

# The Necessity of Financing Education Schools in the Republic of Uzbekistan on the Basis of Public-Private Partnership

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## **Abstract:**

In the researches conducted in the field of financing the continuous education system in the world, scientific research is being conducted to classify the sources of financing the education system, to improve the material and technical base. Technical provision of general education schools, attraction of funds from the private sector and communal economy together with the state budget funds are among the urgent topics of today. In this article, the issue of financing general education schools in the Republic of Uzbekistan on the basis of public-private partnership is reflected.

**Keywords:** financing of education, secondary schools, sources of financing, public-private partnership, private investors.

## **Introduction**

The use of funds allotted to finance the public education system is being improved through the implementation of a number of strategies worldwide. In 2017, in the member countries of the Organization for Economic Cooperation and Development (OECD) “from \$3,000 in Mexico to \$21,900 in Luxembourg was spent per student enrolled in primary and secondary schools, while in the United States, this figure was 37 percent higher than the average for OECD member countries (\$10,300), and amounted to \$14,100”[1]. The amount of funds dedicated to public education in various countries throughout the world impacts the level of development and social orientation of their economies.

## **Literature review**

Education is a force that increases economic growth, efficiency and competitiveness of the national economy. The effective organization of the education system is important for the development of the economy. Primary and secondary education in any country is supported by the State[2].

In international practice, such indicators as the level of school enrollment, the number of teachers, the level of equality in education, public spending on education per capita are essential. In many countries, the education system, in particular school education, is financed from the State budget. Financing from the state budget is the financial provision of educational institutions in order to cover the expenses incurred by them. A variety of scientific research have been undertaken in this area, and several techniques and points of view exist.

The scientist-economist O.Starkova believes that "The task of budget financing is to achieve maximum efficiency at minimum costs that require effective use of funds" [3].

As V. Chekhov notes, "Budget financing of any industry involves the distribution, receipt, use of budget funds in order to ensure the functioning and development of this industry. In this regard, the financing of education is the process of allocating, receiving, using funds from budgets of different levels" [4].

Getting an education is a constitutional right of a citizen. In particular, article 41 of the Constitution of the Republic of Uzbekistan stipulates that "Everyone has the right to education. The State guarantees free general education. School business is under the supervision of the state"[5].

S. Belyakov believes that "Funding education is a relationship associated with the payment of educational services, and this service is provided to the recipient of education not by himself or his family, but by the state, which does not use this service"[6].

According to S. Vishnyakova, "Funding education consists in providing educational institutions with state, municipal or other budgetary funds, which will serve as the basis of state guarantees for the education of citizens within the framework of state standards" [7].

D. Rakhmonov's research was focused on the development of higher education institutions based on the practice of public-private partnership and improvement of the wage system[8].

D. Mirkhodzha in her study focused on the issues of attracting extra-budgetary funds to school education, put forward a mechanism for determining an additional allowance for teachers' salaries and introducing voucher financing in school education[9].

## **Analysis and results**

In developed countries, strong state control over the education system has been established, and despite the fact that financial independence has developed, the activities of educational institutions in them are mainly financed from state funds. At the same time, these countries have experience in the rational use of public and private sources of financing.

For example, in France, the education system is centralized and subordinated to the national ministry, and 15-20% of the operating educational institutions are private educational institutions. The sources of funding of the education system are the local budget and contributions of private individuals [10].

The uniqueness of the US education system is its decentralization. According to the Constitution of this country, the education system is regulated by the states. In the United States, local governments have a large share of funding for the high school system, with 10% of education costs coming from the federal budget, 47% from state budgets, and 44% from local budgets[11].

In world practice, when financing educational institutions, as a rule, two sources are used, namely

budgetary funds and extra-budgetary funds. Table 3 shows the sources of funding for the education system in foreign countries.

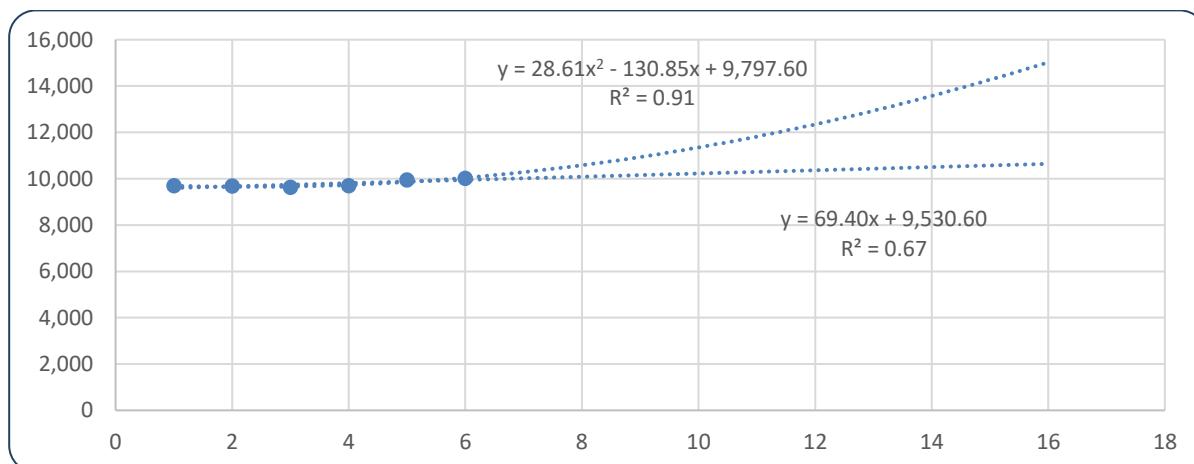
**Table 1 Sources of financing of the education system in foreign countries (as a percentage of GDP, 2018)[10]**

| Countries                   | All stages of training (ISCED 0-8) |                 |                       |
|-----------------------------|------------------------------------|-----------------|-----------------------|
|                             | All sources of financing           | Budgetary funds | Extra budgetary funds |
| USA                         | 8.1                                | 5.4             | 2.7                   |
| Great Britain               | 7.6                                | 5.7             | 1.9                   |
| France                      | 5.6                                | 5.5             | 0.1                   |
| Germany                     | 5.8                                | 5.0             | 0.8                   |
| Japan                       | 5.2                                | 3.6             | 1.6                   |
| Switzerland                 | 5.7                                | 5.1             | 0.6                   |
| Finland                     | 7.4                                | 7.2             | 0.2                   |
| Italy                       | 4.5                                | 4.1             | 0.4                   |
| Norway                      | 9.8                                | 7.4             | 2.4                   |
| New Zealand                 | 6.2                                | 6.4             | 1.0                   |
| Russian Federation          | 5.0                                | 3.9             | 1.1                   |
| Average (for all countries) | 7.1                                | 4.6             | 1.6                   |

Among a number of developing countries, in Uzbekistan, in the market economy, the possibility of fully providing the education system at the expense of non-state sources is at a low level, as a result of which there are problems related to the lack of state general education institutions and the large number of students, including:

- The number of students in the school is more than 50% of the school's capacity. As a result, the educational process is organized in two or three shifts, students are forced to study in 35-45 classes, and this will certainly have a negative effect on the educational process;
- Most schools do not have basic household conditions for proper functioning.

In 2011-2030, the number of students is increasing year by year, that is, in 2018, there were 5,822,000 students, in 2020, 6,377,000, 7,378,000 in 2025, and 7,825,000 in 2030. This figure is 122.7% compared to 2020 percent, this situation in itself indicates the need to increase the capacity of schools.



**Figure 1. Forecast of the number of educational institutions until 2030**

The increase in the number of students studying in general education schools requires accuracy and efficiency in the planning of expenses in the public education system, which indicates the need to pay special attention to the issue of using the voucher financing method per capita depending on the number of students studying in them in the financing of expenses in the financing of general education schools [12].

In his Address to the Oliy Majlis at the end of 2018, the President of the country emphasized the need to widely use public-private partnership opportunities in the establishment of educational institutions and as a result, special attention is being paid to the development of public-private partnership relations in the education system along with other areas.

"Public-private partnership is a partnership between a public partner and a private partner based on pooling their resources for the implementation of a legally formalized public-private partnership project for a certain period of time" [13].

Public-Private Partnerships (PPPs) are based on a partnership between the public and private sectors, where the private sector leverages its own capital and management potential. The public sector, being responsible for providing services to the population at the expense of budget funds, has a positive effect on the development of the economy and the improvement of the well-being of the population.

In 2019-2020, 20 non-governmental general education institutions were established on the basis of public-private partnerships, which covered 5354 students and led to the creation of 907 new jobs. 71.7 billion soums for the implementation of these works. soums of private investment was directed [14].

From 2019 to September 2022, 423 projects with a total value of more than 12 billion dollars were developed within the framework of public-private partnership (PPP), and 71 of them fell into the field of education. Also, it is planned to implement 154 more projects with a total cost of more than 1 billion dollars. In the field of education, 1 million 200 thousand students will be provided with education as a result of the construction and reconstruction of 2899 schools in the next four years.

By the end of 2026, the state has allocated 16.8 trillion soums from the budget for the construction of 2,050 new schools and the reconstruction of existing ones, which will create additional 700,000 student places. Private enterprises are expected to invest in the construction of 589 new schools for 396 students [15].

The Presidential Decree "On the establishment of public general secondary education schools on the basis of public-private partnership in Tashkent city and Tashkent region in cooperation with the Asian Development Bank" was signed [16]. According to it, in 2023-2024, the construction of one school in Yangihayot district of Tashkent city, 5 schools in Zangiota district of Tashkent region, 2 schools in Orta Chirchik district, 3 schools in Qibray district, and 2 schools in Tashkent district - a total of 13 schools were planned.

For this purpose, the bank will allocate 1.1 million dollars to the participants of the project with the condition of repayment for technical service and development of tender documents. Therefore, 150 thousand dollars will be returned to the bank from the state budget, and 950 thousand dollars will be returned to the bank by private partners. The Ministry of Pre-School and School Education was designated as the state partner for the establishment of new general secondary schools.

A total of 67.55 hectares of agricultural land was allocated from the Tashkent region for the construction of new schools. Therefore, 66.98 hectares are irrigated land plots. According to the document, these irrigated lands will be transferred from the category of agricultural lands to the category of settlements.

Equipment, computer equipment, technical means of teaching, literature, multimedia products and construction materials, components, spare parts, which are not produced in the Republic of Uzbekistan and are brought for the construction, reconstruction, equipping and maintenance of schools on the basis of public-private partnership based on the lists formed in the prescribed manner Until January 1, 2024, they will be exempted from customs duties (except customs clearance fees).

According to the Decree of the President of the Republic of Uzbekistan No. PF-101 of April 8, 2022, within the framework of the projects planned to be implemented during 2022-2024 on the basis of the terms of public-private partnership, in May 2023 the European Bank for Reconstruction and Development (EBRD) Managers A tripartite agreement was signed between the Ministry of Preschool and School Education, the Ministry of Economy and Finance, and the EBRD at the meeting of the Council.

Within the framework of cooperation, it is planned to gradually establish new state secondary schools on the basis of public-private partnership in the regions of the republic, to provide them with service and repair by private partners, as well as to carry out reconstruction, construction and repair of currently functioning state secondary schools.

At the initial stage of the process, EBRD specialists conducted internal analyzes on obtaining grants and hiring consultants, and it is planned to build 15 schools in Namangan and Fergana regions. The capital cost of the project is 55-75 million USA dollars.

## **Conclusion**

As a result of the establishment of non-governmental general education institutions based on public-private partnership, parents have a choice between teaching their children in public schools with 30-40 students in one class or in private schools with 20 children in one class. Parents choose private education for their children for reasons such as the availability of quality education, competition in the provision of educational services in one area, variety of services, children's busy day at school. Private schools offer a variety of clubs in addition to offering paid day extended groups.

Education is one of the main rights of a person in Uzbekistan. Therefore, in order to ensure the full use of this right, reforming the educational process in secondary schools, including strengthening the material and technical base of institutions, digitizing the educational system, computerization, and introducing advanced pedagogical technology into the educational process are among the main tasks. This, in turn, creates the need to attract private investments in this area, to develop public-private partnerships in this area. The experience of foreign countries shows that healthy competition between state and non-state educational institutions serves to satisfy the need of students for quality education.

In turn, the following proposals can be made in order to expand the use of the public-private partnership mechanism:

First, to transfer schools in need of financial resources to the management of private investors.

Second, to oblige private investors to provide free education to a certain part of the vulnerable strata in areas where secondary schools are located.

Third, improving the quality of education, improving the quality of education and strengthening competition by providing secondary schools with modern technologies.

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