

EXPERT EVALUATION METHODS OF BUSINESS PROJECTS OF STATE PRIVATE PARTNERSHIP

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Abstract: There are considered methods of expert estimation of the agricultural enterprise project, created on the basis of the PPP, in connection with the process of creation of the mechanism of the state-private partnership in Kazakhstan. Studying the mechanism and nature of the PPP based on the PPP methods of expert appraisal, improving its significance and identifying social solutions is a practical task. In this way, the establishment of public-private partnerships will allow the state to use the full range of effective methods of business management meeting the modern requirements. In this case, the right of supervision and control through state bodies and institutions is preserved. Stimulates the expert assessment and risk neutralization of entrepreneurship based on PPPs, enhances existing concessions, reforms the state and private sector, and clarifies their interactions.

Keywords: agricultural enterprises, public private partnership, risk, insurance, state support, expert, analysis.

Introduction

Traditionally, qualified surveyors offer, individually or in collaboration with others, a full range of professional services for built facilities, starting from the project inception to its completion including land acquisition, design and construction) as well as management of the resultant facilities.

While traditional procurement approaches are still widely adopted for most major projects, public private partnerships (PPPs) are increasingly being used in various countries as an alternative approach to the procurement of public facilities and/or services based upon a partnership between the public and private sectors.

In the current market economy, the new model of entrepreneurship is almost certainly a public-private partnership, the most effective form of partnership between the state and business, given that the strength of government demand for goods and services in the context of the economic crisis is an important instrument that strengthens the credibility of credit institutions and reduces their investment risk. will be [1].

Equity and fair distribution of the risks and benefits of a public-private partnership between its participants, as well as the provision of traditional state-of-the-art services through the responsibility of the public sector, are the complete or partial transfer of responsibility to private sector entities. Agricultural entrepreneurs in the form of public-private partnerships fully assume the types of risks and responsibilities of the private sector.

The higher the degree of involvement in the private sector, the greater the degree of risk, responsibility and liability. These contradictions are in the interest of the general business as a result of their interest in increasing the volume of infrastructure and social services provided by the state and improving their economic situation, while that of their business structures, which maintains a steady revenue stream from the project and ensures a steady increase in profits. The purpose of the parties' interests is to be determined by the successful implementation of the project. To do this, preliminary expert evaluation of the results of the activities of agricultural entrepreneurs on the basis of this public-private partnership is currently relevant.

The success of a public-private partnership project is achieved through a combination of unique capabilities. The enterprise structure provides the project with financial resources, innovative technology, and the use of professionalism, sound management skills, and flexibility to meet the demands of modern decision-making needs. Thus, the state, in its exercise of the rights of the owner, will be able to enjoy national and other benefits, guarantees, and receive some financial resources in accordance with the law.

The paper deals with classification of risks in public-private partnership (PPP), its division and alleviation. The necessity of using a public-private partnership concept for financing of infrastructure-related projects and overcoming an infrastructure deficit is proved. The structure of a typical PPP project on the basis of the concession agreement is presented. Basic categories of risk sharing, in accordance with the concept of economic efficiency, between

members of public-private partnership are considered. The article reveals one of the main methods used to identify and alleviate risks in PPP projects – construction of a risk assessment matrix on the basis of risk assessment in quantitative and/or qualitative measurements for all possible risk factors. Risk classification and risk-sharing, in accordance with the concept of the draft law of the Republic of Kazakhstan

Methods

At present, the mechanisms of analysis of concession mechanisms and PPP projects in Kazakhstan, analysis of legal acts on effective PPP projects based on international experience and mechanisms of establishing public-private partnership and methods of expert evaluation of public-private partnership risks are supported.

Results

The method of expert evaluation of agricultural business projects on the basis of public-private partnership will allow the state to fully use effective methods that meet the modern requirements of business management, and also have the right to control and control through state bodies and institutions. In the 2010 Address to the Nation President Nursultan Nazarbayev emphasized that the mechanism of public-private partnerships had great potential for attracting private investments into the state's economy. It has been mentioned that public-private partnership (PPP) is a way to stimulate economic growth and expand private sector participation in the economy [3].

The state, in turn, by exercising the full rights of the owner shall enjoy the privileges and guarantees of agricultural entrepreneurship as well as the opportunity to obtain some financial resources. In this way, the establishment of public-private partnerships will allow the state to fully use modern effective methods of business entities, since the management functions are transferred to the business structure, but in this case the state control and control are retained by the state.

Agricultural enterprises, in turn, reduce business risks and gain access to government resources and guarantees. Implementation of PPP projects will promote the development of public infrastructure facilities, increasing the standard of living of the population. At the same time, participants of such a company face significant risks. Half of that revenue comes from

private financing of state-owned infrastructure facilities, which the public sector relies on to transfer to private companies.

One of the important aspects of PPP is the conclusion of agreements between the government and business within national projects and programs of socio-economic development. Up to 65% of investment in financial resources can be covered so that they stimulate the process of restructuring and modernization of economic activity. Experience in developed economies has shown that public-private partnerships, government and business can have positive outcomes for society (Table 1).

Table 1 : Effectiveness of Public-Private Partnership

THE BENEFIT OF SOCIETY	ATTRACTION TO THE STATE	ATTRACTIVENESS FOR BUSINESS
acceleration of realization of priority investment and innovative projects;	Reduction of prices for reduction of state expenses and maintenance of infrastructure facilities;	Increase of investment attractiveness in the regions;
Improvement of industrial and transport infrastructure, housing and communal services, healthcare, education and socio-cultural infrastructure;	Development of modern, high-tech infrastructure;	Improvement of professional skills and provision of effective public administration in order to implement social projects
protection of interests of the Company and creation of new jobs;	Solving systemic problems of development (infrastructure, energy development, etc.);	Improving the quality and efficiency of jobs and services;
Increase of welfare of society.	Reduction of budget expenditures by raising own funds;	Optimal combination of interests of private and public investors;
Reducing tariffs, increasing competition strengthening social stability;	Increase of income from taxes and other obligatory payments to the budget;	Improve the quality of goods and services;
Improvement of administrative mechanisms in the market, attraction of investments.	Increase of management investments and innovations;	Ability to share risks with their partners to promote them;
Access to the traditional public sector;	Creation, improvement and efficient use of public property and financial resources;	constructive development between business and government agencies;
Ability to win the bureaucratic red ribbon;	Promotion, direct state support and assistance in projects of tax and other types of benefits;	Receipt of state orders;
Possibility of long-term	Share costs and risks with	Reduction of investment

investment guarantee with satisfactory guarantee;	the state;	risks;
	Unification of the state guarantees of private investments is the unity of the state interests;	Expansion of investment opportunities through equity consolidation.

Note - [4,5,6] are based on the literature used

Currently, the practice of implementing PPP projects on the basis of concession mechanisms in Kazakhstan is being used. In international practice the effective implementation of PPP projects differs from the following factors:

- preservation of volume and quality of service is a priority for the state, not construction of an infrastructure facility;
- used in the field of planning, construction, operation of infrastructure for the qualification, service, volume and quality of the private sector and is determined by the state;
- reimbursement of costs of the private sector depends on the quality of its work.

As international practice shows, there are two main types of PPPs:

- 1) institutional;
- 2) contract.

The Green Book of the EU includes a partnership based on the contractual relationship between the PPP project participants. The purpose of the institutional PPP is to provide work and services for the benefit of the state, and to establish joint ventures with the participation of the public and the private sector [6].

The model of PPP is a specific project, participants of the bilateral PPP, clearly selected to solve the state tasks of state policy. There are the following types of models:

The public sector provides land, ownership and power to the property for control;

The private sector will provide certain types of services under an agreement using the public capacity;

The private investor guarantees the transfer of the object to the state.

Next, we list the main models of PPPs. It is based on the autonomous growth of the private sector, a model that begins with complete state control and has the most extensive form of private sector automation:

- ↓ State support of public welfare;
- ↓ Contracts for the types of services provided;
- ↓ Outsourcing;
- ↓ Design (Design & Construct, D&C);

- ↓ Sale and Leaseback (S&L);
- ↓ Operational control of available resources (Operate & Maintain, O&M);
- ↓ Operational Management, Use and Strategic Management (Operate, Maintain & Manage, O&M & M);
- ↓ Build, Transfer to Government, Operate Management (Build, Transfer, Operate, BTO);
- ↓ Build, Operate, Transfer, BOT;
- ↓ Construction, Leasing, Use (Build, Lease, Transfer, BLT);
- ↓ Construction, Lease, Transfer, Maintenance (Build, Lease, Transfer, Maintain, BLTM);
- ↓ Build, Own, Operate, Delete (Build, Own, Operate, Remove, BOOR);
- ↓ Build, Own, Operate Management, and Transfer (Build, Own, Operate, Transfer, BOOT);
- ↓ Leasing, Renewal, Operational Management, Transfer (Lease, Renovate, Operate, Transfer, LROT);
- ↓ Design, Design, Strategic Management, Financing (Design, Build, Finance, Operate, DBFO);
- ↓ Design, Strategic Management, Financing (Design, Construct, Manage, Finance, DCMF);
- ↓ Design, build, finance, operational management, strategic management (Design, Build, Finance, Operate, Manage, DBFOM);
- ↓ Build, Own, and Operate Management (Build, Own, Operate, BOO);
- ↓ Franchise;
- ↓ Concession;
- ↓ Joint Venture;
- ↓ Regeneration Partnership;
- ↓ Full privatization (Outright Privatization).

As can be seen from the aforementioned models, we see that the degree of participation of private enterprise in a joint public-private partnership increases with increasing private ownership of the private sector.

At the same time, the growing demands for quality services of the public sector and the lack of sufficient public financial resources, determine the need to expand the use of PPP mechanisms in different sectors of the economy by establishing a legal and intellectual framework.

Table 2. SWOP analysis

STRENGTHS	WEAKNESSES
<p>1) equal distribution of risks, obligations and rights between the state and private sector business;</p> <p>2) reducing the burden on state capital;</p> <p>3) other (except for the contract for construction and commissioning) the right of disposal to the state ownership and transfer of the right to use it;</p> <p>4) increasing the transparency of public expenditures for the maintenance of PPP facilities (the effect of using contract provisions and borrowing by the operator, ie monitoring the creditors);</p> <p>5) maintaining the mechanism of influence on operator's services (private sector)</p> <p>6) on the fastest introduction of new technologies;</p> <p>7) more clear orientation of services to the needs of consumers;</p> <p>8) stimulation of the stock market and banking sector development;</p> <p>9) attraction of internal and external investments;</p> <p>10) development of small and medium business;</p> <p>11) variety of forms of long-term contracts with state and local bodies of private business;</p> <p>12) The use of PPPs has the following advantages: for the state:</p> <ul style="list-style-type: none"> - qualification of the private sector, its experience, technologies and know-how; - attraction of private and international investments to reduce the burden on the budget; - ensuring the rapid development of infrastructure and providing the highest quality services; - Reduce the cost and time of the project; - transfer of part of risks to the private sector; - development of capital and banking sector for the private sector: - new investment opportunities and, accordingly, new sources of income; - risk sharing with the state; - Experience in major project management, - development of private entrepreneurship. <p>for consumers:</p> <ul style="list-style-type: none"> - Providing the optimal "price-quality" ratio of service consumers; - improving the quality of goods, works and services resulting from the project implementation - Short-term availability of services; - creation of new jobs. <p>инвесторлар үшін:</p> <ul style="list-style-type: none"> - new investment opportunities and, accordingly, attraction of new sources of income; 	<p>1) longer duration of the documentation of comparative planning with budget investments;</p> <p>2) the complexity of the long-term prognosis associated with the change in the market environment;</p> <p>3) some sectors - tariffs, licenses, etc. the presence of restrictions;</p> <p>4) difficulty in attracting investors to major projects;</p> <p>5) financial availability for infrastructure projects implementation;</p> <p>6) imperfection of the legal framework in the field of PPP.</p>

- low risk sharing by the state when investing.	
OPPORTUNITIES	RISKS
1) political support; 2) support from international companies; 3) improvement of the legal framework in the field of PPP; 4) implementation of long-term development strategy of the state; 5) experience of using concession in energy and transport sector; 6) the emergence of new forms of interaction with the private sector 7) Acquisition and dissemination of knowledge and experience in the field of PPP 8) creation of new jobs 9) Development of "project-based" infrastructure; 10) provision of quality services at affordable prices; 11) international standards, models, methods, etc. input.	1) increase of dependence on prices of mineral resources and level of inflation, deterioration of financial state of the country; 2) shortage of PPP specialists; 3) lack of qualified specialists to use new technologies; 4) inconsistency with standards.

As can be seen from the table, the use of a PPP mechanism has many direct or negative factors that influence it. Analyzes performed

Expert evaluation of business projects on the basis of PPP is currently relevant and requires in-depth study.

The expert evaluation method is used to identify potential risks of a particular project during the project preparation phase. This, in turn, allows information on shortcomings and inaccuracies of the investment projects to be developed through the expertise of experts.

Table 3. Identification of risk zones

RISK ZONE	RISK FACTORS
1. Designer's risk in the development of design estimates for the transaction (project project).	Transaction structure Technological solutions Impact of state agencies Expert influence Coordination and coordination of development of project documents according to the standard Technical errors in the project Approval of the project result Designing resources and their qualification and other factors
2. Risks associated with the establishment of the enterprise (before the construction completion date)	Material Expenses of the Property of the Company Increase in Cost of Construction Construction delay due to contractors, in particular the delay in construction, in particular the failure to perform contractors on time
3. Жобаны іске қосу тәуекелі (өндірістік немесе операциондық)	Product quality risk Risk of effective management risk Product production risk in case of force majeure Transport risk Guaranteed risk such as the risk of purchasing additional raw materials, semi-finished products on import (outside the

	feasibility study), non-compliance of domestic equipment with imports, low quality of spare parts and Defect, etc.
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The need to identify risks is due not only to the risk area, but also to the need to evaluate the quality of a particular project.

Once the area has been identified, determine the compliance of the specific project to its threshold level by assessing the level of risk approved by the developer. If necessary, arrangements will be made to mitigate the impact of the project on specific risk factors. Only after that the analysis is performed with the estimation of the cost of the reprocessed activities.

Discussion

Nowadays the Republic of Kazakhstan offers more than 650 projects to investors according to the model of public - private partnership. Most projects are working in such economic sectors as: education, tourism, construction, health service, power industry and housing and communal services. These economic sectors are in the state's responsibility. Attraction of private investors is mutually advantageous co-operation. Business brings its intellectual, financial and technological expertise to the projects, and gets new investment opportunities in medium and long-term outlooks.

Realization of projects of public - private partnership for private business is opportunity to participate in large projects, to get an additional income and to obtain the support of the state. Regardless of attractiveness of the project, a great deal will depend on terms and conditions of contract between the state and investor.

Contractual form of partnership is usually using in Kazakhstan at the conclusion of the public-private partnership agreement. Public-private partnership agreement (concession agreement) is used frequently.

There are really a lot of PPP projects with high potential. The state constantly develops supportive measures and improves attractiveness of PPP investment projects.

The general algorithm of expert estimation of risk is developed. For example, the numerical values of the risk of expert probability estimation and the need for a specific risk, used by the designer in the risk zone, are given above, and the results are offset in the following table:

Table 4. *Expert risk assessment.*

EXPERT EVALUATION	NAME OF RISK (ACCORDING TO THE TABLE)							
	1	2	3	4	5	6	7	8
Probability (unit contribution)	0,3	0,5	0,5	0,7	0,5	0,4	0,4	0,2
Danger (score)	30	60	60	40	70	20	80	70
Need	9	30	30	28	35	8	32	14

Table 5. Assessment of the designer's risk ranking

RANK	NAME OF RISK	NEED
1	Coordination and compliance of the project	35
2	Technical problems	32
3 and 4	Technological solution Impact of government agencies	30
5	Influence of organs on examination	28
6	Designer resources and qualifications	14
7	Content of contracts	9
8	Compliance with project standards	8

The following table summarizes the steps to take to mitigate the risks that are likely to occur, and the appropriate types of work that are appropriate to your risk use.

Table 6. *Conditions for reducing project risks*

Type of work, project implementation period (risk zones)	Conditions (required actions).
Provision of material resources for project implementation	Sufficient stocks and resources. Quality of provided material resources. Stable political situation. Reliable and stable carrier. Premium transactions (price, delivery, penalties).
Organization of production and organization of production	Equity. Operator selection (by qualification, experience, financial status and performance). Sufficient working capital (availability of sufficient resources). Infrastructure and project support. Stable political situation.
Construction commissioning	Transaction agreement (fixed price, "turnkey" agreement, penalties). Investment costs, prime contractors.

Production and supply	Terms of purchase deals (term, price, reliability, penalties). Buyers. Ability to track financial flows (depository accounting, currency risk). Stable political situation.
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The quantitative methods of analysis can be divided into two groups: the method of assessing the likelihood of risk and probability (method of risk factor analysis); method of analyzing the impact of the project on the outcome of the risk occurrence. Quantitative risk analysis and probability analysis currently promote the following methods: Statistical method (statistical test and simulation); Investigation of the likelihood of losses, the study of analogues (analogy method).

Summary

To implement the practice of using PPPs, the following key issues need to be considered and how to address them:

In international practice, the relationship between the state and the private sector, which is part of the traditional public responsibility for the implementation of public-private partnership projects, is fixed at the level of the country's legislation.

Lack of legislation on the concept of PPPs PPP mechanisms can be understood as any contractual and non-contractual relations between the state and the private sector business. In connection with this, there is a need to clarify the issue of legislative consolidation of the concept of PPPs in order to determine the limits of the use of the PPP mechanism for implementation of socially significant projects.

Such a concession model, where the majority of investment and use risks are borne by the private party, involves the implementation of large-scale projects that are able to consolidate revenue from the beginning.

Finally, in order to recognize the patterns in this regard as examples of PPP mechanisms in the field of civil law in the Republic of Kazakhstan, certain adjustments to the regulatory legal acts governing the project planning process, holding of tenders for contracting with PPPs and their project management will be required.

It gives a clear idea of what steps PPPs can take and what issues they need to focus on. Comparing strengths, weaknesses, opportunities and risks of using PPPs, we can conclude:

- The use of PPPs by industry ministries and local authorities can take advantage of internal factors and other priorities;

- The potential identified in the course of the analysis can be a strength for future PPP use; require corrections in the direction of improvement of the revealed weaknesses. The PPP sector requires special attention to the threats such as the lack of education, and appropriate strategic actions need to be taken to protect them.

The results of the assessments and tests would give indications on the suitability of the use of PPPs approach, and if yes, the form of PPPs to be adopted. The use of PPPs approach is said to be desirable if:

- At the project level: The private sector's higher financing costs can be covered by the value of risks transferred to the private sector, as well as efficiencies and innovative practices introduced by the private sector. The project should be attractive to the fund providers and that sufficient risk transfer is possible to merit a PPP approach.
- The public sector: The public sector is equipped with, or is able to acquire, the procurement skills, delivery skills and other capabilities in delivering of a PPP project.
- The private sector: The private organizations show an interest on the project and they are capable of delivering the project.
- The public interest properly addressed and protected Since the actual cost data are not available at this stage, this makes the results obtained by the monetary comparison of public and private procurement options, i.e. the PSC and the PFP, less important at this stage.

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