

Development problems and prospects of public-private partnership in Uzbekistan

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Abstract: the article mainly describes the problems and prospects of the development of public-private partnerships in the current modern economy and their specific characteristics in economic sectors. The article analyzes the advantages and disadvantages of the mechanism of public-private partnership in the conditions of our country, the opportunities and threats of its introduction, the practice of implementing projects and their features are revealed. Also, directions for the consistent implementation of a number of necessary steps to encourage the use of the public-private partnership mechanism in the near future are scientifically based.

Key words: public-private partnership, public-private partnership project, regulatory documents, private financial initiative model, special financial companies, life cycle.

The measures and institutional reforms implemented in our country to liberalize the economy help to improve the investment environment and increase the number of foreign and domestic investors.

At the same time, the problems and shortcomings accumulated in the sectors of the economy and the social sphere, which are traditionally owned and managed by the state, require taking important measures to accelerate the introduction of the public-private partnership (hereinafter referred to as PPP) system.

The state monopoly in social and communal areas, urban planning and beautification, road management, and energy reduces the quality of goods production and service provision, as well as the efficiency of using state funds.

The legal and institutional framework defining the principles, conditions and directions of PPP development, as well as mechanisms for assessing the impact of financial, technical and commercial risks on the budget system in the medium and long term, have not been developed.

Therefore, in order to create a favorable environment for the implementation of PPP projects in Uzbekistan, it is necessary to improve the legislative base, adopt a number of new regulatory documents and make changes to the existing documents.

The Law "On Concession" today requires revision and improvement in a new version, taking into account the following reasons:

✓ firstly, the range of concessionaires is limited to foreign investors, which limits the opportunity of local entrepreneurs to participate in potential PPP projects;

✓ secondly, although the law defines economic activity as the subject of a concession, it strictly connects the types of economic activity with existing material assets (property, land plots and underground resources), the concession and the modern point of view is that the state grants a private firm the right to carry out economic activities under conditions of imperfect competition (the concessionaire has a certain "market power");

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✓ thirdly, the law limits the duration of the concession contract to 15 years (50 years in the generally accepted standard), which limits the conclusion of contracts for large objects with long payback periods.

International experts rate the level of selection of concessionaires, implementation and termination of such agreements relatively low.

In general, within the framework of legislation on concession issues, development of state support measures, methods of formation of tariffs for concessionaire services, development of a concession model for the transfer of existing state property to a concession, objects that cannot be transferred to a concession. It is necessary to revise the list, as well as expand the areas of application of the concession by introducing its new models.

In the Republic of Uzbekistan, there may be difficulties in the "securitization" of such projects, that is, the issuance of financial instruments put on sale for them, which hinders the attraction of large amounts of foreign investments. National financial markets are at an early stage of development and will not be able to solve the problem of attracting financial funds to infrastructure in the near future, and international investors should receive reliable guarantees of investment return. The prospects of DSH in the Republic of Uzbekistan depend on the ability and willingness of private investors to invest in the country's infrastructure network.

In addition, in accordance with the Civil Code of the Republic of Uzbekistan, based on international practice, contractual relations regarding the transfer of state property to the trust management and lease of state property with PPP symbols were established.

These contractual relations do not fully apply to PPP contracts, the reason for which is that they do not have the obligation to execute long-term contracts with the sharing of risks between the state and private parties, and to comply with the competition rules for the selection of a private partner.

In this regard, in order to recognize the transactions as transactions under the PPP mechanism within the framework of the civil legislation of the Republic of Uzbekistan, it is required to make certain amendments to the normative legal documents regulating the project planning process, to conduct a selection process for concluding a PPP contract and managing the implementation of projects. .

There are problematic issues in the section of networks. That is, large private investments in infrastructure are mainly limited to the telecommunications sector, which is the most dangerous for investors. During the implementation of large-scale projects, conflicts arise between the parties, related to the cancellation of agreements reached and the exclusion of private investors and operators from cooperation. Micro-level projects are easier to implement and generate significant income, but remain isolated initiatives that are not capable of fundamentally improving the situation in the country's public utilities.

When considering the issue of water supply and water management, the PPP mechanism has been used for a long time in the field of water supply and sanitation, but it faces serious difficulties in its implementation.

In the field of PPP water supply and sanitation, projects in this sector are the most difficult for satisfactory commercial and financial structures. Unlike water treatment, water distribution is often complex and difficult to integrate with a PPP model, given the need to identify and disseminate a broader risk profile.

In the conditions of our republic, three models of water supply are used in the field of water supply:

1. "Dutch model" - stockization of a state enterprise, as a result of which a business entity with a state share is established.

A profit-oriented joint-stock company is a private company operating on the basis of a limited liability company-trade (perhaps on the basis of a contract) and a part of the shares is owned by government organizations that tend to work on a political basis.

2. The "French model" - in this model, the state is responsible for the shared assets, while the private sector is responsible for management, which may include concession contracts, leasing, service contracts and management contracts. liq provides comprehensive services, which is organized as a private delegation management.

3. The "British model" - full implementation of assets on a large scale, is often compared to "privatization". It includes the private sector, owns existing enterprises, including all assets and land - utilities become private companies, regulated by the state for control and support.

It is important to note that approaches can be mixed and chosen depending on the needs of the sector, and whatever approach is chosen for PPP should be regulated by the government to ensure quality of service and fair pricing.

At the same time, at this stage of development, the second model will be more convenient, since water resources in our republic have a strategic and social nature, which should remain under state control.

In addition, private businesses are not always eager to quickly upgrade water supply systems due to high capital costs, so the responsibility for updating water supply systems again falls on local and national budgets. Therefore, in such a situation, it is appropriate to involve management companies, but control and regulation is carried out by the state.

In the field of road construction, despite the fact that in international practice, the field of construction and use of highways is the most thorough and attractive field for the implementation of PPP projects, no PPP project has been fully implemented in our country.

In order to improve the quality of infrastructure services of the private sector and use the existing opportunities to attract additional investments, it is necessary to pay attention to the following important issues, as a result of which it will be possible to expand the participation of private sector enterprises in the field of construction, repair and use of highways.

Regarding the development of competition in the market of road construction works, today the market of construction and repair of highways is highly concentrated. Enterprises that are part of Uzavtoyol JSC are monopolists in local markets (regions and districts). Repair of streets of cities and other settlements of local (district, city) importance is mainly carried out by regional and district divisions of "Uzavtoyol" DAK. According to the evaluation data, more than 90% of the total work on road construction is performed by the units of the "Uzavtoyol" DAK.

The participation of private business entities in this market is limited by their underdeveloped material and technical base, limited financial capabilities and lack of experience in implementing large and complex projects.

However, the Decree of the President of the Republic of Uzbekistan "On the new development strategy of Uzbekistan for 2022-2026" dated January 28, 2022 No. PF-60 and the new development strategy for 2022-2026 approved by this Decree Energy, transport, health, education, ecology, communal services, water management, on the basis of public-private

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partnership, in connection with the implementation of the State program on the implementation of the development strategy of Uzbekistan in the "year of human dignity and active neighborhood" 14 bln. It is intended to attract US dollar investments.

Prospects for development of PPP, analysis of advantages and disadvantages of the PPP mechanism, opportunities and threats in its implementation (SWOT analysis) in the conditions of Uzbekistan.

Advantages

- 1) balanced distribution of risks, obligations and rights between the state and private sector;
- 2) reducing the state budget burden;
- 3) transfer of rights to the private sector
with the exception of the procedure for the use and ownership of state property (except for the contract for construction and use);
- 4) increase the transparency of state expenses for the maintenance of the PPP facility (enforcement of contract norms and attracting debt funds by the operator, i.e. monitoring of creditors);
- 5) maintenance of levers affecting the activity of the operator (private sector);
- 6) faster adoption of new technologies;
- 7) clear orientation of services to the needs of consumers;
- 8) encouraging the development of the stock market and the banking sector;
- 9) attraction of private internal and external investments;
- 10) development of small and medium business;
- 11) variety of forms of long-term contracts concluded by the private sector with state and local bodies;

Disadvantages

- 1) the complexity of long-term forecasting due to changes in market conditions;
- 2) the presence of restrictions in some areas: tariff, license, etc.;
- 3) complexity of attracting investors in large projects;
- 4) availability of financial resources for implementation of infrastructure projects;
- 5) Inadequacy of the normative legal framework in the field of PPP.
- 6) long-term procedures planning in relation to budget investments;

Opportunities

- 1) normative legal framework for NDP development;
- 2) the country's development is limited for a certain period of time;
- 3) UzLiDeP cooperates with the executive committee of the political council of UzLiDeP;
- 4) knowledge in the field of DSHS and experience with tin and crack;
- 5) foreign economic activity;
- 6) "some dirt" news infiltration;
- 7) quality of service, low prices;
- 8) current job standards graduates, fashion designer, technician, etc.

Threats

- 1) deterioration of the country's financial indicators depending on the price of mineral resources and the level of inflation;
- 2) lack of knowledge in the field of PPP;
- 3) lack of skilled personnel in the use of new technologies;

4) incompatibility of standards.

As can be seen from the results of the SWOT analysis, there are many factors that have a positive and negative impact on the use of the PPP mechanism. The analysis makes it possible to clearly determine what steps should be taken for the development of DHS and what problems should be given special attention.

A comparison of the advantages and disadvantages, opportunities and threats of the use of DHS allows us to draw the following conclusions:

- line ministries and local executive bodies can use internal factors and specific advantages in implementing projects using the PPP mechanism;
- the opportunities identified during the analysis may be the strengths of using the PPP mechanism in the future;
- these shortcomings require improvements.
- Threats such as lack of knowledge in the field of PPP require special attention and appropriate strategic actions should be taken to reduce them.

In order to encourage the use of the PPP mechanism in the near future, it is recommended and considered necessary to consistently implement the following steps:

1. Developing a state program for the development of foreign trade, which provides for further expansion of the areas of application of foreign trade mechanisms, creation of a legislative base in the field of foreign trade, provision of privileges and preferences, and comprehensive measures for the implementation of certain projects.

2. Amendments and additions to the Law "On Concession". Within the framework of the concession legislation, a number of legal documents affecting the planning and implementation of concession projects should be developed.

3. Adoption of the law "On Securitization". This, in turn, helps to determine the rights related to the sale and purchase of PPP projects during the operational period and to resolve disputes related to this period.

4. Implementation of the life cycle contract.

A life cycle contract is an ideal form of PPP in a budget deficit, and the government cannot participate in projects that require budget investments. A life cycle contract is a mixed type of contract based on a service contract. A life cycle contract may contain elements of other types of contracts, such as a trust contract. Under such a contract, the executor receives money only from the moment the object is made available for public use.

1. Private financial initiative model (PFI).

IMO-public services and contracts for works financed by the private sector, but the services are paid for by the state, not by consumers (for example, in projects related to lighting in the community, hospitals, schools, the state uses a long-term contract state-guaranteed procedure pays facility maintenance costs depending on placement and quality of service). At the same time, the right to property and maintenance remains private. At the end of the contract period, the state can extend the contract.

In this regard, it is necessary to consider the possibility of introducing this type of contract in the current legislation on concession issues.

2. Stimulating the practice of establishing special financial companies (SPV - Special Purpose Vehicle).

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Financial assistance may be required to attract additional investments for the implementation of large-scale investment projects using the concession mechanism.

A possible solution to this issue can be the positive international practice of using a project financing tool, in which the concessionaire can be a special financial company created by the project sponsor to implement a specific project using the PPP mechanism.

Due to its flexibility, this form is an effective means of raising funds in an unstable economy.

A distinctive feature of the project financing tool is the assessment of the project's ability to generate current and future cash flows, which serve as a source of funds to service and repay the debt and pay the capital gains invested in the project. does.

3. Provide training and professional development of civil servants and representatives of the private sector. PPP is at the stage of development as a tool for the implementation of investment projects, therefore it is necessary to study the issue of improving the skills of civil servants and representatives of the private sector.

In this regard, it is appropriate to consider and organize seminars and trainings in the field of PPP in the training and advanced training programs of civil servants.

Conclusion

In conclusion, it should be said that the legal and institutional framework defining the principles, conditions and directions of PPP development, as well as mechanisms for assessing the impact of financial, technical and commercial risks on the budget system in the medium and long term, have not been developed. Therefore, in order to create a favorable environment for the implementation of PPP projects in Uzbekistan, it is necessary to improve the legislative base, adopt a number of new regulatory documents and make changes to the existing documents.

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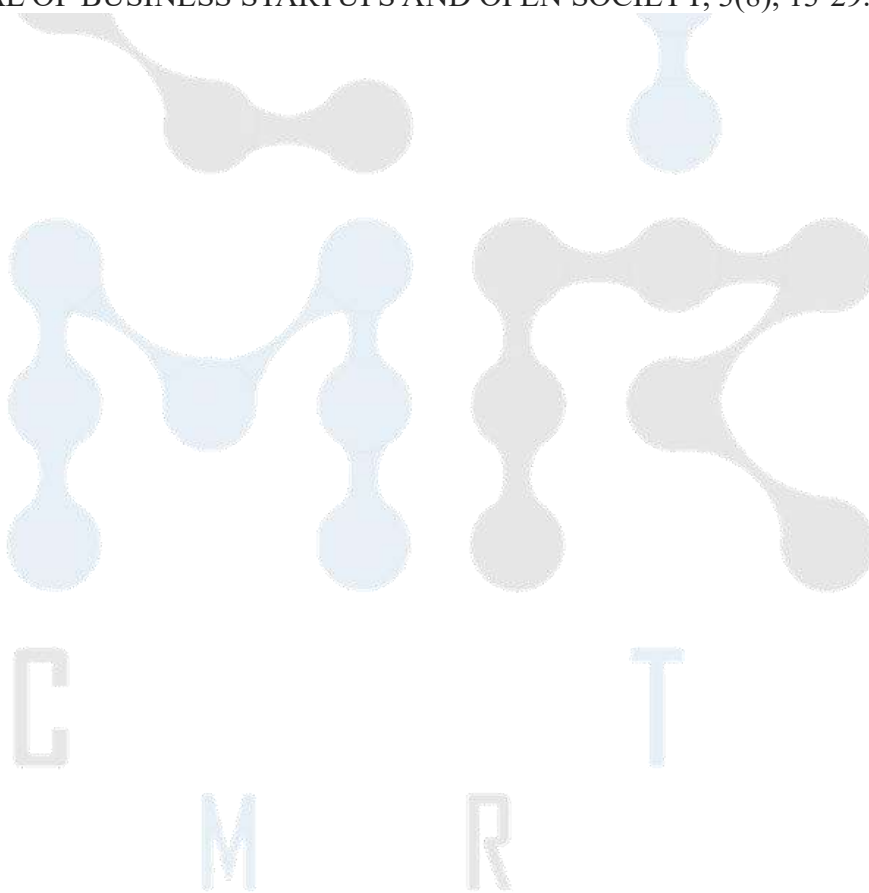
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