

## DIRECTIONS FOR THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIP PRACTICE IN THE SOCIAL FIELD

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**Abstract.** *The practice of involving the private sector in the financing of existing socio-economic projects of the state is widely used. At the same time, necessary measures are being taken for further development. In the article, the practice of invitation-private partnership to further develop the activities of pre-school educational institutions in the social sphere, the results of the implemented work and the institutional conditions are analyzed.*

**Keywords:** *public-private partnership, pre-school educational institutions, social sphere.*

**Introduction.** Budget constraints, the existence of public debt, and the lack of necessary funds are problems that can be encountered in low-income countries and developing countries alike. Also, there is a need for additional sources of financing for the necessary infrastructure. As a source of such alternative financing, the public-private partnership (PPP) model has become more and more popular in recent years as a mechanism for supporting activities related to infrastructure investment in Uzbekistan.

According to the Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022 "On the development strategy of the new Uzbekistan for 2022-2026", strengthening the social protection of citizens and reducing poverty are the priorities of the state policy. It is defined as a development, and providing the population with new jobs and a guaranteed source of income, qualified medical and educational services, and decent living conditions is being raised to a new level in terms of quality. For this reason, the practice of public-private partnership is being supported in the implementation of investment projects.

Literature review. Public-private partnership is considered a type of cooperative arrangement. Partnership relations between two or more public and private sector representatives in investment and infrastructure projects, as well as socio-economic programs are understood. The public-private sector partnership mechanism represents a number of economic relations between public and private organizations in the infrastructure and other spheres of services (Haitov, 2022). Private sector and public cooperation represent the participation of commercial organizations in the organization and management of production, household services and social infrastructure, and the provision of social services (Boyer & Scheller, 2018).

The public-private partnership model is emerging today as the newest and most flexible form of public procurement as a new tool for public infrastructure provision. It is a method of low-intensity privatization, which ensures that the state is limited from its obligations and functions of a social nature. Therefore, PPP projects are a type of privatization that has specific characteristics compared to other forms of privatization (Erwin, 2004).

Public-private partnership is a concept of attitude aimed at meeting the needs of the public by using the resources of the private sector. That is when the state implements its socio-economic projects, the interests of the private sector are united, powers are shared, and the rights of both parties are protected based on the contract. The partnership is two-way, but the benefit is three-way. These interests mean that the state performs the function of improving social life at a low

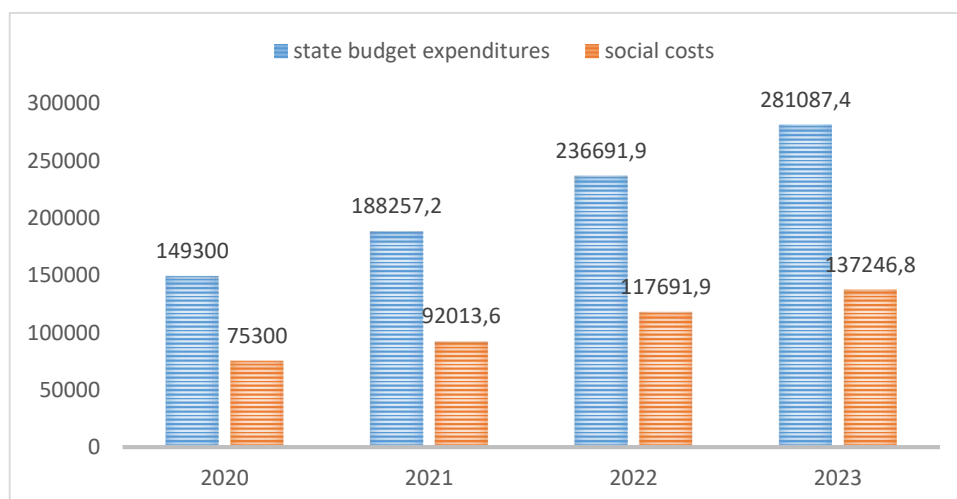
level of cost and has an additional source of income, while the private partner uses the demand, benefits, and property of the state to create a new direction for its capital at risk, and which in turn creates an additional source of income (Delmon, 2009).

Public-private partnerships are an economic mechanism for implementing social obligations and reforms that need to be implemented. At the same time, it is a system of economic relations that represents the place and role of the government and economic entities in compliance with the state investment policy. From an economic point of view, the purpose of PPP is to encourage private investment in the production of services and consumer goods, which should be provided at the expense of the relevant state budgets (OECD, 2012).

The mechanism of public-private business cooperation is considered an economic factor in the implementation of infrastructure projects, and public-private business partnership combines budgets and represent an alternative form of financing, concentrating resources and potential between the public and private sectors in one place. Also, the efficiency of the use of public property teaches new experiences in various fields. The main principles of public-private partnership are equality of public and private partners before the law, transparency of implementation rules and procedures, competition and impartiality in choosing a private partner, and prevention of corruption.

Research methodology. The development stages and goals of the studied public-private partnership in the Republic of Uzbekistan are analyzed. This practice, which means transferring part of the economic and social functions of the state to the private sector, is being widely developed. It is necessary to implement the operation in social projects as well as large investment projects and analyze its economic results. The stages of strengthening the institutional base of the practice of public-private partnership, and the theoretical views of foreign scientists on the practice have been researched based on methods such as general synthesis, analysis, induction, and deduction. During the observation period, economic analyses of the works carried out from 2018 to the present have been done.

Analysis and results. The total amount of planned expenses of the state budget for 2024 is 312,921 billion soums or 24.0 percent of GDP. This figure amounted to 282,133 billion soums in 2023 and was equal to 26.6% of the GDP. Also, to stimulate economic growth, it is planned to increase the expenses for the implementation of industry development programs. In addition, social expenses are planned to make up 48.2% of total expenses and 151,504 billion soums.



*Figure 1. Dynamic change of social expenses of the state budget.*

According to the general trend of these planned expenses, the total budget expenses in 2016 amounted to 40,911.3 billion soums, while social expenses amounted to 24,101.6 billion soums. In addition, the total expenses of 2023 amounted to 281,097.4 billion soums, social expenses amounted to 92,013.6 billion soums, and the expenses according to the planned budget in 2024 amounted to 312,921 billion soums. Social expenses are planned at 151,504 billion soums. Also, if the forecasts on the structural structure of the planned social expenses in 2024, 69,076 billion soums or 46% of the total social expenses will be allocated to education, then health care accounted for 22 percent and 33,439 billion soums, and allowances, material assistance and compensation payments accounted for 12 percent and 18,632 billion soums.

In addition, although social expenses in 2024 may be less in terms of percentage compared to previous years, it is expected that 8.5 trillion soums will be spent more than in 2023. Also, the amount allocated for education this year includes 13,507 billion soums for preschool education, 42,894 billion soums for general secondary education, and 12,675 billion soums for professional and higher education. It is forecasted to amount to a billion soums.

The structural structure of the total expenses of the preschool educational institution for the current year is wages and equivalent payments of 6881 billion soums, food expenses of 2250 billion soums, funds allocated for the development fund of preschool education of 75 billion soums, and expenses for soft equipment and other expenses are planned to be 1409 billion soums. Also, the amount of subsidies to MTTs established based on public-private partnerships is forecasted to be 2892 billion soums.

***Table 1. Indicators of preschool educational organizations.***

Indicators	2023	2024 (forecasting)
Number of preschool educational institutions	30648	32819
The number of state PEOs	6556	6610
Number of PEOs established based on PPP	1328	1429
Family PEOs	22730	24730
Capacity (thousand seats)	983	1012
Total number of trainees, thousand people	2160	2362
State budget expenses, billion soums	10993	13507.1

State budget expenditures for 2023 were implemented to 281,096.7 billion soums with an increase of 23,362.5 billion soums compared to the approved parameters. In 2023, 48.8 percent of the state budget expenditures were spent on the social sphere, approved in the amount of 127,383.5 billion soums, and implemented for 137,246.7 billion soums. The main part of the expenses of the social sphere was directed to the sphere of education. 65% of the expenditures on education were directed to general education, 19% to preschool education and 16% to personnel training.

Expenditures for preschool education were approved in the amount of 10,779.8 billion soums and executed for 11,722.9 billion soums. Subsidies allocated to preschool educational institutions established based on public-private partnership: 2,490.2 billion soums to cover wages, food products and other costs, 50% of costs per pupil 279.2 billion soums, 2.1 billion soums to cover 50% of electricity costs. The number of non-state MTMs is 823,486, and the total coverage of preschool education is 74 percent. Such results are the results of creating the necessary conditions for the development of public-private partnership in this field, that is, in the field of preschool education.

**Table 2. The main technical and economic indicators of the project "Supporting public-private partnerships in the field of preschool education" (Saudi Riyal)**

№	The name of the component	Fund of SDF
1	Component 1:Construction works of preschool educational organization	41 000 000,00
2	Component 2:Consulting services	30 000 000,00
3	Component 3:Equip with necessary equipment and inventory	8 000 000,00
4	Unexpected expenses	3 000 000,0
5	Costs of financing the project implementation team	562 640,66
6	Costs related to the allocation of additional funds for the completion of the construction of the objects of preschool educational organizations as a result of the increase in the prices of construction works and construction raw materials	2 437 359,34
7	Project implementation period	2021 - 2023-years
8	SDF loan repayment period <i>including the principal grace period</i>	20 years 5 years
9	Target indicators number of pre-school education organization power	40 4500

Also, one of the largest projects in this field is the project "Support of public-private partnership in the field of preschool education" between Uzbekistan and the Saudi Development Fund (SDF). To finance the project, a loan agreement of 10.9 million USD equivalent (41 million Saudi Arabian Riyals) was signed for a 20-year term with a 5-year grace period at an annual rate of 2 percent. As part of the implementation of the project, financing of the projects planned to be organized within the framework of public-private partnership agreements signed between the Ministry of Pre-school Education and private partners in the Republic of Karakalpakstan, Tashkent city and regions is envisaged.

In this case, the Ministry of Preschool Education is the project customer. "Agrobank" has been designated as responsible for the allocation of preferential loans to private partners for the establishment of non-governmental preschool education organizations within the framework of the public-private partnership agreements signed between the Ministry of PreSchool Education and private partners at the expense of SDF's loan funds. In 2021-2023 Preferential interest during the project implementation period and after the completion of the project implementation (starting from 2024) the debt repayment and interest payments will be carried out by the Ministry of Finance and the Ministry of Preschool Education will establish a project implementation group consisting of 3 state units financed from STJ will be done.

Also, according to the prospects, to accelerate the work on expanding the network of preschool education organizations based on public-private partnership, to create the necessary conditions for the inclusion of children in preschool education, to widely involve the private sector in the field, and July 14, 2022 President of the Republic of Uzbekistan "On additional measures for the further development of public-private partnership in the field of preschool education" Decision PQ-322 was adopted.

Starting from September 1, 2022, if the number of children of families in need of social assistance and special contingents attending family non-governmental preschool education organizations is less than 70 percent of the total number of children, it is allowed to accept children from other families. In this case, it is determined that the parents' fee for these children will not exceed the amounts set for the state preschool education organizations in this place.

In this decision, it was noted that it is planned to attract debt funds at the expense of large international financial institutions. 30 million US dollars from the Islamic Development Bank, 20 million US dollars from the Kuwait Arab Economic Development Fund, and 20 million US dollars from the OPEC International Development Fund are being attracted to non-governmental schools based on public-private partnership in the regions in 2023-2024. It is decided to focus on developing the network of educational organizations and increasing the coverage of preschool education.

The development strategy of the Republic of Uzbekistan emphasizes the further development of public-private partnerships. Education, health care and energy sectors are mentioned as the main directions. According to the Decree No. PF-158 of the President of the Republic of Uzbekistan dated September 11, 2023, several tasks have been set for 100 goals of development. To achieve these goals, to further improve the investment environment in the country and increase its attractiveness, to take measures to attract 120 billion US dollars in the next five years, including 70 billion dollars of foreign investments based on public-private partnerships in energy, transport, health, Attracting investments equal to 14 billion US dollars in agriculture, ecology, communal services, water management and other sectors. Implementation of these public-private partnership projects is envisaged:

- PPP projects with a total amount equal to 275 million US dollars based on PPP legislation in the health sector;

- 4 PPP projects with a total amount of 380 million US dollars based on PPP legislation in the field of education;

Summary. In the conditions of liberalization of the economic system, when the state seeks to reduce its participation in economic activity, PPP becomes especially relevant. PPP is an effective mechanism for attracting private capital to implement projects of state importance in various sectors of the economy.

Proposals for improvement of public-private partnership (PPP) in the context of liberalization of the economic system are as follows:

- Simplification and standardization of PPP project implementation procedures. Development of model contracts and agreements, as well as the introduction of electronic systems for submission and review of applications for participation in PPP projects;

- Increase transparency and accountability of PPP projects. Ensure public access to information on PPP projects, including contract terms, financial performance and performance evaluation results;

- Development and implementation of risk management system for PPP projects. This system should include risk-sharing mechanisms between public and private partners, as well as risk minimization and management measures;

The implementation of these recommendations will help to increase the effectiveness and attractiveness of PPP projects, which will attract additional investments to the economy, improve the standard and quality of life of the population, and solve complex socio-economic problems.

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