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## Need For Public-Private Partnership In The Higher Education System And Challenges In Its Implementation In Uzbekistan

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### ABSTRACT

This article analyzes the legal framework, institutional and other conditions governing the implementation of the mechanism of public-private partnership in Uzbekistan. At the same time, special attention is paid to the challenges presented by the strong and varied trends toward greater involvement of the private sector in public education in Uzbekistan. We agreed that forms of public-private interaction like those just described, well-established in the context of the history and practice of each country, were different from the new concepts of PPPs in education that have emerged over the last few years. We knew that some of these arrangements had historically been sources of political controversy and debate, over issues such as the allocation of public resources and the secular role of the State.

### KEYWORDS

Public-Private Partnership, Legal Framework Of Public-Private Partnership, Public-Private Partnership Development Agency, Institutional Base Of Public-Private Partnership.

### INTRODUCTION

In the face of an increasing child population, pressures on educational quality and ever-tighter budgets, governments are facing immense pressure to deliver education in a more equitable and efficient manner. As a

result, governments around the world are making the economic and political decision to engage the non-state sector to deliver education that may have previously been delivered by the public sector. They do this

because they believe the resultant public-private partnerships (PPPs) bring about efficiencies that improve not only the quantity but also potentially the quality of education for all children across all sectors by maximising the advantages offered by each sector. Governments entering into such arrangements are typically driven by one or more of the following goals: increasing access, improving quality and delivering education in the most cost effective manner. [1].

There are sectors in the economy that are in line with the goals of public and private business. But this commonality is often left uncrossed at some point. If we look at the experience of developed countries, the public-private partnership acts as a crossroads where the government and the investor meet. It is the development of the country's economy, the renewal of infrastructure, the impetus for development in general, and has become a good source of income for the business representative. In this sense, public-private partnership is the most acceptable way to achieve mutually beneficial goals. Formerly underdeveloped and deficient, PPPs have now become a tool to increase economic competitiveness and develop services.

Until 2017, the higher education system in Uzbekistan was characterized by limited access. The coverage of the student-age population by the higher education system is about 9%, which is below regional and international standards. With a 9% coverage of the higher education system, it turned out that 9 out of 10 school graduates cannot go to higher education. [2]. The higher education system still faces a number of pressing problems and shortcomings in the field of training highly qualified personnel, including:

- a) In the field of higher education coverage and quality assurance,
- b) In the field of research and innovation,
- c) In the field of strengthening the material and technical base of higher education institutions,
- d) In the field of increasing the attractiveness of higher education, ensuring international competitiveness.

It is no secret that the solution to most of the problems listed above lies in the material side. Even without the pandemic that has spread around the world, a large amount of money from the state budget is needed to solve the listed problems.

This makes it necessary for the state to cooperate with the private sector not only in terms of the development of higher education, but also in terms of economic liberalization.

At a time when science is advancing rapidly, and the state cannot develop without science, it is an unforgivable mistake in the 21st century for the state to finance education only from the budget.

Only as a result of successive reforms, the enrollment of secondary school graduates with higher education has increased from 9% to 29% over the past five years.

As of 2021, the number of higher educational institutions is 151, of which 25 are educational institutions created on the basis of joint programs, private and PPP.

Although there are enough reasons for the introduction of PPPs above, there are still some obstacles in this regard. In order to understand the idea about the factors, favoring or interfering PPP development in the country, it

is useful addressing to materials of UNDP Public Private Partnership for the Urban Environment (PPPUE) program. [3]. The following factors and restrictions are listed in these materials, allowing to judge availability of legal, institutional, economic and other preconditions for productive participation of private sector in infrastructure of the country. Although the problems mentioned in the above source are related to the infrastructure sector, the education system is not without them.

**Legislation and state regulation.** The legal base for PPP in Uzbekistan is created by national legislation on privatization, restructuring and regulating natural monopolies, on measures on developing competition, introducing rent and concessions, attracting foreign investments, as well as on reforming certain sectors of social and economic infrastructure. [4,24].

Although some projects have been implemented in the field of PPP, it is no secret that the regulatory framework governing this area is not fully formed or does not exist. The lack of a single legal mechanism for cooperation between government and business is one of the main reasons for the poor development of public-private partnerships in the country.

Over the past 4 years, 45 normative and legal acts regulating certain aspects of public-private partnership have been in force in the country, including 15 laws, 9 decrees of the President of Uzbekistan, 17 resolutions of the Cabinet of Ministers and 4 departmental documents.

**Institutional restrictions.** Institutions in Uzbekistan are evolving in direction of private sector development, encouragement of competition, and continuation of privatization. Such vector of institutional shifts will certainly favor to PPP expansion. At the same time, the country has no sufficient experience in effective and transparent private-public partnership. [4,25].

Resolution of the President of the Republic of Uzbekistan dated October 20, 2018 No 3980 "On priority measures to create a legal and institutional framework for the development of public-private partnership" on the further development of public-private partnership, strengthening the legal and institutional framework in the field Addressing the challenges that still need to be addressed is important by coordinating the interaction of industry organizations working in partnership between the state and business entities.

With this decision, the Agency for the Development of Public-Private Partnerships was created under the Ministry of Finance, which is faced with the task of promptly solving socially significant problems in a mutually beneficial environment, as well as effective management and coordination of public-private partnerships and public administration. -Business cooperation. In particular, the agency will participate in the development of public-private partnership programs, develop a methodology for assessing the effectiveness and benefits of public-private partnership projects, ensure interagency coordination in the implementation of projects in this area, and assist ministries and departments in developing a project concept. [7].

**Non-overcome distrust between public and private sector.** PPP introduction in Uzbekistan can be interfered by insufficient experience of equitable cooperation between public agencies and private enterprises, and still non-overcome distrust between public and private sector. It is also necessary not to overlook the threat of corruption, for which there can be new opportunities when transactions between the state and commercial firms expand.

**Financial restrictions.** PPP prospects in Uzbekistan depend on readiness and capabilities of private investors to invest their own resources in infrastructure sector of the country. Despite rise in investment activity, its scales in Uzbekistan remain insufficient for implementing large PPP projects in noticeable quantity. The main part of these investments was made by the companies controlled by the state, especially for their own production assets, and considering such capital investments as private should be done with significant reservations. [4,26].

**Conclusion and implementation of contracts.** The sustainable procurement system of goods, works and services, which would lean on advanced engineering and consulting infrastructure, and full information base, has not yet been created. Today potential participants of competitions can not always receive in time full necessary information about the situation of infrastructure enterprises, have no reliable data on market capacity, pre-investment research materials and feasibility studies. This leads to reduction of competitiveness of competitive selection procedure, and does not guarantee achievements of the best result for the society at used resources («value for money» principle). Businessmen and potential

investors can not always obtain objective information. Absence of reliable initial assessment of subject of competitive tenders also adversely affects their results. Finally, very important is ability to correctly formulate competition conditions and securely verify their implementation, and that the competitor possesses necessary professional and organizational qualities. Experience of drawing up and implementing such contracts in Uzbekistan is insignificant yet. There are also no typical PPP tools adapted for local needs, which could be used at drawing up concrete agreements.

**Personnel problem.** PPP projects implementation requires educated staff, both in private and in public sectors, especially staff both with special technical knowledge, necessary for work in modern sectors of education and competence in administrative, legal and financial issues. Taking into account that PPP introduction in the country is at an initial stage, and regular training on administrative, legal and financial aspects of PPP has not been carried out, it is necessary to expect that personnel deficiency can become an obstacle to mass participation of private sector in education. Shortage of skills in such issues as modern financial analysis and planning, state regulation of private enterprises carrying out tenders, monitoring and controlling contracts implementation and public relations could be especially serious.

**Public opinion.** Success of PPP projects in a great extent depends on public participation and support. In Uzbek society, the long-term tradition has generated expectations that education services are provided by the state free-ofcharge, or in strongly underestimated, sometimes symbolical prices. [4,28].

Despite the adoption by the state of a number of laws and regulations, there are a number of reasons why reforms in this area are not being carried out sufficiently. In particular, for many years the population and some officials did not understand the provision of services provided only by the state and at a monopoly level to the private sector, the ignorance of business and investors about **PPP** reforms, forms and mechanisms of **PPP**. have not been adapted to current conditions.

The success of the higher education system is that for the last 30 years it has been ingrained in the minds of the population that the type of higher education is not free. Therefore, it will not be a problem for the state to find a private partner in the higher education system.

Although the government has focused on creating the regulatory framework, institutional and other conditions for the full implementation of public-private partnerships, there are difficulties and delays in the implementation of this model, and the use of this system remains low.

Unfortunately, due to legislative shortcomings, bureaucratic obstacles, the complexity of the tender process and the lack of coordination of work with investors in the framework of public-private partnerships (**PPPs**) between ministries and local governments, many PPP projects are unjustifiably postponed or not implemented.

On May 10, 2019, the Law "On Public-Private Partnership" was adopted, which is an effective mechanism for the implementation of the constitutional right of citizens to perform state and public functions.

Currently, the implementation of public-private partnership projects has begun in some

industries. However, in the spheres of health care, education, transport, road construction, housing and communal services in most spheres the initiative is still not felt at all.

In conclusion, it should be noted that the introduction of the **PPP** mechanism will lead to an inflow of private investment, the expansion of entrepreneurial activity, the introduction of best management practices and the creation of an effective education. This will lead to a quick and effective solution of many socio-economic problems of society in a mutually beneficial environment and a reduction in budgetary expenditures.

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