



DEVELOPMENT OF FINANCIAL AND CREDIT MECHANISMS OF STATE AND PRIVATE PARTNERSHIP IN UZBEKISTAN

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Received: 24 th November 2022 Accepted: 26 th December 2022 Published: 30 th January 2023	In this article, it is written about the development of financial and credit mechanisms in Uzbekistan regarding public and private partnership. The public-private partnership development agency under the Ministry of Finance was appointed to be responsible for the implementation of the unified state policy in the field of public-private partnership in Uzbekistan.
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Effective implementation of the priority tasks defined in the Action Strategy for the further development of Uzbekistan requires a deep understanding of the essence of economic growth, ensuring macroeconomic stability, innovative development, attracting investments to the economy and activating the development of the social sphere. For two years now, the government of Uzbekistan has been actively trying to involve the private sector in the implementation of socially important infrastructure projects.

In particular, one of our country's researchers, U.I. Djumaniyazov, in his article on "Some theoretical and methodological issues of corporate management development based on public-private partnership" wrote that "public-private partnership is a possible development based on the long-term strategic tasks and goals of the state within the framework of current laws. on the basis of the distribution of various economic, political, social, cultural and other risks, dangers, risks with the private sector for the construction of extremely socio-economic and if necessary, politically important objects for the population or for the provision of social services literally means mutually beneficial relations.

The development and implementation of modern forms of mutually beneficial cooperation between the authorities and business is part of the reforms in public administration that began in 2022. During this time, the government developed a number of measures to develop public-private partnerships in areas such as preschool education, health care and utilities.

The simplest scheme of government-private business cooperation is as follows: the state announces that it plans to build or modernize a social infrastructure object (for example, a clinic, road, kindergarten, school, etc.) and invites investors to participate in the tender.

The winning private company will finance the project (raise capital), build (or modernize) the facility and manage the facility throughout its life cycle. At the end of the contract between the state and the private

company, according to its terms, the object is either transferred to the state or remains in the hands of the private company.

The state, in turn, makes monthly unitary payments that include all expenses, loan interest and income of the private partner.

Public-private partnership is primarily the combination of financial, technological and management resources of the state and business in the organization of infrastructures and provision of socially important services. In such cooperation, relations are established like cooperation between state and private companies. At this time, it is necessary and important that the division of risks between the participants in the public-private partnership agreement should be clearly defined. This form of interaction requires a legal framework that clearly defines the powers of state bodies.

According to historical data, the state has cooperated or cooperated with private entrepreneurs in almost all periods. By the Middle Ages, the relationship between the authorities and private individuals acquired a legal form. Christopher Columbus's expeditions from 1492 to 1504 are a vivid example of this type of cooperation.

The kingdom presents the title of "Don" to Christopher Columbus. If he successfully completed the journey, he had the right to manage the lands he occupied and to use the minerals mined there. According to the contract concluded in 1491, Columbus paid one-eighth of the costs. The financial result of the concluded agreement was divided as follows: 90% of the imported goods and natural resources went to the government and 10% went to Christopher Columbus's account, in addition to expenses.

In the new historical period of mankind, the cooperation between the authorities and private entrepreneurs has increased, and accordingly, the number of joint infrastructure projects has also increased.



The Suez and Panama Canal projects are the largest among them. In 1855, the private enterprise "Suez Canal General Company" received from the Viceroy of Egypt the right to implement a concession for the construction of the Suez Canal connecting the Red and Mediterranean Seas.

44 percent of the company's shares belong to the Egyptian government, 53 percent to France and other countries buy the remaining 3 percent. According to the terms of the concession, it is envisaged that the income from the project will be distributed as follows: the shareholders were to receive 75 percent of the profits, the Egyptian government 15 percent and the founders of the company the remaining 10 percent. Construction work was completed after 11 years and the canal was opened to ships in November 1869.

Currently, the funds received from the operation of the canal constitute a significant share of the foreign currency inflows to the Egyptian treasury.

The main initiatives for the development of public-private partnership in Uzbekistan.

Various forms of public-private partnership implemented in Uzbekistan in the last 25 years mainly concerned only some sectors of the economy. Such projects were mostly implemented in the oil and gas and mining industries. This is due to the fact that investments in these sectors are considered safer compared to other sectors of the economy.

A production sharing agreement is one of the most widely used forms of public-private partnership in attracting foreign investment in mineral resources-related sectors.

The lack of a single legal mechanism for mutual cooperation between the state and business is one of the main reasons for the relatively low level of development of public-private partnership in the republic.

In 2017, the active implementation of measures and mechanisms to involve the private sector in the construction and modernization of social, transport and communication infrastructure in Uzbekistan began in 2017.

The introduction of modern mechanisms of public-private partnership was defined as one of the directions of reforming the public administration system in the "2017-2021 action strategy for the development of Uzbekistan".

The public-private partnership development agency under the Ministry of Finance was appointed to be responsible for the implementation of the unified state policy in the field of public-private partnership in Uzbekistan.

This agency defines the policy on public-private partnership in the republic, reviews projects, coordinates tender documents and contracts on public-private partnership with line ministries, assists in the development and conduct of tenders and financing of public-private partnership projects.

The Asian Development Bank, the European Bank for Reconstruction and Development, the International Finance Corporation, the Islamic Development Bank and the World Bank are participating in projects as consultants.

In the law "On Public-Private Partnership" this type of cooperation is described as "cooperation between state bodies and a private partner based on the pooling of their resources for the implementation of a legally formalized public-private partnership project for a certain period of time."

State administration bodies, including local executive bodies, are partners on behalf of the state and local and foreign investors are participating as private partners.

Equality of state and private partner before the law, transparency of rules and principles in the process of partnership implementation, competition and impartiality in the selection of the private sector, non-discrimination and corruption are the main principles of public-private partnership.

In Uzbekistan, the contract on public-private partnership can be concluded for a period of 3 to 49 years.

The global spread of the coronavirus pandemic has a negative impact on the development of the world economy. Naturally, Uzbekistan is also going through these tests. In such conditions, further development of financial and credit relations, rational use of available opportunities and resources is one of the urgent issues.

Scientists from countries such as Central Asia, Russia, Ukraine, Belarus, Saudi Arabia and more than a hundred representatives of international banking and financial organizations analyzed the current processes in the world economy from a scientific point of view.

In particular, institutional support of the real sector of the economy, implementation of the "Strategy of Actions" aimed at the development of the Republic of Uzbekistan in 2017-2021 in the conditions of the negative impact of the current global pandemic, further improvement of financial and credit system relations with small business entities in the service sector, various forms of ownership special attention was paid to the issues of improving the support of economic entities through the state financial and credit mechanisms, organizing the proper accounting and



monitoring of the targeted financial resources of international organizations and the state in the context of the coronavirus pandemic.

It seems that there is an interest in the merger of these entities. This begs the question our research has shown that not only private owners (investors and entrepreneurs), but also the state and the population are interested in public-private partnerships. In particular, when investors invest their money and get the appropriate profit, entrepreneurs get a profit for their entrepreneurial activity.

As a result of researching the principles of organization and development of public-private partnership and their specific features in the educational system, several conclusions were reached:

First, as a result of the study of the regulatory documents on Public-Private Partnership in force in our country, the concept of Public-Private Partnership and the definitions of related terms were presented.

Secondly, based on today's demand, the interdependence of the participants of the Public-Private Partnership and the entities interested in the Public-Private Partnership were determined and their content was revealed.

Thirdly, it is noted that the Law on Public-Private Partnerships discloses the essence of each principle, but also considers general issues affecting all sectors. If it is to be adapted to the educational system, it is also based on the need to include six more among these principles and to take them into account in the implementation of Public-Private Partnership in the field of education.

Fourth, according to the current procedure, the project cost up to one million is mainly carried out by local state bodies, authorities and other authorized organizations. If from one million to ten million, the Ministry of Finance supervised and implemented by the public-private partnership agency established under it. If the value of the Bordiyu project exceeds ten million, it will be implemented by the Cabinet of Ministers of the Republic of Uzbekistan. All public-private partnership projects will be entered into the register and a decision will be made within 30 days.

In our opinion, in all cases of public-private partnership projects in the field of education, it is appropriate to implement the project concept approval by local authorities, the Ministry of Higher and Secondary Special Education, and the initiators.

The Public-Private Partnership Agency established under the Ministry of Finance mainly plays an advisory role in this case and can carry out some controls by entering the register.

Fifth, in order to increase the efficiency of the education system and raise the quality of education services, we will attract foreign partners as well as local partners and invest in them, which are lacking in our country based on the needs of modern personnel, it is desirable to create wide opportunities for entering with advanced educational programs. Because in order not to be left behind in today's rapidly developing world, in order to ensure competitiveness, it is necessary to introduce and manage technologies that meet the requirements of the times in our economic and social life. It is advisable to take advantage of the opportunities of foreign investors until we prepare such personnel in our country.

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