



The Peerian Journal

Open Access | Peer Reviewed

Volume 19, June, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

The Need to Use Private Investment to Financing Educational Institutions

Sharapova Mashkhura Azadovna

Associate Professor of the Department of Finance, TMI, Ph.D.

Tel. 97 709 00 25 e-mail: sharapovamash@mail.ru

Annotation. This article highlights the need to use private investment along with public funds in financing the education system, in particular, secondary schools, and also analyzes projects that are planned to be implemented in cooperation with international financial organizations.

Key words: education financing, secondary schools, international financial organizations, private investments, quality of education, number of students

Introduction

Providing the future generation with a full-fledged education will ensure its place not only in personal life, but also in the socio-economic life of the country, and attention is paid to this issue as one of the priority areas of state policy. To determine the level of social well-being, indicators related to education are used, such as the level of enrollment of children in school, the number of students, the level of equality in education, public spending on education per capita.

According to the Nobel Laureate in Economics G. Becker, "the implementation of both public and private investment in intellectual capital is an economic necessity." According to him, the investment of citizens in education, medicine and social programs aimed at replenishing personnel is an investment in the creation of new technologies that can only bring great benefits in the future [1].

In his address to the Oliy Majlis at the end of 2018, the head of state stressed the need to widely use the possibilities of public-private partnership in the creation of educational institutions [2], and, as a result, attract private investment in education. system along with other industries began to pay special attention.

Literature Analysis On The Topic

According to the International Covenant on Economic, Social and Cultural Rights, adopted by the UN General Assembly, "Education is a single purposeful process of upbringing and learning, since acquired knowledge is a set of skills, competencies, values, competencies and experience. In a broad sense, education is the process or product of the formation of a person's mind, character and physical abilities" [3].

By its economic nature, education is "an investment aimed at the formation of a perfect personality. Both society and the state are interested in such investments, since improving the quality of education ensures socio-economic growth, increases labor productivity, and serves to eliminate existing social problems. Therefore, financial resources allocated for education and measures for their effective use are of priority" [4].



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Education is a constitutional right of a citizen. In particular, Article 50 of the Constitution of the Republic of Uzbekistan states that “The state guarantees free general secondary education and primary vocational education” [5].

According to S. Vishnyakova, “funding education consists in providing educational institutions with funds from the state, municipal or other budget, which serves as the basis for state guarantees for citizens to receive education within the framework of state standards” [6].

In the studies of D. Nabiyeu, the features of financing educational-oriented investment projects, improving the sources of financing for the system of secondary special, vocational education are determined [7].

Analysis And Results

According to the International Covenant on Economic, Social and Cultural Rights, adopted by the UN General Assembly, “Education is a single purposeful process of upbringing and learning, since acquired knowledge is a set of skills, competencies, values, competencies and experience. In a broad sense, education is the process or product of the formation of a person’s mind, character and physical abilities” [3].

The modern financial mechanism in the field of education is characterized by budget financing of educational institutions, the development of paid educational services and the development of other sources of self-financing. At the same time, due to the fact that free services cannot be replaced by paid services, attention is paid to their rational combination.

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 public funds.

At the same time, these countries have experience in the rational use of public and private sources of funding. For example, in France the education system is centralized and subordinate to the national ministry, and 15-20% of the existing educational institutions are private educational institutions. In Germany, preschool educational institutions are not included in the state system, but school education is mainly financed from the state budget. In the United States, local governments play an important role in funding the high school system.

In Uzbekistan, as in all other countries, general education schools are financed from the state budget. But, today, due to the increase in the population, including students, there are problems associated with a lack of public educational institutions. And this requires increasing the attraction of private investment in education.

In the period 2011-2030, the number of students increases from year to year, i.e. in 2018 there were 5822 thousand students, and in 2020 there were 6377 thousand. According to forecasts, the number of students is 7378 thousand in 2025 and 7825 thousand in 2030. The growth of students requires an increase in the number of comprehensive schools.



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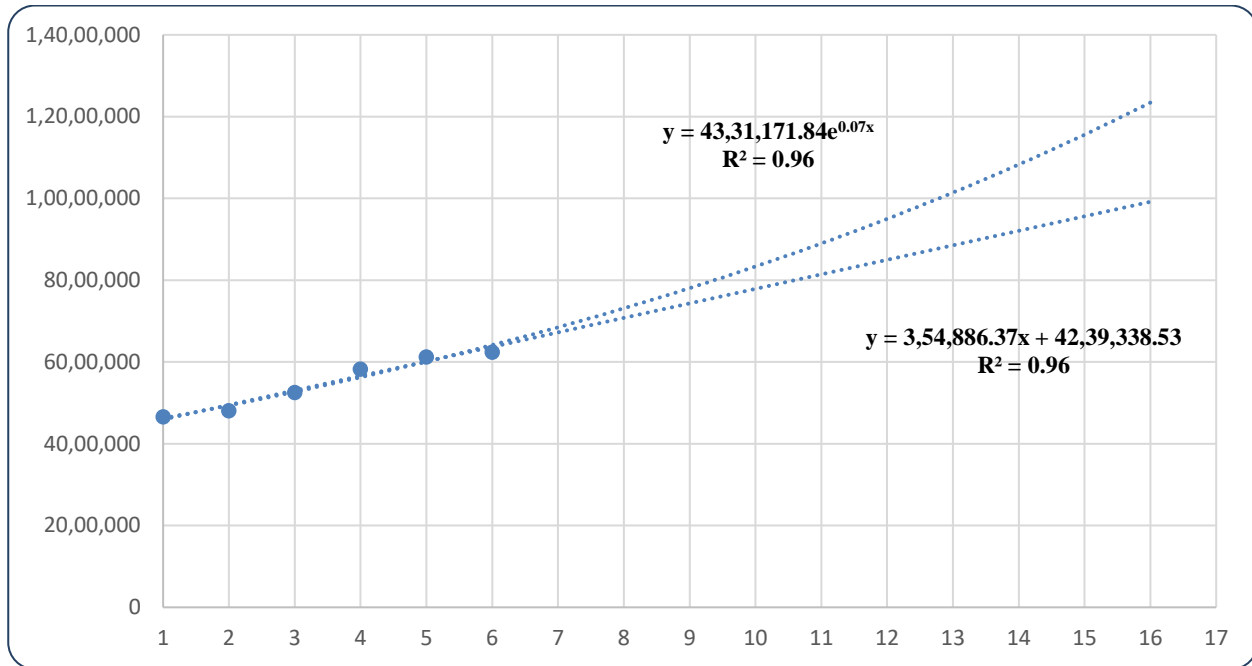


Fig 1. Forecast of the number of students in general education schools until 2030

In 2019-2020, 20 non-state general educational institutions were created on the basis of public-private partnership, which admitted 5354 schoolchildren and created 907 new jobs. 71.7 billion rubles for these works. sums of private investment was directed[8].

From 2019 to September 2022, 423 projects worth more than \$12 billion were developed under public-private partnership (PPP), of which 71 were in the education sector. It is also planned to implement another 154 projects worth more than \$1 billion.

It is also planned to implement another 154 projects worth more than \$ 1 billion. In the field of education, as a result of the construction and reconstruction of 2,899 schools, 1,200,000 students can study in schools in the next four years. .

By the end of 2026, the state will allocate 16.8 trillion soums from the budget for the construction of 2,050 new schools and the reconstruction of existing ones, which will provide an additional 700,000 student places. Private enterprises are expected to invest in the construction of 589 new schools for 396 students [9].

The Decree of the President "On the establishment of public general education schools on the basis of public-private partnership in the city of Tashkent and the Tashkent region in cooperation with the Asian Development Bank"[10] was signed. According to it, in 2023-2024, it was planned to build a total of 13 schools, including 1 school in the Yangikhaet district of Tashkent, 5 schools in the Zangiata district, 2 schools in the Orta Chirchik district, 3 schools in the Kibray district, 2 schools in the Tashkent district Tashkent region.

To do this, the bank will allocate \$1.1 million to the project participants with the condition of return for maintenance and development of tender documentation. Thus, \$150,000 will be returned to the



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bank from the state budget, while \$950,000 will be returned to the bank by private partners. The Ministry of Preschool and School Education has been appointed the state partner in the creation of new comprehensive secondary schools.

In total, 67.55 hectares of agricultural land were allocated for the construction of new schools in the Tashkent region.

Table 1. Works planned for cooperation with Uzbekistan and international financial organizations on the basis of public-private partnership

I	Works to be carried out within the framework of the cooperation project with the I Asian Development Bank (in 2022-2023)	
1	Number of schools to be built	13
2	Total amount of the project	\$1.1 million
2.1	From the state budget	\$150,000
2.2	at the expense of the Asian Development Bank	\$950,000
3	The amount of land allocated by the state	67.55 hectares
II	Works performed within the framework of the cooperation project with the European Bank for Reconstruction and Development (in 2022-2024)	
1	Number of schools to be built	13
2	Project amount	\$55-75 million

According to the Decree of the President of the Republic of Uzbekistan UP No. 101 dated April 8, 2022 [11], within the framework of projects planned for implementation during 2022-2024. on the terms of public-private partnership, in May 2023, a tripartite agreement was signed between the Ministry of Preschool and School Education, the Ministry of Economy and Finance and the European Bank for Reconstruction and Development (EBRD). Under this agreement, it is planned to build 15 schools in Namangan and Fergana regions. The capital cost of the project is \$55-75 million.

Within the framework of cooperation, the creation of new state general education schools on the basis of public-private partnership in the regions of the republic, their maintenance and repair by private partners, as well as the reconstruction of current state general education schools, the construction and repair of additional buildings are planned.

Conclusion

Education is one of the fundamental human rights in Uzbekistan. Therefore, to ensure the full use of this right, it is necessary to reform the educational process in secondary schools, including strengthening the material and technical base of institutions, digitalization of the education system, computerization, and the introduction of advanced pedagogical technologies into the educational



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process. The experience of foreign countries shows that healthy competition between state and non-state educational institutions serves to meet the needs of students in quality education.

Therefore, attracting more private investment in the education system in a market economy is one of the pressing issues of our time and has a number of advantages. The private sector uses its own capital and management potential, educational institutions are equipped with modern equipment and equipment, and the quality of education is improving. As a result, this has a positive effect on the further development of the economy and the improvement of the welfare of the population.

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