



**THE ROLE AND IMPORTANCE OF PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN INCREASING THE NUMBER OF PRIVATE ENTREPRENEURSHIP ENTITIES**

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**Abstract.** This article analyzes the main challenges encountered in evaluating the financial support system for entrepreneurial entities operating on the basis of public-private partnerships (PPPs) within the context of economic transformation. Factors such as the lack of financial allocation, the high cost of credit resources, low profitability, macroeconomic risks, indebtedness, barriers to infrastructural connectivity, and underdeveloped institutional services are examined from a scientific perspective. The research findings indicate a critical need to develop practical proposals aimed at enhancing the financial sustainability of entrepreneurial entities in PPP projects.

**Keywords:** PPP, transformation, entrepreneurial entity, financial support, profitability, credit resources, indebtedness, financial risk.

**Introduction.** In the current global economic landscape, economic transformation processes necessitate the harmonious integration of state governance and market mechanisms. In particular, the public-private partnership (PPP) model emerges as an effective instrument for attracting investment, developing infrastructure, and improving the quality of services across economic sectors. The successful implementation of PPP mechanisms stimulates the participation of private sector representatives in investment processes and, ultimately, contributes to the sustainable growth of the number of entrepreneurial entities in the country.

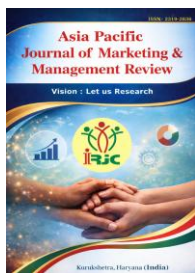
However, issues related to improving the forms and methods of evaluating the financial support system for entrepreneurial entities operating under PPPs remain a pressing concern. To address these challenges, it is essential to scientifically evaluate a number of influencing factors and establish a robust financial architecture for these entities.

**Literature Review.** Within the framework of international practice and economic doctrines, the financial incentive and risk management systems for PPP entities have been extensively researched. The experience of developed nations, specifically the United States and South Korea, demonstrates that supporting private partners through financial programs is systemized at an institutional level.

**Table 1**

**Comparative-Methodological Analysis of Financial Incentives and Risk Modeling Systems for PPP Entities in International Practice**

Analysis Criteria	South Korean Experience	US Experience (SBA System)	Systemic Issues and Methodological Gaps (International Level)
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Institutional and Legal Frameworks	The incentive and guarantee system is fully systemized within state financial institutions and specific legislation.	Coordinated by the Small Business Administration (SBA) and managed through federal programs.	Lack of a unified international and national systematic structure for economic categories and terms.
Financial Incentive Instruments	Provision of direct state guarantees for commercial loans from financial institutions.	Subsidized instruments through the "7a" and "504" special-purpose government programs.	Difficulty in qualitatively analyzing all directions and combined mechanisms of financial support.
Credit Conditions and Parameters	<ul style="list-style-type: none"> <li>• Maturity: Up to 3–5 years (medium-term).</li> </ul>	<ul style="list-style-type: none"> <li>• Volume: From \$40.4 thousand to \$404 thousand (for micro and medium projects).</li> <li>• Maturity: Up to 25 years (long-term).</li> <li>• Purpose: Modernization of fixed assets and capital-intensive infrastructure.</li> </ul>	Absence of a common methodology for assessing credit risks and allocating resources with guaranteed repayment.
Digital and Infrastructural Ecosystem	<ul style="list-style-type: none"> <li>• "Gobizkorea.com" online platform.</li> <li>• International network of business incubators.</li> </ul>	SBA regional centers, investment companies, and the SCORE counseling system.	Absence of indicators to evaluate ecosystem efficiency and their impact on mitigating project risks.
Risk Monitoring and Evaluation	State-guaranteed loans are jointly monitored by financial institutions and state funds.	Credit risks of private banks are partially or fully insured by the state (SBA).	<ul style="list-style-type: none"> <li>• Lack of a unified standard for evaluation indicators.</li> <li>• Imperfection of monitoring criteria.</li> </ul>

"Analyses indicate that while South Korea's digital platforms and short-to-medium-term guarantee systems ensure the rapid initiation of PPP projects, the long-term (up to 25 years) '7a' and '504' programs of the United States yield high efficiency in modernizing capital-intensive infrastructure. However, unified evaluation indicators and monitoring criteria to measure the effectiveness of financial support mechanisms remain unstandardized in both systems. By bridging this methodological gap and adapting the positive dimensions of international experience-specifically the guarantee framework and long-term lending mechanisms-into the national economy, there is an imperative necessity to fundamentally overhaul the risk management architecture of PPP entities within our country."

**Analysis of Public-Private Partnership Projects and Investment Dynamics**

In the process of analyzing the financial sustainability of entrepreneurial entities operating in PPP projects, the systemic challenges faced by investors and private partners were categorized into specific groups. One of the most acute problems is the lack of financial resources and liquidity shortages. This deficit of financial resources acts as a barrier for enterprises in financing current operations, implementing investment projects, and meeting loan obligations.

Table 2

**Main Structural Challenges Preventing Entrepreneurial Entities from Obtaining Bank Loans**

No.	Problem Areas	Causes and Consequences of the Problem
1.	Inaccuracy of Reporting	Vague and unreliable reporting by entrepreneurial entities, combined with a lack of incentives to fully disclose financial results, reduces their capability to secure bank loans.
2.	Insufficient Collateral	Shortage of equity capital and absence of liquid assets suitable for loan collateral, alongside limited access to programs secured by vehicles and real estate.
3.	Low Quality of Business Planning	Difficulties in assessing viability due to the small scale of the business, and substandard quality in developing business plans when seeking credit.
4.	High Credit Interest Rates	Incompatibility of the entities' profitability with the high interest rate amounts, which include bank commissions.
5.	Administrative Barriers and Bureaucracy	Complexity and length of loan acquisition procedures, coupled with a lack of qualifications on the part of the borrower to properly process documentation.

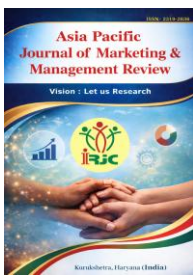
Private partners also encounter infrastructural and institutional hurdles when acquiring land plots, connecting to engineering-communication networks, and establishing production infrastructure. Additionally, due to high operational costs, banks are reluctant to finance startups or projects at the zero cycle of development.

**Conclusion** Based on the conducted research and the analysis of foreign experience, the following scientific and practical conclusions have been formulated to improve the financial support mechanisms for entrepreneurial entities involved in PPP projects:

- ✓ Expanding State Support: It is necessary to alleviate the financial burden on private partners through guaranteed loans, interest rate subsidies, and preferential grant programs.
- ✓ Developing Alternative Financing Sources: The legislative framework must be enhanced to attract venture capital, crowdfunding, microfinance, and investment fund resources.
- ✓ Digitalizing Financial Infrastructure: Credit acquisition terms should be eased by automating processes across regions, implementing digital payment systems, and lowering the operational costs of banking services.
- ✓ Implementing Risk Management Systems: To mitigate macroeconomic risks, it is essential to develop consulting services focusing on diversification, insurance, and dealing with derivative instruments within the operations of these entities.

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