

KAZAKHSTAN'S NATIONAL INNOVATION SYSTEM: KEY ELEMENTS AND THE MECHANISM OF DEVELOPMENT

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One of the main conditions for the successful development of state economy is the formation of a national innovation system (NIS), which should ensure the continuous growth of economy. Development of the national innovation system of the Republic of Kazakhstan is aimed at achieving sustainable development through economic diversification and abandonment of its raw material orientation, while innovations are defined as the main factor determining the competitiveness of the national economy. National innovation system includes four main elements, namely the scientific potential, innovative entrepreneurship, innovation and financial infrastructure. For the formation of NIS, there are 4 major subsystems, in which the state can effectively implement innovation policy through direct or indirect participation:

1. *Scientific and technical potential* is a foundation for innovation development. Scientific potential includes public research organizations, scientific organizations with national companies, private scientific research institutions, scientific personnel, and material and technical research base.

2. *Innovative business activity* is the main driving force for sustainable economic growth. *Innovative* business environment that includes various categories of natural and legal persons willing to participate in the management and financing of potentially highly risky and highly profitable projects, as well as invest in conducting prospective applied research and experimental development, commercialization of which may lead to the creation of new competitive products. In particular, the following can be referred to the field of innovative entrepreneurship: private investors and managers of innovation projects, business angels, innovative enterprises, funders of promising applied research and development, as well as venture capital funds. The latter should act not only as passive sources of innovative project funding, but also independently engage in an active search and promotion of promising developments in the scientific research field.

3. *Innovation infrastructure* is a set of interrelated production, consulting, educational and informational structures ready to provide a framework and a range of related services for the organization of innovative industries. Innovation infrastructure is a complex of enterprises, which include material and technical base, trained professional staff and established mechanisms of cooperation with academic and financial institutions, necessary for the provision of complete package of services for

organizing innovative productions for innovative entrepreneurs, ranging from consulting, initial market research and writing business plans, to the provision of preferential rent for premises, production facilities, utilities, etc.

4. *Financial infrastructure* is a complex financing, scientific, industrial and educational processes in the field of innovation and technological development. Based on public-private partnership, this infrastructure is ready to participate in the financing of high-risk innovative projects. In addition, the financial infrastructure provides comprehensive financing of perspective applied research and development activities, as well as stimulates the development of entrepreneurship in the innovation sphere and infrastructure through the direct and indirect mechanisms.

Since independence, Kazakhstan's economy had undergone major changes that have led to economic growth. Adoption of the Strategy of Industrial and Innovation Development was an incitement to the next stage of reforming the economy. The Strategy of Industrial and Innovation Development can be divided into three stages: the first stage – 2003–2005, the second stage – 2006–2010 and the third stage – 2011–2015. At present, our country is developing a state program of forced industrial and innovation development for 2010–2014. It is done in order to ensure diversification and competitiveness of Kazakhstan's economy. The program involves modernization and diversification of the economy basic sectors over the long term. Priority directions of economic development are agriculture, oil refining, metallurgy, chemical industry and pharmaceuticals, energy, engineering, transport and telecommunication infrastructure, etc.

References

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POVERTY AS AN ECONOMIC PHENOMENON AND POSSIBLE WAYS OF REDUCING IT IN KAZAKHSTAN

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As a phenomenon that accompanies every economic system, poverty has always existed in all countries regardless of their level of development.