



REGIONAL SOCIO-ECONOMIC CONDITIONS OF PRESCHOOL EDUCATION INSTITUTIONS OPERATING UNDER PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENTS: AN ANALYTICAL APPROACH BASED ON THE CASE OF NAMANGAN REGION

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Article history:		Abstract:
Received:	14 th April 2026	This article examines the regional socio-economic conditions of preschool education institutions operating under Public-Private Partnership (PPP) arrangements in the Namangan region of Uzbekistan. The study analyzes PPP projects implemented in the preschool education sector during 2019–2024, focusing on investment volumes, government support measures, incentive mechanisms, and changes in preschool enrollment rates. Furthermore, the role of PPP mechanisms in improving educational service quality, developing educational infrastructure, and meeting the growing demand for preschool education is evaluated. Based on the findings, several scientific and practical recommendations are proposed to enhance the effectiveness and sustainability of PPP initiatives in the preschool education sector.
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INTRODUCTION. In recent years, Uzbekistan has undertaken extensive reforms aimed at promoting private entrepreneurship and stimulating sustainable economic growth. In this context, the modernization of economic infrastructure and the transformation of entrepreneurial activities have become important priorities of national development policy. One of the key instruments supporting these objectives is the expansion of Public-Private Partnership (PPP) mechanisms, which facilitate cooperation between the public and private sectors in financing and delivering socially significant services. The development of PPP frameworks has gained increasing importance as a means of attracting private investment, improving infrastructure quality, and enhancing the efficiency of public service provision. In particular, PPP projects have created favorable conditions for private sector participation in areas traditionally financed by the state, including education, healthcare, transportation, and social infrastructure.

In our view, the implementation of PPP projects in Uzbekistan has significantly contributed to expanding entrepreneurial activity and encouraging private sector engagement in socio-economic development. However, the successful implementation of PPP initiatives requires a comprehensive approach involving the strengthening of legislative and regulatory frameworks, improvement

of project preparation procedures, facilitation of private sector participation, effective risk management mechanisms, capacity building, and increased transparency throughout the project cycle.

Against this background, the present study focuses on examining PPP-based preschool education projects implemented in the Namangan region. The analysis aims to assess their socio-economic significance, investment performance, and contribution to improving preschool education coverage and infrastructure development.

LITERATURE REVIEW. The theoretical and practical aspects of Public-Private Partnerships have been extensively examined by international scholars. In particular, E.R. Yescombe emphasized the importance of PPP financing mechanisms, risk allocation strategies, and the contribution of PPP projects to the development of social infrastructure. His studies provide a comprehensive framework for understanding how public and private entities can collaborate to deliver public services more efficiently.

Similarly, J. Delmon highlighted the critical role of institutional arrangements, legal frameworks, and government support mechanisms in ensuring the successful implementation of PPP projects. According to Delmon, a well-developed institutional environment is

essential for attracting private investors and ensuring the long-term sustainability of PPP initiatives.

Among Uzbek scholars, B.Yu. Khodiev has extensively studied issues related to investment processes and economic modernization, while A.V. Vakhobov has focused on investment policy and the determinants of economic development. Their contributions provide valuable insights into the relationship between investment activity and sustainable economic growth within the context of transition economies.

Despite the growing body of literature on PPPs, relatively limited attention has been devoted to evaluating the regional socio-economic effectiveness of PPP-based preschool education institutions in Uzbekistan. In particular, comprehensive assessments of investment dynamics, preschool enrollment rates, and the effectiveness of government support measures in the Namangan region remain insufficiently explored. Furthermore, existing studies rarely provide an integrated analysis of how PPP mechanisms influence

regional educational development, social outcomes, and infrastructure expansion within the preschool education sector. Therefore, this study seeks to fill this research gap by conducting a comprehensive socio-economic assessment of PPP-based preschool education institutions in the Namangan region.

ANALYSIS OF PPP PROJECTS AND INVESTMENT DYNAMICS. The analysis of Public-Private Partnership projects implemented in the Namangan region between 2020 and 2024 demonstrates a consistent increase in both the number of projects and the volume of attracted investments. At the beginning of the analyzed period, in 2020, the region recorded only four PPP projects with a total investment volume of USD 20 million. By 2024, these indicators had increased to twenty projects and USD 96 million, respectively. This represents a fivefold increase in the number of projects and approximately a 4.8-fold increase in investment volume.

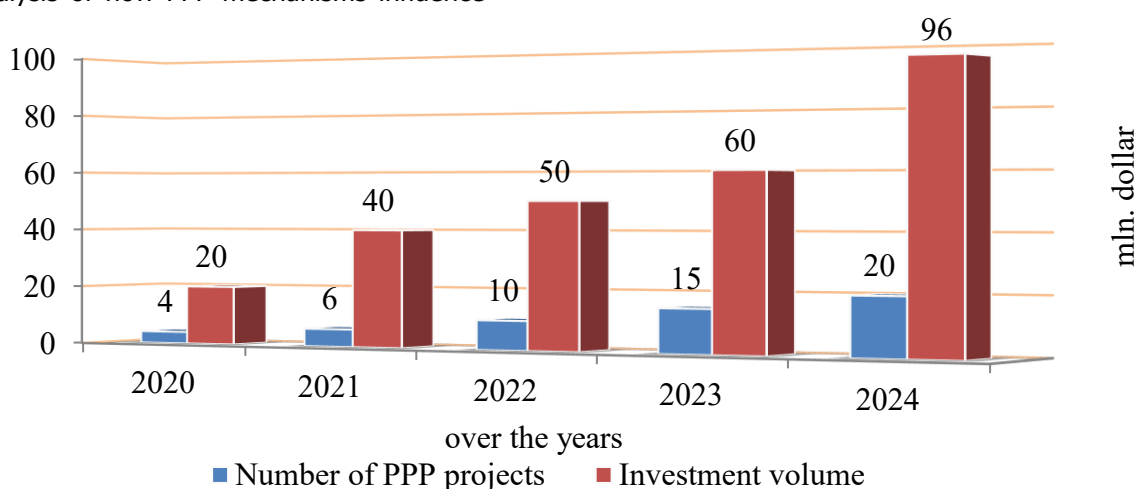


Figure 1. Number of PPP Projects and Investment Volume in Namangan Region (2020–2024)

The data indicate that each subsequent year witnessed not only growth in the number of PPP projects but also a proportional increase in investment inflows. Between 2021 and 2023, the number of projects increased from six to fifteen, while investment volumes expanded from USD 40 million to USD 60 million. This trend reflects the gradual improvement of cooperation mechanisms between the public and private sectors, as well as the enhancement of institutional and legal conditions created for investors. The substantial increase in investment volume to USD 96 million in 2024 further demonstrates the growing economic significance of PPP projects within the region.

In general, in recent years we can observe a growing trend in the implementation of public-private

partnership (PPP) projects in the education sector of Namangan region. In particular, significant attention is being paid to the development of PPP projects in the field of preschool education in Namangan. Specifically, due to the increasing coverage of preschool education institutions, the practice of establishing such institutions based on public-private partnership mechanisms was introduced in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 991 dated December 18, 2017. According to this resolution, financial support from the state is provided to entrepreneurs in organizing their activities. In turn, compensation from the state budget is envisaged for utility payments of preschool institutions established under PPP mechanisms.



In particular, in 2024, a total of 1,720 preschool education institutions operating under PPP arrangements were registered in the country. However, not all forms of PPP are being utilized in the preschool

education system of Uzbekistan. Out of 10 possible PPP models, only three forms are currently applied in the organization of preschool education institutions.

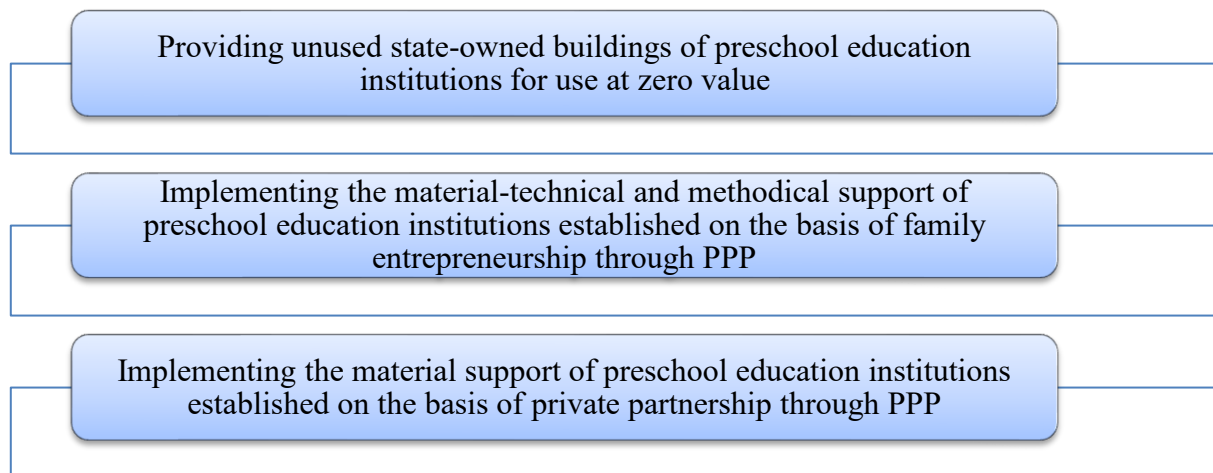


Figure 2. Forms of PPP in the establishment of non-state preschool education institutions

In particular, the practice of transferring unused state-owned property to entrepreneurs at zero cost on the basis of PPP projects has been introduced. In order to develop the preschool education system, improve infrastructure, modernize the material and technical base, and expand access considering population growth

trends, non-state preschool institutions are being established with the involvement of private sector entities through PPP mechanisms.

At present, the following types of state support are provided to preschool education organizations in the country (Table 1).

Table 1

Incentives provided by the state to non-state preschool education organizations in Uzbekistan

Category	PPP-based	Family-based	Private
Additional benefits	-	Free provision of educational materials through regional preschool education departments	-
Credit	Loans for establishment of preschool institutions: 7 years, 2-year grace period, at 5% interest	Loans up to 30 million UZS for purchase of furniture, equipment, and tools: 3 years, 6-month grace period, at 5% interest	-
Gas/Electricity	Tashkent city – up to 30% of total expenses covered	-	-
	Nukus city and regional centers – up to 40%	-	-
	Other regions – up to 50%	-	-
	Remote areas (as per Appendix 5 of Resolution PQ-5144) – up to 75%	-	-
Salaries	Teachers' salaries are paid according to state standards	-	-
Tax incentives	social tax reduced from 12% to 5%	-	-
	Exemption from all types of taxes and fees until January 1, 2030		

The table data demonstrates that Uzbekistan has introduced a wide range of financial, fiscal, and institutional support mechanisms aimed at developing non-state preschool education institutions. These incentives are primarily focused on stimulating PPP-

based and family-based preschool education organizations.

One of the key support measures for PPP-based preschool institutions is preferential crediting. In particular, loans with a 7-year maturity period, including a 2-year grace period and a 5% annual interest rate,



significantly reduce investment costs and accelerate the establishment of new educational institutions. Moreover, state compensation for 30% to 75% of gas and electricity expenses depending on the region creates favorable conditions for opening new preschools, especially in remote and underdeveloped areas.

As can be seen from the table, state financing of teachers' salaries based on established standards is also an important incentive mechanism. This ensures the attraction of qualified teaching staff and contributes to the stability of educational quality. In addition, the reduction of social tax rates from 12% to 5% significantly decreases the financial burden on these institutions. For family-based non-state preschool organizations, separate support mechanisms are also provided. In particular, free provision of teaching and methodological materials by regional preschool education authorities, as well as concessional loans of up to 30 million UZS for the purchase of furniture and equipment, contribute to the development of this sector. This leads to an increase in the number of low-cost family-run kindergartens and the expansion of preschool coverage.

It is also noteworthy that non-state preschool education institutions are exempt from all types of taxes and fees until January 1, 2030. This incentive increases the investment attractiveness of the sector and creates additional economic benefits for private investors. As a result, not only is the efficient use of public budget funds ensured, but private sector resources are also widely attracted to the preschool education system.

Overall, the incentive system presented in the table represents an effective economic mechanism aimed at developing the preschool education market in Uzbekistan, increasing enrollment rates, and strengthening public-private partnerships in the education sector. Consequently, it creates a solid foundation for the formation of a competitive environment, improvement of service quality, and expansion of educational infrastructure.

PRESCHOOL EDUCATION IN NAMANGAN REGION. Preschool education is one of the most important stages in a child's life, playing a crucial role in their development, shaping their personality, intellectual, moral-ethical, aesthetic, and physical growth, as well as preparing them for general secondary education and determining their future. Although these are different areas of child development, they are closely interconnected.

Currently, preschool education has become an integral part of the education system, and its importance continues to grow. Key indicators such as the number of state and non-state preschool institutions (including family-based ones), the number of children enrolled, the number of educators and caregivers, and the coverage rate of children aged 3–6 are of significant importance in assessing the system.

A family-based non-state preschool institution is established only under the public-private partnership model based on material-technical and methodological support from the state. Educational services in such institutions are provided by individuals registered as individual entrepreneurs.

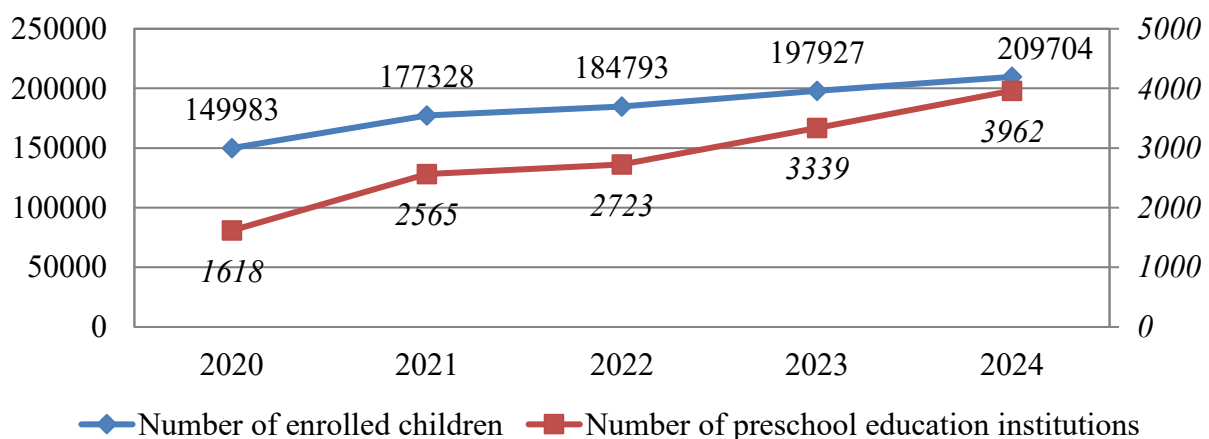


Figure 3. Information on preschool education institutions operating in Namangan region

As of December 2024, the total number of preschool education institutions operating in Namangan region, including non-state institutions, reached 3,962, which is 1,210 more compared to the same period in 2019, representing a 3.3-fold increase. At the same time, the

number of available places in preschool institutions is one of the most important indicators, reflecting the efforts of state and local authorities to ensure access to preschool education and school readiness for young children.

In this regard, a significant increase has been observed in the coverage of children aged 3–6 by preschool education. Specifically, in 2019, 20.8% of children had

access to preschool education, whereas by 2024 this figure had reached 77.2%.

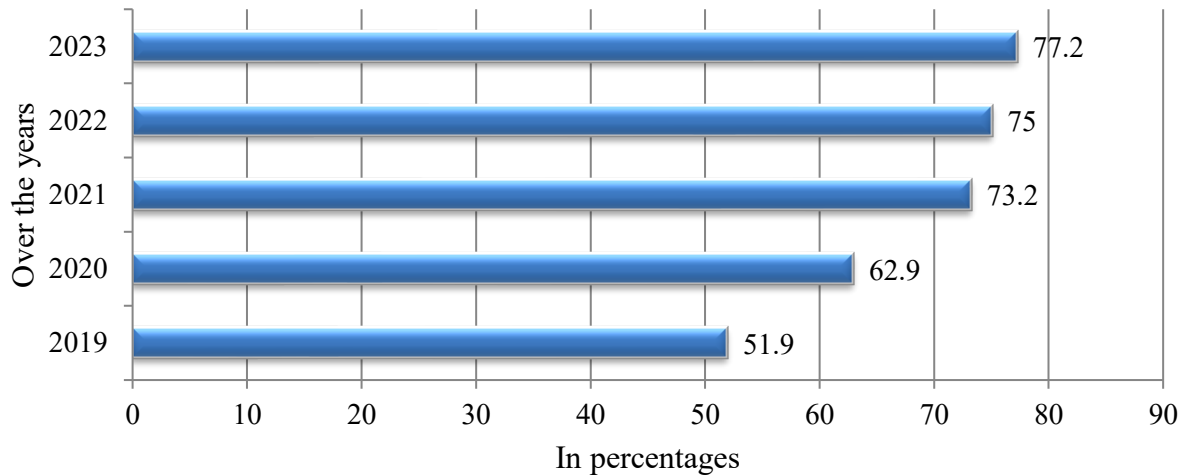


Figure 4. Coverage of children aged 3–6 with preschool education in Namangan region

This positive trend can be assessed as the result of successful implementation of educational strategies and programs aimed at the comprehensive development of children in early childhood.

Based on the above analyses and statistical data, it is necessary to evaluate the performance indicators of preschool education institutions operating under public-private partnership mechanisms, which leads to the following outcomes:

- ✓ Compliance with state and international standards ensures transparency and practicality.
- ✓ Technical inspection of infrastructure and facilities is conducted for each institution. Regional and demographic demands are taken into account.
- ✓ A monitoring mechanism is introduced to ensure the targeted use of state funds.
- ✓ Financial support is determined based on the social importance of the project.
- ✓ Social effectiveness of projects is assessed based on how well they meet public needs.

CONCLUSION. The results of the study show that public-private partnership mechanisms play an important role in the development of the preschool education system in Namangan region. The growth in the number of PPP projects and investment volumes during 2019–2024, the increase in non-state preschool institutions, and the rise in preschool coverage of children aged 3–6 from 20.8% to 77.2% confirm the effectiveness of this model.

Furthermore, state-provided incentives such as credit facilities, tax benefits, utility subsidies, and other forms of support are encouraging private sector participation

in education. In the future, improving the effectiveness of PPP projects will require strengthening monitoring of budget utilization, introducing social performance indicators, and enhancing project evaluation mechanisms. As a result, the quality of preschool education services will improve, and sustainable development of educational infrastructure in the region will be achieved.

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