

ABSTRACT

of the dissertation work of Serik Orynassarov on the topic "Efficiency and prospects for the development of the mechanism of public-private partnership in the modernization of the activities of business entities", submitted for the award of the degree of Doctor of Philosophy (PhD) in the "6D050600 Economics" specialty.

The relevance of the dissertation research.

In a market economy, the state should act not only as a regulator, but also as an active participant in economic relations, especially in conditions of modernization of various spheres of the economy by ensuring access to public goods and services on a large territory.

PPP in this context can be an effective tool. It allows the state to attract private investment and expertise for the implementation of large projects, while unloading the budget and improving the quality and accessibility of services for the population. This is particularly relevant for a country with a large territory like Kazakhstan, where a variety of regions require an individual approach and significant resources to ensure equal access to education, healthcare, infrastructure and other important areas of society.

Consequently, the active participation of the state in economic processes through PPP mechanisms and the development of new social institutions can be the key approach to an effective and balanced modernization of the economy of Kazakhstan. This will help not only to improve the quality of life of citizens, but also to increase the overall competitiveness of the country on the world stage.

With an effectively developed structure, the use of public-private partnership mechanisms will be mutually beneficial to the state, private business, and especially the population. In Kazakhstan, the Law on Public-Private Partnership regulates relations between the state and private companies or investors in the framework of joint projects on construction, infrastructure development, provision of services and other areas. The adoption of this law has created a legal basis for cooperation between the public and private sectors in order to achieve social goals, increase efficiency, attract investment and technical knowledge.

In order to materialize the process of Kazakhstan's integration into the world community it is important to carry out a successful transition to an innovative way of economic development, provided by increasing the volume of investments and increasing the efficiency of their use. Comprehensive economic pragmatism based on the principles of profitability, return on investment has become the basis for Economic policy for the medium term . The limited inflow of capital from external sources makes it necessary to purposive regulation of the mechanisms of the internal investment process. Thus, focusing on the UN Sustainable Development Goals, the National Development Plan of the Republic of Kazakhstan was developed.

A set of measures, strategies and actions aimed at stimulating the industrial and innovative development of Kazakhstan had reflection in the State Program of Industrial and Innovative Development of the Republic of Kazakhstan.

A successful public-private partnership requires mutual trust, a clear understanding of the goals and obligations of each party, as well as effective management. It is also important to have a long-term perspective and stability in order to achieve a competitive advantage of the country.

At the same time, it should be noted about the limitations and difficulties of implementing public-private partnerships. State intervention can lead to distortion of market mechanisms and inefficient use of resources. There is also an issue of how to ensure fairness and equality between the various private companies involved in the partnership.

In general, public-private partnership is an interaction between the state and the private sector in order to create a favorable environment for business development and achieve a competitive advantage of the country. This can include support of infrastructure, financial assistance, market regulation, and the development of education and science. However, in the concept of public-private partnership development, it is necessary to take into account the effectiveness and fairness of such a partnership

The need to improve the management of public assets and attract private investment to meet public and social interests requires a regular reassessment of the conceptual framework. Public-private partnerships (PPPs) cover a wide range of business models, applications and associations abroad. In the most general sense, the term "PPP" is used during the using of private sector resources (such as capital, experience, entrepreneurial and managerial acumen) to satisfy all needs of the population. The regulation of the PPP institution covers the public relations of two or more entities.

The fundamental characteristic of partnerships is the establishment of connections that arise as a result of joint efforts and cover communication (information exchange), interaction (exchange of actions) and social perception (understanding and perception of partners). In this context, mutual consent serves as a link between the beginning of partnership relations and the subsequent implementation of mutual goals.

The use of public-private partnership (PPP) in the field of innovation is key to accelerating the technological and economic development of the country, especially in the context of Kazakhstan. Innovations are not always about entrepreneurship, they also cover a wide range of activities, including research and development, the introduction of new technologies and the creation of new products and services.

Risk is an integral part of the innovation process. Innovations often require significant investments, both financial and temporary, and the results may not always be predictable. In such circumstances, support from the state becomes especially important. It can manifest itself in the form of financial support, tax incentives, and the creation of a favorable regulatory environment or the provision of state guarantees.

State support through PPP mechanisms can significantly reduce barriers to entry of private investors into the field of innovation. This, in turn, can stimulate the development of new technologies, accelerate scientific and technological progress and, as a result, improve the quality of life of the population and increase the competitiveness of the country's economy.

Thus, PPP in the field of innovation not only contributes to the development of new technologies, but also ensures a more efficient and rational use of resources, combining the capabilities and experience of both the private and public sectors. Therefore, a large-scale transition to an innovative path of development is possible only with the cooperation of business structures with the state based on the principles of public-private partnership.

The degree of knowledge of the problem.

Michael Porter has developed the concept of the competitive advantage of the nation, which implies the creation of a favorable environment for business development and investment attraction. In his article "FDI and the competitive advantage of the nation", he presented a theoretical model in which public-private partnership plays a major role.

Porter argues that in order to achieve a competitive advantage of the nation, it is necessary to create so-called "factor conditions of production". He identifies four main factors: firms, specialized industries, national industries and national clusters.

Within the framework of this model, the state plays an active role in the formation of a favorable business environment. State institutions can create and manage infrastructure, provide financial support, regulate the market and create specialized industries. They can also support and develop education and research to ensure access to highly qualified personnel and innovation.

Public-private partnership in this model implies cooperation between the government and the private sector in order to create favorable conditions for business development. The private sector can receive support and incentives from the state, while the state can use the private sector to develop the economy and create jobs.

The analysis of terminology and concepts has shown that in modern world practice, public-private partnership is understood not only as a system of relations between the state and business, widely used as an instrument of economic and social development at the national, international, regional, city and municipal levels, but also in the form of specific projects jointly implemented by public authorities and private companies with the involvement of state and municipal assets (Varnavsky A.S., Klimenko V.E., Ignatyuk N.A., etc.).

Currently, the ideology of using institutional and organizational mechanisms of public-private partnership (PPP) to attract commercial companies for long-term financing and permanent management of public infrastructure and a wide range of public assets has become widespread throughout the world.

Nevertheless, it is important to note that the conceptual and categorical framework of PPP is not fully formed, and there is no common understanding of the essence of public-private partnership. Despite some separate developments on property issues,

state regulation of private economic relations, state control over the private sector, etc., the phenomenon of public-private partnership, especially at the regional and local levels, remains insufficiently studied in theoretical terms.

As a result, the problems associated with the synthesis of two forms of ownership - public and private - for financing socially significant projects, and possible ways to resolve conflicts of interest within the framework of public-private partnership remain largely unexplored. Therefore, the study of the nature and mechanism of public-private partnership, as well as the definition of their role in solving social problems is very relevant both in theoretical and practical contexts.

General methodological aspects of cooperation between the state and private business and mechanisms of public-private partnership for solving infrastructure projects were studied by foreign experts: Diaz G.R.; Eugenio C.; Jeong Yun Kweun; Klijn E-Y; Jenny Chao; Macomber J. D.; Makovsek D.; Marco Buso; Markovskaya E.; Richard Burke, Istemi Demirag.; Sagalyn L. B.); Yescombe E. R.; Yoon-Jung Kim.; G.A.Larbi; S. Lee; M.McKee, N.Edwards & R.Atun; O.Osborne; M.Porter; A.Renda & L.Schrefler; P.Snelson; D.Stiglitz et al .

Such prominent scientists as Mataev T.M., Espolov T.I., Aiguzhinova D. 3., Toksanova A.N., Tleuberdinova A.T., Kalieva C. A. and others dealt with the problems of implementing PPP projects in Kazakhstan.

The research focuses on specific practical issues related to the functioning of certain forms of public-private partnership (PPP). Despite the representative list of authors' works, the choice of partnership forms and the organization of financing of joint projects remain insufficiently studied. In addition, the use of PPP as an institution in a modern mixed economy with a significant role of the state and the growing role of the private sector has been poorly studied.

The object of the study

The object of the study is the modern practice of implementing PPP projects in developed, developing countries and the Republic of Kazakhstan.

Subject of research

The subject of the study is organizational and economic relations arising in the process of implementing the mechanism of public-private partnership in the economy of the Republic of Kazakhstan.

Goals and objectives of the study

The purpose of the dissertation is the economic justification of the use of public-private partnership mechanisms in the modernization of the activities of business entities and the development of measures to improve their effectiveness.

In accordance with the set goal, the following tasks were considered in the work:

- to study the essence, forms and mechanisms of implementation of public-private partnership;
- to identify how many forms of public-private partnership operating in Kazakhstan meet the requirements of the modern economy, the tasks of implementing infrastructure projects;

- to consider the implementation of public-private partnerships in the regions of the Republic of Kazakhstan;
- to prepare recommendations on the use of innovative methods and techniques to overcome the problems of implementing the mechanism of public-private partnership in the economy of Kazakhstan;
- to test the proposed mechanism by developing a project to create a business entity based on the mechanism of public-private partnership. **Scientific novelty**

The novelty of this study lies in its contribution to understanding the effectiveness, problems and potential of the mechanism of public-private partnership in the modernization of economic entities.

The main provisions put forward for protection

- at the theoretical level, the idea of PPP as the most promising form of implementing state investment policy in modern conditions and an effective mechanism for creating industrial and social infrastructure facilities has been expanded;
- a detailed systematic critical analysis of innovative public-private partnership has been carried out and a mathematical model of economic risk assessment has been developed to determine the effectiveness of the implementation of PPP projects;
- the urgent task of conducting a system analysis and classification of PPP models has been solved, their advantages and disadvantages have been identified;
- practical recommendations of regulatory and legal mechanisms for improving the efficiency of PPP development in the Republic of Kazakhstan are proposed.

Theoretical and methodological basis of the study

The theoretical and methodological basis of the dissertation was the literature of domestic and foreign authors in the field of theory and practice of the functioning of public-private partnership. Within the framework of the study, general scientific methods were used: theoretical, empirical and general logical. Methods of historical, classification, system analysis, expert assessments, and methods of processing statistical information have found wide application. The information and empirical base of the dissertation research was developed on the basis of statistical materials, official and reference data of research institutions, as well as with the help of periodicals, monographic studies, scientific and practical conferences on the studied problem.

Scientific and practical significance of the implementation of the research results

These research results may be in demand by the relevant state authorities. The provisions of the dissertation work can be used by consulting organizations, private enterprises, financial institutions in organizing and conducting PPP competitions. It will significantly increase the efficiency of business entities, which ultimately will have a favorable effect on the general state of the region under consideration.

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The hypothesis of the study. The effectiveness of the PPP mechanism depends on the readiness to modernize the activities of business entities, the main indicator of which is the innovative activity of the business community, taking into account the segmentation of risk factors underlying the development of recommendations to improve the efficiency of PPP projects

Approbation of the results of the study. The main theoretical and practical results of the dissertation work have been published by the author in 8 scientific publications, including 1 article in a scientific publication included in the Scopus database, 4 articles in journals recommended by the National Research Institute of the Republic of Kazakhstan, 1 article in international scientific journals, 2 articles in proceedings of international and republican scientific and practical conferences.

Conclusion:

Currently, the world markets and the social environment are at the stage of transformation and requires a special approach from the state and business structures. The increased demand for an innovative approach, most often based on digital technologies, has made its own adjustments to the formation of a new economic model.

In such conditions, public-private partnership acquires new forms, in which the main role is played by the innovative activity of business, which is always in search and has relevant technical knowledge. At the same time, the demand of society regarding the functions of the state has also undergone a change and the state also needs to introduce innovative technologies into the management system in order to meet the expectations of society. The state establishes the mechanism of functioning of the internal market, and it needs not only quantitative, but also qualitative changes. These changes involve the introduction of advanced technologies and the modernization of research platforms, which will increase the efficiency of innovation and require significant investments.

In such conditions, public-private partnership is an effective model of cooperation, which combines the advantages of business structures, such as innovation, technical knowledge, organizational efficiency and entrepreneurial aspirations, with the capabilities of the state, which guarantees social justice and responsibility.

The mathematical model of risk distribution in public-private partnership projects depends on the industry affiliation. However, there are some general principles of risk accounting that need to be taken into account when distributing risks between the two parties.

The mathematical model should take into account the financial risks of the private partner and the state, taking into account the factors of influence: market conditions, credit conditions, demand, prices, management decisions, technical factors, political stability, legislative changes, global economic changes, natural disasters, changes in tax policy, changes in business regulation, time, geographical location, industry specifics.

These two indicators allow all participants of the public-private partnership project to more accurately assess their risks. The identity of these values is optimal in order to ensure a fair distribution of risks and benefits between private and public partners.

The assessment of financial risks in public-private partnership (PPP) projects can be distributed by risk level: low risk level (up to 2.0), medium risk level (2.1 - 4.9), high risk level (5.0 and higher). These indicators can be the basis for assessing the risks of PPP projects, taking into account the economic sector and the focus of the project.

The analysis of the experience of foreign countries in the implementation of PPP projects allows us to identify five different PPP models:

- an operator where financing is carried out by the private sector, and ownership can be both private and public, while management is carried out by the private sector.
- cooperatives, where financing is a combination of business and public funds, property can be both private and public, while joint management of the private and public sectors is carried out.
- concessions where financing is a combination of private and public funds, and the property belongs entirely to the state, while management is carried out both by the private sector and in cooperation with the state.
- Contractual, where the financing is carried out by the private sector and the property can be both private and public, while the management is in the private sector.
- Leasing, where the public and private sector carry out financing and the property is private, while the management is in the private sector.

The operator model is distinguished by its prevalence and assumes a clear differentiation of obligations between public and private participants while maintaining control functions for the state. Within the framework of public-private partnership, different models are used depending on the specific conditions and requirements of the project.

The cooperative model is used in cases where services are difficult to accurately define and divide into separate taxable or depreciable categories. This model is suitable for situations where a clear separation of responsibilities and services is not possible.

The concession model is effective in industries with long project implementation periods, where the transfer of property from the state to the private is impossible due to legal or political restrictions.

The contract model is often used in the energy sector, where investments are aimed at reducing operating costs, which makes this model preferable for projects focused on reducing costs.

The leasing model is ideal for public works projects, providing flexibility in management and financing.

The success of PPP in innovative projects depends on the coordinated efforts of the state, private business, the scientific community and society.

Comprehensive development of national innovation systems is needed to support innovation activities in various sectors of the economy.

- Modernization of the educational system is required to form qualified personnel and improve the innovation climate.
- The existing legislation may limit the efficiency and development of PPPs in some key areas.
- Kazakhstan's active role in international PPP projects is important to attract investment and technology.
- PPP can be a powerful tool to support research and development initiatives.

Offers:

1. It is necessary to adapt and optimize legislation to simplify the implementation and management of PPP projects.
2. It is recommended to strengthen the focus on PPPs in social spheres, such as education and healthcare, to improve the quality and accessibility of services.
3. Offer tax incentives and financial support to private investors in large innovative projects.
4. Support for infrastructure development through PPP, especially in the transport and housing sector.
5. To develop programs of education and training of specialists for work in the field of PPP, especially in state structures.
6. To activate PPP in the scientific field that promotes innovative development.
7. Strengthen Kazakhstan's participation in international PPP projects to exchange experience and attract foreign investment.

Currently, direct agreements with creditors (DACs) are available only for public-private partnership (PPP) projects and concessions that are classified as "particularly significant". This restriction makes small projects less attractive to lenders, since they do not have an additional level of DAC protection.

Restricting access to DAC for projects of no "special significance" reduces their investment attractiveness. Without DAC, lenders may consider such projects more risky, which increases the cost of capital for them. It can also constrain innovation and diversity in PPP and concession projects, as investors may prefer larger and "safer" projects.

The proposal is to allow direct agreements with creditors for all PPP projects and concessions, regardless of their size or "special significance" status. This will increase the investment attractiveness of small projects, providing lenders with additional protection. Expanding access to DAC helps attract investors of various levels, which can accelerate infrastructure development and stimulate economic growth. DAC can help reduce financial risks for lenders, which, in turn, can lead to a reduction in the cost of capital for projects.

The provision of DAC for all PPP projects and concessions can stimulate innovation and diversity of projects, as investors will consider different types of projects. Improved financing conditions may attract foreign investment. In general, expanding access to direct agreements with creditors can significantly increase the attractiveness and viability of PPP projects. The lack of the possibility of concluding a DAC for most projects can lead to a decrease in investment and a slowdown in infrastructure development.

At the moment, international arbitration is available only for large concession projects and PPP projects with the participation of foreign shareholders. This suggests that many projects, especially those that are not classified as "particularly significant" or do not have foreign investors, are deprived of the opportunity to use international arbitration to resolve disputes.

The current system restricts access to international arbitration, which may reduce the confidence and protection of investors and project participants. The lack of the possibility of using international arbitration in projects with a lesser degree of foreign participation may reduce their attractiveness to foreign investors. Restricting access to international arbitration may increase legal risks for project participants, especially in situations where national judicial systems are perceived as less independent or effective.

It is proposed to allow international arbitration for all PPP projects and concessions, regardless of their size or the degree of foreign participation. This change will increase investors' confidence in protecting their rights and interests, which is especially important for international participants. Protecting investors' rights through international arbitration can help attract foreign investment, which is important for economic growth and development.

Access to international arbitration can help reduce legal risks for project participants. Expanding access to international arbitration can improve the perception of the country's business climate at the international level. Enabling the use of international arbitration for all projects can stimulate diversity and innovation in PPPs and concessions.

Expanding access to international arbitration for all PPP projects and concessions increases their attractiveness to international and local investors, reducing legal risks and improving the country's international image as a reliable partner.

In the current system, when a public-private partnership (PPP) or concession agreement is terminated prematurely, compensation is usually calculated based on estimates of capital expenditures.

This approach can create uncertainty and ambiguity, as estimates of capital expenditures can vary and are often the subject of disputes between the parties to the contract.

Determining the cost of capital expenditures can be difficult and controversial, leading to legal risks and potential disputes.

The current approach does not always adequately reflect the financial obligations of the parties, especially with respect to outstanding loan obligations and shareholder investments. Uncertainty in calculations can reduce the attractiveness of projects for investors and make it difficult to attract financing.

It is proposed to change the compensation calculation mechanism so that it is tied to the outstanding debt of the first stage and the share capital. This approach will provide clearer and more predictable criteria for calculating compensation, which will reduce legal risks and disputes. Such a mechanism will better reflect the real financial obligations of the parties, especially in relation to creditors and investors.

Clear and predictable conditions for calculating compensation can increase the attractiveness of PPP projects and concessions for investors. Reducing uncertainty and disputes will help reduce legal risks for all project participants. More predictable conditions make it easier to attract financing, as lenders and investors will have a clearer understanding of the potential risks and benefits.

The proposal to revise the mechanism for calculating payments upon termination of PPP contracts and concessions is aimed at eliminating uncertainty and increasing transparency of financial obligations, which contributes to improving conditions for investors and reducing risks for all project participants.

Currently, there is no clear system or procedure for budgeting long-term obligations related to payments upon termination of public-private partnership agreements and concessions. This situation creates uncertainty and potential financial risks for both public authorities and private participants.

Uncertainty about how compensation will be budgeted and paid upon termination of contracts leads to uncertainty among project participants.

The lack of clear planning can lead to insufficient budgeting or unforeseen financial burdens on government agencies. Uncertainty in budgeting may deter investment, as potential investors may see increased risks in projects.

It is proposed to establish clear and transparent procedures for budgeting payments upon termination of PPP contracts and concessions. It is necessary to provide mechanisms for long-term budget planning of these payments in order to ensure financial stability and predictability. It is recommended to include in the budget calculations all potential risks and variables associated with the termination of contracts.

Clear budgeting will help public authorities and private members better manage financial risks and liabilities. Transparency and predictability in budgeting increases investor confidence and can attract more investment in PPP projects and concessions. Clear budget procedures can help prevent disputes and conflicts related to financial obligations when terminating contracts.

In general, improving the process of budgeting payments upon termination of PPP contracts and concessions is aimed at increasing transparency, manageability of financial risks and strengthening trust between public and private participants, which is important for the successful implementation and sustainability of these projects.

For the successful development of PPP in Kazakhstan, it is necessary to overcome existing barriers and develop effective mechanisms for the integration of all elements of the NIS, providing the necessary infrastructure, financing and expertise for the development of an innovative economy.