

## The role of public-private partnerships in attracting investment projects in the transport sector

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**Abstract:** The article examines foreign mechanisms of public-private partnership as the most effective form of public-private partnership, the possibility of effective organization of public-private partnership in the transport sector and the implementation of investment projects to ensure sustainable economic growth, draws conclusions, proposals and recommendations. out

**Keywords:** Public-private partnership, investment projects, concession agreement, infrastructure

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### Introduction

The globalization of the world economy, technological development and the digitalization of the economy testify to the urgency of the transition to innovative development in our country, aimed at radical renewal of all spheres of life of the state and society. It is difficult to imagine sustainable economic growth without investment. Indeed, "we can achieve rapid development of our economy only through the active involvement of investment, the launch of new production facilities" [1]. As a result of growing demand for public services and infrastructure, investment financing in this area will need to be implemented not only through the state budget, but also on the basis of public-private partnership (hereinafter - PPP). The active work of the elements of the market mechanism has formed a new economic relationship between the public and private sectors. One of the features of this economic relationship in the practice of developed countries is the partnership between the public and private sectors.

The experience of developed countries shows that an increase in the share of services in GDP indicates a high level of welfare. In this context, transport services are important as leading sectors of manufacturing and social infrastructure.

Vehicles play a strong role in the formation of the territorial structure of any society, domestic and foreign markets, as well as in the development of the state economy, as well as in attracting a large influx of tourists to the country. In recent years, large-scale measures have been taken in the country to develop the transport and communications sector, ensure a high level of transport safety, increase the investment attractiveness and export potential of the country, strategic development and sustainable operation of transport communications. In particular, special attention is paid to PPP.

### **Literature review**

As the President of the Republic of Uzbekistan Sh.M.Mirziyoev noted, “studying the international experience, opening the way for the private sector to monopolistic areas that can bring competition and thereby create a competitive environment, as well as transport public-private partnership mechanisms, which is one of the effective means of attracting investment. It should be widely applied in the fields of energy, roads, utilities, medicine, education ”[1].

The most general of them is given by the World Bank: “PPPs are agreements between public and private parties for the production and provision of infrastructure services, designed to attract additional investment and, most importantly, as a means of increasing efficiency. budget financing ”[2].

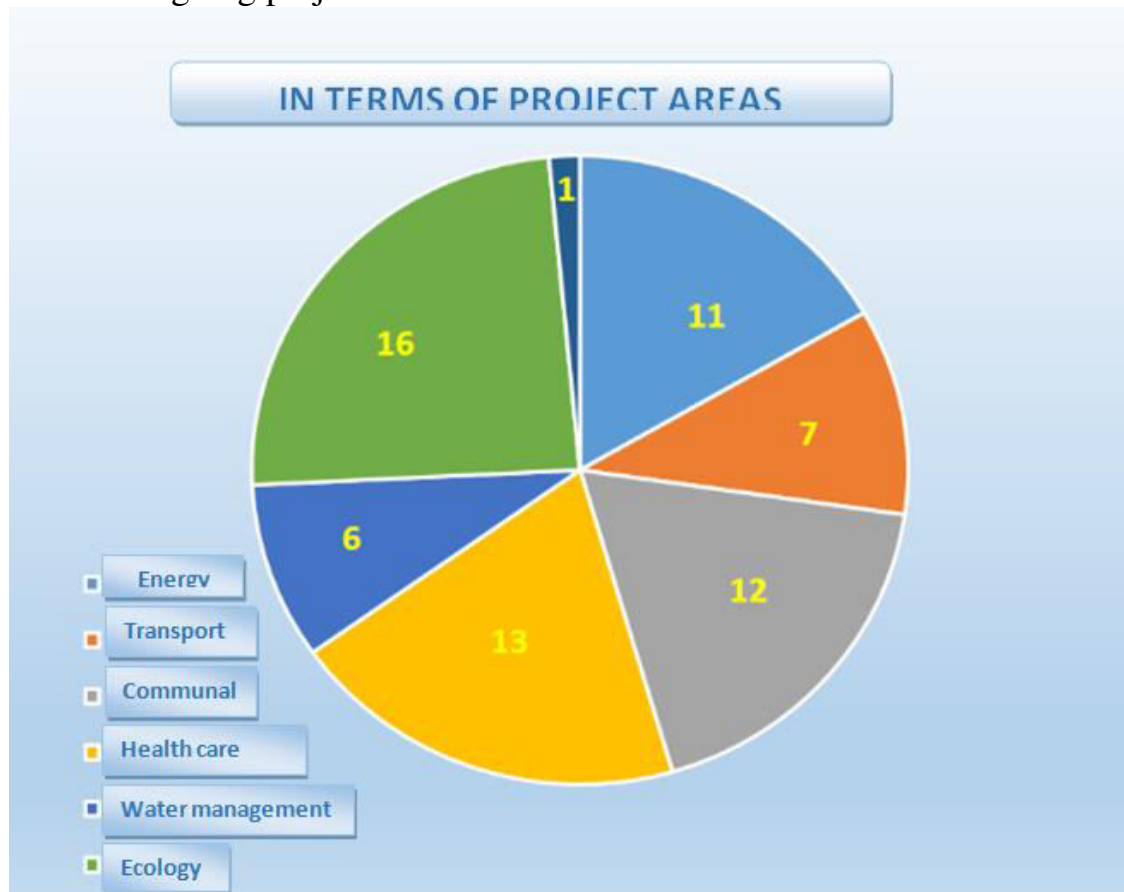
Public-private partnership is a form of cooperative agreement, a partnership in which two or more public and private sector representatives implement strategic investment projects within a single project. The main goal of state participation in PPP relations is to achieve sector reform by attracting private investment, increasing efficiency and better use of available resources, and identifying, encouraging and creating a pure competitive environment for the public and private sectors in the development of sectors [3].

In each country, government agencies and legislation have been established not only to monitor PPP projects, but also to increase their confidence by further developing this area and protecting the rights and legitimate interests of investors. In particular, in 1899, for the first time in England, the Center for the Development of PPPs and the National Finance Development Agency were established. The main task of the agency is to mobilize funds for PPP projects and provide advice to ministries and other agencies. [4]

In Canada, there are 2 organizations working in this direction. The first is the Center for the Development of Federal Project Implementation on the basis of PPP, which manages a fund that finances projects implemented on the basis of PPP. The second organization is the DHS Development Committee. In Japan, another developed country, PPP projects are implemented under the 1999 Law on Private Financing Initiatives. In addition, Japan has enacted the Law on the Development of SMEs, the main purpose of which is to attract financial resources from the private sector, as well as management and technological capabilities for the

development of social infrastructure. In France, in 2005, the Agency for the Development of SMEs was established under the Ministry of Finance. By 2008, France had adopted the Law on PPP Agreements. [5]

At the same time, on October 20, 2018, the Agency for the Development of SME under the Ministry of Finance of the Republic of Uzbekistan was established in the Republic. The Agency has the status of a state institution and is designated as a specially authorized state body in the Republic of Uzbekistan to pursue a single state policy in the field of PPP. On May 10, 2019, the Law of the Republic of Uzbekistan "On Public-Private Partnership" No. ZRU-537 was adopted. In addition, in order to further develop the industry, on April 26, 2020, the Cabinet of Ministers developed Resolution No. 259 "On improving the implementation of PPP projects." PPP projects in the territory of the Republic of Uzbekistan are implemented by the relevant government agencies and the agency on the basis of these laws and decisions. Currently, 66 projects on the basis of PPP are being implemented in the Republic of Uzbekistan in various sectors. The estimated cost of existing projects is 5.8 billion soums. USD. Through Figure 1 below, we can see in detail the ongoing projects in terms of sectors.



**Figure 1. Projects implemented on the basis of public-private partnership.**

As can be seen from the diagram, in particular, in the transport sector, especially in railways and highways, 7 projects are being implemented on the basis of PPP. An example of this is the following large-scale projects:

1. Construction of the Tashkent-Andijan toll road. A project to build a toll road on the Tashkent-Andijan route, which provides access to high-quality roads that meet international standards, is being studied on the basis of a grant from the World Bank, and the tender process is currently underway. The total cost is 3 billion. The term of this project contract, which is higher than USD 1 billion, is 49 years, and the infrastructure created will be handed over to the state upon the expiration of the contract;

2. Construction of the Tashkent-Samarkand toll road. The project on construction of the Tashkent-Samarkand toll road with a total cost of about \$ 2 billion and a total length of 295 km is being implemented in cooperation with the European Bank for Reconstruction and Development.

Today, many economically developed countries of the world consider it a strategic task to further develop the economy, to organize the production of various industries, including the development of agricultural machinery. We are from the CIS countries, Kazakhstan, Russia and foreign countries, Japan, Australia, Russia, Great Britain, France, the Netherlands and Poland, we consider it expedient to study the experience of the transport sector in this area. The first PPP projects in

Kazakhstan were launched in 2006. At that time, three major projects worth 46.2 billion tenge were implemented: the Shar-Ust-Kamenogorsk railway station, the North Kazakhstan-Aktobe electrified railway line and the Aktau International Airport.

**Table 1**

*As of 2018, projects implemented and being implemented in Kazakhstan on the basis of PPP<sup>1</sup>.*

Public-private partnership	Agreed contracts	Commissioned projects	Projects currently under construction
Quantity	240	167	63
Value (million, tenge)	792,8	101,3	691,6

As shown in the table above, the number of contracts signed for PPP projects was 240, amounting to 792 million. tenge, the number of commissioned projects 167 worth 101.3 million. tenge and the number of projects currently under construction is 63 worth 691.6 mln. tenge.

As of 2015, Russian Railways (RZD) has purchased 10-car, 16 Sapsan trains developed by Siemens on the basis of life cycle contracts. These electric trains will

be serviced by Siemens for 30 years. The project cost is \$ 354 million. euro. In 2014, Russian Railways (RZD) signed contracts with leading Russian service companies on the basis of a life cycle contract (LCS) for the maintenance of the locomotive fleet. One of the largest contracts signed is with LokoTex for the maintenance of 15,000 locomotives (almost 70% of the RJD locomotive fleet) for 40 years.

Of particular importance is the project to build a public railway on the section "Elegest-Kizil-Kuragino". The project is 100% funded by a private investor, who pays for its availability for use, and receives revenue from transportation and services to other carriers. The project has a lifespan of 30 years and a total cost of 192.4 billion soums. rubles.

The Obskaya-Salekhard-Nadim section of the Northern Latitude Crossing will also be financed by a private investor in the amount of 90% (103 billion rubles). takes The duration of the project is set at 35 years.

The validity of the project for the design, construction and operation of railways to organize the activities of the special economic zone of industrial production type "Tolyatti" is 15 years. The project is 100% (1.1 billion rubles) funded by a private partner. The private partner generates revenue based on direct payments from these railway users.

Japan's railways' PPP relations are very different from those in other countries. The Japanese government began attracting the private sector to the sector in the 1960s. One of the main reasons for the development of Japanese railways at this level is that most of the projects are carried out on the basis of PPP. Since 1960, about 50 new lines have been built on the basis of PPP. In particular, in 2002 a new railway line called Manyo Line connecting the cities of Takaoka, Imizu and Toyama was built, in 2003 the Echizen Railway, in 2008 The Hitachinaka Seaside Railway and in 2015 The Yokkaichi Asunaro Railway.

In addition to the construction of new lines, a number of projects have been implemented in electrification, reconstruction and other areas. An example is the electrification of The Wakayama railway line, which began in 2006. It should be noted that most of the projects in the metro network in Japan are implemented on the basis of PPP.

In 2015, a 30-year concession agreement was signed at Sedai Airport in Japan to implement a large-scale project on the basis of PPP. In the interests of both parties to this agreement, great attention has been paid to accelerating the work of attracting the private sector to Japanese airports, and agreements have been reached on a number of investment projects.

In the Australian capital, Sydney, 600 wagons were purchased on the basis of the DCS for the organization of suburban train traffic. Under the terms of the PPP

agreement, Bioan will supply private partner wagons and service them for 30 years, while the public partner will provide \$ 175 million. and a private partner as a guarantor of bank loans under the project. The total cost of the project is 3.6 billion soums. dollars.

As part of the UK's long-distance express program, 866 wagons were delivered by the Japan Overseas Railway Systeem Association, which provides 27 years and 6 months of maintenance for the wagons.

French railway company Reseau Ferre de France (RFF)

In June 2011, \* LISEA signed a 50-year concession agreement with the consortium to build a high-speed electrified and 302 km long high-speed rail line between Tours and Bordeaux on the basis of DXSh. The contract provides for project financing, construction, design, operation and maintenance. However, the contract stipulates that the construction period of the project is 6 years, and this period lies within 50 years. The total cost of the project is estimated at 7.8 billion euros. Sources of funding for the project include public and private sector funding.

\* The LISEA consortium consists of the CDC Infrastructure Fund and private companies SOJAS and AXA and other private investors.

The total length of the high-speed railway line in Zhejiang Province of East China is 269 km, connecting the cities of Hangzhou, Shaoxing and Taizhou in Zhejiang Province. The total cost of this PPP project is 44.9 billion yuan, 51% of which is financed by private investors, and the total term of the contract is 30 years, of which 4 years are for construction.

It is also planned to build and operate the 1118-kilometer Golmud-Lhasa railway line.

According to the Dutch experience, the total length of the high-speed main railway connecting Amsterdam and Rotterdam in this country is 125 km. we can know that Under the project, the share of the private partner in capital investment was 14%, and the share of the state was 86%. The duration of the project is 25 years.

Also, the international airport in Poland and the Rhine-Main airport in Frankfurt were built on the basis of the CIS. Eighty percent of construction financing sources are from the private sector.

The results of the study and analysis of foreign experience in the use of public-private partnership mechanisms in the development of the transport sector show that the expansion of cooperation in this area is important not only for the development of transport infrastructure, but also the country's economy.

Based on the analysis of projects implemented on the basis of PPP in foreign countries and achieved positive results, the following proposals have been

formulated for the implementation of PPP-based investment projects in the development of transport infrastructure in Uzbekistan:

**I. For railway transport:**

**1. Projects that require large investments:**

- Construction of highways for high-speed passenger traffic;
- Renovation, operation and maintenance of the locomotive and wagon fleet;
- Construction of electrified railway lines for public use.

**2. Projects that do not require large investments:**

- provision of cargo areas and terminals to private entrepreneurs on the basis of PPP;
- outsourcing the process of providing station services to private entrepreneurs;
- organization of work of the organization engaged in loading and unloading activities at railway stations;
- Involvement of refrigerated, private entrepreneurs in warehouse work;
- Involvement of private entrepreneurs in social facilities not related to the main activity.

**II. By airlines and airports:**

- Involvement of the private sector in the modernization of airports that need to be repaired;
- Involvement of private entrepreneurs in passenger transportation and passenger service at airports.

**III. On highways:**

- construction of highways for high-speed passenger traffic on the basis of PPP;
- implementation of projects for the construction of sampling, hostels, catering and other tourist entertainment facilities on highways on the basis of PPP, and the transfer of passenger service in these areas to the private sector;
- Involvement of the private sector in the reconstruction and management of repaired bus stations in the regions;
- Involvement of private sector funds in the construction of multi-storey bridges or tunnels in order to bring closer the distance of passengers who have to travel by bypass roads.

From the above, it can be concluded that the implementation of these proposals will have a positive impact on the development of the transport sector of the country and ensure sustainable economic growth through public-private partnership in this area.

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