

"Public-Private Partnerships and Economic Growth in the Eurozone."

Dimitrios Papadomanolakis¹, Stavros Arvanitis², Aggelos Kotios³ and Theodoros V. Stamatopoulos⁴

Abstract

Purpose: It is investigated the effect of the Public-Private Partnerships (PPPs) on the Eurozone gross domestic product (GDP) over the period 2014-2021.

Design/Methodology/Approach: After a necessary literature review officially published data are analyzed from the databases of the World Bank, and the European PPPs Authority. The researched question studied is whether infrastructure PPPs projects, for whatever reason, either, complementary or substitute of traditional government expenditures, both in mature and developing economies but with emphasis on the Eurozone, is seemed to be an important determinant of the GDP. The stylized facts that almost all economies are characterized by increased fiscal budget deficits and significant burdens due to their servicing costs, as well as, ever-increasing needs for infrastructure in the era of climate change and technological leaps, have been the starting point of the analysis. The effectiveness of PPPs as a development tool and especially their impact on GDP growth is considered, first, through the analysis of the relevant literature. A very first finding is that the literature regarding the impact of PPPs on GDP growth is extremely limited, while similar concerns arise for their effects on different sectors of the economies; second, all sample countries of any level of development see PPPs as an important financing option; third, developing and especially state dominated economies seem to sign several times as many PPP contracts as European countries; four, European economies pay approximately the same attention on the institution, although we cannot conclude about the causalities of PPPs on GDP growth.

Practical implications: It seems that governments could use the PPPs as a complementary development tool in nowadays. This is the outcome of our analysis because we cannot reject the hypothesis that the contribution of PPPs to GDP change in mature economies is rather positive, while it's obvious that depends on a number of macroeconomic factors. It is also shown that not all projects have the same impact on the PPP-GDP growth relationship.

Originality/value: The paper contributes to the literature with an updated and especially comprehensive analysis of the need for PPPs, although the lack of statistical data prevented us from making inductive inferences.

Keywords: PPPs, European Economies, GDP, economic growth.

JEL classification:H54, O47, P44

¹ Corresponding Author: [University of West Attica](#), School of Administrative, Economics and Social Sciences, Department of Accounting and Finance, Ancient Olive Grove, 250 Thivon & P. Ralli Str., Egaleo, 122 41 Athens, Hellas (Greece). dpapadomanolakis@uniwa.gr ; Tel.: +30-210-5381-789.

²

³ [University of Piraeus](#). akotios@unipi.gr

⁴ [University of West Attica](#), School of Administrative, Economics and Social Sciences, Department of Accounting and Finance, Ancient Olive Grove, 250 Thivon & P. Ralli Str., Egaleo, 122 41 Athens, Hellas (Greece). ORCID iD <https://orcid.org/0000-0002-9710-0870> .