

THE ROLE AND BENEFITS OF PUBLIC-PRIVATE PARTNERSHIPS IN ADVANCING ECONOMIC SECTOR DEVELOPMENT

Qodirov Jasurbek Sharofitdinovich

Joint-Stock Company Uzbekistan Railways

Head of the Finance Department, PhD

E-mail: Bek-maf@mail.ru

ORCID: 0009-0003-1710-7648

Annotation: *Public-private partnerships (PPPs) have become an important mechanism for promoting sustainable economic development by combining public sector objectives with private sector expertise, investment, and innovation. This study examines the role and advantages of PPPs in fostering the development of key economic sectors. The research analyzes the economic, institutional, and social benefits of PPP implementation, including improved infrastructure quality, increased investment efficiency, risk sharing, enhanced service delivery, and accelerated economic growth. Comparative analysis and a review of international best practices are employed to identify the critical success factors of PPP projects and the challenges associated with their implementation. The findings indicate that an effective legal framework, transparent governance, and balanced risk allocation are essential for maximizing the benefits of PPPs. The study concludes that strengthening PPP mechanisms can significantly contribute to sustainable economic sector development and improve the competitiveness of national economies.*

Keywords: *Public-Private Partnership (PPP); economic sector development; infrastructure investment; sustainable development; risk*

sharing; private investment; public policy; economic growth; governance; investment efficiency.

The tendency to intensify relations between the state and private business is growing worldwide, creating opportunities to solve economic problems jointly. The state, private companies, banks and international financial organisations cooperate to address new tasks: while the state pursues social functions and the public interest, business seeks sources of profit and added value. The advantages of different forms of ownership can thus be combined - without deep social upheaval - through various forms, methods and models of public-private partnership.

In the modern sense, a public-private partnership (PPP) is an institutional and organisational alliance between the state (or local authority) and business that, on a mutually beneficial contractual basis, pools the tangible and intangible resources of both parties to deliver socially significant projects and programmes. Such cooperation spans a wide range of activities, from strategic industries and research to the provision of public services [1]. In the scholarly literature the arrangement appears under several terms - “public-private,” “private-public” and “social-private” partnership - where the order of the words signals which party leads and initiates the joint project [2].

A PPP is a set of medium- and long-term forms of interaction between the state and business, on mutually beneficial terms, to solve socially significant tasks. Our research on improving corporate governance through PPPs shows that world practice has reached no single agreed definition. Broadly, a PPP is a medium- to long-term agreement under which certain services that fall to the public sector are provided, together with specific infrastructure, by the private sector; as

a rule it excludes ordinary service and construction-contract procurement and privatisation processes in which the public role is limited.

Major institutions define the concept in overlapping but distinct ways. The World Bank frames it as cooperation between public authority and business to finance, build, modernise, manage or maintain infrastructure and deliver services [3]. The European Commission on regional policy describes it as the transfer to the private sector of investment projects traditionally implemented and financed by the public sector. The United Nations emphasises long-term private provision of publicly produced services (sometimes up to 30 years), the transfer of risk to the private investor, and multifaceted long-term contractual forms [4]. The Asian Development Bank treats the term as covering the entire range of possible relationships between public and private organisations in infrastructure and other services [5], while the U.S. Federal Highway Administration stresses a contractual arrangement giving the private partner greater involvement in modernising, building, operating or maintaining a facility [6]. National definitions from India [7], British Columbia (Canada) [8], Australia [9] and New Zealand [10] add further nuances on user charges, risk allocation and asset creation, but share the same core: a long-term, contractually formalised pooling of public and private resources for socially significant ends.

Cooperation between the state and private capital in solving social problems dates back centuries, although the term “public–private partnership” emerged much later, first in the United States in connection with financing education programmes, then - in the 1950s and 1960s - with public facilities and urban reconstruction. In Western Europe the first joint investment of the PPP type is considered to be the canal at

Salon-de-Provence in France, built in 1552 under Henry II; the Eiffel Tower in the nineteenth century was likewise a product of public–private financing. In seventeenth-century Britain, lacking budget funds for the road network, the state allowed private entrepreneurs to build roads and bridges with their own money and to levy tolls [11]. In the Soviet Union during the New Economic Policy of the 1920s, concessions were widespread across almost all industries - more than 80 per cent in mining, non-ferrous metals, timber, fisheries, machine-building and power - and even in the utilities of large cities such as Moscow [12].

The modern stage - PPP as an integral institution of the economy - dates to the 1990s. After the successful privatisation experience of the 1980s, the United Kingdom announced a new policy in 1992, the Private Finance Initiative (PFI), under which private companies build major public facilities using their own organisational capacity without drawing on the budget, recovering costs and earning returns through subsequent operation or scheduled budget payments. PFI facilities include roads and railways, schools, hospitals and even prisons, and the investor often takes part in operating the facility afterwards. In the United States and Europe the PPP has since split into a number of typical forms, with the general tendency being the long-term transfer of ownership and management rights from the state to the private sector.

The principal features of a PPP are the following [13]:

- the parties are public authorities on one side and private companies and institutions on the other;
- their interaction is fixed in official long-term PPP documents (agreements, contracts and the like);
- the partnership has a clearly defined social and public purpose, for which the state delegates certain powers and functions to the private partner;

- the interaction must balance public and private interests, striving for equality and a balance of benefits;
- the parties' assets (resources and investment) are consolidated and combined, unlike an ordinary client–contractor relationship;
- financial costs, risks and results are shared between the parties as fixed in their agreements.

Within the “communication–partnership” relationship two features deserve emphasis. First, bilateral initiative: the high degree of freedom of the parties makes launching joint projects natural, and modern legislation provides mechanisms such as unsolicited proposals to handle private initiative. Second, the form and essence of the partnership: state–business cooperation can take various forms - the PPP itself, long-term public-procurement relations and others - and may also be realised through the state's own structures and through non-profit organisations providing public services.

Public–private partnership plays an important role in developing economic sectors. By combining the resources and experience of the public and private sectors, it makes it possible to implement infrastructure projects, improve services and stimulate economic growth. It also raises efficiency in managing and delivering innovative projects by drawing on private-sector experience, and it allows risks to be shared between the state and business, increasing the likelihood that projects succeed.

REFERENCES

1. Varnavsky, V. G. Partnership of the State and the Private Sector: Forms, Projects, Risks. Moscow: Nauka, 2010.
2. Markovskaya, E. I. (ed.). Mechanisms of Public–Private Partnership. Theory and Practice: textbook. Moscow: Yurayt, 2020. 491 p.

3. Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions. Brussels, 30.04.2004. P. 3.
4. Guidebook on Promoting Good Governance in Public-Private Partnerships. United Nations. New York and Geneva, 2008. ISBN 978-92-1-4160403.
5. Public-Private Partnerships Handbook. Asian Development Bank, 2006.
6. Report to Congress on Public Private Partnerships. U.S. Department of Transportation, Federal Highway Administration, December 2004. P. 10.
7. Guidelines for Financial Support to Public Private Partnerships in Infrastructure. Government of India, 2006.
8. An Introduction to Public Private Partnerships. Partnerships British Columbia, Canada, 2003.
9. National Public Private Partnership Guidelines Overview. Australian Government, Dec. 2008.
10. Treasury National Infrastructure Unit. Guidance for Public Private Partnerships (PPPs) in New Zealand. Wellington, 2009.
11. Sukhikh, V. A.; Rudenko, M. N.; Oborina, E. D. On the concept and essence of public-private partnership. Nauchno-tehnicheskie vedomosti SPbGPU, 2013, No. 2, P. 97.
12. Practice of Applying Concession Agreements for the Development of Regional Infrastructure in Russia. Ministry of Economic Development of the Russian Federation. Moscow, 2014.
13. Markovskaya, E. I. (ed.). Mechanisms of Public–Private Partnership. Theory and Practice: textbook. Moscow: Yurayt, 2020. 491 p.