

Mechanism of state financial support in modernization of road-transport infrastructure of the country

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Abstract. In 2010 The Republic of Kazakhstan started to implement State program of accelerated industrial-innovative development of the Republic of Kazakhstan for 2010-2014. In the framework of this program in all regions of the country realization of transport infrastructural projects began, in particular large-scale work on monitoring and improvement of technical state of automobile roads was done. In this article the author considers the mechanism of state support and its role in modernization of road-transport infrastructure of Kazakhstan.

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Introduction

At present time state policy in regard to development of road-transport system of Kazakhstan is based on the following principles:

- 1) transport services and transport infrastructure must be accessible.
- 2) transport must be safe for life and health.
- 3) transport must develop in the framework of integrated system of separate industries and economy as a whole.

Developed network of automobile roads is a guarantee of economic growth, strengthening of defense potential and economic security of the Republic of Kazakhstan and increase in the level of life of the population. World practices in development of road-transport infrastructure are presented in the works of many foreign economists. These practices can be used while performing modernization of road-transport infrastructure of the Republic of Kazakhstan [1-5].

Roads are vital part of modern city and play important part in organization of road transport, creation of necessary sanitary-hygiene conditions for life and architectural image of a city. Besides that bad roads are just killers of regional economy and the whole country. And here relationship between roads of regional-level and local level roads is very strong. Qualitative road-transport infrastructure (RTI) which performs internal and transit transportation of loads and passengers, with high level of service, is one of the key factors of economic growth.

Annual WEF's Report while evaluating the competitiveness of the countries pays special attention to infrastructure providing efficient functioning of economy. In these reports, Kazakhstan is not on high level, and even deterioration is observed: 108th place in 2008, 116th - in 2009 and 124th - in 2010. [6].

In order to provide efficient functioning of road-transport complex it is necessary to develop and constantly maintain existing infrastructure.

Most part of motorways of world and regional significance (87%) refers to II and III categories and has 2 lanes with the width of the vehicle zone - 7-8 meters (Table 1).

Table 1. Prevailing share of automobile roads of III category and below it.

Significance level	Total length, km	Length by categories, km				
		I	II	III	IV	V
Of republican significance	23 495	941	3634	16915	1 919	66
Of local significance	70116	83	760	14 451	44 252	8 982
Total	93 611	1 024	4 394	31366	46181	9 068
Note	Within local network there are 1578 km of automobile roads without category					

Roads of I technical category (4 lanes) amount to 941 km (4%) – these are mainly access roads leading to regional centers and big cities [7].

Significant length of the roads of general purpose (26 400 km) has a transitional type of the covering (gravel and road-metal), including 1816 km on the automobile roads of international and republican significance.

Roads without coating (unmade, country roads) amount to 9471 km, including 107 km in the network of world and regional significance (Akmolinsk - 37 km, Almaty - 27 km, Atyrau - 1 km, East-Kazakhstan - 7 km, Mangistau - 29 km and Pavlodar - 3 km). Mentioned sections of the road do not comply with any requirements to traffic speed, axial load, they do not provide security of road traffic.

In territorial context the automobile roads are unevenly distributed among the regions of the Republic.

Thus, in strategically perspective region of West Kazakhstan (West-Kazakhstan, Aktyubinsk,

Atyrau, Mangistau) the length of the roads of general purposes is 18,9% from the total length of all the roads of the country. Here 19% of the roads are unmade roads.

Main technical problem of the industry - progressing losses of bearing capacity of road covering [8].

Methods of study are based on economic analysis and expert estimates.

Main part. Most part of the roads in Kazakhstan (86%) was designed and built in 60-80s of the last century in accordance with normative standards of that period when the load on the car axis was not allowed to exceed 6 tons. Today the load without charge has increased to 10 tons on the axis. Road network in any region of Kazakhstan is assets which demand financial investments for the whole period of service. This can be explained by the fact that road infrastructure must be constantly improved by means of:

- increase in quality of existing road network or completion of it including appropriate by-road objects, such as necessary safe cargo-vehicle park zones,
- building of important joints of road network which are of world significance, and the number of which is small by now.
- or, finally, improvement of local and regional access roads leading to main transport traffic arteries.

Development and maintenance of road infrastructure is a big problem for all entities and local authorities because the size of our country is big and it determines big length of the roads and in order to develop some territories it would be appropriate to increase density of road network. All this in combination with necessity to stop deterioration of road network quality and low level of its equipping demand significant investments. Huge territory of the Republic and relatively low density of the auto-road network mean that their technical state is of utter importance because destruction or absence of road covering in combination with long distances results in growth of transport expenditures and increase in production costs.

Kazakhstan's lagging behind in development of transport infrastructure becomes intolerable: the answer to it is urgent modernization of transport and first of all road economy.

Target indicators of the Development strategy of transport industry of the Republic of Kazakhstan up to 2050 were as follows:

- growth of gross added value in transport share for 63%.
- reconstruction of about 7 000 km and repair of 10 000 km of roads of republican significance and 12 000 km of roads of local significance;

-increase in speed of cargo traffic by 15-20% and in other main world transport corridors - by 20-30% [9].

In State program on accelerated industrial-inn development of the Republic of Kazakhstan for 2010-2014 (SPAIID) besides mentioned above the following target indicators of development of road-transport infrastructure are mentioned:

- good and satisfactory state of 85% of republican and 70% of local automobile road network;
- introduction of payment system on some sections of automobile roads of republican significance. [10].

Thus, development RTI is a prioritized direction of national modernization. At the present moment Kazakhstan government does its best to improve the road industry to appropriate level.

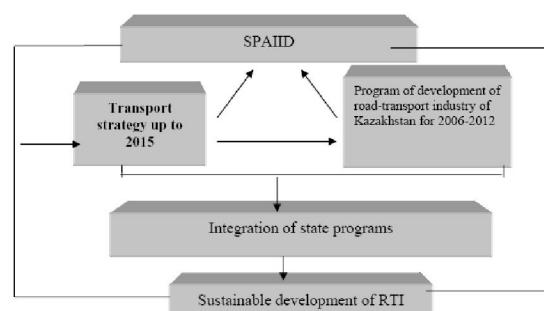


Figure 1. Integration of RTI programs in Kazakhstan

The government has developed Strategic plan of development of the Republic of Kazakhstan up to 2020 (it was approved in February of 2010 - for all sectors) and state program of accelerated industrial and innovative development (SPAIID), approved in March of 2010. The program is oriented to strengthening of national economy through diversification of economic structure and integration of developmental programs in one document. For efficient support of SPAIID the previous plan of development of automobile roads was improved and turned into Program of development of transport infrastructure of the Republic of Kazakhstan for 2020-2014 [10].

International financial institutes involved into road sector of Kazakhstan include ABR, EBRD, Islamic Bank of development, YaMAS and World Bank. For example, for accelerated development of auto-roads in Kazakhstan, for needs of economies, development of transit potential, road industry must get not less than 240 billion tenge annually. This is huge sum of money. For example, the program of development of automobile roads industry for 2006-2012 suggests financing in the amount of 1,5 billion tenge - over 10 million dollars.

Performed by us investigations allowed to place the measures intended for development of RTI in the following order: creation of special Road fund, financing, taxation and compensation of payment of interest for leasing of road equipment (Figure 2):

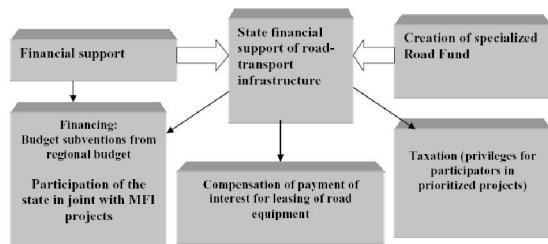


Figure 2. Mechanism of state financial support of RTI development

Conclusions: Realization of the proposed measures will facilitate formation of the system of financial support of RTI in conditions of diversification of national economy and solution of strategic task of industrial-innovative development of Kazakhstan in next decade.

Modernization of Kazakhstan economy is not possible without modern infrastructure and road infrastructure is priority № 1.

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