impacts the economy and benefits society. For decades, the private sector has been involved in financing public infrastructure through public-private partnerships (PPPs). However, these partnerships have mostly focused on economic infrastructure. Recently, some countries have begun to apply PPPs to social infrastructure - education, sports, healthcare and elderly care - recognising the importance of developing human capital and improving quality of life.

PPPs involve numerous stakeholders whose personal interests may conflict, leading to divergent objectives. In some instances, opposition from stakeholders has been a primary factor in project failure. Additionally, the quality of stakeholder relationships is often a key contributor to poor project performance. The World Bank has identified seven significant barriers to private investment, with the foremost being the considerable gap between government and the private sector regarding reasonable and acceptable expectations. Ensuring the operational efficiency of PPP projects requires not just the efforts of one party, but the collective collaboration of all stakeholders involved in the partnership. For instance, stakeholder analysis and management involve including stakeholders in the policy-making process, which aids in addressing conflicts between multiple stakeholders with differing objectives. By adopting a stakeholder perspective, the interests of various stakeholders can be compared to better understand the challenges and the role of PPP development in the sports sector. The goal is to create more effective plans and policies for PPP projects. It is essential to comprehend the key stakeholders and their roles in public-private partnerships within the sports field. This understanding helps address the major challenges faced by PPPs in sports [5].

At the same time, many difficulties arise in practice related to both legal regulation and the project implementation environment.

Let's take a closer look at PPP trends and corruption risks using the examples of Ukraine and Azerbaijan.

In Ukraine, prior to the full-scale invasion, the government had gradually implemented progressive economic reforms and liberalisation policies to provide more space for private sector participation in the economy. In this context, the adoption of the laws on public-private partnerships (PPP: Law of Ukraine)

and concessions (Concession: Law of Ukraine) became a cornerstone for private investment and economic growth. For public-private partnerships (PPPs), 2019 was a crucial year as the legal framework in this area was finalised. For example, a law came into force that separated the regulation of concessions and other forms of PPPs and provided for a single procedure for initiating and deciding on PPPs; the possibility of initiating a concession by a potential concessionaire; the involvement of advisers and independent experts in the preparation of PPP projects, additional guarantees for private partners; and the definition of the specifics of interaction between public and private partners in the areas of road infrastructure and natural monopolies [1, 2]. Unfortunately, however, the 2019 reform did not reach its full potential due to the decline in business activity caused by the coronavirus pandemic, as well as imperfect legal regulation and complex bureaucratic procedures.

In addition, Ukraine's investment climate, selective tax audits and criminal proceedings against businesses, distrust of the judiciary, unstable economic situation, unpredictable legislation and the still high level of corruption and abuse in Ukraine do not contribute to the private partner's trust in the state and its involvement in PPP projects in Ukraine for infrastructure rehabilitation. Corruption risks can serve as an obstacle at the stage of selecting a private partner and monitoring the implementation of a public-private partnership project and the public benefit of the project.

Azerbaijan is a post-communist country with a dynamic industrial and agricultural economy that began to develop rapidly in the late 1990s, driven by the key role of the oil and gas sector. The country has been repeatedly recognised as one of the most successful among the CIS countries in terms of GDP growth, competitiveness, ease of doing business and other indicators. The private sector plays an important role, accounting for 80% of the economy and receiving full support from the state. Until recently, however, Azerbaijan had no policy, regulatory or institutional framework for the development of public-private partnerships (PPPs), including a specific law on concessions. The government has used other mechanisms to attract private capital to various projects. The country's legislation mainly regulates privatisation and public procurement. The absence of a legal framework for implementing internationally recognised PPP principles has resulted in many projects that were called PPPs but were not, in fact, PPPs, but rather took the form of public service contracts or leases. The fall in oil prices in 2014, which led to a significant reduction in export earnings, was an incentive for the development of PPPs in Azerbaijan. This reduced the state's financial capacity, prompting it to raise additional capital

through public-private partnerships. In 2022-2024, Azerbaijan adopted specialised legislation to regulate public-private partnerships [3].

International financial institutions are critical of the state of PPPs in Azerbaijan. In 2017, the European Bank for Reconstruction and Development recognised the effectiveness of almost all components of the country's PPP system as very low, and the World Bank assessed Azerbaijan's capacity to prepare, procure and manage infrastructure projects as well below the average for Europe and Central Asia. At the same time, recent steps taken by the country's leadership indicate an intention to develop PPP mechanisms to ensure sustainable economic development.

The big problem with the involvement of projects in the PPP is corruption, not the vagueness of the rules (ambiguous interpretation). Corruption increases risks for private investors, which may reduce their interest in participating in PPP projects. Investors fear non-transparent procedures and bribery, which increases the cost of projects and reduces their profitability. Insufficient transparency in decision-making processes can lead to inefficient allocation of resources and selection of unqualified contractors, which reduces the quality of projects. At the same time a strong rule of law provides a clear and stable legal framework, which is critical for long-term investment in PPPs [4]. This includes the protection of property rights, fair resolution of disputes, and the enforcement of contractual obligations. Furthermore, the rule of law promotes a level playing field for all participants, which reduces opportunities for corruption and fosters competition. This leads to better project quality and lower costs.

**Results.** Public-private partnerships (PPPs) in the field of sports are mostly concerned with the development of sports infrastructure and cooperation for the promotion of sports. Stakeholder analysis shows that the main participants are government, the commercial private sector, non-profit private charities, autonomous institutions, various donor agencies, research and executive staff, and users and

participants of sport events. The government and investors remain the dominant players. In the future, the success of partnerships between government and private associations to ensure the public benefit of sports facilities will depend on the achievement of a consensus among politicians. It is important to use the power of dominant parties to protect public interests.

Different actors face different challenges in PPP projects. The commercial interaction between the sports industry and the state must find a balance between the private interests of the business and the established social goals, taking into account the public interest. It is also important to consider the development of mass sports. Public-private partnership can be used to develop a system of sports clubs at the place of residence. Private sector investments in the context of PPPs have shown that supporting investments in the area of sports facilities are important for reducing risks.

At the same time, it should be taken into account that in most cases, PPPs can be more expensive than traditional financing instruments, and therefore it is important to consider a sports project from the point of view of its feasibility and complexity. In addition, it is important to take into account the full life cycle of the investment and reasonably allocate risks between the customer and the contractor and establish clear indicators of object inspection and acceptance.

**Conclusion.** In our view, the success of PPPs depends on various factors, including political will, effective governance, risk management and alignment of interests between the public and private parties. The future of PPPs is likely to be determined by how these challenges are addressed and how partnerships adapt to changing economic, environmental and societal conditions.

Regarding further scientific research, we consider it expedient to consider the successful implementation of PPP projects in the field of sports and the impact of legal regulation and the external environment (corruption, rule of law, etc.) on such implementation.

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