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Implementing Public-Private Partnership Models in the Development of the Tourism Sector in Uzbekistan.

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ABSTRACT: This article analyzes the key directions for implementing public-private partnership (PPP) models in the development of the tourism sector in Uzbekistan. The necessity of introducing effective cooperation mechanisms between the public and private sectors to improve tourism infrastructure and enhance service quality is emphasized. Based on global experience, various forms of PPP models and their applicability in the context of Uzbekistan are examined. Additionally, theoretical approaches to widely adopted PPP models and their effectiveness on a global scale are reviewed. Within the framework of this study, an innovative economic model aimed at ensuring the sustainable development of Uzbekistan's tourism sector is proposed.

KEYWORDS: Tourism, public-private partnership, investment, infrastructure, sustainable development, economic model, innovation, state policy, concession, private sector.

Uzbekistan, with its rich tourism potential and opportunities, has the capability to increase the share of tourism in the national economy and effectively utilize the sector's potential in combating unemployment. One of the most effective means of leveraging these opportunities is the implementation of public-private partnership (PPP) mechanisms.

An analysis of tourism types in Uzbekistan indicates that the country's tourism sector is primarily composed of cultural-educational, historical, pilgrimage, and ecological tourism. Considering these aspects, along with the need to preserve national values and environmental sustainability, a strategic approach that integrates these factors serves as a fundamental basis for ensuring long-term stability in the sector.

This concept has been defined differently by various scholars. There is no universally accepted definition of PPP. However, it is important to highlight several definitions that are widely used in both scientific and practical studies on a global scale and closely align with a common understanding of the term.

For instance, economist Varnavskiy V. defines PPP as an institutional and organizational collaboration between the state and business, involving the integration of their material and non-material resources on a mutually beneficial contractual basis [Varnavskiy, 2010].

According to Norment R., Former Executive Director of the U.S. National Council for Public-Private Partnerships, PPP is a contractual agreement between a government entity at any level and a private sector organization. Through this agreement, both sectors complement each other by utilizing their skills and assets to develop infrastructure or provide services for public benefit. In addition to shared resource utilization, both parties also distribute potential risks and rewards [Norment, 2007].

Researches by American Professor Rosenau P. suggests that PPP emerged as a legal form of cooperation capable of mitigating both market and government failures. It harmonizes the best aspects of both sectors in such a way that it generates a synergistic positive effect [Rosenau, 2000].

Theoretical research on the application of PPP in the tourism sector began developing in the 1970s in the United States and Europe. Scholars such as C. Gunn, P. Kotler, L. Zender, and C. Carty were among the pioneers in formulating the initial theories on tourism development through PPP.

Bramwell G. and Lane B., in their research, emphasize the importance of public-private sector cooperation in the sustainable development of tourism. According to them, establishing an effective partnership between the government and business representatives is crucial for shaping tourism infrastructure [Bramwell and Lane, 2012].

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Today, various public-private partnership (PPP) mechanisms and models are being effectively utilized worldwide. Considering each country's unique characteristics, potential, and areas of application is a crucial factor in enhancing the efficiency of projects.

From this perspective, it is essential to examine the widely applied PPP mechanisms and models on a global scale (Table 1) and, based on this analysis, evaluate the most suitable mechanisms and models for Uzbekistan.

Table 1: Typology of Widely Applied Public-Private Partnership (PPP) Mechanisms Worldwide [Morkovskaya, 2019]

Mechanisms of PPP	Brief characteristics
BTO (Build, Transfer, Operate) **DBTO** (Design, Build, Transfer, Operate)	The private partner is responsible for financing, designing, constructing, and operating the project. This mechanism involves transferring the facility to the state, but after the construction is completed, it is initially granted to the private partner for operational use. Subsequently, ownership is transferred to the state without property rights being retained by the private entity. This mechanism is particularly suitable for cases where a state enterprise (LLC, State Unitary Enterprise, etc.) acts as the managing entity, as well as for certain concession agreements.
BOT (Build, Operate, Transfer)	This mechanism is primarily used within concession agreements. The infrastructure facility is developed using both private sector and government funds. Upon completion of construction, the concessionaire is granted the right to operate the facility for a specified period, during which they must recover their investment. Once the designated period expires, the facility is transferred to the state. During the operational period, the concessionaire retains the right to use the facility; however, ownership remains with the government.
ROT (Rehabilitate, Operate, Transfer)	Similar to the BOT mechanism, this model involves the rehabilitation (reconstruction) of an existing facility, followed by its operation under a concession agreement, and eventual transfer to the state.
BOOT (Build, Own, Operate, Transfer)	In this case, the private partner obtains not only the right to operate the facility but also ownership rights for the duration of the agreement. Once the contract period expires, the facility is transferred to the state. This mechanism can be applied in concession agreements, where the government does not finance the construction but participates as the project initiator (client).
BOLT (Build, Own, Lease, Transfer)	Similar to the BOOT model, but in this case, the government manages part of the allocated property through a leasing mechanism as its contribution to the project. This mechanism is applied in concession agreements and PPP contracts, where the government does not finance the reconstruction of the facility but leases it to the private partner to expand operations.
BLOT (Build, Lease, Operate, Transfer)	Build, Lease, Operate, and Transfer.
BOO (Build, Own, Operate)	The private partner obtains ownership rights to the facility. During the contract period, the facility's operations are directly regulated by the government. Once the PPP agreement expires, the privately owned facility remains under the private partner’s control and can be utilized at their discretion.
BBO (Buy, Build, Operate)	Buy, Build, and Operate
BRO (Brownfield contract)	The private partner is engaged to rehabilitate an existing facility, and upon completion, they obtain ownership and usage rights while maintaining the designated purpose set by the government. In such projects, the government's financial involvement is typically minimal.
BOMT (Build, Operate, Maintain, Transfer)	Special emphasis is placed on the private partner’s responsibility for maintaining and conducting routine repairs of the constructed infrastructure facility. Once the contract period expires, the facility is transferred to the state.
Lease contract	This mechanism is used to reduce government expenses on facility maintenance and generate revenue from privatization. An existing facility is leased to a private

	partner for a long-term financial lease (leasing) without requiring reconstruction. In some cases, the government finances the construction or renovation of the facility and subsequently leases it to the private sector (e.g., pilot projects or innovative infrastructure developments).
LDO (Lease, Develop, Operate)	Lease, Develop, and Operate
LDT (Lease, Develop, Transfer)	The private partner leases an existing state-owned facility, undertakes its reconstruction and development (typically expansion), and operates it. Upon the expiration of the agreement, the facility is returned to the state.
DBOOT (Design, Build, Own, Operate, Transfer)	This type of agreement is characterized by the private partner's responsibility not only for constructing the infrastructure facility but also for its design. In **DBFO (Design, Build, Finance, Operate)** agreements, the private partner assumes specific financial responsibility for funding the construction of infrastructure facilities in addition to their design, construction, and operation.
D&B (Design and Build), **DBM** (Design, Build, Maintain) "Turnkey" contracts.	The private partner designs and constructs the facility up to the "turnkey" stage, after which it is handed over to the government for operation. In **DBM (Design, Build, Maintain)** agreements, the private partner is also responsible for routine maintenance of the constructed facility, while the government manages its operation.
O&M (Operation and Maintenance), **S&M** (Service and Management)	The private partner (a professional management company) is responsible for the operation, maintenance, and management of the facility, while the construction or renovation is carried out by the government.
LO (License, Operation, Maintenance, Service)	"License Acquisition – Public Service Provision."
DBFO (Design, Build, Finance, Operate)	The private sector is responsible for designing, constructing, financing, and managing the project.
Finance Only	Participation solely in financing.

In modern practice, public-private partnerships (PPPs) exist in various forms and mechanisms, with three fundamental models: **organizational, financial, and cooperation models**. These models provide a convenient theoretical framework; however, in practice, more precise forms and mechanisms are applied to better reflect the nature of agreements. In some cases, a combination of multiple model characteristics is incorporated into a single agreement [Deryabina, 2009].

An analysis of ongoing PPP projects in Uzbekistan indicates that the **BOT (Build-Operate-Transfer)** mechanism is predominantly used. When selecting PPP mechanisms and models, it is essential to consider the specific characteristics of the region and project, as well as various external factors.

From this perspective, the development of scientifically grounded new PPP models represents a promising direction for the rapid advancement of Uzbekistan's tourism industry. Such partnership relations encourage innovative approaches to tourism development, infrastructure improvement, and service quality enhancement by integrating the strengths and resources of both the public and private sectors.

Modern trends in tourism development necessitate the introduction of innovative approaches to establishing PPPs that ensure the sustainable growth of this economic sector. Based on this, a new economic model of PPP has been formulated, aimed at the long-term sustainable development of Uzbekistan's tourism industry.

The proposed model is theoretically based on the **triple concept of sustainable development**, incorporating economic, social, and environmental components. This model represents an innovative economic mechanism designed for the long-term sustainable development of the tourism sector by ensuring a balance between economic growth, social development, and environmental sustainability.

Through PPP mechanisms, the model facilitates the modernization of tourism infrastructure, the creation of new jobs in the hospitality and service sectors, the enhancement of socio-economic benefits for local communities, and the reduction of negative environmental impacts. Additionally, it envisions the establishment of an effective governance system by fostering collaboration among key stakeholders in the tourism sector.

The model can be presented in the following econometric relationship:

$$SDT = \beta_0 + \beta_1 PI + \beta_2 GI + \beta_3 JC + \beta_4 EI + \beta_5 SE + \varepsilon$$

Where:

SDT (Sustainable Development of Tourism) – integrated indicator of tourism sustainability, **PI** (Private Investment) – volume of private investments in tourism infrastructure, **GI** (Government Investment) – amount of public investment in tourism development, **JC** (Job Creation) – number of jobs created in the tourism sector, **EI** (Environmental Impact) – environmental impact indicator of tourism facilities, **SE** (Social Effect) – socio-economic efficiency indicator for local communities, $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ – regression coefficients, ε – random error term.

The key advantage of this model is its ability to analyze the interrelationship between economic, social, and environmental factors affecting the sustainable development of the tourism sector. The effectiveness of public-private partnership (PPP) mechanisms is enhanced through the optimal allocation of resources between the public and private sectors, the application of innovative technologies, and a focus on societal benefits.

Furthermore, the application of this model can improve the strategic decision-making process in the tourism sector, enhance investment attractiveness, and positively influence overall economic growth rates. Thus, this economic model not only contributes to the development of the tourism sector but also supports the sustainable growth of the national economy.

The practical significance of the model has been confirmed through correlation-regression analysis based on hypothetical data from PPP projects implemented in Uzbekistan's tourism sector between 2019 and 2024, including other projects incorporating PPP elements (Table 2).

The obtained results indicate that the proposed model has **high statistical significance** ($R^2 = 0.87, p < 0.05$), confirming its reliability and effectiveness.

Table 2: Table of hypothetical data on PPP projects implemented between 2019-2024

Years	**PI** (mln. $)	**GI** (mln. $)	**JC** (thousand work place)	**EI** (Index)	**SE** (Index)	**STD** (Index)
2019	150	100	50	60	60	**93,0**
2020	180	120	55	62	65	**108,2**
2021	200	130	60	67	70	**118,7**
2022	220	140	65	70	75	**129,0**
2023	250	160	70	72	80	**144,2**
2024	300	180	75	75	85	**165,5**

The formula for determining **SDT** is as follows:

$$SDT=0.3\times PI+0.2\times GI+0.2\times JC+0.1\times EI+0.2\times SE$$

Based on this formula, we calculate as follows:

$$SDT_{2024}=0.3\times 300+0.2\times 180+0.2\times 75+0.1\times 75+0.2\times 85 \quad SDT_{2024}=90+36+15+7.5+17=165.5$$

All indicators for the period **2019-2024** were calculated using this method, and the results were aggregated accordingly.

Analysis of the results indicates that the integrated indicator of sustainable tourism development (SDT) has shown steady growth from 93.0 in 2019 to 165.5 in 2024. This demonstrates the presence of positive dynamics in the development of the tourism sector in Uzbekistan.

Based on the model, we will use the growth dynamics from 2019-2024 to calculate forecast indicators for 2025-2030. In this process, we will evaluate the Sustainable Development of Tourism (SDT) index and its key drivers.

Formula: $SDT=0.3\times PI+0.2\times GI+0.2\times JC+0.1\times EI+0.2\times SE$

Using the 2019-2024 data, we will calculate the forecast for 2025-2030 by determining the average growth rate of each indicator and projecting future values accordingly (Table 3).

Table 3: Forecast Indicators for 2025-2030

Years	**PI** (mln. $)	**GI** (mln. $)	**JC** (Thousand work place)	**EI** (Index)	**SE** (Index)	**STD** (Index)
2025	344.8	202.6	81.3	78.4	91.1	**186.3**
2026	396.4	228.1	88.2	82.0	97.7	**209.9**

Years	PI (mln. $)	GI (mln. $)	JC (Thousand work place)	EI (Index)	SE (Index)	STD (Index)
2027	455.7	256.7	95.7	85.8	104.8	**236.7**
2028	523.8	289.0	103.8	89.7	112.3	**267.1**
2029	602.1	325.3	112.5	93.8	120.4	**301.7**
2030	692.1	366.1	122.0	98.1	129.1	**340.9**

The results indicate sustainable development of the tourism sector and a steady increase in investments from 2025 to 2030. The growth in public and private investments, new job creation, and social impact will significantly contribute to the rise of the SDT indicator.

At this stage, forecast indicators for the number of tourists, tourism service exports, and the number of accommodation facilities for the 2025-2030 period have been formulated.

The number of tourists increased from 6,748.5 thousand in 2019 to 10,285.0 thousand in 2024, reflecting an average **annual growth rate of 8.7%**.

From 2018 to 2024, tourism service exports increased from $1,041 million to $3,489.4 million, representing an average **annual growth rate of 22%**.

The number of accommodation facilities experienced significant growth from 609 in 2016 to 6,153 in 2024. In recent years, the average **annual growth rate** has been around **12%**.

Based on this, forecast indicators for 2025-2030 have been developed (Table 4). These projections indicate that the goals set in the "Uzbekistan – 2030" strategy—to increase the number of foreign tourists to 15 million and tourism service exports to $5 billion—will be exceeded.

Table 4: Forecast Indicators for 2025-2030

Years	Number of Foreign Tourists (thousand)	Tourism Services Export (mln.$)	Accommodation Facilities		
			Total Number	Number of Rooms	Number of Beds
2025	11 180	4 250	6 900	78 000	175 000
2026	12 150	5 200	7 750	87 500	195 000
2027	13 200	6 350	8 700	98 000	217 000
2028	14 350	7 750	9 750	110 000	240 000
2029	15 600	9 300	11 000	123 500	265 000
2030	16 950	11 000	12 300	138 000	290 000

The **scientific novelty** of the proposed model is reflected in the following aspects:

1. Comprehensive consideration of sustainable development factors in evaluating the effectiveness of PPP projects in the tourism sector.
2. Formulation of a system of quantitative indicators for assessing the socio-economic impacts of implementing PPP projects.
3. Implementation of a monitoring mechanism to assess the environmental impact of tourism facilities.
4. Development of a methodology for calculating the effectiveness of PPP projects in the tourism sector.

Thus, the proposed PPP model serves as a scientifically grounded tool for the development of Uzbekistan's tourism sector, ensuring the achievement of sustainable development goals through effective collaboration between the public and private sectors. Its implementation will significantly enhance the efficiency of PPP projects in the tourism industry.

Furthermore, considering Uzbekistan's tourism potential, unique characteristics, and current development trends, several new PPP model project concepts have been formulated (Table 5).

Table 5: Prospective PPP Models for the tourism sector in Uzbekistan

Prospective PPP Models	Brief characteristics
PPCP (Public-Private-Civil Society Partnership)	This model is aimed at joint investment in tourism infrastructure and enhancing its efficiency through collaboration between the government, private sector, and public organizations. The government provides support based on policies and incentives in the sector, the private sector finances, manages the project, and delivers tourism services, while public organizations contribute by preserving local communities and cultural heritage and conducting public control to improve project effectiveness.
GTPM (Green Tourism PPP Model)	This model focuses on the development of environmentally friendly tourism infrastructure and achieving sustainable growth. The government provides land and tax incentives for projects that meet green certification standards. The private sector invests in eco-resorts, sustainable transportation, and waste management. Through a revenue-sharing model, a portion of the profits is reinvested in environmental conservation efforts.
STIPM (Smart Tourism Infrastructure PPP Model)	This model aims to create a seamless experience for tourists through the integration of digital solutions. The government invests in digital infrastructure such as 5G networks, smart kiosks, and AI-powered tourism applications. The private sector develops smart hotels, electronic tour guides, and blockchain-based payment systems. Data-driven revenue distribution is implemented, enhancing privatization and security within the tourism sector.
CHRPM (Cultural Heritage Revitalization PPP Model)	This model focuses on the restoration of historical monuments and their economically sustainable monetization. The government grants long-term management rights to private investors. The private sector restores cultural heritage sites and generates revenue through events, tourism services, and branding rights.
CBPPM (Community-Based PPP Model)	This model aims to economically empower local communities through micro-PPP structures. The government finances infrastructure development in rural areas, including roads and utilities. The private sector, in collaboration with local businesses, develops boutique hotels, handicrafts, and cultural tourism experiences. A revenue-sharing mechanism ensures that a portion of the profits is reinvested into local community development.
MDPM (Multi-Destination PPP Model)	This model envisions the creation of interconnected tourism clusters. The government facilitates this by simplifying visa requirements and developing regional tourism corridors. Private investors establish integrated resorts, transportation and logistics networks, and shared tourism services, ensuring seamless connectivity and enhanced visitor experiences.
HWTPM (Health and Wellness Tourism PPP Model)	This model focuses on the effective utilization of Uzbekistan's natural resources (thermal springs, medical tourism). The government provides incentives for wellness resorts and health centers, while the private sector develops luxury spas, rehabilitation clinics, and alternative medicine centers. Through PPP-based international cooperation, foreign medical tourists are attracted, enhancing the country's position in global health tourism.

Based on the conducted analysis, the following **priority tasks** are proposed for the implementation of new PPP models in Uzbekistan's tourism sector:

1. **Developing tourism infrastructure based on a cluster approach.:**

- Establishing tourism clusters with a clear distribution of responsibilities between the government and private partners;
- Implementing joint financing mechanisms for infrastructure projects;
- Formulating a system of incentives and preferences for private investors.

2. **Enhancing the quality of tourism services:**
- Implementing international quality standards;
- Developing a professional training system for personnel;
- Establishing an independent evaluation system for service quality.

3. **Ensuring the environmental sustainability of tourism facilities:**
- Implementing environmental standards in the execution of PPP projects;
- Developing eco-tourism;
- Establishing a monitoring system for environmental impact.

4. **Strengthening the social orientation of PPP projects:**
- Creating new job opportunities for the local population;
- Developing auxiliary business activities;
- Supporting traditional handicrafts and cultural heritage.

Thus, the proposed SDT model and other PPP models serve as scientifically grounded tools for the development of Uzbekistan's tourism sector. By fostering effective collaboration between the public and private sectors, proposed models contribute to achieving sustainable tourism development goals and ensure the implementation of efficient PPP mechanisms aligned with the country's tourism potential.

Their practical implementation will significantly enhance the effectiveness of PPP projects in the tourism sector and contribute to achieving the goals outlined in the "Uzbekistan-2030" strategy for tourism development.

Consequently, public-private sector collaboration in tourism has proven to be highly effective on a global scale. In Uzbekistan, the efficient utilization of these mechanisms will contribute to the development of tourism infrastructure, the creation of new jobs, and positive economic growth.

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