

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Influence of development institutions upon economy of the
Republic of Kazakhstan (On the example of NWF "Samruk-
Kazyna")**

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Influence of development institutions upon economy of the Republic of Kazakhstan (On the example of NWF "Samruk-Kazyna")

Objectives of thesis

The object of thesis is the National Welfare Fund "Samruk Kazyna" and its development institutions. The main purpose of this work is to identify how development institutions influence on economical conditions of country and what goals it follows.

Methodology

Theoretical part consists of synthesis, induction, deduction, abstarction, extraction. Methodology will also contain literature review. Practical part will be done by using financial analysis methods.

Important parts of research were theoretical and methodological bases of competitiveness of the financial sector of Kazakhstan's economy in the context of globalization; essence and features of competitiveness in the financial and banking sector; factors of growth of competitiveness of the financial and banking sector of the national economy in the world market; ways to improve the management of the banking system.

The proposed extent of the thesis

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Keywords

Economics, Kazakhstan, Development, NWF, Samruk Kazyna ,Investments, Market, Management, Development Institutions

Recommended information sources

Report on the Program of the Government of the Republic of Kazakhstan for 2014 – 2017
Small towns development program for 2004 – 2017
State program of development and support of small business of the Republic of Kazakhstan for 2014-2020
The concept of transition of the Republic of Kazakhstan to sustainable development for 2007-2024.
The program of the Government 2003-2016

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Declaration

I declare that I have worked on my bachelor thesis titled "Influence of development institutions upon economy of the Republic of Kazakhstan (On the example of NWF "Samruk-Kazyna")" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 13.03.2018

Zhan Kaipbay

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Influence of development institutions upon economy of the Republic of Kazakhstan (On the example of NWF "Samruk-Kazyna")

Abstract

The object of the study is the National Welfare Fund “Samruk-Kazyna” and its development institutions.

The subject of the study is the process of forming a strategy for managing development institutions in the modern economy of Kazakhstan.

The purpose of the work was to identify the importance of the activities of the National Welfare Fund "Samruk-Kazyna" in the process of forming a strategy for managing development institutions and in the context of issues of state regulation of the economy.

The presence of development institutions has become an important lever for managing the economy in conditions of overcoming the crisis, although the fact of their availability is not decisive in the management of state assets as a whole. Certain strategies are needed that suppose clear, interrelated, systemic criteria for managing activities, as well as their constant monitoring and evaluation of effectiveness.

The choice of this research direction is dictated by the lack of scientific coverage of the experience of the functioning of Kazakhstani development institutions in conditions of the market and consequences of global financial and economic crisis.

Keywords: National Welfare Fund, Economics, Development institutions, Samruk Kazyna, Market, State program, Strategy, Management, Investments, Finance, Kazakhstan

Vliv rozvojových institucí na ekonomiku Republiky Kazachstán (Na příkladu NWF "Samruk-Kazyna")

Abstrakt

Cílem studie je Národní fond sociálního zabezpečení "Samruk-Kazyna" a jeho rozvojové instituce. Předmětem studie je proces tvorby strategie pro řízení rozvojových institucí v moderní ekonomice Kazachstánu.

Cílem práce bylo zjistit důležitost aktivit Národního sociálního fondu "Samruk-Kazyna" v procesu vytváření strategie pro řízení rozvojových institucí a v kontextu problematiky státní regulace ekonomiky.

Přítomnost rozvojových institucí se stala důležitou pákou pro řízení hospodářství v podmínkách překonání krize, ačkoli skutečnost, že jsou dostupné, není to rozhodující pro řízení majetku státu jako celku. Jsou potřebné určité strategie, které předpokládají jasná, vzájemně související, systémová kritéria pro řízení činností, jakož i jejich neustálé monitorování a hodnocení účinnosti.

Volba tohoto směru výzkumu je diktována nedostatečným vědeckým pokrytím zkušeností s fungováním kazašských rozvojových institucí v podmínkách trhu a důsledky globální finanční a hospodářské krize.

Klíčová slova: Národní fond sociálního zabezpečení, Ekonomika, Vývojové instituce, Samruk Kazyna, Trh, Státní program, Strategie, Řízení, Investice, Finance, Kazachstán

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Abbreviations:

- NWF (National Welfare Fund)
- JSC (Joint-Stock Company)
- KZT (Kazakhstan national currency)
- SME (Small business entity)
- DBK (Development Bank of Kazakhstan)
- USD (US Dollar)
- PRC (People's Republic of China)
- CNPC (China National Petroleum Corporation)
- GDP (Gross Domestic Product)
- FSA (Fund of Stress Assets)

1. Introduction

Relevance of the research topic. State regulation of the economy is carried out in all countries without exception, regardless of the prevailing economic order in them. At various stages of development, in accordance with the influence of external and internal conditions and factors, possibilities for regulating the economy are used in different ways. In the era of globalization, states are compelled to be guided by principles of competitiveness and therefore choose an effective economic policy that promotes the dynamic pace of the reforms being implemented, and an effective approach to leveling out the crisis manifestations.

Topicality of the topic is dictated by the fact that process of state regulation of economy takes on special significance in transit societies (and the corresponding ways), when new economic relations appear and institutionalize. To ensure more efficient economic development in conditions of departure from directive command and transition to a market-liberal system, it is necessary for the government to find the optimal balance between state and market management methods. The main thing in this ratio is to use the positive moments of these inherently polar models and take into account the world experience of the functioning of development institutions.

Countries with underdeveloped economies are becoming more vulnerable to external circumstances, and choosing their own model in dynamic global market conditions requires Kazakhstan to reconsider strategies that can become competitive in preventing threats to external economic influence and will contribute to a sustainable self-sufficient Industrial and innovative development.

Despite the high dynamics of the national economy in recent years, the decline in a number of sectors observed in 2007-2008, mainly in construction and finance, had a significant impact and led to a liquidity crisis, a drop in prices, a reduction in production, a decrease in employment and other manifestations in Kazakhstan and other countries. Under the conditions of the global financial and economic crisis, such general features as the inability of the market (in itself) to ensure sustainable and stable development, on the one hand, and its unlimited opportunities to cause serious disasters in the economy in the absence of state regulation, were clearly revealed.

The global financial and economic crisis clearly showed the vulnerability of the basic for our country oil sector of the economy and actualized the task of transition from a predominantly raw-oriented orientation of the economy to industrial-innovative development. The latter concerns both intensive renewal of productive potential, including agricultural, industrial production, so expanding and improving the service sector. The current state of the economy determines the need for the formation of human resource capital and coincides with the task of developing an intellectual nation in Kazakhstan.

The experience of overcoming the global present-day global financial and economic crisis in various countries, including the industrialized ones, shows that only the state as a political institution is capable of assuming the functions of overcoming the crisis. In connection with the need to move to a new, post-crisis stage of development, time determines the formation of a strong state, which, in turn, updates the issues of state regulation of the economy not only in the theoretical-methodological, but also in the practice-oriented plan. As regards the management of economic processes, this means that the state is the main developer of methodologies for competitive strategies, defining not only vectors, but also calculating the effectiveness of their application, controlling the activities of the established development institutions.

The reason for the actualization of the research topic is also the need for analysis and generalization of the Kazakhstani path, when in a relatively short period of time country went from comprehending the fact of the revival of national statehood, the formation of attributes of its sovereignty, the definition of the type and form of state structure , The transition to a market economy before the deployment of large-scale transformational processes that covered all spheres of society, mainly - economic.

During the years of market reforms and political transit, new political, economic, social institutions and relations have been formed in our country. Kazakhstan has become the absolute leader in the region in terms of the scope and scale of economic and social transformations. It is generally accepted that of all the post-soviet states, our state is distinguished by the stability of the political course with a predominant orientation toward the social context of market reforms that were not only conditions for the growth of the national economy and factors for improving the welfare of people but also created

opportunities for the formation of development institutions to create the structure of an innovative economy.

The choice of this research direction is dictated by the lack of scientific coverage of the experience of the functioning of Kazakhstani development institutions in conditions of the market and consequences of global financial and economic crisis.

Aims of the work. In accordance with the goal, the following tasks are solved:

- to consider the peculiarities of state regulation in conditions of economic restructuring;
- to investigate the specifics of the formation of competitive strategies in the process of setting and solving urgent problems of economic development;
- Identify features and functions of institutions of state-owned assets management;
- analyze the features of the state approach to managing economic development in the context of financial and economic crisis;
- analyze the achievements and shortcomings in the activities of the Kazakhstani development institutions;
- suggest ways to improve economic management strategies in the context of diversification objectives;
- to identify a set of problems and ways of forming a management strategy for the development institutions that are part of the state holding of the “Samruk-Kazyna” NWF and to develop appropriate recommendations.

The scientific novelty of the study follows:

- the foundations of state regulation of the economy in the conditions of the formation of the market structure are revealed, and in this connection the process of formation of the methodical bases of competitive strategies in the Republic of Kazakhstan is analyzed;
- it is determined that the achievement of the objectives of diversification economic development is directly linked to the creation of development institutions and the formation of an appropriate management strategy aimed at forcing industrial and innovative development;

- The specific features of setting and solving the issues of managing economic development in conditions of structural adjustment and manifestations of the consequences of the financial and economic crisis are assessed, the role of development institutions in overcoming the crisis is revealed;
- the achievements and shortcomings in the functioning of the development institutes included in the “Samruk-Kazyna” National Welfare Fund have been analyzed and evaluated;
- the importance of the international experience in the management of development institutions is substantiated for developing the foundations of a management strategy and adapting the activities of development institutions to the challenges of diversifying the Kazakhstani economy;
- For the first time in Kazakhstan's economic science an attempt is made to analyze the effectiveness of development institutions as instruments of state regulation of the economy in transforming systems;
- ways of forming a management strategy for Kazakhstan's development institutions have been proposed.

2. Objectives and Methodology

2.1. Objectives

- state regulation of the economy is designed to contribute to the country's competitiveness in order to maintain the standard of living of the population, resuscitate the socio-economic infrastructure, more efficient redistribution and use of the resource potential;
- development of methodological bases of competitive strategies in Kazakhstan assumes an orientation towards industrial-innovative breakthroughs on the basis of generalization of international practice taking into account domestic conditions;
- development institutions are called upon to implement strategic management of efficient use of state resources for accelerated modernization and innovative orientation of economic transformations;

- the task of the state holding The National Welfare Fund "Samruk-Kazyna" is to achieve the status of the main operator of the government in implementing breakthrough programs aimed at forcing economic development;
- comparison of the effectiveness of development institutions is possible only after the establishment of a clear system of criteria for assessing and conducting continuous and comprehensive monitoring;
- a critical assessment of the effectiveness of management of development institutions has revealed the untapped resources of the state holding of the National Welfare Fund SamrukKazyna, which opens up new opportunities for improving the efficiency of state regulation;
- transparent monitoring of the activities of development institutions on the part of an independent body, as well as expert and public control, are an integral part of an integrated assessment of the economic and social performance of the main operator of the government of Kazakhstan.

Theoretical and scientific-practical significance of the research is that its results can be used:

- Firstly, during developing a strategy for managing modern economic processes and institutions;
- Secondly, in further studies of the problem of state regulation of the economy;
- Thirdly, while of improving existing and developing new courses and special courses on public administration, macroeconomics.

2.1. Methodology

The theoretical and methodological basis of the thesis was the state documents developed in Kazakhstan, by definition of the directions of economic development, the choice of the model and the formation of approaches to state regulation of the economy, the Address of the President of the Republic of Kazakhstan N.A. Nazarbayev to the people of Kazakhstan, state concepts and programs in the field of economic and social development, sectoral and regional government programs, resolutions of the Government of the Republic of Kazakhstan, as well as documents of the Accounts Committee of the Republic of Kazakhstan

on the results of the audit of the “Samruk-Kazyna” Its institutes, scientific articles, monographs, economic reviews of domestic and foreign scientists devoted to the strategies of state regulation and the formation of development institutions in modern variables of economic conditions.

As methods of research, methods of system analysis, critical analysis, financial analysis, comparison, abstraction and conceptualization were used.

3. Literature review

3.1. Features of state regulation of the economy at the present stage of development

In all types of economic systems, the state carries out the process of regulation of the economy, because the economic life of society, the development of its corresponding institutions are the basic functions of production and reproduction of living conditions. There is a general pattern that manifests itself in the fact that the role of state regulation increases with the development of technical progress, the growth of scale of production and the deepening of the world division of labor. State regulation of the economy as a norm of interaction between the state and economic entities is realized through socioeconomic, monetary and financial, structural investment and scientific and technical policies with a view to the long-term impact on the development of social production and the solution of social problems through various levers. This regulation has become a permanent functioning mechanism on a national and international scale.

Theoretical comprehension of the mechanisms of regulation of the economy was assumed in different periods. The most common directions in regulating the economy are considered to be Keynesianism and monetarism. A major theoretician of the system of state regulation of the economy is J.M. Keynes. His doctrine began to spread in the 30s of the last century, from the publication of the book “The General Theory of Employment, Interest and Money”. The application of the methodological postulates of the scientist in practice contributed to the withdrawal of the US from the crisis and the resumption of economic growth. J.M. Keynes proceeded from the fact that the free market system is devoid of an internal mechanism that ensures macroeconomic equilibrium. The imbalance between savings and expected investments causes a decline in business activity, which, in turn, strengthens inflation

processes and affects the unemployment rate. According to Keynesianism, the change in aggregate stocks of consumer and investment goods affects mainly the level of production and employment. Therefore, Keynesianism proclaims active state intervention in the economy through fiscal policy: a flexible change in tax rates and government spending. (<https://cas2.umkc.edu/economics/people/facultypages/kregel/courses/econ645/winter2011/generaltheory.pdf>)

It has become generally accepted that in the countries with a market economy, the state plays an important role in its regulation. The market mechanism of management is always supplemented with instruments of state regulation, and their ratio depends on historical features and traditions, the nature of the tasks being solved at a given time. Usually, the more developed market relations, the more significant the state influence on the formation of market mechanisms and regulators. At the same time, the system of state regulation is a set of economic regulators that indirectly affect the mechanism of the market, participants in the economic process.

Thus, in the historically developed approaches to understanding the regulation of the market economy in developed countries-the Keynesian school (the theory of state regulation of the economic mechanism) and the synthesis of the neo-Keynesian, sometimes conservative, doctrines of nonintervention of the state into the economic life of society, there are general bases. They view the state as a subject of the economic system, possessing certain property and economic functions for carrying out economic policies aimed at achieving the strategic goals of society. The differences between the concepts are reduced to the methods used by the state impact, up to the complete denial of it. For example, the Austrian economist F.A. Hayek insisted that the state should perform only the role of "night watchman", not interfering in economic processes. Confirmation of the inconsistency of this approach is available to modern economists who believe that "there is nothing further from the realities of the market economy than the notion that the coordination mechanisms are" freely "established by economic agents under the influence of supply and demand".

(<https://mises.org/system/tdf/Road%20to%20serfdom.pdf?file=1&type=document>)

On the other hand, a number of prominent economists, in particular M. Friedman and others, are opposed to government intervention in the economy, since in their opinion, the market system in itself has the ability to automatically, on the basis of self-regulation, in balance.

The stock of the strength of the market mechanism is inexhaustible, and the difficulties and crises that arise in the economy are allegedly imposed from the outside, are exogenous, and their main culprit is government intervention, which blocks the operation of the elemental forces and at the same time, swings the market. In this regard, they propose to narrow the scope of state regulation to a minimum. Monetarists believe that the market system is able to automatically achieve macroeconomic equilibrium. The flexibility of prices and wage rates guarantees the impact of changes in aggregate costs on the prices of goods and resources, and not on levels of production and employment. The essence of monetary policy is in regulating the volume of money supply for the stabilization of the national market. Monetarists declare state regulation harmful for the development of entrepreneurial initiative, destabilizing the economy and initially bureaucratic. Therefore, they call for minimizing state intervention in the economy, allowing only the conduct of fiscal policy. (<http://www.economicdiscussion.net/economic-theories/quantity-theory-of-money-by-friedman/21120>)

The state becomes a single and main coordinating and regulating center of the economic and financial system, actively influences on the parameters and indicators, how it is functioning and supports the desired regime of economic dynamics by an expanding set of tools and instruments. The guidelines that state use in the process of regulating the economy include various indicators that characterize the level of economic development and quality of life: human life expectancy, income (gross domestic product) per capita, employment level, the degree of realization of human rights, the level of knowledge, etc.

The methods of regulating the economy and the principles of the corresponding activities are not the same in different regions of the world because countries have a specific history, national peculiarities of the economic management model, different traditions and culture. In addition to dividing economic systems by type, each system also has its own national economic management models that are specific to the country and based on the level of economic development, historical, cultural, and domestic traditions.

In the self-regulating economic system, the role of the state essentially changes, which turns into the main coordinating center of the entire economic system, which ensures the normal functioning of the functional systems. The determining role of the state and its ability to regulate some of the economic processes depend on the connection between the economy

and politics, and the development of economic policy. The state is the core of the existing social system, it concentrates power, authorizes the existence of all other non-state institutions, formulates principles and organizes forms of social life, forming the basis of the institutional hierarchy. The economic policy of the state is an integral link and an essential element of the market system. The "visible hand" of government should regulate the "invisible hand" of competition wrote A. Smith in his time.

(https://www.ibiblio.org/ml/libri/s/SmithA_WealthNations_p.pdf)

So, the command economy is characterized by:

- public ownership almost for all material resources;
- Collective economic decision-making through centralized planning (all major decisions regarding to the amount of used resources, the structure and distribution of products, the organization of production, are taken by the central authority);
- functioning of enterprises on the basis of state directives;
- centralized establishment of all socio-economic relations, including relations between the means of production and consumer goods.

The main advantage of market institutions is:

- Decentralization of economic decision-making and rational distribution of limited resources at the micro and macro levels;
- Creation of powerful incentives to avoid a loss and increase production efficiency, motivation for work, savings, investments, innovations through the operation of the competition mechanism and the principles of self-financing by tight financial constraints;
- the production of mechanisms of technical and economic evolution that determine the change of technological and institutional structures in the economy with the concomitant long-term development of a multiple increase in the productivity of social labor and living standards.

3.2. Methodological basis for the formation of competitive strategies.

The formation of competitive strategies in market conditions is determined by a spectrum of characteristics that are related to the type and nature of a really functioning economy, previously achieved by its infrastructural state, various resource capabilities of the state, and also by other objective and subjective factors. After the collapse of the USSR, the new independent states faced the urgent task of forming a new social order, including the economy, politics, social and cultural components. In countries with transitional economies, fundamental changes were required, based on the analysis of the functions of the current system of public administration, on the innovative design and implementation of institutional models. The latter included methodological approaches, methodological methods and pragmatic strategies that would contribute to the creation of a new system adequate to the market order and democratic transformations. In particular, instead of the old administrative-command methods of management and management, it was required to find and select effective development strategies that would be aimed at creating a new institutional activity that presupposes the emergence and development of market institutions, as well as their management. The study and consideration of the experience of administrative reform existing in the world practice did not create the opportunities for its simple transfer to Kazakhstan's conditions, but allowed to understand, to comprehend and on this basis to develop an algorithm of actions taking into account the comparative analysis of a specific situation in Kazakhstan.

The process of forming the methodological bases of competitive strategies in Kazakhstan was not one-step, but became a generalization of a fairly long stage of reforming the mechanism of state management of the economy and a unique outcome of the implementation of a set of state programs aimed at developing the economy and society. When the Republic of Kazakhstan faced the need to determine the vectors of its development, including the economic component, in the variety of theoretical paradigms and real models of economic development that had already been created, it was necessary to determine the most effective ways of building a new statehood, taking into account the nature of economic, social, structural and technological And organizational changes. The first important and big step in determining the direction of economic development was the adoption in 1997 of the Country Development Strategy until 2030, which outlined national development priorities - national economic security; Economic growth, based on an open

market economy with a high level of foreign investment and domestic savings; Increasing the level of health, education and well-being of citizens of Kazakhstan; Rational use of available energy resources; Improvement of the infrastructure, especially work on transport and communications; Creation of qualified personnel in the professional management of the economy of the state. (<http://www.akorda.kz>)

The development strategy of the country's economy was based on trends that determined the essence of market transformations, namely, the creation and development of competitive non-resource high technology high-tech industries, the diversification of the entire production potential, the expansion of existing principles of partnership between the state's executive bodies and the private sector, adherence to liberal trade policies. Of the well-known approaches to reforming the economy in Kazakhstan, a radical approach was chosen, which assumed the maximum number of reforms in the shortest possible time. Its essence boiled down to: a) rapid liberalization of prices and foreign trade; b) pursuing a focused stabilization program designed to ensure sustainable prices; c) the transition to currency convertibility for current operations; d) privatization of state-owned enterprises; e) demonopolization of industry; f) adoption of new accounting standards; g) a change in the taxation system; h) reform of the judiciary, the financial sector and the public service. (<http://www.kisi.kz>)

The main directions of the Development Strategy of the Republic of Kazakhstan were outlined by the President of the Republic of Kazakhstan in his Message to the People of Kazakhstan on October 10, 1997 - "Kazakhstan - 2030", in the Message of the President of the Republic of Kazakhstan to the People of Kazakhstan dated March 1, 2006 "Strategy of Kazakhstan's entry into the list of the 50 most competitive countries in the world" And in the Concept of the transition of the Republic of Kazakhstan to sustainable development for 2007-2024. (<http://www.ppi.kz>)

As a result of the transition to a multistrukture economy its' regulation took a place as the opportunities for the financial and services market grew, all the market areas in Kazakhstan were open to foreign participants. From the state side, the relationship with the industrial products markets was minimized. The role of the state in diversifying the economy is ambiguous, as competition and diversification as such are the prerogatives of the market. All this necessitated the development of competitive development management strategies, the

creation of appropriate development institutions of the Republic of Kazakhstan. In 2001 the Development Bank of Kazakhstan was established, later - investment and innovation funds were organized. Unlike the Russian Federation, where a special institute was created to develop development strategies and activities for development institutions - the Institute for the Development of Financial Markets, in Kazakhstan such a specialized institution, unfortunately, did not yet function.

In Kazakhstan in those years, the relevance of a balanced territorial policy became evident. That is why when developing the strategy of industrial-innovative development it was necessary to implement the so-called "zoning of territories", which was carried out according to geographical and economic criteria. In this zoning related regions (territories, similarities of the economy), the regions presented macroregions (or subregional zones), which became the basis of production clusters. Seven subregional zones were identified, the centers of which were to become the main cities. Territorial regionalization, taking into account the economic criteria, provided an opportunity for the development and implementation of subregional development programs. With this approach, coordination of disparate efforts is achieved, a deep interconnection of economies of subregional zones and regions is provided, "points of growth" are created.

In the Report on the Program of the Government of the Republic of Kazakhstan for 2014-2017, problem areas of economic and social development of that period were analyzed quite realistically. Among them were the risks associated with a large inflow of foreign currency, an increase in the volume of external borrowing of the real and banking sectors, as well as foreign investments that exerted inflationary pressures on the economy and the tenge's exchange rate towards strengthening. This created a threat to the financial stability of the economy. The Program predicted that the expansion of the loan portfolio at the expense of foreign capital could negatively affect the quality of assets of banks and economic entities in the event of a slowdown in economic growth and worsening of the world market situation. Other economic risks included: the problem of the concentration of lending by industry, where the bulk of loans issued are for trade, construction, nonproduction and individual activities, which can contribute to the "overheating" of certain sectors of the economy; The dominance of the commodity orientation, when the greatest flow of investment is directed to the extractive sector, and non-primary exports remain at a low level;

Unrealized potential for diversification and modernization of the economy; Lack of concrete results on major system-forming investment projects aimed at diversifying the country's economy; The full involvement of large domestic businesses in the process of economic. (<http://www.government.kz>)

Along with the listed risks, the so-called social risks were identified, which were associated with the absence of certain priorities for the development of science; Incompleteness of the formation of the national innovation system; Inconsistency of the quality of infrastructure and services to the level of economic development of the country both in terms of provided public services, and medical and educational; Low average life expectancy and maintaining high rates of maternal and infant mortality; The presence of problems related to the insufficiently high level of the quality of life of the population, demographics, the high resource and energy intensity of the economy and environmental pollution.

It was found that Kazakhstan will become really competitive only if the effectiveness of structural changes in the economy is strengthened, and by implementing practical, concrete measures for sustainable development of the country on the basis of balancing economic, social and environmental factors. In this regard, the Strategy of sustainable growth of competitiveness of the Republic of Kazakhstan, as well as a number of normative legal acts on state planning, regulating the issues of strategic, medium-term and budgetary planning, monitoring, control and responsibility of all subjects of planning. (<http://www.government.kz>)

Specificity of government activity at the analyzed stage was connected with the implementation of the task of transition to sustainable development, improving the quality of life of the population and the development of human capital, that is, the main problems for state policy with conceptual problems. Their solution meant improving the quality of life of the country's population, which consists of integrated management of the economy and social sphere: economic well-being, an effective education system, health, active social policy, demographic stability and the state of the environment. Hence we can conclude that at the beginning of the new millennium in sovereign Kazakhstan, a comprehensive policy of transition to sustainable development based on balanced innovative development of the economy, ecology, and human resources is beginning to be implemented.

As part of the division of functions and powers between levels of public administration in Kazakhstan, the existing system of relations between the republican and local levels of government was improved, which allowed taking into account the specific interests of the regions and effectively using their resource potential for economic growth and raising the level and quality of life of the population. To this end, since 2004, the list of functions assigned to rural, settlement and city (district) levels of management has expanded; The apparatus of akims of villages, towns, cities of regional importance with giving them the status of a legal entity was formed. At the same time, to improve the independence of the akims in planning and executing their expenses, a mechanism for financing this level of management has been improved. In addition to state authorities, various social institutions, formed and functioning in the region, act as subjects of government.

Unevenness of regional development in Kazakhstan is due to geo-political, economic and socio-cultural factors. Therefore, the competitiveness of the region depends not only on its geographical location, the availability of natural resources, but also on scientific and technical potential and transport communications, the balance of the fiscal and financial system, the availability of investment attraction mechanisms, the development of market infrastructure, favorable environmental conditions, and State policy to improve the competitiveness of the regions. The Concept of the Regional Policy of the Republic of Kazakhstan for 2014-2017 noted that, despite the growth of the country's economy as a whole, there was a significant disproportion in the level of social and economic development of the regions, including small towns and rural areas.

(<http://www.government.kz>)

The economic development of Kazakhstan cannot be successfully implemented without considering the specifics of the regions and out of the integration of regions into a single macroeconomic area of the country. The concept of socio-economic development of the regions contains various indicators that are constantly monitored. Regional state programs are reviewed by the Ministry of Economy and Budget Planning of the Republic of Kazakhstan, in terms of the sustainability of the ongoing reforms and to determine the effectiveness of their practical implementation, timeliness and targeted development of budgetary funds.

Analysis of the economy and social sphere of small towns made it possible to identify the following problems: the lack of effective development strategies and programs; Lack of funds for development; Dependence on higher budgets; Low level and quality of life; High unemployment; High dependence on city-forming enterprises; A high percentage of depreciation of industrial and transport infrastructure; Lack of skilled workers and specialists in all sectors of the economy; Unsatisfactory condition of transport communications in combination with a great distance from the regional centers; ecological problems. It became obvious that the regional economic policy pursued in Kazakhstan should be linked to the development of special state programs that take into account the state of the sectoral, territorial, environmental, socio-demographic and other development factors. The goals and objectives of the Small Towns Development Program in the medium term were the creation of conditions for the social and economic development of small towns, including:

- Definition of the basic directions of development of small cities in accordance with their functional typology;
- definition of measures aimed at developing the real sector of the economy and increasing employment;
- Definition of measures aimed at the development of industrial and social infrastructure;
- Definition of measures aimed at attracting effective investments.

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To ensure the main directions for the development of small towns, a program implementation mechanism was developed. The main directions of development of small towns are determined taking into account their mineral and raw materials, production and labor potential, favorable geographic location. They are: improving the structure of the economy through diversification and creating an optimal combination of enterprises of various sizes and industry; Expansion of the functional specialization of cities; The development of mineral resources near the small towns; Territorial organization of social infrastructure to improve the availability of basic services to the population; Reproduction of the population and human resources; Territorial organization of infrastructure, support of small business entities.

3.3. State Assets Management

Starting from 1999-2000 The economy of Kazakhstan has entered the trajectory of sustainable economic growth, this was largely promoted by the significant advancement of reforms in the financial sector. This allowed us to increase economic activity, a fundamentally new and modern banking system was created in the country, the credit market began to develop dynamically. A market infrastructure has appeared in the republic, including a network of banks, investment and insurance companies, stock exchanges, audit firms and other entities serving small and medium businesses. The reforms in the budget-tax sphere turned out to be successful. Investment activity of the scientific and innovative direction was intensified. Since 2000, the National Bank has established a three-year horizon for the planning of monetary policy. The success of economic reforms in Kazakhstan was to a certain extent facilitated by the presence of a significant resource (natural) potential of the republic. The availability of rich natural mineral resources, in particular oil and metal-containing concentrates, has become a key factor in the country's economic growth. Since the republic's GDP is mainly composed of oil revenues, its steady growth is the merit of the extractive industry.

At the same time, with a general improvement in the macroeconomic situation, sustained economic growth in recent years, inflationary factors in the economy have increased. According to the Statistics Agency of the Republic of Kazakhstan, Kazakhstan did not reach the level of 1990 in sectors of industry, agriculture, manufacturing etc. This was due to a number of reasons: structural imbalances in industry, low added value of raw materials Sector, low competitiveness and insufficient efficiency of the national economy. The dynamic development of the country's economy required a constant review of priorities in the field of the policy of managing state assets.

In order to improve the management of the public sector of the economy, as well as to coordinate the activities of national companies and development institutions, joint-stock companies: Kazakhstan Holding on State Assets Management "Samruk" and Fund for Sustainable Development "Kazyna" were established. In the period from 2003 to 2006 in order to improve the efficiency of management, work was carried out to improve the regulatory legal framework for the management of state assets, including the assessment of the activities of state bodies that manage state assets.

During the years of economic growth, the volume of foreign trade operations, foreign exchange earnings from the export of raw materials increased. According to the Statistics Agency of the Republic of Kazakhstan, the balance of current export-import transactions in 2004 was more than \$ 7.3 billion (compared to 2003 - \$ 4.573 billion). In addition, significant external foreign exchange receipts also came from other sectors of the economy - corporate, banking, etc. External foreign exchange flow increased the money supply in circulation, creating an excess of money in circulation, exerting inflationary pressure on prices, leading to their increase.

In Kazakhstan, taking as a basis the experience of Norway, initially determined that the National Fund is created in order to stabilize the revenues of the state budget, finance priority programs for infrastructure development, save savings for future generations. Subsequently, in the Budget Code of the Republic of Kazakhstan of 24.04.2004, it was determined that the National Fund of the Republic of Kazakhstan is intended to ensure the stable social and economic development of the state, the accumulation of financial assets and other property, with the exception of intangible assets, reducing the dependence of the economy on the commodity sector and the impact unfavorable external factors.

The sources of formation of the National Steel Fund are:

- 1) official transfers from the republican budget that exceed actual revenues to the republican budget from the organizations of the sector over their amounts approved in the budget by the amounts of revenues;
- 2) the same, determined by the proceeds from privatization of state property owned by the Republic, related to the mining and processing industries;
- 3) the same, calculated in the amount of 10% of the budgeted amounts of budget revenues received from the organizations of the commodity sector;
- 4) transfers from the local budget, determined by income from the sale of agricultural land;
- 5) investment income from fund management;
- 6) other income and income prohibited by the legislation of the Republic of Kazakhstan.

Thus, the National Fund in Kazakhstan was formed not only at the expense of the oil sector. This is its fundamental difference from other oil funds in the world. As a result, the amount of extra-budgetary revenues to the Fund from the organizations of the primary sector amounted to KZT 120,792,925 thousand (\$ 929.17 million).

4. Practical part

4.1. Characteristics of the current state of activity of NWF ‘SamrukKazyna’ and its impact on the development of Kazakhstan's economy

In a speech at the Eurasian Forum of Development Institutions, K. Kelimbetov defined the role of the “Kazyna” fund as an "active shareholder", which will improve the corporate governance system for development institutions. Management is planned to be implemented through the Boards of Directors, while each of the development institutions will retain its independence. The Fund will work on identifying tasks for each of them, approving their plans and budgets, monitoring and controlling activities, and selecting, appointing and evaluating the work of the heads of institutions. The Fund acts as an active shareholder, and also assumes the function of coordinating the activities of development institutions.

Thus, the financial and service chain of business development will be formed, within which the priority sectors and directions of investment will be defined first, then the most attractive ideas of the private sector will be selected. The last link in the chain will be the entry into this project of ideas and its financing. The links of this structure will be the development institutions, each of which has its own role. The entire system is one big project in which the “Kazyna” Fund will act as the coordinating element. The Fund adheres to the set policy on non-interference in operational activities and ensuring effective corporate governance, accountability and transparency of its development institutions.

Since its formation and transfer of state blocks of shares in the development institutes in payment for the authorized capital of the “Kazyna” Fund, the management company has carried out significant work to conduct a primary diagnosis of all the activities of development institutions in order to develop measures to effectively implement the tasks assigned to them. In particular, the analysis of corporate procedures and spheres of activity of development institutions has been carried out, a single process of budget planning, monitoring of their activities, an integrated system of strategic planning has been introduced.

Another task facing the fund is the implementation of breakthrough projects, that is, those that are able to bring the economy, industry or individual production to a qualitatively new level of development. The fund should also become a partner for large investors on a "onestop shop" principle when the investor is not included in each of the development institutions. The objectives of the “Kazyna” Foundation included the provision of the Kazakh business to enter regional and world markets. Meanwhile, in order to achieve the planned plans, development institutions that are part of this state holding are actively involved in international activities.

To encourage and promote their operations abroad, investment strategies for entering international markets have been developed. The conductors of investment activity are created representative offices in strategic countries. “Kazyna” Foundation plans to open its representative offices in New York, London, Hong Kong, Shanghai, Singapore. In particular, the Development Bank of Kazakhstan, in accordance with the priorities of investment activities, has opened offices in Russia and Uzbekistan, which allows implementing priority technology-related projects in the markets of neighboring countries and attracting partners for cooperation in the territory of the Republic of Kazakhstan. If we consider the crediting of the economy of Kazakhstan by the Kazyna Fund, then through its financial institutions as of July 1, 2015, 183 projects worth \$ 5.2 billion have been approved for financing, with a share of development institutions amounting to \$ 1.8 billion. The planned portfolio of projects for 2016-2017 amounted to 10 billion US dollars. Pilot projects were launched in non-primary sectors of the economy, infrastructure projects are being implemented, and there is strong information and institutional support for specific investment projects. The “Kazyna” Foundation and its development institutes were chosen as effective instruments

for achieving such goals of the country's economic development, as Kazakhstan's entry into the list of 50 competitive countries in the world.

Nevertheless, in order to increase the efficiency of its activities, this development institution was merged with the holding company for the management of “Samruk” state-owned assets and currently is a joint-stock company “Samruk-Kazyna” National Welfare Fund (NWF). Joint-stock company "National Welfare Fund" Samruk-Kazyna "was established in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008.

The National Welfare Fund "Samruk-Kazyna" was created to enhance the competitiveness and sustainability of the national economy, to anticipate the factors that may cause the negative impact of changes on world markets on economic growth in the country. The main purpose of the Fund's activities is to manage the ownership holdings of the national development institutions, national companies and other legal entities owned by it with the right of ownership to maximize their long-term value and increase their competitiveness in world markets.

The main principles of the Foundation are:

- observance of the interests of the state as the sole shareholder of the Fund;
- transparency, efficiency and flexibility of the Fund and companies;
- systematic and prompt decision-making and implementation;
- responsibility and accountability.

The main activities of the Foundation are assistance in the modernization and diversification of the national economy, assistance in stabilizing the country's economy, increasing the efficiency of companies' activities. The key direction of the Fund's activities and companies are modernization and diversification of the national economy within the framework of the implementation of the messages of the President of the Republic of Kazakhstan, the Strategy of Industrial and Innovative Development of the Republic of Kazakhstan for 2003-2015, the program "30 corporate leaders of Kazakhstan", goals and objectives set for the companies. The Fund is called upon to provide maximum assistance to the Government of the Republic of Kazakhstan, quickly and promptly addressing issues related to attracting investments in

the real sector of the economy, intensifying work in the regions, strengthening inter-sectoral and interregional ties, making maximum use of the existing advantages and opportunities. Effective diversification and modernization of the national economy is carried out through the implementation of active investment activities, especially in priority sectors of the economy, such as oil and gas sector, electric power industry, metallurgy, chemistry, petrochemistry, infrastructure.

Following the set goals and activities, the main tasks of the “Samruk-Kazyna” NWF are related to the development and implementation of investment projects of regional, national and international scale; support and modernization of existing assets of the group of companies of the Fund; assistance in the development of regions and the implementation of social projects; support of domestic producers, domestic goods and services.

Within the framework of the tasks under consideration, the Fund performs the following functions:

- development and implementation or financing of investment projects of regional, national and international scale, including in the real sector of the economy, independently and (or) with the participation of companies, and jointly with strategic foreign and (or) domestic investors, through participation in authorized capital and loans;
- performance of the operator's function to implement the program "30 corporate leaders of Kazakhstan" and other programs and plans by decision of the Government of the Republic of Kazakhstan;
- development of new sectors of the economy and acquisition of economically attractive assets both in the country and abroad;
- ensuring a coordinated and active investment policy when implementing investment and innovation projects by companies, the main priority of which is the implementation of projects in the territory of Kazakhstan;
- attraction of domestic and foreign, state and private investments and introduction of innovations in various sectors of the economy;
- implementation of a balanced borrowing of capital in the world and domestic capital markets;

- financing of small and medium business projects;
- creation of an effective integrated system of financial and investment instruments within the group of companies;
- development of interregional economic ties, including through the implementation of projects on the territory of the Republic of Kazakhstan;
- ensuring the breakthrough development of regions through socio-entrepreneurial corporations.

In addition to the designated NWF "Samruk-Kazyna" also performs the following functions:

- participation in the stabilization programs of the Government of the Republic of Kazakhstan;
- acquisition of announced voting shares of second-tier banks;
- placement of certain funds in second-tier banks to support social and economic development, including the completion of construction projects, financing of small and medium-sized businesses and the agro-industrial complex;
- Assistance in the development of the mortgage lending market and the system of housing construction savings;
- monitoring the implementation of purchases of the Fund and companies that provide for mechanisms to increase the domestic content in the purchases of the Fund and companies from Kazakh producers of goods and services, to ensure the localization in Kazakhstan of production, assembly, repair and maintenance of imported equipment with its large purchases of -panies;
- implementation of trust management of the state shareholding of the joint stock company "Fund of Stressful Assets"

“Samruk-Kazyna” National Welfare Fund was declared the national managing holding, the main purpose of which is the management of its shareholdings owned by it (ownership interests) of national development institutions, national companies and other legal entities.

The Kazakhstan content in the purchases of the group of companies JSC NWF “SamrukKazyna” is 80 percent. “Samruk-Kazyna” JSC unites state assets of more than 400 subsidiaries, which are concentrated in strategic sectors of the economy (table 1).

At present, NWF “Samruk-Kazyna” is the main and only link between the state of the Republic of Kazakhstan represented by the government and the development institutions, as well as the largest national companies of Kazakhstan. In this regard, the development of management strategies and the development of development institutions controlled by “Samruk-Kazyna” National Welfare Fund has become topical.

The state of the activity of the “Samruk-Kazyna” National Welfare Fund as the main operator of the government since its inception and in the process of functioning has been directly related to the set of tactical tasks and strategic goals that need to be practically implemented in a real economy. One of the determining factors was the financial and economic crisis. It manifested itself in the context of global interdependencies and the functioning of integrated systems (in particular, the international banking system) and therefore obliged states to develop and apply measures related to counteraction to its negative manifestations. In Kazakhstan, despite the established and fairly efficient financial system, nevertheless, there were risks associated with the manifestations of a funding gap in international markets, which led to a reduction in external funding, which had a negative impact on the ability of domestic banks to provide new loans to borrowers and contributed to a decrease the rate of lending to the economy. Relatively high volume of repayments on foreign loans of Kazakhstan banks against the background of a reduction in the possibility of external refinancing did not allow second-tier banks to continue lending to the economy in the required volumes.

Table 1. The main assets of SWF "Samruk-Kazyna" at the end of 2016

Participation in companies	Sector of Economics / line of business	million\$ USA
KazMunayGas	National Oil and Gas Company	34 100
Kazakhstan Temir Zholy	National Railway Operator	6 650

Air Astana	National airways	211
Kaztelecom	National Telecommunications Company	2 316
KazPost	National postal operator	235
Samruk-Energo	National operator of power plants	1 490
KEGOC	Operator of national electrical networks	1 282
Development Bank of Kazakhstan	Development Bank	5 727
Kazyna Capital Management	Investment fund	366
Kazcom, Halyk Bank, Alliance bank	Commercial banks	53 179
Kazatomprom	Atomic industry	2 614
Tauken Samruk	Mining industry	8 000
United Chemical Company	National Chemical Company	16 433
SC Pharmacy	National Distribution Company	3 240
<p>Note - Compiled according to the Samruk-Kazyna National Welfare Fund (https://sk.kz/)</p>		

Given the pace and dynamics of the global financial and economic crisis, as well as the development of real sectors of the national economy, in November 2008, the Government of the Republic of Kazakhstan approved a plan for joint actions by the Government, the National Bank and the Agency for Regulation and Supervision of the Financial Market and Financial Organizations of the Republic Kazakhstan on stabilization of economy and financial system.

The main operator from the government to implement the plan was the NWF "SamrukKazyna". For this purpose, the government implemented its additional capitalization by 607.5 bn KZT. In accordance with the current budget legislation, the Accounts Committee continuously monitors the efficiency of the use of state assets in order to increase the responsibility of state bodies and achieve the final results of the planned activities.

The solution of the tasks in the conditions of overcoming the crisis was supposed to be carried out in the following directions: increasing the funding of second-tier banks at the expense of internal sources; securing further sustainable lending to major promising investment projects and small and medium-sized business projects, as well as financing budget investment projects; ensuring stability in the country's food market; ensuring stability in the mortgage market of the country and protecting the rights of equity holders; assistance in maintaining the stability of financial sector entities; adoption of measures aimed at reducing the dependence of banks on external funding; ensuring effective interaction between state bodies and other organizations with the participation of the state, including monitoring and control over the activities of market entities, providing government support and increasing the responsibility of market participants for the assumed obligations.

The activities of the NWF "Samruk-Kazyna" in the years of the unfolding of the global financial and economic crisis turned out to be closely connected with the stabilization programs of the country's economy. In connection with this direction, measures have been developed to stabilize the financial sector, solve problems in the real estate market, support small and medium-sized businesses, develop the agro-industrial complex and implement innovative, industrial and infrastructure projects. By the end of 2017 "Samruk-Kazyna's" holding company included 48 subsidiaries and affiliates of the first level of management. The total authorized capital was equal to 3,458 trillion tenge (23 billion US dollars) which is comparable in volume with the annual republican budget.

Within the framework of the anti-crisis plan of the "Samruk-Kazyna" National Welfare Fund, programs were implemented to refinance previously issued mortgage loans and mortgage loans to purchase housing on new terms. As operators of these events are 10 second-tier banks: "Kazkommertsbank" JSC, "BTA Bank" JSC, Halyk Savings Bank of Kazakhstan" JSC, "Alliance Bank" JSC, "Temir Bank" JSC, "Bank CenterCredit" JSC, JSC

“Kaspi Bank”, “Eurasian Bank” JSC, “ATF Bank” JSC, “Tsesna Bank” JSC. As the President of Kazakhstan Nursultan Nazarbayev emphasized in his message to the people of Kazakhstan "Through the crisis to renewal and development": "... 545 billion tenge was allocated to support housing construction and solve the problems of co-investors."

“Samruk-Kazyna” National Welfare Fund, based on the list of objects proposed for financing with the aim to complete the construction and coordinated with the State Commission of Economic Modernization and after monitoring the housing construction market with local executive bodies, placed deposits in second-tier banks on the terms of targeted use of these funds for crediting companies-developers on specific objects. To ensure the proper use of funds placement of deposits was made after confirmation of cofinancing of construction by second-tier banks and developers. One of the main conditions of the agreements was the control over the execution of construction schedules.

Authorized organizations with participation of interested state bodies conducted a survey of the physical state of unfinished facilities, and the results of the survey, taking into account the optimization of the number of housing construction objects and, depending on the number of co-investors, their consent, the readiness criteria and economic feasibility of construction, were submitted for consideration of the commission. And further, based on the results of the Commission's consideration, authorized organizations provided construction of facilities for the needs of co-investors. The development of funds for refinancing mortgage loans in the context of second-tier banks is presented in Table 2

Table 2 - development of funds for refinancing mortgage loans in the context of second tier banks for 16.10.17 (million KZT)

Name of the bank	Allocated funds	Received applications	Approved applications by credit committees	Actually renegotiated agreements with borrowers
BTA bank	37000	40864,7	38045,8	37110,9
Kazcom	24000	32899,2	26410,6	24000,0
Halyk bank	20000	23615,6	22079,6	20500,4

Alliance bank	10900	12036,2	11321,7	11002,7
BankCenterCredit	4300	19736,0	5646,0	4373,0
ATF bank	4300	10615,0	5884,8	4411,2
Temir bank	6000	8675,7	6422,8	5999,6
Kaspi bank	4000	4617,2	4184,9	4027,6
Tsesna bank	4000	5791,3	4017,0	4000,8
Eurasian bank	4000	4359,9	4061,7	4043,1
Nurbank	1000	2147,7	1482,4	999,7
TOTAL	120000	165358,5	129557,3	120468,4

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As practice showed, the demand for the refinancing procedure turned out to be popular among citizens, exceeded the funds allocated for this by almost a third and amounted to KZT 165,358.5 million. The number of applications approved by the credit committees also turned out to be slightly larger than the depleted amount (KZT129,557.3 m.).

Table 3 reflects the situation with borrowers who submitted applications, received approval from credit committees and renegotiated refinancing agreements. As it follows from the data, practically all borrowers, approved by credit committees, re-registered their mortgage obligations on more just conditions for themselves.

Table 3 - Number of borrowers participating in the mortgage refinancing program in the context of second-tier banks for 16.10.17 (person)

Name of the bank	Number of borrowers	Number of approved borrowers	Number of borrowers who have renewed their contracts
BTA bank	11 423	10 620	10 429
Kazcom	7 936	6 393	5 921

Halyk bank	5 777	5 502	5 207
Alliance bank	2 875	2 752	2 679
BankCenterCredit	5 519	918	791
ATF bank	2 487	1 216	962
Temir bank	2 208	1 596	1 492
Kaspi bank	1 374	1 268	1 249
Tsesna bank	1 389	1 024	1 022
Eurasian bank	1 356	1 180	1 172
Nurbank	587	493	381
TOTAL	42 931	32 962	31 304

Note - Compiled from the data of “Samruk-Kazyna” National Welfare Fund
(<https://sk.kz/>)

In the context of regions, the development of funds within the framework of the mortgage refinancing program affected Almaty and Astana residents most of all, because in these megacities active housing construction was carried out with the help of equity holders. In other regions of the country the program also found its customers. Dynamics in the context of the regions is reflected in Table 4 and indicates similar trends in the consideration of applications in megacities and cities of regional scale, when the number of applications received does not coincide both with those that have been examined in credit commissions and with refinancing their credit obligations on new terms.

The total number of borrowers who applied for refinancing (42,931), the loan committees approved 32,962 applications, 31,304 borrowers renegotiated their contracts. The situation in the regions is reflected in table 4 and indicates the general trend of interest holders in seeking to solve the housing problem through state support, on the one hand, and the effect

of a clear procedure for selecting target groups (that is, citizens who meet the requirements of this program), on the other.

Table 4 - Development applications for refinancing mortgage loans by region as of 16.10.17 (KZT million)

Region	Received applications	Approved applications	Restarted applications
Almaty	40586	35009	31320
Astana	34178	26742	24400
Almaty region	2338	1653	1628
Eastern Kazakhstan	11796	8294	7920
Karagandy	11378	8689	8344
Aktobe	11101	8029	7667
Western Kazakhstan	5215	3813	3714
Zhambyl	5730	3316	3133
Mangystau	7888	6091	5850
Kostanay	4844	3671	3514
Atyrau	6181	5354	4885
Northern Kazakhstan	4284	3750	3623
Akmola	4644	3464	3339
Pavlodar	6373	4898	4736
Kyzylorda	2916	1667	1667
Southern Kazakhstan	5906	5116	4730

Note - Compiled from the data of “Samruk-Kazyna” National Welfare Fund
(<https://sk.kz/>)

Table 5 - Number of borrowers who participated in the mortgage refinancing program in the context of the regions as of 16.10.17 (person)

Region	Received applications	Approved applications	Restarted applications
Almaty	5277	4538	4108
Astana	6165	4928	4524
Almaty region	803	605	603
Eastern Kazakhstan	4896	3443	3301
Karagandy	4944	3704	3577
Aktobe	3379	2326	2233
Western Kazakhstan	1660	1264	1247
Zhambyl	2202	1352	1303
Mangystau	1703	1250	1215
Kostanay	1938	1450	1381
Atyrau	1268	1091	1016
Northern Kazakhstan	1678	1484	1460
Akmola	1753	1344	1293
Pavlodar	2490	2029	1950
Kyzylorda	926	555	561
Southern Kazakhstan	1849	1599	1532

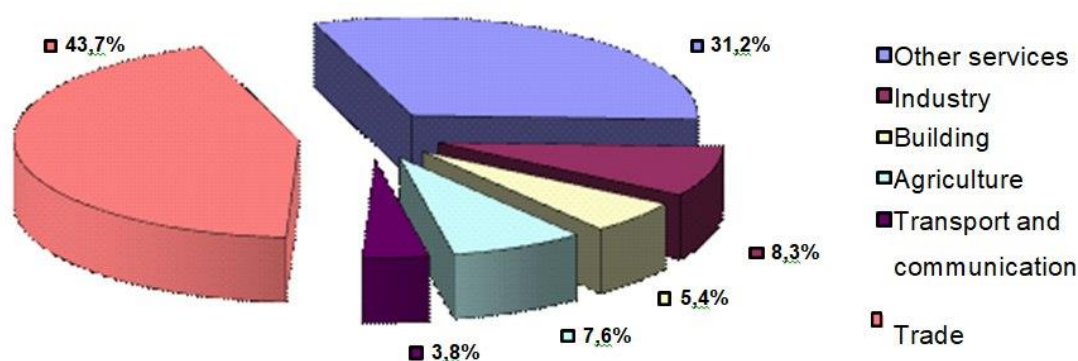
Note - Compiled from the data of “Samruk-Kazyna” National Welfare Fund
(<https://sk.kz/>)

During the implementation of the mortgage refinancing program, a system for assessing the efficiency of construction companies was applied, according to which they were divided into three categories: 1) those with clear policy of promotion and sales, a clear price policy that respect the construction time (high rating); 2) having a not very clear policy of promotion

and sales, an unclear price policy, lagging behind the terms of construction (average rating); 3) conducting inadequate policies of promotion and sales, pricing policy, significant backlog or lack of construction (low rating). This step has made it possible to see more clearly the possibilities of efficient allocation of funds for the completion of construction and, in particular, to establish the order of targeted transfers.

In the sectoral breakdown, more than 70% of the funds are directed to the sphere of trade and services, which is conditioned, in turn, by the existing sectoral structure of small and medium-sized enterprises in the country (figure 1).

Figure 1 - The development of funds in the sectoral context for 01.11.2017. (<https://sk.kz/>)



At the meeting of the State Commission for the modernization of the economy in November 2017, when considering the implementation of measures to stimulate the business activity of processing enterprises, four areas of support for business entities were identified. Among them are refinancing of liabilities of manufacturing enterprises to second-tier banks; leasing of equipment for SMEs in the manufacturing industry, lending to investment projects through the Development Bank of Kazakhstan at the expense of the Fund of Stress Assets (FSA) at reduced interest rates; completion of construction of a number of shared construction projects in Astana and Almaty.

The first direction involves placing the funds of the Stress Assets Fund in second-tier banks to refinance loans of enterprises of the manufacturing sector at a rate of 8% with a limit of one borrower of 750 million tenge, with a term of up to 7 years and a grace period for the main debt of up to 2 years. In this direction it is planned to send 20 billion tenge from the funds of the FSA with co-financing from the STB in the amount of 8.5 billion tenge. Under the terms of the program, it is prohibited to refinance projects that have loans in different

participating banks simultaneously. In the framework of this direction, 148 projects of five banks (Alliance Bank, BTA, Kazkom, Halyk Bank, Temirbank) were selected. The implementation of these projects will support 21,439 jobs. In the sectoral structure, projects for the production of food and beverages - 43%, machines and equipment - 18%, non-metallic mineral products - 13% predominate.

The second direction involves crediting leasing operations of small and medium in the manufacturing industry to purchase new equipment through second-tier banks and leasing companies. 2 billion tenge will be allocated for this direction. The funds will be allocated for 7 years at a rate of 8% per annum.

The third direction provides for lending to investment projects in engineering, energy, pharmaceuticals and other sectors through the Development Bank of Kazakhstan. Due to the funds of the NWF in the amount of KZT 20 billion and KZT 30 billion attracted by DBK from other sources, in general, it is planned to send about 50 billion tenge to finance investment projects. Funds to enterprises will also be provided at 8% per annum for a period of 15 years. Within the second and third directions 43 projects with a total cost of over 126 billion tenge with the requested amount of financing of more than 76 billion tenge were submitted to the State Commission for consideration. At the same time, in the structure of the industry, projects are predominant for the production of building materials, food products, machinery and equipment, leather, rubber products and plastics, and textiles.

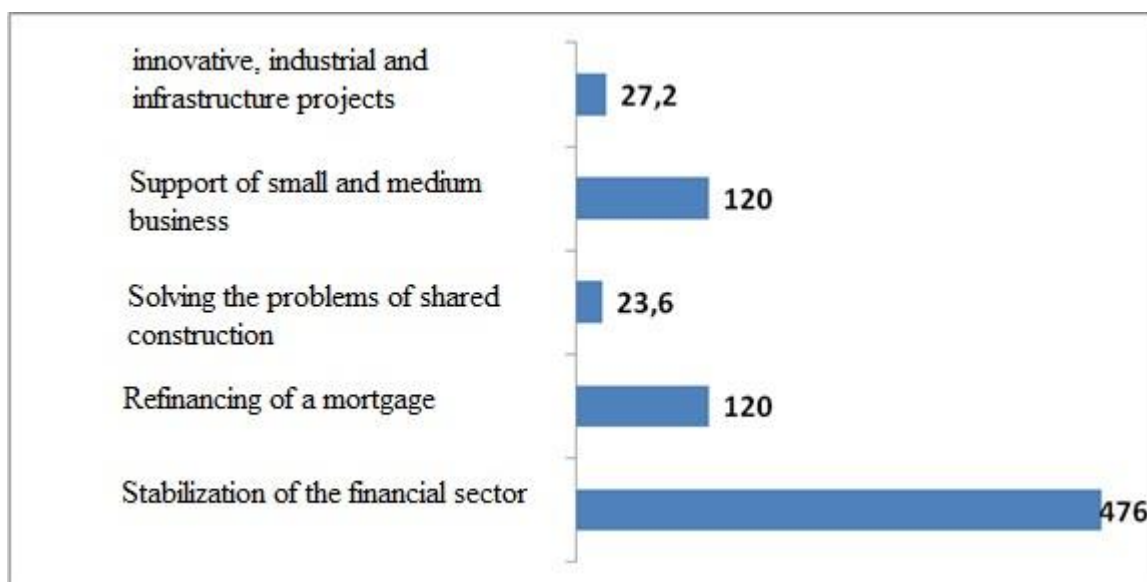
The fourth direction supposes support of the problematic objects of the company "Kuat" in the cities of Almaty and Astana. 30 billion tenge will be used for this direction. Thanks to these measures, the problems of more than 2,500 equity holders of the problem builder will be solved and more than 420 thousand square meters of housing will be put into operation. The use of funds will be implemented on the principles of transparency and recovery.

At the end of 2016, the NWF examined 30 large-scale projects totaling \$ 24.4 billion, including in the energy sector - 8, chemistry - 7, oil and gas industry - 4, metallurgy - 2, pharmaceuticals and tourism - 1, railway and telecommunications industries - 3 projects. In the case of their implementation, it is possible to create more than 45,000 jobs at the construction stage, after putting the facilities into operation, more than 10,000 jobs.

To mobilize the necessary resources, the possibility of attracting investors to investing in projects, as well as finding external sources of financing, including export credit agencies, including China and Russia, is being studied.

“Samruk-Kazyna” Foundation informed that in 2016 its board of directors determined the amount of 1.7 billion tenge for the purchase of goods and services. The Kazakhstan content in the purchases of the “Samruk-Kazyna” group of companies is 80 percent. Of the funds allocated by the National Fund in the amount of 1 trillion 87.5 billion tenge as of July 20, 2016 in the economy of Kazakhstan was placed 766.8 billion tenge (figure 2), including:

Figure 2 - Distribution of the National Fund by type of investment (<https://sk.kz/>)



Note - Compiled by the author

Despite the fact that the financial crisis had a negative impact on their production performance in the form of a reduction in demand for services, a reduction in the number of applications and the devaluation of the national currency, the production potential of national companies was mobilized. Due to their activities in the conditions of the ongoing crisis, not only indicators of sustainable development were achieved, but also some were observed. Thus, a comparative analysis shows that:

- oil and gas condensate production in “KazMunayGas” for 8 months of 2016 amounted to 12.3 million tons, which is 4% higher than the same period of the previous year;

- oil transportation through main pipelines grew by 2% and reached 37.3 million tons;
- the passenger turnover in the national company “Kazakhstan Temir Zholy” increased by 22.4% over the 9 months of 2016, but due to objective reasons the cargo turnover decreased by 12%;
- national company “Kazakhtelecom” has completed the creation of the National Information Superhighway, work is underway to end the telephony and increase the overall telecommunication transit potential;
- for 9 months of 2016 the national company "Kazatomprom" achieved an increase in uranium production by 61% compared to the same period last year.

More than 120 companies involved in the production and supply of construction materials received support from JSC “Real Estate Fund “Samruk-Kazyna”. The Memoranda of Mutual Cooperation concluded with entrepreneurs helped to maintain price stability during the construction season of 2009. Preliminary results of work with domestic producers and developers have shown that the actual content for the stabilization of the country's economic development is an increase in Kazakhstan's content. If at the beginning of the activity of the real estate fund "import" at the construction sites of the country was 52% and only 48% occupied domestic goods (in the developed countries the last figure is 80). For half a year from the moment of creation of fund numbers have changed for the better from 30 and 70% accordingly. But finishes are used more often than materials that are not produced in Kazakhstan, which leaves great opportunities for the development of the domestic construction industry.

As the review showed, the activities of the NWF “Samruk-Kazyna” had various nature and were aimed on solving urgent problems of economic development in the conditions of precrisis and crisis development. The experience of the functioning of development institutions in these conditions has made it possible to identify both the strengths and weaknesses of their activities. And this, in turn, gave the government the opportunity to develop algorithms for not only operational management, but also strategic planning for the country's economic development.

Thus, it is legitimate to draw conclusions that the creation of the state holding of the “Samruk-Kazyna” NWF was directly related to the task of ensuring competitiveness and

implementing a national strategy aimed at the successful integration of Kazakhstan into the world economy. NWF “Samruk-Kazyna” has become the government's main tool in increasing the state's capacity to regulate the economy. The functioning of this fund became a systematic and timely response to the global challenges that faced the country's economy. SWNF "Samruk-Kazyna" acted as the leading "operator" of the government for the development of the republican budget funds directed to the development of the economy. Only for the acquisition of financial assets, including for the formation and increase of the authorized capital, the holding was allocated 1714.1 billion tenge (\$ 11.6 billion).

To maintain the pace of social and economic development of the country and to realize the tasks that have arisen, public finance instruments with specific mechanisms were used to provide additional resources that prevent stagnation and open the possibility of development in times of crisis. It is the support for the development of various sectors of the economy that is the main function of development institutions in the context of the expansion of the financial and economic crisis. The established development institutions, thus, have become a link in the organizational and management system capable of responding to stressful situations.

4.2. Critical analysis of the functioning of SWNF "Samruk-Kazyna"

The activities of the development institutions within the framework of the state holding “Samruk-Kazyna” became the object of attention and critical analysis of the expert community, controlling bodies, the public. In expert circles and the business community, questions are increasingly asked about the appropriateness and effectiveness of the development institutions, and the participants in the discussions are trying to find solutions related to improving their effectiveness. The range of judgments is quite wide and includes not only economic analysis, but also political assessments. According to experts who emphasize the political importance of the holding, the establishment of the “SamrukKazyna” National Welfare Fund became "the highest stage of public administration reform," as the “Samruk-Kazyna” NWF is now "fully integrated into the public administration system", "embodied the idea of state control over economic space".

The expressed palette of opinions about the criticism of the activities of the NWF “Samruk-Kazyna” is sometimes represented by mutually exclusive judgments, since in each individual

case the criteria and grounds for the evaluation do not coincide with the criticizing party, therefore, in our opinion, it is important to distinguish between the parameters for criticizing the state holding . Undoubtedly, economic efficiency is the main criterion of evaluation. It is known to have quantitative and qualitative meters that are present, including in strategic planning, in the system of indicators that measure the dynamics of economic processes.

In assessing the activities of development institutions, on the one hand, innovative activity cannot bring instant profit, because it needs a lot of resource, with the realization of efficiency in an indefinite future. On the other hand, it is necessary to recognize the fairness of criticism of the inadequacy of the activity of development institutions in the part connected with the lack of a strategy for their development, with non-consideration of alternative scenarios for innovation activity, with a weak consideration of the available opportunities and potential risks of their failure to implement.

The Ministry of Economy and Budget Planning of the Republic of Kazakhstan has developed a sectoral "Program for Accelerated Measures for the Development of Small and Medium-Sized Enterprises in the Republic of Kazakhstan for 2014-2017". Coordinator and Responsible for the implementation of the activities of the program were determined by the ITU. Efficiency of using the republican budget funds allocated in 2014-2017 for the implementation of the program became an object of control in terms of timeliness and completeness of the implementation of activities in accordance with the "Plan of Measures for the Implementation of the Program of Accelerated Measures for the Development of Small and Medium-sized Entrepreneurship in the Republic of Kazakhstan for 2014-2017 years ". The main objectives of the program were: 1) improving the competitiveness of Kazakhstan by improving the institutional conditions aimed at maximizing the scope of activities of small and medium-sized businesses; 2) intensification of their activities.

For the 1st of January , 2016, the number of citizens employed in small business amounted to 1,835,607 people. The number of small businesses in comparison with 2013 increased by 225 555 people. In the regional context, the largest share of the SME in total was in Almaty - 34.5%, Astana - 29.7% and Zhambyl oblast - 28.1%, which became an indicator of the high concentration of business and its activity in these regions. The growth in the volume of output of SME in comparison with 2013 was 167%.

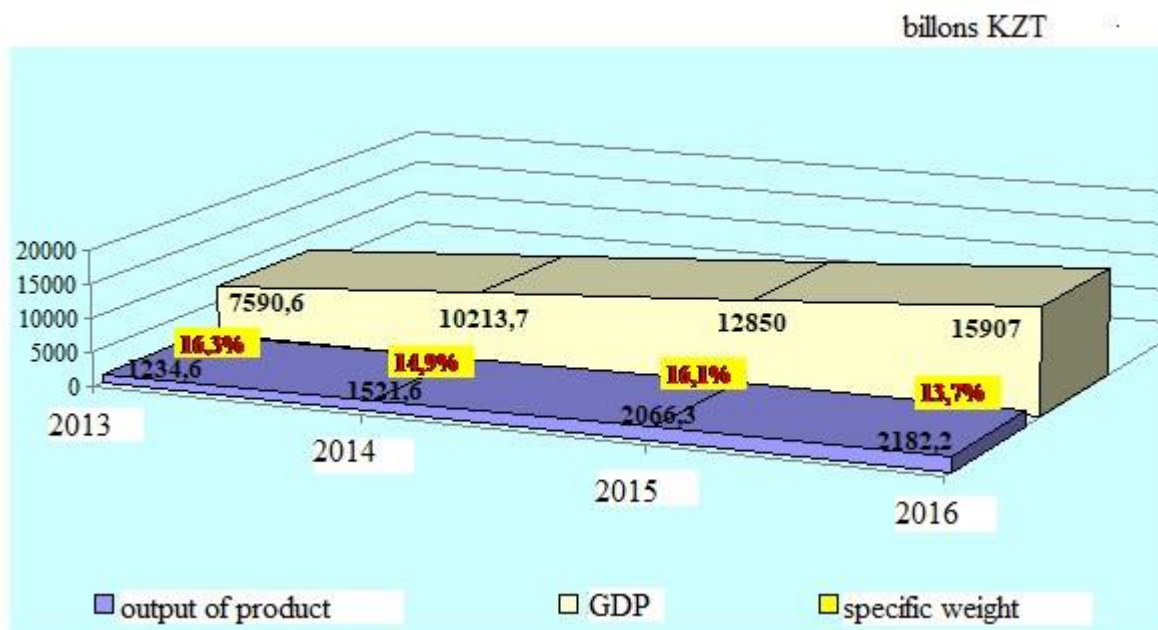
A comparative analysis of the achieved indicators in the development of the SME, which was carried out by the supervisory authority, revealed that:

- with an increase in the volume of output, the share of the contribution of the SME in the gross domestic product remains at 18%, while in developed countries this figure reaches 50%;
- with the growth of the number of people employed in small business, the share of the economically active population employed in the SME remains low - only 22%;
- the structure of SME activity by branches has remained unchanged in comparison with 2013, where the most characteristic economic activities of the SME are trade and services;
- remains a high proportion of inactive SME, at a level of more than 20%. And if we take into account entrepreneurs representing tax deformations with zero balance, this indicator increases to 31%.

The specific weight of output of goods (goods and services) by active SMB in the total volume of gross domestic product (GDP) for 2013-2016 is declining (Figure 3).

With an increase of 1.8 times in volume of output, services and works, the share of the contribution of SMB to GDP remains at an average of 15.3% for four years, which is much lower than in developed countries (up to 50%). In general, since the beginning of 2013, there has been a downward trend in the main indicators that characterize the development of SMB. So, the index of output of goods (goods, services) decreased in constant prices to 90.3%, the number of active SMB decreased by 3.1% and the number of employees by 4.7%.

Figure 3 - Specific weight of the volume of output (goods and services) by small businesses to GDP in 2013-2016 (<https://sk.kz/>)



Note - Compiled by the author

Despite many positive changes that have occurred due to the functioning of SamrukKazyna in the economic space of the country, the results of monitoring the use of state assets in the state holding for compliance with the legislation of the Republic of Kazakhstan for the 1st of January 2017 serious financial and organizational flaws and violations were revealed. Thus, the inspection bodies established that:

- From the funds allocated in 2015-2016 for the formation of the authorized capital from the reserve of the Government of the Republic of Kazakhstan, the National Fund, for lending, as well as funds received from the sale of the Fund's bonds to the National Bank of the Republic of Kazakhstan in the amount of KZT 1,335,112, on the 1st January 2016 there is a balance for the total amount of KZT 611,590 (45.8%).
- Allocated in 2016 from the republican budget funds to increase the authorized capital of the Fund to ensure the competitiveness and sustainability of the national economy in the amount of KZ T67,345 m. only KZT 29,185 m. (43.3%) was disbursed.
- 360 million tenge were allocated for stabilizing the situation in the real estate market and financing the completion of unfinished construction projects by placing funds in the accounts of second-tier banks for refinancing construction loans, for the 1st of January 2010, KZT 186,370 million were used, and KZT 173,629 million (48.2%).

- For the 1st of January 2010, the unused balance of credit funds received under the Framework Financing Agreement dated June 22, 2016 from the State Development Bank of China is listed on a special advance account with JSC “Development Bank of Kazakhstan” in the amount of 43,840.4 million tenge.
- Dividends based on the results of work for 2016 on shareholdings and the share of companies that belong to the Fund came from only 10 subsidiaries for a total of KZT 36,044.6 m., Of which dividends to the state shareholding were transferred to the budget in the amount of 8,645.2 m. tenge. At the same time, the remainder of dividends received from subsidiaries in 2008 in the amount of KZT 27,399.4 m. Remained fully at the disposal of the Fund.
- When distributing the consolidated net income of JSC “National Company Kazakhstan Temir Zholy” for 2016 in the amount of KZT 63,881.7 m., Dividends were not received for KZT 3,499.9 m.
- 8 subsidiaries, joint-stock companies, banks with net income in the total amount of KZT 5,756.8 m., The net income received is left to these companies without accruing dividends on shareholdings. The norm of allocating dividends for JSC “Samruk-Energo” for 2016 is not established, while the net income received in the amount of KZT 3,004.6 m., was left at the disposal of the company.
- Rendering of consulting services of investment activity of the Fund was carried out by the Fund of the Department of Investment Projects by the number of 5 persons, for the maintenance of which in 2009 it was spent KZT 65.0 m. or KZT 13.0 m. per one employee per year. Meanwhile, the assessment of the cost of consulting services for investment activities was assessed and paid by the Fund at an hourly rate of 39,000 to 66,500 tenge per hour or from 312.0 thousand tenge to 532.0 thousand tenge per day.

The lack of a system for assessing their activities in the development institutions, the undeveloped indicators of such monitoring significantly reduce the effectiveness of their activities. In my opinion, the incomes of development institutions, state holdings, received from remuneration from the placement of state funds on deposits of second-tier banks, should be transferred to the revenue of the republican budget.

The situation in the asset management of NWF "Samruk-Kazyna" indicates that there is no clear system of coordination, monitoring and control over the implementation of projects and the activities of national development institutions, the lack of legislative levers in controlling the use of budget funds allocated for replenishment and increase in the authorized capitals of joint-stock companies with the participation of the state. It happens because the experience of implementing projects by individual development institutions and the current system of managing state assets is not yet perfect, for example, in adopting risky, economically unprofitable decisions, the possibilities of uncontrolled use of budgetary funds.

4.3. Evaluation of the effectiveness of the NWF "Samruk-Kazyna" management strategy: a comparative analysis of development institutions.

The effectiveness of the NWF "Samruk-Kazyna" management strategy is the subject of discussions among experts, politicians, parliamentarians and the public. The presentation of the results of the activity of the development institutes included in the "SamrukKazyna" National Welfare Fund from the moment of their merger into the holding showed that the results of their activities in the field of economic diversification is different between the expert community and development institutions

On an example of audit of the state program of accelerated measures for the development of SMB for 2015-2017, we will consider the reasons for its inefficient management. According to the Accounts Committee, the inefficiency of the SMB program is largely related to the large number of participants responsible for its implementation, with a low level of coordination and responsibility. The program was developed by the Ministry of Economy and Budget Planning, implemented by the Ministry of Industry and Trade. Aggregated results of the implementation of all financing programs by state financial institutions to provide state support to SMB development by region from 2015 to April 2017 are presented in Table 6.

Table 6 – Actual disbursement of funds within the government's anti-crisis measures for the 1st of April, 2017 (KZT million) (<https://sk.kz/>)

Region	First tranche	Second tranche	«Damu-Region»	Third tranche	Total disbursed	Specific weight of region, %
		50/50				

Akmola	1963,5	3573,5	1550,3	1275,0	8362,3	3,7
Aktobe	2644,7	6038,1	2578,4	2606,0	13867,2	6,1
Almaty	1896,4	3003,8	1851,1	1499,0	8250,3	3,6
Atyrau	1226,3	2332,2	897,2	1268,0	5723,7	2,5
Eastern Kazakhstan	4969,1	6452,9	2176,7	2818,0	16416,7	7,2
Zhambyl	1473,5	1992,8	1760,7	819,0	6046,0	2,7
Western Kazakhtan	2924,5	4076,5	1155,5	1432,0	9588,5	4,2
Karagandy	9569,1	8492,7	1381,2	3002,0	22445,0	9,9
Kostanay	3689,9	6162,2	1790,2	2209,0	13851,3	6,1
Kyzylorda	2240,7	2178,1	909,2	1104,0	6432,0	2,8
Mangystau	2823,4	3165,2	1491,3	948,0	8427,9	3,7
Pavlodar	4524,1	5533,7	1753,5	1505,0	13316,3	5,9
Northern Kazakhstan	1952,4	2868,5	2221,7	790,0	7832,6	3,4
Southern Kazakhstan	1710,4	5389,9	1353,0	853,0	9306,3	4,1
Astana(city)	2975,5	17273,8	270,0	5485,0	26004,3	11,4
Almaty(city)	10295,1	31186,6	0,0	10033,0	51514,7	22,7
TOTAL:	56 878,6	109 720,5	23 140,0	37646,0	227385,1	100,0
Note – Compiled from the data of JSC “Damu”						

In the context of the regions, most of the funds were disbursed in the city of Almaty – KZT 51.5 billion (22.7% of the total amount), Astana city – KZT 26.0 billion (11.4%), Karaganda region – KZT22.4 billion (9.9%) and East Kazakhstan Oblast – KZT16.4 bn (7.2%). The lowest rate of development is observed in Atyrau oblast – 5.7 billion tenge, or 2.5%.

As the Accounts Committee revealed, instead of targeted spending of funds (to support entrepreneurs), the operator of the program allocated budget funds to securities of secondtier

banks and various joint-stock companies, that is, essentially played on the stock exchange, and also placed money on bank deposits .

As a result, the sectoral structure of SMB activity has remained unchanged, an organizational and sufficient legal base for monitoring development problems has not been created. The allocation of budgetary funds to ensure the availability of credit for a long period, tax relief and other measures were implemented haphazardly, which significantly reduced the effect of their application. In this regard, the Accounts Committee recommended to the government to complete the formation of a new ideology of the relationship between the state and business, and also gave recommendations on improving the activities of the “Damu” Fund.

At least 30% of the funds will go to new projects, 70% - to refinance already taken loans, and “a monitoring system with participation of the public, deputies, industry and business associations will be built for monitoring. For each tranche, detailed information will be published on which enterprises received the loan and for what purposes “. Thus, over 9 years of activity, the Development Bank of Kazakhstan has accumulated experience in implementing long-term and capital-intensive projects in a wide range of non-resource sectors (Figure 4).

Figure 4 – Lending volumes of DBK, mln USD (<https://sk.kz/>)



Note – Compiled according to the data of the Development Bank of Kazakhstan

Since its inception, 181 projects worth \$ 13.2 billion have been approved, with the bank participating in the project for \$ 3.8 billion, and \$ 2.4 billion has been disbursed. The loan

portfolio is USD 2.0 billion (with growth of 12% in 2017). There are 96 projects with the participation of the bank in the amount of USD 2.4 billion in all key non-resource sectors. At the same time, with a broad loan tool, investment activity is concentrated in a narrow niche – lending to investment projects and export operations. The potential of new instruments remains underutilized, with the exception of financing the current activities of companies. Nevertheless, this fact can be the result of the specifics of the activity of development institutions, aimed mainly at providing long-term, low-interest loans for the implementation of investment projects in the non-oil sector uncovered by second-tier banks.

Since Kazakhstan is important for the mutually complementary nature of economies with partner countries, the usage of their comparative advantages, it is expected that strategic cooperation with a number of countries will be built in the activities of development institutions. Close intercountry cooperation allows more effective implementation of advanced technologies, for example, the meeting of the Council of Heads of Government of the member states of the Shanghai Cooperation Organization has become a platform for negotiations not only in the political, but also in the economic sphere, in particular, in the sphere of business relations. At the trade and economic forums held, multifaceted agreements are being reached. On the instructions of the governments, the banks of development of the SCO countries should strengthen their work in the direction of cooperation, especially, financing projects that are interregional and integrative in nature. China has expressed its willingness to provide support in the amount of \$ 10 billion to anticrisis programs.

The opening of a \$ 10 billion credit line by the PRC allows us to channel \$ 5 billion into the oil and gas sector and the operator from China has been designated by CNPC and “KazMunayGas” on the Kazakh side. The supply of gas from the west to the south of the country will be a powerful social effect, as energy independence of the southern regions from imported gas will be achieved and a new impulse will appear for the chemical industry and agro-processing industries.

Following information above, the conclusion about a comparative description of the activities of development institutions at the present time is practically impossible in the framework of this study. Experts believe that “none of the seven funds in the period from

2010 to 2017 did not show the results that they expected from society, economic players, small and medium businesses.

In my opinion, it is obvious that the development institutions have different results in terms of their results. But the spheres of their activity are also not identical. As the review of the development institutions shows, the main common drawback is the lack of professional internal audit in the “Samruk-Kazyna” National Welfare Fund, which leads to high costs, uncontrolled use of funds, redirection of them for other purposes.

5. Results and discussion

5.1. International experience in the formation of management strategies for development institutions and its adaptation to the conditions of Kazakhstan

In the globalizing world, a scheme of international division of labor, trade in goods has been formed, allowing countries to concentrate resources on those areas of science and technology in which they have the most developed potential. Thus, in the volume of production of computing and office equipment, the US is leading; Japan holds a dominant position in the electronics industry; Switzerland appears as the absolute leader in the pharmaceutical industry. The largest exporters of aerospace technology are the United States, Britain and France. But the current pattern is not constant, since the emergence of new economic and political players, for example, new producers of goods and markets for infrastructure services with developed development institutions, is a step towards a new stage of global development. An indicative example can be India, which has rapidly escaped into the world leaders in the production of software. Back in 2004, India exported this information product for more than \$ 17 billion, and today Indian specialists are in demand in the best IT companies and comprise 34% of Microsoft employees, 28% of IBM employees, 17% in IBM company “Intel”.

The problem of searching and choosing the economic model of Kazakhstan turned out to be connected with the study of the experience of other countries that, in specific conditions, found tools for innovative development, created conditions for the growth of competitiveness in the context of globalization.

In Kazakhstan, the elements of different models of state regulation were adapted. In particular, the experience of Singapore was studied and tested, where for several decades the

state fund “Temasek” provided direct investments to the development of more than a dozen corporations that have passed from small enterprises to holdings with billions in turnover. One of the analogs of the NWF “Samruk-Kazyna” is the Singapore “Temasek” holding, created by the Singapore government in 1974 (when industrialization began there), which is an investment arm of the government and fully owned by the Ministry of Finance. With the establishment of the state management company, the Singapore government achieved several goals: retaining control, distancing itself from issues of day-to-day management of companies, and participating in developing a strategy for their development using corporate governance techniques.

In the course of many years of development, the most important function of this holding has been the “cultivation” and development of new types of business and whole branches of the economy (the so-called “clusters”). By now, the companies that make up “Temasek” provide almost 13% of the state’s GDP and account for 21% of the market capitalization of the Singapore Stock Exchange. Moreover, not all state-owned companies are state-owned, which does not prevent them from occupying leading positions in various spheres: management of sea and air ports, transportation of these modes of transport, energy, telecommunications, media, banking and financial services, real estate, engineering and other types activities.

The decisive role of the NWF “Samruk-Kazyna” in planning and evaluating prospective projects allows us to talk about the proximity of Kazakhstan to both the “eastern” and the “Scandinavian” development model, which has been increasingly tending in the government lately. In recent years, the scientific and methodological example for Kazakhstan is increasingly the Finnish economy, which, focusing on the development of innovative structure, education, has formed an independent economy. In Finland, sustained economic growth and competitiveness of the economy for 10-15 years have been realized, and for several years this country has been leading in its indicators in the Davos index of competitiveness.

It is clear that the state will not share risks and investment resources with each enterprise, but only with the best, which creates a natural basis for the qualitative development of business.

What allows the state to be competitive in the economy? In our opinion, this factor is increasingly becoming effective state management, which is directly related to development institutions. But still, the main factor is the length of the existence of the market structure. And therefore, it is hardly legitimate to directly draw analogies to the success in carrying out economic reforms in a developed and developing way of life. At the same time, there are some conditions, factors (including institutional preconditions), common and necessary for any market society, regardless of the duration of its functioning and development. Such attributes are the institutions of development.

In the conditions of economic, social and political stability, the most effective means of influencing the economy are long-term development strategies. Strategic planning formulates not only large-scale macroeconomic goals (such as increasing competitiveness, an orientation toward an innovative type of development), they set a bar for indicative measurement, but also allows to reproduce the state of economic development review, to reveal its type, direction, trends. In this regard, in developing and emerging market economies, development institutions play an important role. In their activities, not only the tasks of operating financial flows for solving tactical tasks should be present, but, first of all, to concentrate strategic planning and conceptual analysis of the general economic situation.

An important component in management strategies is planning, forecasting, and evaluation. Analysis of the economic situation is one of the keys to successful risk prevention, which in the market environment is of a different nature and often unpredictable in form of manifestation. For the paradigm of sustainable development, the availability of analytical institutions is one of the necessary conditions for preventing chaos and uncontrollability.

The tendency of “collecting” individual institutes in a single holding has been expressed in Kazakhstan practice as an adequate challenge to the need for integral and systemic management of the economy. Borrowing of foreign experience for its application in Kazakhstan has, in our view, an indirect character. The most important function of state holdings is to increase economic efficiency and transparency of operations, without interfering with their operational activities, as well as the development of new types of business and entire sectors of the economy, the so-called clusters. If we compare the work of foreign and Kazakhstan holdings, then we can conclude that, in general, the principles of their operation have many common characteristics, at the same time, there are some

differences. In particular, not all companies associated with foreign state holdings are state-owned: some state holdings own a minority stake in their companies, while Kazakhstani state holdings hold control. Therefore, in relation to foreign companies, the term “institutions related to the state holding” is applicable, and not “institutions that are part of it”.

The creation of foreign state holdings implies the goal of increasing the effectiveness of low-performing state companies. Kazakhstani state holdings unite in their structure sufficiently developed and profitable independent organizations. Perhaps this is due to the role assigned to Kazakhstani state holdings for effective coordination and ensuring transparency and openness to the business community of the activities of state development institutions aimed at stimulating the country’s industrial and innovative development. While foreign state holdings, in addition to carrying out the above functions, set themselves the goal of uniting not only successful companies, but also low-performing institutions in order to further their institutional development. Maybe in the future, with the successful implementation of the tasks posed by the state to state holdings, Kazakhstan will take on foreign experience.

The specificity of Kazakhstan’s economic development over the past two decades is the simultaneous resolution of several tasks. These tasks are connected with the choice of the model, and with the creation of the institutional foundations of a market economy, including the legal framework, the real redistribution of property relations, the restructuring of industries, the development of new territories and areas of activity, etc. also with the transition to new principles of training personnel, with the need for administrative reform and the formation of a new financial system. In order to avoid chaotic processes of the implementation of radical structural reorganization, the state was obliged to develop effective solutions and determine development priorities. We believe that now the state fulfills its function as general manager for integrated management and reforming not only the economic but also the social and cultural spheres of life of our society. At the same time in Kazakhstan various approaches to the search for a control model have been tested.

For Kazakhstan, the raw material orientation of the economy remains the determinant characteristic, which it is important to overcome through the transition to processing, the creation and development of new technology clusters, the dispersion (dispersion) of innovation development centers throughout the country. In fact, the Kazakhstani economy faces the task of industrialization, taking into account the latest technologies, and therefore

it is represented by diversification of two types: 1) associated with the processing of oil, gas, metals (87% of the total number of “Samruk-Kazyna” NWF projects and 2) infrastructure-related. Diversification of the first type creates new jobs, increases taxable base, contributes to the development of the social sphere in the regions where they are realized, produce finished products with added value. Diversification of this type is a derivative of the extraction of raw materials.

In parallel, it is important to invest in high-tech mobile production, information technologies, which require high-quality human development, high intellectual potential. They can be modern business centers, design offices, engineering companies, hospitals with a high level of technology, advanced universities, which can be sought not only by Kazakhstanis, but also by residents of the Central Asian region as a whole. Therefore, now it is more important than ever to identify and test the niches most acceptable for the innovative development of Kazakhstan, taking into account the specifics and qualifications of the population, the features of the territory, the nearest competitive environment.

Noteworthy is the use of state support not in the form of direct financial injections, but in the form of granting tax holidays. The United States and some EU countries are using this method extensively, as a result of which inefficient companies lose support, are declared bankrupt, others – sharply reduced aid amounts, and these resources are taken under strict control. The UK and China intend to use the high level of budget deficit for the period of overcoming negative phenomena in the economy.

The international experience of the functioning of development institutions proves its effectiveness for decades, both in developed countries and in countries with developing market economies. The organization of state development institutions confirms that the need for them is greatest in capital-intensive industries (metallurgy, chemistry, machine building), as well as in agriculture, which are unattractive for ordinary commercial banks, although national economies badly need their development.

In recent years, development banks are stepping up their activities in such areas as:

- Optimization of existing schemes and lending mechanisms that ensure the possibility of accelerated development of industries and regions, including small businesses;
- improving the system for analyzing and developing new projects of national importance;

- strengthening of ties with commercial banks in the field of credit and settlement and payment relations, increasing the share of commercial banks' resources in the financial programs of development institutions;
- development of non-bank financial institutions, management and control of commercial risks;
- development of the domestic securities market, promotion of entry into the domestic money market for small and medium-sized enterprises

The effectiveness of development banks is that, as their capital base is strengthened and operations are expanded, they have a beneficial effect on the banking system as a whole through the use of a two-level financing mechanism that can attract commercial partner banks to lending to the real sector, while strengthening their resource base and increasing profitability.

I think that now it is necessary to form a new state strategy in the innovation sphere, helping, first of all, strengthening the positions of those industries, producers, researchers who have already proved their ability to compete domestically and in world markets. The transferred parameters should be projected onto real geopolitical coordinates and socioeconomic, demographic and other opportunities of country development, without which it is rather problematic to choose the trajectories of innovative development.

5.2. Problems and ways to improve the management strategy of NWF “Samruk-Kazyna”.

International practice shows that an effective partnership between the state and entrepreneurship along with innovation strategies of large corporations is an integral part of the rapid innovative growth of the national economy. In Kazakhstan, there is still insufficient mutual trust of society, state and business, there is no necessary investment in scientific research, which can also be an important direction in the activities of development institutions. For the time being, innovative breakthroughs are carried out haphazardly, without the connection of interested and capable subjects. In this context, the integration function of development institutions in the search for the synthesis of science and technology, science and production, remains practically unrealized.

The system of analytical monitoring, statistical control of the progress and results of the implementation of strategic plans and programs remains a topical issue. This is what Kazakhstan's development institutions lack, which are bogged down in current issues.

Moreover, a comprehensive audit of activities is necessary for both: from the "SamrukKazyna" National Welfare Fund, as well as from the state (its supervisory bodies), as well as independent experts and the public. It is important to increase control functions over the use of public funds allocated within the framework of the anti-crisis program. This control should be carried out not only by financial and law enforcement bodies, but also carried out by society.

In general, the requirements for the quality of economic policy, its scientific and methodological justification have increased dramatically. Of great importance are the focus on effective results, the concentration of resources in the truly priority sectors and spheres, which give an undoubted and rapid result, which significantly strengthens the stability of the national economy. It is obvious that the main thing in a crisis is not so much the growth of GDP as the provision of social stability, food and economic security, the reliability of the functioning of the energy system, transport infrastructure, and the maintenance of aggregate demand.

Thus, it is necessary that at the stage of allocating the NWF "Samruk-Kazyna" money, effective monitoring is provided from the side of the government, all interested state and public bodies during the implementation of the action plan, comprehensive risk management measures are taken in the use of financial resources allocated state to minimize the consequences of the crisis. It is also important to develop an effectively functioning management structure of the "Samruk-Kazyna" NWF itself. It should exclude duplication, multistage in making managerial decisions.

The expert community constantly formulates recommendations aimed at improving the strategy of the "Samruk-Kazyna" National Welfare Fund, which include, among other things, the following:

- clearly define strategic development priorities;
- to fix the areas of responsibility for projects for a certain representative;
- to improve personnel policy;

- DBK to borrow the procedure for evaluating and supporting projects in accordance with World Bank standards;
- develop primarily system-forming industries, while developing alternative ones;
- to ensure that the development strategies of funds should be in line with the sector strategies;
- create an adequate system of project appraisal;
- review all priorities in the direction of reality and realizability;
- the Kazakhstan scientific potential was used;

The peculiarity of developing economies in the post-Soviet space is the fact that specific tasks arise at different stages in the formation, development and functioning of market relations. This applies both to the mechanism of state regulation and to the organization of the activity of development institutions. Therefore, in the conditions of transition to the post-crisis stage, the activity vectors of NWF “Samruk-Kazyna” should be switched from operational actions to counter the crisis to promote economic diversification and the development of corporate governance principles. The government puts a number of tasks before the National Welfare Fund “Samruk-Kazyna”:

- 1) Review the approaches to attracting foreign investment, shifting the emphasis from credit resources to direct investment. At the same time, the NWF “Samruk-Kazyna” should take a proactive position, working individually with each investor. Therefore, one of the indicators of the fund’s activities will be the volume of attracting foreign investment.
- 2) Implement investment projects in non-primary sectors of the economy. Moreover, if before the state holding was given the role of financial leverage for private sector initiatives, now the NWF “Samruk-Kazyna” should become a generator of new business ideas, offering them for implementation to entrepreneurs.
- 3) To develop small and medium-sized businesses, moving from support of functioning to supporting development, while applying non-financial support measures. The level of development of SMB will also be included in the performance indicators of the fund.

The specific task of the post-crisis phase is to improve the work on improving the efficiency of corporate governance by state-owned companies. This direction is considered as critical for sustainable long-term development of the country. Moreover, the principles of governance in both state and public campaigns should be the same. Measures to increase the efficiency of banks and build confidence in them, the completion of construction of 70 percent of shared construction projects in 2010, and the rest in 2011, the implementation of new tools to support entrepreneurship and improve the effectiveness of development institutions through improved business processes is a short list tasks facing the “SamrukKazyna” NWF in the post-crisis period and the further development of Kazakhstan’s economy depends on their implementation.

6. Conclusion

According to the results of the research, the following main conclusions can be formulated:

1. The system of public administration is a key factor in the development of the state and ideally serves as a bridge between the political sphere and society. It is designed to create the institutional conditions necessary for conducting economic activities. From the state during the formation of the market order, development and provision of effective management methods that represent macroeconomics of the national economy are required. The use of methods and instruments of state regulation covers simultaneously all spheres of reproduction and economic growth, territories and regional subsystems. A feature of state regulation in modern Kazakhstani conditions is the complexity, which unites in a single mechanism the advantages of administrative management and economic liberalization. At the same time, the state plays a leading role:

- in the creation of economic incentives, the interest of citizens and legal entities in the development of production relations; security guarantees in various spheres of life: political, social, environmental, etc .;
- in development of program and forecast documents, strategy of actions of long-term, medium-term and short-term nature with orientation to corresponding priorities;

- in the introduction of the necessary restrictions on economic activity and control over their observance.

2. From the Kazakh state in the conditions of the formation and development of a market economy, it was necessary to ensure the development of infrastructure industries, taking into account the overcoming of the raw material orientation of the economy and the transition to industrial-innovative directions. As Kazakh experience of reforming and management has shown, economic entities can only make short-term decisions without developing and developing strategic management from development institutions. That is why the search for competitive strategies is relevant. In connection with the need to move to a new, post-crisis stage of development, time puts forward the task of establishing a strong state, with an emphasis on forced industrial-innovative development. And this means that the state will continue to be the main developer of methodologies of competitive strategies in order to bring Kazakhstan not only into the group of developed countries of the world, but also to ensure the sustainable development of society.

3. In the conditions of the global financial and economic crisis and its negative consequences in Kazakhstan, thanks to the previously taken measures to create and accumulate the resources of the National Fund, to create the necessary development institutions, the developed strategy of innovation and innovation development, the possibility of financial support of various branches of the economy taking into account the priority. The state, seeing its task in ensuring political stability and security, reproduction of sustainable development and preservation of sovereign identity, in the conditions of overcoming the consequences of the financial and economic crisis, with immutable necessity, implements a large-scale anti-crisis policy. The state policy of helping the banking sector, the construction sector, entrepreneurship, various target groups of the population (such as interest holders, small and medium businesses, released workers) was provided through development institutions and became timely and outstripping compared not only with post-Soviet, but also many developed States that are unprecedented in scale.

4. A critical analysis of the activities of NWF “Samruk-Kazyna” has a positive meaning in that it represents the point of view of professionals and the public that control financial bodies in assessing the nature of innovative activity of the state holding and offers various recommendations that could contribute to the intensification and enhancement of the

performance of development institutions. The recommendations of the versatile audit (despite the differing stylistics of the conclusions) revealed the key problems faced by the NWF “Samruk-Kazyna”. These problems are concentrated in the legislative regulation of the demarcation of competencies of the bodies of the National Security Fund and state bodies; in the development of a management and risk assessment system for the management of public assets; in the openness of the NWF’s activities to civil society; in raising the professionalism, competence and responsibility of the staff of the National Welfare Fund “Samruk-Kazyna” and other aspects.

5. To ensure the transparency of the activities of national companies and state-owned enterprises, it is necessary to consider the possibility of creating an inspecting agency that must be completely independent of the leadership of national companies and provide reports directly to the government.

Estimation of the completeness of the solutions to the tasks:

- Approaches and mechanisms of formation of competitive strategies in the conditions of economic transition were revealed;
- Specifics of the formation of competitive management strategies in Kazakhstan;
- A common understanding of the role, significance, functions of development institutions and the state holding of the National Welfare Fund “Samruk-Kazyna”;
- Features of public administration are shown in conditions of expansion of the world financial and economic crisis, including – in comparison with international experience;
- Positive and negative aspects in the activity of the development institutes of the managing state holding are analyzed;
- The importance of development institutions in modern economic systems is justified;
- Ways of improving the management strategy of the NWF “Samruk-Kazyna” are outlined.

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8. Appendix

List of organizations where the results of the research are implemented :

1. Ministry of Industry and New Technologies of the Republic of Kazakhstan

The results of the research were used at meetings of the working group when developing the Program for Industrial and Innovative Development for 2010-2016 on theoretical and methodological foundations, in determining the role of development institutions and national companies in implementing the Program at the regional level, in particular, providing them with financing and implementing investment projects in priority sectors of the economy.

2. JSC "Development Bank of Kazakhstan"

The results of the research were used in the development of the Bank's Development Strategy until 2020

3. JSC "Mortgage organization" Kazakhstan Mortgage Company"

When developing proposals to optimize the interaction of all participants in the implementation of the State Housing Construction Program in the Republic of Kazakhstan for 2005-2007, in the current work of the company in order to improve the development of the mortgage lending system, and to improve the quality of the company's products.

4. JSC "National Welfare Fund" Samruk-Kazyna".

The results of the study were used in the development of the Fund's development strategy in the following areas: identification of priority directions for the development of the Fund and its subsidiaries; assessment of the effectiveness of the analysis of the activities of the Fund and the development institutions of Kazakhstan; identification and evaluation of achievements and analysis of shortcomings in the functioning of the development institutions of the Fund in order to improve and manage the assets of the state, as well as improve the management of subsidiaries.

