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FINANCIAL SUPPORT FOR THE DEVELOPMENT OF AGRICULTURE IN THE PRISM OF FOOD SECURITY**Yessenova Gulmira***(candidate of economic Sciences, Professor department of Finance, JSC «Financial Academy», Astana, Republic of Kazakhstan)***Uakhitzhanova Anargul***(doctoral student of specialty, JSC «Financial Academy», Astana, Republic of Kazakhstan)***Abdrakhmanova Nursulu***(JSC «Manash Kozybayev North Kazakhstan State University», Petropavlovsk, Republic of Kazakhstan)***Андатпа**

Қазақстан Республикасы ауылшаруашылық кешені дамуына талдау жүргізіліп, елдің азық – түлік қауіпсіздігін қамтамасыз етудің стратегиялық бағыты ретіндегі мемлекеттік қолдаудың рөлі айқындалған. Қазақстан ауыл – шаруашылық кешенінде маңызды өзгерістерге әкелген, бірақ та өндіріс тиімділігіне әсерін тигізбеген елдегі қабылданған экономикалық реформалар қарастырылған. Ауылшаруашылығын қаржылық қолдауға бөлінген қаражаттардың жыл сайынғы өзгеру серпіні сипатталған. Азық – түліктердің сұранысқа ие түрлеріне және өңделген ауылшаруашылық өнімдердің экспортын дамытуға негізделген ауылшаруашылық өндірісінің көлемін ұлғайтудың мүмкін болатын мақсаттары келтірілген. Бұл мақсатта азық – түлік қауіпсіздігін қамтамасыз ету тиімділігін бағалаудың индикациялық жүйесі қалыптастырылып, Қазақстанның азық – түлік қауіпсіздігін қамтамасыз ету жүйесінің критериалдық функциясы құрылған критерийлер анықталған. Елдің азық – түлік импортына тәуелді болуына байланысты жүргізілген бағаның негізінде ішкі нарықты қамтамасыз ету мақсатында агроөнеркәсіп кешенін дамыту қажеттігін айқындайтын қорытындылар жасалған.

Түйінді сөздер: ауылшаруашылығы, қаржылық ресурстар, субсидиялар, мемлекеттік қаржы, азық – түлік қауіпсіздігі.

Аннотация

Проведен анализ развития агропромышленного комплекса Республики Казахстан, подчеркнута роль государственной поддержки как стратегического направления обеспечения продовольственной безопасности страны. Рассмотрены предпринятые экономические реформы в стране, приведшие к существенным изменениям в аграрно – промышленном комплексе Казахстана, однако практически не повлиявшие на эффективность его производства. Описывается тенденция ежегодного увеличения средств, выделяемых на финансовую поддержку сельского хозяйства. Приводятся возможные цели увеличения объемов сельскохозяйственного производства с упором на наиболее востребованные виды продовольствия и развитие экспорта обрабатываемой сельскохозяйственной продукции. В нем сформулирована индикационная система оценки эффективности обеспечения продовольственной безопасности, выбранные критерии, на основе которых создана критериальная функция системы обеспечения продовольственной безопасности Казахстана. Выводы, отражающие необходимость развития агропромышленного комплекса с целью удовлетворения внутреннего рынка, формулируются на основе проведенной оценки, поскольку существует существенная зависимость страны от импортируемого продовольствия.

Ключевые слова: сельское хозяйство, финансовые ресурсы, субсидии, государственные финансы, продовольственная безопасность.

Annotation

The analysis of agro – industrial complex development of the Republic of Kazakhstan is carried out, the role of the state support as strategic direction of ensuring food security of the country is emphasized in the article. It has given the undertaken economic reforms in the country which have led to essential changes in agrarian and industrial complex of Kazakhstan, however have practically not affected efficiency of its production. It is described the tendency of annual increase the funds allocated for financial support of agriculture. The possible purposes of increase in volumes of agricultural production with emphasis on the most

demanding types of food and development of export of the processed agricultural production are given. It is formulated the indicators system of efficiency assessment of ensuring food security, the chosen criteria on the basis of which criterion function of system of ensuring food security of Kazakhstan is created. The conclusions reflecting need of development of agro – industrial complex for the purpose of satisfaction of domestic market are formulated on the basis of the carried – out assessment as there is an essential dependence of the country on the imported food.

Key words: agriculture, financial resources, subsidies, government finance, food security.

Introduction

The solution of the general problem of ensuring food security in Kazakhstan as a component of economic security is now defined as one of the most important areas of the national security of the country. The economic sphere is tasked with implementing vital national interests aimed at providing the population with quality food products. In Kazakhstan as in Russia, Ukraine and Kyrgyzstan the peculiarity of the current stage of development of the agro – industrial complex (AIC) which is assigned this important task, is its finding in a crisis state. This is manifested in the destabilization and decline of agro – industrial production, deepening the disproportion in it, and the huge number of small – scale producers. low – profit and loss – making enterprises, unsettled legislation, rising consumer prices and a decrease in the purchasing power of the population [1, p. 12]. Under such conditions, the threat to the state's food security becomes real, negatively affects national security in general [2, p. 90].

Research methods

The publications of many foreign authors consider methodological approaches to determining the influence of the state on the development of the agricultural sector of the economy, in particular, the food market, based on the principles of liberalism. They include well – known representatives of classical economic theory – V. Petti, A. Smith, D. Ricardo, and also neoclassicists – A. Marshall, L. Valras, etc. In contrast to them, such scientists as J. Keynes, A. Wagner, L. Mises, believe that state regulation of the economy is an objectively necessary process. Complications of socio – economic processes expand the functions of the state and require a new understanding of its role in the economic life of society. In recent studies Zenelgabdin AB, Iskakova Z.D., Nurumov AA, Aimurzina B.T., Ibraimova S., Satymbekova K., Kerimbek G., Esbolova A., Imanbaeva Z. the ways of reforming the agrarian sector of the economy of Kazakhstan are investigated on the basis of methods of anti – inflationary character using the criterial estimation of the real effect, modern theories and models effective reform of the AIC with the necessary internal and external investments. In the process of research work, a set of methods of economic and statistical analysis, methods for analyzing and synthesizing economic information, and the concept of various schools were applied.

Main part

The agro – industrial complex (AIC) is an important part of the national economy of our country, which includes branches for the production of agricultural products, processing and delivery to the consumer, and also provides the agriculture and processing industry with means of production. In the structure of AIC three main areas are singled out: agriculture, industries processing agricultural raw materials, food industry, light industry, cotton and wool industries, as well as industries that produce means of production for agriculture and agricultural processing industries (agricultural machinery, machinery manufacturing equipment for the food and light industry, mineral fertilizers, etc.).

The most important strategic priorities for the development of the agrarian sector in modern conditions are scientific and technological progress and innovative processes that

allow continuous updating of production on the basis of mastering the achievements of science and technology. For Kazakhstan in conditions of constant fluctuations in demand for its main export goods, aggravation of the food problem in the world, the importance of increasing the level of competitiveness of agriculture becomes important. The solution of this task is one of the factors contributing to the growth of the competitiveness of the national economy and the diversification of its exports, since traditionally this sector is able to provide a significant active foreign trade balance. The level of development of agriculture largely depends on the solution of the problem of ensuring the food security of the republic and covering the needs of the domestic market in agricultural products [1].

State regulation of the agro – industrial complex (AIC) is a system of legislative, administrative and economic impact of the state on the production, processing and sale of agricultural products, raw materials and food [2].

In Kazakhstan the regulatory functions of the state are carried out in the following areas:

- creation of legislative base, legal provision of regulation;
- formation of a competitive environment in all agrarian markets;
- support the sustainability of AIC development, create conditions for the adaptation of commodity producers to market conditions. An important function of state regulation in this regard is to maintain a sustainable demand for food and agricultural raw materials.

The state contributes to the formation of effective demand of the population, affecting the formation of income of major groups of the population, through the regulation of the price system for AIC products, the state order, the purchase of food in regional funds;

- the implementation of a policy of reasonable protectionism, ensuring food security through the system of customs tariffs, taxes on imported food products;
- creation of a favorable climate for foreign investors, formation of AIC joint ventures, provision of state guarantees for foreign creditors when importing advanced technologies and equipment;
- financing of key areas of science on the problems of AIC, participation in financing investment projects for the creation of new technologies that meet world standards.

In the field of credit and financial policy, strictly targeted use of loans with a lower interest rate for agriculture [3].

In Kazakhstan investment activity is regulated by the Ministry of Investment and Development of the Republic of Kazakhstan, which has developed priority areas for investment in agriculture, presented in Figure 1.

The AIC of the Republic of Kazakhstan (after referred to as «RK») has good prospects for further development: the export positions of the oilseed and meat sectors are growing, and Kazakhstan has become one of the largest exporting countries in the world in terms of grain and flour. Kazakhstan's membership in the Eurasian Economic Union (hereinafter referred to as the EAEC) and the World Trade Organization (WTO) creates opportunities and at the same time makes high demands on competitiveness in both the domestic and foreign markets. In this regard, the role of state regulation of AIC is extremely important.

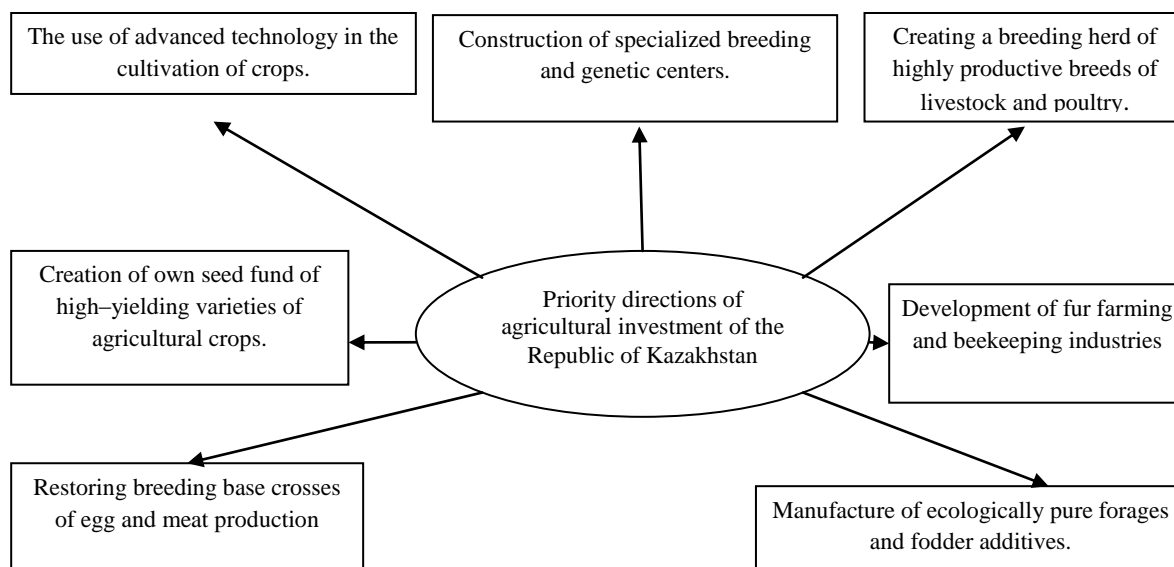


Figure 1 Priority directions for investing in agriculture in the Republic of Kazakhstan

Note: source [4]

In the field of technical regulation of the AIC 12 technical regulations have been adopted within the framework of the EAEC and lists of standards for them. It is planned to develop another 4 technical regulations of the EAEC for the main AIC products. These regulations are designed to ensure the safety of AIC products. However, there are facts of selling poor – quality products.

During the period of independence, nine program documents were developed on the basis of which the state policy in the field of AIC was implemented: the Aul socio – economic development program for 1991 – 1995 and for the period up to the year 2000, the AIC Conceptual Development Program for 1993 – 1995 and up to 2000, the Program for the Development of Agricultural Production for 2000 – 2002, the State Agro – Food Program for 2003 – 2005, the State Program for the Development of Rural Areas for 2004 – 2010, the AIC Sustainable Development Concept for 2006 – 2010 years, The program of priority measures to implement the AIC Kazakhstan Sustainable Development Concept for 2006 – 2010, the AIC Development Program for 2010 – 2014 and the AIC Development Program in Kazakhstan «Agrobusiness 2017». At present the State Program for the Development of the AIC RK for 2017 – 2021 has been approved which was developed in accordance with the order of the Head of State given at the expanded meeting of the Government of the RK dated September 9, 2016, in accordance with the strategic goals of the RK development «100 Steps» and «theKazakhstan – 2050 Strategy».

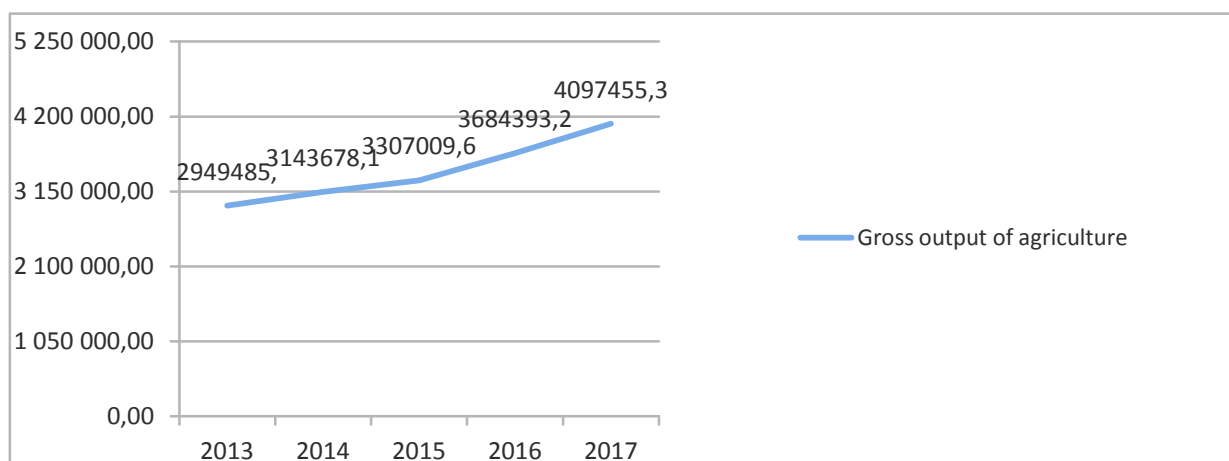


Figure 2 Gross output of agricultural products of the Republic of Kazakhstan for 2013 – 2017

Note – compiled by the authors on the basis of the data of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

Analyzing the figures, the growth of gross output of agriculture is stable. The growth in GDP amounted to 413,062 million tenge. However, the following figure illustrates the decline in the physical volume index of gross agricultural output by 2,5 %

The investment subsidy instrument is aimed at partial compensation (from 20 % to 80 %) of investment costs for construction and installation works, equipment and equipment in 19 directions (48 passports). From the beginning of the implementation (2014 – 2015) of this measure of state support, 2,729 AIC subjects were subsidized for the total amount of subsidies – KZT19.1 bn., The amount of attracted investments made KZT67.8 bn.

The main share of attracted investments due to investment subsidies falls on the livestock sector 55 % (KZT 37.6 billion), crop production 35 % (KZT23.2 billion), processing of livestock and crop production 10 % (KZT 7 billion).

According to the results of two years of this measure of state support, underfinancing amounted to 35,4 billion tenge.

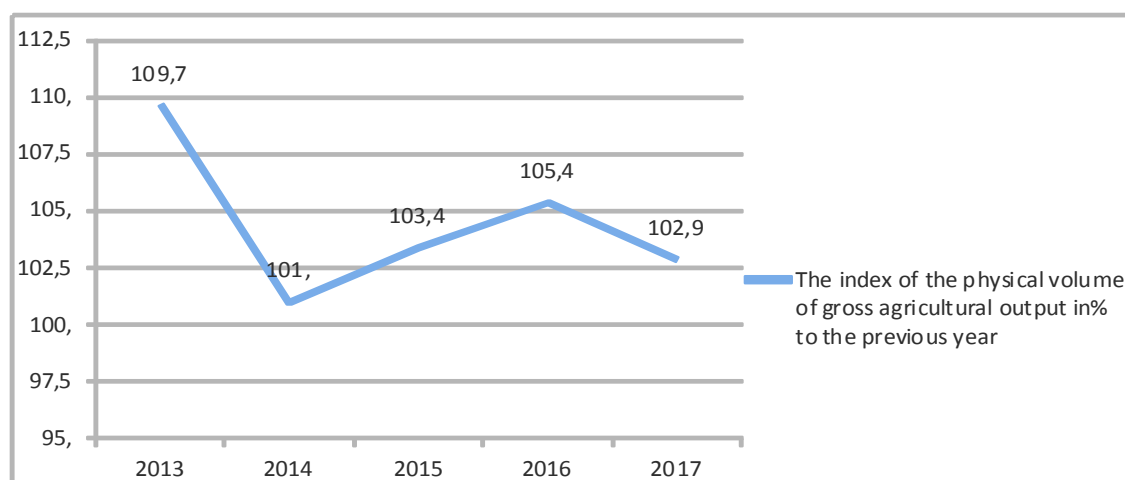


Figure 3 The index of the physical volume of gross agricultural output in % to the previous year

Note – compiled by the authors on the basis of the data of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

The interest rate on credit /leasing contracts is cheaper in terms of the tool for subsidizing interest rates on loans to AIC subjects, leasing of agricultural machinery and animals, technological equipment: for replenishment of current assets, purchase of fixed assets, etc. in national currency by 7 %, in foreign currency – by 5 %; for the purchase of agricultural machinery and equipment in the livestock and feed production sector, reduction of the interest rate in the national currency by 10 % per annum and in foreign currency by 7 % [3].

Over the period from 2014 to 2015, the interest rate subsidization is carried out for the obligations of 4,601 AIC entities for the total amount of the principal debt of KZT 243.2 billion, including 254 units of agricultural equipment purchased by AIC12 entities

By kinds of activity, the major share of the participants is in the crop sector 48.8 %, processing of livestock and crop production 29.8 %, livestock production 7.8 % and other activities 13.4 %.

In order to reduce the credit burden of AIC entities and the risks of their bankruptcy, starting in 2013, measures are being implemented to improve the financial obligations of AIC entities. The conditions for financial recovery include extending the terms of loans to 9 years, reducing the interest rate to 14 %, of which 7 % is subsidized from the state budget, as well as the write – off of financial institutions penalties and penalties.

In 2013 – 2015, during the financial rehabilitation of AIC subjects, 404 AIC entities were approved for a total amount of 520 billion tenge. Since 2016, the admission of new applications for participation in the financial rehabilitation program is not carried out.

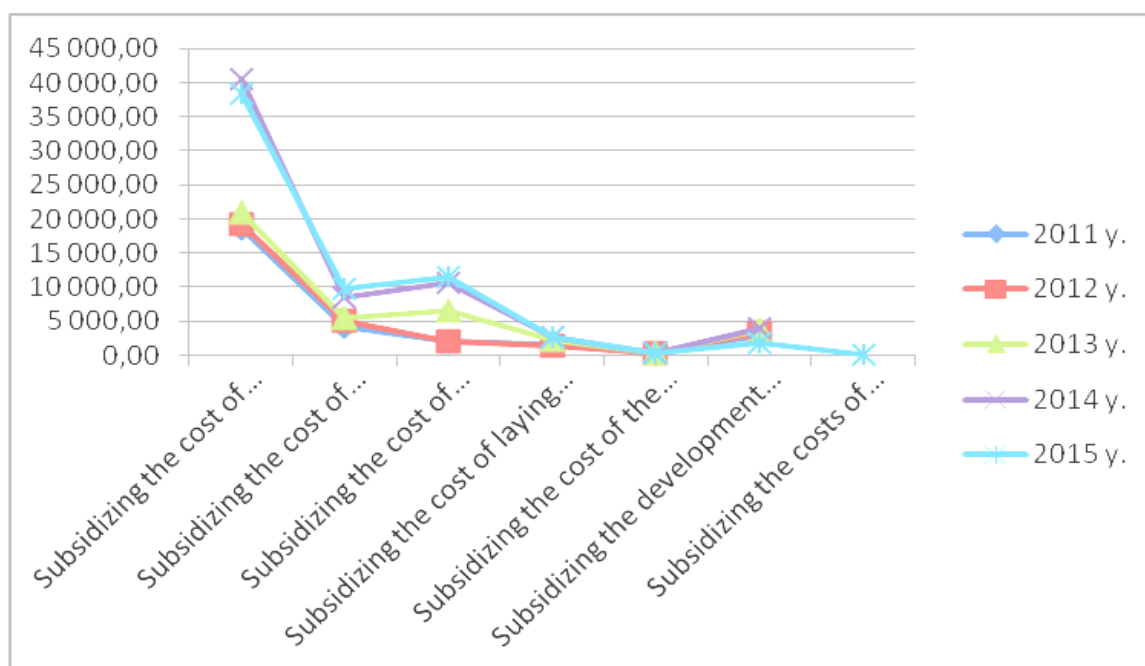


Figure 4 The volume of state support for the crop industry in 2011 – 2015, mln.

Note – compiled on the basis of data from the Ministry of Agriculture

By type of activity the bulk of the recoverable debt falls on the crop sector 73%, livestock 2 %, processing of agricultural products 3 % and other activities 22 %.

KZT 7.2 bln was allocated to subsidize the interest rate within the financial rehabilitation of AIC subjects in 2013 – 2014. In 2015 – KZT18.9 bn., Incl. 5.8 billion tenge of the funds of the National Fund of the Republic of Kazakhstan, which were fully developed. For 2016 in the Republic of Belarus there are funds in the amount of KZT24.7 bn. Annually, about 20 billion tenge is required to subsidize interest rates, which will amount to 164.3 billion tenge until 2024.

72 % or KZT 376.4 bn from the total amount of the debt approved for recovery of debts fall on loans of large agroholdings.

In the sphere of financial measures of state support, the following problems exist:

- Low level of availability of loans and subsidies for the majority of agricultural producers.
- The lack of linkage of subsidies to the final result and the specialization of regions.
- Orientation of investment subsidies for large – scale production with inaccessibility for small – scale agricultural producers and weak control over the fulfillment of targets.
- Subsidizing interest rates for lending to AIC subjects, leasing of agricultural machinery and animals, technological equipment does not stimulate STB and leasing companies to reduce interest rates on loans and leasing.
- Risks of reappearance of problems of default on loans and the threat of bankruptcy, despite financial recovery [2].

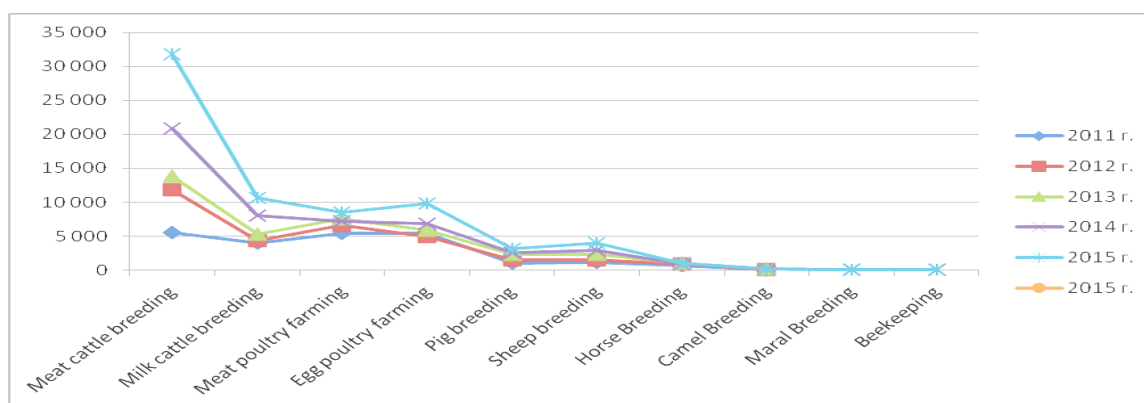


Figure 5 The volume of subsidies to the livestock sector for 2011 – 2015, mln tg.

Note – compiled on the basis of data from the Ministry of Agriculture

In conditions when the agro – industrial complex is oriented toward maximizing profits and the state has limited opportunities to create and maintain a state food reserve at the proper level, besides the business focuses on maximizing profits through the export of food, the goals of public administration for ensuring food security do not coincide, and also often become opposite [5]. This is especially true for the non – state sector of production and sale of food products. The reason for this, in our opinion, is the absence of a formal relationship between these goals and indicators of the effectiveness of their achievement. For this, it is necessary to combine these two economically weakly dependent processes into one, which would have a common goal – to ensure the maximum level of food security. That is the main economic goal of the agro – industrial complex is to subordinate the goals of a higher level of the hierarchy, to allocate a mutually agreed system of AIC impact assessment indicators to the effectiveness of ensuring the state's food security, to regulate the regulatory and legal support for its

activities and individual subjects, objects of different ownership, so that all they worked for one final result – to ensure the food security of the state [6].

In the direction of ensuring the needs of the population in food: the availability of food for consumption in the form of the ratio of the cost of an annual shower set of food products, corresponding to rational (medically customized) norms of healthy nutrition, annual per capita income. According to the methodology of the country, in which the population spends more than 60 % of the family budget for food needs it belongs to the group of poor [7].

Availability to the population plays an important component in the system of providing food from the economic point of view. We will analyse the standard of living of the population and purchasing power of the population of the republic.

Living wage is the minimum monetary income on one person, equal in size of cost of the minimum consumer basket.

The food basket pays off authorized body in the field of the state statistics on the evidence – based physiological norms of consumption of food approved by authorized body in the field of sanitary and epidemiologic wellbeing in coordination with authorized body in the field of health care [8].

For example, according to calculations, the Kazakhstan citizen has to eat 327 grams of bread, 58 grams of grain, 260 grams of potatoes, 114 grams of meat, each three days – one egg and so on. In total the citizen of the country in a year needs to use 535,3 kilograms of various production in a day.

For comparison 300 products and services, France – 250, England – 350 enter a consumer basket of the USA. Best of all Germany which consumer basket contains 475 points looks in this row. In a basket of the American costs of rest, education, household appliances, gasoline and repair of the car, the book, means for personal hygiene and beauty are considered. In England in a basket wine and champagne are put. The French included expenses on visit of beauty shops, purchase of cosmetics in the consumer basket, provided funds for fee of the nurse for the child, expenditure for lease of cars, journey on the taxi and even cat food and dogs.

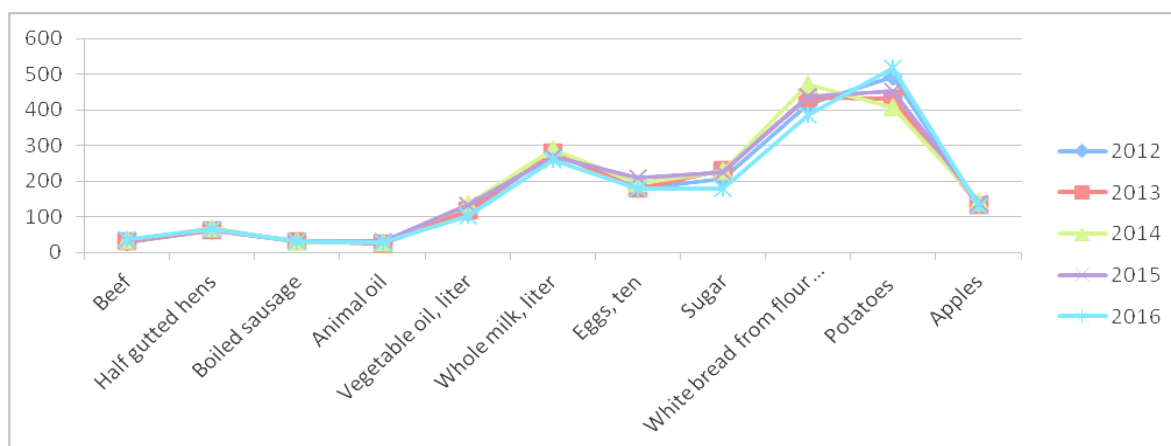


Figure 6 Consumer ability of monetary income of the population of RK

Note: «Consumption of food in households of the Republic of Kazakhstan for 2016» is made by data. The statistical collection of Committee on statistics of MNE RK [9]

Apparently the consumer ability of monetary income of the population of RK in 2016 grew on some categories to food products: beef, potatoes. Generally consumer ability of the

population in comparison with 2015 decreases on other categories of food. The greatest reduction is observed on the following goods: vegetable oil on 30 liters, white bread from flour of 1 grade on 51 kg, sugar on 47 kg. These changes were caused by increase in prices for food products for the studied period.

We will consider consumption by the population of RK of food in comparison to the rational average per capita norms of consumption of food and the minimum rational norms of consumption of the main food established according to the order of the Minister of national economy of the Republic of Kazakhstan of December 9, 2016 No. 503 «About the approval of evidence – based physiological norms of consumption of food» [10].

As it is possible to note, from the above – stated data, consumption of products by the population of Kazakhstan not absolutely meets the established rational average per capita standards of consumption.

Now levels of consumption of main types of food aren't identical and if to compare them to standard values, then it is possible to see excess of the actual consumption over norm only on flour, white bread, pasta, onions, watermelon, beef, grain rice, to sunflower oil. These deviations are insignificant, on average in 5 kg on the person.

By other types of production, including and socially important (milk, meat (except beef), eggs, vegetables, etc.), the considered indicator has negative value. Such types of production as milk and vegetables it is rather big – 66 and 80 kg, respectively.

It is possible to find the reasons of such situation in the careful analysis of economic availability of food to the population of the country as existence of food in retail trade exceeds 80%, so problems with physical providing are absent.

Economic availability of food is defined by such level of income of the population which irrespective of the social status and the residence allows to buy food at the minimum level of consumption.

Conclusion

Economic availability of food is essential aspect of food security of the country, its high level increases ability of the state to guarantee satisfaction of needs of the population for food at the level providing its normal activity. It is characterized by a possibility of acquisition by various groups of the population of food products in a standard size in the food market at the developed price level and income and also due to their receipt, passing market channels, that is from personal subsidiary farms and from garden and garden sites. Moreover, degree of security with food of domestic production, organic and useful to health, on evidence – based norms and the affordable prices is important.

It is difficult to overestimate social importance and the importance of availability to the population of the food entering a food basket. The government of Kazakhstan should carry out attentively monitoring in the field of food prices and to carry out state regulation not only on problem positions, but also to develop preventive measures on price policy of socially important products, for the purpose of equal availability of the population all major food.

Environmental protection and environmental policy ensure the preservation and improvement of the environment.

Under certain internal and external conditions, it can be assumed that food security will be achieved completely if all of the above requirements are fulfilled, except for the requirements for the availability of strategic reserves that provide food for the population in case of emergency for a period of less than five years.

Thus carrying out state financial support for agriculture, there is a tendency of stable development of livestock and crop production sectors, which creates an opportunity for food provision for the population.

In accordance with the main directions of ensuring food security and summarizing the individual indicators of the effectiveness of public policy implementation for each of them it was possible to group them into more general.

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ӘОЖ 336

**ҚАЗАҚСТАН РЕСПУБЛИКАСЫНДА ВЕНЧУРЛЫҚ ҚАРЖЫЛАНДЫРУ
ПРОБЛЕМАЛАРЫ**

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Андатпа

Мақалада венчурлық капиталдың теориялық негіздері қарастырылған, Қазақстан Республикасында компаниялардың венчурлық инвестициялауының жағдайын, әсіресе ғылыми – зерттеу және тәжірибелік – конструкторлық жұмыстар жағдайын, ҚР кәсіпорындары инновациялық қызметінің жағдайын талдау, ҚР венчурлық инвестициялау нарығын және венчурлық кәсіпорындардың қаржыландыру мәселелерін талдауға талпыныс жасалған. Венчурлық инвестициялау және венчурлық капиталдың негізгі мәселелері анықталған.