

Management of Investment Projects in the Implementation of Anti-Crisis Investment Policy in Kazakhstan

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Abstract: Anti-crisis strategy is developed in Kazakhstan where the main task is the effective management of investment projects and their state regulation. In this regard, according to the anti-crisis investment strategy provides for the implementation of the program for formation of a new investment environment, the management of which requires the implementation of specific measures in the modalities of the Kazakhstan reforms. Important content of it is following: to attract private investment with a focus on transnational corporations, to attract “sophisticated” investments, creation of joint venture. Forming of regional investment projects which are implemented in the regions. The macro-regions must be connected by a single transport, logistics and communication architecture, created in the framework of Kazakhstan “NurlyZhol”. New principles of cooperation and partnership between the state, entrepreneurship are embodied in a new revision of the law on public procurement. A major incentive for investment in development of the farm was changed in the Land code of the RK. Kazakhstan attracts three quarters of all foreign investment in Central Asia is the result of deliberate investment policy.

Key words: Project, crisis, management, investment, innovation

INTRODUCTION

In the context of the global crisis Kazakhstan's economy first developed anti-crisis strategy where the main task is the effective management of investment projects and their state regulation (Nazarbayev, 2012). Based on these objectives in the Republic of Kazakhstan a new investment policy framework was developed, one of the main indicators of which should be to increase the annual volume of investments in Kazakhstan's economy >\$10 bln.

This pece of investment growth need to ensure a favorable investment climate and development of the influx of these investments into new sectors created in the framework of the program of innovative industrialization.

In this regard, according to the anti-crisis investment strategy provides for the implementation of the program for formation of a new investment environment, the management of which requires the implementation of specific measures in the held in Kazakhstan reform “plan “100 steps for the 5 institutional reforms.”

Purpose and objectives: Important ones are the following:

- To attract private investment with an emphasis on transnational corporations with the aim of creating a favourable environment to attract the “sophisticated

investments”. New sources of these foreign investments are 10 multinational companies in the processing sector of the economy

- Attraction of potential Transnational Companies (TNCs) and the creation of the joint venture allow to carry out real investment projects and to establish the issue
- Intermediate goods (semi-finished products and industrial components) for integration into the global economic system
- Consumer goods (finished products) for the organization of assembly production localization up to 30%
- Create 3-4 export goods

Develop programs aimed at improving the investment climate must include a model of the Organization for Economic Cooperation and Development (OECD) and other international financial institutions. To enhance the attraction of investments in the country's economy in 2016 detailed plan will be adopted which will set out measures and improve the investment climate according to the OECD standards.

To form a regional investment projects which are implemented in the regions. Therefore, it is planned to develop a separate program for the 6 regions of Kazakhstan-South, North, Central, East, West, Almaty

and Astana. Around the major regional projects it is planned to develop small and medium businesses.

So, developed in Kazakhstan program of support of entrepreneurship “business road map-2020” should become part of investment projects of macro-regions programs.

The macro-regions must be connected by a single transport, logistics and communication architecture, created in the framework of Kazakhstan “NurlyZhol”. Currently we are implementing 11 investment projects in key areas of “Center-South”, “Centre-East”, “Center-West”. Railway line “Borzhakty-Ersai” and “Amata-Shu” and the ferry in the port of Kuryk are constructed.

Taking into account the economic situation, the aim is to diversify the sources of funding. It is envisaged along with the state budget investment to bring to these projects of foreign and local investors. In this regard, in the short term investment projects of Kazakhstan “NurlyZhol” should be given to the funding model with the private sector.

MATERIALS AND METHODS

Analysis: The central question of one of the directions of the plan of nation “100 steps for the 5 institutional reform” which is declared by the President of the Republic of Kazakhstan is the creation of an International Financial Centre “Astana” (IFCA) with an independent judiciary, its own jurisdiction on the principles of British law with the use of the English language and the implementation of the principle of investment residence.

Nazarbaev (2015) economic results of activity of IFCA will be expressed in the acceleration of GDP growth to an average of 1% annually due to the flow of foreign direct investment on Kazakhstan capital markets.

In order to implement these projects, firstly KASE IPO (Initial Public Offering) and SPO (Secondary Public Offering) will be conducted because they are the most attractive in the investment plan quasi-public companies.

It is very important to maintain a liberal tax regime in the IFCA: this determines the release time for 50 year before January 1, 2066 bodies and members of the Center from paying corporate income tax and land tax. Also they will be relapsed for 10 year from paying corporate income tax, individual income tax, taxable at the source of payment on income received in the form of dividends and incomes of staff members of IFCA. It is planned to add visa regime for up to 5 year after positive consideration of the investment project of the applicant (member the IFCA) and the right main applicant to live and carry out business activities on the territory of Kazakhstan (Nursultan, 2016).

The government of Kazakhstan developed measures on implementation of investment policy on which the industrial-innovative policy of the country will be adapted to the new conditions. It is the transition from the current model of development with emphasis on the manufacturing sector to a more sustainable service-industrial model, based on productivity growth and the entrainment of the shares of private business. So, in 2016 we will continue the implementation of major investment projects in the oil and gas sector. In December 2016 we will commence commercial production at the “Kashagan” field, completed the expansion of the Caspian pipeline consortium in April 2016 we will begin active implementation of the project of future expansion of “Tengizchevroil” and in December of 2017 we will complete the construction of the gas pipeline Beyneu-Bozoi-Shymkent.

Until the end of 2017 it is planned to complete the projects on reconstruction and modernization of Kazakhstan refineries in Atyrau, Shymkent and Pavlodar which will allow from 2018 to fully provide internal market with domestic oil products (Kazakhstanskaya Pravda, 2015).

Taking into account new mechanisms, launched a comprehensive privatization plan for 2016-2020 under this plan in the investment environment will be offered 65 state-owned largest company included in off-budget fund of national welfare and all of them will be actualized into 545 organizations.

The agricultural sector should be one of the key drivers of future economic growth of Kazakhstan. For the implementation of investment projects for reclamation of irrigated lands through irrigation and reclamation will involve loans from International Financial Institutions (IFIs) under the state guarantees for the sum of 153 bln. tenge in 2016-2018, for the purposes of implementation of priority investment projects of “KazAgro” for the production and processing of agricultural products, primarily meat and milk, there is the provision of state guarantees in the amount 300,7 bln. tenge in 2016-2018.

Work of investment in order to create a knowledge-based economy is continued. These goals will be implemented in the University system, commercialization projects, including the Office of commercialization, Business incubator, Pilot Industrial Park, Science Park “Astana Business Campus” (ABI).

Legislative and regulatory frameworks were created which should contribute to improving the investment climate for the successful execution of the task on attraction of investments in Kazakhstan’s economy. So, the specialized board for consideration of disputes, including the participation of large investors was created

under the Supreme Court the RK. In its framework will be implemented the right of foreign investors to high-quality and equitable resolution of the arising legal disputes.

New principles of cooperation and partnership between the state, entrepreneurship are embodied in a new revision of the law on public procurement. They open up new opportunities to attract direct investment through long-term contracts on sales of products. This will allow the creation in Kazakhstan of new high technology industries (Seitkasimov, 2015).

A major incentive for investment in development of the farm were changes in the Land code of the RK. According to these changes >97 mln. ha of the leased land can be purchased in private property and >85 mln. ha of land are waiting for investments.

In order to create a new resource base and long-term stability of the commodity sector, including the liberalization of the legislation in exploration on the Australian method (first-in, first-received) will be the investment projects for the development of new mineral deposits.

To increase the efficient management of investment projects rules of public services, including the rule of “one window” were developed. The rule on the organization “one window” for investors was developed in accordance with the legislation of the Republic of Kazakhstan and governs the activities of “one window” for investors implementing priority investment projects providers providing public services in accordance with the legislation of the Republic of Kazakhstan. For the purposes of these rules the investor or their legal representative, implementing investment priority projects is a legal person complying with the following conditions:

- State registration of a legal entity was made no earlier than twelve calendar months before the date of application for investment preferences
- Legal person carries out the activities included in the list of priority kinds of activity defined for implementation of priority investment projects
- Implementation of priority investment project is carried out exclusively within the framework of a single investment contract

RESULTS AND DISCUSSION

The main concepts used in these Rules as a priority investment project (hereinafter-the investment project) are an investment project implemented by a newly created legal entity on certain priority types of activity, list approved by the Government of the Republic of Kazakhstan and providing implementation of investments in the amount of not <2 bln. size of the monthly settlement indicator established by the law on the republican budget and valid on the date of application for investment preferences.

Responsibility of the competent authorities was fined, such as: the authorized body organizes a special place for receiving applications for the provision of public services and granting of their results to investors and also to accommodate the offices of the Public Service Center; so, the authorized body within its competencies and to fulfil its tasks has the right in order established by the Government of the Republic of Kazakhstan, to involve specialists of respective state bodies, consultants and experts among individuals and legal entities of the Republic of Kazakhstan; service providers provide to the authorized body the materials, documents and other information necessary for the preparation and processing of investors applications for state services; the authorized body by joint decree with the state bodies responsible for the provision of public services, defines responsible persons for cooperation in the frame work of the provision of public services and support authorized on the investment project in the state bodies; the employee of the service provider on the internet resource reflects information stages of consideration of the application in accordance with Table 1. The authorized body from the date of submission of documents investors for the provision of public services and prior to the issuance of these public services carries out support of investment project on timely and full provision of public services to investors.

Information about the stages of consideration of public services is available to the investor implementing the investment project on online. In general, we believe that the investment strategy of Kazakhstan should contribute to the creation of a favorable investment climate.

Table 1: Information stages of consideration of the application

The timing of the provision of public services	The first notification (before the date of issuance of the result of the public service)	Second notice (before the date of issuance of the result of the public service)	Third notice (before the date of issuance of the result of the public service)
Up to 10	5	-	-
Up to 20	10	5	-
Up to 30	15	10	5
Over 30	20	15	5

For example, according to data of the Ministry of Investments and Development of Kazakhstan since the implementation of the industrialization program from 2010-2014, the largest share of foreign direct investment is geological exploration -28.2% or 35.5 bln. In the third place is for the manufacturing industry 14% or 17.6 bln. dollars. In fourth place is for the wholesale and retail trade by 9.3% or 11.7 bln. dollars.

In Kazakhstan, there are >140 foreign investors in the manufacturing sector which has implemented over 150 projects worth about 6 bln. US dollars and created over 20 thousand workplaces.

In 2015 already the first 5 projects with participation of existing foreign investors for a total amount of 43 mln. dollars were launched and 260 workplaces were created. Until the end of 2016 it is planned to implement 8 projects of 104 mln. dollars with the creation of 360 workplaces. Investment climate Kazakhstan has a positive assessment by foreign investors, for example, in the opinion of the representative of the French company Danone Group-Economics of Kazakhstan retains its investment attractiveness even in the current economic environment.

CONCLUSION

Currently in Kazakhstan there are three levels of system investment. The result of which is that there is a gross inflow of Foreign Direct Investment (FDI) in manufacturing industry of Kazakhstan with \$0.3 bln. USA in 2005 up to \$3 bln. USA in 2014. Currently 33 investment projects are realized of which 11 in mechanical engineering (3-automotive, 2-electrical equipment, 1-/x engineering, 3-oil and gas equipment, 2 others); 6 in industry; 6 in chemistry (5-agro-chemicals, 1 chemicals for industry); 3 in chemistry; 3 in the pharmaceutical industry, etc.

In 2016 the Republic of Kazakhstan started the implementation of the new reform which should contribute to the achievements of Kazakhstan high global standards of development. Kazakhstan now ranks 43 place among the world's leading exporters. According to the international rating of investment attractiveness of Kazakhstan is 50.

Kazakhstan attracts three quarters of all foreign investment in Central Asia and it is the result of deliberate investment policy, it becomes more diversified. In a further development of the economic potential of Kazakhstan is of great importance to the effective management of investment policies basis of which were above-mentioned.

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