

**ECONOMIC ESSENCE AND DEVELOPMENT OF PUBLIC–PRIVATE
PARTNERSHIP IN UZBEKISTAN**

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Abstract. The article examines the economic essence of public–private partnership (PPP) and analyzes the development of its mechanisms in the Republic of Uzbekistan. Key changes in the regulatory and legal framework are highlighted, including the adoption of the PPP Law, as well as the economic mechanisms of interaction between the state and business. Using examples of projects in the energy, healthcare, education, and transport sectors, their efficiency and impact on socio-economic development are assessed. The conclusion emphasizes the role of PPP as an important instrument for attracting private investment and ensuring sustainable economic growth in the country.

Keywords: public–private partnership; infrastructure; sustainable development; investment; Uzbekistan; economic reforms.

Introduction. Public–private partnership (PPP) is a form of cooperation between the state and business aimed at the joint implementation of socially significant projects. In accordance with national legislation, PPP is defined as a contractual interaction between a public and a private partner based on the pooling of their resources for the implementation of projects in the economic, social, and infrastructure spheres. Within this mechanism, the private sector is involved in the financing, construction, and operation of facilities that were previously created predominantly at the expense of public budgets.

The economic essence of PPP lies in more efficient resource utilization and the distribution of functions among participants. The private partner provides investment and managerial expertise, while the state creates conditions for project implementation and ensures its public significance. This makes it possible to implement infrastructure and social projects within shorter timeframes and with a reduced burden on the state budget, while simultaneously improving the quality of services provided.

Prior to 2017, the development of public–private partnerships in Uzbekistan was limited due to the absence of a specialized regulatory framework and practical experience. Significant changes began after 2017 as part of economic reforms aimed at liberalizing the economy and actively attracting private investment. As a result, PPP began to be viewed as one of the key instruments for the development of infrastructure and the social sector.

In the country’s strategic development documents, including the “Uzbekistan–2030” strategy, public–private partnership is defined as a priority mechanism for attracting private capital. The mobilization of substantial volumes of investment is planned for the construction and modernization of transport, energy, education, and healthcare facilities, which underscores the growing role of PPP in ensuring sustainable socio-economic development.

Methods. The study employs a set of economic analysis methods, including a systemic analysis of the regulatory and legal framework, statistical analysis of official data, comparative analysis of indicators, case analysis of implemented projects, and content analysis of official materials and expert assessments.

Results. After 2017, a stable positive trend in the development of public–private partnerships emerged in Uzbekistan, driven by a set of institutional and economic transformations. The reforms implemented ensured a transition from isolated projects to the

systematic use of PPP as one of the key instruments for attracting private investment and implementing infrastructure and social programs.

As early as 2018–2019, the foundations of the regulatory, legal, and organizational framework for PPP were laid, which made it possible to significantly intensify project activity. Quantitative indicators demonstrate accelerating growth: whereas PPP projects were limited in scope prior to 2017, the subsequent years saw a sharp increase both in the number of projects and in the volume of attracted investment. By 2025, the cumulative PPP portfolio reached approximately 2,800 projects with a total investment volume of about USD 34 billion, reflecting the scale and sustainability of this process.

A positive trend is also evident in the expansion of the sectoral coverage of PPP. In the energy sector, large investment projects have been implemented, ensuring the commissioning of new generating capacities, a reduction in electricity costs, and the development of renewable energy sources. At the same time, from 2021–2022 onward, partnership mechanisms have been actively introduced in the social sector, which has led to increased accessibility of healthcare and educational services, especially at the regional level.

A significant result of PPP development after 2017 has been the improvement of the country's investment attractiveness. The participation of international financial institutions and leading foreign investors in PPP projects indicates trust in the institutional environment and the predictability of business rules. This, in turn, has strengthened the “demonstration effect” and contributed to the replication of successful partnership models in new sectors of the economy.

Thus, the period after 2017 is characterized by the formation of a stable positive trend in the development of public–private partnerships in Uzbekistan, expressed in the expansion of project scale, diversification of PPP application areas, and the strengthening of its role in ensuring the country's socio-economic development.

Analysis.

Quantitative indicators of PPP development in Uzbekistan indicate the formation of one of the largest PPP portfolios in the region. As of the end of 2025, approximately 2,800 PPP projects at various stages of preparation and implementation were recorded, with a total investment volume of about USD 34 billion, equivalent to approximately 27% of the country's gross domestic product. This figure reflects the significant role of PPP as a mechanism for mobilizing investment resources and for structural transformation of the economy.

Dynamic analysis shows that the main growth of the portfolio occurred after 2019, when the specialized PPP law was adopted. While projects were episodic prior to 2017, in 2023 alone six major PPP agreements were signed totaling about USD 1.6 billion, accounting for nearly 40% of all PPP transactions concluded in countries of Europe and Central Asia with comparable income levels. This indicates a high intensity of investment activity and the country's institutional readiness to implement complex long-term contracts.

The sectoral structure of the PPP portfolio is characterized by a concentration of investments in the energy sector. In 2019–2024, more than 90% of the total investment volume in PPP projects was directed to the electricity sector, including both conventional generation and renewable energy sources. As a result, several gigawatts of capacity have been commissioned or are under construction through PPP projects alone, while some projects demonstrate high economic efficiency. For example, tariffs for solar power under PPP arrangements reached 2.7 US cents per kWh, which corresponds to global best practices and ensures long-term price stability for the economy.

In the social sector, the quantitative effects of PPP are primarily manifested through expanded coverage of the population with basic services. In preschool education, PPP contracts totaling more than UZS 3.7 trillion (about USD 340 million) were concluded in 2018–2023,

enabling the creation of more than 128.6 thousand new places. As a result, preschool enrollment increased from 27% in 2016 to 74% in 2023, while the share of the private sector rose to 36%. These indicators demonstrate a significant multiplier effect of PPP on human capital formation.

In healthcare, the economic effect of PPP is reflected in improved accessibility and increased volumes of services. For example, dialysis center projects implemented through partnership mechanisms provide treatment for at least 1,100 patients annually, while private investments of approximately USD 13 million made it possible to create modern infrastructure without one-time budget expenditures. Financing is carried out through a payment-for-services model, ensuring a sustainable link between budget spending and actual social outcomes.

In transport infrastructure, PPP projects demonstrate substantial investment scale. In the aviation sector, private investments in the modernization of one international airport exceeded USD 80 million, leading to increased passenger traffic and improved service quality within the first years of operation. In the road sector, PPP programs envisage the construction and modernization of at least 1,000 km of major highways by 2027, equivalent to investments of several billion dollars and having a direct impact on logistics costs and economic mobility.

Overall, the quantitative analysis shows that PPP in Uzbekistan functions as a large-scale investment mechanism, ensuring the inflow of private capital, accelerated infrastructure development, and the achievement of socio-economic effects measurable both in financial indicators (USD billions, % of GDP, investment volumes) and in public development outcomes (service coverage, capacity, number of users). This confirms the sustainable integration of PPP into the country's economic development system.

Discussion. The results of the analysis indicate that Uzbekistan has formed favorable conditions for the development of public-private partnerships within a relatively short period, already yielding tangible economic results. Under conditions of limited budgetary resources, PPP has become an effective tool for attracting off-budget investment to priority development projects. The partnership has enabled the pooling of state and private sector resources, ensuring the implementation of infrastructure and social facilities that previously could not be fully financed from the budget.

The reforms implemented after 2017 played a key role in activating PPP. Economic liberalization, improvements in the investment climate, strengthening of investor rights, and the establishment of a specialized regulatory framework laid the foundation for trust from the private sector. The involvement of international financial institutions at the initial stage was particularly important, as it facilitated the adoption of global best practices in project preparation and implementation. This ensured a high level of competition, procedural transparency, and economic efficiency, especially in the energy sector.

The economic efficiency of PPP is most clearly demonstrated in implemented projects. In energy, partnerships accelerated the commissioning of new capacities, reduced electricity costs, and introduced modern technologies. In the social sector, PPP expanded access to healthcare and educational services, including in regional areas, while simultaneously improving their quality. The implementation of PPP projects also contributes to job creation and private sector development, including the involvement of local enterprises in supply chains and infrastructure servicing.

An important element in PPP development has been the establishment of project support and monitoring systems. The creation of mechanisms for accounting for fiscal obligations and the introduction of digital project management tools are aimed at ensuring transparency and sustainability of partnerships. This allows for monitoring the fulfillment of obligations by all parties throughout the project life cycle and increases predictability in implementation.

Overall, public–private partnership in Uzbekistan has moved from an initial formation stage to a phase of large-scale practical application. A national PPP model has been formed, combining international experience with national development priorities. In the coming years, further expansion of PPP and its more active use in transport, utilities, and social infrastructure is expected, which will contribute to the country’s sustainable socio-economic development.

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