# PROBLEMS OF APPLICATION OF FOREIGN EXPERIENCE IN THE PROVISION OF UTILITY SERVICES

## Mamatkulov Murodjon Shukurovich

associate professor, docent, independent researcher TIIAME zebo0608@mail.ru

**Abstract:**One of the most important issues today is the development of concrete approaches and measures to ensure the full implementation of government decisions aimed at effective management of housing and communal services and improving the welfare of the population. The article describes the state of the system of housing and communal services and management in Uzbekistan, the existing problems, organizational and methodological aspects of their solution, scientific proposals and practical recommendations on the application of the experience of developed countries in this area.

**Keywords**: housing and communal services, the cost of housing and communal services, foreign methods of management, foreign experience, sources of funding.

#### Introduction

In the context of globalization of the economy, if we look at the activities and financial condition of housing and communal services, it is important to ensure their efficiency, management and organizational and legal support, systematic organization of management accounting and financial assistance.

We must consider housing and communal services as the main link or sector of our economy, especially in the complex creation and management of living conditions of people in settlements. In general, the main feature of the utility system is that it meets the needs of the population in the use of housing and provides services. Accordingly, it is important to emphasize that the housing and communal services sector is a social sector.

Based on this task in Uzbekistan, it turns out that the main factor in its development and operation is the social factor, which in turn means the specificity of the criteria for evaluating the effectiveness of activities.

Currently, there are a number of problems in the field of housing and communal services in Uzbekistan: one in three houses is in need of major repairs, sewerage and heating systems, pumping equipment and most boilers are in poor condition. All this requires large costs for their maintenance, repair, and often problematic situations are waiting to be resolved.

The volume of receivables and payables of housing and communal services is constantly growing, almost half of which have become losses. All this indicates the need for rapid renewal and modernization of housing and communal facilities.

### Theoretical framework and empirical literature

Resolution of the President of the Republic of Uzbekistan dated April 24, 2017 No PP-2922 "On measures to further improve the system of storage and use of apartment buildings in 2017-2021" to radically improve the technical condition of the apartment house It was adopted in order to create the necessary conditions for the further improvement of the areas adjacent to the multi-apartment houses, as well as to carry out maintenance, repair and restoration work in a timely manner (2017) [1].

At present, more than 4,000 homeowners' associations provide services to more than 32,400 apartment buildings in the country.

In addition, 5886.4 billion sums will be allocated from the state budget in 2019 to finance the construction of affordable housing through credit lines, sums, including 2978.1 bln. sums from the state budget (2019) [5].

So, given that the volume of housing stock in our country is growing every year, we must take into account the proportional increase in the volume of complex utilities.

During our research, the analysis of the views put forward in a number of scientific literature revealed that the main directions of scientific work on housing and communal services are: T.D.Belkina (1999), P.P.Biryukov (1999) on the reorganization of the management system of housing and communal services, Yu.Yu.Galyamov (1998), A.I.Deeva (1999), V.B.Zotov (1995) and M.S.Kaplina (2011) [6], A.A.Abolin (2000), on legal coordination of interaction of participants of process of provision of housing and communal services, N.I.Dubova (1999), I.N.Chigrina (2008), G.A.Lomtev (2000) and S.L.Filimonov (2000) [7], on the organizational structure of housing stock management, V.A.Gujavina (2000), M.A.Ivanova (2000), S.I.Kruglik (2000), O.V.Lapteva (2004), V.N.Lebedev (1999), G.A.Lomtev (2000) and S.L.Filimonov (2001) [8], on the advantages and disadvantages of using various management organizations in the field of housing and communal services, I.V.Bychkovsky (1999), V.B.Ivashkevich (1996), M.S.Rumyantseva (2000), S.B.Sivaev (2000), L.N.Chernyshev (1999) [9], automation of

accounting in housing and communal services B.N.Nefedov (1996), D.V.Volkov (1996), V.F.Shabanov (1995), K.Lukov (2000), A.N.Neklyudov (2003) [10].

Housing and Utilities Management There are homeowners 'associations (condominiums) in the United States and Canada, syndicates in France, housing joint-stock companies in Finland, apartment owners' associations in Ukraine, and housing construction cooperatives in Russia. It should be noted that many countries do not have their own way in this area, but are organized on the basis of foreign experience.

The Russian Federation is one of them, it is not going its own way in this matter, but is taking advantage of many years of international experience of other foreign countries, that is, relying on foreign experience in the development of housing and communal services (2019) [11].

There are three types of foreign experience in the management of housing and communal services, which are: First experience. Directly state-run housing and communal services. The fact is that the citizens of some states today do not or cannot pay for utilities, so this management has been taken over by the state.

For example, in order for the state to have sufficient resources or to ensure the necessary well-being of the country's citizens, Saudi Arabia, Libya and Kuwait today have undertaken to provide their people with utilities. But in the UAE, this privilege is only available to locals and not to foreign nationals.

In some countries, on the contrary, due to the lack of economic capacity of the local population to pay for housing and communal services, the state was forced to abolish utility payments, for example, the state of Turkmenistan.

The second experience. A housing and communal services system managed by private housing utility companies. This experience is practiced by private companies in the management of housing and communal services in many western countries. Russian citizens, on the other hand, are adamantly opposed to using this practice. Because, according to Ulan, the owners of a private company that provides housing and communal services are afraid that they will deceive the common people and take everything for themselves. So, it can be concluded that the situation of corruption in the housing and communal services system in Russia is very strong and it means that it is not expedient to manage the system by the private sector.

The situation is unique in the United States, where private companies are liable to citizens for non-fulfillment of contractual obligations. Today, there are many private utilities in the United States. Due to the healthy competition created, the service is provided at a high level in the country, and if there are complaints about the services provided by utilities, the services of the private company providing the service are waived and provided to another competitor. It should be noted that this experience has not yet been used in Uzbekistan.

The third experience. Called a hybrid (mixed method), in some European countries the operation of public-private companies is generalized in certain mixed methods. While housing and communal services are regulated by the state, consumers are served by private companies. The exact hybrid experiment will take place in the UK, according to which utilities will be provided by private companies and tariffs will be set by the government.

In Belgium and France, service tariffs are set on a competitive basis and are provided by private companies. It should be noted that in Belgium, a mini-heating system is used to heat apartment buildings. Therefore, residents of multi-storey houses decide for themselves when to start heating the building and at what temperature to keep it.

In Spain, too, there are specific features of housing and communal services, and the management of the utility system is carried out by private companies and the state. At the same time, the state is responsible for global and large-scale work, while private companies are responsible for repairs, garbage collection and general utilities. The population itself determines which company will serve them.

Table 1 below provides a comparative analysis of foreign experience in the management of housing and communal services.

 $Table\ 1 Comparative\ analysis\ of\ foreign\ experience\ in\ the\ management\ of\ housing\ and\ communal\ services$ 

	Foreign		Applicable	Applicable	
№	experience	Specific features	states	Advantage	Disadvantage
1.	Public administratio n	All services and tariffs are controlled by the state, and utility bills are covered by the state	Arab countries with rich economies, China, Turkmenistan	The state, as the chief reformer, manages tariffs and services, provides uniform services to consumers, and bears all costs.	Due to the fact that the state finances all the costs, there is an additional burden on the state budget, and problems in the provision of services are not addressed in a timely manner.
2.		Services and tariffs are set by private companies and services are provided	USA, Canada, South Korea	Improving the quality of services and timely elimination of problems, lack of funding from the state budget	As a result of the lack of free and healthy competition, serious problems arise, depending only on the wishes of

					consumers
3.	Hybrid management	Tariffs for utility bills are governed by the state, and consumers are served by private companies.	Sweden, Germany, Finland, Poland, Great Britain, Belgium, France, Iceland	specific reforms, and competition is formed in service companies	While there is free competition, tariff change is governed by the state
4.	Hybrid management is a completely imperfect	Tariffs for services are governed by the state, although consumers are served by private companies, they are not fully independent, there is no competitive environment, and the state is almost obliged to take control of the sector.	CIS countries,	management and efforts	Existence of a monopoly in the provision of services, disregard for the wishes of consumers or the underdevelopment of the consumer culture of consumers, public administration of tariffs, not the market
		Existence of a monopoly in the provision of services, disregard for the wishes of consumers or the underdevelopment of the consumer culture of consumers, public administration of tariffs, not the market	Uzbakistan	The state can implement and regulate sectoral reforms, manage tariffs by the state depending on the economic situation of consumers, and reform	

In our opinion, it is appropriate to divide the number of these experiments into four, not three, and to call the fourth - "Hybrid management is not fully developed management".

# Results and discussion

The role of management companies in shaping the free market of housing and communal services is important, so management companies shape all the demands of the market and consumers, and their inefficient management can be explained by the fact that management companies are costly or less competitive. Foreign experience shows that inefficiency of management companies can lead to activity insurance (managerial liability), which has been proven in practice in a number of countries in Europe and the Americas, leading to improved quality of housing and communal services.

In Uzbekistan, this practice is not used at all, and there is no clear system in place. Therefore, in order to apply these experiences, it is expedient to form a relationship between consumers, managers and insurers in our country.

During our study, we found that there is another problem, according to which the formation of quality service between management companies in the field of housing and communal services, homeowners association and consumers also depends on the professionalism of staff.

According to foreign experience, special attention is paid to the training of qualified specialists for housing management or service companies (HSS), and many foreign technical universities train specialists in this field.

The requirements for these trained specialists are not only requirements such as economist, engineer, lawyer, mechanic, but also personal qualities such as communicability, negotiation skills, resolution of various conflicts.

In Hungary, for example, the Law on Homeowners' Associations states that condominiums can only be managed by persons with appropriate professional training. Since 1999, the country has introduced a state license for training courses in "Condominium Manager" and "Real Estate Manager" (2019) [13].

Our analysis shows that in most developed foreign countries there is state participation in the formation of prices or tariffs for housing and communal services, and it is used in various ways in the formation of prices for services.

O.S.Umarov, promoting the use of modern technologies in the formation of prices and tariffs for utilities, said: "To date, profound structural changes have been made in the effective organization of public utilities. In particular, when accepting utility payments from the population electronically and without cash, settlements on the basis of plastic cards of the population have been introduced. However, in the organization of natural gas utilities, there are problems such as changes in the cost of utility bills and the timely collection of payments for services. Therefore, the introduction of information and communication technologies in the process of utility payments is important" (2018)[2].

In general, there are three common methods of forming prices or tariffs for services in this area, which I.I.Gracheva studied in detail these methods, in her opinion, they are:

Method 1. Coordination of production profitability. The coordinating body sets the price (tariff) for housing and communal services on the basis of the cost of economic overheads. These housing utilities allow service businesses to operate without harm.

The disadvantage of this method is that the coordinating body has little information about the excess costs of the enterprise, so it is not important for housing utilities to reduce it.

Method 2 The RPI-X method (Consumer Price Index) was first adopted in the UK, the essence of which is that utility tariffs can only increase in line with inflation, and housing utility companies will be interested in reducing overhead costs and increasing enterprise independence and economic efficiency.

The disadvantage of the RPI-X method is the lack of incentives to improve the quality of services in the enterprise, because the reduction of costs is usually carried out at the expense of operating costs, since the zero coordination system is capital costs.

Method 3. Participate in benefits. This method requires that the total amount of profits of utilities be always the same. More than the established limit of profit is transferred to the state account. Therefore, service businesses are forced to look for ways to reduce overhead costs.

The main shortcomings of this system are related to the need to include constant detailed monitoring of actual costs and profits of the enterprise. Therefore, this method is more complicated to implement (2014) [3].

In a private approach, the reforms that have been and are being carried out are not sufficient to radically rehabilitate the sector.

Table 2 below provides a comprehensive comparative analysis of the value of payments for housing and communal services in different countries around the world., the average is 16.5%.

So, according to our analysis, we can understand that in some countries of the world, the population spends one-sixth of their monthly salary on housing and communal services. Nevertheless, we can observe that there are a number of problems in the field.

Table 2Comparative analysis of the cost of housing and communal services in different countries (as of 2018) [12]

(all figures are in US dollars) Repair, storage and Average work Average salary Electric energy utility bills Hot water Cold water **States** [14] Heating Taxes In % In % % % % Gas 일 In H 旦 % \$ 3 4 5 7 8 9 10 11 13 14 15 16 17 18 19 6 12 3710 544 105 19,3 104 19,1 10,4 19,4 Norway 14,6 57 106 110 20,2 62 11,4 2. UnitedStates 6633 564 71 12,5 70 12,4 65 11,1 98 17,3 56 9,9 141 8,5 11,5 63 25 3. Canada 4572 7,9 360 60 55 15,2 70 19,4 71 19,7 50 13,8 54 15 16,6 4. France 2985 21,5 642 96 14,9 94 14,6 134 20,8 130 20,2 120 18,6 68 10,5 \_ 14,6 England 2110 26,5 560 85 15,1 82 108 19,2 105 18,7 115 20,5 65 11,6 5226 Germany 10,8 567 86 15,1 85 14,9 106 18,6 108 19 91 16 91 16 Australia 3120 493 145 29,4 28,8 2 3 56 125 15,8 142 10 15 11,3 25,3 Spain 2350 388 72 70 51 55 14,1 55 14,1 85 16,5 18,5 18 13,1 21,9 8. 59 27 29 Russia 810 26 210 18 8,5 17 8,1 28,160 28,5 12,8 13,8 10. Uzbekistan 244[15][16] 17,6 43 5,7 13,2 0,9 2,1 4,7 10,9 10,7 24,8 7,1 16,5 11,9 27,6 3,9

In particular, in the countries based on the above-mentioned "hybrid governance is not fully developed", various misunderstandings, disagreements between service providers and consumers, the lack of service quality and consumer culture are a huge obstacle to sustainable development of housing and communal services.

# **Conclusions and recommendations**

The solution to the existing problems can be achieved only in the presence of a large amount of financial resources. However, unfortunately, it is no secret that in the example of our country there is a shortage of financial resources not only in housing and communal services, but also in budgets at all levels, so it is necessary to study modern forms of financing and identify opportunities for their use in housing and communal services. The issues of implementation to ensure the sustainable development of housing and communal services are very relevant.

Due to the fact that the management databases of housing and communal services enterprises today do not fully meet the requirements of modern management, they rely on the traditional system of documentation based on

### **JOURNAL OF CRITICAL REVIEWS**

ISSN- 2394-5125 VOL 7, ISSUE 06, 2020

the accounting systems of network enterprises, ie satisfaction of external users, primarily tax and other controls. accustomed to trying to ensure accountability and responsibility to the authorities. As a result, the need to create a systematic management account aimed at providing information on management decisions is becoming an important task. The lack of systematic organization of management accounts hinders the formation of a fast and reliable information system, moreover, the state of ensuring the structure and completeness of data provision can not be said to be at the level of demand across the network.

To address the above problems and effectively implement a number of government decisions, we have developed the following proposals:

- creation of effective functioning of the system of management and maintenance of construction and housing stock, depending on the need;
- improving the existing housing and living conditions of the population, the organization of public utilities in apartment buildings based on the experience of developed countries;
- strengthening and modernization of the material and technical base of public utilities, equipping them with modern equipment and providing them with highly qualified specialists;
- the use of new methods of access to the "Single Settlement Center" in order to eliminate various illegal embezzlements in homeowners' associations:
- more modern and effective organization of management accounting in the enterprises of the system in order to improve the management system of housing and communal services enterprises and homeowners' associations.

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ISSN- 2394-5125 VOL 7, ISSUE 06, 2020

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