

The Territories of Advanced Development as a Model of State-Private Partnership

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Abstract—The article proposes to consider the implementation of the state project to create the territories of advanced socio-economic development through the prism of state-private partnership. The study examines the objectives of new development institution, and proposes to supplement them with provisions that take into account the interests not only of business (from the residents point of view), but also of the population of that territory as well as the academic community. The recommended goals of the new development institute should create not only a "businessmen paradise", but also to improve the quality population life, which is not currently reflected in legislative acts concerning the territories of the advanced social and economic development. The key conditions for the success of business and government cooperation in the implementation of joint projects have been developed on the base of the state-private partnership experience analysis.

Keywords—State-private partnership, territory of the advanced socio-economic development, model, conditions of success.

I. INTRODUCTION

Since 2015 the territories of the advanced social and economic development (TOSER) were created with the purpose of creating favorable conditions to attract investments, accelerate social and economic development, and provide life support to the population. For 2.5 years the status of a special territory was received by 60 single-profile municipal entities, 1 closed administrative-territorial formation (ZATO) and 18 Far Eastern territories.

After the studying of the regulatory and legislative framework, the researchers [1-6] noticed the similarity of TOSER with the previously created free economic zones, zones of territorial development, special economic zones. Assessing the effectiveness of most of them as extremely low, scientists [7-11] were puzzled by the problem of how to make a new development institute, at least useful for solving urgent problems of the country's socio-economic development.

II. THE STATE-PRIVATE PARTNERSHIP AS THE MECHANISM OF STATE ADMINISTRATION

Within the framework of this article, we are to review the state project on the establishment of TOSER through the prism of state-private partnership (SPP).

The essence of SPP is that, on the one hand, the state is naturally interested in strengthening its budget, increasing tax revenues, solving urgent problems of social and economic development of the country with the least cost; on the other hand, business is more than interested in building the necessary production and social infrastructure, creating favorable conditions for its growth, increasing profitability and achieving stability in its development. In view of this, SPP can be considered as a special form of agreement between the state and business about the "rules of the game" according to the principle "the business wins if the state wins".

The main features of SPP are:

- medium-term or long-term relationships;
- the implementation of the state-private partnership project is aimed to address the urgent problem of the country's socio-economic development / region;
- in the process of project implementation, the efforts of both the private and public sector parties are necessarily combined;
- the interaction of the parties is formalized by the relevant agreements (has a legal basis);
- the interaction of business and government has the partnership nature, based on taking into account the interests of both parties;
- the definition of the effectiveness criteria by government in correspondence with SPP facility;
- financial risks, costs, achieved results are distributed between the parties in proportions according to mutual agreements, legally formalized.

In the case of the TOSER formation, these signs are fully present or at least they are indicated in legal documents.

The mechanism of SPP allows to attract the potential of private investors to solve the state problems and aims to increase the efficiency of using the invested funds while observing the balance of interests between the public and private sectors, as well as diversifying the risks of investors.

III. THE TOSER MODEL IN THE FORM OF THE STATE-PRIVATE PARTNERSHIP

In the conditions of economy recession and looming serious crisis phenomena the business representatives are also interested in state support. The unstable economic and political situation strengthens the flight of capital from the country, which could be used to implement strategic projects. TOSER residents are offered preferences from the state to create favorable conditions for potential investors (fig.1).

At the outset of the project implementation, the objectives of cooperation that are clearly understood and accepted by all stakeholders should be clearly stated. It is important to note the existing conflict of interests of the parties: residents of the territory are interested in high-paying jobs, stable operation of existing enterprises, preservation of the environment, but these parameters are not the main ones for potential investors and officials responsible for the project. And the scientific community considers the transition to the advanced development trend through the prism of overcoming the technological problems of the country by giving preferences to high-tech industries, developing the scientific infrastructure of the territories (opening universities, laboratories), etc. Their representative is the state, i.e. the officials and politicians who develop "rules of the game" on the field of TOSER formation.

The object of state attention in the TOSER project is a resident enterprise: preferences are set for it, regional and local authorities are concerned about providing better conditions for opening their production facilities, building rental housing for resident workers, etc. Now TOSER is considered, first of all, as a business area. At the same time the modern world passes from competition for markets to competition of cities for creative professionals. The latter become the main decisive resource and factor of production of the modern post-industrial era. The creative economy and creative professionals become the "engine" of the society development. Cities compete not for firms, but for people. Then firms transfer their capacities and headquarters to the place of workers residence. When firms try to hire or entice good specialists, they lure them not with big salaries, insurance and premiums, and not even by offering shares, but by the prospect of living in a good place. Today it's prestigious not that you work at Boeing or Microsoft, but that you live in Seattle [12].

The goal of improving the quality of the territory inhabitants life (fig.2) is the study of foreign experience in territorial development, which is based on the use of an integrated approach to territorial development in Europe, which includes budgeting, the use of the principles of multilateral partnership, targeting socio-economic development of the territories, diversification regulation, delegation of authority, etc. [13].

In the EU, the acceleration of the development of territories is seen through improving their access to the EU's economic, transport, legal, information infrastructure [14].

The solution of various problems of territorial development by foreign scientists is considered through the concept of social initiatives [15], social enterprises that carry out social innovations, and which are important components of territorial development [16, 17].

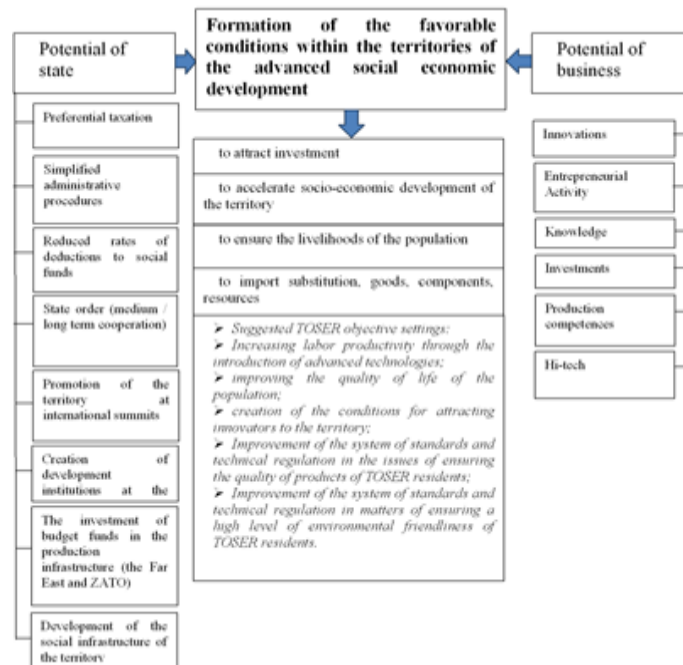


Fig. 1. TOSER as a State-Private Partnership Project.

The University of Coventry (UK) develops special strategies for sustainable territorial development in accordance with the strategy "Europe 2020". The strategy includes five main areas:

- development of regional development strategies, including changes in the powers of regional authorities and other stakeholders of the functional area;
 - study and use of best practices of regional and territorial development (i.e. territorial benchmarking);
 - creation of appropriate organizational structures for territorial development;
 - development of new forms of cooperation and interaction between stakeholders of territorial development;
 - analysis of the effectiveness of territorial development.
- [18]

The analysis of the foreign and Russian experience [19-22] on the development of SPPs reveals a number of key conditions for the success of joint projects between the state and business (tab. 1.).

TABLE I. KEY CONDITIONS FOR THE SUCCESS OF STATE-PRIVATE PARTNERSHIPS

№	Characteristics of success	Benefits of partnership
1	Long-term cooperation and commitments	Long-term cooperation and commitments allow better planning of future work and attracting serious investments
2	General vision and goals	A common vision and goals make it possible to ensure that partners do not work towards the achievement of opposite goals
3	Complementary skills and abilities	Each partner should contribute complementary skills and abilities for partnership, since similar skills can lead to excessive competition.
4	Coherence of the project objectives to the priorities of the federation and the region	The support of higher structures is necessary in order to ensure that the efforts and resources do not contradict the priorities of regional and federal policies
5	Comprehensive analysis of the investment project	The analysis of the investment project should be made as part of the condition for the adoption of the partnership. Prospective indicators should be clear and provided to all interested parties of SPP
6	Mutual Confidence and Risk Sharing	Cooperation should be based on mutual trust, open communication and a balanced risk of both partners.
7	Flexible management system SPP	The mechanism of adaptation to changing internal conditions and external challenges, built as a system with two feedback channels
8	Independent evaluation	An independent evaluation implies an objective evaluation of each partner's achievement of his benefits and obligations. Such an assessment also allows you to adjust or redirect efforts, in the event that expectations were not justified.
9	Implementation of decisions and requirements of partnership	Management must ensure that requirements and decisions are fulfilled in order to achieve effective partnership.
10	Clearly documented goals in the partnership agreement	Once the mutual goals are defined, they must be documented in the agreement in order to more clearly reflect the responsibilities of each party.
11	Full coordination with all stakeholders	The SPP should include steps to obtain feedback from participants on planned actions, and provide information on the partnership strategy to reduce the legitimate concerns of stakeholders

The attention is attracted to the fact that due to the ineffective elaboration of the number of key success points, some negative results of the project are observed: a number of TOSER residents have problems in paying taxes, loans [23, 24], they also fail to fulfill their obligations as a business units [25, 26], as well as the state [27].

IV. CONCLUSION

When creating a new institution for the territorial development, it is important to use both a successful experience in the implementation of domestic projects and foreign benchmarks. One of these benchmarks is the experience of state-private partnership. In spite of the abundance of the positive results of previously established similar development institutions (SEZs) and the solid studies on the mechanisms and forms of interaction between government and business the number of serious mistakes have been made at the initial stage of TOSER formation that bring doubts about the effectiveness of the implementation of this state project under the proposed conditions

ACKNOWLEDGMENT

The article was prepared with the financial support of the RFFI: Project No. 16-02-00073 "Strategy for the Formation and Functioning of the Territories of Advanced Development Based on the Realization of the Territorial Industrial Policy".

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