

"APPROVED"
by the Resolution of
the Board of Directors of
"Damu" Entrepreneurship Development Fund" JSC

Appendix No. __
to minutes of meeting of Board of Directors
of
"Damu" Entrepreneurship Development Fund" JSC
dated July 3, 2017
Minutes of Meeting No. 80



"Damu" Entrepreneurship Development Fund" Joint Stock Company
Development Strategy for 2014 - 2023 years

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Introduction

"Damu" Entrepreneurship Development Fund" Joint Stock Company (hereinafter - the Fund or "Damu" Fund) was established basing on the decree of the Government of the Republic of Kazakhstan dated April 26, 1997 No. 665 "On establishing Small Entrepreneurship Development Fund".

In accordance with the Decree of the President of the Republic of Kazakhstan "On measures to optimize the management system of development institutes, financial organizations and national economic development" No. 571 as of May 22, 2013, the Sole Shareholder of "Damu" Fund is "Baiterek" National managing holding JSC (hereinafter – "Baiterek" NMH JSC or Holding).

Development Strategy for 2014 – 2023 of the "Damu" Fund, approved by the Board of Directors of the Fund on July 4, 2014, protocol No.52 (hereinafter – Strategy or Development strategy) was actualized in 2017 due to the "Baiterek" NMH JSC development strategy actualization, changes in state programs, and due to significant social and economic events:

1. Involvement in realization of the President's addresses, state and governmental programs;
 - 1) Presidential program "Plan of nation - 100 specific steps" (hereinafter - Plan of nation) as of May 20, 2015;
 - 2) President's address "Third modernization of Kazakhstan": global competitiveness" as of January 31, 2017;
 - 3) New state programs: "Nurly zhol" infrastructural development state program for 2015 - 2019, approved by the Presidential Decree dtd. April 6, 2015 No. 1030 (hereinafter - "Nurly zhol" program); "Nurly zher" housing construction program, approved by the Presidential Decree dtd. December 31, 2016 No. 922 (hereinafter - "Nurly zher" program);
 - 4) Acting actualized programs: State program of industrial and innovative development for 2015 - 2019, approved by the Presidential Decree dtd. August 1, 2014 No. 874 (hereinafter - SPIID for 2015 - 2019), business support and development unified program "Business roadmap – 2020", approved by the Decree of the President of the Republic of Kazakhstan dtd. March 31, 2015 No. 168 (hereinafter - program "BRM – 2020");
2. Deceleration of economic growth of the range of indices;
3. Completion of three-year cycle of key performance indicators execution of the Fund (hereinafter - KPI) for the period from 2014 to 2017.

The Development Strategy actualization is mainly based on the idea of the Fund's formation as an institute implementing state policies of industrial, innovative, social and economic development to support and develop entrepreneurship. The Strategy defines the mission, vision, strategic directions, goals, objectives and projected KPI for the period of 2017 - 2023.

1. Current situation Analysis

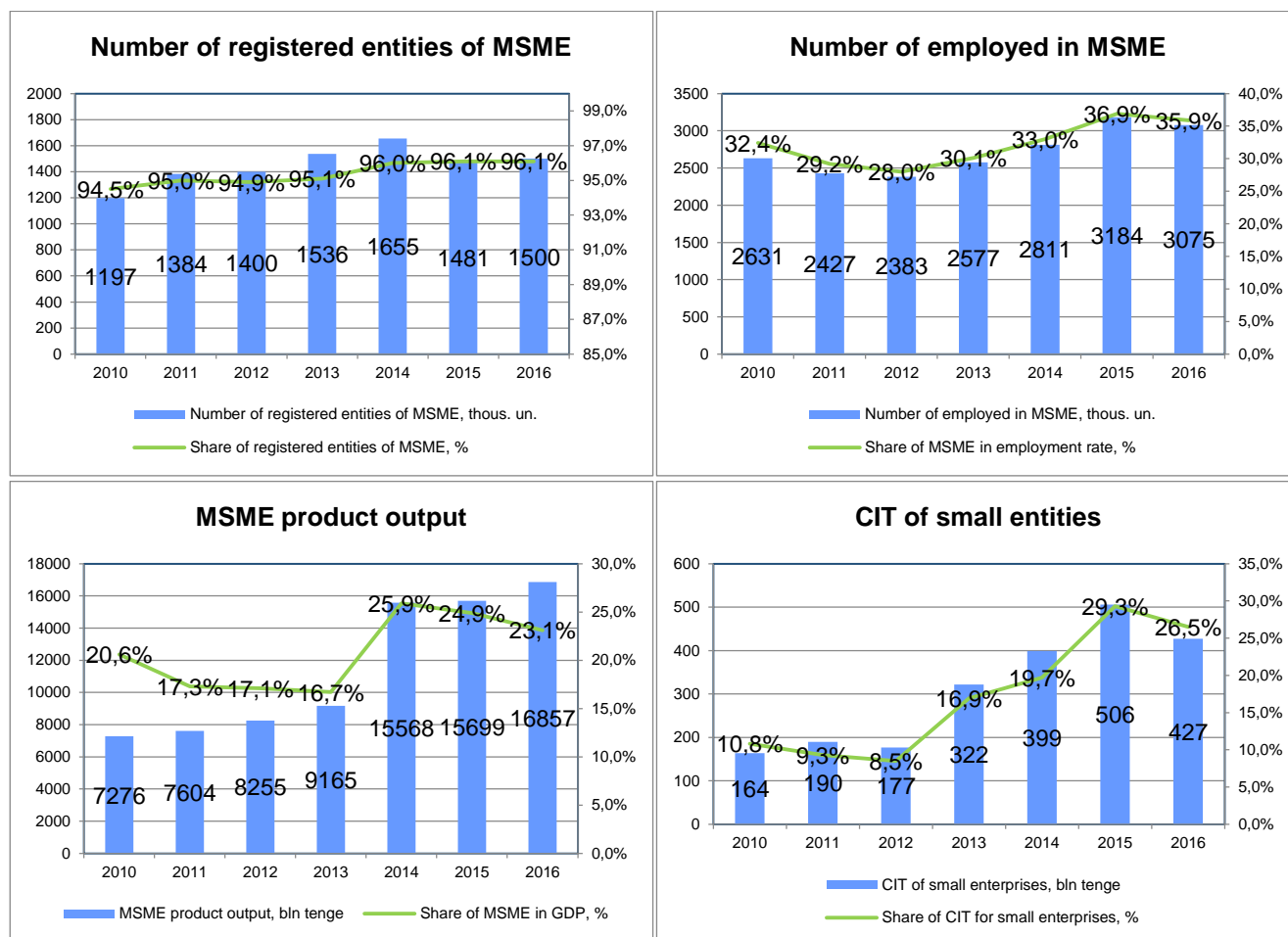
1.1. Environmental Analysis

MSME sector and development dynamics:

Micro, small and medium entrepreneurship (hereinafter - MSME) became a massive and relatively dynamic phenomenon in the Republic of Kazakhstan. The number of registered entities of MSME starting from 2010 has increased to over 25%, and according to the results of 2016 it has reached to 1 500 thousand entities. It makes around 96,1% of the total number of operating entities in the country.

Employment in Kazakhstan grows due to the significant role of MSME. According to the latest statistics of 2017, MSME provides more than one third of jobs over the country, although 10 years ago it contributed only 25,6% of overall employment in Kazakhstan.

The most important fact of MSME development of Kazakhstan is its growing contribution to the country economics and revenues. From 2010 MSME entities provision of products and services by the Fund has increased by 132% and contribution of MSM to GDP by has risen to 23,1 %. In addition, there is an increase of tax proceeds from MSME to national budget. Over the period from 2010 to 2016 the annual amount of paid corporate income tax from small entities has increased by 161%, share of CIT of small entities for the same period has increased from 10,8% to 26,5%.



Source: Statistics agency of RoK (www.stat.gov.kz)

In comparison with competitive economies of the Western European, North American and South-Eastern Asian countries, the role of MSME in Kazakhstan economy looks less significant. In countries with high GDP per capita, sector of MSME is the basis of economy

and provides more than 50% of GDP of the country. Moreover, around 50-70% of labour force of developed countries operate in MSME sector.

Thus, the whole Kazakhstan economy largely depends on the MSME sector development. Under these circumstances, the "Damu" Fund and state authorities face the following objectives:

- *in mid-term perspective* – prevent reducing of reached growth rates of the MSME sector.

- *in long-term perspective* – ensure achievement of goals stated in the Message of the President of the Republic of Kazakhstan N. Nazarbayev to people of Kazakhstan dtd. December 14, 2012 and January 17, 2014., which says: “share of MSME in economy should double by 2030 (which should make 35% of GDP), by 2050 - no less than 50% of Kazakhstan GDP”.

Profile of MSME sector

Entrepreneurship Code of the Republic of Kazakhstan came into force in January 2016. It replaced the previous law "On private entrepreneurship". The Code defines legal, economic and social terms, ensures freedom of entrepreneurship in the Republic of Kazakhstan, regulates social relationships between business entities and the state, including state regulation and support of entrepreneurship. Apart from this, for the purposes of state statistics of state support and applying other norms of the Republic of Kazakhstan legislation performance, the Code defines categories of business entities, including:

- *micro business entities* – small business entities engaged in private entrepreneurship, with average annual number of employees not more than 15 persons or average annual revenue below 30 000 MCI (monthly calculation index) established by law on republican budget and valid on January 1st of the respective financial year.

- *small business entities* - individual entrepreneurs not incorporated as legal entity, and legal entities engaged in entrepreneurship with average annual number of employees not more than 100 persons or average annual revenue below 300 000 MCI established by law on republican budget and valid on January 1st of the respective financial year.

- *medium business entities* - individual entrepreneurs and legal entities, that is not related to small and large business entities.

- *large business entities* - individual entrepreneurs and legal entities that meets one or two of the following criteria: the average annual number of employees is over 250 persons and (or) average annual income is above 3 000 000 MCI established by law on republican budget and valid on January 1st of the respective financial year.

In accordance with the formed categories, the MSME sector doesn't have unified profile. It includes: large group of individual entrepreneurs (IE), farm enterprises (FE) as well as small and medium entities with high turnovers and more complicated form of management.

Profile of MSME entities as to the number of employees and product output / revenue

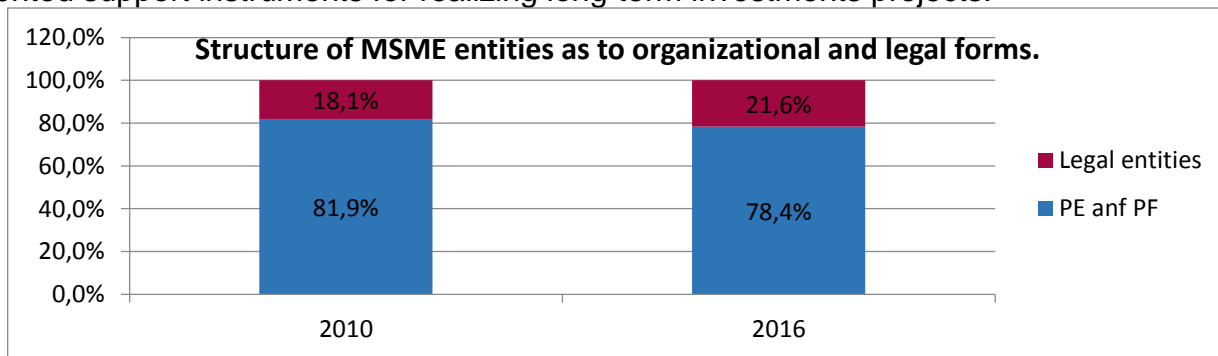
	MSME entities	Including:			
		IE	FE	Small entities	Medium entities
Average amount of employees, persons	3	2	2	6	129
Average annual product output / revenue, mln. tenge	14.2	1.9	5.7	57.0	1,289.0

Source: Statistics agency of RoK (www.stat.gov.kz)

Since 2010, the number of businesses unincorporated as a legal entity (IE and FE) and legal entities of MSME has grown. In the structure of MSME, there are two observable

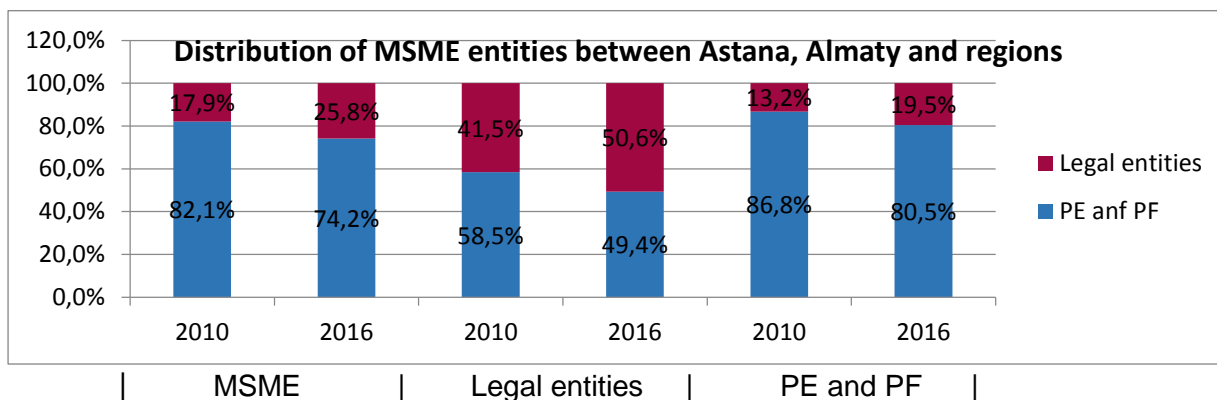
peculiarities in terms of organizational legal form. Firstly, share of IE and FE are still prevailing and constitutes over 78% of total number of registered MSME entities. Secondly, over the past years, the share of legal entities has grown by 3, 5% - from 18, 1% to 21, 6%. This can indicate qualitative institutional development of small business due to the formation of new legal entities of small business as well as due to re-registration of individual entrepreneurs into the form of LLP. It has advantages concerning distributing responsibility between owner and company, employing personnel, engaging partners and shareholders, reputation, etc.

"Damu" Fund's maintenance will also be aimed at the micro entrepreneurs oriented support instruments. In addition, Fund aimed to provide novice entrepreneurs, including young novice entrepreneurs, with simplified procedures of financing and active entrepreneurs oriented support instruments for realizing long-term investments projects.



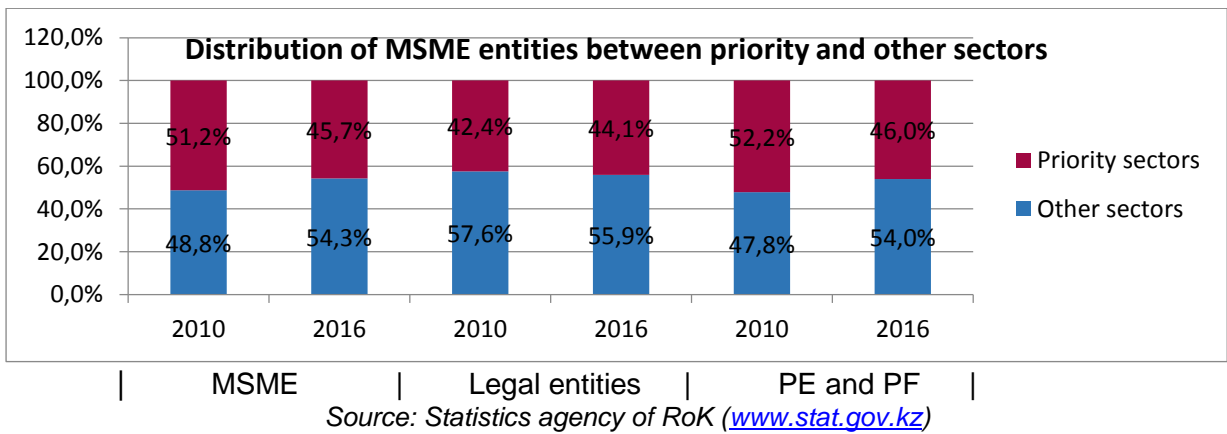
Source: Statistics agency of RoK (www.stat.gov.kz)

There is a trend of MSME entities concentration in Astana and Almaty with regards to regions. Starting from 2010 and to date, in Astana and Almaty there was population growth by 2,0 %, whereas density of MSME entities for these two regions increased by 7,9 %. Further development of such trend, might strengthen the regional disbalance of MSME.



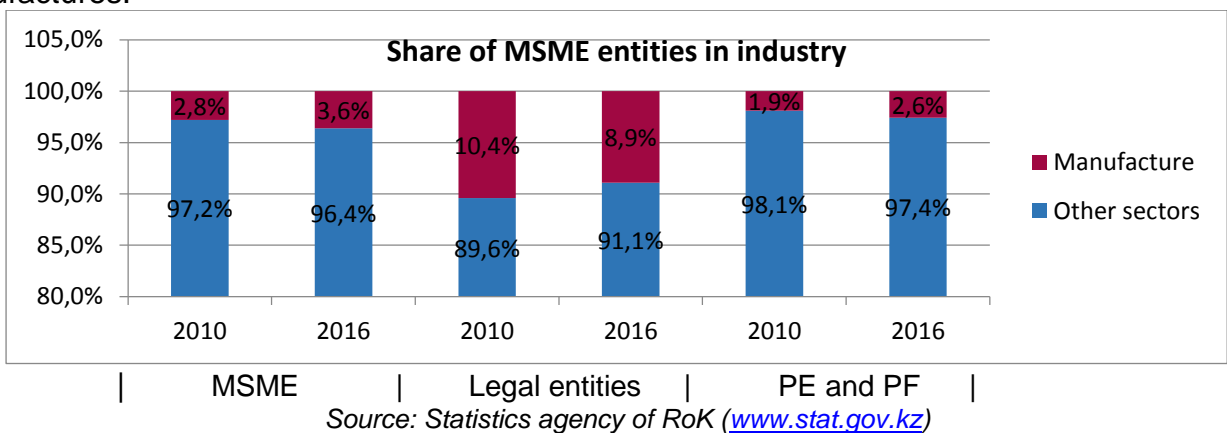
Source: Statistics agency of RoK (www.stat.gov.kz)

Over the past 5 years, the share of companies operating in priority sectors of economy defined by the State program of industrial and innovative development for 2010 - 2014 in MSME entities structure has decreased. However, it was obtained due to IE in non-priority sectors (trading, real estate transactions, etc.) whereas for the same period the number as well as the share of legal entities of MSME in priority sectors of economy has increased.



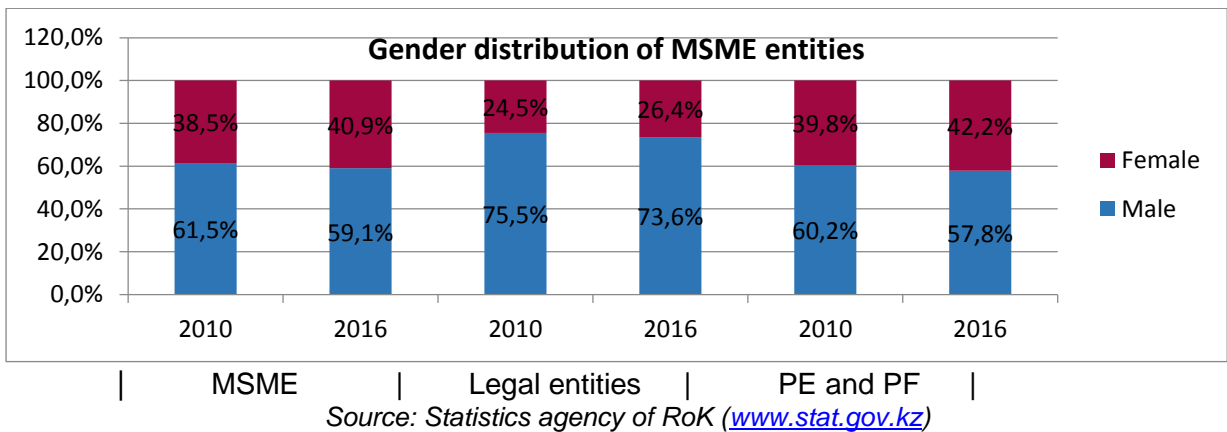
The number of MSME entities and their specific weight to total number of MSME entities directly in industry grows. It was provided by IE engaged in industry: the number of IE in industrial sector has increased by more than 2 times over past 7 years - by 14,5 thousand entities. Thus, entrepreneurs are ready to put their efforts not just in business, but in private manufacture.

The most obvious way to increase contribution of MSME into GDP is the goods manufacture enterprises growth. Meanwhile the sphere of construction is supported by the Holdings as Mortgage organization "Kazakhstan Mortgage Company" JSC, "Baiterek development" JSC and "House construction savings bank" JSC. Agriculture sector derived financial support through the "National management holding "Kazagro" JSC. Thus, the "Damu" Fund has to preserve its focus on the processing industrial sector and to provide preferential conditions in terms of rates, funding and so on and encourage formation of new manufactures.



In social aspect of MSME development, over recent years there is a significant increase of MSME entities that are managed by women. From 2011 the number of women-entrepreneurs has grown by 145 thousand, specific weight in total number of MSME entities has grown by 7,4 % and reached 43,7%.

Women make the largest part of Kazakhstan population, and women contribution growth of economic development of the country and to entrepreneurship is only natural. The State and the "Damu" Fund have to proceed with the realization of programs targeted at women in business.



Situation of MSME access to financing

Loans are the base resource of MSME sector growth. That is why state support programs mainly focused on expanding access for MSME to loans.

Dynamics of change of second-tier bank portfolio related to MSME loans in 2011 - 2016 indicates that the state support instruments such as rates subsidy, loans guarantee and conditional depositing of funds for further financing of MSME, fulfilled their objectives, and namely:

- Provided growth of the MSME segment lending - over 5 years the loans portfolio of MSME increased by 3,4 trillion tenge to the level of 5,0 trillion tenge, share of MSME in portfolio increased by 17 percentage points (hereinafter - p.p.) and reached the level of 32%.

- Facilitated the growth of priority sectors lending and particularly processing industry - key sector of the country's economy diversification. Over 5 years the portfolio of small business lending in processing industry increased by 196 billion tenge to the level of 388 billion tenge, share of the industrial small business loans in total portfolio of loans by STB in processing industry increased by 4,7 p.p to the level of 30,9%.

Wide access of small business to loans boosted its investment activity. Provision of long-term funding (up to 7-10 years) played an important role.

In 2011-2015 investments in capital asset of small business were increasing ahead of the market.

- Annual amount of investments in small business within five years increased by 64% whereas the whole market amount of investments increased by 40%.

- Owing to that the share of investments in small business in total amount of investments increased from 34% to 40%.

The state programs focus on processing industry stimulated the growth of investments in this sector.

- Over five years the annual amount of investments in processing sector increased by 71%.

- Share of investments in the sector in total amount of investments increased from 10% to 12%.

Enterprises gained the opportunity to attract more loan funds for investment activity.

- Due to loan funds, within five years annual amount of investments increased by more than 2 times and reached to the level of 1,2 trillion tenge.

- Due to loan funds, share of investments in total amount of investments increased from 12% to 18%.

Despite the measures taken, the situation with access of MSME to funding cannot be called as optimal yet. Majority of MSME entities has no access to business loans. Only around 20% of MSME entities are active users of loans and micro loans. As on the beginning of 2017 around 90 thousand borrowers out of IE and MSME legal entities were listed in

banks portfolio. The number of borrowers of micro financing organizations, which take micro loans for entrepreneurship purposes, makes in average 150 thousand a year.

In addition, there still remains the need of regular funding of STB through programs of conditional placement of funds for lending MSME. Kazakhstan credit market occasionally faces the problem of liquidity shortage, mostly in the periods of the national currency exchange rate fall. Meanwhile out of three major groups of STB clients (individuals, MSME entities and corporate sector) particularly MSME is the first to feel the influence by the liquidity shortage.

High interest rates and high collateral requirements remain. For today, annual interest rate on loans to MSME given by STB compiles 14-17% and more. However, poor corporate governance and lack of transparency in MSME companies increase the lenders' risks and lead to high collateral requirements in lending MSME. According to studies of the European bank of reconstruction and development (hereinafter - EBRD) and the World Bank (hereinafter - WB) median value of collateral requirements for MSME entities in Kazakhstan is 170% of loan amount.

In view of the above the activity of "Damu" Fund should maintain its focus on increasing volumes of financial support of MSME entities using such demanded instruments of financing as lending and leasing financing through STB and leasing companies, interest rates subsidizing, guaranteeing loans, micro financing, etc.

1.2. PEST analysis

Environmental Analysis shows the range of positive factors and possibilities to attain the goals and objectives of the Fund.

Positive politic and legal factors include increased attention of the Government to problems of entrepreneurship and realization of the state programs where the Fund participates in as operator and financial agent. State policy on improving the state permissive system, reforming information instruments, improving the state control and supervision, policy on decreasing state participation share in economy are also the positive factors.

The significant legal factor that poses a threat might be the amendments to the legislation regulating banking operations, as the majority of the "Damu" Fund's financial programs are implemented with participation of STB as well as tax regulations and legislation in the field of entrepreneurship.

Among economic factors the positive impact on the Fund activity is made by stable macroeconomic environment accompanied by the growth of MSME entities - potential clients of the Fund. Partnership network expanding possibilities are related to the development of non-bank financing. Restoration of "long" liquidity of STB increases the possibility of access to subsidies and guaranteeing MSME.

Participation of Kazakhstan in international economic agreements and conventions offers opportunities for attracting additional funds from foreign financial institutions (Asian Bank of Development (hereinafter - ABD), EBRD, EIB, etc.) for financing of the MSME sector. Kazakhstan's geographic position adjacent to rapidly growing markets of Russia, China and India, economic integration with them create opportunities for development of MSME in Kazakhstan. However, no access to sea and current level of country's territory coverage with railways and highways limits entrepreneurs' opportunities.

Potential threat among economic factors is posed by potential state budget optimization, reduction of investments due to energy price volatility, volatility of the national currency. Consequently, volatile national currency exchange rate causes the decrease of tenge liquidity of STB and increase of interest rates, which can lead to reduction of crediting growth rate to the economy, reduction of credit ratings of STB-partners, which can result in an increase in the Fund's provisions and reduction in the limits on use of funds in the STB. Low rates of MSME development in industry and innovations and dependence of MSME on import in industrial sector brings the risk of low competitiveness, which generally can lead to reduction

of domestic demand for local products. Lack of mechanisms, conditions and motivation for transformation of small entities into medium, which is stipulated by the range of advantages in legislation in part of taxation, accounting and reporting are negative movers.

Among the positive social factors we can name potential engagement of wider range of population in entrepreneurship which will facilitate the growth of the number of the Fund clients. Growth of employment in private entrepreneurship and growth of income in MSME sector will facilitate the growth of satisfaction level of entrepreneurs with the measures of the state support. The number of threatening social factors includes the low level of entrepreneurs' qualification, level of income and creditability of entrepreneurs at the regional level, low interest of youth in entrepreneurship activity.

Among technologic and technical factors, introduction of programs of informatization and development of entrepreneurship based on up-to-date information technologies, system of electronic commerce, up-to-date technologies of production and highly effective equipment for entrepreneurs should be emphasized. Growing accessibility of Internet and remote access to information services in Kazakhstan, as well as the development of mobile services requires from the Fund to implement respective platforms for rendering on-line services. Development of country's infrastructure will facilitate the formation of favourable conditions for running business. Meanwhile unpopularity of new technologies among target audience can pose a threat.

PEST factors	Open up opportunities	Pose a threat
P - political and legal factors	<ul style="list-style-type: none"> • Targeted Government policy for the development of conditions of business doing, mass involvement of people in business, increasing the role of MSME in economy (Improvement of the state permissive system, reforming information instruments, improving state control and regulation, etc.) • Policy for decreasing of share of state participation in economy • Fund cooperation with MNE RK 	<ul style="list-style-type: none"> • Tightening the legislation in the field of entrepreneurship • Tightening the tax legislation • Tightening the banking legislation
E - economic factors	<ul style="list-style-type: none"> • Positive dynamics of economic growth, diversification of the country's economy • Emergence of new instruments of MSME support, including via development of non-banking funding • Reconstruction of STB's "long" liquidity • Possibilities of Kazakhstan to solicit funds from international institutes of development (ADB, EBRD, WB etc.) • International cooperation and improving competitiveness in the frame of WTO 	<ul style="list-style-type: none"> • Optimization of the state budget, reduction of investments due to energy price volatility. • Drop in the exchange rate of tenge and dollarization of deposits, deficiency of tenge liquidity in STB, credit rates increase • Downgrade of credit ratings of STB-partners • Low development rate of MSME in industry and innovation fields • MSME dependency on import in industrial sector

	<ul style="list-style-type: none"> • Positive dynamics of economic growth, diversification of the country's economy 	<ul style="list-style-type: none"> • Lack of mechanisms, conditions and motivation for transformation of small enterprises to medium • Reduction in domestic demand for national products • Optimization of the state budget, reduction of investments due to energy price volatility
T - social factors	<ul style="list-style-type: none"> • Involvement of population into entrepreneurship • Growth of income of population involved in entrepreneurship. • Solving problems with unemployment 	<ul style="list-style-type: none"> • Low -income and creditworthiness of entrepreneurs on regional level • Low qualification level of entrepreneurs • Low interest of young people in entrepreneurship
T - technical factors	<ul style="list-style-type: none"> • Implementation of programs of informatization and entrepreneurship development based on modern IT technologies and electronic commerce systems • Emergence of modern production technologies and high-performance equipment for entrepreneurs 	<ul style="list-style-type: none"> • Absence of demand of modern information technologies among target group

1.3. Main directions of the state economic policy for support of entrepreneurship

Today, all conditions for successful development of small and medium-sized entrepreneurship are created. The main priorities for the economic development of the country are conduction of targeted and coherent policies to support MSME.

The Fund in its activity will maintain its guidance by the main directions of state economic policy in the field of MSME development and improving people's welfare, as well as other objectives set by the President and the Government of the Republic of Kazakhstan.

In December 2012 the Strategy of RK development till 2050 was presented in the President's address to the people. Its main objective is a creation of welfare society based on the strong state, developed economy and opportunities of labour, Kazakhstan's listing in top 30 most developed counties in the world. "Comprehensive support of entrepreneurship" - leading force of national economy" is one of the long-term priorities for achieving this goal.

In the address to people of Kazakhstan "Kazakhstan way - 2050": Common goal, common interests, common future", and also in the Concept of becoming one of the top 30 most developed countries in the world, the Head of the state emphasized five strategic directions that will contribute to Kazakhstan's inclusion in the number of the most developed countries of the world, one of which is improvement of institutional environment providing favourable conditions for business development and entrepreneurship initiatives.

According to the Concept of inclusion in the top 30 most developed countries of the world the main elements of science-based economy are innovations, investments and entrepreneurship.

Long-term growth of labour productivity, innovation, diversification of production and export, as well as the development of business sectors of the country through attracting external resources and active use of internal ones will be the basis for economic growth.

As one of the important priorities for further development of economy, great emphasis is set on the development of the sector of MSME and making MSME sector as a basic "driver" of economic growth. Development of contemporary business-competences (share of small and medium business in GDP will grow up to 50% by 2050) is also in priority.

The Joint program "BRM – 2020" is an important instrument of complex support of entrepreneurship in Kazakhstan and its regions.

The program "BRM – 2020" is developed for realization of Presidential Message "New decade - New economic growth - New opportunities of Kazakhstan" and of the Strategic plan of development of Kazakhstan for 2020.

The purpose of the program "BRM – 2020" is to preserve current and create new permanent jobs and also to ensure stable and balanced growth of regional entrepreneurship in sectors of non-primary economy.

Main criteria of entrepreneurs support:

- priority of economy sector;
- export orientation and/or increase of Kazakhstan content with further entering global markets;
- creating new jobs.

All support measures within the program "BRM – 2020" are divided based on target segments and support measures:

- 1) Support for new business initiatives.
- 2) Recovery of entrepreneurship sector.
- 3) Reducing foreign exchange risks of entrepreneurs.
- 4) Enhancing entrepreneurship potential.

The "Damu" Fund is one of the key executors of the program "BRM – 2020" acting as a financial agent of subsidizing interest rates and loans guarantees.

The program "BRM – 2020" is the state program for private entrepreneurship development, which covers the whole complex of instruments intended for novice entrepreneurs launching start-up projects, as well as for operating enterprises working at the interregional and international markets.

Participants of "BRM – 2020" program will be able to:

1. Reduce interest rate of their existing loans or financial leasing agreements from 7 to 10% through subsidization.
2. Obtain the state guarantee up to 85% of loan amount.
3. Increase their competence level in running business, for free.
4. Receive free assistance in solving certain manufacturing and management problems at their enterprise.

It can be stated that from the moment of realization of the program "BRM – 2020" the Program has been fulfilled. The Program "BRM – 2020" gained significant popularity among entrepreneurs. Today, achievements in development of mechanisms of interaction between state authorities and STB is observable..

The share of the Program "BRM – 2020" in crediting sector of economy made 17%. Hence, comparing with market 1 out of 6 tenge of loans in priority sectors of economy and 1 out of 4 tenge in processing industry are issued to participants of the Fund's programs.

The Program "BRM – 2020" facilitates enterprises in reaching stable and profitable development through instruments of subsidizing interest rates and guaranteeing loans. At the same time, enterprises in the process of their operation provide proceeds to budget, which increases budget effect of the program and its economic relevance.

As to data of Tax Committee of the Republic of Kazakhstan the amount of taxes paid by enterprises-participants of the program for 2016 was 204,2 billion tenge.

Wide cover of entrepreneurship sector by the program "BRM – 2020" and growing interest to the Program by MSME entities make it possible to assess social effect of its realization which is expressed in providing people with jobs. Total number of supported jobs within the program "BRM – 2020" is 267,9 thousand men, and the Program participants created 80,8 thousand new jobs.

Within the program SPIID for 2015 - 2019, the "Damu" Fund along with the other institutes of "NMH "Baiterek" JSC contributes, as main operator and integrator of Kazakhstan entrepreneurship development measures, to the qualitative development of the SMEs in Kazakhstan. The Fund provides support via following instruments (1) providing projects with financial resources on accessible and long term basis through the instrument of conditional lending of STB through the Fund "Damu"; (2) subsidizing interest rates against loans of STB through the Fund "Damu" (incl. up to 10% against loans for investment purposes, up to 7% against loans to working capital); (3) guaranteeing loans of STB through the Fund "Damu".

Along with that in 2014 -2015 with the purpose of supporting local small and medium enterprises in processing industry 200 billion tenge were allocated out of the National fund of the Republic of Kazakhstan (further - NFK).

Terms for final borrowers are more favourable. Loan amount up to 1 850 million tenge, loan term up to 10 years, annual interest rate not more than 6%.

As on May 1, 2017 within this program 1 701 project for the amount of 351,4 billion tenge was financed. Including:

against 1 tranche 780 projects for the amount of 150,0 billion tenge,

against 2 tranche 428 projects for the amount of 107,4 billion tenge,

against 3 tranche 493 projects for the amount of 93,9 billion tenge.

On the whole, within the program of financing MSME of processing industry at the expense of the NFK funds for 2014 - 2016 taxes were paid for the amount of 105,7 billion tenge, including for 2016 - 49,2 billion tenge; products output for the amount of more than 1 386,3 billion tenge was provided, including for 2016 - 748,4 billion tenge; 16,1 thousand jobs were created, including for 2016 - 3,2 thousand jobs.

1.4. Analysis of internal environment

1.4.1. Results of main directions of operation

The Fund "Damu" has more than 20 years of experience in supporting MSME in Kazakhstan. Over this period more than 40 thousand entrepreneurs became participants of the "Damu" Fund's programs on entrepreneurship financial support, and over 250 thousand entrepreneurs and public members with entrepreneurship initiatives have participated in business training and consulting programs.

Up to 2010 the most part of the "Damu" Fund's programs participants received financial support within the programs of conditional placement of funds to STB. As on May 1, 2017 through conditional allocation of funds more than 31 thousand borrowers were financed for the amount over 1 505 billion tenge, average effective rate was 16,8%, over 54 thousand jobs were created.

For the period from 2009 to January 2017 the amount of funds increased from 388 billion tenge up to 1 505 billion tenge, the number of borrowers increased from 3,9 thousand to 31,2 thousand.

To increase the degree of financing accessibility, terms of the programs of conditional placement also take into account the factor of borrowed funds cost for borrowers out of MSME entities. While implementing the programs of conditional placement of funds, systematic implementing of limiting terms against maximum rate of interest was done: if in terms of placement of 1 tranche of the Stabilization program banks were provided with the right of issuing loans at market rate, then in terms of 2 tranche of the Stabilization program

nominal rate limited by 12,5 annual interest, and in terms of 3 tranche of the Stabilization program such limitation was set for effective rate.

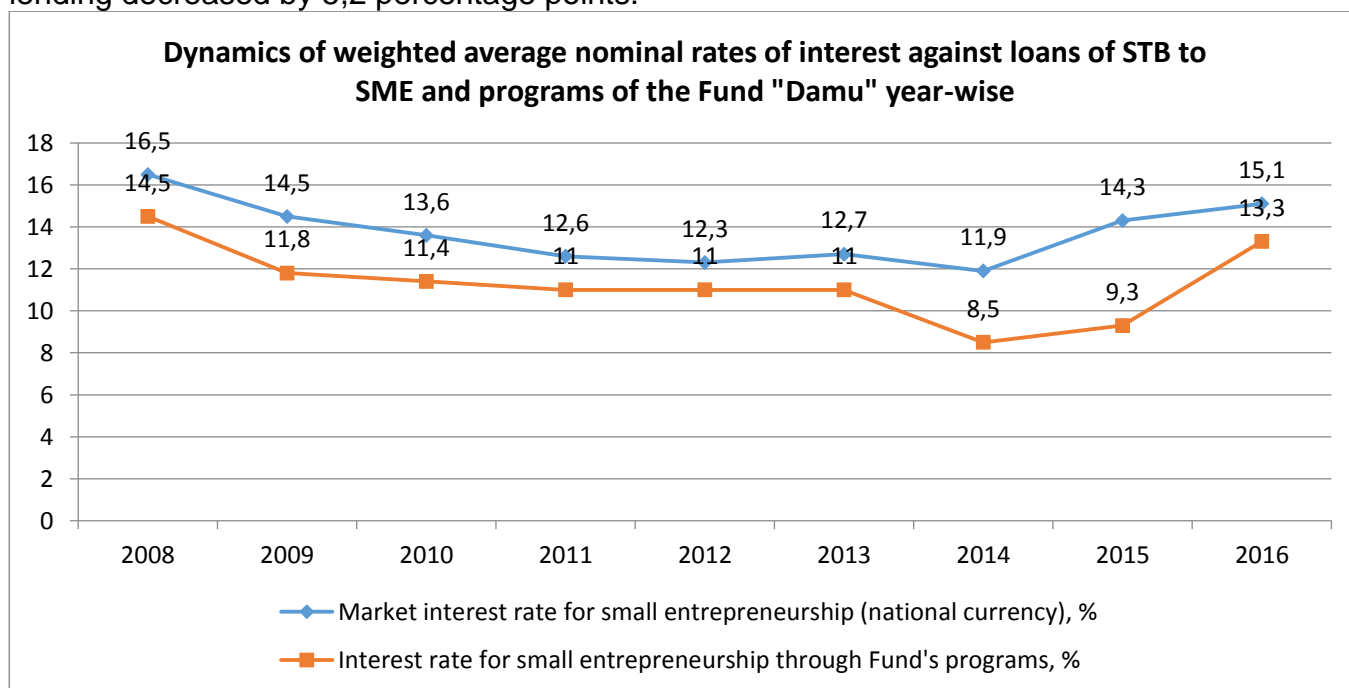
As a result for 2008 - 2013 weighted average rate for the "Damu" Fund's programs gradually fell down from 14,5% to 11,0%.

Apart from that in 2014 - 2015 funds were allocated from the NFK for the program of financing MSME in processing industry in amount of 200 billion tenge with final rate for borrower up to annual 6%.

As a result for 2013 - 2015 weighted average rate for the "Damu" Fund programs gradually fell down from 11,0%% to 9,3%.

In 2016 the National Bank of the Republic of Kazakhstan (further - NBK) significantly raised the base rate which led to general increase in cost of loans at the market. Weighted average rate for the "Damu" Fund programs made 13,3% in 2016.

Thus it can be stated that realization of the programs of conditional placement of funds played an important role in reduction of the general level of interest rates against MSME loans. In 2008 - 2015 as per data of the NBK the weighted average rate of small business lending decreased by 5,2 percentage points.



Source: National Bank of RoK (www.nationalbank.kz), Fund "Damu"

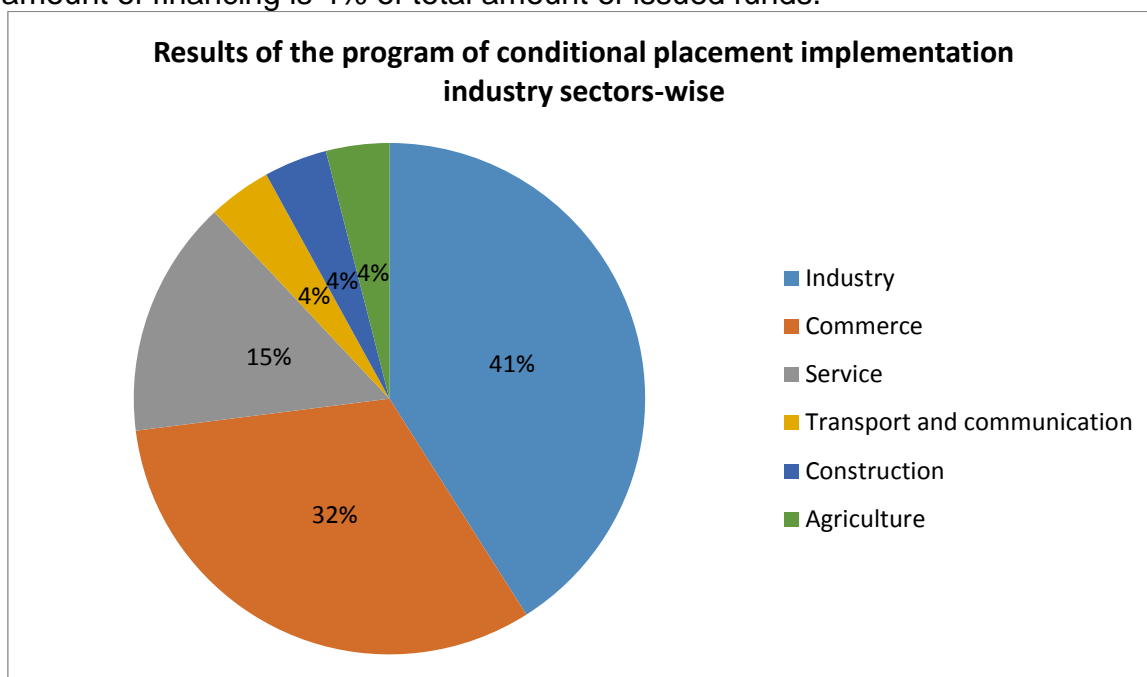
Region-wise the largest amounts were issued in Almaty - 248,0 billion tenge (2 279 borrowers) and Karaganda region – 149,1 billion tenge (2 233 borrowers). Smallest amounts issued are observed in Kyzyl Orda region - 29,2 billion tenge (1 841 borrower).

Results of realizing the programs of conditional placement of funds region-wise

No.	Region	Issued, mln. tenge	Share, %	Number of borrowers, pcs	Average amount of loan, mln. tenge	Average term of loan, mnth	Jobs created, pers.
1	Akmola region	76,473	5%	1,304	59	26	4,515
2	Aktobe region	85,678	6%	1,621	53	21	3,492
3	Almaty region	74,796	5%	2,871	26	26	4,778

4	Atyrau region	45,772	3%	921	50	29	1,887
5	Eastern Kazakhstan region	106,718	7%	2,667	40	20	4,568
6	Zhambyl region	41,807	3%	2,479	17	22	1,997
7	Western Kazakhstan region	74,908	5%	1,264	59	19	1,528
8	Karaganda region	149,127	10%	2,233	67	17	3,102
9	Kostanay region	113,953	8%	1,512	75	19	2,173
10	Kyzyl Orda region	29,152	2%	1,841	16	21	991
11	Mangistau region	51,262	3%	938	55	29	2,096
12	Pavlodar region	112,635	7%	1,971	57	23	3,686
13	Northern Kazakhstan region	67,887	5%	1,174	58	26	1,891
14	Southern Kazakhstan region	101,595	7%	4,652	22	20	4,652
15	Astana	126,046	8%	1,461	86	33	4,247
16	Almaty	248,009	16%	2,279	109	28	8,635
	Total	1 505 817	100%	31,188	48	22	4,515

Section-wise as to the amount of issued loans, the field of production is leading with 41% of total amount of utilized funds. Projects of the field of agriculture were financed less, total amount of financing is 4% of total amount of issued funds.



Source: GIS of the Fund (www.gis.damu.kz)

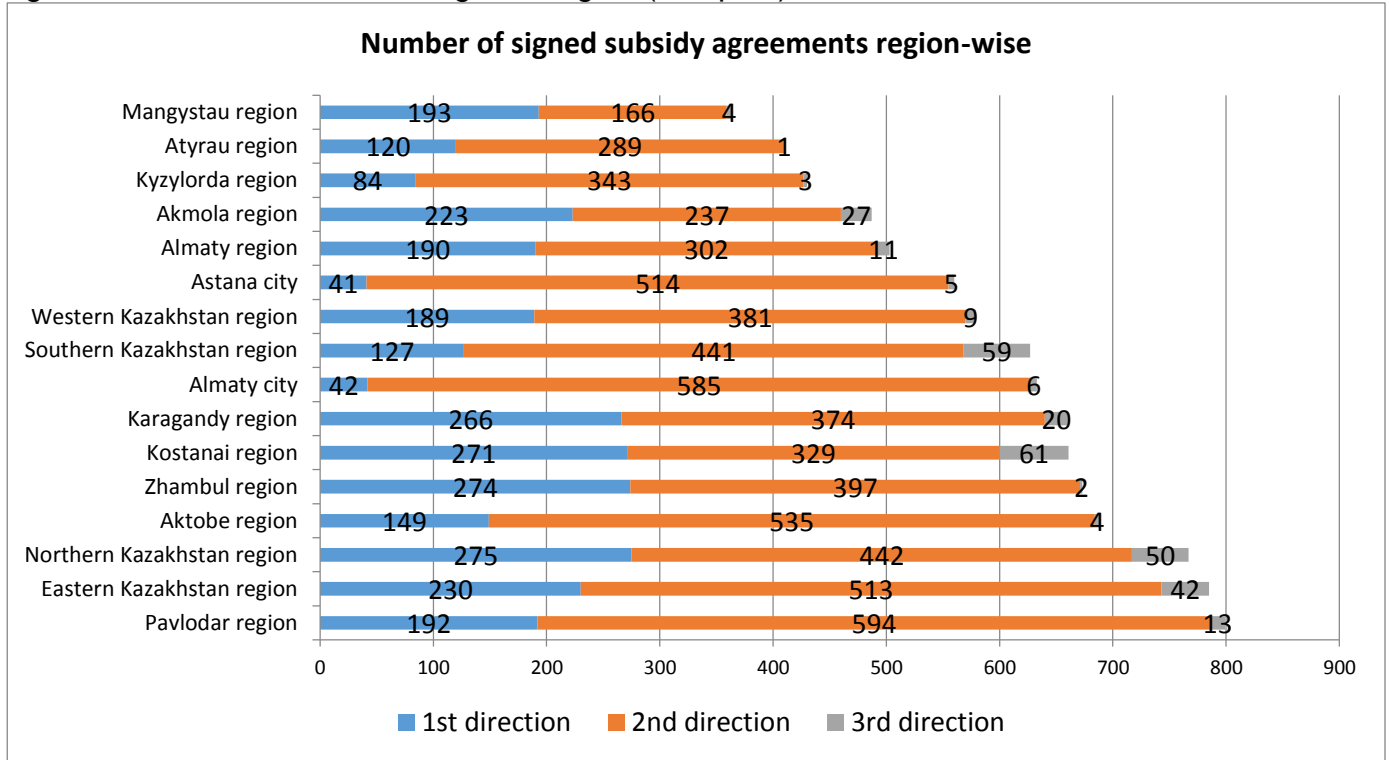
With the launch of the program "BRM – 2020" in 2010 the range of entrepreneurship support instruments through the "Damu" Fund has significantly expanded. Particularly subsidy of interest rates against MSME loans, guaranteeing loans of MSME entities was started, as well as large-scale realization of training programs and consultative support of MSME which allowed to increase significantly the client base of the Fund as of financial agent and operator of "BRM – 2020" program.

As on June 19, 2017 within "BRM – 2020" program 9 828 subsidy agreements were signed for the total amount of loans 1 827,9 billion tenge, incl.:

- over the 1 direction 2 866 subsidy agreements were concluded for the total amount of loans 208,7 billion tenge,

- over the 2 direction 6 442 subsidy agreements were concluded for the total amount of loans 1009,8 billion tenge,
- over the 3 direction 317 subsidy agreements were concluded for the total amount of loans 407,9 billion tenge,

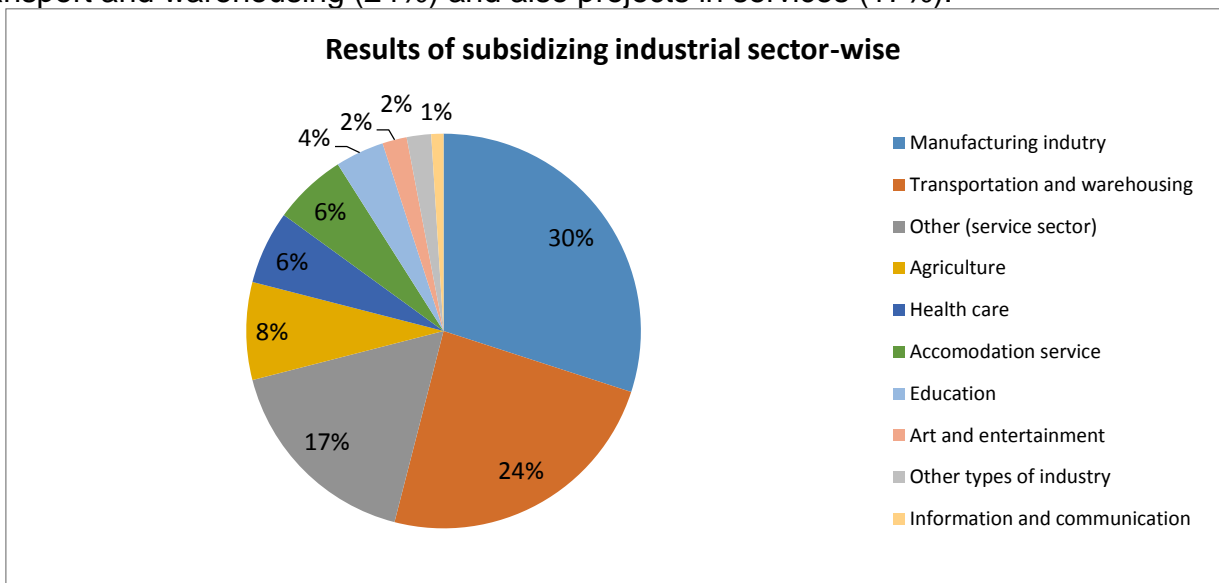
Region-wise the largest number of subsidy agreements were signed in Pavlodar (799 pcs.) and Eastern Kazakhstan regions (785 pcs.). The smallest number of signed subsidy agreements is observed in Mangystau region (363 pcs.).



Source: data of the Fund

As to the volume of loan portfolio as on June 19, 2017 Almaty and Southern Kazakhstan region are the leaders. The lowest amount of loan portfolio covered by subsidy instrument is in Kyzylorda region.

In the structure of subsidized projects prevailing are processing industry (31%), sector of transport and warehousing (24%) and also projects in services (17%).



Source: data of the Fund

Thus we can state the strict following to industrial focus of the Program "BRM – 2020": most part of loans are forwarded to participants of the Program "BRM – 2020" for the projects in the field of processing industry.

Partial guaranteeing loans of MSME entities is done within the 1 direction "Support of new business-initiatives" of the Program "BRM – 2020" and includes 3 types of guarantee:

1. Express guarantees for beginning entrepreneurs¹:
2. Express guarantees for entrepreneurs:
3. Individual guarantees for entrepreneurs:

Speeding up the process of applications review (for express guarantees- 5 working days, for individual guarantees - 10 working days) allowed to increase the growth of signed agreements. As on June 19, 2017 signed have been 3 008 agreements of loan guarantee for the amount of 106,2 billion tenge, the amount of guarantee was 45,5 billion tenge.

Region-wise as on June 19, 2017 the highest number of guarantee agreements have been signed in Zhambyl and Eastern Kazakhstan regions. The lowest number of signed guarantee agreements is observed in Mangystau region.

Within the 4 direction "Enhancement of entrepreneurship potential" of the Program "BRM – 2020" more than 2,1 thousand individuals have been trained, more than 134,3 thousand entrepreneurs have been rendered services.

Aiming at developing infrastructure of entrepreneurship support the Fund during 2012 - 2013 carried out the work on creating three-level system of Centres of entrepreneurs competence. As a result 18 Centres of entrepreneurs servicing were formed in regional centres and cities of Astana, Almaty, Semei, Turkistan as well as 14 mobile Centres of entrepreneurs support.

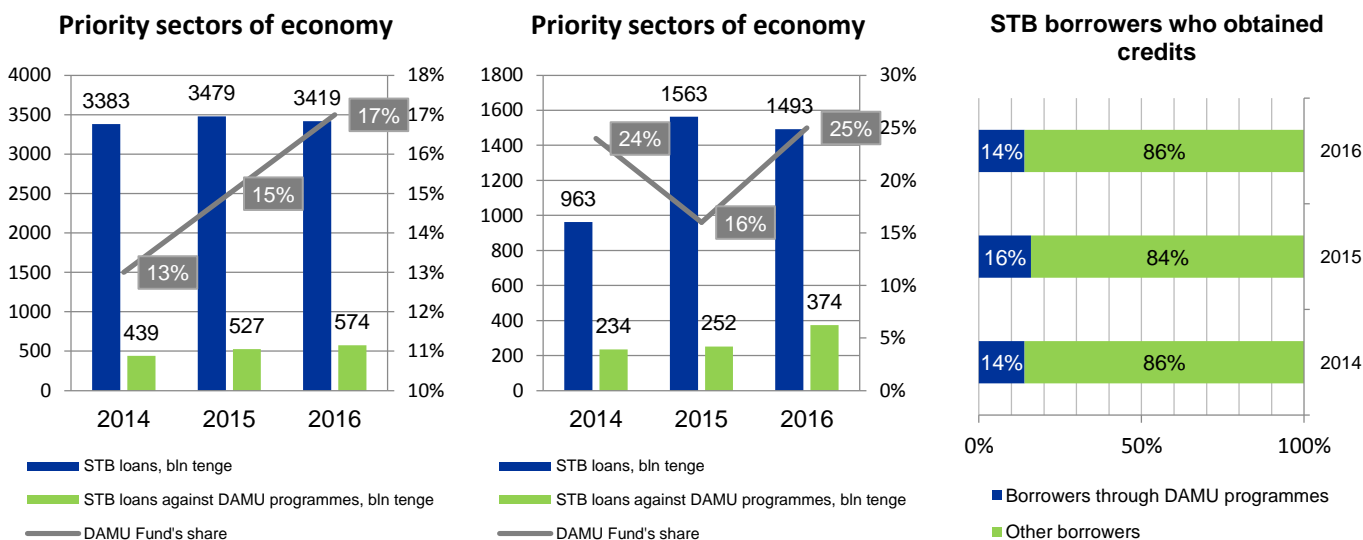
Summary results of the Centre of entrepreneurs competence work January 1, 2017

Centres of entrepreneurs competence	Number of clients	Number of consultations
Centres of entrepreneurs servicing	209,065	351,536
Mobile Centres of entrepreneurs support	42,109	60,883

Source: data of the Fund

Generally the Fund holds a significant share at the market of bank loans already. In priority sectors the share of loans issued to the Fund programs participants is in average 15-17% per annum, in processing industry - 22-25%, among borrowers of STB – 14-16% per annum.

¹ Beginning entrepreneur is a private entrepreneurship with the term of registration as on the moment of applying to Bank over 1 year with no credit history related to entrepreneurship.

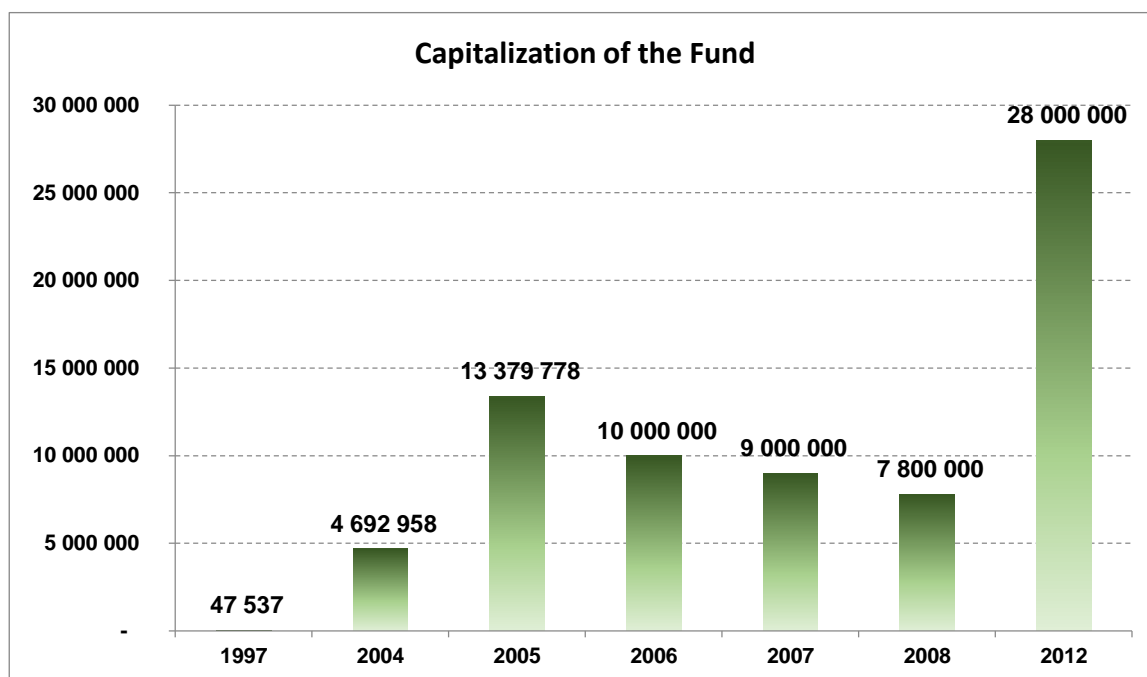


Source: National Bank of RoK (www.nationalbank.kz), First credit bureau (www.1cb.kz)

According to the OECD data on MSME financing by state in relation to market volumes of financing MSME makes: in Canada - up to 28%, in Brazil - up to 4%, in Western European countries - up to 17%, in China - up to 7%².

1.4.2. Financial state of the Fund

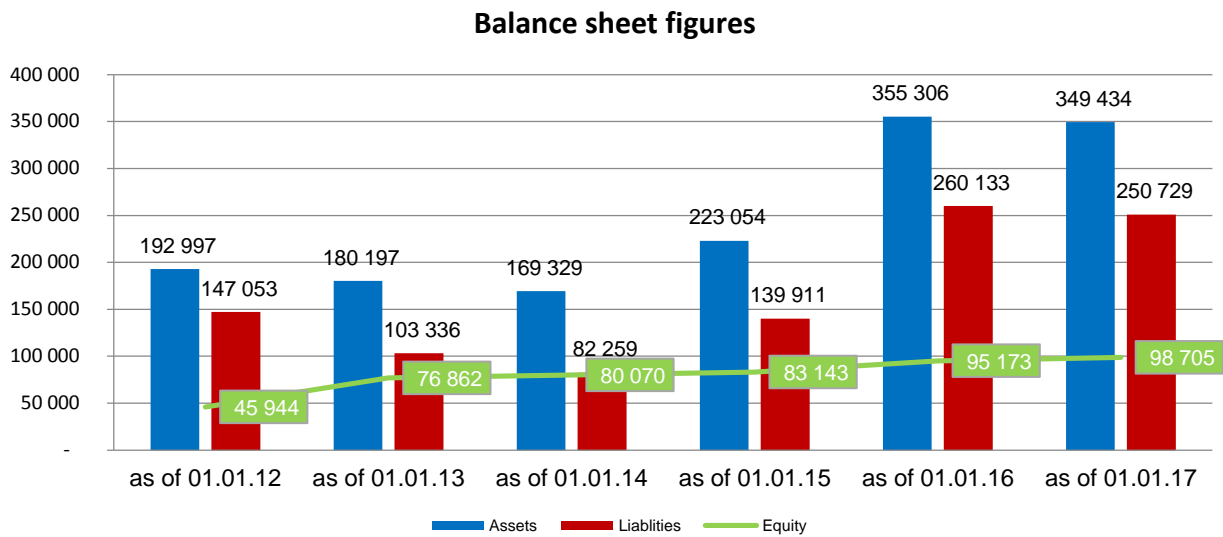
In 1997 when "Damu" Fund was established, funds in the amount of 47,5 mln tenge were allocated. From 2004 to 2007 the Fund received funds for capitalization in total amount of 37,1 billion tenge against programs. In 2008 and 2012 funds for capitalization in the amount of 7,8 billion tenge and 28 billion tenge were respectively allocated by the "Sovereign Wealth Fund Samruk-Kazyna" Joint Stock Company for entrepreneurship development by the programs of conditional placement of funds.



² Source: Financing SMEs and Entrepreneurs 2017 - An OECD Scoreboard (<http://www.oecd.org/cfe/smes/financing-smes-and-entrepreneurs-23065265.htm>)

Source: data of the Fund

As of January 1, 2017 the Fund's assets were 349,4 billion tenge and 59% of the Fund's assets compiles the loan portfolio.



Source: data of the Fund

As per the results of financial and economic activity for 2016 the Fund gained net income of 5,6 billion tenge. In 2015 the Fund provided the level of net income of 15,7 billion tenge.

Profitability indicators

Indicators	2014	2015	2016
ROA, return on assets	1,9%	5,4%	1,6%
ROE, return on equity	5,0%	17,6%	5,8%
Profitability of operations	37,8%	35,1%	17,3%
Net income, mln.tenge	4,141	15,656	5,593
NI margin	27,7%	25,5%	19,6%

On the whole, the Fund has a high level of capital which will allow to attract more loan financing in future (loans from budget, international finance institutions, bonded loans) and through this to increase the size of assets.

1.4.3. Analysis of the Fund Development Strategy's KPI indicators fulfilment

Earlier, the Strategy defined 23 key performance indicators to fulfil the objective of building effective development institution, integrated into "NMH "Baiterek" JSC and realizing two strategic directions: 1) Providing financial support to MSME entities and 2) Developing competence of MSME entities.

KPI "Return on assets (ROA)" as to the results of operation in 2016 is 1,6%, which is 70,3% less comparing with 2015 (5,4%).

KPI "Return on equity (ROE)" is 5,8%, which is 67% less comparing with 2015 (17,6%).

KPI "Performance profitability" is 17,3%. Thus indicator in 2015 was 35,1%.

The reason of reduction in level of performance of return (ROA, ROE, performance profitability) in 2016 comparing with 2015 is connected to non-achievement of the target net income. While target indicator "Net income" was 6,5 billion tenge the actual amount was 5,5 billion tenge, i.e. "Net income" indicator performance was 85%.

Non-fulfilment of indicators is related to showing in expenditures of 2016 provision for covering loss on financial assets impairment against "Kazinvestbank" JSC and "Deltabank" JSC liabilities due to default. Total expenses on provisions for 2016 were 12,7 billion tenge whereas target was 2,5 billion tenge.

In 2016 the financial result was 15,6 billion tenge whereas the target was 3,7 billion tenge. The target was exceeded and made 318%. The reason of exceeding the target is connected to recognition of non-targeted non-cash income in 2016 from revaluation of SWAP in the amount of 44,05 billion tenge against currency loans of the Asian Bank of Development (further - ABD) (2-3 tranches).

KPI "Weighted average yield of idle cash" (further - IC) for 2016 was 14,23%, which is 34% more than in 2015 (10,6%). Growth took place mainly due to increase of weighted average yield in securities from (-1,7%) to 12,89%, against current accounts from 10,7% to 14,92%. Weighted average yield of deposits decreased from 36,69% to 12,72% due to significant reduction in income from foreign exchange gap against deposits in currency stipulated by the national currency exchange rate stabilization in 2016.

KPI "Labour productivity" is 58 500 thousand tenge, which is 24 % more than in 2015 (47 145 thousand tenge).

KPI "NI margin" for 2016 was 19,6%. In 2015 this indicator performance was 25,5%, which is 23% less comparing to 2015.

Reduction in "NI margin" indicator performance in 2016 comparing to 2015 is related to non-achievement of the target of operating income (except incomes from foreign exchange gap, SWAP revaluation, loans discount amortization), that is at the expense of the Fund's programs realization.

As in reporting period the loan obtained within the funds of ABD by "Kazkommertsbank" JSC in the amount of 16,3 billion tenge was repaid ahead, and funds in the amount of 7,2 billion tenge were not received and utilized within the 4 tranche of ABD.

KPI "Loan portfolio quality (level of provisions to assets)" in 2016 was 3,7%, and in 2015 was 0,2%. Increase of indicator is conditioned by the fact that in expenses of 2016 provisions for covering loss from financial assets impairment against liabilities of "Kazinvestbank" JSC due to default as well as of "Deltabank" JSC were showed. Total expenses on provisions for 2016 were 12,7 billion tenge whereas target was 2,5 billion tenge.

KPI "Share of local content in the Fund's purchases" for goods makes 20%, which is 42% more than in 2015 (14%), for works and services - 94% which is 2% less than in 2015 (96%).

Non-achievement of the indicator is related to the fact that the Fund's purchased goods are not produced at the territory of the Republic of Kazakhstan (most part of purchases is the software and software licenses).

Along with this it's worth noting that these indicators were initially provided for in accordance with the Program of local content development in the Republic of Kazakhstan for 2010 - 2014 approved by the Decree of the Government of Republic of Kazakhstan as of October 29, 2010 No.1135.

While elaborating the Plan of measures for 2015 - 2016 on realization of the Strategy of development of the "Damu" Entrepreneurship Development Fund" JSC for 2014 - 2023 the indicator "Increasing share of local content in the Fund's purchases" remains unchanged, as the indicator also was represented in the Strategic plan of the Ministry for investments and development of the Republic of Kazakhstan for 2014 - 2018. With the existing specificity of the Fund's activity achieving the stated indicators for goods (49%) appears to be impossible as only few positions in the list of goods purchased by the Fund are produced in Kazakhstan. Meanwhile the percent of local content share in these goods does not exceed 25% in average, except for petrol, oil and lubricants.

KPI "Debt/Equity" as to the results of 2016 was 2,5 which is the level of 2015.

KPI "Credit rating" in 2015 is recognised by the rating agency "Standard & Poor's" (S&P) at the level of sovereign rating of the country.

KPI "Share of MSME entities which received support to total number of operating MSME entities at the market" and "Share of MSME support cover in processing industry" achievement exceeds the target which is connected with growing number of MSME entities which received support from the Fund on financial programs and competence raising programs.

KPI "Degree of recognition of the Fund among public" in 2016 was 100%, which is 7% higher comparing with 2015 (93%).

KPI "Amount of assets to GDP" was 0,8%, which is 33% higher than in 2015 (0,6%).

KPI "Loan portfolio". The level of loan portfolio in 2016 was 205 billion tenge, whereas in 2015 it was 247 billion tenge.

KPI "Share of loan portfolio in total assets". For 2016 the share of loan portfolio in total assets was 58,8%. In 2015 the level of this indicator was 86%.

Decrease in portfolio in 2016 comparing with 2015 by 42 billion tenge is related to early repayment of the loan received within the funds of ADB by "Kazkommertsbank" JSC in the amount of 16,3 billion tenge, non-receiving 7,2 billion tenge within the 4 tranche of ABD as well as decrease in loan portfolio at the expense of the loan issued to "Kazinvestbank" JSC (provisions were made for them).

KPI "Amount of funds allocated for development of entrepreneurship under financial programs" is 606 billion tenge, which is 16% more than in 2015 (523,7 billion tenge). Increase in the indicator in 2016 took place due to active utilization of funds allocated from the NFK to support MSME in processing industry.

KPI "Share of attracted funds for financing MSME entities out of extra budget sources" in 2016 was 71%, which is 10% more than in 2015 (61%). In 2016 the Fund actively cooperated with the EBRD, funds were allocated to "BankCentreCredit" JSC, "MFO "KMF" LLP and "ForteBank" JSC in the amount of 22,3 billion tenge under the corporate guarantee of the Fund.

KPI "Number of clients of CEC" in 2016 was 90 923 persons, which is 27% more than in 2015 (71 786pers.). Increase in the number of the Centres of entrepreneurs servicing clients (further - CES) and the Mobile centre of entrepreneurship support (further - MCES) is caused by increase of directions of given consultations and activity of public in entrepreneurship initiative.

KPI "Number of training programs participants" is 5 988 persons, which is 79% less than in 2015 (27 916pers.) Increase in the indicator in 2016 is connected with the transfer of the range of functions for realization to the National chamber of entrepreneurs of the Republic of Kazakhstan (further - NCE).

KPI "Share of the program participants starting business" in 2016 was 12% and corresponds with the actual value in 2015 (12%).

KPI "Degree of entrepreneurs satisfaction with received training" is 94,6% which corresponds with the actual value in 2015 (94,1%).

KPI "Number of the Fund clients receiving remote distances" in 2016 was 54 765 persons, which is 8% less comparing with 2015 (59 705pers.). This is due to transfer of the range of functions of entrepreneurs non-financial support under the Program "BRM – 2020" in 2015 approved by the Decree of the Government of the Republic of Kazakhstan dtd. March 31, 2015 No. 168 to NCE, which also reduces the number of calls to call-centre and on-line consultations.

No.	Indicators	2015 (actual)	2016 (target)	2016 (actual)	% of achievement
	Building effective institute of development, integrated into "NMH "Baiterek" JSC				
	Providing breakeven level of operational and financial results of activity				

1	ROA, return on assets, %	5.4	1.8	1.6	88%
2	ROE, return on equity, %	17.6	6.7	5.8	86%
3	Operational profitability, %	35.1	24.1	17.3	72%
4	Weight average profitability of idle cash (IC), %	10.6	6	14.23	237%
5	Labour productivity, thous,tenge	47,145	60,645	58,500	96%
6	NI margin, %	25.5	29.2	19.6	67%
7	Quality of loan portfolio (level of provisions to loan portfolio), %	0.2	0.7	3.7	523%
8	Share of local content in the Fund's purchases:				
8.1.	Goods, %	14	49	20	41%
8.2.	Works and services, %	96	91	94	103%
<i>Increasing financial resources management efficiency</i>					
9	Debt/Capital	2.5	2.4	2.5	108%
10	Credit rating	not less than sovereign rating	not less than sovereign rating	not less than sovereign rating	not less than sovereign rating
<i>Increasing transparency of operation and level of public confidence</i>					
11	Share of MSME entities which received support, to total number of operating MSME entities at the market, %	6.4	4.1	5.4	132%
12	Degree of recognition of the Fund among public, %	93	80	100	125%
Strategic direction 1. Providing financial support of MSME entities					
<i>Increasing volumes of MSME financial support</i>					
13	Amount of assets to GDP, %	0.6	0,6%	0,8%	127%
14	Loan portfolio, billion tenge	247	258	205	79%
15	Share of loan portfolio in total assets, %	86	71	58.8	83%
16	Amount of funds allocated to development of entrepreneurship under financial programs (billion tenge), including:	523.7	451	606	134%
	- amount of loan portfolio on subsidizing interest rate	260.1	260	331.8	128%
	- amount of loan portfolio on guaranteeing loans	27	32	26.9	84%
	- amount of loan portfolio on programs of conditional placement of funds	236.6	159	247.3	155%
<i>Expanding directions of cooperation and mechanisms of financing/co-financing MSME jointly with private financial institutions.</i>					
17	MSME entities co-financing multiplier on the part of STB against loans issued within the program of conditional placement	-	-	-	-
<i>Engaging additional funding at internal and external markets to increase volumes of financing MSME</i>					
18	Share of attracted funds for financing MSME out of extra budget resources, %	61	49	71	145%
Strategic direction 2. Development of competence of MSME entities					
<i>Development of infrastructure of consultation services for entrepreneurs</i>					
19	Number of clients of CEC, persons	71,786	70,070	90,923	130%
<i>Training entrepreneurs and raising competence</i>					
20	Number of training programs participants, persons	27,916	4,780	5,988	125%
21	Share of the program participants starting business, %	12	12	12	100%
22	Degree of entrepreneurs satisfaction with received training, %	93	80	94.6	118%
<i>Implementing unified information platform for MSME and development of remote consulting</i>					
23	Number of the Fund's clients receiving remote services, pers.	59,705	54,750	54,765	100%

According to the report on achieving the Plan of measures for 2014 - 2016 on realization of the Strategy based on the results of 2015 – 2016, the majority of strategic KPI was achieved. However, 5 measures out of 23 KPI haven't been achieved:

- As to indicator of Profitability of operation non-fulfilment is connected with non-achievement of net income target level;

- As to indicator of NI margin target non-achievement is related to non-achievement of operational income target, that is at the expense of the Fund's programs realization;
- in accordance with target figures as on January 1, 2017 indicator "Share of local content in goods purchase" has not been achieved (target 49%, actual 20%). Non-achievement of this indicator is connected to the fact that the goods purchased by the Fund are not produced at the territory of the Republic of Kazakhstan (most part of purchases is software and software licenses).
- inter corporate newsletter "Damu" and its team" has not been published due to lack of funds in the budget;
- negotiations as to the problem of attracting loan from the WB in the amount of 200 mln.US dollars under the state guarantee were stopped on the WB initiative. The WB is not satisfied with the conditions of currency risks hedging suggested by the NB RoK, including limited terms of repayment and banks margin restriction. These terms do not comply with the purpose of WB loans to support investment funding as well as credit policy of preventing fixed or blocked interest rates.

1.5. SWOT-analysis

The analysis of the external and internal environment revealed the strengths and weaknesses of the Fund, as well as the existing opportunities and threats, which are presented below.

S - strong points	W - weak points
<ul style="list-style-type: none"> • The presence of a strong shareholder (NUH "Baiterek" JSC), mutually beneficial cooperation with the Holding Company's subsidiaries • Growth of assets, interest income and Fund's profitability • Availability of S&P credit rating at the sovereign level • Long-term experience in supporting MSME • Wide range of measures for supporting MSME • Developed regional network of branches and Centres of entrepreneurs' competence providing reach to entrepreneurs for supporting instruments • The Fund is the operator of the State Stabilization Program to support the MSME and the Program "BRM – 2020" • Well-adjusted and efficient mechanisms of support and their transparent realization • Focusing on corporate social responsibility • Team of professionals with work experience in financial institutions • Long-term partnership with foreign organizations providing support to MSME 	<ul style="list-style-type: none"> • Insufficient liquidity of the Fund • Limited capacities for increasing Fund's staff • Low availability of Fund's financial services for micro and small enterprises • Necessity to combine tasks for provision of operations profitability with implementation of socially oriented non-commercial programs • Risk of deterioration of financial condition of partner banks Possible increase of credit risks of Damu Entrepreneurship Fund as a result
O - opportunities	T - threats
<ul style="list-style-type: none"> • The conditions for creating and doing business are improving • Assets privatization by private investors • Involving private investors in Damu Entrepreneurship Fund's activity and systematic diversification of funding sources • Necessity for organization of available channels to receive financial services, raising awareness of available knowledge, skills in business and awareness of products and services of Damu Entrepreneurship Fund. • Necessity for new efficient instruments of 	<ul style="list-style-type: none"> • Weakening of national currency • Shortage of expenses for financial programs for supporting entrepreneurship from state budget • Reduction of state funding • Risk of default of counterparties (financial partners, MSME) • Low level of confidence of private businesses (hereinafter referred to as "PB") in companies with state participation supporting entrepreneurship • Low level of entrepreneurs qualifications in the field of doing business

supporting MSME corresponding with market requirements • Extension of partnership relations with similar organizations of countries worldwide	
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1.6. Benchmarking

Under Development Strategy formation, as well as MSME support programs, the “Damu” Fund uses foreign experience of state support of entrepreneurship taking into account the specifics of the local market and the effectiveness of applying this experience in Kazakhstan.

In 2016, in the framework of work on updating the Development Strategy, the Fund analysed the activities of similar development institutions in South Korea (KODIT and SBC), Malaysia (SME Corp.), Singapore (SPRING Singapore) and Turkey (KOSGEB) using a number of parameters: mission and vision, strategic directions of activity and applied tools for business support.

According to the rating of the World Bank "Doing Business", Singapore has been recognized for eight years as one of the best countries in the world to create conditions for doing business. MSME plays a significant role in the economy of Singapore.

The state organization implementing programs to support entrepreneurship in Singapore is SPRING Singapore (Committee for Standardization, Productivity and Innovation). SPRING Singapore differs from the analysed analogical organizations by a wide range of support tools.

Business, financial, technical and information support for start-ups, including:

- Grants;
- Investment/co-investment through investment funds and business angel funds;
- Technical support: a work permit for entrepreneurs, professional retraining in the field of entrepreneurship and a technical assistance centre for exporters.

For the current business: financing, guaranteeing, subsidizing, specialized consultations, training.

Over the past 40 years, Korean non-commercial development institutions KODIT and SBC have also implemented business support services.

KODIT provides a wide range of services for guaranteeing: guarantee on loans of banks and other financial partners, guarantee on corporate bonds, taxes and duties, guarantee on commercial bills, insurance of receivables. And also special guarantees for stabilizing the market: guarantees for intermediate financing and stabilization of the bond market.

SBC, in turn, implements a number of programs to improve the competencies of entrepreneurs. For instance, for the start-up business: hybrid financing through investment and credit, the program of educating vocational schools of entrepreneurship potential, Start-up Academy. For the current business: a guarantee for social enterprises, a Re-launching Enterprise Fund, non-financial support (provision of human resources to MSME, MSME workforce capacity support programs, training of industry experts, provision of housing to long-term MSME staff, training technology experts in accordance with MSME requirements, MSME corporate diagnostics, and road map of business development).

KOSGEB has been operating as a government agency since 1990, and it implements support programs for start-ups and operating businesses: business incubators, grants to business start-ups, interest-free loans, a support program on emerging markets, a program of MSME thematic projects support, a program for supporting cooperation and uniting forces (supporting projects in the areas of joint deliveries, joint design, joint laboratory works, production, etc.).

The state central coordinating agency SME Corp Malaysia was established in Malaysia under the Ministry of Foreign Trade and Industry in 1995. This institute of development provides support by realization of the following instruments: for start-up business - a modular training program for young people, incl. receipt of grants after training, the internship program

in universities focused on the development of entrepreneurial potential; for the current business - a business accelerator, a program for improving and strengthening (grant, credit), courses for entrepreneurs in universities, the InnoCERT program (for innovative MSMEs), Rating Score Star - the top 50 MSME enterprises.

Thus, the Fund identified the main conclusions on the analysis:

- Foreign analogues function as non-profit organizations/agencies.
- The range of SPRING Singapore and SME Corp Malaysia instruments is broader than the current package of the Fund's support tools (technical support, tools for Start-up companies, focus on the innovative component of the business).
- The mission of SPRING Singapore is aimed at the end product and the services of the supported MSME (promote growth and building confidence in the products and services of Singaporean enterprises).
- In Korea, the activities of development institutions are divided: KODIT functions as a guarantee fund, SBC provides financing and training.

Despite a number of similar support programs implemented by the Fund and foreign development institutions, the Fund does not implement programs, such as programs for innovative business support, a wide range of guarantees. In addition, the Fund has a great potential for non-bank financing (microfinance).

2. Mission, vision

The Fund defined the following mission and vision for the period until 2023.

Mission

The mission of the Fund is an active role in the sustainable development of micro, small and medium-sized enterprises (MSMEs) in Kazakhstan by realization of comprehensive and effective support tools.

Vision

The vision of the Fund by 2023 – National Institute of Development, initiator and implementer of programs to support and develop MSMEs.

3. Strategic directions of the Fund development

To realize its mission and vision, the Damu Fund will work on two key strategic areas of development:

1. Support and development of new and existing entrepreneurs.
2. Sustainable institutional development of the Fund.

No.	Strategic directions	Strategic problems
1	Support and development of first-time and acting entrepreneurs	Expansion of crediting of micro business, development and realization of instruments of support of MFIs and credit cooperatives
		Increase of coverage of acting MSME by Fund's financial programs
		Increasing the cost-effectiveness of supported MSME enterprises
2	Sustainable institutional development of the Fund	Attraction of financial resources of additional sources of funding
		Achievement of planned level of financial results of activity
		Automation of business processes

		Raising level of corporate governance
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3.1. Support and development of first-time and acting entrepreneurs

3.1.1. Expansion of crediting of micro business, development and realization of instruments of support of MFIs and credit cooperatives

The microfinance sector is one of the most dynamically developing sectors in Kazakhstan. Microfinance institutions (hereinafter - MFIs) are popular source of funding for micro and small business entities. Potentially, MFIs can occupy a lending market niche that is not covered by STBs, including crediting in rural areas. Microfinance services cover all regions of the country. Nevertheless, there are number of problems in the microfinance sector, like: high interest rate, lack of availability of credit resources, the solvency of borrowers, etc. the State has to overcome obstacles mentioned above by taking appropriate measures.

One of the most notable features of the microfinance sector in Kazakhstan is the relatively high interest rate on microcredits, caused by the multiple prevalence of demand for loans over their supply. At the same time, a significant part of the demand is "forced". The restriction of the supply is related to barriers in accessing loan capital. The most effective step to solve existing problems in the microfinance sector, as well as the high cost of loans, is the balancing of supply and demand. An important step in this direction is the expansion of lending to micro-business, development and implementation of tools for supporting MFIs and credit partnerships.

The activity of this area of the Fund will be focused on attracting external borrowings for subsequent lending to the microfinance sector and credit partnerships. The Fund will focus on finding strategic partners for provision of professional expert advisory support to potential microfinance institutions - future borrowers under the Fund's programs.

Thus, with the advent of these mechanisms, a substantial market will be filled, and microfinance organizations that previously had difficulty replenishing working capital due to the lack of credit history and insignificance of turnover or other limiting factors, will have access to the necessary financing. It will allow MFIs to significantly raise their loan portfolio and expand the coverage of entrepreneurs.

Also, as part of expanding the coverage of micro and small enterprises with financial programs, the Fund plans to reform the areas of MFIs support under the Program "BRM – 2020" in the areas of subsidies and guarantees.

The results of this work of the Fund will be measured by the following efficiency:

- The share of the MFI portfolio in the Fund's loan portfolio by 2023 will be 2.7%.
- The share of micro and small entrepreneurs from the total number of entrepreneurs supported will reach 81.5% by 2023.

3.1.2. Increase of coverage of acting MSME by Fund's financial programs

Optimization of program conditions to provide greater access for micro enterprises.

Within the framework of the Development Strategy, the Fund will continue working in the direction of conditional placement of credit resources through the network of financial partners (STBs, MFIs, LCs). In order to provide access to credit resources through the Fund programs for micro and small businesses, to diversify the risks of the loan portfolio, and to ensure mass coverage of the conditioned allocation of the Fund's funds with programs, Fund plans to cover following actions:

- Optimization of program conditions in terms of reducing the maximum loan amount;
- Avoiding industry restrictions;
- Revision of the terms of MFIs participation in the Fund's programs;
- Effective performance of the operator's role in the framework of realizing the Program for Productive Employment and Mass Entrepreneurship.

Step-by-step introduction of credit technologies and related IT solutions.

As part of implementation of the Fund's Development Strategy in the part of introducing advanced approaches to credit products realization, the Fund plans step-by-step introduction of credit technologies and related IT solutions.

The introduction of these technologies will increase the speed of decision-making process on loans for micro and small businesses without reducing the quality of analysis. So, in the part of speeding up of the decision-making process for issuing loans within the "Damu Blitz" technology, the Fund plans to introduce technologies in all regional programs by the end of 2017. Beginning from 2018, it is planned to implement the practice of applying operational review of micro and small entrepreneurs' loan applications for all their own programs of conditional placement of funds.

With regard to automation of the credit analysis process using Damu Blitz technology, the Fund will use advanced tablet solutions. For effective implementation of credit technologies and tablet solutions, the Foundation will provide training for the employees of partner organizations.

To increase the efficiency of using available information resources, the Fund plans to use the Big Data technology. The application of this solution will provide the Fund with the opportunity to segment products and potential niches for developing new products in demand and effectively promotion of the existing programs.

1) Financing of MSME subjects through STBs, LCs, MFIs

The Fund is the operator of public funds management under the Programs of conditional placement of funds in the STBs for subsequent lending to MSME entities.

The conditional cash placement program is the tool for realizing state policy on financial support of MSME entities in Kazakhstan.

The conditional cash placement programs in STBs are realized by providing financial resources (funding) to STB-partners under certain (targeted and restrictive) conditions for subsequent lending to MSME entities. At the same time, one of the main principles of working with banks is the policy of non-interference in their internal procedures and the credit process of the Fund, as well as their full responsibility for the risks of decisions made. Financing of MSME entities through banks under this Program is carried out mainly without restriction of activities, except for the activities prohibited by the legislation of the Republic of Kazakhstan.

Further realization of conditional cash placement programs in financial institutions will help to increase availability of credit resources for MSME entities through additional funding of STBs and setting restrictive conditions for the size of the remuneration rate and reduce the disproportion in the allocation of loans in the regional and industrial sectors.

Since 2010, the Damu Fund has been implementing the Program for Regional Financing of Small and Medium Enterprises (hereinafter - the Program) aimed at increasing the effectiveness of realizing regional MSME support and development programs by financing MSME projects in priority sectors for a particular region.

The program is realized at the expense of local executive bodies (hereinafter LEBs), as well as the Fund's own and attracted funds on co-financing terms, which are placed in second-tier banks for subsequent financing of MSME projects.

The peculiarity of this Program is consideration of local authorities' wishes with an emphasis on supporting certain business branches, depending on the specification of the region's economic development.

The main objective of the program is to provide financial support to MSME which operates in priority sectors/in certain territorial units of regions and cities of national importance, on preferential terms.

Preferential financing of leasing transactions within the framework of Damu Fund programs provides an opportunity for MSME to expand and modernize fixed assets.

The sources of the Program's resources can be both own funds and attracted funds, including those of international financial organizations. Given the current trend in financing the leasing market in Kazakhstan, the Fund will continue to place funds in leasing companies. This measure will positively influence the renewal of fixed assets of MSME subjects.

Beginning from 2016, the Fund launched a program of conditional placement of loan funds from its own resources through MFIs to provide access to financing to micro and small enterprises that do not have the opportunity to obtain bank financing for various reasons (lack of collateral, reporting, remoteness of business location, etc.). Within the framework of the Development Strategy, the Fund will continue to increase the volume of funds allocation through MFIs both at the expense of own resources and through attracted resources.

2) Subsidization of a part of the interest rate under new/existing loans/financial leasing contracts issued for realization of new efficient investment projects, as well as the projects aimed at modernization and expansion of production under the Program "BRM-2020"

Subsidizing the interest rate is realized within the framework of "BRM – 2020".

During the realization of "BRM – 2020", the subsidy instrument has gained popularity among entrepreneurs, and has shown effectiveness in terms of attracting loans to priority sectors of the economy.

In the part of improving the conditions of accessibility of MSME to this instrument of support, it is planned to make the following changes to the terms of "BRM – 2020". Optimization in the part of:

- 1) Subsidizing loans, where 100% of it is aimed at replenishment of working capital;
- 2) Increase of subsidizing to 5 years without further extension;
- 3) Subsidizing loans in KZT issued by PBs by international financial institutions.

In order to improve availability of housing, as one of the main tasks implemented by the Fund as an Agent under the Nurly Zher Program, following issues are envisaged:

- Subsidizing a part of the remuneration rate on loans issued by second-tier banks to private businesses for housing construction is carried out within the framework of Nurly Zher Program realization.

3) Guaranteeing credits of MSME subjects

3.1. The Fund plans to continue active work on realization of the guarantee instrument as one of the Fund's sought-after products which provides MSME with access to credit resources. The Fund will continue to work both as an agent for guaranteeing loans within the framework of Program "BRM – 2020" realization and implementation of its own program, "Damu-Optima".

Partial guarantee under the loans of MSME subjects is provided within the first direction "Support of new business initiatives" of Program "BRM – 2020". The Fund provides financial agent services to the Ministry of National Economy of the Republic of Kazakhstan, which include:

- participation as a guarantor under the STB loans issued to entrepreneurs,
- monitoring of the Program realization (including monitoring of the project's payment discipline, monitoring of project realization under which the guarantee is provided, etc.).

In order to increase the attractiveness of this instrument for STBs as part of the "BRM – 2020" realization, the Fund plans to optimize terms in the part of provision of a full irrevocable guarantee until 2020.

3.2. Guarantees of loans under the "Damu-Optima" Program. The "Damu Optima" guarantee program is designed to provide access to bank financing to MSME that does not have sufficient collateral for bank loans and does not meet the requirements of "BRM –2020".

The Program provides the following opportunities for MSME:

- guarantee loans aimed at refinancing;
- replacements for "Damu-Optima" Guarantee Program in case of cancellation of the guarantee issued under "BRM – 2020" if the project does not comply with the priority direction during the monitoring;
- reducing the amount of guarantee by the amount of misuse of the loan proportionate to the amount of the loan, instead of complete termination of the guarantee contract;
- providing a guarantee for the entire term of the loan agreement.

The program provides the following types of guarantee:

- 1) Guarantee for existing entrepreneurs. This type of guarantee implies the possibility of obtaining a guarantee under the Program in the amount of up to 50% from the loan amount as collateral for fulfilment of the entrepreneur's obligations to STBs.
- 2) Guarantee for novice entrepreneurs. This type of guarantee implies the possibility of obtaining a guarantee under the Program in the amount of up to 85% from the loan amount as collateral for fulfilment of the entrepreneur's obligations to STBs.

The Fund plans to fully automate the internal processes of consideration and decision-making process on guarantees as part of this Program within the framework of the Strategy implementation, which in its turn will significantly optimize the internal process of considering the applications under guarantees. In 2017, it is planned to introduce automation of accounting and monitoring parts.

Also, the Fund will continue to work on the realization of the Fund's guarantee receipt by MSME under this Program prior to applying for a loan to a second-tier bank. This update will allow MSME to initially obtain the Fund's support in the form of a received guarantee, and afterwards to choose the STB to receive a loan. Provision of the decision on guaranteeing loans previous to the STB decision will bring greater access to the credit programs of the Fund.

To promptly decide on the provision of support instruments for guarantee, the Fund plans to use tablet solutions under "BRM – 2020" and as part of its own "Damu-Optima" program.

4) New programs

Development and realization of the Portfolio Guarantees Program for 2020-2023.

International experience shows that guaranteeing loans is an effective instrument of state support for MSMEs and should be of a mass nature. Realization of the existing guarantee programs, both "BRM – 2020" and "Damu-Optima", involves repeat economic analysis of the project, legal expertise, security check and credit history verification, in some cases a risk manager's conclusion is assumed, which takes time and delays the process of obtaining a loan for the client. The Fund sees a limitation for quick realization of MSME project in slowing down the speed of working on guarantees. Due to an increased demand for the Fund's guarantees, clients as well as STBs discontent may arise. According to the statistics of the Fund's credit committee, only 4% of applications received negative decision, which indicates that the views, methods and approaches of STBs and the Fund coincide with regard to the decision on projects.

The essence of the product is to provide financial partners (STBs, MFIs) with a certain limit on the use of the Fund's guarantees without agreeing on each individual project with the Fund. In this mechanism, the Fund must develop a methodology and define clear criteria, under which a loan may be included in the pool provided with a portfolio guarantee. These criteria of the Fund may be defined as: 1). technologies for reviewing projects developed by the Fund (similar to Damu-Blitz); 2). a rating model for MSME projects developed by the Fund.

When a limit for portfolio guarantees is granted, the Fund will also set criteria for financial partners (STBs, MFIs) and an effective monitoring system to reduce the overall risk of default on the guarantee portfolio.

Realization of this program will provide a number of opportunities for MSME and the Fund's financial partners (STBs, MFIs):

- access to loans even in the absence of sufficient collateral;
- increased speed of obtaining a loan with a Bank's guarantee;
- reducing the time spent on assessment and registration of collateral;
- a competitive advantage over other banks.

For the Fund, this Program will provide solutions to the following tasks:

- increased speed of issuing guarantees;
- increase in the number of guarantees;
- reduction of general administrative expenses on the issuance of guarantees;
- release of personnel for realization of other products and programs.

Financing and guaranteeing loans/microcredits under the Program of Productive Employment and Mass Entrepreneurship.

The Program of Productive Employment and Mass Entrepreneurship was approved by Decree No. 919 of the Government of the Republic of Kazakhstan dated December 29, 2016. The purpose of this Program is to promote productive employment of the population and to involve citizens in entrepreneurship. The program is aimed at creating an effective system for obtaining the skills and qualifications demanded in the labour market, developing mass entrepreneurship, creating an effective model of labour mediation, including support for socially vulnerable groups of the population. The operator of this Program is Damu Fund, whose task is to fund microfinance organizations, credit partnerships and second-tier banks to continue providing microcredits to participants in cities (except small towns) to create new micro enterprises and expand the existing businesses. Successful experience of the developed countries of the world clearly demonstrates that development of microcrediting increases the efficiency and scale of entrepreneurship, contributing to the solution of employment issues and creation of new jobs.

Development and implementation of the Program for Financing of Transactions for Acquisition of Intellectual Property.

Today, the transfer of advanced foreign technologies is considered to be one of the most efficient instruments for transition to an innovative economy, and it is also an opportunity to fulfil the tasks of import substitution without sacrificing quality for the consumer. As part of stimulating the technology transfer process, the Fund will develop a Program within the framework of the Strategy to support projects for intellectual property acquisition (patent, know-how, etc.). The program will presuppose provision of comprehensive measures to support projects for intellectual property acquisition, complementing the package of tools provided by the subsidiary of "NMH Baiterek" JSC to "National Agency for Technological Development" JSC. Attraction of successfully used technologies will enable entrepreneurs to significantly increase labour productivity, competitiveness, and will provide an opportunity to integrate into the global chains of production and marketing of goods and services.

Development and implementation of the E-commerce Financing Program, digital platforms and their ecosystems.

In the modern world, digital technologies play an increasingly important role in the development of the economies of countries. As part of realizing the priority for technological modernization of the Republic of Kazakhstan (Message from the President of the Republic of Kazakhstan N. Nazarbayev to the people of Kazakhstan on January 31, 2017 "Third modernization of Kazakhstan: global competitiveness"), it is necessary to develop new industries that are created using digital technologies. Also, within the framework of the state program "Digital Kazakhstan", it is planned to achieve the 4.85% share of the digital technologies sector in Kazakhstan's GDP by 2020. Despite the existence of infrastructure

platforms in the form of accelerators and technoparks, where ideas for innovative projects are cultivated to prototypes, implementation of such projects requires the existence of financial support tools.

As part of supporting the development of new industries that are created with the use of digital technologies, and also to enhance the development of such promising industries as 3D printing, online trading, mobile banking, digital services, including healthcare and education and other sectors of the economy, the Fund plans to develop and implement a Program for financing e-commerce, digital platforms and their ecosystems. The main goal of implementing this program will be the widespread introduction of digital technologies to increase competitiveness of various sectors of the economy of Kazakhstan.

Collaboration with crowd-funding/crowd-investing platforms.

The Fund plans to cooperate with the existing crowd-funding/crowd-investing platforms. This cooperation will provide an opportunity for start-ups and on-going projects that do not have sufficient collateral or resources to launch a new project to attract a loan and/or guarantee from the Fund, present the project on a platform and collect resources to launch the project. Also, the opportunity to present, to collect the necessary resources and to launch the projects will be provided to those participants who have completed the program as part of realizing the aspect of accelerating projects in Start-up Academies of the Fund.

Development and implementation of the Supermarket Digital DAMU.

Supermarket Digital Damu is aimed at providing services to private entrepreneurs in support and development of entrepreneurship through the principles of a "single window" with the provision of tools for self-service to PBs.

Supermarket Digital Damu is an electronic platform that uses the progressive information technologies. The flexible design of the Digital Damu platform will allow making diagnostics, targeting on the basis of specified PB criteria that will give the opportunity to choose the optimal program for development from the "product basket" of programs and the knowledge base.

The complex service as part of the Digital Damu concept implementation will allow the PB to receive a reply from the STB, the Fund and LEBs on the application left on the portal from the "single window".

Supermarket Digital Damu provides integration with the Electronic government portal and obtaining information about PBs from the state databases, which will eliminate the requirement for PBs to provide a package of documents on paper to STBs, the Fund and LEBs.

The planned timeframe for the project implementation includes introduction of Digital Damu into trial operation by the end of 2017 and into the productive environment in 2018.

Distance learning.

Distance learning within the Project "Remote support of entrepreneurship development" is aimed at stimulating entrepreneurial activity and increasing the entrepreneurial competencies of the population in the regions of Kazakhstan.

The goal of distance learning of novice entrepreneurs is to provide with the necessary basic knowledge on entrepreneurship and instil business skills so that potential entrepreneurs can become interested in the possibilities of opening their business.

The purpose of distance learning for existing entrepreneurs is to deepen knowledge and to expand practical skills in doing business, including using marketing tools to increase sales, track financial and business performance and project management, and enhance and improve skills in building and managing the work of the sales department.

Distance learning will give an opportunity for all those, who wish to continuously improve their professional level regardless of the student's location with the only condition of Internet access. In the process of such training, entrepreneurs will learn educational materials independently in an interactive mode and will perform practical tasks and take tests. If the test is successful, the trainee is given a certificate of the training completion.

Batch solutions for novice entrepreneurs

One of the problems faced by start-ups at the initial stage is difficulties with placement, selection of premises for work organization. Start-ups, as a rule, do not have their own premises or funds for rent or purchase.

In addition, there are a considerable number of organizations that have infrastructure to support start-ups, such as business incubators, co-working centres, technoparks, etc., which do not always have the opportunity to ensure their effective work.

In order to address the issue of providing comprehensive support to start-ups without sectorial and age restrictions by filling the above infrastructure with relevant content, and by accelerating and creating favourable conditions for their development, the Fund launched the Start-up Academy project.

Within the framework of the Start-up Academy, assistance will be provided to accelerated development of start-ups through conducting training, providing consultancy and practical support, conducting mentoring, providing expert support, creating a competitive environment through tenders.

The main responsibilities of the Project include:

- Assisting in the development of start-ups through acceleration;
- Support for start-ups by providing access to logistical, intellectual, information resources;
- Stimulating the growth of entrepreneurial activity;
- Increase in the number of small businesses;
- An increase in the number of start-ups covered by measures to support entrepreneurship.

Thus, acceleration support for start-ups development in Kazakhstan using material, technical, intellectual, information and other potential of partner organizations will promote the growth of entrepreneurial activity, development of competition, and will create new jobs.

Changing the format of consultants' work

Changes in the work format of Business Service Centre consultants are made in order to strengthen the work related to attracting clients to the financial programs implemented by the Fund and eliminates duplication of functions with the services provided under "BRM – 2020". In addition to providing consultations on the existing state programs of entrepreneurship support, the main task of all CES consultants will be to support PB projects to STBs or financial organizations under the programs implemented by the Fund. At the same time, the Fund plans to interact with the subsidiaries of the Sole Shareholder to support their projects with CES consultants.

The results of this work of the Fund will be measured by the following efficiency:

- The ratio of MSME entities that received financial support to the total number of operating MSME entities on the market is 10% by 2023;
- The number of new projects and projects of modernization and expansion of existing production facilities, taking into account the increase in labour productivity and the expansion of sales markets (at the end of the year) to 128,000 units by 2023;
- The volume of housing as part of which the Fund's support tools were provided (Nurly Zher) by the year 2021 - 600 thousand sq. m.
- The share of the private sector in the Fund's loan portfolio throughout the entire implementation of the Development Strategy will make up 100%.

3.1.3. Ensuring growth of economic efficiency of supported MSME

"Damu" Fund, acting as the main operator of measures of state financial support for small and medium-sized businesses, pays attention to the implementation of requirements to increase of the effectiveness of participants of the programs implemented by "Damu" Fund.

To ensure the effectiveness of new projects of MSME entities wishing to become program participants, it is necessary to set minimum requirements for determining the

threshold for effective investment projects, as well as projects aimed at modernization and expansion of production. Also, it is necessary to envisage an increase in revenue growth, an increase in the average annual number of jobs on the basis of data on mandatory pension contributions and (or) social contributions and an increase in the amount of taxes paid to the budget by 10% after 2 (two) fiscal years from the date of the decision of the Regional Coordination Council (hereinafter RCC).

To monitor the effectiveness of program participants, "Damu" Fund concluded a Memorandum of Cooperation with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan in 2014. On the basis of declarations on PBs tax secret disclosure, the Fund receives periodical data on tax payments, pension and social contributions, and workplaces of program participants. Based on this information, the Fund monitors the effectiveness of projects, including the growth of tax revenues and job creation.

In general, the effectiveness requirements were initiated and included in the Joint business support and development program "Business roadmap – 2020" by "Damu" Fund in 2016.

The state support within the framework of the Joint Program "Business roadmap – 2020" and the "Damu" Fund's conditional funds placement program provides tangible assistance in expanding and developing Kazakhstan's business. In this aspect, MSME should show dynamic growth for the country's economy development and improvement of the social security of citizens. Within the framework of the new programs, "Damu" Fund plans to introduce requirements to increase the effectiveness of participants and automate recording and monitoring of the economic efficiency of entrepreneurs supported by the Fund's programs.

The results of this work of the Fund will be measured by the following efficiency:

- The volume of products manufactured by the business entities that received support. Within the framework of this indicator, it is planned to increase the output to KZT 6.1 trillion by 2023.
- Ensure increase in paid taxes by business entities that received support from the Fund, to KZT 17 billion by 2023.

As a result, these measures will directly affect increase in the share of MSME in the country's economy and improve the indicators of the supported economic sectors.

In previous years, as part of the Fund's activities, the main work was connected with the functions of the financial agent of state programs (Stabilization Program 2007-2009, Business Roadmap – 2020, Nurly Zhol), which were financed from the state budget or the National Fund. Together with the achieved level of the Fund's institutional development, expressed in the amount of its own capital (about KZT 100 billion - at the level of the top 10 STBs of the Republic of Kazakhstan), high credit rating, corporate governance level, etc., allows the Fund to increase the scale of its own programs, implemented at the initiative of the company itself, within the framework of the Development Strategy until 2023.

Thus, until 2023, the Fund will continue to fulfil agency functions within the framework of state programs, including the Joint Program "Business Roadmap – 2020", "Nurly Zhol", the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021. Over the period from 2017 to 2023, it is planned to increase the number of supported MSME entities from 16.9 to 32 thousand units by government programs. Also, the Fund will increase the share of its own programs in the product line, including the program of financing and microcrediting of MSME at the expense of the funds of the international financial organizations, at the expense of own capital, through co-financing with banks and local executive bodies, and guaranteeing of loans. Over the period from 2017 to 2023, it is planned to increase the number of supported MSME entities from 15.7 to 96 thousand units by its own programs.

3.2. Sustainable institutional development of the Fund

3.2.1. Attraction of financial resources of additional sources of funding

Within the framework of MSME development in Kazakhstan and ensuring access of MSME to financial resources, the Fund will continue active implementation of current and new financial programs in 2017-2023, implemented at the expense of budgetary funds and non-state sources of borrowing. With regard to activation of non-public sources of borrowing, the Fund will continue to work with current partners - international financial institutions such as ADB, EBRD and the European Development Bank, and will also work with new potential investors, such as international financial institutions and investment funds. Also, the Fund will work out the available tools that help to reduce the cost of attracted resources, such as the use of the corporate guarantee of the Holding as a guarantee, as well as available tools of currency risks reduction.

With regard to diversification of funding sources, the Fund plans to work out the issue of implementing the bond program, and also involve large corporate businesses as investors.

Attraction of funds of international financial institutions.

In order to support MSME, the Fund plans to implement a project on financing micro, small and medium-sized businesses through STBs and microfinance organizations using ADB's funds in the amount of USD200 million. Limited access to finance is a critical impediment to improving the productivity and growth of MSME sector. Increasing the productivity of MSMEs, as well as the resilience of micro enterprises as a source of income for low-income people, are important for stimulating the economy of the non-extractive sector. The project involves financing with provision of loans in local currency to support investments in MSME production activities and stimulating lending to women entrepreneurs and regions outside the cities of Astana and Almaty. The project will provide technical assistance to improve the effectiveness of credit risk management, the effectiveness of selected STBs/microfinance organizations, and expand financing possibilities for MSME. This program will increase the volume of MSME lending at a fixed cost and ensure availability of borrowed funds for MSME entities by reducing the cost of credit resources. The ADB loan will allow access of MSME entities to medium- and long-term financing at a fixed rate, with a recommended emphasis on projects in the country's priority sectors of the economy.

Realization of the project will help to achieve the following socio-economic effect:

- increase of lending to MSME entities;
- increase of tax revenues to the budget;
- creation of new jobs;
- modernization of the fixed assets of MSME subjects;
- increase of contribution of MSME entities to the country's GDP through output.

In addition, combating climate change, mitigating its effects and protecting the environment also influenced the Fund's policies. For this purpose, the Fund aims to attract EIB funds in the national currency in the amount of no more than 200 million euros. The funds are planned to be used to finance "green projects" through STBs. The participants in this product may include MSMEs realizing projects for the development of social and economic infrastructure, including transport, energy, environmental protection and information and communication technologies, and mitigation of climate change and adaptation consequences. In addition, technical assistance is planned as part of the loan in the amount of 500 thousand euros to support the Fund and participating banks in the selection of "green projects" for further financing. Realization of the project to attract EIB funds will assist in updating the core funds of MSME, increase the financing of MSME, in particular the level of MSME financial, provide a socio-economic effect in the form of growing gross added value of MSME, creating new jobs, increasing the payroll of MSME workers and the taxes they pay.

Search and attraction of funding through bond issue.

As part of attracting additional sources of funding, the Fund is also considering the possibility of attracting additional financing through issuance of bonds. Depending on the need for MSME financing, the Fund will explore opportunities to attract capital by issuing bonds on the domestic and foreign markets.

During bond issuance for increase of alternative funding, the Fund will carry out the increase of the investment attractiveness of the Fund, including maintenance of the credit rating by the Fund on at least the sovereign level. Borrowings will be carried out while maintaining the financial stability of the Fund, subject to the established limits and limit financial ratios.

Fund Capitalization Support.

Due to the increase in the Fund's liabilities in the form of attracted funds from international financial organizations, as well as considering the availability and potential growth of the Fund's contingent liabilities in the form of issued guarantees, a "leverage" will grow, which can reach the maximum established or critical level.

The attracted funds will be placed in the financial partners under the programs of conditional placement of funds, while loans in STBs are unsecured. Also, there are prerequisites for narrowing the possibility for loan portfolio diversification, considering reduction/merger of the number of active and high-quality financial partners. These factors will lead to an increase in the concentration of risk per borrower.

These risk factors will create pressure on the Fund's own capital, since IFRS 9 is introduced on January 1, 2018, which implies more conservative approach to the accrual of provisions, in contrast to IFRS 39. Accordingly, in order to preserve the investment attractiveness for potential creditors, as well as to maintain a stable position on current obligations, the Fund will carry out activities to study the question of capitalization support.

The program for corporate business funds attraction.

Based on the successful international experience in attracting large businesses into the MSME support tool, the Fund plans to develop and implement a program to attract corporate business funds. The interaction scheme is based on the Fund's experience in implementing a "point" regional program with LEBs.

Currently, the Fund is carrying out activities to develop a program for raising funds from the corporate business jointly with the representatives of this business segment.

The vision of corporate business representatives is the creation of a stable MSME belt around the data of corporate business companies.

It is assumed that MSME data will comply with various international ISO quality standards, as well as other requirements that will strengthen their competitiveness and allow increasing of "Kazakhstan content" in procurement of corporate business.

The discussed concept of the future program implies the provision of financing on terms of co-financing from the Fund and the corporate business, as well as access to MSME databases of enterprises throughout Kazakhstan for corporate business representatives.

Attraction of an investor to the Fund's capital.

Taking into account the achievement of the goal of mass coverage of entrepreneurs and the share of MSME coverage with financial support programs up to 10% of the total number of entrepreneurs of the country, the Fund will diversify and increase attraction of financial resources to increase the volumes of support under financial programs. One of the priority strategic measures is the work to attract the investor to the Fund's capital. Attraction of a strong strategic partner- investor in the capital will enable the Fund to increase investment attractiveness, open additional opportunities for growth and expansion of on-going activities.

The results of this work of the Fund will be measured by the following efficiency:

- The share of non-state sources of borrowing in the general structure of borrowing for the reporting year will amount to 79% by 2023.

- Debt/Capital by 2023 will amount to 7.

3.2.2. Achievement of planned level of financial results of activity

To achieve this goal, the Fund will work to introduce uniform approaches to planning and budgeting, to create a management reporting system, and to establish key performance indicators.

When implementing financial and economic policy, the Fund is guided by the system of principles and implementation of managerial decisions related to formation, distribution and use of financial resources.

- Integration with the Fund's general management system;
- Complex nature of making managerial decisions;
- Focus on the strategic goals of the Fund's development.

As part of automation, and also for the purpose of prompt record keeping, keeping a plan-fact analysis in terms of turnover items on budgets based on accounting data, taking into account the specifics of management accounting, and improving the procurement planning and execution process, the Fund developed and put into operation a business planning and budgeting subsystem based on the software product "1C Enterprise 8." The subsystem of obtaining actual data based on the accounting data was implemented, with the necessary details and selections. Integration of budget items with the Fund's accounting system. Also, the subsystem "Procurement Management and Payment Calendar" was introduced.

In 2017 - 2018, to ensure transparency of income and expense accounting by types of services (programs), completeness and content of reporting on the results of distribution, plans to introduce a system for separate accounting of income, expense and assets involved, necessary for making managerial decisions.

Implementation of a system of separate accounting of income, expense and assets involved will make it possible to obtain the data:

- to assess the cost and profitability of the Fund's programs (including those financed from the country's budget);
- to assess the profitability of regional branches;
- to find opportunities to optimize the use of resources.

IF management is based on forecasting of the Fund's cash flows, which reflects the needs of financial and economic activity and is aimed at minimizing the gaps in financial flows.

The main objectives of the Fund in asset management are to ensure the safety of IF, solvency for current liabilities, the ability to finance the emerging investment opportunities and to ensure sufficient level of IF to the level of accepted risk.

The main principles of IF management include security (safety of capital), liquidity (the ability to convert assets into cash in the shortest possible time) and profitability (the largest revenue that can be obtained subject to compliance with the principles of security and liquidity).

IF is placed in compliance with the established limits and restrictions in accordance with the internal documents of the Fund approved by the Fund's authorized bodies.

As part of improving the risk management system, the main element of the risk management process of Damu Fund is its integration with the specifics of the organization, the basic principles of activity, business processes, and involvement of each employee in the risk management process.

International experience shows that the fundamental role in successful operation of the corporate risk management system (hereinafter CRMS) is to create the atmosphere of understanding of each participant's role in the business process in risk management and a clear distribution of functions and responsibilities.

Due to the specifics of the Fund's activities, the main risks in terms of importance are presented in the following order:

- credit risks;

- operational risk;
- market risks;
- liquidity risk.

The main credit risk factor is conditional placement. Historically, 80-90% of the Fund's assets are invested in STBs, leasing companies, microcredit organizations and securities, therefore financial risks (credit, market) are of paramount importance in the risk management process. As part of the levelling of this risk, the Fund constantly works to improve the procedure for setting limits on STBs. Within the framework of these activities, automation of risk management processes is carried out, in particular, calculations on assessing the financial status of counterparty banks and limits on them, automated calculation of limits for leasing companies and assessment of PB financial state as part of credit guarantee programs.

Due to the worsening of the banking sector, the financial condition of several STBs deteriorated, which led to a reduction in limits for them. Also, merger/consolidation of banks takes place on the market. Accordingly, the circle of counterparty banks participating in the realization of state conditional investment programs became narrower. For this reason, concentration of risks on borrowers is growing, which leads to an increase in the values of credit risks. In this regard, the Fund needs to perform the following indicators: consider similar options for driving funds to final borrowers to exclude the credit risk of STBs and reduce the concentration of actual risks on one borrower by 2023 - no more than 25% of the Fund's own capital.

In addition, it is planned to develop mechanisms for the return of loans through the mechanism for concluding contracts for assignment of claims to the final Borrower in the event of default by the STB or violation of covenants under the loan agreement.

Operational risks are also an important area of risk management. At the same time, IT risks are significant, consisting in ensuring continuity of IT systems, as well as automation of information exchange, which is the most important factor in increasing the mobility and relevance of decision-making by the management. To automate reporting and improve its efficiency, an appropriate IT system is needed.

In the context of minimizing IT risks, the Fund will create backup storage facilities, taking into account the requirements of business continuity, as well as periodic testing of IT system continuity.

Moreover, to ensure integration into the Fund's corporate governance system, automation should take place simultaneously with the automation of a balanced key indicators system in the automation of management reporting.

In view of the fact that the Fund's investment activity in terms of purchasing corporate securities is not a priority and the number of purchase transactions within one reporting year may reach zero, market risks and liquidity risks are not the ones that can cause critical damage. These risks are levelled by the presence of clear limitations in the Fund's regulatory documents on IF borrowing and management.

Therefore, systematic work should be continued to bring the corporate risk management system closer to the best world practices. In the future, the Fund will conduct regular diagnostics of CRMS quality.

The results of this work of the Fund will be measured by the following efficiency:

- ROA (cons.) is not lower than the minimum positive value for the entire period of the Development Strategy realization - 1%.
- The share of the loan portfolio from total assets will reach 91% by 2023.

3.2.3. Automation of business processes

Conducting optimization of the Fund's business processes.

To achieve maximum effectiveness and efficiency of business processes, the Fund conducts work on building a business process management system, i.e. organization of business through the design and management of business processes. This system allows you to "link" business processes with the Fund's Development Strategy, ensuring its realization.

When proposals for optimizing business processes are formed, the following criteria will be taken into account:

- reduction of time spent on the business process;
- increasing controllability of the business process;
- compliance of proposed solutions with current legislation and internal documents;
- improving the quality of public service delivery;
- elimination of operations duplication;
- redistribution of functions;
- a possibility of operations automation;
- reduction of paperwork.

Automation of front and service business processes.

Taking into account that the front (main) business processes are those related to providing products/services to MSME clients, which are the main activities of the Fund, the following projects are being implemented:

- ✓ on the automation of the state service "Provision of guarantees for loans to private business entities under the Joint business support and development program "Business roadmap – 2020" for loans in excess of KZT 180 million on the e-government web portal;
- ✓ on the automation of the state service "Granting a subsidy for part of the interest rate on loans under the Joint business support and development program "Business roadmap – 2020".
- ✓ on creation of an electronic supermarket supporting small and medium-sized businesses Damu-Digital.

In addition, to ensure correct functioning of the servicing (supporting) processes, these are the ones that form the infrastructure of the Fund and serve the main and control processes, whose clients are the structural units and employees of the Fund, the following projects are included in the portfolio of projects:

- ✓ on automation of reports received from the Fund's partners;
- ✓ on rating model automation;
- ✓ on automation of monitoring business processes;
- ✓ on automation of operational risks control system.

The results of this work of the Fund will be measured by the following efficiency:

- Automation of the main business processes by January 1, 2019 will be 100%.

3.2.4. Raising level of corporate governance

Introduction of a system for assessing the quality of services rendered by the Fund.

In 18 Centres of entrepreneurs servicing, CRM sensor devices have been installed in the operating rooms, which allow you to evaluate the quality of services provided by questioning customers after providing services to them. In addition, these devices allow you to create a rating of consultants, ensure prompt collection of comprehensive information on monitoring the quality of services and satisfaction of customers that addressed Centres of entrepreneurs servicing. Also, the devices have functions that allow to monitor the standards of customer service quality through audio and video recording of conversations with customers, which is especially effective in case of customer complaints.

Ensuring transparency of the Fund's activities.

“Damu” Fund is constantly working to improve corporate governance within the framework of the single policy determined by the Sole Shareholder, aimed at increasing the Fund's attractiveness for potential investors, increasing its long-term value, reducing the cost of borrowed capital. Better transparency of activity will increase the level of confidence in the work of the Fund and positively influence the attraction of external funding and its cost.

In accordance with the current legislation of the Republic of Kazakhstan on joint-stock companies, the Fund will disclose reliable and up-to-date information about its activities, financial condition, credit and dividend policies, etc. Increasing transparency of activities is also necessary to increase the level of stakeholders' trust to the Fund's activities.

A new level of the Fund's transparency for internal and external stakeholders will include several areas:

- 1) proactive communication of approaches to investment and strategic decisions;
- 2) comprehensive and timely informing of MSME and partners about support tools;
- 3) informing about the achieved social and economic effect, within the framework of the published quarterly report on the Fund Development Plan implementation;
- 4) organization of dialogue platforms for external stakeholders:
 - organization of regular meetings with potential stakeholders (round table discussions, exhibitions, conferences, information publication, including in social networks);
 - informing MSME and partners about new instruments/programs and working principles;
 - getting feedback.

In general, to improve the quality of corporate governance, the Fund conducts diagnostics of corporate governance based on the world's best practices. The aim of diagnostics is to increase the level of corporate governance through a structured and consistent approach to assessment and development of the corporate governance system based on the world's best practice.

Promoting the Fund's activities through partner and public organizations, as well as the media (hereinafter the media).

The Fund's communication activities will continue to be carried out in accordance with relevant current trends and best practices. Work in this direction will help to strengthen public confidence in the Shareholder, development institutions, government bodies and, in general, the state policy in the part of MSME support.

Selection of forms and methods of interaction with the public will become an important factor in increasing the trust of target audiences to the Fund's activity. An effective solution to the basic communication tasks will be facilitated by well-established links with partner and public organizations, the media and working with social networks.

In terms of raising awareness of the Fund's activities through partner organizations and the media, the following activities are envisaged by the Development Strategy for partner organizations (STBs, MFIs, LCs): execute joint press releases, sign agreements/memorandum, interaction with public organizations.

In the direction of interaction with the media: publication of information in the media (Internet portals, TV, radio, printed editions), publication of press releases, interviews, analytical materials, advertising and image audio and video materials, infographics, event photo-galleries, highlighting important events/actions, holding open days with coverage in the media.

Today, social networks have become the most popular promotion tool. So, the Fund is actively working in this direction to publish posts/publications, photos, information and explanatory, advertising and image materials, infographics, highlight important events/actions, as well as successful MSME stories that received support.

Expert support of analytical studies of international development organizations in the field of MSME (OECD, etc.).

The Fund, being the main MSME support institution in Kazakhstan, will monitor and analyse the main indicators of the sector's development on a regular basis, and the results will be published in the form of periodic reports accessible to a wide audience. To promote Kazakhstan's investment opportunities for foreign organizations and enhance the status of Kazakhstan's participation in international organizations, the Fund will provide expert support for analytical studies of international development organizations in the field of MSME, such as "Financing of MSME and Entrepreneurs" (OECD), "Review of MSME Financing in Asia" (ADB), etc.

Staff development

To provide the Fund with the necessary human resources possessing required qualification and motivation, the Fund is actively working on the development of personnel within the framework of the Strategy. The objectives of the Fund's HR policy are to attract and retain professionals who can contribute to the development and growth of the Fund's efficiency. Taking into account a unified approach to all subsidiaries of the Holding Company, the HR policy of the Fund will develop in the following areas:

1) labour resources will be planned through the application of open competitive selection ensuring transparency, and also by creating a personnel reserve of the Fund's best employees;

2) the level of employees' labour productivity will be increased through evaluation of activities by way of key performance indicators application, personnel attestation and motivational programs;

3) productive management of human capital will be ensured by a system of continuous training and development of personnel, implementation and application of modern technologies and information management systems in the labour process, including automation of knowledge management processes;

4) ensuring fair and competitive remuneration of labour based on the implemented grading system and taking into account the review of wages in the market.

The results of this work of the Fund will be measured by the following efficiency:

- Evaluation of the trust and satisfaction of MSME entities with the activity of "Damu" Entrepreneurship Development Fund JSC during the whole period of the Strategy implementation will make up 80%.

4. Expected results

Within each strategic direction, the Damu Fund will regularly monitor achievement of the assigned tasks using the efficiency factor.

	Indicator	2017	2018	2019	2020	2021	2022	2023
STRATEGIC DIRECTION 1. Support and development of first-time and acting entrepreneurs								
Expansion of crediting of micro business, development and realization of instruments of support of MFIs and credit cooperatives								
1	Share of MFIs portfolio in the Fund's loan portfolio, %	1.1	1.7	1.7	2.3	2.7	2.7	2.7
2	Share of micro and small entrepreneurs from the total number of entrepreneurs supported, %	67.5	68	68.5	69.5	70.5	79.5	81.5
Increase of coverage of acting MSME by Fund's financial programs								
3	The ratio of MSME entities that received financial support to the total number of operating	2.6	3.5	4.5	5.7	7.2	8.6	10

	MSME entities on the market (State Programs/Programs of the Fund),%							
4	The number of new projects and projects for modernization and expansion of existing production facilities, taking into account the increase in labor productivity and expansion of sales markets (State Programs/Programs of the Fund), un.	32,600	44,200	57,200	71,800	91,500	109,500	128,000
5	The volume of housing as part of which the Fund's support tools were provided, thou. sq. m.	-	300	600	600	600	-	-
6	Share of the private sector in the Fund's loan portfolio, %	100	100	100	100	100	100	100
Ensuring growth of economic efficiency of supported MSME								
7	The volume of products manufactured by the business entities that received support, billion KZT	4,300	4,600	4,900	5,200	5,500	5,800	6,100
8	Increase in taxes paid by business entities that received support from the Fund, billion KZT	13	13	14	15	15	17	17
STRATEGIC DIRECTION 2. Sustainable institutional development of the Fund								
Attracting additional sources of financing								
9	The share of non-state sources of borrowing in the overall structure of borrowing in the reporting year, %	78	77	69.4	79	79	79	79
10	Debt/Capital	3.5	4	4.5	5	5.5	6	7
Achievement of planned level of financial results of activity								
11	ROA (not lower than the minimum positive value), %	0.7	1	1	1	1	1	1
12	Share of loan portfolio in total assets, %	77	81	88	89	91	91	91
Automation of business processes								
13	Automation of the Fund's main business processes, %	no less than 60	no less than 60	100	100	100	100	100
Raising level of corporate governance								
14	Assessment of trust and satisfaction of MSME subjects with the activity of Damu Entrepreneurship Development Fund JSC, %	no less than 80	no less than 80	no less than 80	no less than 80	no less than 80	no less than 80	no less than 80

Conclusion

The Fund's Development Strategy is aimed at the development of Kazakhstan's MSME sector and takes into account the experience of successful and effective implementation of both public and private MSME development programs. The Fund has twenty years of experience in supporting MSME and a number of other strengths that will be used to enhance the effective implementation of the Development Strategy and achievement of the goals, objectives and efficiency.

To ensure mass coverage of the Fund's financial instruments within the framework of the Development Strategy, the Fund will continue to work on the existing conditional credit

funds investment programs through STBs/LCs and increase the financing of micro and small enterprises by financing with the help of microfinance institutions. Also, the Fund will implement instruments to increase availability of credits, including subsidizing the interest rate and guaranteeing loans. In terms of guaranteeing, the Fund will use both the guarantee instrument existing within the Joint Program "Business roadmap – 2020" and increase the amount of guarantees issued without industry restriction within its own program "Damu-Optima". As part of subsidizing, the Fund will continue to provide a tool for MSME subsidizing until completion of the Joint Program "Business roadmap – 2020".

One of the Fund's priority activities, taking into account the strategic goal of increasing the share of MSME coverage by financial programs, is to increase the volume of borrowed funds and diversify funding sources. Within the framework of this focus, the Fund will use both credit funds and implement the bond program, and also attract a strategic investor to the Fund's capital.

To ensure optimal, convenient and comprehensive access to the Fund's financial instruments, the DAMU Digital project will be implemented within the framework of the Development Strategy. The main principle of the project is the "single window" principle organization with provision of tools for MSME self-service. This tool will provide efficiency, accessibility and transparency in cooperation with the Fund for MSME.

The Fund's policy to improve corporate governance is aimed at increasing the efficiency and quality of decisions, improving control over their implementation and ensuring transparency of the Fund's activities.

As a result of the Development Strategy implementation, the Fund will be positioned as a national institution that initiates and implements programs to support and develop MSME.

**Methodology for calculating key performance indicators
Development strategies of Damu Fund until 2023.**

No.	Indicator	Method of calculation
1	Share of MFIs portfolio in the Fund's loan portfolio, %	Loan portfolio (issued to MFIs)/Total amount of loans issued
2	Share of micro and small entrepreneurs from the total number of entrepreneurs supported, %	Number of projects of micro-small entrepreneurs supported by the Fund's financial programs/The total number of projects of entrepreneurs supported by the Fund's financial programs
3	The ratio of MSME entities that received financial support to the total number of operating MSME entities on the market (State Programs/Programs of the Fund),%	Number of MSME entities supported by the Fund's financial programs/Number of MSME operational entities on the market * 100
4	The number of new projects and projects for modernization and expansion of existing production facilities, taking into account the increase in labor productivity and expansion of sales markets (State Programs/Programs of the Fund), un.	The number of new projects and projects for modernization and expansion of existing production facilities, taking into account the increase in labor productivity and expansion of sales markets
5	The volume of housing as part of which the Fund's support tools were provided, thou. sq. m.	The volume of housing construction at the expense of subsidized loans to developers, credit and rental housing
6	Share of the private sector in the Fund's loan portfolio,%	The amount of loans granted to the private sector* / Loan portfolio (as per the Conditional funds investment program)
7	The volume of products manufactured by the business entities that received support, billion KZT	The volume of products manufactured by the business entities that received support
8	Increase in taxes paid by business entities that received support from the Fund, billion KZT	The amount of taxes of financial support programs participants in the reporting year is the amount of taxes of financial support programs participants in the previous year
9	The share of non-state sources of borrowing in the overall structure of borrowing in the reporting year, %	Funds raised for financing MSME entities from extrabudgetary sources/Total funds raised for financing MSME entities
10	Debt/Capital	Liabilities related to book value/Capital
11	ROA (not lower than the minimum positive value),%	Net profit for the period / Average assets for the period * 100
12	Share of loan portfolio in total assets, %	Loan Portfolio / Total Assets * 100
13	Automation of the Fund's main business processes, %	Number of automated business processes of the Fund / Total number of business processes of the Fund
14	Assessment of trust and satisfaction of MSME subjects with the activity of Damu Entrepreneurship Development Fund JSC,%	Evaluation of the degree of trust and satisfaction of MSME entities with the activities of the Fund carried out through an independent company

*The amount of loans granted to the private sector is calculated as the total amount of the loan portfolio, less loans granted to state, quasi-public organizations, as well as organizations with blocking (> 50%) or higher number of shares owned by the state.

Abbreviations:

ADB	Asian Development Bank
JSC	Joint Stock Company
"NMH "Baiterek" JSC / Sole shareholder / Shareholder, Holding	"National Management Holding "Baiterek" JSC

STB	Second-tier banks
WB	World Bank
IF	Idle funds
SPIID	State program of industrial-innovative development for 2015-2019
Joint program "Business roadmap – 2020" / JP "Business roadmap – 2020" / Program "Business roadmap – 2020"	Joint business support and development program "Business roadmap – 2020"
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
IE	Individual entrepreneur
Efficiency	Key performance indicators
CRMS	Corporate Risk Management System
FE	Peasant farm
LC	Leasing company
RK	Republic of Kazakhstan
LEB	Local executive body
MFI	Microfinance institution
NBK	National Bank of the Republic of Kazakhstan
NFK	National Fund of the Republic of Kazakhstan
OECD	Organization for Economic Cooperation and Development
MSME	Micro, small and medium-sized business entity
MBSC	Mobile Business Support Centres
Program	Program of regional financing of small and medium-sized enterprises
Media	Mass media
PB	Private business entity
Fund/Damu Fund	"Damu" Entrepreneurship Development Fund" JSC
CES	Centres of entrepreneurs servicing