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COLLABORATION MODEL OF GOVERNMENT AND PRIVATE PARTNERSHIP

Abstract

Kazakhstan has set itself both very ambitious and difficult task, which is modernizing all sectors and gradually moving to an innovative economic development trajectory. This policy requires a search for the most effective forms of cooperation between public and private structures. The experience of leading countries shows us that one of the effective mechanisms for attracting entrepreneurial initiative, experience and domestic investment in the social sphere is public-private partnership projects. This mechanism has not been studied in Kazakhstan yet, and its potential has not been fully revealed as well. Nevertheless, the fact that its use in such sectors as housing and communal services, energy, transport, organization and implementation of infrastructure projects will give a powerful impetus to the development of the national economy is evident. The efficiency of interaction between state and private structures should be involved in the construction sector in order to provide the population with comfortable and most importantly, affordable housing. The role of public-private partnership cannot be ignored in the development of agribusiness, providing the population with quality services in the field of healthcare, education, etc. New financial mechanisms emerge, property relations undergo significant changes, new, improved management methods appear as a result of the formation and development of relations between the public and private sectors. Today without them, when the processes of globalization give rise to high competition, solving the problems of accelerated modernization and infrastructure development is very difficult.

Key words: state, private structures, partnership, financial mechanism, model, infrastructure, management method, entrepreneurial initiative.

Most countries often face the issues of sustainable financing of the social and economic spheres as well as providing the appropriate infrastructure for the growing population of the country. Introducing the substantial economic transformations, aimed at developing a high-tech, innovative economy, is not possible without creating an effective model of interaction between state and business.

Nowadays, Kazakhstan has the problem of the intensively growing urbanization, the need for the fastest possible depreciation of existing infrastructure, the restoration and modernization of engineering and communications networks in many regions of the country. These issues can be mainly dealt with due to subsidies and other donations from the state budget, creating an already growing deficit at the same time. Public-private partnership (PPP) is thought to be an effective solution to the limited financial capacity of the state. It helps mobilize private capital in the infrastructure development of the country. The successful realization of various public services owing to the partnership between two main subjects of the national economy has become a real alternative to the traditional method, which implies services provided only by the state or the private sector.

It is necessary to mention that with using the right approach, public-private partnerships can direct their full potential and necessary resources to social and economic development at local, regional and international levels. For its part, the private sector is interested in increasing profitability due to its experience and business opportunities in new sectors of the economy. In addition to it, the capital invested by the private sector has a good return and a guarantee from the state.

In the light of the above, revealing the nature of public-private partnerships as a particular category of economics as well as revealing their role in the modern system of economical contradictions, remain quite relevant. Domestic literature does not give an exact definition of public-private partnerships. For instance, the Law of the Republic of Kazakhstan dated from October 31, 2015 “On Public-Private Partnership”, as well as a number of other Kazakhstani publications and information resources suggest the following definition of public-private partnership: “Public-private partnership is a form of cooperation between the state and a private partner” [1].

In our opinion, this definition is very brief and does not reveal the whole essence and conceptual foundations of PPP. In this regard, it is required to reveal the nature of PPP applied to Kazakhstani practice. Let us consider the fundamental theoretical aspects of public-private partnership based on the generally accepted method. The term is originated from western countries (public-private partnership), and in this case, the state is defined as a more comprehensive notion than the totality of power structures and institutions. The state (public) functions as a generalizing subject that includes all levels of management and sometimes plays an informal but significant role in regulating all aspects of social development. It should also be noted that state initiates most PPP projects. Besides, the state, in this case, is the key figure as the owner and manager of municipal and state property. A priori, it is possible to assert that, with this understanding, there will never be equality, since the ownership of this type of property will always belong to the first party.

The Organisation for Economic Cooperation and Development (OECD) gives an interesting definition of public-private partnership as a type of agreement between state and private partners within which the representatives of the private party carry out their entrepreneurial activities in the format most convenient for state, given the fact that both parties should achieve own goals, thanks to a significant distribution of risks in the direction of business and maximum government support in terms of reducing the tax burden and infrastructure support for projects [2].

In general, there is a double view of PPP in world practice. On the one hand, public-private partnerships are considered as a set of relations between state and business, used as the most effective tool for the country's social and economic development at different levels. On the other hand, specific public-private partnership projects implemented based on state and municipal property.

Russian scholars V.G. Varnavsky, A.V. Klimenko, V.A. Korolev, involved in the theory and practice of public-private partnerships, concluded that the effectiveness of the PPP mechanism is depended on several factors listed below that determine the forms and scale of interaction between public and private structures in their works [3]:

- ◆ public-private partnership is an effective mechanism for the emergence and development of relations between the public and private sectors.
- ◆ the resources of private partners are used in reproduction processes in various sectors of the national economy owned by state and local authorities with the help of PPP, and at the same time, the use of private entrepreneurial initiatives in order to increase the efficiency of budget allocation.
- ◆ certain additional benefits arise as a result of state efforts and business resources in the process of realization of public-private partnership projects.

They believe that in comparison with state structures, the business demonstrates greater mobility, dynamics and speed in making managerial decisions without any doubts, it is inclined to innovations, strives for continuous technological improvements in order to increase its competitive advantage in the market.

In turn, government representatives may well ensure timely and effective projects realization of this type of partnership of the authorities, by creating an adequate legislative, regulatory framework, consulting support of the company, using economic incentives and levers in the form of subsidies, guarantees and benefits.

Public-private partnerships are commonly presented as contract and institutional PPPs in Kazakhstan (Figure 1, p. 57).

According to the Law of the Republic of Kazakhstan “On Public-Private Partnership,” the national chamber of entrepreneurs of the Republic of Kazakhstan “Atameken” performs the following functions in respect of:

- ◆ development of expert opinions on the conceptual framework of PPP projects;
- ◆ creation of business representatives register;
- ◆ it is a member of the competitive commission in identifying potential private partners;
- ◆ monitoring the implementation of public-private partnership projects [4].

In general, any beneficial relationships between state and business representatives can be attributed to one of the forms of PPPs. In this case, the main criterion is the stimulation and motivation of private representatives and the joint distribution of risks and income from the realization of PPP projects for both sides of the partnership. Undoubtedly, the main incentives for private entities are the possibility of generating income even though it is fair to note that recent projects in this area have become more frequent between the state and non-profit organizations, motivated by goals and objectives, not of commercial but social nature.

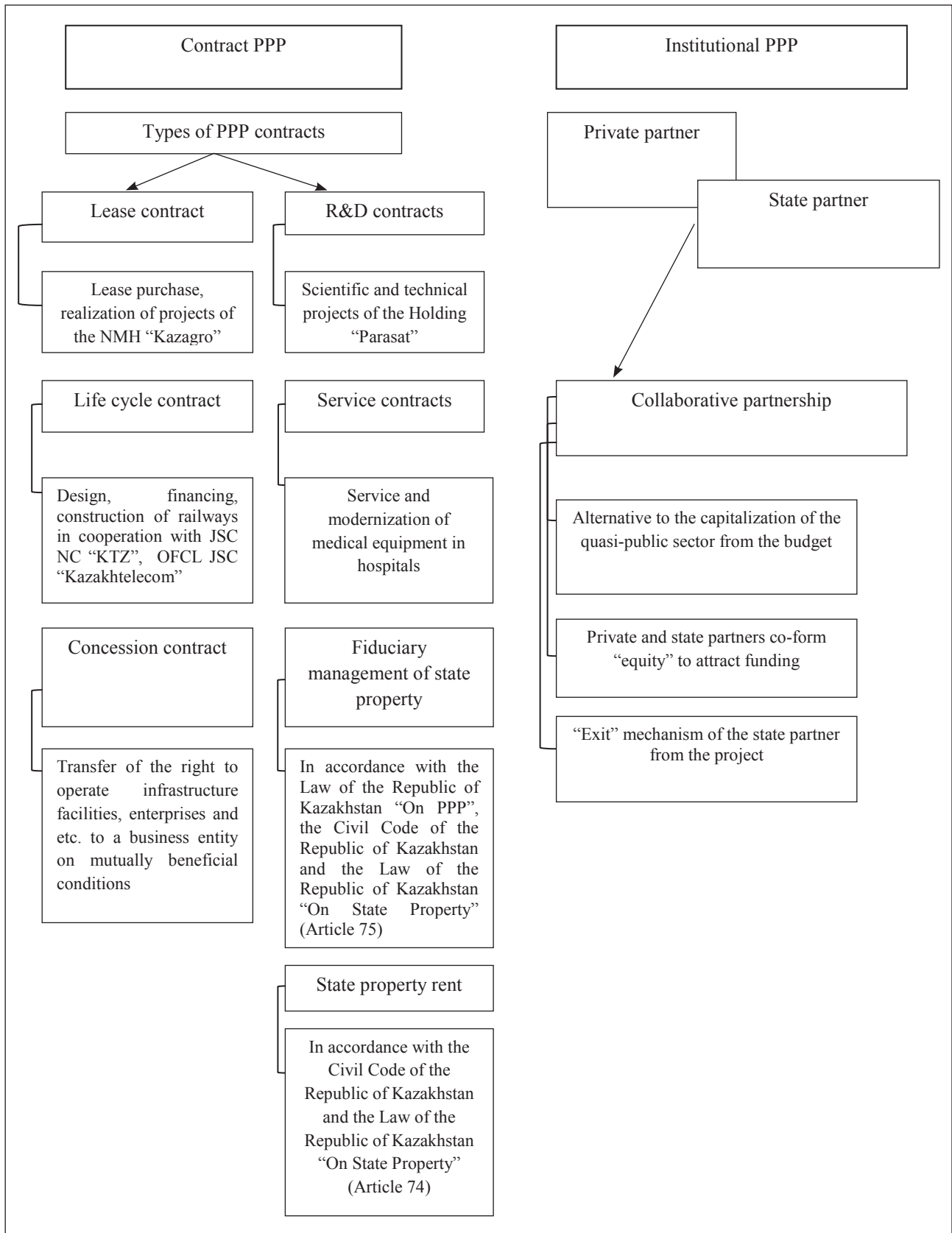


Figure 1 – The model of interaction between the state and a private partner

Public-private partnerships have an essential feature which lies in the fact that the private partner bears responsibility for the development, realization and direct administrative management of the production of services. In this regard it is expected that business representatives in the PPP format will usually have more incentives to invest more resources and put more efforts into projects, which will undoubtedly affect the quality products or services, in order to reduce potential costs in the future unlike the cases when construction or development is carried out based on the traditional state mechanism. Therefore, all this stage by stage transforms into an effective system of motivation and incentive for private partners [5].

Currently, PPP mechanisms are widely used in the Republic of Kazakhstan in all sectors of the economy (Table 1).

Table 1 – Key indicators for PPP objects in the Republic of Kazakhstan for the 3rd quarter of 2019

PPP objects	Number of contracts in the field of PPP September 2019
Number	1207
Total sum (bln tenge)	1120,4
Note – Compiled by the author based on [6].	

We consider that the key objective prerequisite for the emergence of public-private partnerships was the desire to find an effective way to develop socially significant infrastructure projects with the lowest costs and risks. PPP fully suited in this case, where state support and the experience of a private partner is undoubtedly the best symbiosis in modern business conditions.

Kazakhstan is still searching for its effective model of interaction between state and business, where this type of cooperation will still show its hidden potential in industries that commonly were owned by the state and undoubtedly play an important role in the development of Kazakhstani society.

LIST OF LITERATURE

- 1 The Law of the Republic of Kazakhstan from October 31, 2015, № 379–V “On Public-Private Partnership” (amended on April 3, 2019): https://online.zakon.kz/document/?doc_id=37704720.
- 2 Review of public-private partnerships public administration: http://oecd.ru/oecd_gos.html.
- 3 Korolev V.A., Klimenko A.V., Varnavsky V.G. Public-private partnership: theory and practice. – M., 2010. – P. 7–15.
- 4 Official website of NPP RK “Atameken”: <https://atameken.kz/ru/services/11-malyj-i-srednij-biznes>.
- 5 Lomovtsev D.A., Chernyanskaya K.Z. PPP as a mechanism of anti-crisis support. – M., 2009. – 183 p.
- 6 Kazakhstan Public-Private Partnership Center: <https://kzppp.kz/projects>.

Аңдатпа

Қазақстан өз алдына өте өршіл және сонымен қатар күрделі міндеттер қойып отыр, барлық салаларды жаңғырту және экономиканы дамытудың инновациялық траекториясына кезең-кезеңмен көшу. Бұл мемлекеттік және жеке құрылымдар ынтымақтастығының ең тиімді нысандарын іздестіруді талап етеді. Алдыңғы қатарлы елдердің тәжірибесі бізге кәсіпкерлік бастаманы, тәжірибені және әлеуметтік салаға ішкі инвестицияларды тартудың пәрменді тетіктерінің бірі мемлекеттік-жеке әріптестік жобалары болып табылатынын куәландырады. Қазақстанда бұл механизм әлі зерттелмеген және онда жасырын әлеует әлі толық ашылмаған. Дегенмен, біз оны тұрғын үй-коммуналдық шаруашылық, энергетика, көлік, инфрақұрылымдық жобаларды ұйымдастыру және жүзеге асыру сияқты салаларда пайдалану ұлттық экономиканы дамыту үшін қуатты серпін беретінін байқай аламыз. Мемлекеттік және жеке құрылымдардың өзара іс-қимылының тиімділігі, біздің ойымызша, халықты жайлы және ең бастысы қолжетімді тұрғын үймен қамтамасыз ету мақсатында құрылыс саласында да іске қосылуы тиіс. Сондай-ақ, агробизнесті дамытудағы мемлекеттік-жеке әріптестіктің рөлін, халықты денсаулық сақтау және білім беру және т.б. саласында сапалы қызметтермен қамтамасыз етуді да назар аударуға болмайды. Мемлекеттік және жеке меншік сектор арасындағы қатынастарды қалыптастыру және

дамыту нәтижесінде жаңа қаржылық тетіктер құрылуда, меншік қатынастары елеулі өзгерістерге ұшырауда, басқарудың жаңа жетілдірілген әдістері туындайды. Оларсыз, жаһандану үдерістері жоғары бәсекелестікті туындататын қазіргі заман шындығы, біздің ойымызша, жедел жаңғырту мен инфрақұрылымдық даму мәселелерін шешу өте қиын болып көрінеді.

Тірек сөздер: мемлекет, жеке құрылымдары, әріптестік, қаржылық тетік, модель, инфрақұрылым, басқару әдістері, кәсіпкерлік бастама.

Аннотация

В Казахстане ставятся очень амбициозные и в то же время не менее сложные задачи – модернизация всех отраслей и поэтапный переход на инновационную траекторию развития экономики. Это требует поиска наиболее эффективных форм сотрудничества государственных и частных структур. Опыт передовых стран свидетельствует, что одним из действенных механизмов привлечения предпринимательской инициативы, опыта и внутренних инвестиций в социальную сферу являются проекты государственно-частного партнерства. В Казахстане данный механизм еще не изучен и потенциал, скрытый в нем, еще не полностью раскрыт, но можно констатировать, что его использование в таких отраслях, как жилищно-коммунальное хозяйство, энергетика, транспорт, организация и осуществление инфраструктурных проектов, даст мощный толчок для развития национальной экономики. Эффективность взаимодействия государственных и частных структур, по нашему мнению, должна быть задействована и в сфере строительства в целях обеспечения населения комфортным и, самое главное, доступным жильем. Нельзя также обойти вниманием роль государственно-частного партнерства в развитии агробизнеса, обеспечении населения качественными услугами в сфере здравоохранения и образования и т.д. В результате формирования и развития отношений между государственным и частным сектором создаются новые финансовые механизмы, существенным изменениям подвергаются отношения собственности, возникают новые усовершенствованные методы управления. Без них в современных условиях, когда процессы глобализации порождают высокую конкуренцию, решить проблемы ускоренной модернизации и инфраструктурного развития весьма сложно.

Ключевые слова: государство, частные структуры, партнерство, финансовый механизм, модель, инфраструктура, метод управления, предпринимательская инициатива.