

INTERNATIONAL EXPERIENCE OF IMPLEMENTATION PROJECTS OF PUBLIC-PRIVATE PARTNERSHIP IN TOURISM

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The importance and urgency of the study of issues of public-private partnership in tourism is due to the fact that tourism is a powerful stimulus for the socio-economic development of the region. In the context of finding a way out of the current global financial and economic crisis, which affected, in particular, the sphere of tourism, the introduction (application) of models of state and market management, or a combination of them, can be an incentive for the development of tourism. To carry out this research, the authors of the article used methods of comparative, systemic, factorial and structural analysis, methods of systematization and generalization that allow to consider this problem in a comprehensive manner, taking into account a variety of factors affecting the results of implementing public-private partnership projects in tourism. The novelty of the results of the study is to summary of the international experience of implementing public-private partnership in tourism and its use for the development of the Russian tourist industry. The article gives an assessment of the development of special economic tourist zones in Russia, it is determined that today the most promising direction is the application of the cluster approach. The materials of the article are of theoretical value for scientific research in the field of state support of tourism, tourist and recreational design. The article may be of interest to specialists of state and municipal tourism administrations, private investors and designers in the field of tourism.

Keywords: Public-private partnership, municipal-private partnership, tourism, destination, national tourism product, cluster approach, special economic zone

INTRODUCTION

Tourism is a complex socio-economic system that requires an organizational and economic management mechanism. In 2016, according to UNWTO, there were 1.235 million international tourists, which is 3.6% higher than in 2015 (UNWTO, 2017). Seventh year, after the 2009 global economic crisis, tourist arrivals show steady growth. The industry's contribution to the world GDP is close to 10%. Due to the multiplicative effect, tourism positively affects the socio-economic development of the territories, has a serious impact on the development of culture, transport, communications, construction, housing and communal services, education, health and other sectors of the economy.

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Despite the high tourism potential, the contribution of the tourism industry to Russia's GDP is extremely small - 1.6%. The development of tourism is a powerful stimulus for social and economic development, including through the development of small and medium-sized businesses, as well as the creation of infrastructure. Those areas which are really engaged in the promotion and development of tourism, today already see positive changes in the socio-economic situation of the region, in improving the investment attractiveness of the area and, as a consequence, in improving the living standards of the local population (Glasova & Safronova, 2017; Dorozhkov & Kupchinskaya, 2016).

In addition, the development of public-private partnership in tourism has a direct impact on various types of tourism: cultural and cognitive tourism, contributes to the preservation of the country's historical and cultural heritage (Ventura *et al*, 2016, Zhao, 2015), medical tourism (Ganguli & Ebrahim, 2017) and many others (Wong *et al*, 2012).

In the context of finding a way out of the current global financial and economic crisis, which affected, in particular, the sphere of tourism, the introduction (application) of models of state and market management, or a combination thereof, can be an incentive for the development of the tourism industry.

LITERATURE REVIEW

Nowadays, the use of mechanisms of public-private partnership (hereinafter – PPP) is actively used in most developed countries of Asia, Europe and America. However, in practice there is still no unified approach to this terminological definition. So PPP is defined as (Kruzhalin *et al*, 2014).

- a set of forms of long-term interaction between the state and business for solving socially important tasks on mutually beneficial terms;
- a system of effective interaction of government agencies at various levels and business structures for the implementation of socially significant projects and programs for the social and economic development of the territories in order to improve the quality of life;
- a legal mechanism for coordinating interests and ensuring interaction between state authorities and management and business structures;
- a mechanism for implementing priority investment projects, developing infrastructure and improving the social sphere of the region.

Considering the international practice of studying PPPs, the following approaches to understanding it can be distinguished (Table 1).

Within the framework of the approaches outlined above, many different definitions of PPP s that take into account the specifics of the structure of the economy of foreign countries and the features of public administration are singled out. The most common of them are presented in Table 2.

TABLE 1: APPROACHES TO THE DEFINITION OF PPP IN FOREIGN COUNTRIES (KOCHETKOVA, 2016)

<i>First approach</i>	<i>Second approach</i>
The system of relations between the state and business, which is widely used as an instrument of national, international, regional, urban, municipal economic and social development	Concrete projects implemented jointly with state bodies and private companies at state and municipal property objects

TABLE 2: THE MOST COMMON DEFINITIONS OF PPP IN FOREIGN COUNTRIES

The World Bank	PPP is an agreement between the public and private parties on the production and provision of infrastructure services, concluded with a view to attracting additional investments and, more importantly, as a means of increasing the efficiency of budget financing (Kochetkova, 2016)
Organization for Economic Cooperation and Development	PPP is an agreement between the state and one or more private partners (including operators and financial institutions), according to which the state's tasks of providing services are combined with the task of private partners to benefit. The effectiveness of these agreements depends on the nature of the distribution of risks between public and private partners (Varnavsky, 2009)
International Monetary Fund	PPP is an agreement in which a private party creates infrastructure facilities and provides services that have traditionally been provided by the state (Borschevsky, 2015)

In the Russian Federation there is an official definition of the concept of PPP, enshrined in Federal Law No. 224-FZ of July 13, 2015 “On Public-Private Partnership, Municipal-Private Partnership in the Russian Federation and Amendments to Certain Legislative Acts of the Russian Federation,” which states that PPP is “... legally formalized for a certain period of time (usually for a long-term period) and based on the pooling of resources, the distribution of risks, the cooperation of a public partner (state) on the one hand and privately (Business) on the other hand, which is carried out on the basis of an agreement on PPP, concluded in accordance with this federal law with a view to attracting private investments into the economy, ensuring the availability of goods, works, services and improving their quality by state authorities and local governments “.

RESULTS

The above definitions, as well as the law of the Russian Federation, determine the mechanism of PPPs as a means of overcoming the limited capacity of state and municipal authorities in financing social infrastructure projects, as well as the possibility of transferring some of the risks to private business structures (Shen *et al.*, 2006). Public-private partnerships can be expressed in various forms depending on the infrastructure projects and industries where the PPP mechanism is used: concession agreements, lease with or without right of redemption, operator's contract, joint venture.

Fundamentally important issue when taking part in PPP projects is the financing of PPP projects. In the Russian Federation, financing of capital expenditures for a PPP project is carried out with the help of financial instruments, which include:

- a) public financing;
- b) private equity of the private investor;
- c) debt financing, including a bond loan, funds of pension funds attracted through the issue of mortgage and concession bonds;
- d) loans from Russian and international financial institutions (the European Bank for Reconstruction and Development (hereinafter referred to as the EBRD), the International Finance Club (hereinafter referred to as the IFC), etc., including project financing;
- e) bank loans; g) grants of international financial institutions.

According to expert estimates, presented in Fig. 1, the parameters of PPP projects are less subject to change than the parameters of traditional projects.

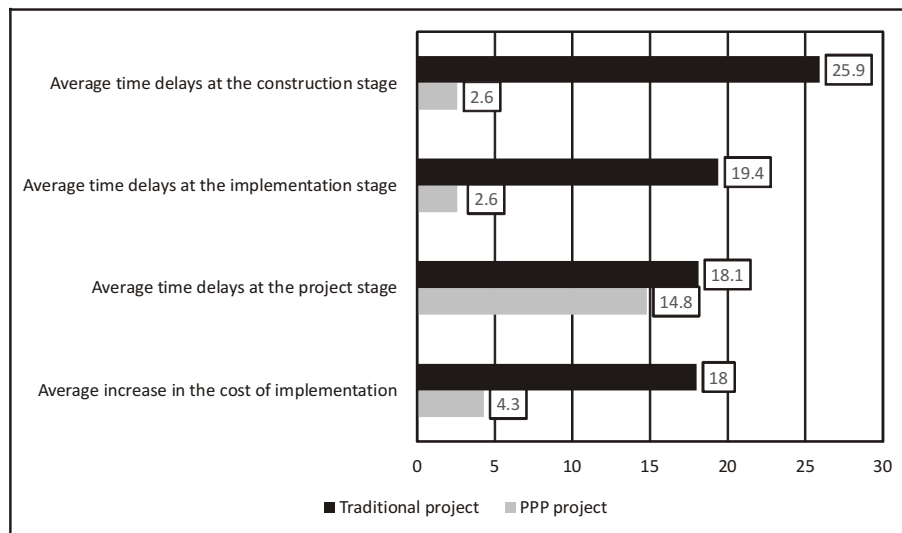


Figure 1: Comparison of the parameters of traditional projects and PPP projects

The declared volumes of financing are maintained in public-private partnership projects by 31.5% more often than in traditional projects.

Under PPP, the sources of project financing are determined by the private investor, and the state authorities coordinate and control the implementation of projects from the standpoint of development priorities of the infrastructure complex and budget efficiency. Often, for the implementation of PPP projects, specialized project companies (SPV - Special Purpose Vehicle) are created, which carry out

the process of gradual accumulation of financial resources. Now we turn to the consideration of the projects implemented using the PPP mechanism in tourism.

International experience of PPP

The modern tourist market is characterized by aggravation of competition between destinations for attracting tourist flows and funds. Traditional methods of formation and promotion of the national tourist product often do not give the desired result, therefore the list of innovative projects for the creation and promotion of tourist and recreational areas, the use of new marketing and advertising technologies is expanding. Drawing on the experience of some countries in the world, we will consider several examples of the creation, promotion and management of projects in the field of tourism and recreation on the principles of public-private partnership.

France (Cluster Courchevel, Department of Savoy)

The construction of a tourist and recreational cluster in the territory of the Savoy department was planned back in the early 1940-s, but these plans were prevented by the Second World War, but already in 1942 it was decided to start the construction of a ski resort in the Three Valleys - Courchevel. This construction was planned in a territory where there was no necessary infrastructure, so huge capital investments and considerable support from the state were required.

The construction of the first hotels and a chalet began simultaneously with the commissioning of energy networks, which allowed the first tourists to be admitted in 1950. During this period, the project was financed only from the state budget and the profits of the operating part of the complex received from operation. In the period from 1960-1965 Courchevel was at a transitional stage of its development and the only opportunity for further development of this project was to attract private investment. The state in this issue played a decisive role when at the legislative level introduced tax incentives for private enterprises; specific standards of land use, allowing to receive significant subsidies; provided an opportunity for concessional lending.

Work on involvement of tour operators has begun, favorable conditions for work of the enterprises of small and medium business were created. Control over the implementation of the entire project was transferred to the municipal authorities of Savoy. The creation of a single controlling body allowed uniting all existing enterprises on the territory of the complex into a unified functioning system. All funds received from private investors were allocated according to the emerging needs and were directed to the development of the complex as a whole, and not to its separate parts.

As a result, due to the implementation of the project on the principles of PPP, by 1969 Courchevel had received more than 200 thousand ski tourists per year (7.5% of tourists were from abroad) and had a total of 13 thousand accommodation places, 2 thousand new hotel places (Kochetkova.,2016).

To manage all ski resorts on the territory of Shopping and entertainment complex in Courchevel, the company S3V was established, the main shareholders of which are the state, in particular the department of Savoy, private investors and local residents. At its core, S3V is the management core of this ski complex, which determines its long-term direction of development.

Hotels and restaurants located on the territory of the complex belong to private investors, but most of them are under the direct control of the S3V organization, which solves the current tasks of their functioning.

Turkey

Active public-private partnership is carried out in the sphere of promotion of the tourist product of Turkey, whose government, through the National Tourism Association, annually conducts a large-scale advertising campaign, allocating significant funds for the promotion of the national tourist product. So, for example, during the period from March to December 2002, \$ 7 million was allocated for advertising and promotion of the national Turkish tour product, and \$ 1.2 million for the support of tour operators with their own charter programs in the Turkish direction. As a result of the project of public-private partnership, 9 special economic zones were established, the most favorable for the development of tourism. As the economic instruments stimulating active participation of business structures, the Turkish government has developed tax and other benefits for tourist developers. Due to the implementation of a comprehensive tourism policy and effective use of the public-private partnership tool, Turkey managed to become the absolute leader in the tourist market of the Mediterranean.

South Africa

South Africa is a country that has a rich tourist and recreational potential, despite which, by 1990, a very complicated situation developed: the number of international tourists has significantly decreased. Before the threat of losing the tourism market, the state and the private sector decided to move on to the strategy of interaction in the form of partnership and came up with the idea of creating tourist and recreational clusters as effective tools to increase the competitiveness of the local tourist product in the world market. It was decided to form one cluster at the national level, two thematic and four local clusters. The process of clustering at the national level has become the basis for the formation of a well thought out structure. This process was monitored by representatives of the private sector, the state and labor collectives, and an international consortium was established to carry out consulting work, which brought together several specialized firms from South Africa, New Zealand and America. The project was financed mainly by the state. On PPP conditions in South Africa, tourism infrastructure facilities have been established in the Kruger National Park, which currently includes 14 national parks

of the world with a developed infrastructure: numerous campsites, lodges, airports, hospitals, motorways, car rental, shops, restaurants, ethnocomplexes, golf, spa hotels, sports centers, etc. The implementation of the project to create a tourist infrastructure in the park was carried out by the State Agency for Environmental Protection of South Africa. Financing was carried out mainly through attracting private investments. Thanks to the use of PPP, it has been possible to increase the annual tourist flow in South Africa by 6%, to make the national park a “visiting card” and the main competitive advantage of South Africa as a tourist destination.

Public-private partnership in tourism in the Russian Federation

At the present stage, the development of public-private partnership in the sphere of tourism of the Russian Federation provides for the establishment of a constructive dialogue between representatives of the tourist business and public authorities, the promotion of favorable conditions for the development of entrepreneurship in the sphere of tourism, resort and recreational and hotel activities, improving and improving the current tourist legislation and the adoption of effective legal acts aimed at the development of tourism complex of the country. In Russia, due to the development of a market economy in recent years, there is a question of the need to apply a new approach to the processes occurring in the tourism industry. There were problems related to the development and management of tourist destinations. In regions where tourism is being developed for a long time, special economic zones of a tourist-recreational type were created, which resulted in the need for a comprehensive organization of tourist and recreational areas and their design.

“Biruzovaya Katun” is the largest special economic zone, its area is 3326 hectares, of which about 500 hectares will be built, and the rest area is a recreational area. Currently, 17 resident companies with a total investment volume of 9.35 billion rubles are registered in the territory of the SEZ TRT “Biruzovaya Katun”. On the territory of the SEZ TRT “Biruzovaya Katun” operates a special business regime, which includes the provision of tax and administrative preferences, preferential land use, and guarantees against possible adverse changes in the legislation of the Russian Federation on taxes and fees. An additional incentive measure is the introduction of a lowering Coefficient 0,01 when determining the rent to land. In particular, when investing an amount equivalent to 50 million euros, this coefficient is introduced for a period of 15 years, 30 million euros for 8 years, 20 million euros for 5 years. For all other residents, a reduction factor of 0.01 is introduced for 3 years.

A special economic zone of a tourist-recreational type, formed now in the Altai Territory, provides favorable conditions for business development in the Russian Federation, as it is an example of the implementation of the concept of public-private partnership in the field of tourism.

“Biruzovaya Katun” is one of the few successful projects for the implementation of public-private partnership in tourism, which already works and transfers taxes to the budget. In general, special economic tourist zones did not attract investors, and in 2016 six tourist SEZs: in the Altai, in the Stavropol Territory (in the districts of the towns of Essentuki, Kislovodsk and Pyatigorsk), in the Primorskyi Territory (Russky Island), Krasnodar Territory (Absheron district), In Adygea and North Ossetia were closed.

Taking into account the peculiarities of organizational, regulatory and economic principles of organizing tourism and recreation, it can be concluded that when designing and managing these areas, the cluster approach will be effective (Zaitseva *et al*, 2016; Biktemirova *et al*, 2015)

An example of successful interaction between the authorities and business is the project to build a resort in the tourist cluster “Belokurikha” in the Altai Territory. The project “Belokurikha-2” provides for the construction of a resort complex for 5 thousand seats, a fairground with shopping pavilions, a spa clinic, a physiotherapy clinic, and aesthetic medicine center.

More than 755 million rubles of budget funds were allocated for the construction of the most difficult mountain serpentine road in the Altai Territory. Commissioning of all engineering communications of the tourist cluster “Belokurikha-2” is planned for 2017.

Within the framework of the Federal Target Program, it is pointed out that the main method of tourism development is the cluster approach, through which the strategy of stimulating a limited number of subjects of the Russian Federation that are most attractive from the point of view of domestic and inbound tourism, among the selected most promising investment projects Tourist-recreational and autotourist clusters. The prerequisites for implementing the cluster approach are as follows:

- reorientation of outbound tourist flows to internal ones in the context of crisis;
- creation of new special economic tourist-recreational zones and complexes;
- reconstruction of the existing recreational infrastructure at the level of the requirements of world standards;
- creation of a system of scientific and personnel support for the development of the tourism industry in Russia;
- Creation of a system of small and medium-sized businesses, providing a comprehensive development of the tourism industry;
- awareness of the need to develop tourism and recreation by legislative and executive authorities of all levels.

Thus, the application of PPP mechanisms in the tourist industry of the Russian Federation is still in the formation, and further development is planned within the framework of the cluster approach.

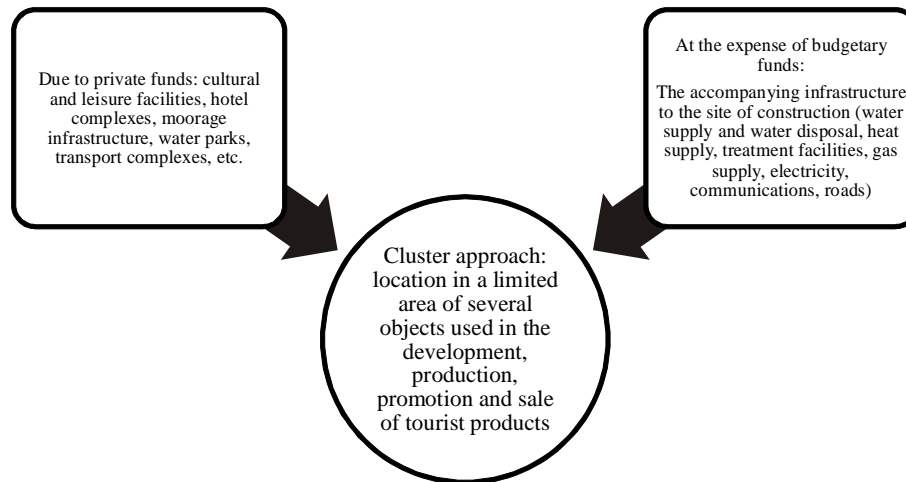


Figure 1: Cluster approach of tourism development on the basis of public-private partnership

DISCUSSION AND CONCLUSION

Previous studies on the implementation of public-private partnership projects in tourism have considered the international practice of studying PPPs (Kruzhalin *et al.*, 2014), the world experience in implementing public-private partnership projects, approaches to defining public-private partnerships (Borschevsky, 2015, Kochetkova, 2016; Yakovenko & Feraru, 2016).

Some of the authors (Rudenko, Zaitseva *et al.*, 2016; Zaitseva, Semenova, Larionova *et al.*, 2016; Biktemirova, Semenova *et al.*, 2015; Rudenko, Zaitseva, Larionova, 2015), have repeatedly written about the need for state support for the development of tourism.

The approach proposed by the authors of the article is novel and aimed at assessing the development of special economic tourist zones in Russia and determines that today the most promising direction for the development of public-private partnership is the application of the cluster approach.

Analyzing the global and Russian approach to defining the essence of public-private partnership in tourism and implementing projects on the principles of PPP, it can be concluded that this mechanism of interaction between private business and the state is most effective in implementing large investment projects, as costs and risks are divided between the state and business structures.

This way of interaction between the business community and the state is optimal, since with one-man participation in the implementation of major investment projects of one of the parties, a deficit of financial resources and other opportunities for their implementation may form. The PPP mechanism allows us to overcome the limited capacity of the state and municipal authorities to finance social

infrastructure projects, in our case in the tourism sector, transfer some of the risks to the private sector, and use the management skills and experience of the private sector to improve the quality of tourist services and increase the management efficiency of tourist facilities infrastructure

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