



Студенттер мен жас ғалымдардың «**ҒЫЛЫМ ЖӘНЕ БІЛІМ - 2018»** XIII Халықаралық ғылыми конференциясы

СБОРНИК МАТЕРИАЛОВ

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The proceedings are the papers of students, undergraduates, doctoral students and young researchers on topical issues of natural and technical sciences and humanities.

В сборник вошли доклады студентов, магистрантов, докторантов и молодых ученых по актуальным вопросам естественно-технических и гуманитарных наук.

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countries. It will definitely be beneficial. However, it depends on the goal that we set. If we want to reach the development goals announced by the President as it was mentioned before, digitalizationshould be implemented step by step, because there is a chain of measures to be done. For example, informing citizens about digitalization, training specialist in all spheres, since in the era ofdigitalization they will have to work with new technologies, which demands huge amount of money to buy it, and train people how to use it. Moreover, we need to find alternative ways to compensate the job places lost, which will impact on unemployment rate of Kazakhstan negatively for a time, because government will have to consider workers who have been working in the factories for a long time and now their job will change completely. Moreover, the international experience shows that countries which reached better results, are the countries which has well-developed service. Status quo shows that Kazakhstan has some problems with the service. Therefore, there are huge pressure on analytics and government, which have to find a way to overcome the weaknesses, take into account national, regional features and launch the implementation mechanisms.

Conclusion.Over the last 20 years, the world is creating digital systems, i.e. setting digitalization – we translated documents into electronic versions and learned to work with them. An inevitable preparatory stage has successfully completed. Now, we raise a question in terms of using smart elements in the technology management and production processes has become increasingly acute. First and foremost, we need human resources, high-class professionals for successful implementation. Sufficient funding is required. For the time being, Kazakhstan spends only 0.2% of its GDP for these purposes, whereas the developed countries investover 3% to digitalization. [5] It is real to become digital and competitive country, if we hold the right direction. Overall, we conclude that the concept of "Digital Kazakhstan" is reality with some challenges which should be overcome rationally and cost-efficiently.

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PUBLIC-PRIVATE PARTNERSHIP IN KAZAKHSTAN: PROSPECTS AND CHALLENGES

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Introduction. Nowadays every developed country or a country that aims to be on this list draws attention to the economic and social issues. Public-private partnership (PPP) gives an opportunity to connect business and government to solve socio-economic problems. Public-private partnership can be defined in many different ways. For example, the <u>PPP Knowledge Lab</u> defines a PPP as "a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance". [1] However, every country upon the

social issues defines it according to their vision and the level of social problems. Currently, more than 100 countries successfully implemented public-private partnership initiativess, including the Republic of Korea, Singapore, the United Kingdom, Canada, France, Italy, Spain, Japan and China. According to the United Nations Economic Commission for Europe, 80 % of all PPP projects are successful. As it was mentioned by the President N.A. Nazarbayev, in his message to the people of Kazakhstan "New opportunities for development in the conditions of the fourth industrial revolution", the country already has good results of PPP in preschool education, and the President also stressed that the example of PPP in this sector shows how the state and business jointly solve one of the most important national objectives. [2]

Research question. The article attempts to investigate the following research questions:

- 1. Does Kazakhstan have the sufficient legislative framework for PPP development?
- 2. What is the status quo of PPP project development?
- 3. What are the challenges of PPP in Kazakhstan?

Starting from the first question, legislative, institutional and infrastructural frameworks have been fully formulated to develop PPP initiatives. The PPP legislative basis was laid at the dawn of independence with the adoption of the Law "On Concessions in the Republic of Kazakhstan" in 1991 and it was amended with the adoption of a new law "On Concessions" in 2006, subsequently in 2015, when the Law "On Public-Private Partnership", in the implementation of which a number of by-laws were put into effect. In addition, since 2018, the new Tax Code and the Customs Regulatory Code have been implemented, amendments and additions have been made to the Business Code, to regulate the legislation on special economic zones, and innovations, and to simplify licensing procedures. [3]

PPP allows reducing the burden on the state budget, improving the quality of projects, as they are implemented by the private sector, contributes to the development of small and medium-sized budgets and a reduction in state participation in projects in national economy.

Over 10 years a mere three concession projects were implemented. The reason was that the concept of PPP covered only concession projects, such as the railway line, inter-regional power transmission line and passenger terminal of the airport. It should be noted that at that time the Law "On Concessions" operated, which was limited only to large infrastructure projects. The acceleration of PPP in Kazakhstan is associated with a significant improvement in the legislative and institutional framework over the past four years.

Thus, in 2013 a number of amendments were made to some legislative acts on the integration of new types of PPPs and expansion of their applications. [4]

At the end of 2015, the Law "On Public-Private Partnership" was adopted within the framework of Step 34 of the Plan of the Nation, which allowed:

- to apply PPP in all areas of economy;

- to expand the forms and types of contracts;

- to introduce the possibility of a private financial initiatives and other indulgences.

Whereas only 23 contracts worth 61 billion tenge were realized for the period until 2016, in a year, i.e. in 2017 the number of such contracts increased almost sevenfold, there were 160 contracts worth 146 billion tenge. These are the results of one-year period. In total, the current portfolio of PPPs is 194 projects, this is eight times more than 10 years ago. Total current projects amount up to 402 billion tenge at the stage of preparation (signing, developing) there are 500 projects worth almost 1.5 trillion tenge. [4]

If we talk in the context of industries, there are 194 projects worth 400 billion tenge. These are projects in education, agriculture, health, energy, housing, culture and sports. There are republican projects:

- the railway station "Shar – Ust-Kamenogorsk";

- Interregional power transmission line "Northern Kazakhstan – Aktobe region";

- passenger terminal of Aktau International Airport;

- automobile checkpoint "Nur-zholy";

- BAKAD;

- Kundelik information system.

In the field of education - kindergartens, schools: energy, housing and communal services - residential complexes, street lighting; environmental protection - waste recycling; health care - hospitals, medical dispensaries and much more; culture and sports - sports clubs, sports and recreation complexes. [5]

Challenges. The implementation of complex investment projects **requires big investment**. The choice of a private partner is carried out on a competitive basis, in which foreign companies can take part, which is why it is necessary to manage these currency risks. To attract investors, a well-formed permanent pool of investment-attractive projects is required, since there is a frequent change in investment projects by the regions, which makes it necessary to develop a long-term investment plan. There is a distribution of land in places where there are no engineering communications and in separate places from the mass residence of people, which entails additional costs for private partners. Since PPP cannot apply for a budget funding, one way to develop Kazakh PPP is attracting foreign investors. Moreover, Kazakh investors can afford only local or regional projects. There are 2 issues that serve as a barrier both for foreign investors and for local ones: 1) bureaucracy and 2) corruption.

Another point, which is also not very attractive for investors, is that we do not have the right to index investment costs. And in the by-laws it is registered, if other private partner's incomes are assumed within the framework of the project, then the investment costs are not subject to inflation.

Improved designing of PPP projects is required.

At the moment, all the functions for planning, developing and implementing PPP projects are transferred to the field, however, there is a weak development of projects. Although Kazakhstan conducted training seminars, developed instructions, and attracted PPP centers for training.

Owing to business initiatives, investors and government in general, the PPP process in our country, especially in recent years, is rapidly developing. It is getting much attention from all levels of government, and all levels of business. This is very promising and hasrational benefits.

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