

The Socio-Economic Analysis of Strategic Planning on the Development of Public-Private Partnership: the Experience of Russian Regions

Eremeeva Ekaterina^{1,*}, Volkova Natalya¹, Khalilova Tatiana¹ and Khalilov Aleksandr²

¹*Institute of Management, Economics and Finance, Kazan Federal University, Kazan, Russia and*

²*Department of Tourism, Kazan State Institute of Culture, Russia*

Abstract: The subject of the article is the item of what is the interrelation between such management frameworks as strategic planning and public-private partnership (PPP). Development of PPP seems relevant especially for particular regions of the country as such a concept allows the salvation of important socio-economic issues of territory and economizing budget resources at the same time. Aside from that, PPP might serve as a tool for stable region development. However, this requires carrying out a purposeful policy on developing public-private partnerships, which is going to be worked on and reflected in regional strategic plans. Within the framework of this deed based on specific Russian region experience, the research is taking place, how exactly perspectives of development and usage of PPP are reflected in strategy documents, and how this is being reflected on the development level of this economical concept. The basis of the study includes such methods as, compilation analysis of regional regulatory legal acts, score-based document-benchmarking study, and integral estimation of PPP development level in Russian Federation regions. The study results allowed estimation of Russian Federation regions experience, to highlight some issues obstructing PPP development, and to suppose a group of recommendations, and using them practically will allow for more accurate and complete securing perspectives of PPP development in regional strategic plans. Moreover, this in turn, will allow making PPP a more effective tool not for investments attraction only, but also for achieving stable development.

Keywords: Public-private partnership (PPP), Region, Strategy planning, Stable development, Investment attractiveness.

1. INTRODUCTION

Socio-economic territory development, including the region, requires significant investment. The corresponding budget provides funding for the majority of expenses. However, if we are to speak about specific regions of Russia we may note that regional budgets are extremely limited. The majority of Russian regions are subsidized, and their budgets – deficient. In correlation to this, mechanisms of attracting additional financial resources for resolving regional issues are becoming especially relevant. One of these mechanisms is the public-private partnership (PPP).

In modern realities, many countries consider PPP as an important territorial development management tool. It allows surpassing budget limitation and resolving a large number of socio-economic issues of a territory (Oktavianus *et al.* 2018; Kaban *et al.*, 2019), provides economic stability of the territory (Shokhnekh *et al.* 2020), becomes a stable development tool (Hueskes *et al.* 2017).

The practical value of PPP makes its study relevant. As noted by De Castro E Silva Neto, D., Cruz,

C.O., Rodrigues, F.,Silva, P. for the time period since the 1990 year volume of scientific studies and researches in PPP sphere is increasing (De Castro *et al.*, 2016). Moreover especially relevant become applied studies of PPP usage in the transportation sphere (for example, (Chung & Hensher, 2018; Mu *et al.*, 2011) and, other) and healthcare (Sadeghi *et al.*, 2018; Grant *et al.*, 2018; Ali & Razi, 2020). Wherein authors note that during PPP research attention is paid to such questions as PPP contract development, risk sharing between partners, analysis and estimate of partnership results. The same opinion was reached by Wang, H., Xiong, W., Wu, G., Zhu, D. in the analysis of PPP literature (Wang *et al.*, 2018). However, as is noted in these deeds, PPP managing process remains hardly studied Thus, Chen, C.,Li, D., Man, C. in their research demonstrate how governmental purposeful policy allowed PPP use as a tool of stable development. Although, public-private partnership is undergoing changes. Besides, the actions of public and private agents might be unpredictable. Defined and other require furthermore betterment of governmental policy regarding PPP (Mu *et al.* 2011; Caraka *et al.* 2020), which tells about the topicality of PPP management research. The economy plays a role in surrounding phenomenas such as COVID-19,(Caraka *et al.*, 2020), Disaster (Caraka *et al.*, 2021) (Kaban *et al.*, 2019) and others. Also, Total quality management

*Address correspondence to this author at the Institute of Management, Economics and Finance, Kazan Federal University, Kazan, Russia; E-mail: samyshevez.kaz2@gmail.com

(Enggartyasti and Caraka, 2017). Strategy planning is one of the region development mechanisms for the time being. It allows taking in account perspectives of different spheres and branches in a region to achieve complex territorial development. Consideration of the PPP mechanism in strategy documents is also important (Pasotti, 2020, Caraka *et al.*, 2021). In correspondence to this, it appears relevant to oversee in the framework of this article to how in regional documents of strategy planning perspectives of PPP development and usage are being reflected in Russian Federation regions and how it affects the development of PPP on the said territories.

2. METHOD

In the frame of the research, analysis had been carried out, namely 14 regions of the Volga Federal District.

The research included a few stages. During the first stage, strategic planning documents of every region were studied: strategies of socio-economic region development, investment strategy, and industry-specific economic/investing concept of a region. Firstly, a compilation analysis of the said documents was executed. Based on collected data a score estimate was done regarding the completeness of information about PPP. Estimation was being carried out on the scale «1-0,5-0», where 0 – is the absence of PPP information, 0,5 – this is partial data reflection about PPP, 1 – quite the complete information regarding PPP in the researched documents. Separately, an estimate of the depth of processing PPP information was done. Scoring was done using similar scale «1-0,5-0», where «1» tells us about sufficient depth of processing PPP information, «0,5» - we have information but it is fragmented and superficial, «0» - information does not unravel meaning and perspectives of development and usage of PPP.

Next, an integrated assessment of PPP development levels in the chosen regions of the Russian Federation during the period since 2013 to 2017 years was done. For calculation, data of the National center PPP of the Russian Federation was used (Rating of PPP development of Russian). The integral assessment contemplated calculation of sized estimate for each mark criteria following this method:

$$R = (X_i - X_{\min}) / (X_{\max} - X_{\min}) \quad (1)$$

if the best indicator is of the highest value,

$$R = (X_{\max} - \tilde{O}_i) / (X_{\max} - X_{\min}) \quad (2)$$

If the best indicator is of the lowest value. Here X_i – the value of the region indicator in the specified year, X_{\min} and X_{\max} – minimal and highest estimate of indicator value for the studied year among the evaluated regions. The given method has allowed making values commensurate and using them in integral estimate PPP in the regions. For calculation of the final integral estimate of a region for every year, an average value of assessment indicators was calculated.

Further, the results of strategic planning documents research were compared with the results of PPP development in the regions, that allowed us to make a conclusion about the influence of strategic planning on PPP and its development in Russian regions.

3. RESULTS

The analysis of strategic planning documents of Volga Federal District regions allowed determining contents and depth of PPP information. (See Table 1).

In Table 1 we see that in reviewed documents regarding PPP a single, wholesome approach is missing out. Therefore, the most promising seems to be gradual clarification in the documents. The overall strategy of the socio-economic region development must contain a common view on PPP and its usage, and in industry-strategy – must be registered main directions and spheres of PPP usage or projects that materialize in proximity to a business. However, we fail to see such an approach in any of the Volga Federal District regions. This tells of a lack of common concept, on the basis of which partnership of the government and business could develop comprehensively in the public interest.

It should be noted that in a number of regions (Samara, Saratov, Nizhny Novgorod regions, the republics of Mordovia, Chuvashia) information on the development of PPP in strategic documents is completely absent or presented in very limited form. This suggests that in these regions there is no common vision of how to attract business to partnership and what problems to solve using this mechanism.

Only concerning the Kirov region can we say that sufficient information about the development of PPP is fixed in the strategic documents of the region. However, it is worth noting that the information in the

Table 1: PPP Informational Assessment Submitted in Strategy Documents of Volga Federal District Regions

	Socio-Economical Regional Development Strategy	Industry-Specific (Investment, Economical)	The Program Documents
Republic of Bashkortostan	-		1
Republic of Mari El	0,5	1	0
Republic of Mordovia	0	0,5	0
Republic of Tatarstan	0,5	1	0
Udmurtian Republic	1	0,5	0
Chuvash Republic	0	0,5	-
Perm Territory	0	-	0,5
Kirov Region	1	-	1
Nizhny Novgorod Region	0	0	0
Orenburg Region	1	0,5	0
Penza Region	0,5	-	0,5
Samara Region	0	0	0
Saratov Region	0	-	0
Ulyanovsk Region	1	-	0

documents does not coincide with each other. This suggests that in this region of the Volga Federal District there is also no single well-thought-out concept of PPP development.

The Kirov region example also suggests that when evaluating information on PPPs in strategic documents, it is necessary to evaluate not only the completeness of information, but also its completeness and conceptuality. A study of the literature on PPPs, as well as a practical study of the strategic documents of the regions of the Volga Federal District, allowed us to distinguish two basic concepts regarding PPP:

- PPP as a goal of territorial development - this approach considers various ways and methods of improving partnerships between government and business;
- PPP as a tool for the development of the territory - it spells out the possibilities of using PPP in various sectors and projects in the public interest.

Both concepts are connected, therefore they are often considered in a complex manner. Let us look at how these concepts are reflected in strategic documents in the regions of the Volga Federal District. Table 2 shows which of the concepts is reflected in regional documents and how deeply, comprehensively it is worked out.

Table 2: Assessing the Completeness of Information on PPPs in Regional Strategic Documents

	PPP as a Purpose	PPP as a Tool
Republic of Bashkortostan	1	0
Republic of Mari El	0	0,5
Republic of Mordovia	0,5	0
Republic of Tatarstan	0,5	1
Udmurtian Republic	0,5	0
Chuvash Republic	0	0,5
Perm Territory	0,5	0
Kirov Region	0,5	0
Nizhny Novgorod Region	0	0
Orenburg Region	0,5	0,5
Penza Region	0,5	0,5
Samara Region	0	0
Saratov Region	0	0
Ulyanovsk Region	1	1

Only in 4 regions do strategic documents contain information on both the development of PPPs and their further use. However, only in the Ulyanovsk region both concepts were built logically. However, if we turn to Table 1, we can see that both concepts are disclosed in only one document, while in the other strategic planning documents there is no information on PPPs.

This may impede the implementation of the envisaged activities.

Regarding the Kirov region, in the documents of which a lot of information on PPPs is presented, we can say that only the first approach “PPP as a development goal” will be affected, while it is not disclosed deeply enough. Information on the possibilities of improving PPP is fragmented, fragmented and does not allow to form a general idea of how regional authorities plan to develop partnerships with business.

Thus, it can be noted that so far in none of the regions of the Volga Federal District in strategic planning there is a clear vision of how to comprehensively develop and apply the PPP mechanism. The information in strategic documents is fragmented, often not related to each other, not presented in sufficient detail, or not worked out deep enough. All identified shortcomings of strategic planning can be an obstacle to the development of PPP.

Next, we turn to the results of the PPP assessment in the regions of the Volga Federal District. The assessment covered the period from 2013 to 2017, which coincides with the period of validity of most of the strategic documents discussed earlier in the regions of the Volga Federal District. The results of the PPP assessment are presented in the Table 3.

The level of PPP development in regions varies greatly (estimates of a number of regions for different years differ from each other by more than 50 points). This suggests that the number of PPP projects, the amount of private investment attracted to them, and other characteristics of the partnership between government and business are changing rapidly. It is difficult to identify or predict reliably the general trend in the development of PPP for each of the regions. This fact may be due, *inter alia*, to the fact that when organizing a partnership, there is no general plan according to which it could systematically develop and expand.

4. SUMMARY

The study allows us to formulate a number of recommendations:

- 1) Regional strategic planning documents and information on PPPs in them should be developed in a consistent manner and complement each other, which will allow for a unified focused policy on PPPs;
- 2) Information on PPP in strategic documents should be comprehensive, not fragmentary: for example, an indication of the possibility of using PPP in individual projects does not give a general idea of the prospects for the development of the PPP institution, its significance and importance for the

Table 3: PPP Development Estimate in the Volga Federal District

	2013	2014	2015	2016	2017
Republic of Bashkortostan	0,68	0,61	0,58	0,85	0,79
Republic of Mari El	0,35	0,13	0,12	0,18	0,1
Republic of Mordovia	0,36	0,18	0,55	0,07	0,55
Republic of Tatarstan	0,97	0,69	0,47	0,8	0,62
Udmurtian Republic	0,6	0,58	0,61	0,75	0,66
Chuvash Republic	0,24	0,56	0,33	0,42	0,49
Perm Territory	0,7	0,53	0,35	0,69	0,92
Kirov Region	0,56	0,16	0,18	0,36	0,23
Nizhny Novgorod Region	0,88	0,65	0,74	0,77	0,74
Orenburg Region	0,61	0,47	0,45	0,53	0,39
Penza Region	0,29	0,34	0,28	0,47	0,36
Samara Region	0,79	0,66	0,89	0,92	0,79
Saratov Region	0,13	0,44	0,51	0,49	0,18
Ulyanovsk Region	0,1	0,81	0,68	0,74	0,45

region. This in turn creates additional risks of cooperation and prevents the expansion of partnerships. It is important to consolidate in strategic planning a single concept for the development of PPPs as a management tool that will be applied in various industries, fields and projects;

- 3) The development of a concept for the development of PPP should proceed from the level of partnership development in the region. In the framework of the study, two concepts were identified, in one of which PPP is considered as the goal of the development of the territory, in the other - as a tool. The first concept is focused on eliminating the problems and obstacles to the development of PPPs. It should be a priority and fundamental for regions with a low level of partnership between government and business and should include the development of a set of measures (informational, educational, legal, etc.) to improve it. The second concept is focused on the active use of PPP in solving important social problems. It should be fundamental for those regions where PPP is already well developed, that is, it is possible to effectively use this mechanism for the benefit of society. With this approach, the use of PPP in certain areas and projects should be provided for in strategic documents.

5. CONCLUSIONS

In this work by using the methods of compilation analysis of regional regulatory legal acts, score-based document-benchmarking study, and integral estimation of PPP development level in the Russian Federation regions, the interrelation between such management frameworks as strategic planning and public-private partnership (PPP) has been investigated. In this regard following results extracted.

An assessment of the degree of development of PPPs in the regions of the Volga Federal District has really demonstrated that the lack of a unified approach to PPPs in strategic documents negatively affects the development of this mechanism and its application. None of the regions of the Volga Federal District has a clearly defined policy regarding PPPs. The partnership is developing chaotically, without an established plan, and therefore the PPP assessment fluctuates so much from year to year. This in turn makes the use of PPP more risky, which affects its effectiveness.

The problems identified in the course of the study, as well as the literature studied, make it possible to talk about the need to more clearly prescribe and consolidate the prospects for the development of PPP in strategic planning. The study allows us to formulate a number of recommendations. These recommendations will allow us to develop a comprehensive policy for the development and application of PPPs, which will make it not only a way to attract private investment, but also a tool for sustainable development of the territory.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

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