



THE ESSENCE OF PUBLIC-PRIVATE PARTNERSHIP AND ITS IMPORTANCE IN THE IMPLEMENTATION OF INFRASTRUCTURE PROJECTS

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<p>Received: 12th November 2021 Accepted: 12th December 2021 Published: 30th January 2022</p>	<p>Research shows that the mechanism of public-private partnership is one of the topical issues on the agenda of scientists, experts, leading international organizations. The article analyzes the views of scientists who have studied the mechanism of public-private partnership, and the model of the PPP mechanism formulated by the author.</p>
<p>Keywords: Public-Private Partnership, Infrastructure, Leading Scientists, PPP Mechanism</p>	

INTRODUCTION.

Today, the experience of developed countries shows that public-private partnerships (PPPs) play an important role in the development of the country's economy, the effective implementation of major infrastructure projects, the improvement of the country's social infrastructure. It is no exaggeration to say that the study of the experience of developed and developing countries in this regard and the introduction of their practices in our country is an important task.

LITERATURE REVIEW.

Research shows that the mechanism of public-private partnership is one of the most important issues on the agenda of scientists, experts and leading international organizations. At the same time, there is no generally accepted definition of a public-private partnership. PPP is interpreted differently by various international financial institutions, foreign and domestic economists, experts.

The theoretical foundations of the modern concept of "public-private partnership" date back to the beginning of the XXI century. According to a report by the Institute for Public Policy Research in the United Kingdom, "Public-private partnership is a set of public-private partnerships based on the sharing of mutual interests and risks, is to achieve an agreed result in the form of a presentation "[1].

According to E.R.Yescomb, a foreign scholar who was one of the first in the world to study public-private partnerships, "PPP is an alternative form of public sector acquisition of infrastructure (public procurement) and is financed by public debt or tax revenues" [3]. In this definition, the foreign scholar implies that the PPP is financed mainly from the state budget.

M.B.Gerard, a foreign scholar and director of the SME Center in the UK, explains that SMEs are organized and operate in the public and private sectors, both nationalized and non-privatized. Politically, PPP argues that it represents a new third way of providing public services to the population [4].¹ Here, the scientist points to PPP as a third method of public procurement and privatization in the financing of public infrastructure projects.

According to Uzbek economists N.A.Yusupov, F.E.Karabaev, N.N.Oblomurodov: "PPP is an alternative to the traditional system of services provided only by the state or a private partner. With the right approach to PPP, previously unused resources at the local, regional or international level will be diverted by the private sector "[5].²

According to U.I.Djumaniyazov,³ "Public-private partnership is based on the distribution of various economic, political, social, cultural and other risks, risks, risks that may arise within the existing laws, based on the long-term strategic objectives and goals of the state, is a truly mutually beneficial relationship with the private sector, which is very socio-economic for the population, if necessary, the construction of politically important facilities or the provision of social services at the same time [6].

Summarizing from the above definitions, we can say that PPP is the involvement of the private sector (individual entrepreneurs, legal entities and legal entities) in infrastructure in order to improve the quality and variety

¹ Gerrard M.B. What Are Public-Private Partnerships, and How Do They Differ from Privatizations?//Finance & Development. 2001. Vol.38. № 3.P.107

² N.A.Yusupov, F.E.Karabaev, N.N.Oblomurodov "Theory and practice of public-private partnership" training module. Tashkent-2013. p.6

³ http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/32_U_Djumaniyazov.pdf. 9 - p

of services provided by the state to consumers, optimize the efficiency of use of funds allocated for these services, is a legally cooperating activity of the parties for a certain period of time.

ANALYSIS AND DISCUSSION OF RESULTS

Private sector development and investment attraction is one of the key issues in economic development today. Along with the development of the economy, the state must support and develop the social sphere in the performance of its duties. Therefore, the practice of public-private partnership is being studied at the international level. Our country also pays attention to the formation of public-private partnership practices that can be used to attract investment from the private sector, develop the country's infrastructure and increase economic efficiency.

It is necessary to expand the scope of public-private partnership projects and effectively implement such projects [7].⁴

The term "public-private partnership" describes the process of possible relationships between public and private entities in the field of infrastructure and other services. The process of this relationship can include "public procurement", the participation of a private partner in public projects, "privatization" or the participation of international financial institutions in public infrastructure projects.

However, in the process of public-private partnership (PPP), the state defines the role of the parties in fulfilling social obligations and involving the private sector in the successful reform of the sector and the implementation of public investment projects.

In public-private partnership projects, the contribution of the state is covered by the obligations of the private partner and is determined by specific performance indicators. Public-private partnership in its traditional form includes construction, financing, modernization, operation and maintenance and other methods. The state announces plans for procurement for the design, construction, financing, commissioning and maintenance of a new (or existing) social infrastructure facility (e.g., medical facility, road, kindergarten, school, etc.) and invites investors to tender or a private partner to on its own initiative, expresses its intention to participate in a specific infrastructure project with a public partner and participates in the tender process.

The scheme of public-private partnership can be seen in Figure 1 below.

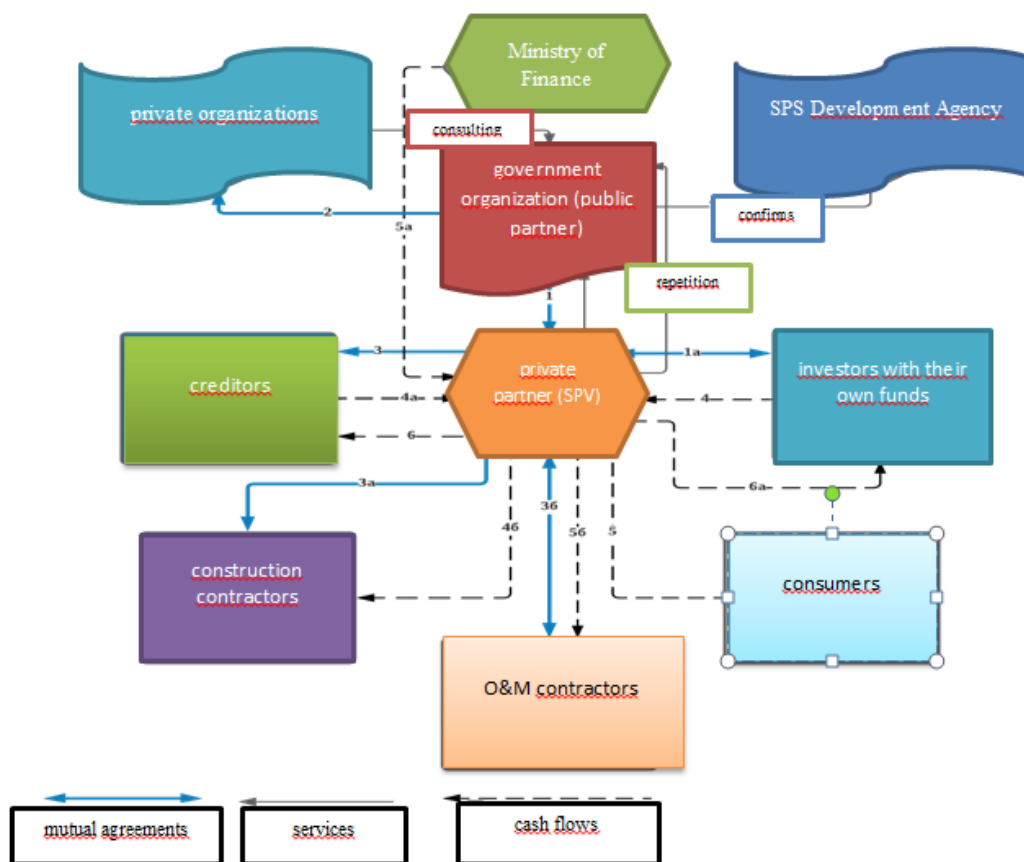


Figure 1. Scheme of implementation of SPS⁵

⁴ Yunusova Sevara Bakhtiyor kizi. (2021). SYSTEM OF PUBLIC-PRIVATE PARTNERSHIP FINANCING OF INFRASTRUCTURE PROJECTS. *JournalNX - A Multidisciplinary Peer Reviewed Journal*, 7(12), 255–259. <https://doi.org/10.17605/OSF.IO/G28ZR>

The winner of the tender will be awarded a contract with a private company that intends to make a procurement (№1). Typically, when the government agrees to sign a contract with a company or a group of companies (consortium), the consortium forms a special project company (SPV⁶) and after the contract is signed, the consortium members sign a share agreement (№1a). A private partner provides services to a public partner on a contractual basis.

The public organization signs a contract with a private partner (№2) and submits it to the private organization for evaluation by the private organization. After the project is evaluated, it is sent to the SPS Development Agency under the Ministry of Finance and the agency provides its relevant conclusions.

A private partner (or private project company) finances the project in full or in part (raises capital), signs contracts with credit institutions to implement the project (№3), builds (or modernizes) the facility and manages the facility throughout its life cycle, signs contracts with contractors and subcontractors (№3a, №3b).

Shareholders, credit institutions provide funds for the project (№4, №4a); the private partner makes payments to contractors for the construction (or modernization) of the facility (№4b).

Upon commissioning of the PPP project, the private partner (or private project company) collects user fees (№5) depending on the financial nature of the project, or the public private partner (or private project company) for all costs, loan interest and makes monthly (or annual) unitary payments, including income (№5a).

A private partner (or private project company) makes general payments to credit institutions (№6) and dividend payments to shareholders (№6a).

At the end of the contract between the state and the private company, according to the terms of the contract, the object is either handed over to the state or remains in the hands of the private company.

CONCLUSIONS AND SUGGESTIONS

In short, today the innovative mechanism in the implementation and financing of infrastructure projects is a public-private partnership. Although this mechanism has not been established in our country for a long time, today it has its own legal basis and is of great interest among government agencies and private partners.

From the above analysis and the proposals listed below, if we pay special attention to strengthening the legal framework for the development of public-private partnership in the country, conducting tenders, creating and managing public-private partnership projects, the effectiveness of our projects in this area will be higher:

- Introduce a system of budget allocations to support the private partner in attracting private partners to large projects worth more than 10 million US dollars;
- Introduce a system of state subsidies to support the private partner if the project provides for the use of revenues in accordance with the concept of the PPP project and these payments do not cover the minimum income or the private partner does not benefit from the benefits provided by the state to individual citizens;
- If 100% of private investors do not enter with their own funds, the budget system will provide preferential loans from the budget to commercial banks through credit lines of commercial banks, etc.

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⁵ Formed by the author as a result of scientific research

⁶ SPV (special purpose vehicle) - a special project company or project company established to implement a specific project or achieve a specific goal