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**MAIN DIRECTIONS OF STATE REGULATION OF INNOVATION PROCESSES IN THE REPUBLIC OF KAZAKHSTAN**

In the world today Kazakhstan persues a direct policy in order to define and establish its own path and own model of innovative development. As of to day, the Republic of Kazakhstan is making active efforts and measures on giving the economy a brand new structure focused on the transition to an innovative model of development. Effective and efficient mechanisms of cooperation between all institutions and agencies of the innovation system, the combination of "state-business-science and education" is a priority of the state policy, which will have an impact on the formation of stable, healthy and competitive economy. Sustainable economic growth in Kazakhstan has been mainly achieved due to the export of minerals (oil, gas, metals and other products) in the conditions of increase in the world prices.

The need of state regulation of innovation processes is caused primarily by their growing importance to the economy and society in general.

Under the impact of innovations structure of the economy is changing. Because, due to the increased efficiency of resources, part of it is released and reallocated in other fields of activity.

Innovations also change the economic organization of society. It manifests in the establishment of new social institutions and economic organizations (eg, venture capital companies) and transforming of the content of relationship between them. A shift in the ownership structure takes place. Management techniques are improving: vertical impact is increasingly supplemented and replaced by the horizontal.

The content of state regulation of the economy also undergoes some changes.

Innovation processes acquire greater social significance. Economic growth which is generated by innovations improves the living standarts of the population and also addresses the problems of employment by creating new high-paying jobs, of improving education and health care. In addition, during the present historical period the process of diffusion of innovations is one of the elements that connect various social and economic entities together, ensuring the unity of the nation and, in a lot of cases, mitigating the social contradictions and conflicts.

Full integration into the global innovation processes is impossible without the country’s availability of adequate scientific and technological base, as well as mechanisms for the perception of innovations from abroad. The level and efficiency of inclusion in the international division of labor are characterized by its position in the world markets of goods and services and the availability of qualified professionals. These parameters are less defined by the exclusive possession of natural resources or other advanteges of the extensive nature, but more by the use of innovations to ensure competitiveness. The dependence of global competitiveness of the national economy on the level of the development of innovation processes is a key aspect of the national importance of innovations.

The need of state regulation of innovation processes is caused not only by its national importance, but also by its economic content. On the one hand, innovation in the market economy is the main means of increasing profit of business entities due to the better meet of market demand and lower production costs in comparison to its competitors. On the other hand, in terms of the classical market mechanisms it becomes more difficult to obtain scientific and technical results and introduce it in business practices. Experience of other countries with market economies shows that in matters of scientific and technological development there is no relying on the automatism of the market. The use of innovations can not be merely a private problem of a particular enterprise or region; it acquires social character since socio-economic prospects for the development of a particular country increasingly depend on how seamlessly innovation pricesses are run. The priority of centralized management of innovation processes is proven worldwide.

The goal of state regulation of innovative processes in the Republic of Kazakhstan is to increase the competitiveness of the national economy by stimulating the development of priority sectors of economy.

In this regard, the following tasks are defined:

1) Creating the conditions for the development of priority sectors of economy;

2) Providing the conditions for the development of new competitive industries, modernization (technical upgrade) of the existing facilities;

3) Support of the effective implementation of innovations and development of high-tech industries;

4) Increasing the investment attractiveness and export potential.

To achieve the goal it os necessary to keep the following principles:

1) Ensuring equal access to the state support;

2) Openness and transparency of the provided measures of state support;

3) Optimization of government support measures in view of futures of the projects;

4) Compliance with the international obligations of the Republic of Kazakhstan.

**Entities and tools of industrial-innovation system**[[1]](#footnote-1)

Entities

Tools

(1) Technological forecasting, unified map of the priority goods and services (planning);

 (2) Map of industrialization
(monitoring);
(3) Informational support for
innovations, technology commercialization (promotion and
development);
(4) Evaluation of the effectiveness
of implementation of measures of
support for the industrial-innovation entities (analysis).

(1) National Institutions for Development (JSC "National Agency for Technological
Development ", JSC« KAZNEX INVEST», JSC "NADLoS", JSC "Damu Fund", etc.)
(2) Legal entities with state capital and its affiliated companies (the NWF1 groups, KazAgro and other entities)
(3) Legal entities of industrial-innovation infrastructure (technology parks, centers for technology commercialization, industry design bureaus, international centers for technology transfer.

Under new legislation, in the area of ​​governance of the development of innovation processes the following competencies were identified:

The Government of the Republic of Kazakhstan

*approves:*

- intersectoral plan of scientific and technological development;

- unified map of priority goods and services;

- list of activities for the production of high-tech products;

- republican map of industrialization;

- regulations for the provision of innovative grants.

*develops:*

- main directions of the state policy in the sphere of state support for industrial-innovation activities and organizes their implementation;

- governmental programs in the sphere of industrial-innovation activity.

*defines:*

- priorities for the provision of innovative grants;

- procedures of including the projects into the republican and regional maps of industrialization.

Competence of public authorities.

The Ministry of Economy and Budget Planning of the Republic of Kazakhstan:

- Coordinates and assesses effectiveness of the implementation of sectoral programs in the sphere of industrial-innovation activity;

- Accomodates the strategy and plans for legal entities, quasi-public sector companies for compliance with goals of industrial-innovative development;

- Assesses the efficiency of industrial-innovation system.

The Ministry of Industry and New Technologies:

- Carries out planning, monitoring, promotion and development of industrial-innovation systems;

- Prepares the regulations for expertise on the local content;

- Develops procedures of including the projects into the republican and regional maps of industrialization.

Local executive bodies:

- Develop and maintain regional maps of industrialization;

- Entitled to provide a methodical, consulting, and other support to the practical elements of industrial-innovative infrastructure, to the entities of industrial-innovation system, responsible for public support of the industrial-innovation activity;

- Provide information on the field of implementation of measures of public support of the industrial-innovation activity to the authorities of the public support of industrial-innovation activity;

- Entitled to establish and (or) share the authorized capital of legal entities that are focused on the development of innovations;

- Ensure coordination of the implementation of sectoral programs in the field of industrial-innovation activities in the respective territory.

The goals set by the President are ambitios indeed, as they are intended to achieve three objectives at once. First is industrialization. Second is forced industrialization, which allows making significant breakthrough in the prospect of further development of Kazakhstan. Third is an innovative industrialization. This is about a new economic mindset, where productivity matters and new technologies come to the fore.

In many countries the process of industrialization was held in several stages, but in the Republic of Kazakhstan all three of these objectives have to be achieved within the next five years. Therefore, the President set tasks to mobilize all resources to ensure coordination of center and the regions, to move to a new level of interaction between government and business.

By the end of 2014 Kazakhstan has to reach:

1. GDP growth by 50% from the level of 2008.

2. Labor productivity increase by 50% in processing sector, by 100% in some sectors of economy.

3. Bringing the share of non-oil exports to 40%.

4. Reducing energy intensity of GDP by 10% from the level of 2008.

5. Increase of a share of innovative enterprises from number of operating to 10%.

The republic defined 7 priority directions (agrarian and industrial complex development, metallurgy, oil processing, energy, chemistry and pharmaceutics, construction, transport and information communications).

As a whole, measures of public support in the frameworks of accelerated industrial-innovative development must be indirect, and laws have to be directly applicable to any citizen of Kazakhstan engaged in business to clearly see public support measures and by that to have access to measures for support of innovations. In general, we believe that the program of forced industrial-innovative development is a very large perspective, of course, every activity and measure taken are aimed to eventually make the breakthrough, which was defined as a target.

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4. Ministry of Industry and New Technologies of the Republic of Kazakhstan <http://www.mint.gov.kz> (Accessed 2013-04-10)

5. Program on The Development of Innovation and Promotion of Technological Modernization in The Republic of Kazakhstan for 2010-2014, approved by the Government of Kazakhstan on November 30th of 2010 no.1308.

1. NWF (stands for National Welfare Fund) - officially known as the **National Welfare Fund "Samruk-Kazyna"**, is a [joint stock company](http://en.wikipedia.org/wiki/Joint_stock_company) in[Kazakhstan](http://en.wikipedia.org/wiki/Kazakhstan) which owns, either in whole or in part, many important companies in the country, including the national [rail](http://en.wikipedia.org/wiki/Kazakhstan_Temir_Zholy) and [postal](http://en.wikipedia.org/wiki/Kazpost) service, the state oil and gas company[KazMunayGas](http://en.wikipedia.org/wiki/KazMunayGas), the state uranium company [Kazatomprom](http://en.wikipedia.org/wiki/Kazatomprom), [Air Astana](http://en.wikipedia.org/wiki/Air_Astana), and numerous financial groups. The state is the sole shareholder of the fund. [↑](#footnote-ref-1)