



AKTUAR MOLIYA VA BUXGALTERIYA HISOBI ILMIY JURNALI

Vol. 4 Issue 07 | pp. 160-166 | ISSN: 2181-1865

Available online <https://finance.tsue.uz/index.php/afa>

ISSUES OF INCREASING THE INVESTMENT ATTRACTIVENESS OF HIGHER EDUCATION BASED ON THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIP IN THE REPUBLIC OF UZBEKISTAN



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Abstract: To increase the investment attractiveness of higher education institutions in the Republic of Uzbekistan, it is important to attract investments not only from the state funding, but also private investors. In this article, the main directions of attracting investment flows to higher education on the basis of public-private partnership (PPP), the structure of contractual relations of state and private interests, property ownership models suitable for PPP relations in the investment process, as well as mechanisms for reducing the risk in PPP's contractual relations are studied.

Basic concepts: public-private partnership, investment attractiveness, private investor, PPP contractual relations, property ownership models, risk reduction mechanisms.

Introduction: The further development of the higher education of the Republic of Uzbekistan is set to increase the flow of investment into the sector, and the development of the sector on the basis of public-private partnership is one of the important issues. Public-private partnership (PPP) in higher education institutions is a set of mutually beneficial cooperation based on legal contracts, taking into account the responsible risk and ownership arising in public and private partnership in order to increase the development of the higher education system such as the volume of services, the competitiveness of the industry, and the flow of investment. It is important to increase the flow of investments in higher education, an important sector that prepares highly qualified personnel for the republic's economy. In this regard, as stated by the President of the Republic of Uzbekistan Sh.M. Mirziyoyev at the plenary meeting of the third Tashkent investment forum on May 3, 2024, "Our main goal is to make Uzbekistan a reliable and long-term partner for foreign investors."¹ Therefore, there are great opportunities in higher education to realize this goal, including "in the last seven years, the coverage of higher education has increased from 9% to 42%, the number of higher education institutions has increased to over 200".² It is worth noting that, as the President of the Republic admitted, "... we plan to widely apply the experience of implementing public-private partnership projects in social and other infrastructure sectors."³ "The most important aspect is that these important projects are

¹ Sh.M. Mirziyoyev "Investment is a strong driver of our economic development", "Xalq So'zi" newspaper, May 3, 2024.

² In that place

³ In that place

being implemented on the basis of the principle of public-private partnership, at the expense of direct foreign investments."⁴

In the field of higher education of the Republic of Uzbekistan, there is a need for huge investments in this direction. It should be noted that the main sources of public-private partnership relations in increasing the flow of investment into higher education are state HEIs, private, public-private partnership, and foreign higher education institutions. According to the table 1, it shows that in 2023, the number of state enterprise HEIs was 116, while local and foreign private enterprises were 67 and 30, and the number of enterprises based on public-private partnership was 183, indicating that there are great economic opportunities in the development of PPP relations.

№	Indicators	Years					of 2023 to 2019 is in %
		2019	2020	2021	2022	2023	
1.	State (HEIs)	85	96	110	114	116	136%
2.	Private (HEIs)	5	9	24	55	67	1340%
3.	HEIs based on Public-Private Partnerships (PPPs)	90	102	134	169	183	203%
4.	Number of foreign HEIs	10	18	20	30	30	300%

Table 1. Development of state-owned and privately-owned enterprises in the Republic of Uzbekistan.⁵

Based on the above, the main directions of implementation of investments in higher education on the basis of public-private partnership are as follows:

- Open and manage investments in foreign and private HEIs and their branches;
- Reconstruct and repair the republic's state higher education institutions at the expense of private investors;
- Purchase modern teaching technologies, construction of practice bases and provide their technical maintenance for state and private HEIs;
- Form the infrastructure providing various power sources for state and private enterprises and others from renewable energy means.

Studies show that one of the most important ways to increase the investment attractiveness of higher education is to increase the investment flow based on the development of public-private partnerships. In this regard, as stated in the "Uzbekistan-2030" strategy, approved by Decree No. 158 of the President of the Republic of Uzbekistan on September 11, 2023, "to further increase the investment attractiveness of our country...", as well as "to absorb 250 billion dollars of investments in our country, including 110 billion dollars of foreign investments" ⁶ and the task of attracting investments within the framework of public-private partnership of 30 billion dollars.

⁴ In that place

⁵ Author account books based on the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan.

⁶ "Uzbekistan-2030" strategy approved by Decree No. 158 of the President of the Republic of Uzbekistan on September 11, 2023.

According to the results of the analysis, it was found that the development of the investment flow in the field of higher education on the basis of public-private partnership is based on a number of regulatory and legal documents. In particular, on October 20, 2018, Decision No. PQ-3980 "On the primary measures to create a legal and institutional basis for the development of public-private partnership", Resolution No. 259 of the Cabinet of Ministers of the Republic of Uzbekistan on April 26, 2020 "Improved management of the implementation structure of state partnership projects" serve to implement the tasks specified in other regulatory legal documents related to form partnership in PPP.

It should be noted that the law "On Public-Private Partnership" was adopted on May 10, 2019 in order to develop the work in this direction and create a regulatory framework in our country.⁷ According to the law, a public-private partnership is a partnership between a public partner and a private partner based on the pooling of their resources for the implementation of a public-private partnership project, legally formalized for a certain period of time. Also, a public-private partnership project refers to a set of activities aimed at solving economic, social and infrastructural tasks, carried out on the basis of attracting private investments and (or) introducing advanced management practices. Adoption of this law opens up new economic opportunities for increasing investment attractiveness based on the development of public-private partnership in higher education, as well as in other branches and fields.

Analysis of literature on the subject: A number of scientists in Uzbekistan have expressed their views on the issues of studying the possibilities of increasing the flow of investment on the basis of public-private partnership. Especially professors A.V.Vahobov⁸, U.I.Djumaniyazov⁹, S.E.Elmirzaev and N.Sh.Shavkatov conducted deep scientific research in this field.

PPP in the field of higher education is an important condition for ensuring the financial and economic stability of public and private sector cooperation, and consists of activities based on combining investment and intellectual resources at one's disposal and using them in the development of the higher education system in the interests of cooperation.

According to S.E.Elmirzaev, N.Sh.Shavkatov from Sokha scientists, "Public-private partnership agreement is an administrative-economic agreement concluded between the state (local government) and the private sector for the implementation of certain socially significant and useful activities. A contract can be concluded for the most common works in PPP practice - for the provision of public services, for management, for the delivery of products for state needs, for the provision of technical assistance. Property rights in administrative-legal relations are not transferred to private partners, expenses and financial losses can be covered by the state."¹⁰

⁷ Law of the Republic of Uzbekistan "On Public-Private Partnership" May 10, 2019 ORQ-537

⁸ Vahobov A.V., Khojibakiev Sh.Kh., Muminov NG. Foreign investments. Study guide/prof. Under the general editorship of A.V. Vakhobov. T.: Finance, 2010. 328 p.

⁹ Djumaniyazov U.I. "Some theoretical and methodological issues of development of corporate management on the basis of public-private partnership"// "Economics and innovative technologies" scientific electronic journal. 2017 No. 3, May-June, p. 9.

¹⁰ Elmiraev S.E., Shavkatov N.Sh. "Advanced foreign experiences of public-private partnership relations and prospects of application in our country"// "International finance and accounting" scientific electronic journal. #3 June. 2019 year

While there are foreign scientists that define PPP as a collaborative effort between government, business, and/or third sector organizations that share knowledge, skills, and risks to promote long-term social and economic growth in developing countries.¹¹ Also, PPP is a cooperative arrangement where government, business, and third sector organizations share resources, risks, and responsibilities to achieve sustained social and economic progress in developing countries.¹² A Public-Private Partnership (PPP) is a structured collaboration between public and private entities, focusing on the planning, construction, and management of infrastructure projects, with an emphasis on the joint distribution and reallocation of risks, costs, benefits, resources, and responsibilities.¹³ Public-Private Partnerships (PPPs) can be characterized as collaborative arrangements where private sector entities engage in or support the provision of infrastructure. These partnerships result in contractual agreements in which private entities are responsible for delivering services based on public infrastructure.¹⁴

Therefore, in the higher education system, especially state higher education institutions and business structures, as mutual partners in PPP based on mutual interests, it is determined to implement partnership relations on the basis of contractual agreements based on relevant legal documents.

Research methodology: The methodological basis of the research is the summation of theoretical and practical knowledge on the basis of public-private partnership and thus the development of scientific conclusions and proposals. Since then, methods such as analysis, synthesis, economic analysis, comparative analysis, selective observation and scientific abstraction were widely used in this research.

Analysis and results: increasing the flow of investment into higher education on the basis of public-private partnership differs in a number of important aspects and requires in-depth research of the process. Analysis show that the organization of investment attractiveness activities to higher education on the basis of PPP on the one hand, the state, and on the other hand, private investors, taking into account their own interests, implement agreement projects and create an opportunity to enter private capital investments into the field.

Important features of public-private partnership suitable for investment attractiveness in the republic's HEIs are as follows:

- Determination of entrepreneurial risks for the development of the higher education system among the participants by state and private partners based on mutual agreements and distribution in accordance with the agreement;
- The contract or concept being drawn up on PPP in the higher education system creates a competitive environment and applies the practice of awarding to a representative of the private sector on a competitive basis;

¹¹ Brogaard, L., & Petersen, O. H. (2018). Public-private partnerships (PPP s) in development policy: Exploring the concept and practice. *Development Policy Review*, 36, O729-O747.

¹² Barr, D. A. (2007). A research protocol to evaluate the effectiveness of public - private partnerships as a means to improve health and welfare systems worldwide. *American Journal of Public Health*, 97(1), 19-25.

¹³ Koppenjan J. 2005. The formation of public-private partnerships: lessons from nine transport infrastructure projects in the Netherlands. *Public Administration* 83(1): 135-157

¹⁴ Grimsey D, Lewis MK. 2007. *Public Private Partnerships: The Worldwide Revolution in Infrastructure Provision and Project Finance*. Edward Elgar Publishing Limited: Northampton, MA.

- To achieve contracts (concessions) on attracting investment to higher education institutions, established by state bodies and private sectors, in various forms;
- Establishing a system of financing projects, investing in them based on the needs of private enterprises, at the expense of the state (budget resources), private sector (owners of private property) and other sources (joint property investors);
- Covering the period of service (one to thirty years) in accordance with the terms of the agreement concluded by the parties on the basis of public-private partnership relations in the private enterprises.

Based on the results of the research, the main directions for the development of public-private partnership to increase the investment attractiveness of the Republic's HEIs were scientifically substantiated (Figure 1).

The following are the main directions of development of the increase of investment flow to the republic's private enterprises on the basis of PPP.

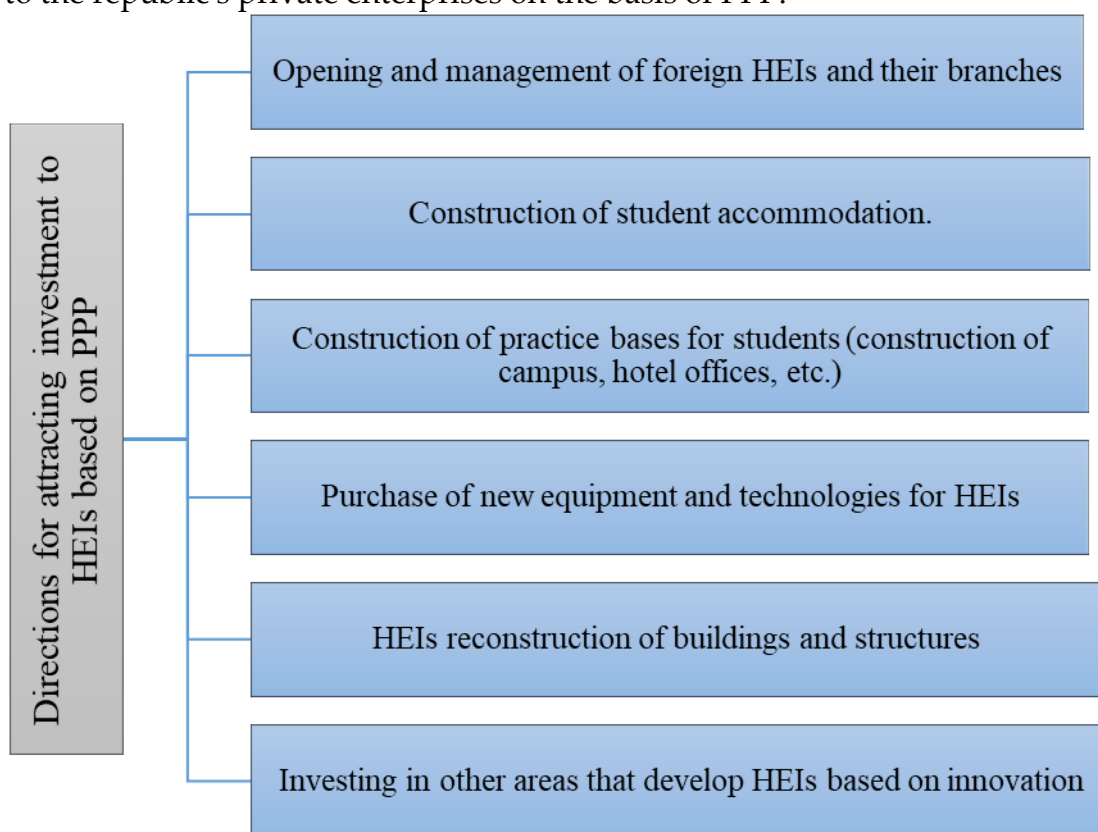


Figure 1. The main directions of the development of PPP in increasing the flow of investment into private enterprises.¹⁵

It should be noted that the most important economic basis for the formation of public-private partnership relations in the higher education system of the republic is based on contractual relations. The analysis shows that today the system of implementing PPP relations in the form of contractual projects between state authorities and private investors (property owners) has been introduced in the PPP relations according to the interests of the parties.

In this process, based on the specific characteristics of the higher education system, the following agreements are concluded, namely:

¹⁵ Based on the author's development

- "management and service contract" (validity period up to 5-10 years);
 - "leasing contract" (for 5-10 years);
 - "Construction-Management-Transfer Agreement" (from 20 to 30 years)
 - the implementation of contractual relations "concession agreement" (from 20 to 30 years) gives high economic efficiency. In this case, the ownership of existing assets will be held by public and private sector investors.

The research results show that, based on the international experience of investing in private enterprises, implementation of a number of models from the point of view of property ownership in FDI relations in the Republic of Uzbekistan creates an opportunity to increase investment attractiveness.

Conclusions and suggestions: Based on the above, public-private partnerships in increasing the investment attractiveness of higher education institutions open up the following new economic opportunities:

- ❖ Firstly, it eliminates the financial shortfall (deficit) based on the involvement of private investors on the basis of PPP in the development of higher education;
- ❖ Secondly, the attraction of direct foreign investments to the higher education system of the Republic will increase in accordance with the PPP agreement and relations;
- ❖ Thirdly, using the opportunity of private investors in the development of higher education on the basis of public-private partnership, the quality and efficiency of education, as well as the organization of student practice according to the world model, will increase based on international requirements;
- ❖ Fourthly, the development of PPP relations in the higher education system will prevent various cases of corruption in investment, and put an end to the "shadow economy";

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