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## **PUBLIC-PRIVATE PARTNERSHIPS AS A MECHANISM FOR THE E-GOVERNANCE IMPLEMENTATION**

The article examines the public-private partnership as an effective and efficient tool for implementation of innovative forms of government - e-government and construction of PPP models in the context of the implementation mechanism of e-governance in Ukraine. The role of private enterprise is a turn based financing and implementation with e-government projects. The private sector, using state assets and guarantees brings organizational experience, knowledge and "know-how", invest, minimizes risks of entrepreneurial activity. The distribution of risks and responsibilities of the transaction is one of the key issues of partnership. In general, the state remains the political and social problems, and the private capital translated into all operational and most of financial risks.

*Key words:* public-private partnerships, e-governance,

### **Introduction**

The issue of responsible public-private cooperation is relevant in the design and implementation of e-government projects. Such interaction is caused by the integration of national (state) information resources, construction of a national system of electronic public services for citizens and businesses, changes in technology and analysis of management decision-making processes that affect society, citizens, businesses and public authorities. Public-private partnerships are much promising than outsourcing system where the contract is governed by a formal contract to address narrow, routine tasks. Public-private partnership (PPP) provides a durable, responsible cooperation of state and business structures for the development and implementation of projects and programs of resourced, quality output and matching expectations. The European Economic Commission notes that PPP allows neutralize the negative effect of the exclusive prerogatives of government on property and services, on the one hand, and, on the other hand, full privatization. PPP combines the best: private sector and its resources, management skills and technology; and the public sector with its regulating activities and the protection of the public interests<sup>1</sup>. These advantages determine the consideration of the expediency of public-private partnerships as an effective and efficient tool for implementation of innovative forms of government - e-government and offer optimum use of the PPP model in the context of the mechanism for implementing e-government in Ukraine.

### **Review of Research Results**

In recent years, the research of public-private partnerships as a form of cooperation between the public and private sectors in different spheres of state and society activities is investigated in a large number of domestic and foreign publications.

In particular, P. Shylepnytskyi<sup>2</sup>, A. Poliakova<sup>3</sup>, B. Danylyshyn<sup>4</sup>, G. Mishenina<sup>5</sup>, V. Mikheiev<sup>6</sup>,

<sup>1</sup> Европейская экономическая комиссия ООН (2008). *Практическое руководство по вопросам эффективного управления в сфере государственно-частного партнерства*. Нью-Йорк и Женева, с.vii.

<sup>2</sup> Шилепницький, П.І. (2010). Державно-приватне партнерство: за і проти. *Економічні науки. Серія "Економіка та менеджмент"*: Збірник наукових праць Луцького національного технічного університету, 7 (26), ч. 3, 3-14.

<sup>3</sup> Полякова, О.М. Державно-приватне партнерство в Україні: проблеми становлення. <[http://www.nbu.gov.ua/portal/soc\\_gum/kgm\\_econ/2009\\_87/staty\\_87/317-322.pdf](http://www.nbu.gov.ua/portal/soc_gum/kgm_econ/2009_87/staty_87/317-322.pdf)>.

<sup>4</sup> Данилишин, Б.М. Аналіз регуляторного впливу при впровадженні Закону України "Про загальні засади розвитку державно-приватного партнерства в Україні". <<http://www.me.gov.ua/control/uk/publish/article/system?>>.

<sup>5</sup> Мішеніна, Г.А. Щодо питання формування організаційно-економічних засад створення та реалізації проектів державно-приватного партнерства в Україні. <<http://me.fem.sumdu.edu.ua/docs/d021.pdf>>.

<sup>6</sup> Михеев, В.А. Государственно-частное партнерство в реализации приоритетных национальных проектов. <<http://www.c-society.ru/wind.php?>>.

B. Varnavskiy<sup>1</sup> and S. Danasarova<sup>2</sup> pay significant attention to theoretical aspects of public-private partnerships, consider international experience of PPP and of problems of its formation, analyze the advantages and disadvantages of this form of cooperation between the state and business perspectives of cooperation of the government and private entrepreneurship. However, in respect of the implementation mechanisms of public-private partnerships in the development of e-government projects, this topic is just beginning to be explored. Therefore, there is a need for consideration of various aspects of the use of PPPs in the implementation of e-governance in Ukraine.

**The purpose of the article** is to examine public-private partnerships as an effective and efficient tool for implementation of innovative forms of government – e-governance and building models for PPP mechanism in the context of implementing e-government in Ukraine.

**The main material**

Analyzing publications of experts, we note the following features of public-private partnerships, as: clearly expressed public, social orientation; directivity for the implementation of joint tasks and interests of the state and businesses; achieving a common goal through a combination of tangible and intangible resources; implementation of socially important projects and programs throughout the country and its individual regions; financial risks and costs are allocated in proportion to the results achieved by agreement. Building a public-private partnership projects on e-government in Ukraine should be supported by such directions of public policy, as: implementation of organizational, legal and resource mechanisms for financing government projects and programs for e-governance with the provision of government guarantees and insurance of risks of investors, that encourage attracting resources of Ukrainian and foreign private businesses; implementation of organizational, legal and resource mechanisms for financing government projects and programs for e-governance with the provision of government guarantees and insurance of risks investors will encourage attracting resources Ukrainian and foreign private businesses; implementation of joint public and private investment of national IT projects that are the basis for e-government; development and implementation of mechanisms to attract private investment for training and retraining of civil servants on e-governance; implementing network of advice centers for the public.

In implementing these policies, real working and required model of partnership between government and business will be created in Ukraine. This model will provide conditions for realization of the participation of business in building significant to society components of e-government and ensure the stability of the investment environment for the development and maintenance of architectural and technological information infrastructure and e-governance.

It is also necessary to develop investment policy in the field of e-governance, which involves the use of financial resources as funds from international donors and grantors; funds of commercial entities involved on favorable conditions for them (preferential terms of access to information, favorable economic conditions, tax incentives, etc.); local budgets; other sources not prohibited by the law.

Budgetary funds should be aimed primarily at creating core of electronic infrastructure (integrated information and telecommunications networks, national information resources). Funds of private structures may be involved for other tasks on mutually beneficial terms.

Possible sources of direct and indirect ways to return on investment are: income from the provision of information and administrative services to individuals and legal entities; new businesses and jobs information industry; saving resources; reducing the operation costs; increasing revenue and rationalization of budget expenditures through the use of proven methods of financial flows analysis.

The leading role of investment in the public-private partnership in Ukraine belongs to the state. State investment policy is embodied in society through complex legal, administrative and economic measures aimed at promoting and active investing activities. In course of investment policy, government applies legal, organizational and economic methods, limiting direct administrative interference in investment processes to a minimum, sometimes government is an investor. For effective development and regulation of the investment market state must attract and optimize the use of investment, especially in e-government projects.

First of all, such projects can include the creation and maintenance of an Internet portal to provide

<sup>1</sup> Варнавский, В.Г. (2005). *Партнерство государства и частного сектора*. Москва: Наука. Варнавский, В.Г. Государственно-частное партнерство в России: проблемы становления. <<http://www.strana-oz.ru/?numid=21&article=988>>.

<sup>2</sup> Данасарова, С.Д. (2007). *Институт частно-государственного партнерства: становление и развитие в России*: автореф. дисс... канд. экон. наук: 08.00.01. Улан-Удэ.

administrative services to businesses and individuals; creation of a system of state and local governments electronic interaction; the implementation of departmental information systems for planning and management reporting as part of a unified state system for control of the public authorities activities to ensure the development of socio-economic sphere; support of electronic archive of electronic documents; introduction of electronic public procurement system; spread of experience gained during the implementation of pilot projects in e-government, such as: "Electronic Ministry," "Electronic region", "Electronic City", "Electronic Village"; training civil servants and officials of local government for implementing e-government; the use of new information and communication technologies for the participation of citizens and organizations in the public policy formulation and implementation, including supporting pilot internet-projects; formation of network communication culture based on partnership; recognition of the important role of the media as a platform for public forums and discussions through which citizens can defend the public interest; creation and implementation of integrated information-analytical system "Electronic Ukraine parliament" that will provide access of citizens to information about parliamentary activities and documents, and encourage the development of equitable holistic information society by the use of modern information and communication technologies and standards.

To implement this optimization problem is necessary to introduce such measures as: organizing expertise and competitive selection of investment projects and programs, search their executors; organization of the collection, researching and summarizing proposals of investors to provide and receive foreign and domestic investment, accounting applications of investors and recipients to participate in investment projects and programs; registration of investment projects and programs. Its creation will automate:

- collecting, accounting and consolidation of recipients' applications with the possibility of combining applications by the same type of projects and programs to obtain the best terms from investors;
- collecting and accounting for all investors offers that allows to analyze and predict the state of the investment market;
- expertise and competitive selection of projects and programs.

The implementation of such system will overcome divisions of investors and recipients, attract the best professionals and experts for examination of investment projects and programs (information to make their expertise and conclusions will be available simultaneously and fully), provide the openness of information for all participants of investment projects, transparency of competitive selection, competition among investors. Track the implementation of investment projects and programs will create a database of reliable investors and develop appropriate system privileges for them.

Equally important state-managerial function is to provide information for the participants of the investment market about: the existing legal framework of investment; procedure of state registration and licensing of professional participants of the investment market; system of taxation, customs, import-export, trading and financial benefits provided by law and international contracts of Ukraine; protection of the rights domestic and foreign investors and others. Information function can provide government portal as an essential element of transformation of ways of organizing and providing services to individuals and legal entities, as well as a means of providing the best integration of e-government services and the national association information. It should provide information services to the participants of the investment market, ensure the participation of all participants in the discussion of investment decision and legal framework, concepts and strategies of state support and state regulation of investment activity.

Creating an information space of market participants has a positive impact on the development of the investment market for e-government projects, which provides: consultation and information exchange between Ukrainian and foreign participants of investment processes, information monitoring of investment cooperation projects and programs, use of national information resources to assess the economic and social effects of investment projects and programs, assistance to formation of infrastructure investment for international cooperation in Ukraine.

As noted in the Strategy of Information Society Development in Ukraine<sup>1</sup>, the process of implementing e-government is slowed and insufficiently coordinated today in Ukraine: the results of development and implementation of information and communication technologies to order of state agencies do not always have a systemic character; modern means of access to public information of government

<sup>1</sup> *Стратегія розвитку інформаційного суспільства в Україні 2013* (Кабінет Міністрів України). *Офіційний сайт Верховної Ради України*. <<http://zakon4.rada.gov.ua/laws/show/386-2013>>.

agencies, other public information are introduced slowly; local governments, compared with central executive authorities have significantly lower levels of information and technology provision of administrative and management processes, and the development of information technology infrastructure and public information systems; systematic approach to the implementation of electronic document interacting in an integrated electronic information-analytical system of government, which is designed primarily for interagency information interaction is absent; the tasks of building the information infrastructure, decision making and standards in the field of electronic information exchange on inter-institutional level and between government agencies, individuals and organizations, that are especially important in the further development of electronic information systems, are not implemented; receipting and permanent archiving of electronic documents with digital signature is not provided; level of computer literacy of civil servants and local government officials is low, which actualizes the issue of lifelong learning and skills assessment using information and communication technologies; digital divide in information and communication technology is stored; problem of broadband access for users and low quality indicators of access to Internet are stored. The above problem can be solved more effectively with the introduction of public-private partnership model.

One of the current e-government projects is the development of electronic administrative services market, involvement of the private companies (in cases, when services can be implemented without deciding officer to provide services in the absence of threats to national security, personal data and privacy of citizens) and delegating them the right to provide such services on a competitive selection based on management contract and concession, that significantly improve the quality and efficiency of service delivery.

Service delivery by public authorities are accompanied by the high cost and low quality of service, the introduction of service standards and administrative regulations do not provide a significant improvement, as concept of service state are not acceptable and understood for most civil servants. Only effective transparent competition of private companies with sufficient regulatory and legal framework will provide the appropriate quality and reduce the financial and social public expenditures.

### **Conclusions**

Thus, the public-private partnership implies limiting of the state's role only by creating the legal mechanisms for partnerships; providing access to resources for private business entities, that is controlled and created by the State; providing tax preferences; preparation of technical objectives of project and consistent with private companies business plan of the project. The role of private enterprise is a turn based financing and implementation with e-government projects. The private sector, using state assets and guarantees brings organizational experience, knowledge and "know-how", invest, minimizes risks of entrepreneurial activity. The distribution of risks and responsibilities of the transaction is one of the key issues of partnership. In general, the state remains the political and social problems, and the private capital translated into all operational and most of financial risks.

It should be noted that in the public-private partnership in the field of e-government contradictions of different motivations of public and private organizational approaches are leveled, as final result of the implementation of state project or program is to improve the quality of life of citizens as the main purpose of public administration.

Implementation of e-governance projects will provide: increasing transparency and openness of the local government and on the basis of the reduction of corruption in the country; improving the quantity and quality of administrative services, information services; reducing service time of individuals and entities; reducing administrative barriers; reducing the cost of administration; improving the efficiency of public authorities; improving citizen satisfaction.

The political results are: openness and transparency of public authorities; increasing the participation of citizens in the formulation and implementation of public policy, substantial increase of trust in government, public awareness about public authorities activities and reduce the information gap between the public and public authorities; increase in the involvement of citizens in democratic processes, increase citizens' involvement in matters of governance; increasing the efficiency and effectiveness of implemented public policy.

It is necessary to change institutional structures, to provide political support and adequate regulatory and legal framework, particularly in the part of public-private partnership mechanisms for the effective implementation of e-governance. It is also advisable to develop a strategy for e-governance in Ukraine and according to its the Action Plan that includes roadmap development and dissemination of pilot projects

(such as "Electronic region", "Electronic City", "Electronic Village") and incremental implementation methodology based on priority and integrated business process reengineering and administrative regulations.

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