# **Public-Private Partnership in Innovative Development** of Kazakhstan's Economy

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Abstract. Examines the impact of Public-Private Partnership on the innovative development of the Republic of Kazakhstan. The forms and models of interaction between the state and business in the economy are theoretically revealed. Foreign experience of using public-private partnership is given. An assessment of the legal basis and activities of development organizations of the public-private partnership of the Republic of Kazakhstan has been made. A comparative analysis of the state of application of Public-Private Partnership in the innovative development of the regions of the Republic of Kazakhstan is carried out. The main issues of interaction between the state, science, education and business in the economy are revealed. It is proposed to develop partnership between the state and business in innovative projects. The priorities of the mechanism for introducing public-private partnership into the economy of Kazakhstan are justified. Directions for improving the legislative framework of Public-Private Partnership have been identified.

Keywords: innovation, Public-Private Partnership, lease, concession, project financing, science, education, business, economy, government, development.

#### Introduction

As part of the implementation of complex problems of industrial and innovative development of the economy of Kazakhstan, the development of the concept of effective management is of great importance. The existence of this main component of an effective management company is considered to be the formation of interaction between National Public Administration bodies and the private sector, as a result of which a public-private partnership system is applied. The connection of city organizations with a separate department in order to solve socially significant problems has an ancient epic not only in society, but also in the country of Kazakhstan.

The of Public-Private Partnership modifications allows us to achieve good results, including the implementation of various municipal and sectoral projects, as well as long-term strategies to the appropriate extent. From this point of view, it can be noted that the problem of learning is limited to one of the most important problems of our time, and also has a significant academic and factual significance.

Through the use of the public-private partnership system in order to innovate the formation of the economy, the state provides a private commercial person not only with the function of providing services to the public, but also with a share of risk and responsibility. Thanks to the introduction of such a device, it is possible to reduce the burden on the state budget, interest entrepreneurs in the management of municipal assets, interest in the final list of sources of investment and the introduction of a reasonable form of interaction. country and commercial.

For this reason, the need to improve the multifunctional interaction of the country and private commercialism in financial relations requires an indepth study of the abstract and factual nuances of the «public-private partnership» in the academic project.

## The essence and role of Public-Private Partnership in innovative economic development

In international practice, there is no generally recognized establishment of a public-private partnership. Its single essence lies entirely in the effective cooperation of the country and the individual sector in those areas that are usually subject to the responsibility of the country, which is carried out in conditions that characterize balanced risks, benefits and costs, as well as the appropriate distribution of obligations.

The form of PPP in the field of innovation is a given specific PPP plan, which is formed as a result of legitimate and colorless operations to solve certain problems in the field of innovation and select partners under the PPP agreement of a private successful 255

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business, personal problems of innovative politicians.

Cooperation in investment activities involves cofinancing of innovative projects by business entities by state and regional management bodies, attracting foreign capital by regional management bodies, and creating enterprises with foreign investment [1].

Cooperation in the field of technology transfer is carried out on the PPP model: the creation of innovative infrastructure entities (venture funds, technology transfer centers, business incubators, start-up schools, free economic zones, technology parks, etc.).

Cooperation in the production of innovative products can take place using the following models: creation of joint ventures and franchise organizations; placement of a state order for scientific, technical and innovative products for state needs; co-financing of innovative projects; research of various forms of ownership for the implementation of large innovative projects of national significance and the development of strategic cooperation between industrial organizations.

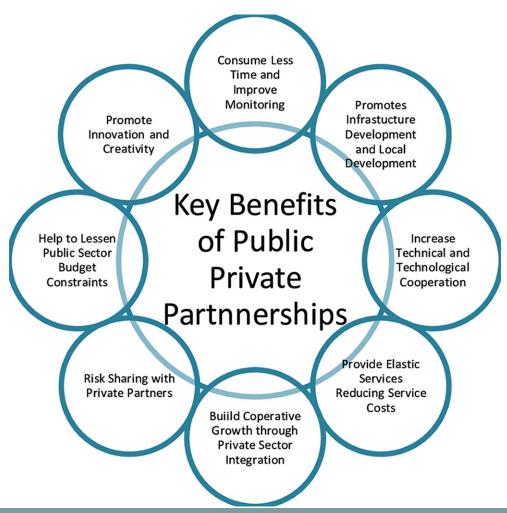
#### Financing of innovations by the state

Financing of innovations is carried out jointly by government agencies and the private sector. At different stages of innovation financing, there are specific features. For example, in the early stages of the innovation process, sources of state funding, venture funds, and in the later stages – personal funds and credit resources of enterprises are of great importance.

Today, one of the most urgent tasks is the need for an in-depth analysis of the modern economy, its complete characteristics, stability, and identification of weak conditions.

Regional macroeconomics is of great importance for the purpose of academic interpretation of social and financial reforms in the context of the formation and development of market relations [4].

In our time, the main financial work is carried out in the regions. They are given the opportunity to independently resolve social and financial difficulties, establish interregional contacts. Any region plays a special role in the Home ensemble of the state, creating the presence of this complete financial association with other industries. In this case, any region of the country has its own natural resources, its own characteristic features. their location, nationally significant characteristics, the degree of financial formation, and its financial structure. For this purpose, a headquarters created to



make the most of these benefits should be organized. As for the training of intelligent personnel in the state, in recent years the importance of the region's economy in the transition to market relations has become particularly important. National regulation of the financial formation of the region is one of the most important issues that requires urgent decisions.

## Foreign experience in applying Public-Private Partnership

In our time, the period in civilized states of society, the direction of financial formation, is characterized by the unification of the work of the country and a separate department on the basis of their organization in order to find the latest configurations and ways. management and regulation.

In international practice, the presence of a constructive use of the PPP device in one way or another determines the general basis of PPP, as well as the generally recognized systematization of its varieties by any state, without the help of others, as well as the presentation itself. PPP and its varieties

For example, the pan-European Association establishes a partnership configuration between municipal institutions and entrepreneurs for the purpose of PPP, as well as financing, construction, modernization, management or maintenance of infrastructure, as well as providing services in accordance with the following requirements. «Green book» on public-private partnership, as well as legislation on municipal contracts, as well as concessions [15].

In addition, it highlights the relevant key components that determine PPP:

- 1) long-term joint work between municipal and private departments;
- 2) possibility of co-financing from the outskirts of the country;
- 3) the state is obliged to determine aspects of the quality of services provided, establish a pricing policy and supervision related to compliance with these characteristics;
  - 4) risk distribution between partners.

According to Italian legislation affecting PPP, the scope of a partnership is a given PPP requirement that covers one or more types of work, such as planning, creating, managing or maintaining public goods or public services, or providing specific services. services, including absolute or incomplete subsidies from private investors.

Today, several PPP models are known, and according to the methodology of the World Bank, they can be classified as follows:

«Management and Lease Contract» – in this PPP model, a private company undertakes to manage a public infrastructure project for a certain period of time. At the same time, the state owns the right of ownership and the obligation of financing.

This group includes the following types of the named Model:

«Management Contract» – the state reimburses a private company for its expenses for managing the object, and the state increases operating costs.

«Lease agreement» –the state leases the property owned by it to a private operator for a fee; the risks of its use are borne by a private company.

«Concession» - in this PPP model, the private sector assumes over a certain period of time the management of a state-owned object and some investment risks.

## Comparative analysis of the state of application of Public-Private Partnership in the innovative development of the regions of the Republic of Kazakhstan

The use of the private-public partnership structure provides several positive aspects, both in terms of the goals and interests of the country and in terms of the formation of commercial structures. For the purpose of a separate section, the final investment capabilities are also revealed, according to which the final list of sources of income, the opportunity to participate in grand plans. PPP implies the use of the resource and mental capabilities of a separate unit in the classical areas of responsibility of the country.

The legislative framework for the use of PPP adaptation in the Republic of Kazakhstan was adopted in 1991 to regulate the existing relations under concession agreements.

The First Law of the Republic of Kazakhstan «on concessions» regulated the organizational, economic and legal requirements for granting concessions to foreign investors in the territory of the Republic of Kazakhstan [3].

According to statistics of the World Bank, in the period from 1998 to 2020, 36 real projects were implemented in the Republic of Kazakhstan on the basis of PPP, which amounted to млн 10,407 million. The US dollar poured in. Of these, 27 are in the Energy Sector, 5 are in the Communications Sector, 3 are in the transport complex and 1 is water supply and Sewerage. The volume of investments in them is 2146 million tenge in the energy sector, 7,999 million tenge in the communications sector, and 262 million tenge in the transport complex. The US dollar poured in. And in the country, the dynamics of investment in PPP projects in the field of innovation in 2001-2020 has a positive trend.

During the period under review, among the PPP models, the largest number of projects was implemented using the «asset transfer» type - 24 projects, the volume of investments - 5,324 million USD.

According to the Kazakhstan Center for publicprivate partnership, 31 projects are currently being implemented in the Republic of Kazakhstan at various stages. At the stage of development of tender documentation for the concession project, 2 projects are being implemented.

At the stage of competitive processes, 1 project in the field of education is being implemented – 257

| The number of projects implemented in the Republic of Kazakhstan in 1998-2020 and the volume of investm | ents, |
|---|-------|
| according to PPP models   |       |

|           | Concession               |  | Transfer of assets       |  | New projects             |  | Management and lease agreements |  | Total                    |  |
|-----------|--------------------------|--|--------------------------|--|--------------------------|--|---------------------------------|--|--------------------------|--|
| Industry  | Number<br>of<br>projects | Volume<br>of invest-<br>ments,<br>mln. USD | Number<br>of<br>projects | Volume<br>of invest-<br>ments,<br>mln. USD | Number<br>of<br>projects | Volume<br>of invest-<br>ments,<br>mln. USD | Number<br>of<br>projects        | Volume<br>of invest-<br>ments,<br>mln. USD | Number<br>of<br>projects | Volume<br>of invest-<br>ments,<br>mln. USD |
| Energy    | 2                        | 623  | 22                       | 1,523                                      | 0                        | 0  | 3                               | 0  | 27                       | 2,146                                      |
| Contacts  | 0                        | 0  | 1                        | 3,801                                      | 4                        | 4,   |                                 |  |                          |  |
| 97        | 0                        | 0  | 5                        | 7,999                                      |                          |  |                                 |  |                          |  |
| Transport | 1                        | 231  | 0                        | 0  | 1                        | 31   | 1                               | 0  | 3                        | 262  |
| Water     | 0                        | 0  | 1                        | 0  | 0                        | 0  | 0                               | 0  | 1                        | 0  |
| Total     | 3                        | 854  | 24                       | 5,32                                       | 5                        | 4,228                                      | 4                               | 0  | 36                       | 10,407                                     |

construction and operation of a kindergarten complex in Temirtau, Karaganda region. The initiator of the project is the akimat.

Currently, 22 projects are being implemented in the Republic of Kazakhstan at the stage of developing a feasibility study for a concession project.

## Priorities of strategic development of Public-Private Partnership in the Republic of Kazakhstan

The successful development of PPP in Kazakhstan will depend on the system of coordinated and measurable methods of application of the PPP mechanism.

In order to solve the tasks of ensuring effective management and control of the processes of preparation and implementation of projects on the basis of PPP, proposals will be made in terms of developing a methodology for effective management and control of the processes of preparation and implementation of projects on the basis of PPP. Work on improving the skills of civil servants on PPP issues will be carried out on an ongoing basis.

During 2020, the Government of the Republic of Kazakhstan will submit a report on the analysis of the current approach to planning the implementation of budget investments in order to determine the necessary set of changes, which will allow making changes to some legislative acts in terms of changing the procedure for planning investment projects to improve the planning of the implementation of budget investments.

Innovative development of the country's economy is currently the basis of the state policy of the Republic of Kazakhstan aimed at creating an economic situation for competitive high-tech products.

Thus, the activation of innovation activities as a result of public-private partnership takes place at all stages of the innovation process. The main factors of innovation activity include: exchange of knowledge, 258 generation of ideas, co-financing of research and development. Partnership in the interests of government and business requires coordination of the work of key institutions of modern society and the economy. Each participating party has its own partnership goals, their own specific problems to solve, and their different motivations.

Due to the high profits and the possibility of obtaining new opportunities for innovative business development, as a rule, the motivation of the private sector to participate in partnerships increases. However, private companies can also join publicprivate partnerships with more specific incentives, in particular to ensure access to public funding; access to research and development results in the public sector; access to public infrastructure, as well as information and equipment.

#### Conclusion

Due to the clear distribution of activity, as well as obligations between the private sector, any enterprise will be informed in advance about its specific work, as well as the task that will be assigned to it, but in addition to being able to evaluate its own abilities.

The first decree of the country «on concessions» regulates the coordination, financial and legal conditions for granting concessions to foreign merchants on the territory of the country.

According to the information of the Kazakhstan public-private partnership, currently 31 plans are being implemented in the Republic at different stages. At the stage of studying the tender documentation, in accordance with the concession plan, 2 plans are being implemented: in Mangystau region, in the field of road transport (railway): for the construction and operation of a bus station to the city, as well as for the construction and operation of a railway station for the purpose of Mangyshlak (food) station in Mangystau region. The organizer of the plan is the akimat.

If we look at the dynamics of innovative products produced over the past 5 years, the total volume of innovative products produced in Kazakhstan has increased 4 times, the highest growth is observed in Astana – 173 times, followed by 30 times in Zhambyl, Almaty and Kostanay regions. For comparison, over the past 2 years, the largest increase was in Tselinograd region-85.7%, Atyrau region-almost 2 times. It is clear that according to the old method, the modern formation of districts in the economy of the state is uneven, but very low in certain regions.

The modern formation of the economy of Kazakhstan requires a national strategy for the formation of Public-Private Partnership in Kazakhstan within the framework of the national strategy of industrial and innovative development in order to effectively use public-private partnership. In our time, the stage of activities that should be carried out in order to insidiously form this PPP in the innovation sphere is divided into appropriate categories:

1. Increase of economic elements in order to implement PPP plans. In accordance with international practice, it is planned to introduce the

latest system for implementing PPP plans, which will guarantee the construction and high-quality operation of the facility by the concessionaire.

2. Introduction of new types of PPP contracts.

In our time, the only type of concession is the WTO model (created – granted to the country – with the possibility of use).

3. Increasing the scope of PPP.

«It is planned to remove the restriction on the provision of water treatment and water supply (Law on water) in a concession manner in order to implement the possibility of attracting private traders to the formation of Public territory, as well as housing and communal services. Things according to the akbulak plan».

4. Improvement of PPP plan research operations. In order to improve the quality of selection of concessionaires, reduce the time for studying the plan, implement the selection of traders on the basis of qualification of the company on the principle of pre – qualification and a two-stage competition.

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Қазақстанның экономикасын инновациялық дамытудағы мемлекеттік-жеке меншік серіктестік

**Аңдатпа.** Қазақстан Республикасының инновациялық дамуына мемлекеттік-жеке меншік серіктестіктің әсері зерттелген. Экономикадағы мемлекет пен бизнестің өзара әрекетінің нысандары мен модельдері теориялық тұрғыда ашылған. Мемлекеттік-жеке меншік серіктестігін қолданудың шетел тәжірибесі келтірілген. ҚР мемлекеттік-жеке меншік серіктестігінің құқықтық негіздері мен дамыту ұйымдарының қызметін бағалау жасалған. ҚР аймақтарының инновациялық дамуындағы мемлекеттік-жеке меншік серіктестігін қолдану жағдайын салыстырмалы талдау жасалған. Экономикадағы мемлекет, ғылым, білім беру және бизнестің өзара әрекетінің негізгі мәселелері ашылған. Инновациялық жобалардағы мемлекет пен бизнес серіктестігін дамыту ұсынылған. Қазақстан экономикасына мемлекеттік-жеке меншік серіктестігінің заңнамалық негізін жетілдіру бағыттары анықталған.

**Кілт сөздер:** инновация, мемлекеттік-жеке меншік серіктестік, жалға алу, концессия, жобалық қаржыландыру, ғылым, білім, бизнес, экономика, мемлекет, дамыту.

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#### Государственно-частное партнерство в инновационном развитии экономики Казахстана

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**Аннотация.** Исследовано влияние государственно-частного партнерства на инновационное развитие Республики Казахстан. Теоретически раскрыты формы и модели взаимодействия государства и бизнеса в экономике. Представлен зарубежный опыт применения государственно-частного партнерства. Проведена оценка деятельности организаций развития и правовых основ государственно-частного партнерства РК. Проведен сравнительный анализ ситуации применения государственно-частного партнерства в инновационном развитии регионов РК. Раскрыты основные проблемы взаимодействия государства, науки, образования и бизнеса в экономике. Предлагается развитие партнерства государства и бизнеса в инновационных проектах. Обоснованы приоритеты механизма внедрения государственно-частного партнерства в экономику Казахстана. Определены направления совершенствования законодательной основы государственно-частного партнерства.

**Ключевые слова:** инновации, государственно-частное партнерство, аренда, концессия, проектное финансирование, наука, образование, бизнес, экономика, государство, развитие.

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