

OBJECTIVES OF USING OF PUBLIC-PRIVATE PARTNERSHIP MECHANISMS TO IMPROVE THE QUALITY OF MEDICAL SERVICES

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Abstract

Since the 1990s, developed countries have begun to introduce a new mechanism of public-private partnership to attract representatives of the private sector and their funds to carry out their functions. The projects of the public-private partnership mechanism are determined by the government on the basis of the established priorities of the country's development. The volume of investments in the economies of developed countries through the use of public-private partnerships is growing from year to year. Public-private partnership serves to ensure the quality and speedy implementation of certain functions of the government. Therefore, based on the experience of developed countries, developing countries pay great attention to the use of public-private partnership mechanisms to provide social services, including medical services, to improve their quality and increase the level of healthcare. An analysis of the practice of approaches of developed and developing countries to public-private partnerships shows that the directions of the public-private partnership projects are different. While the share of projects in the field of healthcare and education in the UK is high and main projects in the United States are implemented in the field of road construction. The authors have analyzed the public-private partnership, its stages and forms of development on the basis of the experience of developed countries. As a result of the analysis, recommendations were made to develop the use of this mechanism in financing of healthcare system in Uzbekistan.

Keywords: Medical Service, Public Private Partnership, Health Sector, Financing, Quality of Medical Services.

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INTRODUCTION

The processes of globalization in the global economy and the level of economic development of countries, as well as the instability of international economic processes, increase the level of inflation have a great impact on financing the social sphere, in particular healthcare from the government budget.

It is known fact that the priorities of the healthcare systems around the world are to improve the quality of medical care, create access to qualified medical services and medicines, ensure sanitary and epidemiological well-being and take preventive measures to protect the health of the population. Ensuring the implementation of these priorities depends on the level and order of financing costs of the public healthcare system.

PROBLEM STATEMENT

Cooperation with the private sector in carrying out public functions and the provision of services is the result of scientific developments that are embedded in the system of governance. In developed countries, the mechanism of public-private partnership has been widely used in the last 20-30 years in order to provide social services, including medical services, improve the quality of services and increase the level of healthcare. Although the cooperation of public-private partnerships in the provision of services to the population and the development of the infrastructure in the country has begun very recently, this practice quickly penetrates the economies of countries around the world.

Today, almost all countries of the world are implementing public-private partnership mechanism which ensures the development of economic structures, the formation of fair competition in the market and improve the quality of services provided, while the financing of the implementation of the state functions in many areas in the absence of public funds.

No matter how perfect any financing system is, it faces shortcomings and challenges in the development process. Problems in this area are also stated by researchers who have studied public-private partnerships [1]. However, the usage of this mechanism in developing countries is not well developed.

However, despite the fact that the legal framework for the public-private partnership has been formed in Uzbekistan, this mechanism is developing slowly in practice. For the public-private partnership, in 2019 only 0.3% of the partnership projects have been reached which were announced by the government initiative in the field of healthcare.

RESEARCH QUESTIONS

In our country, as in other areas, much attention is paid to the development of public-private partnerships in the healthcare system. The Law of the Republic of Uzbekistan "On public-private partnership" [2], the Presidential Decree of April 16, 2019 "On measures to develop public-private partnerships in the field of healthcare" [3] is an important legal basis for the implementation of public-private partnerships.

Public-private partnership development projects in Uzbekistan are also supported by investments in them by providing soft loans through commercial banks at the expense of the State Fund for Reconstruction and Development.

The areas of public-private partnership projects in the field of medicine which include planning, construction, reconstruction, establishment, equipment, modernization, financing, operation and maintenance of infrastructure facilities.

In order to improve the quality of medical services in public medical institutions, the transfer of additional and ancillary functions of institutions to entrepreneurs on the basis of outsourcing is also recognized as one of the areas of public-private partnership. As a result of these measures, the

opportunities for public medical institutions and private medical institutions to operate in the market will be equalized, and opportunities will be created for investors to operate profitably in cooperation with the government. However, the slow development of practice in the economy of Uzbekistan requires the implementation of foreign and national experience in this area and the identification of existing opportunities.

PURPOSE OF THE STUDY

As a result of studying the case studies and experiences of developed countries, it is recommended to implement effectively the mechanism of public-private partnership in financing of the healthcare system of our country.

RESEARCH METHODS

It is known from international experience that the establishment of a public-private partnership creates a fair and equitable competitive environment in the market of medical services. Therefore, the international practice of developing this funding mechanism, research in the field and the study of their results are major mission of our research.

According to the research in this area, the use of public-private partnerships, which dramatically changed the institutional system of public-private relations, was an idea put forward by the British government in the 1980s which was led by D. Major. The founder of this idea, D. Major initiated to establish the Private Finance Initiative (PFI) project for the management of state property in 1992, and business representatives were invited to invest in such areas as construction, reconstruction, management and maintenance of state property in the socio-cultural sphere [4].

An analysis of the content and system of public-private partnership relations shows that the practice of rapprochement with the system is different in each country. For example, the results of a study of Russian scientists on public-private partnerships show that there are different views and approaches to this issue.

E.B. Zavyalova and M.V. Tkachenko stated that using of this mechanism is a more acceptable method than privatization, which is beneficial to all parties involved. The government,

firstly, will save money from its budget for the construction and use of the social sphere, secondly, it will increase the efficiency of managing state property and, thirdly, it will increase the return on these financial assets. The private sector will have a guaranteed source of long-term income in exchange for partnership [5].

V.V. Ivanov notes that the government will be able to reduce or completely save government budget expenditures by involving the private sector in the project [6].

Today, the volume of investments in the economies of developed countries through the mechanism of public-private partnership is growing from year to year. We think that the analysis of the content of the above definitions does not fully reflect the content of the economic mechanism, which is very narrow and currently covers all segments of the government and the economy. Because the mechanism of public-private partnership, along with the introduction of innovations in the economy and their financing which engaged in the implementation of many important public functions and services at all levels of society (Kurikova, 2009, Kireeva, Sokolov, Tishchenko, 2012).

V. N. Mochalnikov noted the need for two approaches to the term public-private partnership and defined that in a broad sense, public-private partnership is the interaction of the government and business in various forms for the purpose of socio-economic development of the country, and in a narrow sense, public-private partnership is an organizational and institutional structure of the government and business, established for the purpose of implementing a project in a certain area of the economy[7].

Also, during the research, studies of this sphere which were carried out by M.V.Gerrard[8], O.H.Petersen[9], A.G.Zeldner, I.I.Smatriskay[10], V.Varnavsky[11], O.V.Ivanov, A.A.Ivanova[12], G.S.Galstyan[13], A.A.Arishgav[14], S.Kolesnikov[15], V.Such scientists as Sazonov[16] and the legislation of the Republic of Uzbekistan[2;3] have been reviewed and studied (Table 1).

Classification of Definitions of the Term Public-private Partnership

Table 1

Author	Description of the definition	Source
LRU-537 of May 10, 2019	A public-private partnership is a legally formed partnership for a certain period of time, based on the pooling of its resources for the implementation of a public-private partnership project.	"Collection of Legislation of the Republic of Uzbekistan", May 13, 2019, No. 19, Article 361
V.V. Ivanov	By involving the private sector in the implementation of the project, the official partner will have the opportunity to reduce or completely save government budget expenditures.	International practice of public-private partnership (PPP) // Russian Foreign Economic Bulletin, No. 6, 2015
V.Mochalnikov	Public-private partnership in the broadest sense is the interaction of government and business in various forms for the socio-economic development of the country. In the narrow sense, it is the organizational and institutional structure of the state and business, established to implement a project in a particular sector of the economy.	Public-private partnership: domestic experience, global trends, the development vector for Russia / M.: Economics, 2012. - 351 p.
M.B.Gerrard	"The use of private capital by the state in improving the quality of public services (output-based approach) or in the management of state property."	Gerrard M. B. What are Public-private Partnerships, and how do they differ from privatizations? // Finance & Development. 2001. V. 38, N 3. P. 24.
O.H.Petersen	A new method of governance that used internationally and nationally in public-private partnerships.	Public-Private Partnerships as converging or diverging trends in public management? A comparative analysis of PPP policy and regulation in Denmark and Ireland // International Public Management Review. 2011. Vol. 12, N
A.G.Zeldner, I.I.Smotritskiy	Public-private partnership is a broad concept that involves activities involving private investment in areas that cannot be	Public-private partnership in the conditions of innovative development of the economy

	privatized, such as a private entrepreneur, a large company, providing services for large projects, or attracting private investment in necessary areas such as production.	[Monograph] / Ed. A.G. Zeldner, I.I. Smotrinskaya. M.: IE RAS, 2012.S. 212.
V.G.Varnavsky	The system of co-financing of the government, municipal property for a certain period and the legalization of relations related to the distribution of risks or the provision of services to government and municipal bodies.	Public-private partnership: some issues of theory and practice // World Economy and International Relations. 2011. No. 9.
S.E.Elmirzaev, N.Sh.Shavkatov	Public-private partnership is not only a factor determining the level of development of the socio-cultural sphere and infrastructure, but also one of the special supports that will take the development of the country's economy to a new level.	Advanced foreign experience of public-private partnership relations and prospects of application in our country. // Scientific electronic journal "International Finance and Accounting". № June 3, 2019

The definitions of this term are the results of the study not only in Russia, but also there are different definitions of the term and different approaches to partnership activities around the world.

The first group of scientists sees public-private partnerships as a temporary partnership between public and private business.

The second group of scientists, on the other hand, can consider public-private partnerships as co-financing and project-specific management.

In the third group of scientists' views, public-private partnership is defined as the activity of co-financing of some high-cost sectors of the government or the effective management of state property (Kurikova, 2009).

For example, A.G. Zeldner, I.I. Smotrinsky, V. Mochalnikov stated that public-private partnerships attract private funds in areas where privatization is not possible, such as a private entrepreneur, a large company with private business, services for large projects, production and it was proposed to consider it as a related activity (Zeldner, Smotrinsky, 2012, Mochalnikov, 2012).

However, the authors did not take into account that public-private partnership can be implemented in areas where privatization is possible.

There is also an opinion that public-private partnerships allow the state to use private capital to improve the quality of public services (output-based approach) or to manage public property. This definition indicates the participation of private sector funds in a partnership project to improve the quality of public services. However, the funds can be raised for projects such as construction and services (Gerrard, 2001).

A Russian scientist describes public-private partnerships as "a system of co-financing government and municipal property for a certain period of time and the legalization of relations associated with sharing risks or providing services to state and municipal bodies" (Varnavsky, 2014).

The Law of the Republic of Uzbekistan "On public-private partnership" defines this term as "cooperation between a public partner and a private partner based on the consolidation of their resources for the implementation of a legally executed public-

private partnership project for a certain period of time". (LRUN^o537, 2019).

RESEARCH METHODOLOGY

In order to evaluate the work which have been done in the framework of public-private partnerships in developed countries, as well as to assess the positive aspects of this financing mechanism and the implementation of best practices in the practice of Uzbekistan, the current paper examined a number of developed countries using systematic analysis, analysis and synthesis.

As a result of the study, it could be found out that the participation of the private sector in public-private partnerships in structures of the economy is considered individually by each country. For example, in the United States, public-private partnerships focus on road maintenance, while the UK focuses on healthcare and education, in Germany on education, Italy, France, and Canada on healthcare as priority.

The widespread implementation of public-private partnership in healthcare will bring medicine closer to the people, improve the infrastructure of local medical institutions, increase the supply of medical equipments and technologies in accordance with international standards, improve staff skills, create opportunities for patients to choose between public and private medical institutions. Therefore, in developed countries, public-private partnerships are expected to develop over the next 20 years (Figure 1).

In the analyzed countries, a total of 344 public-private partnership agreements have been reached on social facilities. From the data analysis, it can be seen that work in this direction is much more developed in the UK. During 2018, 258 of the agreements which were made in the countries analyzed, or 75 per cent, fell to the UK. 123 of these public-private partnership agreements are in the areas of healthcare, 113 in education sphere and 22 agreements were related of social housing.

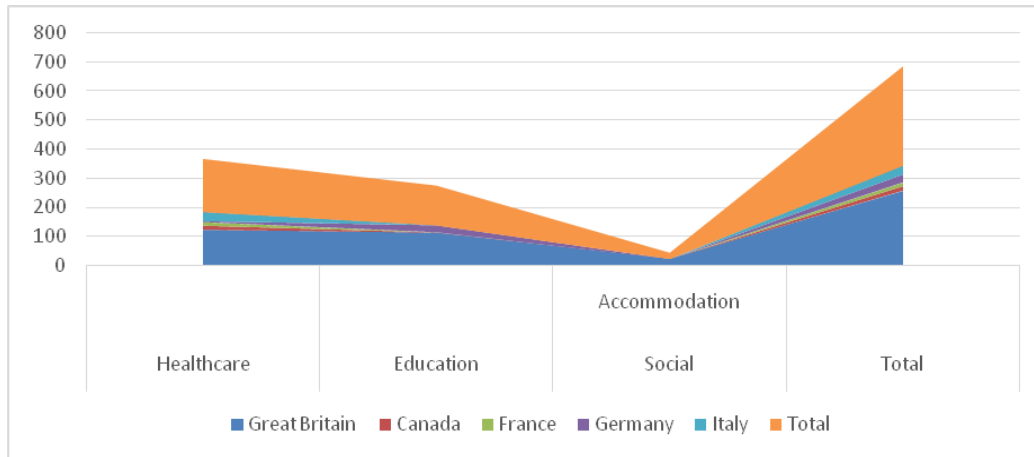


Figure 1: Analysis of Public-private Partnership Projects of Developed Countries on Social Facilities¹

The value of public-private partnership projects currently being implemented in the UK in various areas is estimated around £54 billion. Also, the analysis of public-private partnership projects in countries with different stages of economic development and transition economies shows that the priorities are focused on different areas (Figure 2).

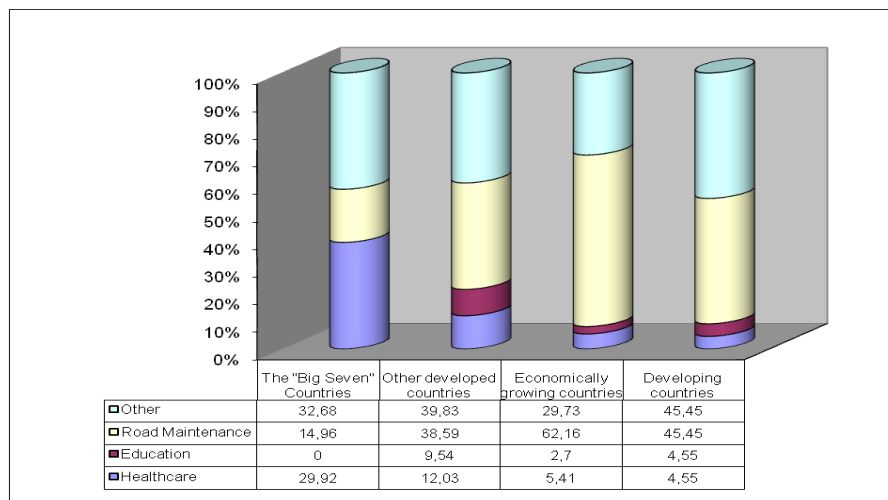


Figure 2: Sectoral Analysis of Public-private Partnership Projects in Countries with Different Stages of Economic Development²

In our opinion, the low share of projects in the field of education and healthcare in public-private partnerships in transition and developing countries is due to the fact that in these countries, infrastructure such as roads, transport systems have been identified as priorities for economic development.

In case of Uzbekistan, the priority areas of public-private partnership are preschool education and healthcare. In order to establish non-governmental preschool educational institutions, it is allowed to conclude a direct tripartite agreement on public-private partnership with businesses which receive vacant land plots and vacant public property on a free basis.

In addition, there is a system of special benefits in the system of credit allocation from commercial banks for the implementation of public-private partnership projects.

Currently, there are operating 666 preschools with a capacity of 61,278 children on public-private partnership projects in Uzbekistan. These institutions serve 56,674 preschool children. Pre-school educational institutions are operating under public-private partnership projects provide preferential services to 1284 children from low-income families who need of social protection and support.

Findings

As noted above, the number of non-governmental medical institutions are increasing in Uzbekistan, as a result of comprehensive measures taken to support the private sector in healthcare and improve the quality of medical services through public-private partnerships (Figure 3).

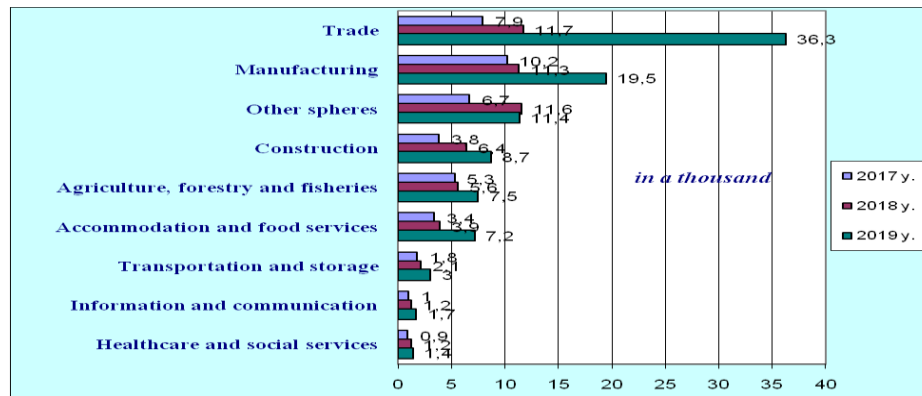


Figure 3: Status of Newly Established Enterprises and Organizations in the Republic of Uzbekistan in Recent Years in Terms of Economic Activities

In the selection of public-private partnership projects in the field of healthcare includes:

- planning, construction, reconstruction, development, equipping, modernization, financing, operation and maintenance of public infrastructure in the field of healthcare;
- delivery of equipment and goods, providing works and services in the field of healthcare;
- allow the selection of a private partner to be done on a tender basis or through direct negotiations;
- the term of the agreement with business representatives on public-private partnership projects is from 3 to 49 years;
- based on public-private partnership projects, transfer of land plots, purchased medical and other equipment, as well as facilities built by them in the implementation of partnership projects to the public partner after the expiration of the agreement

One of the key aspects for a business is to take all necessary measures to prevent the risks that arise in the course of operations. The researchers also noted that the approach to risk sharing in public-private partnership project agreements also varies from country to country.

For example, in the legislation of the Russian Federation, the risks and liabilities arising from public-private partnership projects are considered in accordance with the priority and objective of the project, and in the legislation of Great Britain, the risks and liabilities in public-private partnership are solved in accordance with the state policy on the basis of agreement of the parties in Uzbekistan. The United States focuses on solving all the problems that may arise, as well as on the distribution of risks and responsibilities in the implementation of projects (Chernyshov, 2015).

Mexico, Kyrgyzstan, Singapore and India are widely using public-private partnership and in these countries it is noted that any public and business project in the category of public services is recognized as a public-private partnership, but there is no certain opinion on the basis of competition, the level of project effectiveness (Ivanov, Ivanova, 2019).

According to the findings of research on public-private partnerships, the formation of this institutional structure in the world will be divided into 3 stages (Dabagyan, 2019).

The first group includes highly developed countries like UK, Australia, Ireland, the second group includes middle developed public-private partnerships: the Netherlands, Italy, New Zealand, Greece, Portugal, France, Spain, Canada, USA, Japan, Germany and the third group where of public-private partnership are developing countries such as China, India, Russia, Latvia, Hungary, Bulgaria, Belgium, and Finland [17].

It is known that health care is a duly licensed sphere. Therefore, the peculiarity of this category of work in the field of medicine that the terms of public-private partnership projects will provide licensing of medical activities by a private partner in accordance with the procedure established by law.

As a result of the study of domestic and foreign practices in the organization of public-private partnerships in health care, it can be seen that in the practice of Uzbekistan, in particular, activities in the field of healthcare are carried out in three directions.

The first direction is on priority projects. In order to finance governmental programs adopted for the socio-economic development of the country, the private sector will participate in projects implemented under the program. As a result, the implementation of the governmental program will be ensured, the government budget will be preserved, the project will be effective and it will be possible to provide quality services in the market.

The second direction is by industry. In world practice, public-private partnerships are widely used in all structures of the social sphere. In our country, it is planned to implement public-private partnerships in the field of preschool education, general and higher education, healthcare, housing and communal services, road construction and infrastructure in the field of electricity areas. Currently, practical work in this area can be seen in the fields of healthcare and preschool education. The scale of work carried out in the field of preschool education in our country is quite large, and currently 2.1% of the total 1389810 pupils involved in preschool education are served by institutions operating under the public-private partnership project.

The third direction is by regions. Great attention is paid in our country to the establishment of public-private partnership by regions as well. Priorities in this area are set by local executive bodies on the basis of national programs. Relations related to public-private partnership projects are carried out in this direction in accordance with the requirements of the laws of the Republic of Uzbekistan "On representative local authorities" and "On public-private partnership".

Researchers have evaluated the development of public-private partnerships in regional economies, classifying the importance of this mechanism in terms of public, regional, and private sector interests [18]. In agreement with this view, we believe that it is necessary to take into account the elimination of corruption in public-private partnerships (Okolnishnikova, Kuvatov, 2014)

As a result of our analysis of the basis for applying the public-private partnership mechanism in the country's legislation and research on public-private partnership projects, it was found that practice in this area is carried out in the following stages and conditions (figure 4).

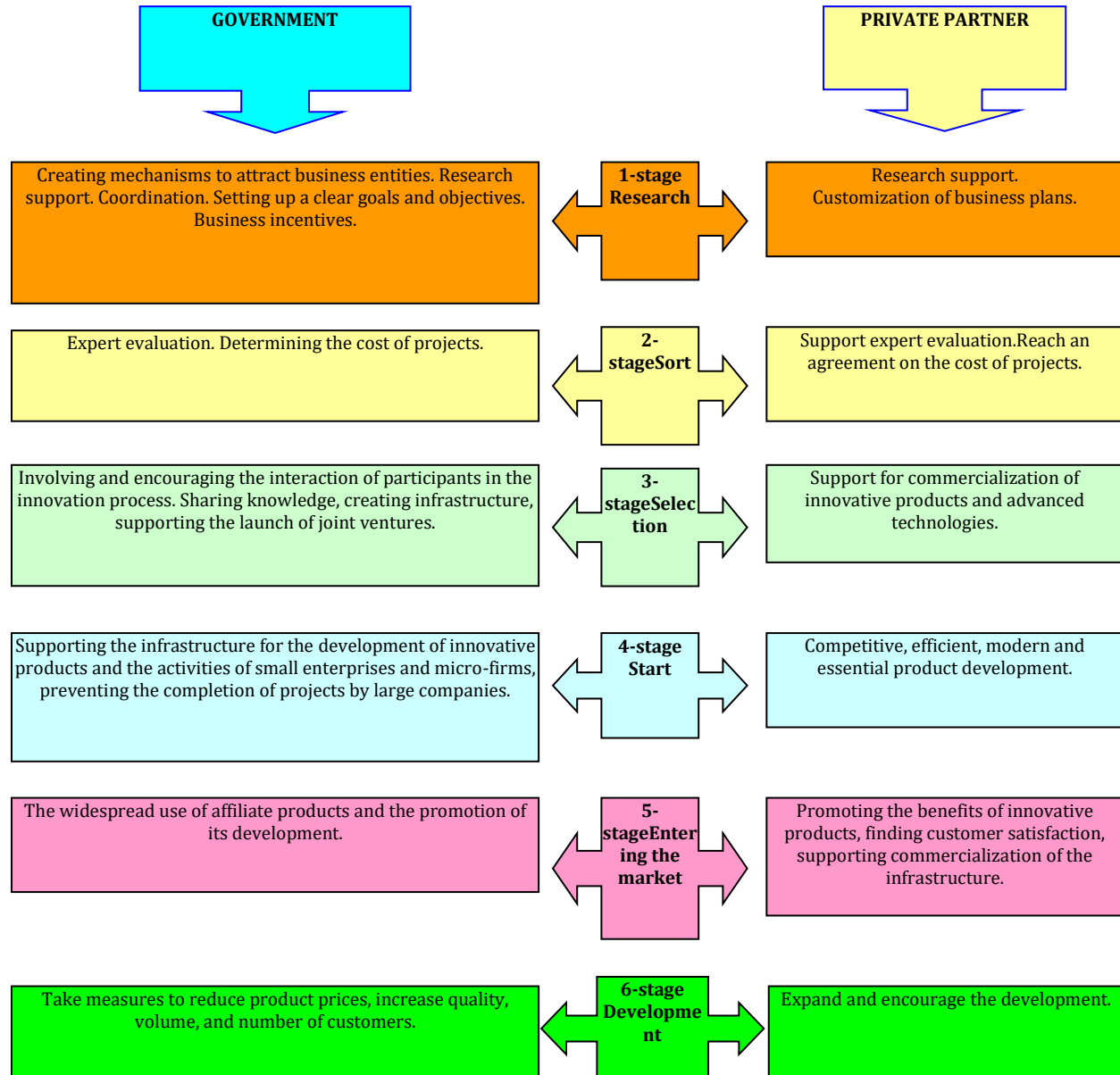


Figure 4: Stages and Terms of Organization of Public-private Partnership

CONCLUSION

In our country, all legal frameworks have been created for implementing public-private partnerships in all sectors of the economy (including healthcare). Over the past two years, a number of measures have been taken in our country to establish a new mechanism for financing social expenditures, which have proven itself in the world experience and has a positive effect. Based on the experience of developed countries, the Agency for Development of Public-Private Partnership under the Ministry of Finance of the Republic of Uzbekistan was established to organize public-private partnerships and monitor its implementation. The Agency announce tenders for public-private partnership projects with areas that are considered public partners.

However, the results of the analysis of the work done in the past period show that the rapid development of this mechanism in the healthsector has not been observed.

However, a separate decision was made to create institutional and legal mechanisms for the introduction of public-private partnerships in the field of healthcare. Furthermore, the share of medical services provided to the population through public-private partnership projects in the total volume of health services remains below the level of developing countries and countries with economies in transition.

According to the results of the study, the reasons for the lack of rapid development of the mechanism of public-private partnerships, which is a new system of financing of healthcare costs in the country, are as follows.:

- Insufficient formation of a system of trust in business entities to cooperate with the government;
- Failure of the responsible state agency to publish a long-term plan for the transfer of social facilities to public-private partnership;
- bureaucratic barriers remain in the field due to the lack of sufficient qualifications of public partners representatives on the advantages of public-Private partnership;
- Lack of measures to ditigitize mechanism and prevent bureaucratic barriersand corruption in the organization of work on public-private partnership projects;
- Insufficient organization of explanatory work among business entities on the benefits of public-private partnerships for business.

In our opinion, the main reasons for the formation and large-scale development of the public-private partnership system on a global scale, are as follows:

- Firstly, global crises have led to a decrease in state budget revenues.;
- Secondly, to ensure the effectiveness of targeted budget allocations;
- Third, improving the quality of services provided by the government to population;
- Fourth, to prevent looting of budget funds;
- Fifth, the elimination of corruption.

The development of public-private partnership serves to eliminate these problems and vices that negatively affect the development of society and the state.

Therefore, in order to increase the efficiency of work in this area the following works should be done:

- Create a three-year project plan and share it through the website of the responsible agency and mass media;
- Digitization of the system of public-private partnership to eliminate bureaucratic barriers and hassles;
- Establish the role of the state partner in the project by the

responsible agency and solve all the work within the project in the agency;

- Take measures to improve the skills of workers involved in these sphere and project;
- Increase the effectiveness of outreach about positive aspects of public-private partnerships for business benefits.

Also, in order to prevent potential problems and increase the amount of private investment in the economy by involving business representatives in public-private partnership projects, the requirements of Article 14 of the Law of the Republic of Uzbekistan "On Public-Private Partnership", it is proposed that this law be reflected in the definition of public-private partnerships.

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