



YEVROPA ITTIFOQI



Adliya Vazirligi  
Davlat Xizmatlari  
Agentligi



**Joint project of the Public Services Agency under the Ministry of Justice of the Republic of Uzbekistan, United Nations Development Programme in Uzbekistan  
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**Report on Capacity Assessment  
and  
ROADMAP  
to increase capacities and availability  
on involving private sector actor in delivering public services  
in Uzbekistan**

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## Executive summary

The current Roadmap addresses gaps in the public as well as in the private sectors related to awareness on, design, management and monitoring of projects involving public institutions and private agents in delivering public goods and services.

The study builds on previous research papers created within the framework of the joint project “Improved public service delivery and enhanced governance in rural Uzbekistan”. It builds on desk research of the current situation in Uzbekistan, but mainly on the field visit performed by the consultant in September 2021. The study tour aimed at enhancing the understanding on the knowledge of policymakers, decision makers and implementing responsible on operational options, and provide an evidence-based starting point to build their capacity on using decisional tools to facilitate the testing of a PPP-similar project in delivering public services in Uzbekistan.

The discussions revealed a series of capacity gaps within the institutions, mainly related to the lack of existing legal and regulatory frameworks for projects other than Public-Private-Partnerships (PPP), and lack of technical expertise (business case analysis, legal, accounting and fiscal management of contracts involving private partners). On the other hand, the private sector agents are not aware of existing contractual modalities to get involved in such projects, and have low experience in understanding mechanisms and modus operandi of the public contracts.

UNDP has a wealth of experience across the world in developing capacities of public institutions and private sector. For enduring positive results, the Capacity Development (CD) should address holistically the enabling environment, the organisations and the individuals. The main drivers for CD at these three levels are institutional arrangements, leadership, knowledge management and accountability mechanisms.

The CD should be differentiated between the two main stakeholders, but – in the light of the Sustainable Development Goals – the citizens should not be left aside, and should be empowered to understand and scrutinize the various modalities of involving the private sector in delivering public goods and services.

The public sector should be supported in building capacities related to topics of designing and managing projects for delivery of public services through private sector involvement, to bring specific knowledge and experience under one coordinated approach. Distinction will be made between “quick-wins” and gradual CD solutions. Ideally, a capacity development response should be integrated into existing national budget structures, to help ensure continued funding beyond the involvement of UNDP or other external partners.

At macro level, the public institutions should benefit from strengthened capacities in accounting, budgeting, fiscal treatment, and into updating the single register of public functions. At micro level, focus should be placed upon capacities allowing selecting the most appropriate contracting modality, risk management, legal management, and on technical capacities for appraisal and prioritization of projects.

For the private sector, the capacity development ranges from basic activities (building awareness and understanding on contractual modalities) to business services support (financial, legal, accounting, marketing, etc.) in order for them to prepare for such contracts. A very important element is the transparency and accountability of the public actors, as this correct information is critical for the private sector in assessing the profitability and risks in involving in any kind of partnership with the public sector.

Last but not least, the citizens through civil society sector should be empowered in being knowledgeable on partnerships between the public and private sectors. Since the advent of the Sustainable Development Goals, the United Nations Economic Commission of Europe established the “people-first PPP” concept, and the guidelines and standards already established should also be considered by all parties involved.

## Introduction

The joint project of the Agency for Public Services under Ministry of Justice, UNDP "Improving the delivery of public services and improving the level of governance in rural areas of Uzbekistan", financed by EU, is being implemented with the aim to improve the quality of life of vulnerable populations in rural areas (women, youth and children, the elderly and people with disabilities), by expanding their access to the public services and improving the quality-of-service delivery.

As a result of the analysis preformed in 2020 in a related research report, the private sector expert performed a study tour in Uzbekistan, in order to assess the general environment in the country, the existing capacities in public organisations and the potential of involving private companies in delivering modern Public Services.

## Objective of the RoadMap

Based on the study tour, this Road Map contributes to the following expected accomplishment: “within the Activity 3.4 of the Project, a suitable form of Public Private Partnership (PPP) for public service delivery will be identified and a working model of this form will be piloted in Uzbekistan”. As a result of the research and support work done previously, the expert suggested that the PPP is not the only suitable modality to involve the private sector in delivering selected public services, so the scope of the Activity should focus on any form of involving the private sector.

The study tour aimed at enhancing the understanding on the knowledge of policymakers, decision makers and implementing responsible on operational options, and provide an evidence-based starting point to build their capacity on using decisional tools to facilitate the testing of a PPP-similar project in delivering public services in Uzbekistan.

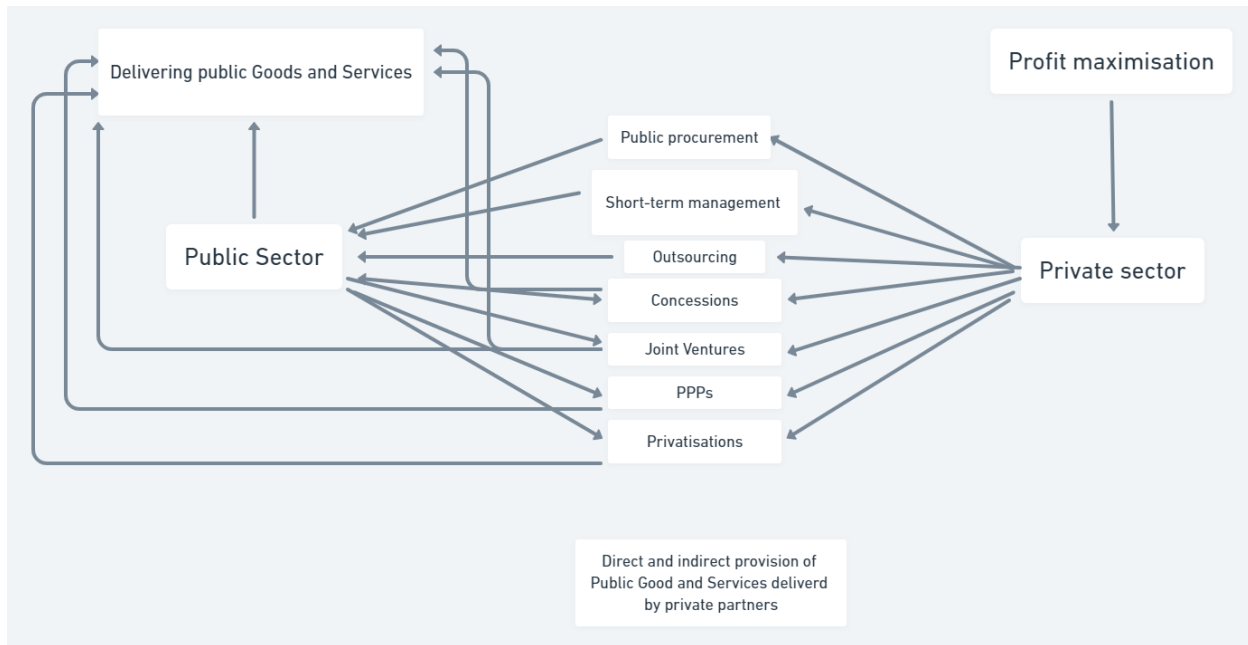
### Findings from theory of involving private sector in delivering public goods and services

Already the AAAA mentions in paragraph 48 the strong need for PPP capacity building: “build capacity to enter into PPPs, including as regards planning, contract negotiation, management, accounting and budgeting for contingent liabilities”. Further, the text highlights the need to “share risks and reward fairly, include clear accountability mechanisms and meet social and environmental standards”. These elements should be taken into account when designing the capacity building activities for the public sector in Uzbekistan, in the context of testing partnerships involving private sector actors.

When managing designing and managing joint projects with private actors, the major risks to be tackled are: projects are costly to build and finance; provision of poorer quality services; and services are less accessible compared to publicly built and operated projects; essential services might become less accountable to citizens when private corporations are involved.

As the main goal of the private sector corporations is maximise profits, they might try to achieve this by ignoring protecting the environment and ensuring universal access to quality public services. Therefore, the public sector has to increase the capacity on including these considerations in the “equation” of the public – private projects.

Additionally, the partnerships fill a space between traditionally procured government projects and full privatisation. The civil servants should also understand, be trained on, and make distinction between public procurement and privatisation, and to understand the benefits of the whole array of solutions in between (short-term management and outsourcing contracts, concession contracts and joint ventures between the public and private sectors).



**Fig. 1:** Direct and indirect provision of public goods and services delivered by private actors

## UNDP and Capacity Development

The Capacity Development (CD) is a complex concept, which can be differently perceived across organizations and cultures. In its Capacity Development Primer<sup>1</sup>, UNDP proposes three levels where CD should be applied to ensure sustainable, long-lasting positive results (page 11):

- *The enabling environment* – defined as the broad social system within which people and organization’s function. It includes all the rules, laws, policies, power relations and social norms that govern civic engagement. In the concrete case of the IPSD Project, the openness towards reforms of the public sector, the new legislative framework related to privatization and PPPs (for example) are indicators for an enabling environment for CD;
- *The organizational level* - internal structure, policies and procedures that determine an organization’s effectiveness. In the concrete example, the policies and procedures of the Public Services Agency should be reviewed to encompass the design, management and monitoring of the projects implemented with participation of the private agents;
- *At the individual level* – refers to the skills, experience and knowledge that allow each person to perform. They can be acquired formally (through education and training), while

<sup>1</sup> “Capacity Development: A UNDP Primer”, UNDP, New York, 2009

others are acquired informally (through doing and observing). In this situation, the people who will design and manage projects will have to be trained formally and informally on this particular tasks.

The CD at these three levels can be maximized if we consider the main drivers enabling this capacity transfer:

- *Institutional Arrangements*: the policies, practices and systems that allow for effective functioning of an organization or group. These may include ‘hard’ rules such as laws or the terms of a contract, or ‘soft’ rules like codes of conduct or generally accepted values;
- *Leadership*: is the ability to influence, inspire and motivate others to achieve or even go beyond their goals. It is also the ability to anticipate and respond to change. Leadership is not necessarily synonymous with a position of authority; it can also be informal and be held at many levels;
- *Knowledge*: (what people know) - underpins their capacities and hence capacity development. Seen from the perspective of our three levels (identified above), knowledge has traditionally been fostered at the individual level, mostly through education. But it can also be created and shared within an organization, such as through on-the-job training or even outside a formal organizational setting through general life experience, and supported through an enabling environment of effective educational systems and policies;
- *Accountability*: exists when rights holders are able to make duty bearers deliver on their obligations. From a capacity development perspective, the focus is on the interface between public service providers and its clients or service providers and oversight bodies. More specifically, it is about the willingness and abilities of public institutions to put in place systems and mechanisms to engage citizen groups, capture and utilize their feedback as well as the capacities of the latter to make use of such platforms.

When designing CD activities in the light of the results of the IPSD project, the plan considers the specificities of the national and local institutions, as well as those of the private sector agents in Uzbekistan.

## Findings from the Field Visit in Uzbekistan

The visit took place in September 2021 for two weeks, when the expert met with 24 public representatives and 21 representatives of the private sector. The expert met with representatives from the Ministry of Justice and Public Services Agency (PSA), Ministry of Economy, PPP Development Agency (PPP-DA) under the Ministry of Finance, Senior managers of Public Services Centres in the regions of Jizzakh and Namangan. Additionally, discussion has been

carried out with the Chamber of Commerce and Industry of Uzbekistan, acting as an interface between the legislator and private sector, as well as a services-provider for its members.

The meetings also focused on understanding the current availability and capacities of the private sector to deliver public services. Accordingly, the expert met entrepreneurs in several society areas in Tashkent, Namangan and Jizzakh regions: notary, private kindergarten and school owners, private clinic manager, managers of companies delivering integrated services. Additional understanding and insights on the private sector were delivered by consultants with consulting companies.

## Public Sector

- The new political orientation favours increased involvement of the private sector in delivering public services (see the Presidential Decree 6167 since February 2021) also through promoting ongoing privatization process. Accordingly, a newly established office under the Ministry of Economy explores public services and functions that could be better delivered by the private sector. As a result of the work completed, first proposals for privatisation are named services (certification, licensing, accreditation), management of medical establishments or power company.
- The Ministry of Justice reiterated the need to modernise the public services, especially by using international best practices and also by involving the private agents in the process. He ensured the full support from the Ministry for the process, and flagged the need for capacity development of the key staff.
- The Public Services Agency manages a network of 207 Public Services Centres across the country, with more than a half being modernized. The Centres offer a set of integrated public services to the citizens, but are currently overwhelmed with requests and workload, hence the twofold need to (1) simplify procedures, paperwork and bureaucracy, and (2) delegate public services to private operators. Additionally, the digitalization and shift to online operations should also contribute to decreasing pressure on the PSCs, limited by the low digital literacy among the population.
- Among the 160 total public services provided, 49 are free of charge, while the rest cover part of the operating costs through collected fees.
- The PSA started to evaluate public services that have the potential to be performed in a quality manner by the private sector. Such services are traffic-related monitoring (radars), laboratory services for certification, standardization and testing imported goods, compulsory technical check-up for vehicles, cadastral services. For this assessment, the PSA organized public consultations and used a survey to understand what are the population needs and expectations.
- When it comes to bigger, capital-intensive projects implemented through the public-private partnership modality, the PPP Development Agency should play a central role (conferred by the PPP Law and the implementation norms). The Agency collaborates



internationally with the World Bank and International Monetary Fund, in order to tap into the knowledge pool. One barrier mentioned during the discussions was the coordination among Ministries, delaying processes in decision making.

- The Chamber of Commerce and Industry of Uzbekistan plays a special role between the public and the private sectors, representing its members and advocating for improved frameworks and public policies related to improving the business environment. In Uzbekistan, the Chamber has around 15,000 members, and covers all 203 districts with more than 1000 staff members. They know the business environment very well, and implemented several projects financed by international organizations fostering the development of businesses (through business incubators) and of their capacities (through training and consulting services).
- The state company UZCARD benefits from a well-established network across the country, and a deep knowledge on new technologies. Their platforms covering a wide array of (electronic) services and national coverage (including in rural areas) might be considered as a technical vehicle in delivering public services, but this approach has to carefully consider market regulations, not endangering the free competition on the market.
- Meetings with khokims of districts revealed that they are aware of several services that private agents could provide to the public, especially as a result of under capacity of the PSCs. The back-office structure is ready to provide interface services between the central systems and the front offices (either public or private). For example, khokimiat representatives mentioned a list of services (cadastral services, metrology, architectural documentation, building structural planning, civil status registration, apostille, etc) that they would have wanted delivered by private agents. Larger projects (capital-intensive, e.g., for modernisation of water distribution) needs a separate approach for smaller cities or khokimiats versus Tashkent region.

Private Sector - example of public service delivered by private agents are:

- the notary in Uzbekistan, which were allowed to function up until 2010 (when nearly 200 private notary offices were registered across the county). The activity of the private notary offices resumed in January 2020, and currently they provide a wide array of services across the country. Interviews with some notary and beneficiaries suggest a good services quality and accessible prices, good profits for the notary offices, freedom to decide on staff hire and development tailored to the market needs. As a consequence, in Namangan city only private notary are functioning by the end of 2021.
- Private driving schools existed up until 2011 (with estimated 130 functioning in Tashkent area only), when they were closed on reasons of low quality provided and corruption. The services restarted as pilot initiatives, for example in Namangan region. The discussions carried during the field visit highlighted the advantages of having private driving schools (lower fees, newer and more modern cars, shorter waiting times, more accessible locations within the city). The connected service of producing the card-format driving

licences could be considered as outsourced service, while the data-base should stay with the Ministry of Internal Affairs as it handles sensitive identity data. A proposal raised during discussions was for the public organizations to establish a quality-rating system, based on the regular check-ups, to stimulate quality increase of the private driving schools.

- Private kindergartens play a special role in the Government's objective to achieve full enrolment in preschool education. By 2018, the preschool enrolment was 30%, significantly lower than the average in middle-income countries (74%)<sup>2</sup>. Private kindergartens have been opened in some regions on trial base since 2018, and cover already a large size of the market (e.g., in Jizzakh, there are eight PPP-kindergartens, more than 100 private – small family-based included - and around 20 public kindergartens), proving the private initiative has a large market to tap into. The current legislation makes PPP-like and private kindergartens appealing, as they benefit from tax exemptions or part of the running costs are subsidized by the government, but this approach is not sustainable at national level (too costly for the government). The quality check is performed weekly by representatives of khokimiat.
- Private schools had a slow start in Uzbekistan, as the public schools are free and used to offer good education quality. Nowadays, there are 51 private schools in Tashkent only. The visit performed in one private school in Namangan city explored the motivation, business case, the quality assurance and results of the activity. The high fees paid for the students are justified by quality study spaces and equipment, well-trained and motivated personnel and modern teaching technology (especially relevant in Covid-19 times).
- When it comes to services related to construction permits and property registration, they were focus topics since beginning of the 2010s, when the World Bank and International Finance Corporation performed a study and making some recommendations<sup>3</sup>. One of them refers to involving private agents: "Allow Private Sector Involvement in Surveying. Greater reliance on the private sector could add to efficiencies and stimulate development of the related services, especially in the creation of spatial data and population of the integrated national cadastre with different thematic layers." Same idea is vehiculated in 2021 among interviewed people, and the project could pilot such initiatives, to understand whether the legal framework is covering the topic and if it can enable the development of the sector. The pilot projects should consider the results of the WB project implemented with the State Committee of Uzbekistan on land resources, geodesy, cartography and the state cadastre (DavQomYerGeodezKadastr) since 2016.

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<sup>2</sup> PUBLIC-PRIVATE PARTNERSHIPS IN EARLY CHILDHOOD EDUCATION: INTERNATIONAL EXPERIENCE AND LESSONS FOR UZBEKISTAN, UNICEF, 2018, last consulted in November 2021 and available at [https://www.unicef.org/uzbekistan/media/3731/file/PPP%20for%20ECCE\\_Eng.pdf](https://www.unicef.org/uzbekistan/media/3731/file/PPP%20for%20ECCE_Eng.pdf)

<sup>3</sup> PROPERTY REGISTRATION IN UZBEKISTAN, Investment Climate Advisory Services, World Bank Group, July 2011, last consulted in November 2021, available online at [https://unece.org/fileadmin/DAM/hlm/prgm/cph/experts/uzbekistan/03\\_land\\_admin\\_and\\_urban\\_dev/Uzbekistan\\_Property\\_Report\\_WB.pdf](https://unece.org/fileadmin/DAM/hlm/prgm/cph/experts/uzbekistan/03_land_admin_and_urban_dev/Uzbekistan_Property_Report_WB.pdf)

- In Namangan area, the requests for architectural documentation exploded in 2021, with 2,209 requests (compared to 750 in 2020), overwhelming the public offices and creating an expectation for the private sector to take over part of the services and release the pressure on public offices. This shift is expected to increase transparency in approval process and reduce the risk for corruption.
- Metrology-related services and calibration were also mentioned as having potential for the private sector. In Namangan region, for example, high backlogs were mentioned due to under capacity three metrological branches for a region with up to 3 million inhabitants). However, it is difficult to create a viable business-case with just one service, especially given the long-term effects of the digitalization services (e.g., smart-meters), so a possible solution to involve private operators will be a mid-term solution at best.
- Consulting companies tested the market for the needs and availability for projects covering public needs, potentially delivered by private sector. The large consulting companies can tap into the global network of knowledge in case they need to support large projects (PPP-like) related to infrastructure and communal services (water supply and treatment, waste management, electricity production). Also, the education and health sectors are being scrutinized for opportunities;

The capacities present within the public institutions are generally adequate, but for the topics of designing and managing projects for delivery of public services through private sector involvement additional support is needed, to bring specific knowledge and experience under one coordinated approach. Distinction will be made between “quick-wins” and gradual CD solutions.

Ideally, a capacity development response should be integrated into existing national budget structures, to help ensure continued funding beyond the involvement of UNDP or other external partners.

At an interviewee request, a short analysis of existing practices in involving private operators in building and managing data centres has been done (see the text insert).

### **Data Centers and contracting modalities involving private actors**

Data centers are an important part of a government infrastructure portfolio, being used in education, healthcare, utilities, transportation, border services, defense, intelligence, citizenship and immigration, environment, research, and finance. A data center is a facility that houses computer systems for the purpose of storing and/or processing data. With current advancements in technology and the increase in demand for information storage and processing, aging data center facilities are due for upgrading, replacement and/or expansion.

Example of data center is Microsoft's data center in San Antonio, Texas, implemented through PPP modality. Other modalities potentially suitable for these projects are Design-Build-Operate-Maintain (DBOM), Design-Build-Finance- Maintain (DBFM), Design-Build-Finance-Operate-Maintain (DBFOM) and the "Concession" Model.

Big data enhanced with machine learning and Artificial Intelligence can generate novel, actional analytics in granularity and scale that were not possible before. "Big data" is large amounts of data produced very quickly by many different sources such as people, machines or sensors. This could be climate information, satellite imagery, digital pictures and videos, transaction records or GPS signals.

Global big data technology and services will create hundreds of thousands of new jobs in the coming years. The current barriers for tapping the advantages of big data and machine learning are the requirement for innovation, tools and infrastructures, but also right legal framework, and systems and technical solutions to ensure privacy and security.

### Public Services proposed to be delivered through pilot approaches with private agents

The *notary services* are already an established example, and the Ministry or the PSA should only follow the development and capitalize on the lessons learnt.

The *private education* establishments (kindergartens, schools) are providing good examples of quality services offered in the test regions. Considering the significant financial support provided to the private partners and operators (in form of tax exemption or subsidies), the public sector should consider the following elements: the financial impact of expanding the approach nationwide; an exit-strategy, in order to gradually diminish the financial participation, in case the national coverage under the current approach is not feasible.

The area of *foreign language training, proficiency test and issuing qualification certificates* is appropriate for full privatisation, with the Ministry of Education providing certification to the learning and test centres, and regularly monitoring the quality of services provided. This area should be further explored in consultation with the MoE and build on the experience of existing operators.

*Cadastral Services*: In order to ensure a profitable service for private actors, the private sector should be awarded the full service of preparing the cadastral papers, including the preparation of the primary documentation and the fully generated passport. The state back offices should retain and perform the quality control and oversight function. The private sector fears that the private cadastre service market may be monopolised by large construction companies and agencies. Accordingly, the Antimonopoly Committee should be involved in early discussions, to ensure fair market access to all operators based on performance.

*Driving schools*: the pilot initiatives indicate positive results for all parties (state, private agents, citizens), and the service should be tested for nationwide expansion, considering local specificities.

Provision of *services for calibration* and regular checking of instruments in the *area of metrology*. The public operators are overwhelmed with requests, and capacities are limited. The private sector is proposed to deliver partly these services. However, the market will shift gradually to smart-meters, with higher precision and longer servicing intervals, shrinking the potential market for private operators. An eventual involvement of private operators will have to consider shorter operating timeframes, with accelerated amortisation for investment and – consequently – higher prices demanded from end consumers. The next steps should be policy and technical-related discussions with the National Institute of Metrology.

*Traffic management* related services relate to registration of vehicles and drivers, traffic control services (radar monitoring, weight measuring) and technical inspection services. Registration of vehicles by road safety departments aims at assigning license plates through privately operated offices, broadening the coverage of services (easing access for the population). The traffic control services foresee procurement, installation of cameras and software, weighing platforms, database management and operation of the system. The foreseen number of equipment necessary to cover the country is 3,356 video-cameras, 763 radar units and 14 weighing platforms for commercial vehicles. These projects contain a capital-intensive component, and the business model should be checked on feasibility, ensure quality checking of provided services and the cost generated for the national budget and for the citizens. Additionally, the Ministry of Transportation and Ministry of Internal Affairs should clarify operational framework to ensure legality of the approach (there has been cases in other countries, where similar projects have been cancelled on legal bases, following judicial complaints from the civil sector).

The *technical inspection* of private vehicles is a service already piloted in several regions. The advantages are similar to the private driving schools – more accessible locations, modern

facilities, faster services and decreased costs for the citizens. An analysis should be performed together with the Ministry of Transportation to assess feasibility of expanding the service to national scale.

In order to create evidence-based decisions, the PSA should develop and pilot the transfer to the private sector of studied public services with the highest average score according to pre-set evaluation criteria, such as:

- load-factor and delays in providing public services by the public institutions;
- service criticality for citizens;
- business-case potential for the private investors;
- existing capacity in public and private sector score;
- long-term prospects for the partnership.

As a general comment, the private sector would expect not just a service, but a “package” of services along the operations chain. After the testing stage, the upscaling decision should also entail a comparative analysis of what additional services could be outsourced to private actors. This analysis should be led by the line Ministries or Agencies, with active involvement of private sector and technical expertise.

### Steps for increasing capacities and availability

When designing and implementing public services-related projects with involvement of private sector partners, the public sector has to be able to manage technical skills like:

- i) correctly identify and decide which contractual modality would be viable,
- ii) structure contracts to ensure an appropriate pricing and transfer of risks to private partners,
- iii) establish a comprehensive and transparent fiscal accounting and reporting standard for projects, and
- iv) establish legal, regulatory and monitoring frameworks that ensure appropriately pricing and quality of service.

Among other objectives, the capacity building should include the emerging concept of “people-first PPP”, and promote a resilient form of PPP driven by long term public interest and SDG compliance referred to as People-first PPP (PfPPP) by the UNECE, where “value for people” or “value for the society” are the key drivers”.

## *Public Sector*

Topics for increasing the technical skills related to design and management of contracts involving public and private partners can be grouped in two levels – macro and micro-levels.

### Macro-level:

- Accounting: In the area of accounting for PPPs, International Public Sector Accounting Standards (IPSAS) has put forward international standards. They might be used for other forms of involving the private partners.
- Budgeting for PPPs: in particular, international standards have been promoted through IMF's Fiscal Transparency Code and OECD Principles for Public Governance of PPPs.
- Fiscal treatment of partnerships with private agents: The IMF is currently piloting a PPP Fiscal Risk Assessment Model (P-FRAM) to help developing countries assess the potential fiscal costs and risks arising from PPP projects.
- The single register of public functions should be designed within the ministries and departments aimed at establishing mechanisms for the analysis of public functions that can be transferred to the private sector.
- Increase knowledge and practice on transparency and accountability (including on cost and distribution of fees, steps of service provision and necessary documents). Particular attention should be paid to analyse internal statistics on the selected services and the requirements needed to deliver them.
- The Antimonopoly Committee should be supported with capacity development to oversee tender procedures for the transfer of functions in a competitive environment. This entails overseeing the transparency and objectivity of tender procedures, analysing the competitive environment in a particular area of public functions. In case of emergence of monopolies, mitigation measures should be established.

### Micro-management:

- Increase capacity to refine project appraisal and prioritization.
- Increase capacities to understand the differences, advantages and disadvantages of all major forms of involving the private sector into delivering public goods and services:
- Risk management: construction risks (e.g., design problems, cost and time over-run); financial risks (e.g., interest rate and exchange rate variations); availability risks (e.g., equipment performance, quality of service); demand risks (variations in the need/use of the service) and residual risks (future value of the project when transferred to the government).
- Legal management of contracts where private and public entities collaborate with different mandates and goals.

- Provide trainings on other contractual and management modalities (financial or operational leasing, management contract, outsourcing, certification, etc).

In parallel to assessment of the skills to be strengthened, and the capacity development measures (increasing quality of performance), the optimization of staffing of relevant departments of government agencies in connection with the transfer of public functions to the private sector (quantity of performance) should be addressed. Each public institution should update the organigram and – where needed – hire personnel and train together with existing staff on matters relevant to managing contracts with private agents.

### *Private Sector*

The capacity development activities should tackle existing barriers for the private sector agents in providing public services:

- Awareness: the private agents have little or no information and understanding on the opportunities and risks of involving in partnerships with the public sector, in order to deliver quality services and goods. Basic information can be delivered through printed or online interactive products. More in-depth information can be conveyed through relevant events (presentations, round tables, discussions with representatives of the private sector and responsible organizations in the capital and regions).
- The awareness and general training should also encompass the differentiation between public procurement (execution of state orders for the production of certain goods and services that do not involve long-term contractual partnerships) and longer-term partnerships, as well as competitiveness increasing measures when competing on the busy procurement market.
- Training on transparency and accountability of public procedures is needed, to support private operators in understanding the modus operandi of the public institutions. This measure should tackle the barrier of perceived high level of bureaucracy in public contracts which deters many private agents in considering partnerships with public institutions.
- The private actors need support have the capacity to determine the profitability of a product or service they provide, but have no skills in assessing the profitability of a partnership project. The businesses need to conduct their own independent assessment of the potential profits and resources required to implement a function, and this depends on the transparency and openness of the public sector to provide critical information. The research costs can be overwhelming in some cases, and private sector should be aware of the risks implied by this element.



An important player in the complex mechanism of delivering public goods and services by involving private agents are the final beneficiaries, people, often represented by the civil society. They should be aware and understand the benefits and risks of such partnerships, have the opportunity to be consulted before and during the implementation, and have a formal mechanism to exert requests and complaints.

### Capacity Development Plan

In general, a CD plan should address several elements - systems and processes, skills and knowledge, attitudes and behaviours. In the concrete situation of building capacities for managing partnerships between public and private sector to deliver improved public services in Uzbekistan, two complementary approaches should be considered: quick-win initiatives (less than one year) and short- to medium-term (one year or longer) initiatives.

## Capacity development overview

Type of intervention	Element	Method	Beneficiary	Who implements	Progress Indicator	Timeline
Quick-win	Skill (technical: financial, legal, etc)	Trainings; courses with certification (IPSAS)	Staff involved in design and management of P-P projects	Governmental Training Centres; International Bodies	% of staff stating they have relevant skills to manage P-P projects	Mid 2022
	Knowledge	Knowledge transfer	Staff involved in design and management of P-P projects	International Experts		Mid 2022
	Attitude	Mentoring	Staff involved in design and management of P-P projects	Governmental Training Centres	Partners agreeing	
Long-term	System	Update/create policies and procedures	Institutions (PSA, regional and local administration)	Beneficiary with support from UNDP	POPP in place	End 2022
	Processes	Procedures and standards	Institutions enforcing quality of public services	PSA		End 2022

**Table 1:** short-term vs. long-term approaches for capacity development in managing public-private initiatives in delivering public services

## Recommendations

The recommendations are structured catering different stakeholders:

*Policy making level:* create legal framework/regulations related to fiscal treatment of initiatives between private and public partners; create legal and implementing regulations and procedures for non-PPP initiatives involving private and public collaboration (as only the PPP has a legal framework, not covering other contracting modalities). Broad considerations should be made involving the Antimonopoly Committee, ensuring that the new regulations and involvement of several private players would not unbalance the free-market economy rules and access to markets.

*Implementation agency:* should increase capacities of staff on legal, accounting and budgeting skills for partnerships. The single register of public functions should also be updated on relevance, while the selected public services to be tested with private involvement should have clear criteria, based on criteria like

- load-factor and delays in providing public services by the public institutions;
- service criticality for citizens;
- business-case potential for the private investors;
- existing capacity in public and private sector score;
- long-term prospects for the partnership.

*Private sector* should benefit from capacity development through trainings addressing awareness and understanding of the opportunities and risks of involving in partnerships. Additionally, trainings on business management (including legal, financial, marketing) should also be provided, to increase the chances for a broad category of businesses to involve in such projects, not only the already established ones.

The table below presents schematically the types of CD activities to be implemented for the public and private actors, per each of the proposed public services proposed to be implemented in partnership with the private sector.

Proposed service	CD for Public sector	Next steps - public sector	CD for private sector	Next steps - private actor	Timeline
Notary	--	Follow up with lessons learnt	--	Maintain quality of services provided through ongoing formative programmes	--
Private education (Kindergarten, schools)	-Assess financial impact of expanding the approach nationwide; -create an exit-strategy, in order to gradually diminish the financial load	- assess financial and organisational impact for expanding the model nationwide; - create an exit strategy	- Business management training - pedagogical regular trainings	Ensure quality of services provided	- mid-2022 - yearly
Foreign language training	Ensure quality management of services provided by private schools	- assess financial and organisational impact for expanding the model nationwide;	- Business management training	Business management training	- mid-2022 - yearly
Cadastral services	- financial, legal and fiscal capacity development for contract management	- initiate dialogue for regulations and technical details with the National Cadastre Agency; - Assess financial and operational impact of outsourcing the services to private operators; - consult with private sector on the business-case feasibility; - check with Antimonopoly Committee impacts and mitigation measures;	Business management training	-initiate dialogue with the National Cadastral Authority, to discuss operational framework	- mid-2022

Proposed service	CD for Public sector	- Next steps - public sector	CD for private sector	Next steps - private actor	Timeline
Driving schools	Ensure quality management of services provided by private driving schools	<ul style="list-style-type: none"> <li>- assess impact of expanding the model nationwide;</li> <li>- prepare regulatory framework for expanding the market for private driving schools</li> </ul>	<ul style="list-style-type: none"> <li>- Business management training</li> <li>- support for financing modalities, given the capital-intensive nature of the service</li> </ul>	Business and financing management training	mid-2022
Services for calibration and metrology	- financial, legal and fiscal capacity development for contract management	<ul style="list-style-type: none"> <li>- initiate dialogue with private sector on viability of business case</li> <li>- create operational framework to ensure long-term feasibility of the approach</li> </ul>	<ul style="list-style-type: none"> <li>- Business management training</li> <li>- regular technical training on metrology</li> </ul>	Business management training	- mid-2022 - yearly
Traffic Management	- financial, legal and fiscal capacity development for contract management	<ul style="list-style-type: none"> <li>- initiate dialogue with private sector on viability of business case</li> <li>- create operational framework to ensure legality of the approach</li> </ul>	<ul style="list-style-type: none"> <li>- Business management training</li> <li>- support for financing modalities, given the capital-intensive nature of the service</li> </ul>	Business and financing management training	mid-2022
Technical inspection for private vehicles	Ensure quality management of services provided by private technical inspection units	<ul style="list-style-type: none"> <li>- assess impact of expanding the model nationwide;</li> </ul>	<ul style="list-style-type: none"> <li>- Business management training</li> <li>- support for financing modalities, given the capital-intensive nature of the service</li> </ul>	Business and financing management training	mid-2022

