



MECHANISM OF PUBLIC AND PRIVATE SECTOR PARTNERSHIP

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Abstract

In recent decades, a special form of interaction between the state and business - public-private partnerships - has been attracting increasing interest in public administration. It, in contrast to the well-known forms of interaction between the state and business, has its own terms, goals, mechanisms. Moreover, the issue of distinguishing between goals and the importance of the state and business in the implementation of public-private partnership projects is important. The article discusses the features of interaction between the state and business in the framework of public-private partnership. The analysis of the concept of public-private partnership is carried out, the goals and significance of the state and business in public-private partnership are described, the elements of public-private partnership are classified.

Keywords: Partnership, public, private, mechanism

INTRODUCTION

In the world, financial relationships between government and corporate structures remain one of the key issues that needs to be addressed. The state's participation in the authorized capital of corporate structures remains in all countries, such as China, Hong Kong, Singapore, Norway, Slovenia and Sweden, where state-owned entities play an important role in the country's economy. In particular, according to 2016 data, out of 2887 registered companies in China, 1,019 are state-owned, with a combined market share of 47%. In Norway, the share of state-owned companies in the market is 36.3%

In foreign countries, the importance of maintaining a high level of state involvement in strategically important corporate structures, and privatization of small-scale enterprises, and reducing government interference in the operation of corporate structures is becoming increasingly important. In addition, the need to improve financial relations between state and corporate structures is reflected in the improvement of business environment in foreign countries, effective corporate tax relations, and the development of entrepreneurial activity within the public and private partnerships.

Effective taxation of corporate structures in Uzbekistan, optimization of state participation in the authorized capital of corporations, improvement of investment relations in public and corporate partnerships, reform of the international financial operations of joint stock companies, as well as effective organization of corporate structures. In turn, the development of joint stock companies, tax revenues from the state budget It can ensure the fulfillment of such important tasks as maximization of investment climate, development of investment climate in the country. The Strategy of Action on the five priority directions of development of the Republic of Uzbekistan for 2017-2021 will provide "favorable conditions for further expansion of privatization of state property and simplification of its procedures, reduction of state participation in the statutory funds of economic entities, development of private entrepreneurship on the basis of privatized state property". The issue is specifically mentioned. Therefore, it is important to conduct research on the effective organization of financial relations between state and corporate structures, which play an important role in economic development.

Decrees of the President of the Republic of Uzbekistan dated February 7, 2017 № PF-4947 "On the Strategy of Action for the Further Development of the Republic of Uzbekistan" Decree No. PP-2454 dated December 21, "On Additional Measures to Attract Foreign Investors to Joint Stock Companies", July 13, 2018 The report of the Republic of Uzbekistan 'On measures to further improve the ranking of No. PP-3852 decisions and activities of the joint-stock companies and other legal documents aimed at improving the implementation of the tasks of this dissertation research to a certain extent.

In the context of the implementation of the strategic task of innovative development of the Uzbekistan economy, the formation of the concept of effective management is becoming increasingly relevant. At the same time, the main element of effective management organization is the establishment of interaction between public authorities and private business and, as a result, the use of public-private partnerships (hereinafter - PPP). The interaction of public authorities and private business to solve the most important, socially significant problems has a long history not only in the world, but also in Uzbekistan. Below we will analyze the concept of

“public-private partnership”, consider the goals and significance of each of the participants in public-private partnerships and classify its elements.

However, in many cases, the use of one form or another is determined largely by their personal preferences. Given the historical and modern features of the Uzbekistan economy, where the state, as a rule, is the initiator of such projects, we consider the use of the concept of “public-private partnership” to be more justified. What is more significant here is not so much the difference in terminology as the discrepancy in determining the nature of PPP among researchers of this issue. We single out and consider several points of view and approaches regarding the interpretation of the concept of “public-private partnership”.

When considering the existing definitions of public-private partnerships, we will rely on the assumption that the definition that most fully illuminates the essence of such an interaction as PPP should include the following mandatory elements: main subjects, objects, goals and methods of interaction. Based on this assumption, we present in tabular form several definitions of the concept of “public-private partnership” (see Table 1) and analyze the completeness of the disclosure of its essence in these definitions.

As a result of the analysis of approaches to the definition of the concept of PPP, the following disadvantages can be noted in most cases inherent in different authors:

- 1) often an incomplete definition of PPP is given, from which it is not clear which actors interact, in which area this interaction takes place, for what purpose and on what basis;
- 2) there are definitions that focus on either the benefits of the state, or only on the benefits of business in PPPs;
- 3) in many definitions, as a PPP object, public infrastructure is indicated (in different wordings), or social and industrial infrastructure, i.e. it is understood that a PPP object has only a material character (tunnels, gas pipelines, bridges, buildings, etc.) .), services and R&D are not allocated, and we are not talking about innovative products;
- 4) it is impossible to list all the areas of application of the PPP mechanism in one definition, attempts to such a transfer are not very successful, since in the process of a detailed listing, the breadth of coverage of all possible options is lost, therefore, more enlarged areas of application should be indicated;
- 5) it is not always indicated that the interaction of partners in PPP occurs on a mutually beneficial basis and within the framework of formal agreements (i.e., within the framework of agreements, contracts, regulatory legal acts); 6) there are approaches in accordance with which PPP is defined very broadly, any interaction of business and government is implied, which seems incorrect to us.

It is obvious that in the very concept of “public-private partnership” there is an interaction of two partners with different goals: the state as a representative of public interests, and the private sector.

Moreover, the state should be interpreted, in a broad sense, as a generalizing subject of public authority, including all levels of government - federal (national), regional and municipal.

The basis of the PPP concept is that the state and business have their own specializations and advantages, when combined, cooperation is formed and a synergy effect is created. Thus, the following definition can be formulated: public-private partnership - an institutional and organizational alliance of the state (or municipal authority) and business, implying the combination of material and intangible resources of both parties on a mutually beneficial contractual basis in order to implement socially significant projects and programs in a wide range of areas of activity: from basic industries and R&D to the provision of public services.

GOALS OF PUBLIC-PRIVATE PARTNERSHIPS

Since in public-private partnerships we are talking about mutually beneficial partnerships, the key moment of interaction is the coordination of the goals and interests of each of the parties. The general goals and importance of the state and business in PPPs are presented here in the form of a diagram. As you can see, the partnership between the state and business ultimately pursues social and economic goals in creating the necessary conditions for the functioning of the economic complex and serving the needs of the population, the rational management of state property, the availability of infrastructure, and the innovative development of the country's economy.

At the same time, each of the parties contributes to the overall project. From the side of business, such a contribution is: financial resources, professional experience, innovative technologies, effective management, etc. From the side of the state - the possibility of providing guarantees, tax and other benefits, as well as obtaining some volumes of financial resources. And given the fact that, as a result of public-private partnerships, the state implements socially significant projects with less budgetary spending, it gets a better opportunity to perform such functions as control, regulation, and observance of public interests.

Elements of a public-private partnership mechanism. The interaction of the state and business within the framework of public-private partnerships can be implemented through a variety of schemes, depending on the selected models, forms, participants - PPP entities, types of financing, the economic situation in the country and the existing institutional conditions (formal and informal) for public-private partnerships.

Under the mechanism of public-private partnership we understand the system that determines the order of interaction of PPP entities in relation to the PPP facility in the current institutional environment.

A detailed consideration of the PPP mechanism with various combinations of its elements requires a separate study: a deep analysis of both the organizational component of this mechanism (the relationship between subjects, models, forms and organizational instruments of partnership in relation to PPP objects), and the financial and economic component, which, in turn, implies, a large number of options for financial investment schemes, depending on the features and areas of ongoing projects.

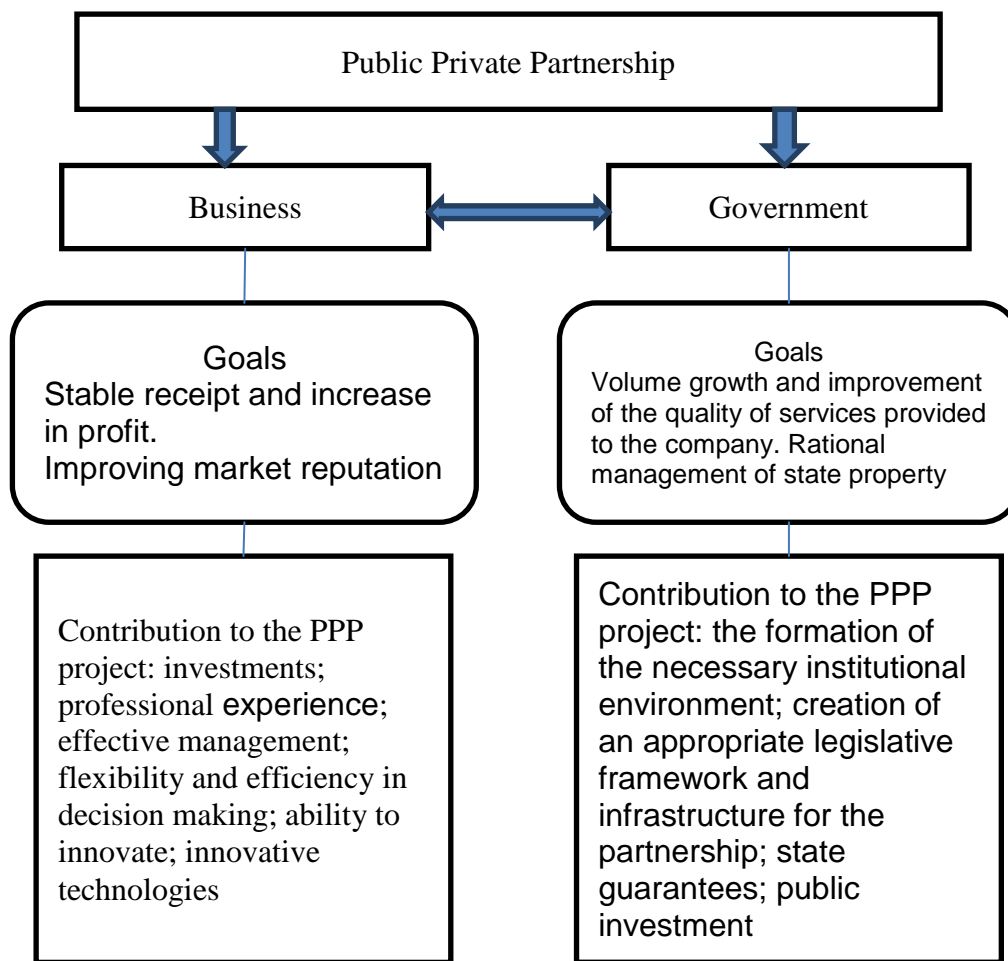


Figure 1. Goals and significance of the state and business in the implementation of PPP projects

Source: Author's compilation

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FINANCIAL RELATIONS BETWEEN THE STATE AND CORPORATE STRUCTURES

The financial relations of the state and corporate structures include financial relations of corporate structures related to payment of tax to the state budget, financial relations related to the payment of mandatory contributions to extrabudgetary trust funds, relations related to the implementation of state and corporate acquisitions, and financing from the state the budget of strategic importance for corporate structures, financial relations associated with attracting various investments, with the participation of state darstva in the authorized capital of the corporate structures, the relations connected with the organization of securities transactions, financial transactions licensing and settlement activities of corporate structures, in some cases, with respect to the use of sanctions and fines, and other financial relationships. The definition of these types of financial relations in the future contributes to the improvement of areas of scientific research within the state and corporate structures.

In the study of financial relations between the state and corporate structures, attention is paid to financial relations related to taxes and investments.

Tax relations in the system of financial relations between the state and corporate structures are important in a market economy, so it is advisable to dwell separately on the issue of tax relations. If we consider the tax relations between the state and corporate structures from the point of view of the formation of financial results in the process from the receipt of revenue from the sale of products (work, services) to the formation of net profit, the following taxes are paid and mandatory contributions to the budget and extra-budgetary funds.

In addition, corporate structures interact with the state as a tax agent in relations related to income taxes of individuals, employees and employees, mandatory insurance contributions and contributions to the pension fund, payment of tax on dividends to shareholders (founders). In Uzbekistan, also some large corporate structures pay excess profits tax. This tax is levied on additional profits obtained by increasing the cost of production relative to the planned price. This means that financial relations with the state arise under this tax.

In our opinion, the study of the system of relations associated with taxes and mandatory contributions, the assessment of their impact on the financial condition of corporate structures,

as well as the study of the sequence of payments on them, will create the possibility of effectively organizing the tax planning process in corporate structures.

Table 1 Joint-stock companies with the participation of state and economic governing bodies (as of January 5, 2017)

No	Indicators	Number of JSC	General authorized capital of JSC (billion soums)	State participation in the capital of JSC (billion soums)	Amount of authorized capital stock JSC
A	B	C	D	E	F=D/C
1	State participation in the authorized capital of JSC	115	22658,58	20959,54	197,0
2	The participation of state and economic governing bodies in the authorized capital of JSC	43	1909,38	870,93	44,4
3	The participation of managing bodies in the authorized capital of JSC	376	4677,06		12,4
4	Private JSC	125	1218,87		9,8
	Total number of JSC	659	30463,9	21830,47	46,2

Source: www.openinfo.uz

From the data in the Table, it can be seen that as of January 5, 2017, out of 659 joint-stock companies operating in Uzbekistan, the state has authorized capital in 158, of which 43 administrative bodies with a state share in the authorized capital participate in management bodies. Of the 501 joint-stock companies without state participation, 376 involved management bodies to varying degrees. The authorized capital of AO without the participation of economic management bodies, where 115 government bodies participate, is 197.0 billion soums. In 43 joint-stock companies, where both the state and managing bodies participate, the authorized capital is 44.4 billion soums. In 376 joint-stock companies with the participation of only management bodies, the authorized capital is 12.4 billion soums. The remaining 125 private JSCs have an average authorized capital of 9.8 billion soums.

Joint-stock companies operating in Uzbekistan with state participation in the authorized capital can be divided into two groups, that is, joint-stock companies with a state share and joint-stock companies without state participation.

CONCLUSIONS

Analysis and systematization of definitions of public-private partnerships revealed the advantages and disadvantages of this mechanism for each of its participants. This allowed us to formulate our definition of the concept of “public-private partnership”. We have also classified elements of the mechanism of public-private partnership for various PPP facilities depending on the selected models, forms and types of financing, which is of interest for further research.

In the framework of this study, the following conclusions were formed: Financial relations between the state and corporate structures are the main and integral part of financial relations, and their effective organization positively affects both the activities of corporate structures and the state.

In Uzbekistan, the practice of transferring state shares in the authorized capital of joint-stock companies to economic management bodies does not, in practice, lead to a decrease in the share of the public sector in equity.

The practical application of the scientific proposal to open a current account in commercial banks, in foreign currency for foreign investors, in order to ensure their participation in securities trading in Uzbekistan, enables foreign investors to actively participate in the securities market and provides favorable investment attractiveness.

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