



Mechanisms of Public-Private Partnership

Karimov Akramjon Ikromjon ugli

Ph.D., associate professor at Tashkent institute of finance

Turayev Anvar Shokirovich

Master student at Tashkent institute of finance

ABSTRACT

In the article, authors allocate and describe a number of aspects of the mechanism of functioning of public-private partnership. They are named as organizational and legal, financial and investment, technical and organizational, regional.

© 2021 Hosting by Research Parks. All rights reserved.

ARTICLE INFO

Article history:

Received 30 Oct 2021

Received in revised form

14 Nov 2021

Accepted 20 Dec 2021

Keywords: economy, state, private business, PPP-projects, problems, mechanisms of state-part partnership

Introduction

Development of every countries' economy causes the growth of public requirements and structural changes connected with it directed to an increase in the efficiency of social and economic tasks solution. Need of partnership of the state and private business development for the solution of problems in the social and economic sphere predetermines by the insufficiency of opportunities of the public (budgetary) financing of investment projects, large-scale and significant for society. The public-private partnership (PPP) acts as one of the modern economic mechanisms allowing realizing the interaction of the state and business. The public-private partnership, on the one side, represents a special form of influence of state authorities and management for the purpose of stimulation of business activity, and with another, acts as the economic mechanism of the solution of social and economic tasks.

Main part

One of the most important issues in the world today for development is the creation of infrastructure and infrastructure; From intercity and suburban routes to information technology infrastructure and the like. No economy in the world can thrive without building the necessary infrastructure. From the past to the present, for reasons such as high costs, long payback period, weak financial strength and lack of protection of laws and regulations from the private sector, the creation of infrastructure has been the responsibility of the public sector or the government and government and public organizations (Kolesnikov et al., 2018; Lousada, 2020). But today, it is clear that the public sector, without the help of the private sector, cannot create optimal infrastructure and infrastructure, because many specialties are stronger in the private sector and the private sector usually has a better ability to manage resources and time in projects. It can be concluded that the best way to create optimal infrastructure and infrastructure is to use all specialties in the public sector (including the national government, local government and municipalities) and in the private sector, to use the legal support of the public sector and most importantly financial resources. Both parts. That is why today the issue of "public-private partnership" is so important that many large financial and academic institutions have set up training courses for it (Hodge & Greve, 2017; Wang et al., 2018).

Public-Private Partnership (PPP) has emerged around the world in response to the lack of new infrastructure and the need to rebuild existing infrastructure. There is no clear and unique concept for Public and Private Partnership, but in short, it is a model for providing infrastructure or services (Keers et al., 2018; Rosell & Saz-Carranza, 2020). The public and private sectors, through partnerships or organizations, ensure citizens' access to facilities (infrastructure) or services. The public-private partnership models mainly serve public interest missions, and this is one of the salient features of the public-private partnership models. For example, these models are used in projects related to roads, railways, airlines, water and sewage, energy waste, health, security and prisons. The government is the ultimate supporter of providing these services to the private sector. In these models, the government delegates responsibility for designing, financing, operating infrastructure, or services to the private sector. In some of these models, not all responsibilities are assigned to the private sector, and areas such as financing and design are performed by the public sector (Jokhio et al., 2016). PPP is becoming a solution to overcome public sector budget constraints, using the skills and expertise of the private sector. The public-private partnerships are also looking for solutions to access public services. Although the main impetus for the expansion of three-party contracts should be greater efficiency in the use of public funds, the reality is that the public-private partnership projects are used as a shortcut to overcoming public budget constraints. Problems may occur in the long and medium-term, especially during the review of 3p contracts, which increases the financial burden through the procurement model (Yuan et al., 2009; Cheng et al., 2016; Osei-Kyei & Chan, 2017; Berezin et al., 2018).

In every single country, owing to specifics of its development and national peculiarities of the legislation, the approaches to understanding and definition of mechanisms of the public-private partnership can differ. The essential distinction is in what in some countries of the public-private partnership is understood as an alternative to direct budget financing of infrastructure projects, and in others — as partnership option between the state and business at the implementation of projects in various forms.

For interpretation of the public-private partnership narrower approach when the public-private partnership is understood as equal mutually beneficial cooperation between the state and private business in the arrangement course of public infrastructure and providing public services on division condition of risks and responsibility between the state and business (Bychkova, 2015) is more often put

into practice.

In foreign practice, there is a positive experience of implementation of projects of the public-private partnership at the solution of global social and economic tasks. Researches show that the main difference in projects of the public-private partnership is the number of obligations which undertake the

The mechanism of public-private partnership should be considered as a system that defines an order of interaction of subjects of PPP concerning an object of the public-private partnership in the conditions of the developed institutional environment (Nikolaev & Bochkov, 2017). Granting public benefits by the state due to attraction and use of the private capital allows it to fulfil national objectives. At the same time, risk management of projects from the state guarantees to private business decrease in investment risks.

Mechanisms of the public-private partnership can be considered as a basic design of attraction of off-budget investments into the development of different types of infrastructure and development of various territories. It allows to attract on favorable conditions private investments and competencies for creation of qualitative public infrastructure and rendering various services based on the created property according to the established time frames and the budget (Mu et al., 2011). At the same time, development and implementation of projects of the public-private partnership in practice are accompanied by the whole complex of the problems connected with insufficiently adequate institutional providing and study of the regulatory framework defining mechanisms of public-private partnership.

Conclusion

On the basis of the above, there is an objective need of carrying out the scientific research aimed at the development of mechanisms of realization of PPP on the basis of improvement of institutional providing taking into account influence of all possible factors providing its realization. The mechanism advantages of public-private partnership are widely used in infrastructure projects, the social sphere, and the sphere of public services, telecommunications and communication. The state involves not only additional financing from outside of private business but also the best administrative practices, the latest technologies.

References

1. Berezin, A., Sergi, B. S., & Gorodnova, N. (2018). Efficiency assessment of public-private partnership (PPP) projects: The case of Russia. *Sustainability*, 10(10), 3713.
2. Boeuf, P. (2003, November). Public-private partnerships for transport infrastructure projects. In Contribution to the seminar, "Transport infrastructure development for a wider Europe" in Paris (pp. 27-28).
3. Bychkova, A. N. (2015). Economic mechanism: definition, classification and application. *Vestn. Omsk. un-that. It is gray.: Economy*, 4, 37-43.
4. Cheng, Z., Ke, Y., Lin, J., Yang, Z., & Cai, J. (2016). Spatio-temporal dynamics of public private partnership projects in China. *International Journal of Project Management*, 34(7), 1242-1251.
5. Druzhkov, K., & Eremin, V. (2019). Public-private partnership—an actual form of implementation of infrastructure projects. *Ekonomika i matematicheskie metody*, 54(4), 111-115. Federal law of July 21, 2005 No. 115-FZ. About Concession Agreements.
6. Hodge, G. A., & Greve, C. (2017). On public-private partnership performance: A contemporary review. *Public Works Management & Policy*, 22(1), 55-78.

7. Ivanov, O., Zavyalova, E., & Ryazantsev, S. (2019). Public-Private Partnership In The Countries Of The Eurasian Economic Union. *Central Asia & the Caucasus* (14046091), 20(2).
8. Jiang, Y. (2017). Selection of PPP projects in china based on government guarantees and fiscal risk control. *International Journal of Financial Research*, 8(1), 99-111.