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Involvement of The Private Sector in The Operation (Maintenance) of Public Highways on The Basis of Outsourcing

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Abstract: In Uzbekistan, road maintenance is primarily managed by state entities, with limited private sector engagement. Despite recent legislative reforms to promote outsourcing in this sector, challenges persist in implementation. While PPPs have proven successful internationally, there is limited research on their effectiveness in Uzbekistan's road maintenance sector. The impact of outsourcing on service quality, competition, and economic efficiency remains underexplored. This study examines the involvement of the private sector in maintaining public highways in Uzbekistan, analyzing foreign best practices and proposing solutions to existing inefficiencies. Findings indicate that outsourcing road maintenance increases competition, improves service quality, and optimizes budget expenditures. However, issues such as labor shortages, inadequate regulatory frameworks, and financial constraints hinder full-scale implementation. The study highlights the first attempts to introduce outsourcing in Uzbekistan's road maintenance sector and assesses its preliminary outcomes. It provides a comparative analysis with international experiences and outlines actionable policy recommendations. The research supports the expansion of private sector involvement in road maintenance through enhanced regulatory measures, strategic funding, and improved workforce allocation. These findings contribute to policy discussions on sustainable infrastructure management in transition economies.

Keywords: Public, Private Sector, Public Use, Highways, Current Maintenance, Storage, Winter Storage, Landscaping

1. Introduction

Public administration, as a regulatory mechanism, is an integral part of public-private partnership. The state is engaged in the formation of an institutional environment for cooperation, the management and organization of public-private partnership processes, the establishment of state-business relations within the framework of partnership projects, and the development of strategies and principles. The state, in addition to providing its property for use and receiving rent and concession payments, exercises control over the established toll rates for the passage of motor roads, the quality of service, and the fulfillment of obligations stipulated in the terms of the contract. The state may also allocate subsidies to finance the project in order to support the private sector.

Close relations between the state and the private sector create the essence of the legal state and market system of management. When implementing projects in cooperation between the state and business entities, it is impossible to avoid conflicts of interest.

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Because the state considers the socio-economic development of the country and improving the living standards of the population as its interests, while the interests of the private sector are to provide quality services to the population and receive profit.

Despite the formation of a strong institutional framework for cooperation in developed countries, in some cases, private interests are observed in the implementation of projects in cooperation between the state and the private sector. As a result, the balance of relations in cooperation between the state and the private sector is disrupted, the project competitiveness decreases, and mutual trust is lost.

In developing mutual cooperation relations, the state should create an environment of free competition, using its property rights to fulfill its functions, ensure equal rights for all economic entities, and regulate the use of certain resources based on the interests of society [1]. The development of production and infrastructure in the country is inextricably linked to the state of the country's economy.

Literature Review

Attracting the private sector to the operation (maintenance and repair) of public roads on an outsourcing basis is an improvement in the business environment in the country, in particular in the road sector. Another source of income will be created for the private sector. At the same time, competition between state road organizations and the private sector in the repair of roads will be achieved, and as a result, high-quality road repair and an increase in quality indicators will be achieved.

There are several definitions of public-private partnership, and as defined by the World Bank, "Public-private partnership is an agreement between the public and private sectors to attract additional investments in production and service provision and increase the efficiency of funds financed from the budget" [2].

In the practice of foreign countries, the issues of cooperation between the state and business in the implementation of infrastructure projects are becoming increasingly relevant. Projects within the framework of Public-Private Partnership (PPP) are one of the most widespread and effective mechanisms for the interaction of state and private capital [3].

In scientific literature, public-private partnership is defined as an institutional and organizational alliance between the state and business to implement socially significant projects and programs in the field of extensive road networks and scientific and innovative development. American researchers say that "Public and private sector cooperation is an alternative source of financing for the welfare of society [4]. It is to ensure the participation of private enterprises in the exploitation of state enterprises, implementation of constructions and their financing through various agreements.

Public-private partnership is, in a sense, a relationship related to the performance of certain works and provision of services to meet the needs of the state. From this point of view, it is appropriate to study the accumulated best practices in investing in the construction of highways and put them into practice. In recent years, research shows that the greatest successes in this direction are being achieved by the rapidly developing countries of the USA, Europe and Asia [5].

In Ireland, the concept of public-private partnership is understood as "a partnership between the public and the private sector for the purpose of implementing a specific project or providing social services to the population, with the government assuming the obligations and guarantees imposed by the state." In this case, the public involves redistributing risks in the relationship between the parties and increasing the overall efficiency of the project by attracting the experience and funds of the private sector" [6]. According to British author Michael Geddes, public-private partnership includes the following: "First, it is a medium- or long-term legal relationship; second, the legal relationship is based on common goals; third, they operate in partnership; fourth, this

partnership involves the sharing of risks, benefits, and costs; and fifth, the partnership must be based on serving the interests of society through its results" [7].

2. Materials and Methods

It was studied through a systematic approach to arrive at a holistic conclusion by arranging all aspects of the object of study while ensuring continuity. It consists of detailing, systematization and generalization. In detail, economic processes were studied in parts in order to simplify them and draw correct and comprehensive conclusions from them. Systematization, the studied object was organized and analyzed in detail, ensuring a logical sequence.

Generalization, all aspects of the object were studied and a holistic conclusion was reached. These conclusions became the basis for the development of the facility. This method collected information, processed the information using various approaches, developed appropriate measures for decision-making, and used the information at all stages. Data were collected on the actual volume of work performed on public roads in 2020-2024, including operation (maintenance) and current repair work. The work performed on the road section for each type of service was compared.

3. Results and Discussion

In our republic, comprehensive maintenance of roads and road infrastructure is carried out by district road maintenance contract repair enterprises. This article aims to involve representatives of the private sector in maintenance work. This will increase the competitiveness of road maintenance enterprises and private sector enterprises, provide quality service to roads, and create an additional source of income for representatives of the private sector [8].

First of all, we will pay attention to what road maintenance, winter maintenance and landscaping work consists of. This includes maintaining roads and road structures in good condition, as well as operating modes of technical devices of roads and road structures throughout the entire length of the road throughout the year, complex work on operating modes, maintenance of roads, road structures and the allocated area, prevention and elimination of constantly occurring minor damage, organization and ensuring traffic safety, as well as protection of roads from snow layers, mounds and avalanches in winter, snow removal, prevention of winter slippage, and protection of the road area allocated for landscaping from snow and sand mounds, wind and water erosion, creation of tree plantations on the road strip, and grass planting.

A closer look at Table 1 maintenance and repair costs shows that winterization and improvement costs continued to grow, and maintenance costs (including periodic maintenance) decreased in 2022-2023. The length of roads under repair has also decreased since 2022. At its peak, repair work covered 3761.7 km of roads in 2021, which is less than 1% of the total road network in use [9].

Table 1. Information on Current Repair and Maintenance (Maintenance) of Public Highways (billion.soums).

Service types	2020 year	2021 year	2022 year	2023 year	2024 year
Winter service	65,0	88,4	78,2	108	117,4
Landscaping	99,0	645,2	795,4	867,4	1119,9
Serving during the summer	484,0				
Current maintenance (performed km)	742,5 (2270 km)	1208,1 (3761,7 km)	1120,3 (2312 km)	1225,0 (2335 km)	1707,9 (2450 km)
Total	1390,5	1941,7	1993,9	2200,4	2945,2

Source: Prepared on the basis of information from the Highways Committee.

Considering that current maintenance includes both minor pavement repairs required annually and replacement of the pavement layer required every few years, this level of coverage prevents rapid deterioration of roads and the need for costly capital repairs in the future.

By allocating funds from the Road Development Trust Fund for maintenance and repair at the standard level and involving the private sector in maintenance and repair work on an outsourcing basis, this will create a competitive environment between district road departments and the private sector, and will increase the maintenance intervals and service life of roads [10].

There according Table 2 42,869 km of public highways in our republic. Employees serving these highways in 2023 amounted to 13,515 people. In the analysis of the current state of public highway operation costs and the funds required according to the norms, it was found that 35,724 workers serve the 42,869 km of highway according to the norm. The length of the highway for one worker was 1.2 km.

Table 2. Analysis of Data on The Supply of Labor for Maintenance (Operation) of Public Roads

Indicators	Unit of measurement	According to the norm, the average is 2023	In practice (2023)	Share of demand (%)
A	1	2	3	4
Length of public roads	Km		42869	
The number of workers in the operation of public roads	Quantity	35724	13515	38 %
According to the regulations, the length of the road per 1 worker	Km	1,2	3,2	

Source: Roads Committee Report 2023.

When calculating the ratio of actually serving employees, it turned out that one employee has to service 3.2 km of road. That is, when calculated according to the requirements of the standard for the operation of public roads, it was determined that there is a shortage of $(35724 - 13515) = 22209$ workers, or in practice, the workforce is provided with 38% of the norm. As a result of insufficient staffing, the set volumes of work will not be fully completed, the service life of the road will be reduced in the future, and the efficiency of the funds spent will be negatively affected [11].

In accordance with the Resolution of the President of the Republic of Uzbekistan No. 330 dated October 10, 2023 "On Further Improvement of the Road Sector", it was determined, together with the Council of Ministers of the Republic of Karakalpakstan and regional khokimiyats, to involve the private sector on an outsourcing basis in the operation of public roads up to 20 km long in the Republic of Karakalpakstan and regions from January 1, 2024 as a pilot project [12].

Also, Resolution No. 233 of the Cabinet of Ministers of the Republic of Uzbekistan dated April 24, 2024 "On measures to organize the implementation of the operation of public roads by the private sector on an outsourcing basis" was adopted [13].

This resolution approved the Regulation on the procedure for outsourcing the operation of public roads by the private sector.

As a pilot project, announcements on projects for involving the private sector in the operation of public roads up to 20 km long (260 km in total) in the Republic of Karakalpakstan and regions were placed on a special information portal for public

procurement, and business entities operating public roads under outsourcing agreements were identified [14].

In accordance with the established procedure, contracts were concluded with business entities, and they began operating public roads.

Involving the private sector in the operation (maintenance and repair) of public roads is an important step in improving the business environment in the country, especially in the road sector. Another source of income has been created for the private sector. At the same time, competition between state road organizations and the private sector in the repair of roads has been achieved [15].

4. Conclusion

Public administration, which is a regulatory mechanism, is an integral part of public-private partnership. The state forms an environment of institutional cooperation, manages the processes of public and private sector cooperation, establishes state and business relations within the framework of cooperation projects, and develops strategies and principles. The state controls the quality of service and the fulfillment of the obligations stipulated in the terms of the contract by putting its property into operation. Also, the state finances the project in order to support the private sector.

Factors affecting the form and scale of influence of the state and business on each other determine the development of public and private sector cooperation.

Firstly, public and private sector cooperation is considered one of the mechanisms of mixed economy and allows development of state and business relations.

Secondly, public and private sector cooperation will make it possible to attract private sector resources to production processes and sectors, and to increase the efficiency of spending budget funds using the initiatives of private enterprises.

Thirdly, compared to state institutions, business is more mobile, has a greater tendency to make decisions quickly, introduce innovations, and introduce technical and technological innovations in order to ensure competitiveness. The state, in turn, supports the successful implementation of public-private partnership projects by creating a stable regulatory and legal framework, developing organizational measures, and using financial and economic levers, through subsidies, guarantees, and preferential tax payments.

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