WEB OF SYNERGY:

International Interdisciplinary Research Journal

Volume 2 Issue 3, Year 2023 ISSN: 2835-3013

https://univerpubl.com/index.php/synergy

Public-Private Partnerships: Experiences of Foreign Countries

Akbarov Gayratjon Ne'madjonovich

Namangan University of Business and Science, senior teacher

Article Information

Received: January 12, 2022

Accepted: February 16, 2023

Published: March 16, 2023

Keywords: *economic infrastructure, social infrastructure, Public-private partnership (PPP), developing countries.*

ABSTRACT

In developing countries, the government which has limited budget for public infrastructure development should choose which infrastructure should be developed. Most countries decided to build more economic infrastructure than social infrastructure because former have direct economic impact for society. The involvement of private sector in public infrastructure financing has been accomplished for decades in the form of Public Private Partnership (PPP). However, the implementation is also more often for economic infrastructure, but some countries have started to implement PPP for social infrastructure (education, healthcare, care of the elderly, etc.) when they think to add human capital and improve quality of life. This study attempts to review a set of public private partnership implementation models relevant for social infrastructure development in some countries. Moreover, this study also more explores to the challenges and issues in different areas of social infrastructure. The outcome is to show a trend public-private partnership for social infrastructure in some successful projects from different countries. The challenges and issues about implementation public-private partnership for social infrastructure also be a part of the results from this study.

Introduction. Since 1980s, public-private partnership (PPP) is gaining global popularity as a viable alternative to public funding for building and financing infrastructure projects. PPP is a means to effectively deliver projects in the public sector because it emerges against the backdrop of financial constraints and management capacity in the public sector to support largescale infrastructure projects. PPP not merely means a way to accomplish financial problems by bringing private capital, but it also aims to bring private sector efficiency and best practices in delivering infrastructure.

Social infrastructure investment is important to the society, so actually it is also being a considerable factor in the economy. Inderst describes that PPP is about Twice as important in social as in economic sector, even though the PPP on social infrastructure in Europe runs only 6-7% and is still concentrated in a few countries[1].

Advocates of public-private partnerships (PPPs) for infrastructure services in developing countries have long battled criticism of these arrangements by civil society groups. The view among PPP advocates generally has been that these criticisms are mostly ideological polemics that mix opinion with selected but often misinterpreted facts.

Material and method. Public Private Partnerships (PPP) can be depicted as a long-term contractual agreement and relationshipbetween the public authorities and private sector companies. PPP is a delivery method that aim at financing, designing, implementing and operating public sector facilities and services. In other word, PPP which defined as private-sector investment in public infrastructure have the following key characteristics [2]:

- The authors, in the form: initials of the first names followed by last name (only the first letter capitalized with full stops after the initials);

- a long-term contract (a 'PPP Contract') between a public-sector party and a private-sector party;
- for the design, construction, financing, and operation of public infrastructure (the 'Facility') by the private-sector party.

Results. One of the problems faced by Canada is the need for housing that is safe, adequate and affordable for all Canadians. Ministry of Finance of Canada found their affordable housing a large influence on the whole aspects - from raising healthy children to pursue education, jobs and opportunities - that will enhance Canada's economic well in the end. Investment is necessary to meet those needs. By making new investments in social infrastructure - in such things as affordable housing and early learning and childcare, it will encourage inclusive growth for Canadians and elevate more Canadians - including children and the elderly - due to poverty. These investments fall into the three investment priorities of the Government of Canada that are expected to lay the groundwork for future growth. The investment is planned for public transportation, green infrastructure and social infrastructure for 10 years starting 2016. As stage 1 of the infrastructure plan, the Government proposes to provide $ 11.9 billion over five years allocated for [3]:

- improve and improve the public transit system in Canada, for $ 3.4 billion over three years;
- investments in water, sewage and green infrastructure projects across Canada, for $ 5.0 billion over five years; and
- social infrastructure, including affordable housing, early learning and childcare, cultural and recreational infrastructure, and safe public health care facilities; For $ 3.4 billion over five years.

United Kingdom (UK) is a prominent country in terms of private capital investment in infrastructure over the last few decades. The country has developed publicprivate partnerships in PPP models since the 1990s, they are developing a form of PFI for social infrastructure. In the UK, HM Treasury (2013) describes that there are more than 600 PPPs are in the form of a $ 100 billion Private Finance Initiative (PFI) arrangement for hospitals, schools, prisons, bridges, roads and military equipment (Roehrich et al, 2014) [4]. Inderst argues that infrastructure needs in the UK in the future are quite high, both economic and social infrastructure. The need for economic infrastructure is expected to increase to 3-3.5% of GDP or £ 55-65 billion per year, while social infrastructure becomes 1-1.5% of GDP or £ 20-25 billion per year.

Australia is one of the most advanced countries in adopting Public Private Partnerships (PPP) to deliver social infrastructure projects. The use of PPP in Australia has grown rapidly since its inception in the 1980s and is now used to provide services in various economic sectors (roads, railways, airports etc.) and social infrastructure (schools, hospitals and prisons etc.). Jetro states that the Australian market now has a reputation for a clear and transparent procurement process used to realize infrastructure projects in many sectors [5].

South Korea began developing private infrastructure investment in early 1994 with launched "The Private Capital Inducement Act". At that time, PPP in the country aimed at creating infrastructure facilities by the private sector to reduce public spending and to take advantage of private sector efficiency. The first legal framework that specifically promoted PPIs was the "Private Capital Laws Legislation" which was officially launched in 1994. In 1999 when there was an economic crisis in Asia, the PPP Law was changed to promote the PPP market in order to further encourage the private sector to Developing projects with a clearer distribution of risk. And in 2005, the PPP Law was changed by introducing Build-Transfer-Lease (BTL) schemes for social infrastructure.

Debate. An important message of social infrastructure is the clear need that development is able to provide benefits to the community. Public and private stakeholders have different needs and goals, but they must have the same goal to provide social infrastructure in order to resolve the problems of society by using partnerships.

The experience of countries like the United Kingdom, Canada, and Australia have been relatively stable in implementing PPP for social infrastructure provide a deeper understanding of how the process is done. The development of South Korea also provides another positive perspective in studying the application of PPP to social infrastructure.

Conclusion. Clearly there are a number of different purposes which PPPs might fulfil:

- policy design and planning (e.g. land-use and transportation studies with consultants, where the consultants become a central part of the planning function over a long period);
- policy coordination (e.g. allocation of responsibility for particular policies to specific agencies perhaps through a policy steering group, although typically the final decision will rest in the public sector) or setting priorities;
- policy monitoring (e.g. policy steering group with partners from public, voluntary and private sectors);
- policy evaluation and review (e.g. policy steering group with partners from voluntary and private sectors);
- policy implementation and service delivery in one of three ways: in-house (with external partners in advisory capacity, e.g. management consultants), coproduction with external partners (e.g. joint venture for waste disposal) or full externalization (e.g. selling of social housing stock to housing associations);
- resource mobilization (e.g. sponsorship or fundraising management);
- resource management (e.g. ICT or facilities management).

In the case of each of these underlying purposes, there has been a long tradition in the public sector in most countries of in-house provision within traditional hierarchical structures. However, PPPs with a strong collaborative character may be instigated as an alternative approach to make the most of existing resources and competences — or, alternatively, in order to explore the potential for innovative approaches, bringing in new resources and competences.

References.

1. Inderst, Georg. “Social Infrastructure Investment: Private Finance and Institutional Investors,” 2015.
2. Yescombe, E. R. Public-Private Partnerships: Principles of Policy and Finance. Elsevier Finance. Amsterdam; Boston: Elsevier, 2007.
3. Government of Canada, Department of Finance. “Budget 2016: Chapter 2 - Growth for the Middle Class,” March 22, 2016.
4. Roehrich, Jens, M. K. Lewis, and Gerard George. “Are Public-Private Partnerships a Healthy Option? A Systematic Literature Review of ‘Constructive’ Partnerships between Public and Private Actors,” 2014.
5. JETRO. “Public Private Partnerships in Australia and Japan.” Japan External Trade Organization, 2010.
6. Z. Boymirzayev. "The role of export potential of Namangan region in the economy of Uzbekistan". NamMQI. Namangan. 2022.
7. G.Akbarov, J.Aliboyev. Development of Public-Private Partnership Relations in Uzbekistan // Scientific journal of “Eurasian Journal of Law, Finance and applied Sciences”. Volume 2, Issue 13, December 2022. Ps 125-131. https://doi.org/10.5281/zenodo.7461208