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# FORMS, MODELS AND MECHANISMS OF PUBLIC-PRIVATE PARTNERSHIPS IN THE SERVICE SECTOR

Utemuratova Gulnarakhan Khojaniyazovna,
DSc, Professor, Head of the Department "Fundamentals of Management and
Economics", Karakalpak State University, Uzbekistan

ABSTRACT	KEYWORDS
In this article, the forms of public-private partnership, the main directions of economic activity between state and private business entities, the main forms of public-private partnership in the service sector, the main features specific to this system, the role of public-private partnership in the system of interaction between the public and private sectors and its outsourcing of public services and its differences from the state franchise are explored.	private partnership,

## Introduction

Currently, in many countries of the world with a market economy, significant changes are taking place in the system of economic relations between the state and the private sector, and these changes are forming a new institutional structure of the economy.

The essence of the ongoing processes is expressed in two directions: the change in the ratio of its distribution as a result of the increase in the share of profits from entrepreneurship in the national income; successful implementation of economic reforms and reduction of existing barriers to economic growth.

Such changes cover almost all spheres of activity, in particular, state administration, business entities, and affect various aspects of relations between them. This process is manifested not only at the national level, but also at the international level.

#### **Literature Review**

Conceptual foundations of public-private partnership, monetary policy, ways to achieve the fastest growth of household incomes by encouraging private investments, problems related to the conditions of using the economic functions of the state for the formation of a competitive environment J.M. Keynes [7], Y. A. Schumpeter [17], K. R. McConnell, St. L. Brew [9], Dj. K. Galbraith [4], S. P. Kukura [8], J. Pierre, J. G. Peters [18] was illuminated in the centuries.

## **Research Methodology**

In the process of research, the system of economic relations between the state and the private sector, the economic nature and content of the "Public-private partnership" category, the implementation of

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public-private partnership projects, the main forms of public-private partnership in the service sector, the main characteristics of this system, the study of economic systems and ratios in a dialectical, systematic way and scientific approach, comparative and comparative analysis and grouping methods were used.

With the development of the market economy in our republic, the role of the state has significantly decreased, and the functions of managing the main facilities have gradually been transferred to the private sector. Also, at present, it is necessary to implement prospective cooperation with private business and to ensure optimal harmony with the means and measures of state regulation of competition.

The adoption of the Law of the Republic of Uzbekistan No. ORQ-537 dated May 10, 2019 "On Public-Private Partnership" envisages the development and regulation of relations between state and private business entities in various areas of economic activity in our country. The main purpose of this law is to regulate relations in the field of public-private partnership, including concessions.

It is known that the concept of public-private partnership corresponds to the word "Public Private Partnership" (PPP) in English. It should be recognized that, despite the fact that the cooperative relations of the two parties should be equal and mutually beneficial, it is the participation of the state that distinguishes it from all other forms of relations. Private enterprises actively cooperate with each other in various forms and mechanisms, which is considered a normal business practice. States also interact with each other and form international organizations, alliances, and associations of political, military, and economic nature. Such connections are widely popular in world practice. Public-private partnerships always define a new quality of relationship that creates a certain synergistic effect that cannot be achieved in any other way.

The conceptual foundations of PPP are presented in the works of J.M. Keynes, where it is justified that the fastest growth of household income can be achieved by stimulating private investment and monetary policy. Then the theory of "welfare state" appeared, one of its founders is D. K. Galbraith. The further development of these studies is presented in the works of K. R. McConnell and St. L. Brewer. According to them, five economic functions of the state can be used for the formation of a competitive environment: 1) support of the social environment and legal framework; 2) ensuring fierce competition; 3) distribution of profits and material benefits; 4) controlling the distribution of resources; 5) ensuring sustainable growth of the economy. Taking into account these conceptual bases, the priority directions of the formation of cooperative relations of state and private entrepreneurship are based. In this case, the state appears as a guarantor of the competitiveness of the economy and the freedom of business activity.

According to the methodological approach, taking into account the redistribution of property rights, the following definitions of PPP can be given [11]:

- "PPP is viewed as indirect privatization, which helps transfer projects from the state";
- "PPP is interpreted as a 'third way', through which the government demonstrates ways to improve the provision of social benefits to the population";
- "The PPP is a substitute for privatization programs and allows maintaining the control functions of the state in socially important sectors of the economy. In this case, in contrast to privatization, the property right in the partnership remains with the state".

Also, in the textbook "Public-private cooperation: theory and practice" by V.G. Varnavsky, A.V. Klimenko, V.A. Korolev it is said that "SPP represents a legally strengthened form of interaction

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between the state and the private sector in relation to the services performed and provided by state and public agencies in order to implement socially significant projects in state and public property objects, as well as in a wide range of economic activities".

The choice of a specific model depends on the implementation of projects of socio-economic importance.

It should be said here that the operator model is based on the division of responsibilities between public and private partners. This model is used in waste processing.

The cooperative model is used when it is difficult to provide services to independent objects of taxation. This mechanism is implemented through a joint venture of the state and a private entrepreneur.

The contract model is often used in the energy sector for investments aimed at reducing current costs. The financial leasing model provides for the leasing of buildings, facilities, production equipment, vehicles, and engineering complexes by the state to the private sector.

The main features of the PPP system around the world are as follows:

- 1. Cooperation. In the framework of PPP, joint development of project goals, objectives, programs and their management mechanism is carried out.
- 2. Joint implementation of assigned tasks. By participating in cooperative relations, the parties strive to find the optimal way to solve problems, to develop a common action policy in one or another case.
- 3. Duration of cooperation. PPP contracts are usually calculated to be implemented over a certain period of time, and cooperation implies the permanent institutionalization of mutual relations between the parties [12].
- 4. Sharing resources. The parties combine not only financial resources, but also intellectual, labor and informational resources. Relationships are implemented for the search, exchange and management of resources to achieve the goals set in the project.
- 5. Risk management. Risk management is one of the important objectives of PPP implementation. By joining forces, the parties will try to provide protection against many risks, identify hidden risks, and choose the appropriate method of their insurance.

It should be noted that our research work analyzes the management mechanism of such forms of PPP projects as a concession in the service sector. This is due to the fact that the concession drawing of the PPP project is the most widely used in the world and is practically used in all spheres of public services, and the concession continues to be of great interest in the conditions of financial and economic instability. Concessions are superior to other forms in terms of the number of transactions, the volume of involved investments and various economic indicators.

## Conclusion/Recommendations

1. Public-private partnership initiative, organization, and the leadership role considered as a guarantee are directed to ensure a new quality of state-related relations. The role of an entrepreneur in providing PPP is financing, effective management, professional activity suitable for specialization. The main goal of the PPP is to support the implementation of public tasks of high social importance. Such tasks include the creation of infrastructure of housing and communal economy, transport networks, housing construction, development of the industry, research of large-scale innovative projects, organization of insurance to protect the population from catastrophic risks.

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- 2. Public-private partnership is a mutually beneficial cooperation between the state and business based on the sharing of risks between the state partner and the private partner for a certain period of time, for the purpose of implementing state and social property objects and various socially significant projects.
- 3. The attractiveness of the public-private partnership for the state is determined on the basis of factors such as the increase in the efficiency of projects due to the participation of the private sector, the ability to solve important issues capable of developing the state economy, the reduction of budget costs at the expense of private financial resources, and the strengthening of the socio-economic stability of the regions and the increase in the level of competition.
- 4. Large-scale scientific studies on the structural forms of PPPs were conducted by World Bank experts, which distinguish the PPP contract from outsourcing of public services and state franchising.

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