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## **MECHANISMS OF INNOVATION CLUSTER**

*Organizational mechanism* of management of innovative cluster includes the following elements: improving the regulatory and legal framework for the functioning and development of the national innovation system; administrative methods of state regulation of industrial-innovative development; improvement of the organizational structure of the cluster; optimization the system of cluster management; organization of intra-cluster industrial relations.

*Economic mechanism* of innovative cluster is a set of methods and forms of impact on the economic interests of cluster members with the aim to improve the efficiency of their operating activities and saturation of the market with innovative products at affordable prices. It includes a coordinated system of goals, criteria and conditions (including resource) and is based on information support, specific rules of financial, informational and technological interaction of elements between themselves and with the external environment, on methods of formation the management parameters (levers: plans, prices, norms), on methods of strategic and operational management, administrative and financial restrictions the activity of economic entities within the cluster and in the environment.

Economic mechanism of innovative cluster includes the following *elements*: a) strategic planning of the innovation process; b) financing of the subjects of industrial innovative activity; c) lending business entities of industrial innovative activity; d) insurance of economic risks in the industrial-innovative field; e) price formation; g) the relationship of economic entities with suppliers and customers; h) taxation.

*Strategic planning* is one of the main functions of the economic mechanism of innovative cluster. It is aimed at obtaining an internally consistent descriptions of the various states in which the economy may be, after the application of alternative combinations of different measures of economic policy.

One of the most important elements of the organizational and economic mechanism of functioning and development of food cluster system is its *system of financing*.

Among the most significant items of expenditure on the activity of the cluster are: a) the cost of creating the cluster; b) the cost of development of innovation infrastructure; c) the cost of the implementation of individual projects and programs.

Funding of the creation of a cluster can be implemented from both the republican and local budgets. Thus, as world experience shows, the State takes about half of the funding. The second half brings the private business.

This does not exclude the development of new financing mechanisms to create a cluster. Perhaps, in particular, involvement of public funds by banks for the long term, as well as the development of mechanisms of outsourcing and subcontracting.

Innovative infrastructure development and implementation of individual projects and programs for the development of the cluster is generally carried out on the basis

of mixed financing - contributions of enterprises – participants of the cluster and budget financing, credits of second-tier banks, as well as targeted financing from a variety of specialized funds.

The *elements of the financing system* of economic entities of industrial innovation sphere are: financial relations arising in the process of lending, investment, taxation, insurance, current financing, accrual and payment of wages, etc.; financial instruments: price, profit, taxes, dividends, etc.; financial methods, which are based on the formation, accounting and control of financial resources, allocation of financial resources and cash (sales revenue); legislative, regulatory, informational and methodological provision of financial management.

Raising financial resources into innovative cluster should be based on public-private partnership (PPP).

**Public-private partnership** – is a system of relations between the State and private business entities, aimed at solving socially significant problems on the terms of a balanced allocation of rights, to address socially important tasks on the terms of a balanced distribution of rights, responsibilities, risks, costs and benefits, as defined in the relevant contracts.

Through PPP, it is possible an implementation of social significant projects, with the prospect of timely obtaining of quality object within the specified time and without significant non-recurring costs from the budget.

Upon expiration of the contract for exploitation, the object created under the PPP framework, returns to the State.

Forms of public-private partnership are divided into three large groups:

1 *Contracts for management and maintenance* provide the economic entity implementation of private sector the functions of management and maintenance of state-owned objects, the adoption of administrative decisions on the current operating and production activities.

2 *Contracts for exploitation and maintenance* provide the rent by private sector of production facilities and the performance of operator functions. Private sector has a responsibility to the consumer, as the operator of services. Private operator covers the working capital requirements. In some cases, he also finances the replacement and modernization of part of the assets taken. Financing of main capital investments to restore and expand the facility and etc., remains the responsibility of the public sector.

3 *Contracts for the design, construction, financing and exploitation* are the most long-term and complex of all forms of public-private partnership. This form of PPP is also called concessions. The main purpose of the concession contract is to improve the quality of services, reducing costs and risks of the public sector, the empowerment of infrastructure development.

In the innovative cluster, you can use any of the considered above three forms of public-private partnership.

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