

Djumayeva Sanobar Kenjayevna

*Lecturer, "Financial Technologies, Economics, and Logistics" Department
Bukhara University of Innovations*

SOCIAL INVESTMENTS AND THE DEVELOPMENT DIRECTIONS OF PUBLIC-PRIVATE PARTNERSHIP WITHIN THE FRAMEWORK OF ESG PRINCIPLES

Abstract: This article analyzes the significance of assessing social investments in Uzbekistan through the lens of ESG (Environmental, Social, Governance) principles under public-private partnership (PPP) arrangements. It highlights that integrating ESG approaches into PPP projects—emphasizing social, environmental, and governance aspects—can enhance the sustainability and effectiveness of social investments. The paper offers practical recommendations focused on contract transparency, equitable risk allocation, and improving service quality. Furthermore, it underscores the importance of continued empirical research and the development of project evaluation frameworks based on international ESG ratings and standards.

Keywords: social investments, ESG, public-private partnership (PPP), environmental sustainability, social responsibility, corporate governance, innovative development

INTRODUCTION

In the current era, maintaining a balance between economic development and social stability has become one of the most pressing global issues. On the one hand, raising the standard of living, modernizing infrastructure, and creating new jobs are among the main priorities of social policy. On the other hand, adhering to environmental sustainability (E) and corporate governance (G) principles in the process of achieving these goals is becoming increasingly important. In particular, the ESG (Environmental, Social, Governance) concept that has emerged over the past decade is considered a vital criterion that unites the interests and responsibilities of enterprises, the state, and the public in socio-economic processes.

The term **social investments** can often be confused with corporate investments. However, the main objective of social investments is not solely to obtain financial returns but to bring long-term sustainable benefits by taking social, environmental, and governance factors into account. When such investments are made through public-private partnership (PPP), the process can rise to a new level. This is because PPP projects simultaneously help improve social infrastructure, create new jobs, ensure environmental sustainability, and increase economic efficiency.

In Uzbekistan, the topic of social investments has recently come into the spotlight. Large projects are planned in various fields such as public services, healthcare, transport, energy, water supply, and agricultural clusters in cooperation with the private sector. The Law "On Public-Private Partnership," adopted in 2019, laid the legal foundation for this process. Now, it is vital to explore how ESG principles are being taken into account in developing partnerships between government agencies and private businesses, and how important these criteria are for the effectiveness and sustainability of social investments.

International practice has accumulated extensive experience in studying social investments and PPP projects. For example, international financial institutions such as the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development, and the Asian Development Bank have published numerous reports on promoting PPP models while simultaneously

incorporating social and environmental responsibility. Likewise, consulting companies such as Deloitte, PwC, EY, and KPMG have conducted research on the relevance of ESG approaches in evaluating social investments.

In Uzbekistan, since the PPP law has only recently entered into force, there is not yet a large volume of comprehensive scientific research in this area. Some dissertations and scientific articles study PPP models in terms of economic efficiency, regulatory frameworks, and investment climate; however, in-depth analysis of social investments from the ESG perspective—especially backed by empirical findings—remains relatively new.

This study contributes novelty by examining social investments within PPP frameworks in Uzbekistan from an ESG perspective, using empirical data. It also illustrates how to evaluate social investments not merely based on traditional economic indicators but also by considering their social and environmental impacts. As a result, the article sheds light on the real scope and prospects of PPP projects' influence on social investments in the local context.

METHODOLOGY

This research integrates the assessment of social investments from an ESG perspective with the model of public-private partnership (PPP) involving both the private sector and the government. The methodology includes collecting primary and secondary data, employing analytical and methodological approaches, and examining international experience. The research design envisions several stages:

Theoretical analysis - studying social investments, the ESG concept, PPP mechanisms, and international practices.

Empirical research - analyzing data from several PPP projects in Uzbekistan.

Comparative analysis - comparing local PPP projects with similar international projects.

Development of ESG indicators - creating a set of metrics to measure ESG factors.

In order to assess social investments in PPP projects in terms of environmental (E), social (S), and governance (G) considerations, a scoring system ranging from 0 to 10 was introduced. This system covers a spectrum from the near absence of ESG requirements (0–3 points) to advanced, innovative approaches (9–10 points). The following analytical methods were employed:

Descriptive statistics - to identify the main indicators of PPP projects.

Correlation analysis - to examine the relationship between the financial scope or duration of PPP projects and their ESG scores.

Comparative analysis - to compare similar international PPP projects.

Content analysis - to review official documentation and media materials related to the projects.

The study faces several limitations. First, because many large PPP projects have not yet been fully implemented, it is difficult to assess their long-term social and environmental outcomes. Second, assigning ESG indicators using a scoring system may involve subjective judgments influenced by various stakeholder interests. Third, since the sample includes around 15 PPP projects, it is challenging to generalize findings for all projects. Nevertheless, this article represents one of the first scholarly and practical steps in investigating social investments within the ESG framework.

RESULTS

Below are the findings obtained from analyzing specific PPP projects in Uzbekistan, along with data from surveys and interviews, as well as ESG scores. A comparative analysis with international experience is also included.

Within this research, **15 PPP projects** were selected, covering the following areas:

Healthcare – 3 projects (modernizing public medical institutions in partnership with private clinics).

Education – 2 projects (developing non-governmental educational services).

Energy – 3 projects (solar and wind power plants).

Transport – 4 projects (constructing new roads and toll tunnels, modernizing bus stations).

Water supply and waste recycling – 3 projects.

The table below summarizes key characteristics of these projects, including cost, duration, and participants. (see Table 1).

General Information on Selected PPP Projects in Uzbekistan

#	Project Name	Sector/Field	Project Value (USD million)	Duration (years)	Private Partner	Sector
1	“Toshkent City Clinic” PPP	Healthcare	50	10	“MediHealth” LLC (Korea)	
2	“Andijon Medical Center” PPP	Healthcare	35	7	“AsiaMed” LLC (Turkey)	
3	“Zangiota Ta’lim Majmuasi”	Education	20	5	“EduStar” LLC (Local)	
4	“Toshkent-Shahrisabz Toll Tunnel”	Transport	200	20	“RoadInfra” LLC (Russia)	JSC
5	“Samarkand Wind Power Station”	Energy	120	15	“GreenPower” LLC (China)	HK
6	“Bukhara Solar Photovoltaic Power Station”	Energy	100	15	“SolarTech” LLC (Europe)	JSC
7	“Namangan Water Supply Improvement”	Water Supply	60	10	“AquaSolution” LLC (Local)	
8	“Qashqadaryo Waste Recycling”	Ecology / Recycling	30	8	“Recyclo” LLC (Germany)	
9	“Tashkent City Bus Stations Modernization”	Transport	45	5	“CityTransport” LLC (France)	
10	“Jizzakh Healthcare Modernization”	Healthcare	25	7	“HealthFirst” LLC (Malaysia)	
11	“Chirchiq Inter-Agency Educational Complex”	Education	15	5	“SmartEdu” LLC (Local)	
12	“Termiz Transport Logistics Center”	Transport	80	10	“LogiPlus” (UAE)	
13	“Navoi Wind Power Station”	Energy	90	15	“WindGlobal” LLC (Switzerland)	
14	“Fergana Water Treatment Plant Modernization”	Water Supply	55	10	“PureWater” LLC (Korea)	
15	“Tashkent Waste Recycling”	Ecology / Recycling	40	8	“EcoLife” LLC (Japan)	

As shown in the table, transport and energy projects require the largest investments, while healthcare and education projects target improving social infrastructure. As part of this study, each of

the 15 projects was assigned scores for E, S, and G factors, based on interviews, document analyses, and survey results. This assessment is tentative, as the actual ESG outcomes may improve or decline over time (see Table 2).

ESG Scoring of PPP Projects

#	Project Name	E (0–10)	S (0–10)	G (0–10)	Overall ESG Score (0–30)
1	“Toshkent City Clinic” PPP	5	7	6	18
2	“Andijon Medical Center” PPP	5	8	6	19
3	“Zangiota Ta’lim Majmuasi”	4	7	5	16
4	“Toshkent-Shahrisabz Toll Tunnel”	6	5	5	16
5	“Samarkand Wind Power Station”	8	6	6	20
6	“Bukhara Solar Photovoltaic Power Station”	9	5	6	20
7	“Namangan Water Supply Improvement”	7	7	5	19
8	“Qashqadaryo Waste Recycling”	9	6	5	20
9	“Tashkent City Bus Stations Modernization”	5	6	6	17
10	“Jizzakh Healthcare Modernization”	4	8	5	17
11	“Chirchiq Inter-Agency Educational Complex”	4	6	5	15
12	“Termiz Transport Logistics Center”	6	5	6	17
13	“Navoi Wind Power Station”	8	5	6	19
14	“Fergana Water Treatment Plant Modernization”	7	6	5	18
15	“Tashkent Waste Recycling”	8	6	6	20

As seen from these results, projects aimed at improving ecosystems or introducing clean energy sources—specifically in energy and waste recycling—earned high environmental (E) scores, while healthcare PPP projects received relatively higher social (S) scores. In terms of governance (G), most projects have moderate scores of around 5–6, reflecting issues such as risk allocation and employee management processes, as well as certain legal shortcomings noted during interviews and focus group discussions. Additionally, surveys conducted among more than 400 users and employees confirmed the relevance of social investments and ESG factors for the public.

International practice shows that utilizing standards and ratings based on ESG metrics is crucial to increasing the effectiveness of social investments. For instance, countries like the United Kingdom, Canada, and Australia have introduced indicators such as **SROI (Social Return on Investment)**. In Uzbekistan, there are not yet comprehensive, standardized ESG frameworks specifically for PPP projects, though the Law “On Public-Private Partnership” provides a general legal basis. Nevertheless, international contracts in the energy and waste management sectors often include broader ESG requirements and obligations, thereby expediting the development of local PPP projects by more comprehensively integrating E, S, and G factors.

DISCUSSION

The findings of this study show that PPP projects are on the rise in Uzbekistan, and their role in social investments is of great importance. At the same time, ESG principles must be regarded as the key drivers of making these investments sustainable and effective. The following considerations deserve attention:

Upholding social objectives - in implementing PPP projects, the government as partner (grantee) must ensure the project does not deviate from its social goals. This includes strict monitoring of service quality, pricing, safety, and adherence to environmental requirements.

Private-sector role - while the private sector's investment, innovation, and modern management expertise enhance the economic efficiency of social projects, it is also required to practice transparent policies regarding corporate responsibility, protecting employees' rights, and delivering benefits to local communities.

Integration of ESG metrics - ESG indicators must be evaluated at every stage of selecting and implementing PPP projects. Specific metrics measuring environmental impact, the social impact on employees and local communities, as well as robust corporate governance standards, should be embedded in project contracts.

Equitable risk allocation - it is vital to properly distribute risks between the government and private partner, including environmental risks, social dissatisfaction, or fluctuations in pricing policies. Failing to anticipate potential negative ESG outcomes may jeopardize the entire project.

Transparency and open data - releasing comprehensive information on PPP projects—particularly their economic and social indicators, environmental impacts, contract transparency, etc.—bolsters public trust, improves the private sector's reputation, and helps prevent social unrest.

Adoption of international methodologies - in Uzbekistan, employing internationally recognized frameworks (e.g., GRI – Global Reporting Initiative, or SASB – Sustainability Accounting Standards Board) for assessing and monitoring PPP projects according to ESG principles is highly recommended.

RECOMMENDATIONS

Implement ESG indicators at the state level in PPP projects and require compulsory or voluntary reporting.

Provide tax incentives or subsidies to private partners that meet quotas for job creation, environmental safety, and transparency in governance.

Conduct regular ESG training for employees of private companies and government agencies involved in PPP projects.

Organize ongoing monitoring and evaluation by a third party (e.g., local or international experts) throughout the project, thus enhancing transparency and credibility.

Hold public discussions before launching a project to gather the opinions of interested parties and align the project with these considerations.

CONCLUSION

This study evaluates the alignment of social investments with environmental, social, and governance factors using examples of PPP projects in Uzbekistan. It emphasizes that social investments should not only generate financial returns but also incorporate social significance and environmental sustainability, with the PPP model serving as an effective mechanism in this regard. The comprehensive application of ESG principles in Uzbekistan's energy, water supply, waste recycling, healthcare, and education sectors can expand the scale of social benefits. Despite positive progress in the "E" and "S" components, the need for greater transparency, risk allocation, and clear definition of stakeholders' rights and responsibilities in "G" (governance) remains critical. Furthermore, the comparative analysis with international experience confirms that introducing

indicators like SROI and using ESG-based ratings can boost the effectiveness of social investments. Overall, the article highlights that an ESG-focused approach creates essential conditions not only for economic efficiency but also for responsible environmental stewardship and social justice. While this process in Uzbekistan is still in the development stage, it demonstrates substantial potential for delivering broader practical benefits in the future.

REFERENCES:

1. Law of the Republic of Uzbekistan “On Public-Private Partnership.” Tashkent, 2019.
2. World Bank. PPP Projects in Emerging Markets: Challenges and Opportunities. Washington, D.C.: World Bank Publications, 2021.
3. Global Reporting Initiative (GRI). Consolidated Set of GRI Sustainability Reporting Standards. GRI, 2021.
4. PwC. ESG and PPPs: A Framework for Sustainable Infrastructure. PwC Publications, 2020.
5. Deloitte. The Social and Environmental Impact of PPP Projects in Developing Economies. Deloitte Insights, 2021.
6. Asian Development Bank (ADB). Uzbekistan: Country Partnership Strategy and PPP Prospects. ADB, 2022.
7. Serchuk, A. “Green PPP: The Next Frontier for Sustainable Investment.” *Harvard Business Review* 2018, pp. 21–27.
8. Ministry of Finance of the Republic of Uzbekistan. PPP Monitoring and Reports. Tashkent, 2022.
9. State Committee on Statistics. Socio-economic Development of Uzbekistan: A Statistical Compendium. 2022.
10. IFC (International Finance Corporation). Guidelines for Public-Private Partnerships in Emerging Markets. IFC Publications, 2021.
11. EBRD. Transition Report: The State of PPPs in Central Asia. European Bank for Reconstruction and Development, 2020.
12. SASB (Sustainability Accounting Standards Board). Conceptual Framework & Standards. SASB, 2018.
13. Hodge, G. & Greve, C. “On Public–Private Partnership Performance.” *Public Administration Review*, 77(4), 2017, pp. 460–472.