

PUBLIC-PRIVATE PARTNERSHIP IN REGIONAL TOURISM INFRASTRUCTURE

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Abstract

This article discusses the benefits of public-private partnerships as a mechanism for efficient cooperation on mutually advantageous terms between the government at various levels and the business community for implementation of projects and programs of social and economical development of regions. We explore the possibility of forms and areas of public-private partnership in the development of tourism infrastructure of the city of Bukhara (Uzbekistan) and propose to create a tourism cluster in the development of models of public-private partnership.

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Introduction

Reorganization and redistribution of local specifics of doing business require the government and business to intensify activities aimed at optimizing and improving the efficiency of the economy. Among other vectors of development, public-private partnership (PPP), which implies constructive interaction between government and business, shows interest in the sphere of tourism.

Public-private partnership can be defined as a legal mechanism for harmonizing interests and ensuring interaction between the state and business. This type of partnership involves a long-term agreement between the state and private entities. It typically involves private capital pre-financing public projects and services and then collecting revenues from taxpayers and/or users to generate profits over the life of the PPP contract. It can act in the financing, construction and operation of facilities such as public transportation networks, tourist facilities, parks and convention centers. In this case, it should be considered as a system of effective interaction on mutually beneficial terms between public administration bodies of different levels and business in order to implement socially significant projects and programs of socio-economic development of territories, aimed at improving the quality of life and achieving the goals of public administration, as a set of forms of medium- and long-term partnership.[1].

From the economic point of view, public-private partnership is interesting to the authorities as a mechanism through which it is possible to implement not only priority investment projects, but also the development of infrastructure and improvement of the social sphere of the region. In this regard, it is advisable to study the possibilities of using PPP in the development of certain sectors of the region's economy, in particular, tourism.

Depending on the nature of specific tasks to be solved within the framework of PPPs, the whole set of existing and newly emerging forms of partnerships is divided into separate types (models). According to the objectives of PPPs, institutional models and financing models are distinguished. In many cases, partnerships use forms based on the advantages of different models and their combination.[2].

The basic principle of the PPP concept is that the state determines what services and infrastructure it needs, and private investors put forward proposals that should best meet the requirements of the state.

An important part of PPP transactions is the allocation of tasks, opportunities and risks between the project participants. In this case, as a rule, the following condition is observed: the solution of a particular task is assigned to the partner who can do it with the greatest efficiency. The distribution of tasks and responsibilities between the state and the private sector depends on the scope of the project. The greater the importance of the public service (public good), the lower the market risks associated with its provision and the higher the need for public regulation. The distribution of risks and opportunities determines the functions of the state. If the private investor bears most of the risks of the project, the state has a limited right to intervene in the implementation of the project, or mainly controls it.

Various mechanisms of cooperation between the state and private business are used in the implementation of PPP projects. They are differentiated depending on the volume of ownership rights transferred to the private partner, investment obligations of the parties, principles of risk sharing between partners, responsibility for carrying out various types of work.

Analysis of the world experience in the implementation of public-private partnership shows that it is most widespread in countries with developed market economies. There is a correlation between the level of socio-economic development of the country and the priority sectors for the application of public-private partnership projects in them.[2].

Using the PPP mechanism, the following tasks are solved::

- Attraction of private capital, primarily domestic private investment for the realization of general state tasks;
- Reducing the burden on the state budget;
- Improvement of the quality of public services, acceleration of financing and construction terms;
- Enabling the public sector to focus on strategic functions and key tasks, regulating the activities of private business in the right direction of development;
- Overcoming differences in the socio-economic development of regions;
- Reducing the shadow economy by increasing the level of private initiative and business activity;
- Reducing the level of corruption by ensuring transparency and accountability for the use of budget funds. [3]

Currently in Uzbekistan there are a number of objective prerequisites for the formation of effective forms of public-private partnership, allowing to attract private investment in the economy of the country (region, city), to implement socially important projects, to ensure the efficiency of the use of property owned by the state.

The advantages of PPP in the sphere of tourism in modern conditions of Uzbekistan are manifested in several aspects.

For the state:

- ✓ possibility to realize the project in conditions of limited budget
- ✓ use of qualifications, experience, finances and technologies of the private sector

- ✓ possibility of transferring part of project risks to private business
- ✓ Improving the quality of services provided
- ✓ development of production and social infrastructure
- ✓ improvement of the investment climate
- ✓ development of regions.

For the private sector:

- ✓ emergence of new investment opportunities (markets, revenues)
- ✓ reduction of commercial risks
- ✓ Increasing the potential of private business
- ✓ Gaining experience in managing large projects

For the consumer:

- ✓ Ensuring accessibility and optimal price/quality ratio of the services provided
- ✓ creation of new jobs
- ✓ Improving the quality of life of the population.

Forms of PPP in the development of tourism infrastructure can be:

1. Contracts as an agreement concluded between the state (local government) and a private firm for the implementation of certain socially necessary and useful activities. In contractual relations, property rights are not transferred to the private partner, costs and risks are fully borne by the state. The private partner's interest lies in the fact that under the contract he or she is entitled to a negotiated share in the income, profits or fees collected.

For large projects, the form of their implementation may be a life cycle contract, which implies that the public partner on a competitive basis concludes an agreement with the private partner for the design, construction and operation of the facility for the life cycle of the facility and pays for the project in equal shares.

PPP in the field of culture and development of cultural and educational tourism (CET) is the attraction by the authorities on a contractual basis and on the terms of compensation of costs, sharing of risks, obligations and competence of the private sector for more effective and quality performance of tasks of public authorities in the field of development, preservation, restoration and popularization of historical and cultural monuments, preservation and development of cultural and national heritage of Bukhara, creation of favorable conditions for the development of tourism, as well as promoting the increase in the number and quality of cultural and educational tourism.

PPP in the field of development, preservation, restoration and popularization of cultural heritage objects can be implemented in respect of monuments that are real estate objects, provide for conservation, reconstruction, restoration and operation of monuments and adjacent territories, infrastructure development of territories adjacent to monuments, management of historical and cultural complexes.

The PPP contract model can also be used in the construction of new tourism infrastructure facilities, such as the construction of Tourism Centers with pavilions of theatrical shows of national holidays, traditions, demonstration of cooking national dishes, national games with the participation of visitors, demonstration of handicrafts, national clothing and others.

2. lease in its traditional form (lease agreements) and long-term budgetary commitment within the framework of a long-term target program. The peculiarity of lease relations between state structures

and private business is that there is a transfer of state or municipal property to a private partner for temporary use and for a certain fee on certain contractual terms.

The implementation of a PPP project under the model of long-term budgetary commitment is carried out in the following order:

- a public authority adopts a long-term target program on reconstruction, restoration of a cultural heritage object, construction of the necessary infrastructure, and determines a schedule for financing the project from the budget, for example, for 30 years;
 - the state authority holds a tender for the placement of a state order for the implementation of the activities envisaged in the program and concludes a state contract for the implementation of these works;
 - the organization that wins the tender receives a loan from a bank and performs the envisaged works within a short period of time;
 - as a security for the fulfillment of obligations to the winner of the tender and the bank, a pledge is registered for the reconstructed and constructed objects, and state guarantees may also be issued;
 - the public authority transfers the facility for operation to a specialized organization (public institution), with the profit going to the local government budget to repay the debt to the contractor. The contractor repays the loan to the bank.
3. Concession (concession agreement) is a specific form of relationship between the state and a private partner. In accordance with the concession agreement, the authority entrusts a third party with the whole or partial management of the object, for which the authorities are responsible, and the third party assumes all risks associated with the functioning of the object.[3].

The peculiarity of a concession agreement lies in the fact that the state (municipal entity) within the framework of partnership relations, remaining the full owner of the property constituting the subject of the concession agreement, authorizes the private partner to perform for a certain period of time the functions stipulated in the agreement and endows it for this purpose with the appropriate legal powers necessary to ensure the normal functioning of the object of concession. For the use of state or municipal property, the concessionaire pays a fee on the terms and conditions stipulated in the concession agreement.

In Bukhara City, concessions in infrastructure sectors, where the inflow of private investment and highly qualified management are especially needed, should come to the forefront. There are three types of concessions: 1) concession for already existing infrastructure facilities; 2) concession for construction or modernization of infrastructure facilities; 3) transfer of state-owned facilities to a private management company.

The organizational scheme of the concession model is as follows:

- A public authority holds a tender to select a private partner. The tender is held in accordance with the law. The concession agreement is usually concluded for a sufficiently long term (e.g., 40 years) to ensure the payback period of the project;
- a financial organization issues a targeted loan to the winner of the concession tender, and the project is developed under the project financing scheme. The loan is secured by government guarantees issued by the government authority - the concessor;
- the concessionaire carries out reconstruction, restoration of the concession object, construction of the necessary infrastructure, takes the concession object on its balance sheet on the right of possession and use, operates it, receives profit, and repays the loan.[4]

In order to implement PPP models in Bukhara, it is proposed to establish a PPP Center in the

organizational and legal form of a Joint Stock Company (JSC), which for each individual Project will create a temporary Directorate with the conclusion of a tripartite Contract between the Center, a line ministry (local government) - on the part of the state and a private company, defining the activities, rights and obligations of the parties to achieve the objectives of the PPP project, the organization of verification of the parties' fulfillment of their obligations, the mechanism of repayment of the investment

PPP Center provides qualified preparation, organization and support of PPP projects for the implementation of sectoral, regional and local development strategies, support to local and state authorities on the application of PPP instruments.[5].

Its main tasks are:

- Advising state and local government bodies on the organization of PPP projects;
- Development of methodology for organization and management of PPP projects by state and local governments;
- Information support of the PPP projects market, including maintaining a database of PPP projects (being prepared, implemented, realized), generalization and dissemination of experience in PPP projects organization;
- Development of regulatory issues necessary for the development of PPP projects market;
- Participation in the formation and selection of advanced training programs for state and local government personnel on the organization and management of PPP projects.

Conclusion. In order to increase the attractiveness of tourism and the development of its infrastructure in the city of Bukhara, which is for thousands of centuries a fertile oasis, a major scientific and cultural center on the Great Silk Road, it is advisable to create a system of tourist clusters united in a regional supercluster - a new form of organization of economic space. It is proposed to understand a regional supercluster as a specific form of territorial organization of clusters, vertically integrated in the value chain in a special innovative environment.

Tourism clusters play an important role in the development of public-private partnership models, where the leading participant can be local businesses (hotels, restaurants, travel agencies, etc.). [6] Using its capital and its competencies, private business can fully or partially cover the risks of design, construction, operation, commercial sales, as local business knows better what is needed to achieve project success. The local businessman is more efficient in managing suppliers and contractors and operating the facility. But at the same time, the state should be a responsible partner to private business for the success of public-private partnership and be responsible for the commitments made. At the same time, the main direction of cooperation of the state should be the development of the regulatory and legal framework of PPP.

Thus, the interaction between the state and business in public-private partnership can become one of the promising directions to intensify the development of the tourism and hospitality industry in modern conditions. This is possible on the basis of further improvement of legislation, preservation of dialog between the authorities and business community, creative and productive work of all of us in this area.

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