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Development of Kazakhstan's social and economic potential based on public-private partnership activation

Desarrollo del potencial social y económico de Kazajstán basado en la activación de asociaciones público-privadas

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Content

1. Introduction
2. Method
3. Results
4. Discussion
5. Conclusion
Bibliographic references

ABSTRACT:

In the context of globalization, the current global economic situation has an impact on the development of Kazakhstan. The prospect of the country's further socio-economic modernization on the basis of large-scale innovative transformations is seen in the integration of market and state management tools. In this regard, the search for solutions to create an effective model of interaction between the state and the business community is becoming relevant. The formation process of the institution of public-private partnership, whose distinctive feature is non-hierarchy, predetermines the need to develop a real and effective mechanism that will ensure its widespread use and effective functioning. Investments play a key role in ensuring economic growth and increasing employment by creating new jobs. Limited budget resources, focused on covering budgetary investment needs, contributed to the development of public-private partnerships in the world. The effectiveness of attracting investments in the economy through the mechanism of pooling the resources of public and

RESUMEN:

En el contexto de la globalización, la actual situación económica mundial tiene un impacto en el desarrollo de Kazajstán. La perspectiva de una mayor modernización socioeconómica del país sobre la base de transformaciones innovadoras a gran escala se ve en la integración de las herramientas de gestión del mercado y del Estado. En este sentido, la búsqueda de soluciones para crear un modelo efectivo de interacción entre el Estado y la comunidad empresarial se está volviendo pertinente. El proceso de formación de la institución de la asociación público-privada, cuya característica distintiva es la no jerarquía, predetermina la necesidad de desarrollar un mecanismo real y efectivo que garantice su uso generalizado y su funcionamiento efectivo. Las inversiones desempeñan un papel clave para garantizar el crecimiento económico y aumentar el empleo mediante la creación de nuevos puestos de trabajo. Los limitados recursos presupuestarios, centrados en cubrir las necesidades presupuestarias de inversión, contribuyeron al desarrollo de asociaciones público-privadas en el mundo. La eficacia de la

private partners, which is aimed at improving the quality of public services and developing the infrastructure and life support systems of the population, is confirmed by the world practice. This study examines the theoretical and practical aspects of public-private partnership development. It is noted that the most important tool for solving the key socioeconomic problems of Kazakhstan is a partnership between the state and business, focused on infrastructure development, an increase in innovation activities and creation of conditions for the expansion of high-tech and knowledge-intensive industries.
Keywords Public-private partnership, institutional infrastructure, project effectiveness evaluation, innovation development, public services.

atracción de inversiones en la economía a través del mecanismo de la puesta en común de los recursos de los socios públicos y privados, cuyo objetivo es mejorar la calidad de los servicios públicos y desarrollar la infraestructura y los sistemas de apoyo vital de la población, Este estudio examina los aspectos teóricos y prácticos del desarrollo de asociaciones público-privadas. Cabe señalar que la herramienta más importante para resolver los problemas socioeconómicos clave de Kazajstán es una asociación entre el Estado y las empresas, centrada en el desarrollo de infraestructuras, un aumento de las actividades de innovación y la creación de condiciones para la expansión de tecnologías de alta tecnología y conocimientos intensivos Industrias.
Palabras claves Colaboración público-privada, infraestructura institucional, evaluación de la eficacia del proyecto, desarrollo de la innovación, servicios públicos.

1. Introduction

World experience shows that due to the development of traditional approaches to interaction between the state and business, the institution of public-private partnerships (PPPs), which is based on the principles of uniting efforts and distributing risks, is one of the effective mechanisms to improve the quality of services delivered to the public sector. This is achieved through the use of project management methods and modern technological solutions by a private partner, since business always follows the market principle of improving commercial efficiency as well as has a more flexible and mobile reaction to changes.

In the context of intensified integration processes, new economic relations are being developed and transformed, which necessitates structural changes and the improvement of forms of interaction between the public sector and business. The increased interest in such an economic tool as a PPP is explained by the fact that it has already proved its advantage in a number of countries. On the one hand, this is due to the solution of the main socio-economic problems, and on the other hand – to the fact that this tool combines such qualitative characteristics as effectiveness, management experience, competence, innovation, resources, adequate risk evaluation and its fair distribution.

The development of the institution of PPPs in Kazakhstan will ensure the creation of new structures in its economic system, the inflow of private investments, including those in innovation development, and will have a positive impact on strengthening the competitiveness of business and the country. In addition, the establishment of partnerships contributes to the creation of promising models for financing projects and attracting best practices and effective management methods to the public sector.

These problematic issues, which are related to the development of PPPs, put the task to study them in a comprehensive manner. The high practical role and significance of the development of PPPs determine the relevance of this study.

The purpose of this study is to develop theoretical and methodological recommendations for improving the interaction between the state and the business community, aimed at ensuring the competitiveness of the national economy under conditions of its modernization based on an innovative component.

To achieve this purpose, the following tasks are set:

- to investigate the genesis of PPPs aimed at solving socially important tasks;

- to analyze the Kazakhstan's and foreign experience of interaction between the state and business through the PPP mechanism, as well as existing models and mechanisms for implementing PPP projects;

- to investigate the regulatory legal framework of Kazakhstan regarding PPP project planning and implementation as well as to identify weaknesses and develop measures to improve them;

- to substantiate the need for the development of the institutional structure with an emphasis on the quality of human resources for the effective integration of interests of the state and business;

- to study the main factors that contribute to the successful and effective PPP project implementation.

The relevance of the study consists in clarifying the notion of a PPP and developing scientifically sound recommendations for improving the methodological aspects of PPP project implementation and planning in Kazakhstan.

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2. Method

In the scientific literature, there is no exact universally accepted definition of such a complex and multidimensional institution of interaction between the state and business in the sphere of economic relations as a PPP.

The definition of this term is characterized by different approaches and a variety of options. Currently, there is no internationally recognized definition of a PPP.

The term is used to describe a broad range of agreements between public and private entities. It can mean different things in different countries (World bank group, 2015).

The World Bank, from a system approach point of view, defines the concept of a PPP as an agreement between the public and private party, aimed at the following targets:

- production and delivery of infrastructure services;

- attraction of additional investments;

- improvement of budget financing efficiency (Delmon, 2009).

In the US, the concept of a PPP is interpreted as a medium-term or long-term relationship between the state and business, providing for the sharing of risks and benefits to ensure the achievement of expected results (Gerrard, 2001).

In the UK, a PPP is defined as an important element of strategy, which makes it possible to deliver public services at the modern and qualitative level as well as to increase the country's competitiveness (Porter, 2009).

V.G. Varnavsky defines a PPP as an institutional and organizational alliance between the state and business for the implementation of socially significant projects and programs (Varnavsky, 2004).

In the opinion of some researchers, in the scientific and information space, a PPP is viewed as a special indirect form of privatization, while others consider it the interaction between the public and private sectors, which is not identified with privatization (Gerrard, 2001; Weiss, 2003).

A review of the world practice on the concept of a PPP allows us to conclude that a PPP is understood as an approved special form of interaction between the state and business in the sphere of economic relations, including the development of infrastructure facilities and representing a wide range of business models and relations.

The variety of institutional PPP types creates prerequisites for the effective functioning and management of facilities that fall within the sphere of state responsibility. The wide spread of PPPs in the world makes it possible to assert that they have become one of the principles of ensuring an effective economic policy through intensifying investment and innovation activities and stimulating the process of expanding the network of social, transport and other infrastructure.

On the basis of the foregoing, in our opinion, a PPP is a special form of interaction between the public and private sectors in the spheres of state responsibility, which has common goals and is

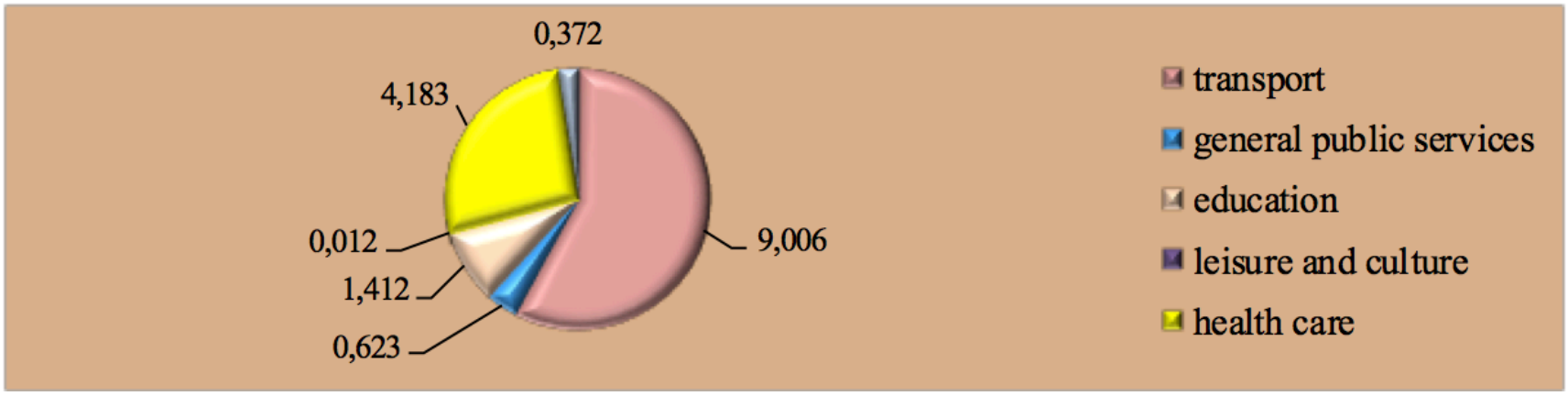
aimed at solving socially significant problems in the context of limited time, financial and other resource factors, as well as improving the efficiency of budget expenditures, the quality of public services and the competitiveness of the economy.

The study of the historical experience of PPP development in the countries of the Organization for Economic Cooperation and Development shows its importance and expediency. At the same time, the sphere of cooperation between public and private partners is diverse. The main leaders in the field of PPPs are the United Kingdom, the United States, France and Germany (Gladov and Isupov, 2008). In the UK, where the institution of PPPs is most developed, one of the first experiences in elaborating the effective schemes of interaction between public and private capital was the restructuring of London docklands in 1981. In order to improve the quality of public services, the "Private Financial Initiative" (PFI) was founded in 1992 in England, whose goal was to attract private investment in the sphere of state responsibility through the construction and operation of facilities.

In Australia, a PPP is an important tool in ensuring the development of infrastructure projects in the social and economic sphere, where in 2008 national policies and management principles were developed and adopted in the field of PPPs (Infrastructure Australia, 2017). These documents are used throughout Australia, covering all PPP projects, and allow the public and private sector to improve the quality of public services through a specific form of interaction. These documents determine the use of the best approaches to the practical implementation of projects and detail the requirements for infrastructure PPP projects.

The particularly intensive development of PPPs is observed in the EU countries, where 1,184 PPP projects for a total of 270 billion euros were implemented from 2000 to 2015 (Tomasi, 2016). The sectoral classification of directed financial resources by volume within the framework of PPPs for the EU countries in 2015 shows that this market is sufficiently formed in the field of transport and health care (Figure 1).

Figure 1. European PPP market in 2015 – sectoral classification by volume, billion euros.
Note. Compiled by the authors based on data from European PPP Expertise Centre (2017).



The attractiveness of these sectors of the economy to private capital, due to the high level of their profitability, i.e. the guaranteed conditions for the return of investment, predetermines the industry priority.

The existence of mutually complementary interests of the parties contributes to the development of PPPs, which is an attractive institutional mechanism to attract additional investments and solve important social and economic problems of the EU countries.

The analysis of foreign practices makes it possible to determine a number of important advantages of PPPs in comparison with traditional approaches to the implementation of public procurement and the placement of public contracts, including:

1. Important benchmark indicators (taking into account the price factor, better quality characteristics and risk reduction) serve as a basis for the determination of appropriateness and usefulness for the public when making management decisions in favor of PPPs.

2. For the public sector, partnerships allow increasing the share of innovation development, since business, in its economic nature, based on market principles, strives for innovation and

advanced technical and technological processes to strengthen competitiveness.

3. Expansion of resource opportunities through the involvement of private capital in the reproduction of public goods.

4. Guarantee of direct and final results due to the interest of a private partner in optimizing the costs and terms of construction work completion with an emphasis on quality.

5. For the private sector, this model, which has a wide range of relationships, opens up access to new investment opportunities in various sectors of the economy.

PPPs take on special significance in the innovation sphere and promote the development of a knowledge-based economy, since business entities implement certain decisions based on the principle of commercial efficiency and cost reduction through modern innovation.

According to Justin Marlowe, an important factor contributing to the active development of PPPs in the innovation sector of the economy, including the attraction of new technologies, is the guaranteed fulfillment of long-term commitments by the state, despite the changing political course and shifting public opinions. This means that potential private partners should be assured that their investment is secure (Kelley, 2016).

At the same time, on projects with high technological content, there are certain obsolescence risks (Hurdles to PPP investments, 2016). Therefore, when structuring a PPP project related to the innovation sphere this factor should be taken into account.

The Strategy “Kazakhstan-2050” defines a strategic task that involves the transition to new principles of economic policy (Nazarbayev, 2012). At the same time, the adoption of management and economic decisions should be based on their economic feasibility, the development of PPPs and the creation of a knowledge-based economy. One of the main factors for ensuring the modernization and structural transformation of the economy is the development and implementation of effective state policy in the scientific, technical and innovation spheres. This policy should take into account the development of the legislative framework, stimulating state support measures for applied and fundamental research, the diffusion of technological and technical innovation, as well as an increase in science financing, focused on the final result. The replacement of the resource type of economic growth by innovation requires the formation and development of a mechanism for managing innovation activities.

The availability of single implemented innovation projects does not provide the full mass of innovations necessary for the formation of a national innovation system.

Innovation development presupposes a system approach, in which such development is viewed not as an innovation chain of one-sided orientation from research and development to innovation, but as a process of interaction and feedback between a set of intellectual, economic, social, organizational and other factors, defining the creation and further commercialization of innovations.

The exchange of best practices resulting from the accumulation of new knowledge plays an important role in ensuring economic sustainability and contributes to the increase of competitiveness and activation of innovation activity. In this regard, the relevance of PPPs in solving social and economic problems and ensuring the innovation development of Kazakhstan is beyond doubt.

Main milestones of PPP development in the Republic of Kazakhstan

In Kazakhstan, the regulatory framework in the field of PPPs was formed in 1991, when the Law "On Concessions" was adopted, which regulated the organizational, economic and legal conditions for granting concessions, in the form of property of the land of natural resources only to foreign investors in the Republic of Kazakhstan.

In 2006, through the improvement of this law, the necessary legislative framework was created in the field of concession. In the period 2008-2010, amendments were made to the concession

legislation concerning the procedures for transferring objects to concession, expanding state support measures, increasing the attractiveness of concession projects, and developing institutional infrastructure – a specialized organization for concession issues was established.

In 2011, the Government of Kazakhstan adopted a program for the development of PPPs for 2011-2015. In 2012-2013, some legislative acts were amended to introduce new forms of PPPs and expand the scope of their application. In 2015-2016, the Law "On Public-Private Partnership" and the PPP Project Planning Rules were adopted.

The tried and tested PPP experience is the implementation of pilot concession projects related to the construction of the following infrastructure projects:

1. Construction and operation of the new railway line "Shar-Ust-Kamennogorsk".

2. Construction and operation of the inter-regional power transmission line "Northern Kazakhstan – Aktobe region".

3. Construction and operation of the passenger terminal of Aktau International Airport.

In general, these pilot infrastructure facilities completed by construction are successful PPP projects. At the same time, these are single projects.

To achieve the scale effect in Kazakhstan, the institution of PPPs is progressively developing with the corresponding regulatory legal framework. In addition, an institutional structure is being created and the market of PPP participants is expanding. The Kazakhstan PPP Center carries out an independent examination of PPP projects at all stages of their preparation. Regional PPP centers are endowed with the functions of supporting PPP projects at the regional level: project concept development, tender documentation, consulting support.

Field central and local state bodies carry out an industry expertise for compliance of the project with the national goals, tasks and development plans of the relevant industry.

Currently, most regions of Kazakhstan are at the intermediate stage of PPP development, caused by the process of PPP project planning, shown in Figure 2.

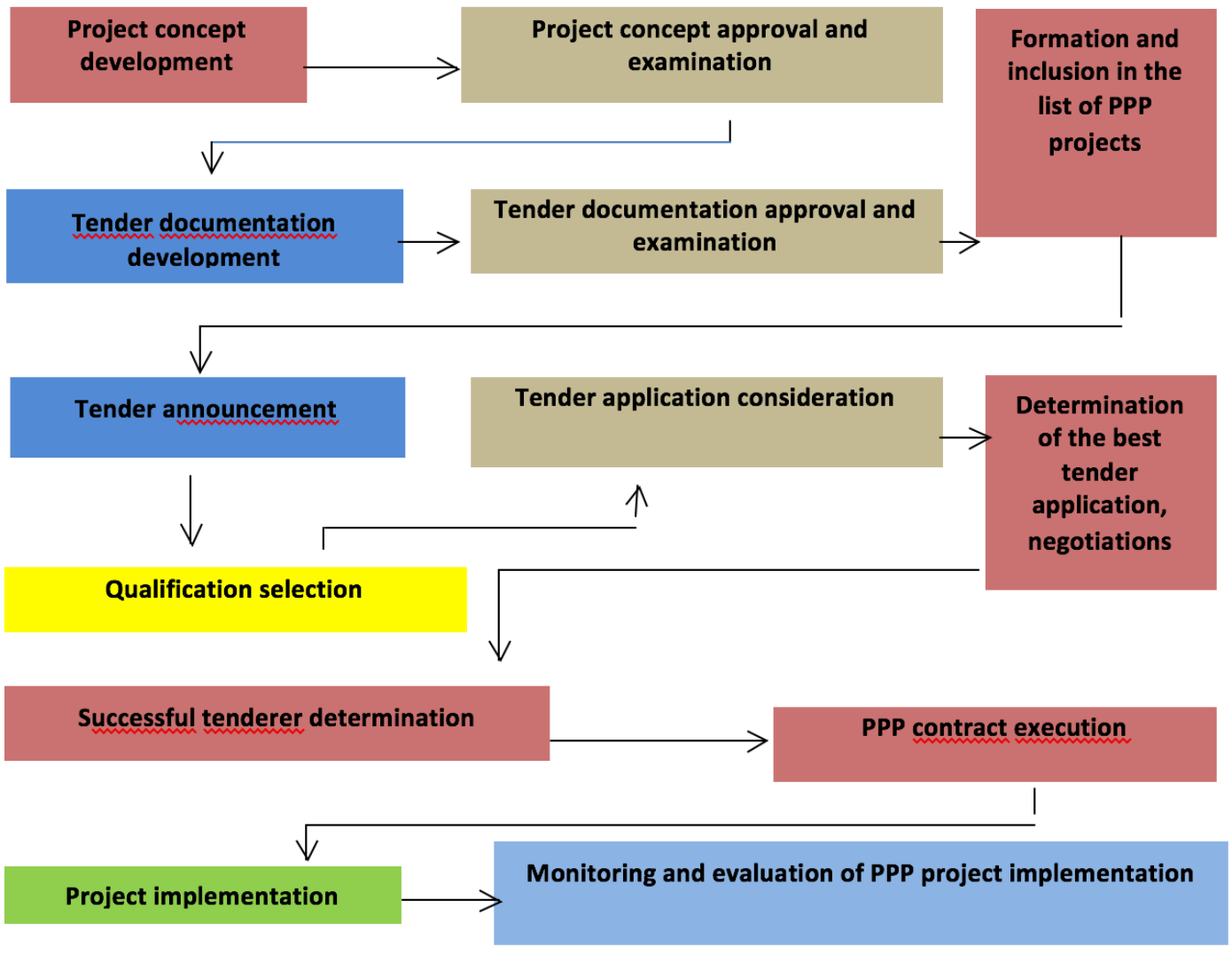


Figure 2. PPP project planning and implementation (one-stage procedures).

Note. Compiled by the authors based on data from Law of the Republic of Kazakhstan (2015).

As can be seen from Figure 2, the process of PPP project planning passes through a number of different stages of documentation development and coordination. The legislation analysis shows that when developing the documentation of PPP projects, long periods for reviewing and approving of the concept of the PPP project, the tender documentation and the draft contract are established. The full cycle from planning to PPP project implementation with the use of one-stage procedures is 12 to 18 months.

In our opinion, a significant time horizon for these procedures is one of the constraints to the development of PPPs. In order to increase the attractiveness of PPP projects for business, it is necessary to optimize the timing of consideration and harmonization of PPP documentation, which will, on the whole, reduce the time required for planning.

One of the main conditions for PPP successful development is the balance of the cash flow indicators that cover the investment and operating costs of PPP projects. Based on this factor, a decision is made on either the expediency and consistency or the inexpediency and inconsistency of PPP project implementation.

In addition, international experience in the field of PPPs shows that an approach which is based on a clear allocation of costs and risks is more balanced. The application of this approach requires a contour identification of the most rational, sound and effective principles for the targeted and expedient provision of state support measures for PPP project implementation (Gladov and Isupov, 2008).

The study showed that there is no clear modern methodological regulation of this area in the domestic regulatory framework.

At the same time, in foreign practice, the evaluation of PPP project effectiveness demonstrates a rigorous analysis and decision-making based on the use of effective methods, which include the widespread use of ‘Value for Money’ (VfM). It is a methodical and information evaluation basis, which presents a multivariate generalizing analysis of quantitative and qualitative criteria of certain PPP projects by the ratio: utility and costs.

The crucial point in PPP project planning is the correct evaluation of its effectiveness. Many project evaluation methods use traditional approaches, which are a combination of individual tools for evaluating different types of performance. In view of this, the improvement of valuation methods becomes urgent, as, on the one hand, they should not be limited only to the interests of business, and on the other hand – should differ from taking into account only the interests of the state, which is carried out when calculating and evaluating public costs and general social benefits associated with the implementation of an economic project. Progressive techniques for evaluating the effectiveness of a particular PPP project should take into account a deep analysis and an adequate evaluation of both commercial and public efficiency.

The specific role of the state in PPP project implementation is that it can influence the level of commercial efficiency by leveling different types and amounts of state support. The priority task of state bodies in this direction is to ensure a clear and mutually beneficial combination of the interests of the state and the private sector.

The proper evaluation of partnerships is an important aspect in PPP project planning, which determines the prospects, expediency and efficiency of their implementation.

3. Results

A PPP as a relatively new paradigm in the world practice becomes an attractive tool for expanding the resource base aimed at infrastructure improvement, increasing the management of state property and involving unused reserves.

Great attention to the development of PPPs is paid in domestic and foreign economic literature. At the same time, the theoretical aspects of PPP development, the definition of criteria

characterizing the qualitative aspects of the winners of tender procedures as well as the methods for evaluating the effectiveness of projects remain insufficiently studied. The study of the causes of these issues allows us to formulate and propose new approaches and practical recommendations for improving the quality of interaction between the public and private sectors.

The most significant relevant result of the study is the elaborated concept of a PPP, which is considered as a special form of interaction between the public and private sectors in the spheres of state responsibility, which has common goals and is aimed at solving socially significant problems in the context of limited time, financial and other resource factors, as well as improving the efficiency of budget expenditures, the quality of public services and the competitiveness of the economy.

Based on the results of the study, the main factors influencing the activity and success of PPP schemes in developed countries were systematized:

- stability of the economic situation in the country;

- effectiveness of legislative mechanisms in the sphere of PPPs;

- openness and transparency of all procedures;

- minimum level of socio-economic, political and other risks;

- effective state support of private financial initiative.

In the current legislation of Kazakhstan in the sphere of PPPs, when analyzing the concepts of PPP projects, the analysis of benefits and costs is indicated in its structure. At the same time, the procedure for calculating these indicators and the threshold (permissible) values of the "price-quality" criterion is not regulated by law, which, on the whole, may have a negative impact on the correct evaluation of PPP project effectiveness.

In Kazakhstan, innovation development is defined as one of the priorities for ensuring the competitiveness of the national economy. However, there are still problems hampering the innovation activity of business. The effective functioning of Kazakhstan's national innovation system requires solving the issues of attracting leading scientists and researchers into this sphere by providing decent wages, developing a mechanism for the commercialization of ideas and innovations, strengthening the activity of technoparks, and improving the quality of selection of innovation projects financed from the state.

During the analysis of the main elements of the current national innovation system in Kazakhstan, the following weaknesses were identified:

- Problems of qualitative personnel support in the sphere of research and development;

- Low level of remuneration of researchers;

- Lack of effective mechanisms for introducing scientific ideas and innovation developments;

- The operating technoparks do not have a significant impact on the country's innovation development due to the insufficient level of their material and technical base and the commercialization of innovation projects;

- Some large innovation projects implemented at the expense of development institutions have low returns or are not economically efficient.

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4. Discussion

In developed countries, in order to attract private investors and successfully implement projects, the focus of attention is increasingly aimed at developing the institutional environment. The accumulated world practical experience testifies to the possible successful implementation of some projects, provided that the following aspects are improved:

- proper development of the project structure;

- effective coordination;

- transparency of competitive selection and procurement processes.

In this regard, the transformation of the role of the public sector and the transition from traditional approaches of interaction between the state and business to the sphere of partnerships are reflected in the creation of special institutions that promote the development of PPPs.

The advantages of using the PPP mechanism in practice are:

- reduction of the one-time load on the budget;

- distribution of risks on the ongoing PPP projects between public and private partners;

- a fundamentally new transformation of the quality of services delivered to the public in the sphere of state responsibility;

- ability to compete with the traditional system of public services;

- stability of the delivery of services, due to the medium- and long-term partnership, which makes it easier to plan for social infrastructure facilities for the future;

- improvement of the "price-quality" ratio, which is provided on the basis of cost transparency in the delivery of public services.

The EU legislative framework provides for an important aspect, which is an exclusive component in making the right decision and ensuring an effective scheme of interaction between public and private partners – consistency, the responsibility for which during the entire lifecycle of partnership, from project development to its completion, is taken by the state body. The choice of PPP concrete forms, unlike other forms of interaction, is consistent provided that there are positive effectiveness evaluations based on VfM analysis.

Proceeding from this conceptual position, we believe that there is a need to consider the necessity of adaptation of the above-mentioned method of effectiveness evaluation to the domestic practice of PPP development and its active use at the professional level in the activities of state bodies. The proposed approach is not limited to the introduction of similar standards in the technology of interaction between the state and business. For public officials to learn these standards professionally, it is necessary to conduct large-scale educational activities. Thus, competences in the field of progressive evaluation of PPP project effectiveness should be taken into account in the professional activities of relevant state employees.

The regulatory legal framework of Kazakhstan in the field of PPPs provides for such a state support measure as compensation for operating costs associated with servicing a bank loan, attracted by a private partner on the project. Certainly, the source of financing for PPP projects should be private funds of a private partner, including borrowed capital. The analysis of the legislative framework showed that during the implementation of PPP projects, the state ensures the payment of compensation for servicing a bank loan attracted by a private partner. At the same time, the legislation does not stipulate:

- the ratio of the amount of a private partner's participation by own funds and borrowed bank loans;

- the period of compensation for operating costs associated with servicing a bank loan.

This normative lack, caused by the absence of clear boundaries of the state's obligations to compensate for operating costs associated with servicing a bank loan, can contribute to an unreasonable load on the budget. The reimbursement of the above operating costs by the state to a private partner under the legislation is possible both in the investment and postinvestment periods, or generally for the entire duration of the PPP contract, when the term of the loan agreement may coincide with the contract term. At the same time, the share of borrowed capital is not limited, which may well reach 100% and will not contradict the current legislation. In our opinion, it is necessary to establish legislatively:

1. to determine the maximum share of borrowed capital from the total investment cost of the PPP project, which is covered by compensation for operating costs, without limiting the share of a borrowed bank loan and not setting its upper level (possibly 100%).

2. to establish that compensation is carried out under loan agreements with a fixed nominal rate of no more than 14% by reducing it to 5% per annum.

3. to differentiate the terms of specified compensations depending on the borrowed share of a loan, i.e. the smaller the share of attracted capital, the longer the compensation period.

In order to reduce the existing low level of correlation between the realized costs of all resources aimed at the implementation of projects (achieved result) and the effective, successful implementation of PPP projects (expected result), it is necessary to ensure the correct distribution of risks. The theoretical provisions of project financing play an important role in the process of improving risk management. Based on this, with the interaction of public and private partners, risks must be correlated to the side that best manages them. In addition, the proper and effective structuring of PPP projects requires new skills that are not enough in the public sector.

International experience shows that the institutional infrastructure of PPPs across the state is formed on four levels – national, regional, departmental, and the level of professional communities. In general, Kazakhstan creates an institutional infrastructure for PPPs that contributes to the development and effective functioning of this institution. Institutional infrastructure is formed at the republican, regional and departmental levels. As the use of the PPP mechanism is expanded, we believe that the National Chamber of Entrepreneurs should contribute to the creation of the level of professional communities.

The institutional infrastructure of PPPs will undoubtedly have a positive impact on the process of PPP development provided that it involves professional staff. This problem is currently relevant, since a PPP is a new tool for public sector specialists, which requires the formation of certain practical skills and knowledge. In this regard, for the qualitative economic examination of PPP projects, we suggest including these services in the list of licensed activities, with the establishment of qualification requirements for training, certification and availability of a corresponding certificate, or establishing that the examination of PPP projects should be carried out only by certified PPP experts. For this purpose, at the national level it is necessary to determine a legal entity authorized to train specialists and experts on PPP issues as well as to issue an appropriate certificate.

Thus, the suggested recommendations are aimed at improving various aspects of PPP development, since the main task in forming a new paradigm for public-private cooperation is to ensure the effective and successful implementation of PPP projects.

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5. Conclusion

Based on the results of the study, the following conclusions can be drawn.

A review of the experience of developed countries and its analysis shows economic feasibility and high socio-economic returns in the implementation of PPP projects as well as confirms their prospects.

The study analyzes the current legislative framework of Kazakhstan in the field of PPPs, proposing directions for its improvement and developing recommendations focused on improving the economic tools that stimulate the development of PPPs.

The main factors determining the wide application of PPP projects have been systematized.

PPPs create incentives for activating innovation activities and ensuring the maximum effect in the delivery of public services, as a private partner in a competitive environment will offer better conditions for result achievement.

The analysis of Kazakhstan's national innovation system indicates a fragmentary nature of

functioning of its elements and the lack of the scale effect. The creation of favorable conditions for the development of an effective national innovation system in the context of the active application of the PPP mechanism on the part of the state should be a key target of state innovation policy.

Currently, the development of the institution of PPPs in Kazakhstan is at the active formation stage: a state policy in the field of PPPs has been developed, conceptual provisions have been elaborated, market participants and PPP forms have been expanded, and an institutional environment has been created. At the same time, the analysis of domestic legislation and practice of PPP project planning shows that there are a number of separate issues requiring solution and legal regulation.

The institutional infrastructure of PPPs is developing in the regions of Kazakhstan. At the same time, the quality of services for the development and examination of PPP documentation directly depends on the skill level of specialists. The successful implementation of public investment projects through the PPP mechanism requires an effective legal and institutional framework and highly skilled staff.

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[Índice]

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