



**LEGAL REFORMS IN THE PUBLIC-PRIVATE PARTNERSHIP SECTOR IN
UZBEKISTAN: CONTENT AND OUTCOMES**

Eshkuvatova Pokiza

pokizaeshquvvatova@gmail.com

PhD Researcher at Navoi State University of Mining and

ABSTRACT

According to World Bank information, over 150 PPP units are operating in the world. This number itself shows that PPP is a widely used approach in realization of public infrastructure projects. Although all countries use PPP as a universal approach, they differ in adoption stages and legal framework structure. This article explores the journey of Uzbekistan in adoption of PPP and thoroughly analyses legal reforms. The legal reforms in public-private partnership sector will be examined across years from 2018 to 2025. Legal enhancements made scalable institutional development which will also be stated in the article

Key words: PPP, legal reforms, legal enhancement, institutional development

**ПРАВОВЫЕ РЕФОРМЫ В СЕКТОРЕ ГОСУДАРСТВЕННО-ЧАСТНОГО
ПАРТНЕРСТВА В УЗБЕКИСТАНЕ: СОДЕРЖАНИЕ И РЕЗУЛЬТАТЫ**

Покиза Эшкуватова

**Базовый докторант Навоийского государственного горно-технологического
университета**

АННОТАЦИЯ

Согласно информации Всемирного банка, в мире действует более 150 подразделений по ГЧП. Само по себе это число показывает, что ГЧП является широко используемым подходом к реализации проектов государственной инфраструктуры. Хотя все страны используют ГЧП как универсальный подход, они различаются по этапам внедрения и структуре правовой базы. В этой статье рассматривается путь Узбекистана по внедрению ГЧП и подробно анализируются правовые реформы. Правовые реформы в секторе государственно-частного партнерства будут рассмотрены в период с 2018 по 2025 год. Усовершенствования законодательства способствовали масштабируемому институциональному развитию, о чем также будет рассказано в статье

Ключевые слова: ГЧП, правовые реформы, совершенствование законодательства, институциональное развитие.

**O'ZBEKISTONDA DAVLAT-XUSUSIY SHERIKLIK SOHASIDAGI HUQUQIY
ISLOHOTLAR: MAZMUNI VA NATIJALARI**

Pokiza Eshquvatova

Navoiy davlat konchilik va texnologiyalar universiteti tayanch doktoranti

ANNOTATSIYA

Jahon banki ma'lumotlariga ko'ra, dunyoda 150 dan ortiq DXSh birliklari faoliyat ko'rsatmoqda. Bu raqamning o'zi DXSh davlat infratuzilmasi loyihalarini amalga oshirishda keng qo'llaniladigan yondashuv ekanligini ko'rsatadi. Barcha mamlakatlar PPPdan universal yondashuv sifatida foydalanishsa-da, ular qabul qilish bosqichlari va huquqiy asoslar tuzilmasida farqlanadi. Ushbu maqolada O'zbekistonning DXShni qabul qilish yo'li ko'rib chiqiladi va huquqiy islohotlar chuqur tahlil qilinadi. Davlat-xususiy sheriklik sohasidagi huquqiy islohotlar 2018 yildan 2025 yilgacha bo'lgan yillar davomida ko'rib chiqiladi. Huquqiy takomillashtirishlar institutsional rivojlanishni kengaytirdi, bu haqda maqolada ham aytib o'tiladi.

Kalit so'zlar: DXSh, huquqiy islohotlar, huquqiy takomillashtirish, institutsional rivojlanish



INTRODUCTION

The landscape of infrastructure development is rapidly evolving, with Public-Private Partnerships (PPPs) emerging as a crucial mechanism for fostering economic growth and enhancing public service delivery. In many countries, PPPs have proven to be effective tools for mobilizing private investment, leveraging expertise, and ensuring the efficient execution of public projects. However, the successful implementation of PPPs heavily relies on a robust legal and institutional framework that can adapt to the unique challenges and opportunities presented by this collaborative model.

In Uzbekistan, the adoption of PPPs represents a transformative shift in the approach to public infrastructure development. Historically, the country relied on conventional procurement methods, which often resulted in inefficiencies and limited private sector engagement. The recent legal reforms initiated in 2018 signify a concerted effort by the Uzbek government to modernize its infrastructure strategy and create an enabling environment for private sector participation.

These reforms are not merely procedural; they reflect a comprehensive strategy to integrate PPPs into the national development agenda. By establishing clear legal guidelines, enhancing transparency, and facilitating risk-sharing mechanisms, Uzbekistan aims to attract foreign investment and stimulate economic growth. This article delves into the legal reforms in the PPP sector from 2018 to 2025, examining their content and outcomes, and assessing their impact on the overall development of infrastructure in Uzbekistan.

Through this analysis, the article aims to highlight the importance of a well-structured legal framework in achieving the successful implementation of PPPs, ultimately contributing to the country's long-term economic objectives. As Uzbekistan continues to navigate the complexities of public-private collaboration, understanding these reforms will be essential for stakeholders involved in infrastructure development.

KEY LEGAL REFORMS

PPP phenomenon was completely new topic for Uzbekistan before 2018. There were only traditional procurement which government are responsible for everything from scratch till operation starts. But on 5 April 2018 the concept of PPP was first introduced at the legislative level, by the Regulation on Public-Private Partnership in the Sphere of Preschool Education No. RP-3651[1]. The regulation outlines the framework for implementing PPP in early childhood education, emphasizing the strategic importance of cooperation between the public and private sectors, legal protections for both parties, mechanisms for resource sharing, and ensuring the delivery of quality educational services through secured investments and infrastructure support.[2]

Next big step towards developing PPP was establishment of PPP Development Agency later in 2018. Resolution of the President of the Republic of Uzbekistan "On priority measures for the creation of the legal and institutional framework for the development of public-private partnership" No. RP-3980 was signed in 20th October of 2018. At the time of adoption, there was no comprehensive legal framework for PPPs, no proper mechanism for assessing fiscal, financial, technical, and commercial risks to the state budget, and no specialized body responsible for coordinating PPP initiatives.

To address these issues, the decree establishes the Public-Private Partnership Development Agency under the Ministry of Finance as the authorized body responsible for implementing unified state policy in the PPP sphere. The Agency is tasked with participating in the development of sectoral PPP programs, creating methodologies to assess the efficiency and advantages of PPP projects, coordinating project preparation and implementation, maintaining a public registry of projects, cooperating with investors and international financial institutions, protecting the rights and interests



of project participants, and monitoring project implementation, including the use of state budget funds. As December of 2018 Agency started operation under Ministry of Finance and Economy. Following stage was adoption of law on PPP. On May 10, 2019, the Law of the Republic of Uzbekistan “On public-private partnership” was adopted [3]. The Law of the Republic of Uzbekistan on Public-Private Partnership (PPP) establishes the legal framework for cooperation between the state and private partners to implement economically, socially, and infrastructurally significant projects. It defines key concepts such as PPP objects, the roles of state partners and private partners, and the structure of PPP projects including concessions. The law emphasizes principles like equality before the law for both parties, transparency in procedures, fairness and impartiality in selecting private partners, and measures to prevent discrimination and corruption. It clarifies that the legislation is composed of this law and related normative documents, with international agreements prevailing in case of discrepancies. The process for approving and modifying PPP project concepts depends on the project's scale and involves various government authorities, including the Cabinet of Ministers for projects exceeding ten million USD [4]. A centralized register of PPP projects is maintained for public access, ensuring openness about project parties, locations, timelines, tariffs, value, and government support. The law also outlines the procedures for concluding PPP agreements and the conditions for payments between partners, enabling different forms of remuneration including periodic payments or profit-sharing.

Year	Legal / Institutional Reform	Institutional Development
2018 (April)	Regulation No. RP-3651 on PPP in preschool education	First sector-specific PPP pilot introduced in early childhood education
2018 (Oct–Dec)	Presidential Resolution No. RP-3980	Establishment of Public-Private Partnership Development Agency under the Ministry of Finance as centralized PPP authority
2019	Law “On Public-Private Partnership” (Law No. 537)	Adoption of comprehensive PPP legal framework defining principles, participants, approval procedures, and centralized project registry
2020	Cabinet Resolution No. 259	Introduction of detailed procedural rules for project initiation, evaluation, tendering, pricing mechanisms, and registration
2021 (Jan)	Law No. 669 (amendments to PPP Law)	Expansion of powers of ministries and municipalities; introduction of SPVs, currency indexation, step-in rights, and enhanced investor protections
2021	Cabinet Resolution No. 509	Establishment of structured PPP financing framework and state support instruments (subsidies, loans, credit lines)
2022–2023	Financial close of large renewable energy PPP projects	Transition from regulatory formation to large-scale practical implementation in energy and infrastructure sectors
2024	Presidential Decree No. PP-308 (PPP Development Strategy 2024–2030)	Strategic expansion of PPP across transport, energy, water, healthcare, and education; long-term national PPP targets established



Year	Legal / Institutional Reform	Institutional Development
2024 (Oct 30)	New PPP Regulation replacing Resolution No. 259	Modernized and systematized PPP project cycle; strengthened tender procedures, monitoring, and transparency mechanisms

Table1: Analysis of legal reforms in PPP sector in Uzbekistan [5]

After the adoption of the Law on Public-Private Partnership (PPP), the subsequent regulations and resolutions were enacted to ensure the effective implementation of the Law and to transform its general provisions into a fully operational institutional mechanism. While the Law establishes the fundamental principles, key concepts, rights and obligations of the parties, and the overall direction of state policy in the PPP sphere, it does not provide detailed procedural and technical guidance for practical implementation.

According to the Resolution of the Cabinet of Ministers “On Improvement of the Procedure of Implementation of Public-Private Partnership Projects” No.259 dated April 24, 2020 (the “Resolution No.259”), the mechanism of forming and approving prices for products under public-private partnership projects (the “PPP”) has been determined [6]. This Resolution regulates the implementation of public-private partnership projects by establishing the legal and procedural framework for their execution. It defines the procedures for initiating and developing PPP projects, selecting a private partner, evaluating project proposals, preparing the project concept, as well as reporting and registering the projects. A PPP project is defined as a comprehensive set of economic, social, and infrastructure-related measures aimed at addressing specific public needs, attracting private investment, and/or introducing advanced management practices. According to Regulation, projects for the introduction of PPP mechanisms in relation to the project must meet all the following criteria and conditions: (a) economic, social functions and infrastructure focusing on problem solving; (b) activities carried out on the projects proposed ministries, state committees, agencies and local executive bodies that must be performed by the authorities; (c) quality of goods (works, services) provided under the proposed project must be higher than current indicators; (d) compliance with the terms of PPP agreement; (e) attraction of private investments; (f) introduction of best management practices; (g) innovative approach providing balanced benefits; and (h) automated electronic accounting during project implementation.[7]

After Resolution, in 2021 Uzbekistan continued developing PPP framework by enhancing legislation. On January 22, 2021, the President of Uzbekistan signed Law No. 669, which addresses gaps in the Law No. 537 “On Public-Private Partnership” adopted on May 10, 2019 [8].

To mitigate financial risks for foreign backers, the update allowed project tariffs and service prices to be linked to foreign currencies with presidential approval, providing a vital hedge against local currency inflation.

The law also expanded the definition of public partners, enabling individual ministries and local municipalities to sign agreements directly rather than relying solely on the central government. For the private side, winning bidders gained the right to form Special Purpose Vehicles (SPVs) and maintain offshore bank accounts for project financing. Investor protection saw a major boost as the law introduced "change in law" clauses, allowing private partners to seek compensation or tariff hikes if new regulations negatively impact their project’s economics.

Lenders also received stronger guarantees through the formal recognition of direct agreements and step-in rights, which allow creditors to take over a project if the private partner defaults. From a fiscal perspective, the Ministry of Economy and Finance was given mandatory oversight of any project creating liabilities for the state budget. Finally, the law increased transparency by requiring



the public disclosure of key project details on official websites while streamlining the tender process by reducing certain administrative deadlines.

Following amendments of PPP Law, the Cabinet of Ministers approved the Resolution “On measures to accelerate the implementation of public-private partnership projects and further improve the procedure financing” No.509.

The resolution introduced a structured financing framework, defining the allocation of state support through subsidies, budget loans, and credit lines to improve project bankability for private partners and creditors. It enhanced fiscal oversight by integrating PPP financing into Uzbekistan's budgetary system, while specifically prioritizing infrastructure development projects in energy, healthcare, and transport for 2021.

Between 2022 and 2023, Uzbekistan achieved financial close on several landmark Public-Private Partnership (PPP) projects, significantly expanding its renewable energy and infrastructure portfolio. Key projects included solar PV plants in Samarkand, Jizzakh, and Surkhandarya (Sherabad) developed by Masdar, as well as major solar initiatives in Navoi.

In 2024, the Presidential Decree “On measures for the development of public-private partnership in the Republic of Uzbekistan for 2024-2030” No. PP-308 was issued[9]. The Decree focuses on developing state-private partnerships from 2024 to 2030. It aims to attract at least 30 billion USD in private investments. Plans include building and upgrading infrastructure to support economic growth in various regions.

The document sets a target to build and modernize about 1,000 km of toll highways, starting with the Tashkent-Samarqand Road in 2024 and the Tashkent-Andijan Road in 2026. Electricity networks are planned to be handed over to private operators by mid-2027, while gas networks will follow by the end of 2027. The goal is to cut electricity losses by half.

Irrigation systems that waste energy will be updated to save up to 30% electricity by 2028. Water supply coverage aims to reach 87% for drinking water and 30% for sewage by the end of 2028, involving private companies in managing the networks. Education will see the construction of at least 100 new kindergartens and 100 schools every year starting in 2026, supporting over 400,000 students and 300,000 preschool children.

Healthcare projects include building large hospitals serving more than 100,000 patients, with private management. Regional and city leaders must allocate land and work with international finance organizations as per the decree. Ministries are assigned roles to attract foreign investors and hold presentations on PPP activities.

The annex provides details on many projects: electricity and gas network upgrades in Samarqand, wastewater treatment modernization in Namangan, hydropower plant construction in regions like Tashkent and Jizzakh. Pilot projects will transfer urban bus transport to private operators by late 2025 in several regions.

Other projects include modernizing old pump stations, setting up waste recycling facilities supported by international banks, and upgrading agricultural bio-laboratories under PPP. The Cabinet of Ministers can adjust project budgets and timelines or swap out projects if needed.

In 30th October of 2024, Regulation on PPP No.259 adopted in 2020 was replaced by new regulation [10]. The new regulation introduced several key amendments to the framework governing public-private partnership (PPP) projects. It approved a comprehensive Regulation on the procedure for implementing PPP projects covering all stages from initiating and developing projects to selecting private partners, managing the project registry, and reporting on the implementation status. This Regulation replaces and updates previous rules to provide clearer, more systematic guidance.



Changes and additions were made to existing government decisions to ensure the regulatory environment aligns with the new PPP approach. Certain clauses from the 2019 Resolution No. 309 concerning tariff formation and approval procedures for water supply and sewage services pricing were repealed, signaling a revised pricing mechanism in this sector.

The Ministry of Finance was assigned the responsibility to coordinate the revision of normative legal documents within a month, in cooperation with other relevant ministries and agencies for regulatory coherence.

The amendments detail specific requirements for tender procedures, including the preparation and approval of tender documentation, qualification criteria for private partners, and the composition and functions of tender commissions to bolster transparency and fairness in selecting private partners.

The regulation establishes mechanisms for monitoring, control, and reporting to ensure compliance with contract terms, financial and economic efficiency, and timely financing of PPP projects. Provisions mandate public disclosure of pertinent information on official websites to enhance transparency.

The regulation defines a staged approach to project approval, covering concept endorsement, tender documentation development, tender announcements, execution, and contract signing between public and private entities. Timelines and responsibilities are specified at each stage for effective project implementation.

These amendments refine the PPP project cycle, strengthen regulatory alignment, improve transparency in partner selection, and reinforce monitoring and accountability frameworks to support successful public-private partnership projects in Uzbekistan

CONCLUSION AND RECOMMENDATIONS

The development of the PPP legal framework in Uzbekistan reflects structured reform process. Before 2018, infrastructure projects were implemented exclusively through traditional public procurement. The introduction of PPP in 2018 marked the beginning of a new stage aimed at attracting private investment and improving efficiency in public service delivery.

The establishment of the Public-Private Partnership Development Agency and the adoption of the 2019 Law on PPP created a comprehensive legal and institutional foundation. Subsequent resolutions and amendments between 2020 and 2021 clarified procedures, strengthened investor protections, improved financing mechanisms, and enhanced fiscal oversight. The 2024 Presidential Decree and the updated PPP Regulation further systematized the project cycle and expanded PPP into key sectors of the economy.

Overall, Uzbekistan's PPP reforms demonstrate a transition from initial experimentation to a mature and strategically integrated legal framework supporting long-term infrastructure development.

Based on the analysis of legal reforms and institutional developments in Uzbekistan's PPP sector, the most essential recommendations should focus on three key areas: fiscal sustainability, project preparation quality, and institutional capacity. These factors are critical for ensuring the long-term success and stability of PPP implementation.

First, safeguarding fiscal sustainability is crucial to ensuring public finance sustainability. Although Uzbekistan established oversight mechanisms through the Ministry of Economy and Finance, PPP projects can still create long-term fiscal commitments and contingent liabilities on the state budget. It is thus crucial to establish a complete framework for fiscal risk assessment of PPP projects during project preparation and before approval. Centralizing the monitoring of government guarantees, subsidies and other financial commitments would enhance transparency, and help to avoid excessive fiscal exposure.



Second, the effectiveness of public-private partnership (PPP) projects could additionally be increased through improved project preparation and feasibility assessment. International experience shows, that bad prepared projects, can lead to delays in the start of (an often renegotiation and financial inefficiency) project. Uzbekistan should thus establish mandatory value-for-money analysis to evaluate PPP arrangements against other similar public procurement methods. Furthermore, it would improve bankability and mobilization of more serious private investors by supporting high quality technical and financial feasibility studies.

Third, enhancing institutional capacity within public authorities remains a key priority. Although the establishment of the PPP Development Agency created a centralized coordinating body, sector ministries and regional administrations often lack sufficient expertise in structuring and managing complex PPP agreements. Providing specialized training for public officials and strengthening cooperation with international financial institutions would significantly improve the quality of project preparation, negotiation, and contract management.

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