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STATE-PRIVATE PARTNERSHIP IN RECONSTRUCTION AND DEVELOPMENT IN POST-CONFLICT AREAS IN AZERBAIJAN

Summary

The article emphasizes the importance of state-private partnership in the reconstruction and development of post-conflict areas in Azerbaijan. State-private partnership is a strategy that holds particular significance in the socio-economic development and financing of these regions.

Objective: the aim is to investigate the role of state-private partnership in the processes of reconstruction and development in post-conflict areas in Azerbaijan, including its history, financing mechanisms for state-private partnerships in these areas, social and economic impacts, job creation, economic growth, sustainable development, and green infrastructure.

Methodology: the research employs a dialectical and logical approach, utilizing statistical analysis methods.

Results of the Research: the research presents an approach to state-private partnership for reconstruction and development in post-conflict areas in Azerbaijan. This model offers a wide range of benefits, from infrastructure restoration to the stimulation of social and economic development.

Keywords: *post-conflict, reconstruction, state-private partnership, socio-economic impact, green infrastructure*

Introduction

Immediately after the conflict, the affected areas in the South Caucasus region, including Azerbaijan, faced both reconstruction and new development challenges. The policy of rehabilitating and reconstructing the destroyed areas is a crucial component of the comprehensive recovery plan for normal life, well-being, and the restoration of essential infrastructure after the conflict. The goal of mutual rehabilitation and reconstruction policies is to create conditions that facilitate the process for Azerbaijani citizens to return to their homes and permanent residences. It also aims to transform the territories reclaimed from the aggressor into centers for agricultural development. The development of public infrastructure and the liberated territories from Armenian occupation should be managed not as charity or humanitarian aid but as a business opportunity and in the context of local growth.

In other words, alongside the repair of houses, buildings, and the urban environment, as well as the reconstruction of infrastructure, it was also of significant importance from a foreign policy perspective to demonstrate the government's ability to manage the entire area and the complex processes of social and economic reintegration. In such a situation,

reconstruction can be understood as a process of rehabilitating the areas in this manner, which should hold particular relevance for the future development of the territory. The reconstruction process must also be environmentally sustainable.

The History of State-Private Partnership in Reconstruction and Development

Despite being relatively new in the context of state-private partnership development, its nature has historical roots dating back to ancient times. There are various definitions of state-private partnership that depend on its usage by different countries and organizations.

State-private partnership combines the best aspects of both sectors—"the public sector's commitment to public interests and the corporate sector's focus on efficiency and productivity," thus state-private partnership is assessed as "the relationships established to facilitate the delivery of public infrastructure, services, and projects between the government and the private sector" [7, p. 4827]. There are many perspectives on what public-private partnership means and how it is interpreted.

There are various models for state-private partnership and its different forms. The main types of joint activities that the government and the private sector intend to undertake are as follows: the public sector negotiates with the private sector's businesses to import public goods and services (making greater use of competitive source markets for the supply of public goods and services) [6, p. 355].

Different models of state-private partnership include service contracts, management contracts, auxiliary sector leasing, and concessions. In most sectors, contracts and commercial arrangements should be aligned with the type of service provided. The various models for PPP are suitable for different applications and have distinct aspects and forms to some extent. Furthermore, state-private partnership, as a concept of state-private cooperation, can contribute to addressing some of the challenges of post-conflict reconstruction and development in the territories of Azerbaijan.

The Role of State-Private Partnership in Post-Conflict Reconstruction

Since both reconstruction and development should be understood as an interconnected set of activities that must be carried out in a unified manner, it is accepted that a genuine development approach for populations affected by conflicts should be promptly validated after the conflict ends [13, p. 1013].

In addition to contributing to the reconstruction and integration of countries and societies emerging from wars, state-private partnership can also help eliminate the infrastructure constraints characterizing development, especially in conflict zones and border regions [8, p. 1528].

With good policies in place, partnering with the private sector can significantly impact these potential areas of development, driving growth, investment, and job creation.

In recent years, scholars and practitioners in the fields of post-conflict reconstruction and development have focused their attention on the potential of state-private partnership in promoting resilience, development, and peace in conflict and post-conflict areas [12, p. 9].

The involvement of the private sector in such activities brings undeniable benefits, ranging from gaining experience and achieving efficiency gains to job creation and strengthening sustainable recovery. However, state-private partnerships, particularly in countries recovering from conflict, face a number of dilemmas. Therefore, the ultimate value proposition of such "hybrid" forms should be measured against these benefits and challenges [9, p. 133].

Scholars and practitioners focus on various perspectives for post-conflict reconstruction and development, including attracting private capital, enhancing economic benefits, gaining international experience, stimulating competition and local potential, and delivering key services through civil society organizations and the private sector for the benefit of the local population, including managing and delivering enterprises within post-conflict parameters [11, p. 14].

However, despite many potential benefits, a number of implementation, risk, management, accountability, and ethical issues have been encountered. In developing countries, many of the same issues are intensified in post-conflict parameters. Research highlights political economy risks for the government, financial risks, and reputation risks, as well as challenges related to social accountability, the establishment of reliable commitments, and the limited dissemination of administrative capacity and information.

Financing Mechanisms and Socio-Economic Impacts of State-Private Partnerships in Post-Conflict Areas

In the coming decade, with the increase in the number of state-private partnership projects, many governments have sought to establish new mechanisms for financing state-private partnerships, aiming to restore their potential to create higher living standards for various social groups. The creation of options for financing state-private partnerships continues. Currently, there are three options for financing state-private partnerships, which include borrowing models, concessional financing models, and mixed models [4, p. 498].

The most significant and least controversial source is the Structured Finance Rule. It is assumed that state-private partnership will make a socio-economically significant contribution in post-conflict regions. The regional component of state-private partnership can enhance the pace of economic development and increase wealth and employment over the long term [2, p. 435].

This can ultimately contribute to the strengthening of security. In fact, employment is a cornerstone and is closely linked to the consolidation of internal security. Jobs help stabilize the living areas for returnees and are seen as the most urgent requirement for reintegration, independent existence, and self-help strategies to ensure a decent standard of living.

Job Creation and Economic Growth

The biggest problem in any post-conflict area is the lack of employment opportunities and limited economic stimulus. This is a long-term process to create new jobs and economic growth in the region, and there are several important aspects to establishing sustainable employment opportunities for people living in post-conflict

communities. State-private partnerships can address many aspects in this area by promoting service infrastructures, industrial growth, import substitution, and creating export potential. The involvement of the private sector ensures economic development with the participation of people and, thus, resilience in combating violence.

One of the reasons for always including extensive consultations with civil society and the private sector in the Post-Conflict Needs Assessment (PCNA) process is to ensure the inclusion of voices and also to stimulate ownership of the recovery program [5, p. 9].

Increasingly, PCNAs also include assessments of poverty and social issues, allowing for the inclusion of voices that are rarely heard in consultations. Additionally, it ensures that the recovery program is designed to contribute to longer-term sustainability and plays to the strengths and resources of the country, thereby fostering reconciliation and peace.

When implementing state-private partnership projects in post-conflict areas, consideration of the environment and social impacts is crucial. Sustainability is essential for state-private partnership projects in these areas. The reconstruction/development processes create excellent opportunities to present leading practices for environmental and social development within the framework of state-private partnerships, ensuring improvements in social, economic, and environmental conditions in Azerbaijan. State-private partnership projects can support this goal and encompass not only traditional services (such as airport construction) but also functions related to green infrastructures, such as sustainable water and wastewater services, solar energy, afforestation, energy efficiency, and relevant projects. These ecological considerations can also be economically justified from the perspective of social, health, and economic development. Environmental assessments and action plans that enhance the environment should be required through the sustainable development process.

Sustainable Development and Green Infrastructure

According to the World Commission on Environment and Development, sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. In general, it is described as the viability of society's long-term existence without depleting individual, socio-economic, or natural opportunities and resources. In a specific sense, sustainable development encompasses economic, social, individual, and environmental development and security [1, p. 5].

It is crucial to achieve a balanced integration of four essential forms of security so that they can nourish one another. According to the Paris Declaration, alongside fundamental values such as equal opportunities, autonomy, and democratic participation, the freedom, health, and equitable use of the environment are also recognized as aspects of security.

According to financial indicators, investments are the consumption of production over the course of a year. If ecological sustainable development, state-private partnerships, and financing provided by the private sector are in focus, it suggests that investments can also encompass the replenishment of natural resource sources and ecosystems where other physical capital is built [3, p. 27].

In economic literature, green or sustainable infrastructure refers to physical production structures used for the production of ecologically valuable goods and services. This is a new concept in terms of financial indicators. It represents an overall outcome in reducing risks to security and quality of life and achieving sustainable development. Recently, investments in new industrial and social infrastructure, along with new incentives and development projects related to State-Private Partnerships, have been combined with ecological or environmental considerations (such as biodiversity, air and water quality, and landscape) under the same definition. They promote environmentally responsible investments for the development of post-conflict areas by reducing the costs of potential ecological regulations.

Conclusion

Numerous government reports, presidential decrees, orders, and other official documents indicate that the Republic of Azerbaijan, rich in hydrocarbon resources, recognizes the importance of diversifying its economy and aims to promote and enhance the development of the private sector in the post-conflict area. Nevertheless, there are no direct references to the implementation of State-Private Partnerships for this purpose.

Based on the analyzed literature and empirical data, the following policy recommendations are proposed to enhance the effective implementation of State-Private Partnerships in the Republic of Azerbaijan for ensuring the socio-economic development of post-conflict areas, both from foreign and national origins:

- Develop and implement a discrete and comprehensive legal framework for State-Private Partnerships.
- Propose amendments to the existing legislation of the Republic of Azerbaijan to address all issues arising before, during, and after the implementation of State-Private Partnerships. These amendments should answer the questions of "who," "what," "when," "where," and "how," considering all stakeholders, both national and foreign.
- Consolidate the regulatory, oversight, and monitoring functions of State-Private Partnerships within a single entity.

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AZƏRBAYCANDA MÜNAQİŞƏDƏN SONRAKİ ƏRAZİLƏRDƏ YENİDƏNQURMA VƏ İNKİŞAFDA DÖVLƏT-ÖZƏL TƏRƏFDAŞLIĞI

Xülasə

Məqalə Azərbaycan münaqişədən sonrakı ərazilərdə yenidənqurma və inkişafda dövlət-özəl tərəfdaşlığın vacibliyini vurğulayır. Dövlət- özəl tərəfdaşlıq bu ərazilərin sosial iqtisadi inkişafında, maliyyələşməsində xüsusi əhəmiyyət kəsb edən strategiyadır.

Məqsəd – Azərbaycanda münaqişədən sonrakı ərazilərdə yenidənqurma və inkişaf proseslərində dövlət-özəl tərəfdaşlığın rolunu, tarxni, münaqişədən sonrakı ərazilərdə dövlət-özəl tərəfdaşlığının maliyyələşdirmə mexanizmləri məsələləri, sosial-iqtisadi təsiri, iş yerlərinin yaradılması, iqtisadi artım, davamlı inkişaf və yaşıl infrastruktur kimi məsələləri araşdırmaqdır.

Metodologiya – tədqiqat işində dialektik, məntiqi yanaşma, statistik təhlil üsullarından istifadə edilmişdir.

Tədqiqatın nəticələri – Azərbaycanda münaqişədən sonrakı ərazilərdə dövlət-özəl tərəfdaşlıq, yenidənqurma və inkişaf üçün yanaşma təqdim edir. Bu model, infrastrukturun bərpasından tutmuş sosial və iqtisadi inkişafın stimullaşdırılmasına qədər geniş spektrli faydalar təqdim edir.

Açar sözlər: post-konflikt, yenidənqurma, dövlət-özəl tərəfdaşlığı, sosial-iqtisadi təsir, yaşıl infrastruktur

Хикмет Мирзаев

ГОСУДАРСТВЕННО-ЧАСТНОЕ ПАРТНЁРСТВО В ВОССТАНОВЛЕНИИ И РАЗВИТИИ ПОСТКОНФЛИКТНЫХ ТЕРРИТОРИЙ АЗЕРБАЙДЖАНА

Резюме

В статье подчеркивается важность государственно-частного партнерства в восстановлении и развитии постконфликтных территорий Азербайджана. Государственно-частное партнерство является стратегией особого значения в социально-экономическом развитии и финансировании этих сфер.

Цель – исследовать роль государственно-частного партнерства в процессах восстановления и развития постконфликтных территорий в Азербайджане, его историю, вопросы механизмов финансирования государственно-частного партнерства в постконфликтных регионах, социально-экономическое воздействие, создание рабочих мест, экономический рост, устойчивое развитие и зеленая инфраструктура.

Методология – в исследовательской работе использованы диалектический, логический подход, методы статистического анализа.

Результаты исследования обеспечивают подход к государственно-частному партнерству, реконструкции и развитию в постконфликтных регионах Азербайджана. Эта модель предлагает широкий спектр преимуществ: от восстановления инфраструктуры до стимулирования социального и экономического развития.

Ключевые слова: *постконфликтный период, реконструкция, государственно-частное партнерство, социально-экономический эффект, зеленая инфраструктура*