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2019



ANNUAL REPORT ON SMEs DEVELOPMENT IN KAZAKHSTAN AND ITS REGIONS



Ministry
of National Economy
of the Republic of Kazakhstan



BAITEREK



DAMU
ENTREPRENEURSHIP DEVELOPMENT FUND

ANNUAL REPORT ON SMEs DEVELOPMENT IN KAZAKHSTAN AND ITS REGIONS



Compiler of the book
"Annual report on SMEs development in Kazakhstan and its regions"
"Damu "Entrepreneurship Development Fund" JSC

G. Buribayeva, B. Makazhanov, A. Ospanov, A. Kerimbekov, B. Imashev

**"Report on the state of small and medium entrepreneurship
development in Kazakhstan and its regions".**

Almaty, 2020, issue N° 12. 108 p.

The book "The Report on the small and medium entrepreneurship development in Kazakhstan and its regions" was developed by the team of authors of the Damu Fund of Entrepreneurship Development JSC (Fund Damu).

The Report contains the detailed information on the dynamics and state of development of the sector of the small and medium entrepreneurship (SME) of Kazakhstan. The first sections of the Report present the comprehensive, common to the whole republic, analysis of SME with a breakdown into industries and regions. The separate section covers the Damu Fund activities results concerning the entrepreneurship support. The section about the plans of the Damu Fund for further development of SME in Kazakhstan up to the end of 2020 completes the Report.

All the materials are based on the latest statistical data from the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan and the Damu Fund. The book is illustrated with statistical data in the form of tables, figures and diagrams that makes it more convenient for understanding. It is recommended to the government bodies, local executive authorities, higher education institutions, public organizations and business structures.

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ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Alikhan Smailov

First Deputy Prime Minister
of the Republic of Kazakhstan,
Chairman of the Board of Directors

DEAR LADIES AND GENTLEMEN!

In 2019, the nation's leadership and the Government took the complex measures to support business.

The President of the Republic of Kazakhstan K.K. Tokayev pays great attention to business development; all necessary conditions are created in our country to open and conduct business. The position of the Head of the State presented in the State of Nation Address is worthy of special attention as it states that the "small business, specifically microbusiness, plays important role in social-and-economic and political life of the country. First of all, it guarantees permanent employment of the residents of villages and cities with reducing unemployment thereby. Therefore, the State will continue to support business".

One of the effective and in-demand tools of complex business support in Kazakhstan is the Government Program 'Business Roadmap-2025', which has been extended until 2025. The aim is to keep maintaining permanent working positions and to create new ones, to guarantee sustainable and well-balanced growth of the regional entrepreneurship in non-raw-materials sectors of the country's economy. Last year, in order to support the business the Government implemented the "Economy of Simple Things" Loans Program for priority projects, as well as improved a number of other governmental programs. In the context of implementation of the programs, Damu Entrepreneurship Development Fund JSC acts as one of the principal financial operators for the state support measures.

Damu Fund ended 2019 with good performance, having financed more than 24 thousand projects for the total credit amount exceeded 600 billion tenge.

Fund's own programs aimed for support of small and medium-scale businesses in the regions are successfully implemented. Reception of applications for subsidies and guarantees through the web-portal E-gov is fully integrated. In 2019, the initiative to launch own Internet portal Online Damu based on the principle of a financial supermarket was realized.

In 2020, the Fund continues to cooperate with the United Nations Development Program and the Global Environment Facility within the framework of the new project “Reducing the Risks of Investing in Renewable Energy Sources”.

As per data of the World Bank, in 2019, Kazakhstan showed an increase of 3 points in the Ease of Doing Business rating – from point 28 to 25 among 190 countries. This can be regarded as the Fund’s merits.

Damu Fund continues to pay special attention to study of the international experience in support and development of small and medium-scale business. The knowledge acquired by the Fund’s employees at the time of the foreign internships is successfully used in practice.

In order to implement a complex of measures to support export-oriented micro, small and medium-scale enterprises, and training programs in 2019, 8 cooperation agreements were concluded with such organizations as Korea SMEs and Startups Agency (KOSME), SME Bank JSC (Russia), State Fund for Support of Business Development under the Cabinet of Ministers, Entrepreneurship Development Fund of the Republic of Azerbaijan, and many more.

The Damu Fund has all the necessary resources and tools for the effective implementation of its tasks.

The work performed by Damu Fund, which is aimed at enhancement of effectiveness of the measures of the state support of development of small and medium-scale business and improvement of the quality of provided services will certainly produce positive results.

Alikhan Smailov

Chairman of the Board of Directors

ADDRESS OF THE CHAIRWOMAN OF THE MANAGEMENT BOARD



Gaukhar Buribayeva

Chairwoman of the Management Board of 'Damu' Entrepreneurship Development Fund' JSC

In 2019, great attention was paid to improving the conditions for creating and running a business and developing the entrepreneurial potentials of Kazakhstan. At the present stage of development of the world economy the small and medium-scale enterprises are the basis for effective growth and the creation of permanent jobs, which would result in a multiplicative improvement of well being of the population.

The Fund is the main national development institution that provides state support to micro, small and medium enterprises. The Fund operates using 4 basic instruments:

- 1) *Preferential loans;*
- 2) *Interest rate subsidy;*
- 3) *Loan guarantee;*
- 4) *Online training and customer support to clients up until further work with financial institutions.*

Using the above financial instruments, the Fund supported 85 thousand projects in the amount of loans of 5.3 trillion tenge.

The Fund implements support programs for the manufacturing industry at the expense of the National Fund of the Republic of Kazakhstan, State Program for Support and Development of Business 'Business Roadmap-2025', State Program for Development of Productive Employment and Mass Entrepreneurship 'Enbek' and programs to support micro, small and medium-scale businesses, including women's entrepreneurship, within the framework of attracted funds from the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD); regional financing programs, together with Akimats, and other programs to support micro, small and medium-scale enterprises, at the expense of own and borrowed funds. In general, under preferential lending programs through second-tier banks, microfinance organizations and leasing companies, 61 thousand borrowers were funded to a total loan amount of 2.2 trillion tenge.

The number of projects that received subsidized interest rates in 2019 for all programs increased by 87% compared to 2018 and reached the level of

2 647 projects to the total amount of 269.8 billion tenge. The amount of loans also increased by 36%. Overall, 15.5 thousand projects worth 2.8 trillion tenge were supported by subsidizing the interest rate.

In 2019, under all guarantee programs, the number of projects also increased by 38% compared to 2018 and amounted to 2,674 projects. The amount of loans added up to 102.7 billion tenge, and the amount of guarantees totaled 40.4 billion tenge. Overall, the guarantee tool for the program implementation period supported 8.6 thousand projects to the amount of 302 billion tenge.

In order to implement the strategic task for sustainable institutional development, the Fund is working on automation of the basic business processes. Last year, **online.damu.kz** was launched to provide online services and expedite the processing of applications and introduce additional amenities for customers. Entrepreneurs can use the following services online:

- *Monitoring project for compliance/ possibility of obtaining state support (industry/regions);*
- *Online applications for state support for subsidizing, guaranteeing and preferential loans obtaining.*

For the past year, 67.5 billion tenge was raised to support local entrepreneurs, including 35.3 billion tenge from ADB.

Entrepreneurs who have received state support contribute to the social and economic development of Kazakhstan. In particular, the entrepreneurs supported by the Fund in 2018 produced goods (total annual income) to the amount of 5.5 trillion tenge, paid taxes in the amount of 443 billion tenge and created 8.7 thousand jobs.

In 2020, the Fund will continue to work on development of the alternative kinds of financing, such as microcredits through microfinance organizations, financing through leasing companies, and the Islamic financing.

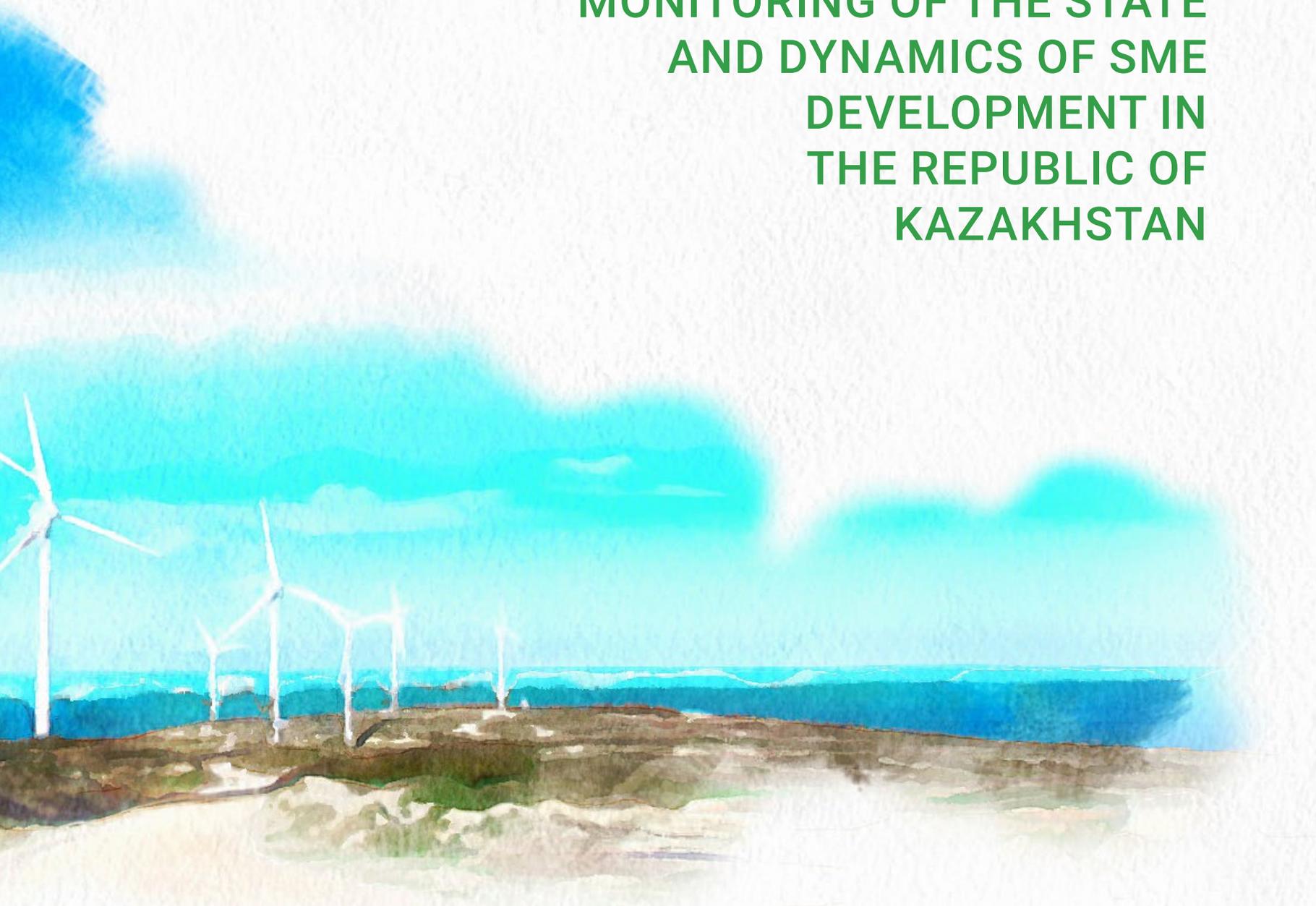
Likewise, the Fund is going to implement the kinds of alternative funding of the Fund such as the transactions settled using the securitization mechanism and the issue of the 'green' bonds on the stock of the International Financial Centre Astana.

Gaukhar Buribayeva
Chairwoman of the Management Board



01

MONITORING OF THE STATE AND DYNAMICS OF SME DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN





MONITORING OF THE STATE AND DYNAMICS OF SME DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN

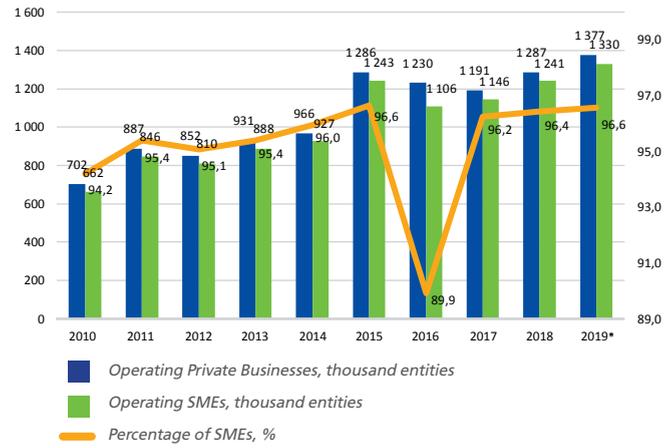
In 2019, the economy of Kazakhstan sustained its growth momentum: GDP increased by 12%. Against this background, there was also an increase in output in the SME sector. At the same time, the changes in the SMEs institutional structure are continuing, with the growth of legal entities:

- *In 2019, the number of operating SMEs had increased by 7.2%, which amounted to 1,330 thou. units by the end of the year. The share of registered, operating SMEs is estimated at 82.9%, which is 4.3 percentage points higher than in 2018.*
- *In the structure of SMEs by legal forms of organization, the number of SMEs in the form of legal entities increased by 27.0 thousand ones. Their share in the total structure of SMEs rose to 19.4%. This may highlight the qualitative institutional development of small business, both through the establishment of new legal entities and re-registration of individual entrepreneurs as an LLP.*
- *The numbers employed by SMEs increased by 3.9% over the year and made up of 3,399 thou. people as of 01.01.2020. The share of the population employed by SMEs in comparison to the total employed population of the country amounted to 38.7% as of 01.01.2020.*
- *In 2019, production output by SMEs exceeded KZT 31.2 trillion. In real terms, the output for the year increased by 11.9%, which is higher than the overall level of GDP growth. As a result, the share of GVA of SMEs in the country's GDP following the results of 2019 is estimated at 30.8%, which is 2.5 percentage points above the 2018 level.*
- *According to figures during the quarters 1–4 of 2019, proceeds from CIT payments by small enterprises amounted to KZT 941 bln. Thus, their share of the total CIT payments reached 30.4%, as compared with 2018, the increase was 16.8%, with 2017 – 56.0%.*
- *The amount of loans granted to Small, Medium & Micro Enterprises over the past year was 4.0 trillion tenge, but lags behind in terms of growth from total lending to the economy. As a result, their share in the total amount of loans provided to the economy was at the level of 26.9%.*
- *The number of loans issued for legal entities and individual entrepreneurs in 2019 reached 111.6 thousand loans, an increase of 30.1% as compared to the previous year.*
- *In the five key indicators of industrial structure of the SME sector, there are two main trends observed since 2010. Firstly, by almost all indicators, the share of logistics sector has been growing: the number of entities – from 7% to 8%; the number of population employed – from 7% to 8%; production output – from 9% to 10%; proceeds from CIT – 4% to 6%; and loan portfolio – from 5% to 7%. Secondly, there has been a downturn in the agricultural sector and its share in the number of enterprises and employment has significantly decreased. With respect to the enterprises in the manufacturing industry, there has been a growth in absolute terms (since 2010, the number of entities has increased by 2.4 times, the number of employed – by 24.6%, production output – by 3.6 times, Corporate Income Tax revenues – by 7.4 times, loans – by 2.8 times).*

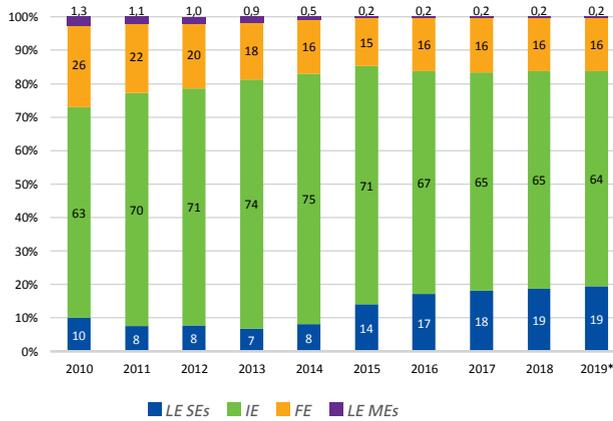
Dynamics of development of registered SMEs and PBs



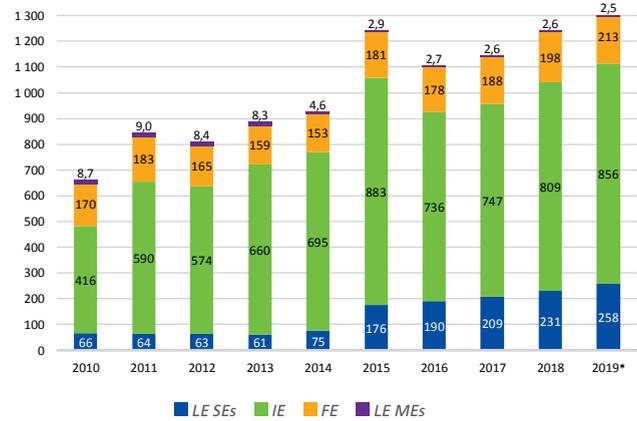
Dynamics of the number of operating SMEs and PBs



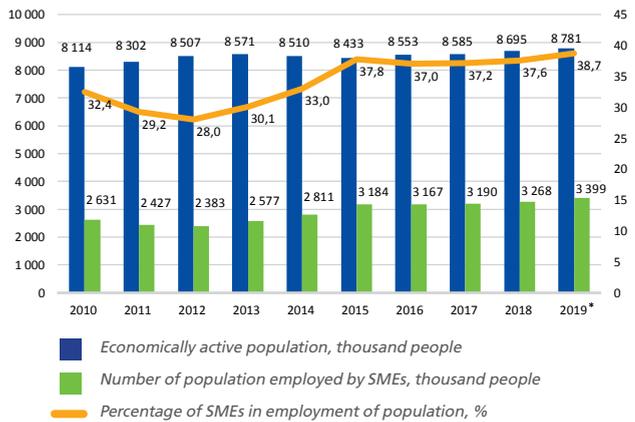
Structure of SMEs broken down by types of incorporation, %



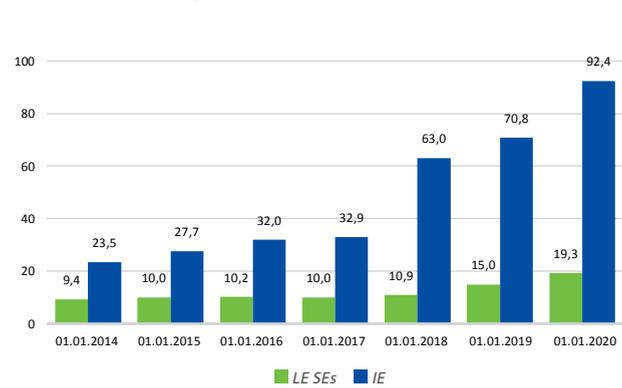
Structure of SMEs broken down by types of incorporation, thousand entities



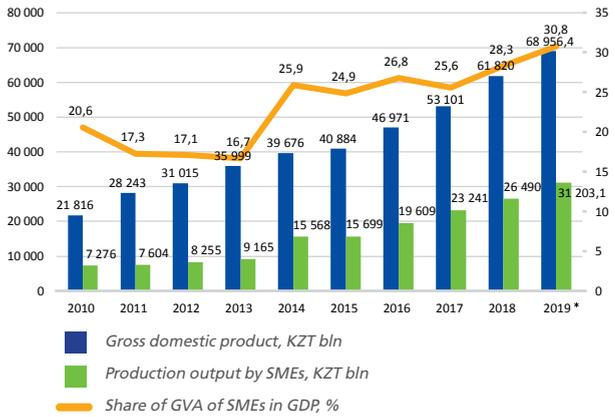
Share of population employed by SMEs of the total number of employed in the country



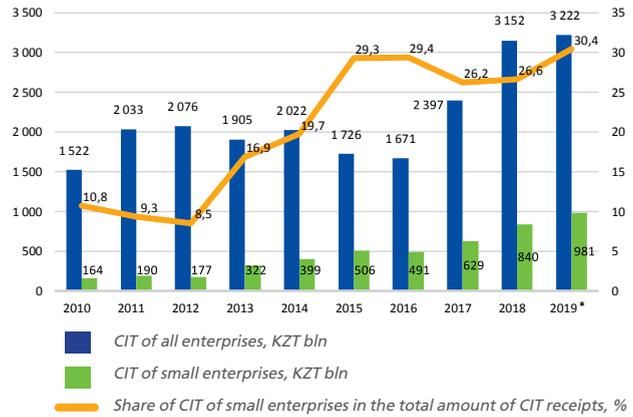
Loans issued by banks, thousand units



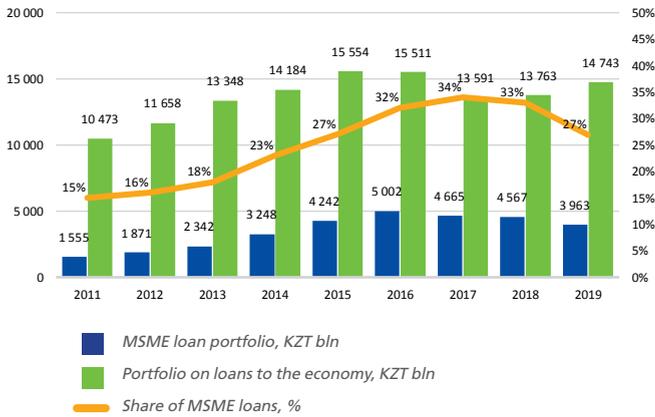
Contribution of SMEs to the GDP



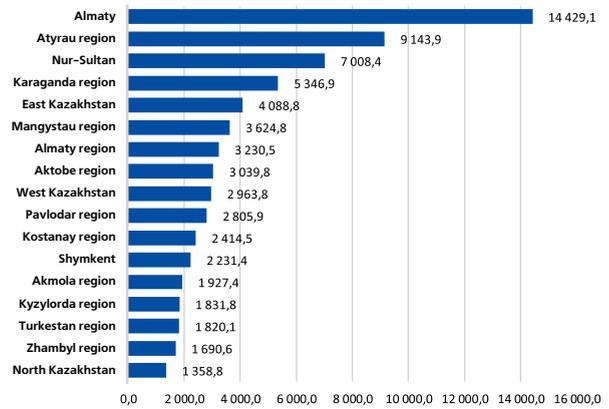
Share of CIT by small enterprises of the total amount of CIT receipts



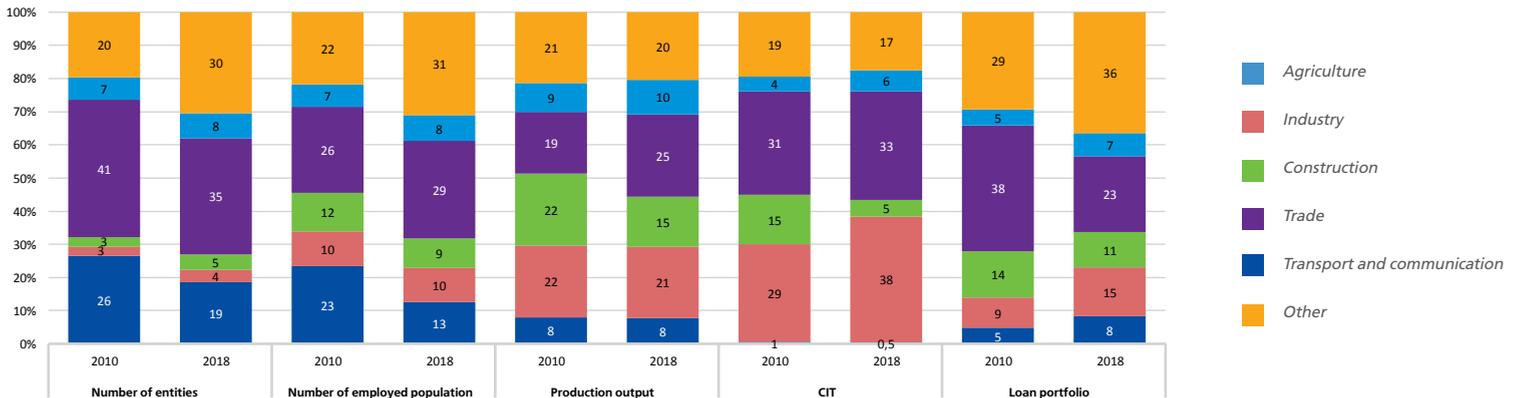
Lending dynamics to small enterprises by STBs, over a period



GRP in 2019, KZT bln (total: 69 956,5 KZT bln)



Industrial structure of macroeconomic indicators of SMEs, %



Note: Compiled according to the data of the Committee of Statistics of MNE RK (www.stat.gov.kz), the National Bank of the RK (www.nationalbank.kz).
* Data for 2019 is compiled based on operational information and evaluation of the Damu Fund



02

COMPARISON OF SME DEVELOPMENT INDICATORS IN THE REGIONS OF KAZAKHSTAN





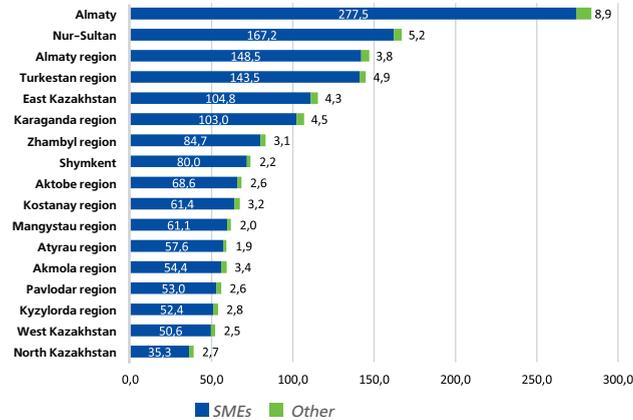
COMPARISON OF SME DEVELOPMENT INDICATORS IN THE REGIONS OF KAZAKHSTAN

According to the results of 2019, ratings for the regions of Kazakhstan, by main performance indicators of the SMEs sector, were as follows:

- *At the end of 2019, Almaty and Nur-Sultan cities, as well as the cities of Turkestan region, maintained the lead in the number of operating SME. Together, these regions account for 37% of all SMEs in the country. The lowest numbers of operating SMEs are indicated in the North Kazakhstan, West Kazakhstan and Pavlodar regions.*
 - *In the share of operating SMEs as a per cent of the total number of registered SMEs, the first position was occupied by Turkestan, Kyzylorda regions and Shymkent City. In total, 14 regions have numbers of operating SMEs (more than 82.9%), which is higher than the rating for the whole Republic.*
 - *The greatest concentration of registered enterprises with foreign ownership or foreign owned enterprises is found in Almaty: the share of such enterprises is 13.7% of the total number of small and medium-sized enterprises within the city. While in North Kazakhstan region, the share of enterprises with foreign ownership is 8.8%, which exceeds the overall national rate (8.5%).*
 - *As for the gender dimension, the Karaganda region has shown the highest rate in terms of SMEs run by women (45.7%). The high share of women entrepreneurs can be also observed in East Kazakhstan, Kostanay and West Kazakhstan regions.*
 - *The total number of people employed by SMEs as of January 1, 2020 made 3,399 thousand people, having increased over the year by 3.9%. The reduction affected three regions only.*
- There is an uneven population distribution employed by SMEs by region. The largest number of people employed by SMEs are located in the cities of Almaty, Nur-Sultan, Almaty, Karaganda and East Kazakhstan regions.*
- *The production output of the whole SME sector in Kazakhstan for 2019 was KZT 31,203 bln. The largest contribution to the production output broken down by regions was made by SMEs of the cities of Almaty (KZT 8,022 bln) and Nur-Sultan (KZT 5,948 bln), whose output generated 45% of the total output of the country's SMEs;*
 - *Total amount of CIT paid by small enterprises for the quarters 1–4 of 2018, amounted to KZT 981 bln. Atyrau region, Almaty city, West Kazakhstan region, and Nur-Sultan city became leaders in amounts paid. The SMEs of these regions paid more than 90% of all CIT proceeds from small enterprises of the country.*
 - *The size of the total loan portfolio of STBs to small enterprises, as of 01.01.2020, amounted to KZT 2,108 bln. The city of Almaty took a dominating position in the regional structure of lending by banks to small enterprises – KZT 1,169.2 bln or 55% of loans to small enterprises across the country. Nur-Sultan city takes the second place by the size of loan portfolio (KZT 272.8 bln). Both cities account for more than 68% of all loans given in the small business segment.*
 - *Excluding the cities of Almaty and Nur-Sultan, the aggregate share of loans to small enterprises apart from regional centres was 11.3% as of the end of 2019. Outside the regional centres, the most active entrepreneurs in taking on loans were from East Kazakhstan (33%), Pavlodar (23%) and Karaganda (19%) regions.*

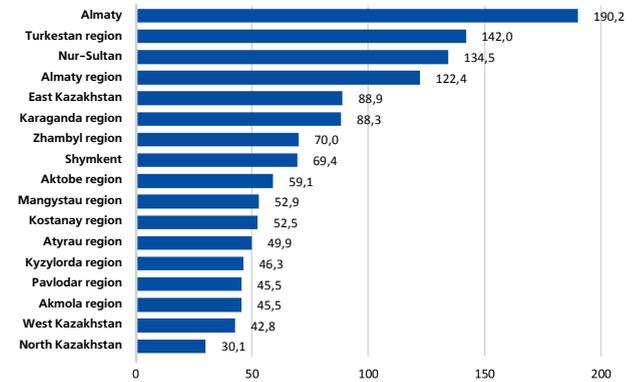
Number of registered SMEs and Private Businesses as of 01.01.2020, thousand entities

In Kazakhstan: 1 603,8 thousand registered SMEs, 1 664,5 thousand registered SMEs and Private Businesses

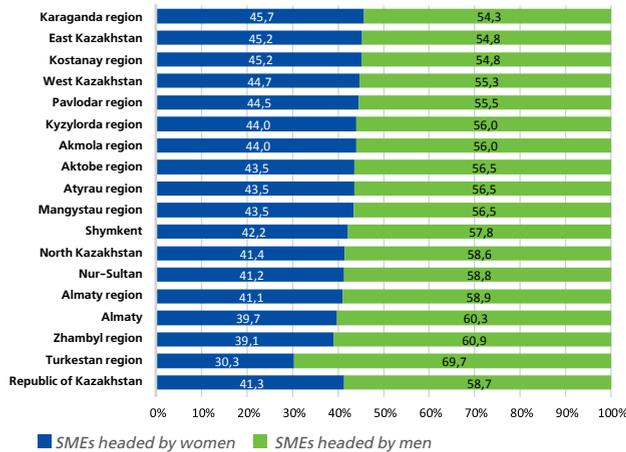


Number of operating SMEs as of 01.01.2020, thousand entities

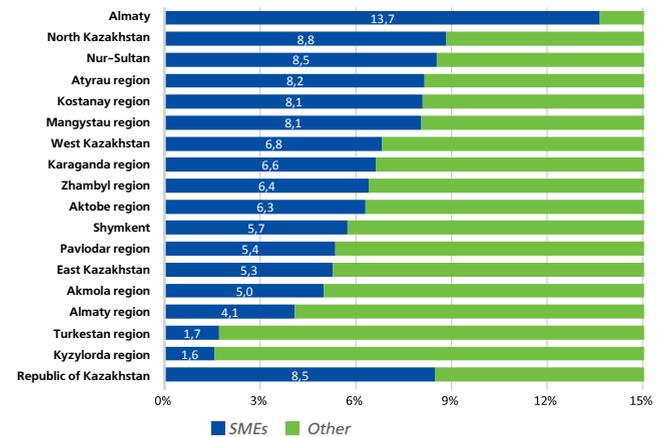
In Kazakhstan: 1 330,2 thousand operating SMEs



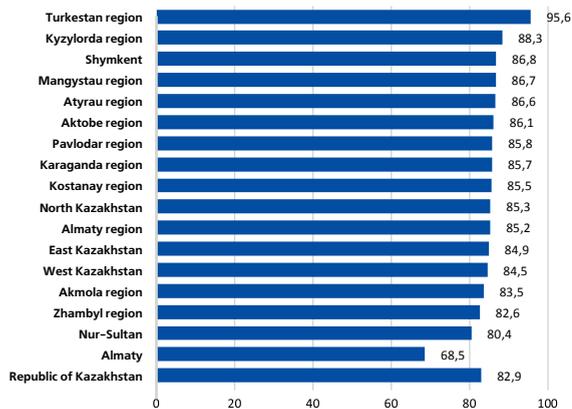
Percentage of SMEs headed by women and men broken down by regions, %



Percentage of SMEs with foreign ownership (based on data on legal entities), %

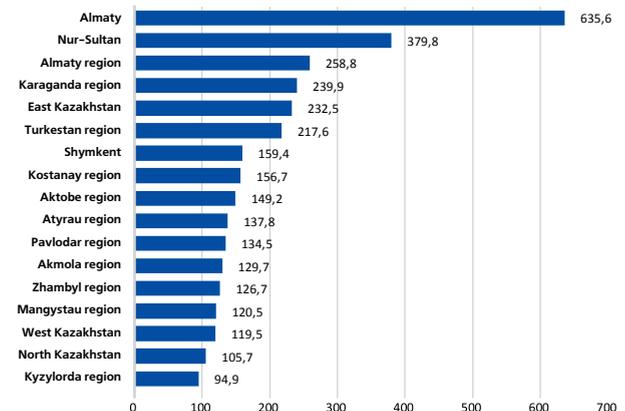


Percentage of operating SMEs in the total number of registered SMEs as of 01.01.2020, %



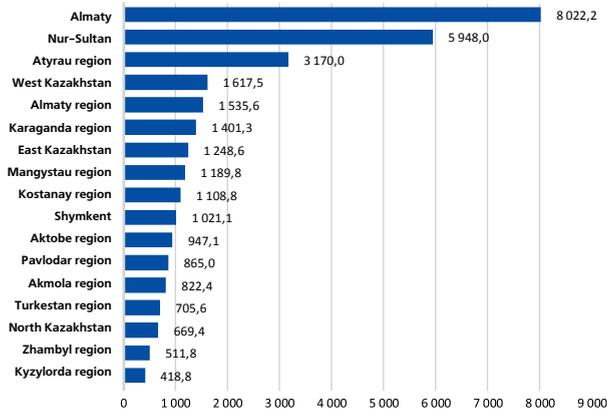
Number of people employed by SMEs broken down by regions as of 01.01.2020, thousand people

In Kazakhstan: 3 398,8 thousand people



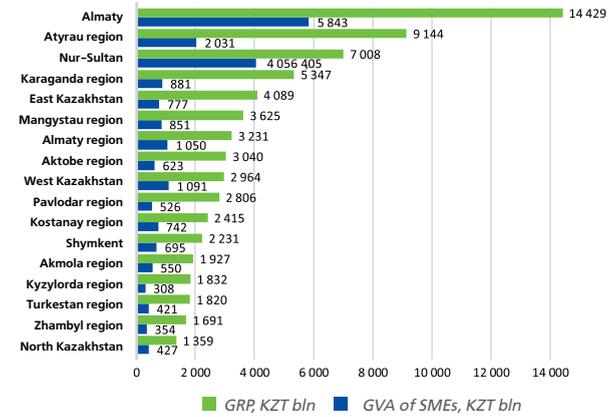
Production output by SMEs in 2019 broken down by regions, KZT bln

In Kazakhstan: 31 203,1 KZT bln

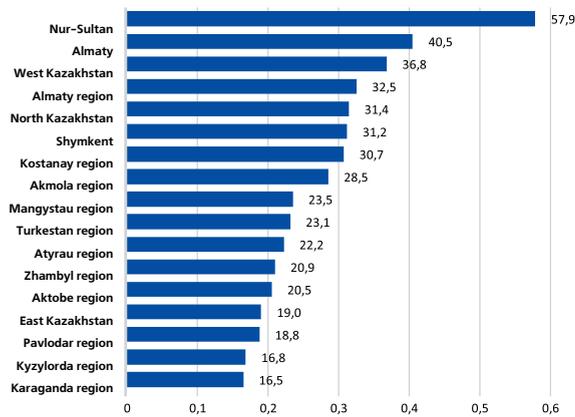


GRP and GVA of SMEs in 2019 broken down by regions, KZT bln

In Kazakhstan: GDP 68 956,5 KZT bln, GVA of SMEs 21 226,6 KZT bln

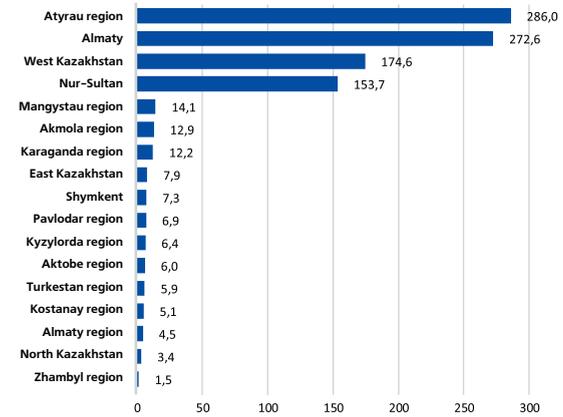


Percentage of GVA of SMEs in GRP, %

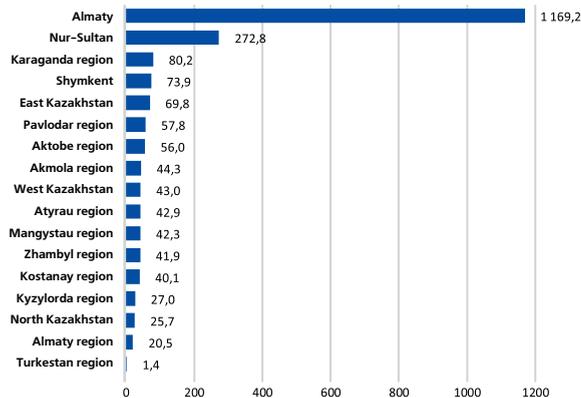


CIT of small enterprises in 2019 broken down by regions, KZT bln

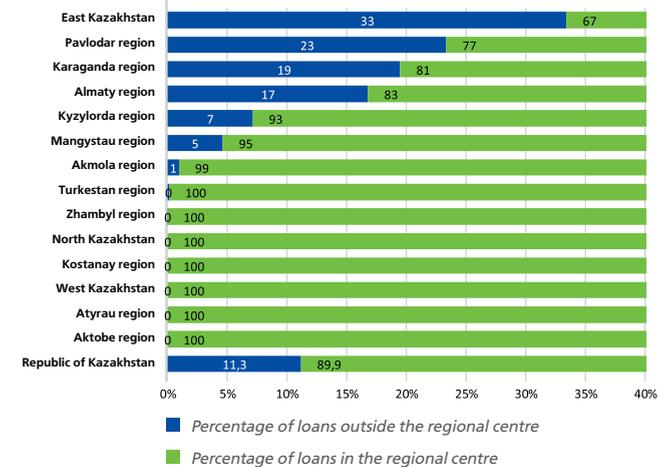
In Kazakhstan: 981,0 KZT bln



STB Portfolio on loans issued to small businesses by regions as at 01.01.2020



Bank loans to small enterprises in regional centres and other cities and districts, %





A watercolor illustration of a coastal landscape. The scene features a body of water in shades of light blue and turquoise, with a sandy beach and a green, hilly coastline in the background. In the foreground, there are several circular, shallow structures, possibly ponds or small lakes, with dark, rocky or earthen borders. The overall style is soft and artistic, with visible brushstrokes and a blended color palette. A semi-transparent map of the Republic of Kazakhstan is overlaid on the right side of the image, with the number '03' prominently displayed in white on a dark blue-green background.

03

ANALYSIS OF SME
DEVELOPMENT
IN THE REGIONS
OF THE REPUBLIC
OF KAZAKHSTAN

3.1 SMALL AND MEDIUM-SIZED ENTERPRISES IN NUR-SULTAN CITY

FOUNDED 1832
SINCE 10 DECEMBER 1997 – THE CAPITAL
OF THE REPUBLIC OF KAZAKHSTAN

Area
0.8
thousand km²,
0.03%
of the RK
territory

Population*
1,136.2
thousand km²
6.1%
of the RK
population

Economically
active
population*
578.9
thousand persons

Employed
population*
563.4
thousand persons

GRP*
7,008
billion tenge
10.2%
of the RK GDP

Quantum
index, % to
the corresponding
period of the last year
101.3

GRP per capita
6,330
thousand tenge

Main changes in Nur-Sultan City SME sector for 2019:

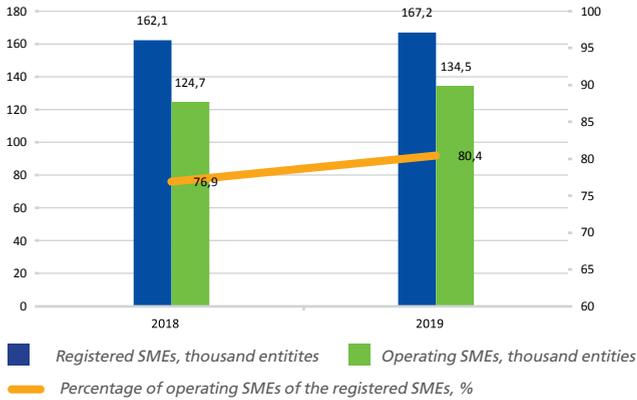
- The number of registered SMEs increased by 10.2%, the number of operating SMEs increased by 7.9%. Their share increased from 76.9% to 80.4%.
- In the industrial structure, dominating positions are taken by entities in services (36.0%), trade (32.0%), and construction (11.0%).
- Number of the population employed by SMEs has decreased for 2019. The share of the population employed by SMEs within the total work force increased from 71.6% to 68.6%.
- Production output by SMEs (in comparable prices) rose by 15.2%. The share of GVA of SMEs in GRP increased from 55.5% to 57.9%.
- CIT expenses for small enterprises fell by 13%. Their share in overall CIT expenses of all enterprises rose from 36.6% to 39.6%.
- Small enterprises' loan portfolio fell by 29.3%. Its share in the total loan portfolio of the economy fell from 19.3% to 16.0%.



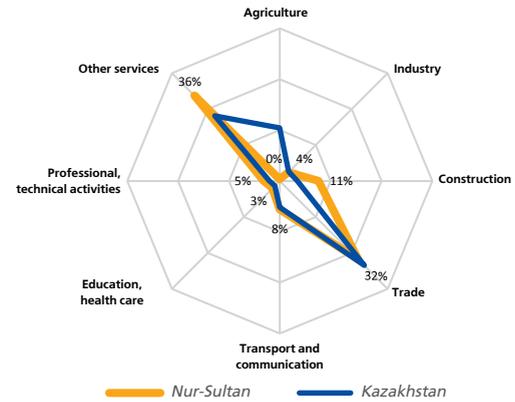
Small and medium entrepreneurship in Nur-Sultan.
"Akhmetova F.Kh." IE. Production of bread, dough and bakery products. Received state support under the "subsidizing" instrument within the "Economy of Simple Things" Lending Mechanism for Priority Projects state program.

* 01.01.2020

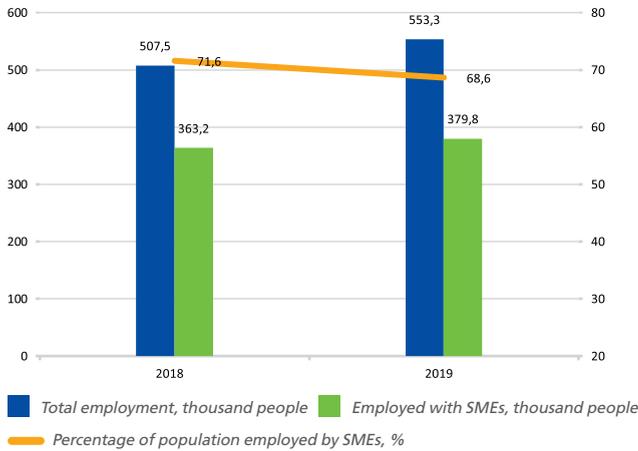
Percentage of operating SMEs in Nur-Sultan City of the total registered SMEs



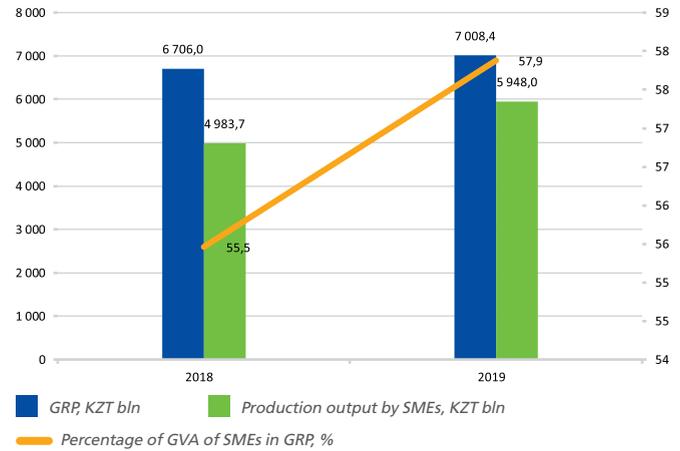
Structure of registered SMEs by type of economic activity



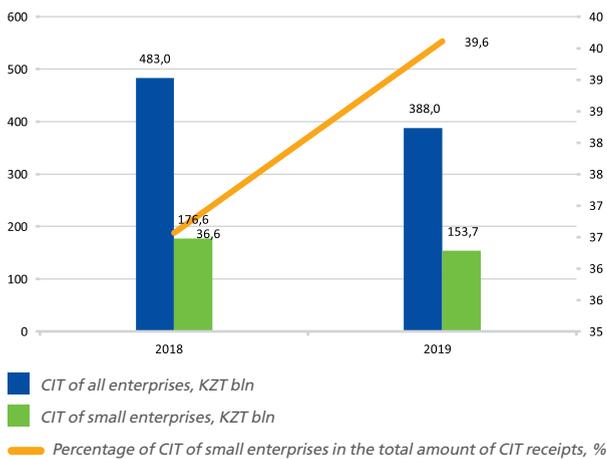
Percentage of population employed by SMEs in Nur-Sultan City in the total number of population employed



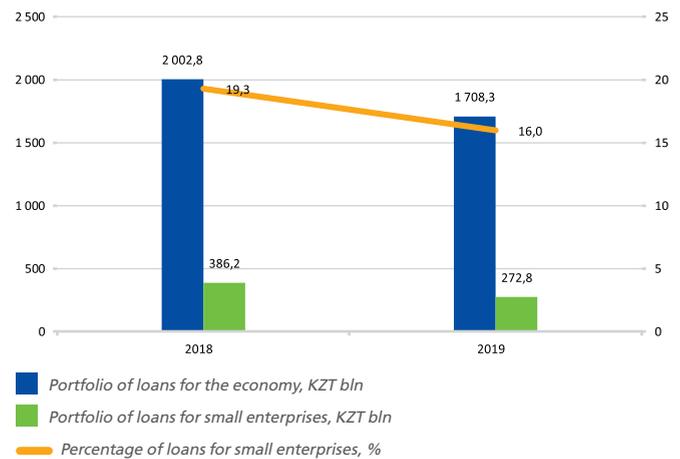
Dynamics of production output by SMEs and GRP in Nur-Sultan City



Dynamics of CIT paid by small enterprises in Nur-Sultan City



STBs' loan portfolio for the economy and small enterprises of Nur-Sultan City



RESULTS OF DAMU FUND PROGRAMS IN NUR-SULTAN CITY

LENDING

	Quantity	Amount of loans
2018	441	23,495 million tenge
2019	292	16,394 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	133	23,761 million tenge	4,842 million tenge
2019	187	28,270 million tenge	3,780 million tenge

GUARANTEEING

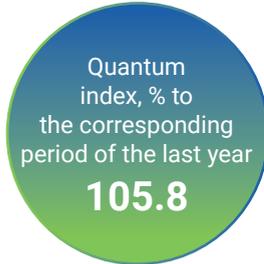
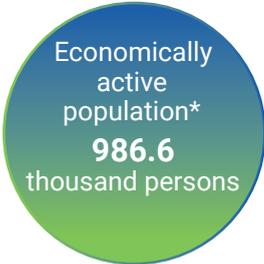
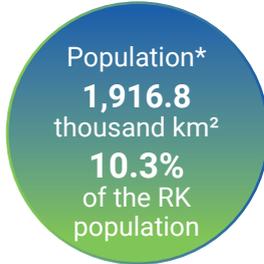
	Supported	Amount of loans	Amount of guarantee
2018	96	5,966 million tenge	1,898 million tenge
2019	125	7,631 million tenge	2,448 million tenge

CONSULTING

	Consulting	Monitoring
2018	747	413
2019	2,823	540

3.2 SMALL AND MEDIUM-SIZED ENTERPRISES IN ALMATY CITY

FOUNDED 1854
FROM 1929 TO 1997 – THE CAPITAL
OF THE REPUBLIC OF KAZAKHSTAN



Main changes in Almaty City SME sector for 2019:

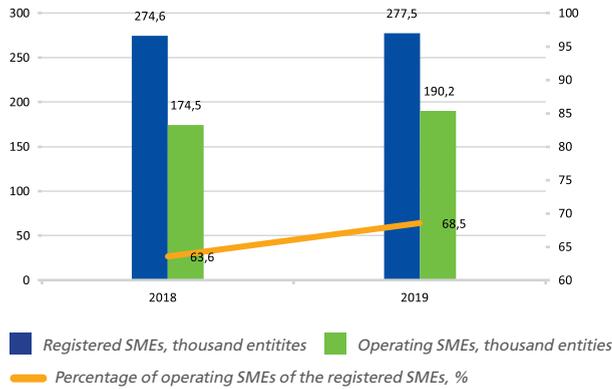
- The number of registered SMEs increased by 1.0%, the number of operating SMEs increased by 9.0%. Their share also increased from 63.6% to 68.5%.
- In the industrial structure, dominating positions are taken by entities in services (38.0%), trade (35.0%), transport and communications (8.0%).
- Number of the population employed by SMEs increased by 7.0%. The share of the population employed by SMEs in the total work force increased from 63.6% to 67.9%.
- Production output by SMEs (in comparable prices) increased by 11.2%. The share of GVA of SMEs in GRP increased from 39.5% to 40.5%.
- CIT expenses for small enterprises increased by 78%. Their share in overall CIT expenses of all enterprises rose from 56.4% to 62.6%.
- Small enterprises' loan portfolios decreased by 4.1%. Its share in the total loan portfolio of the economy decreased from 18.2% to 16.5%.



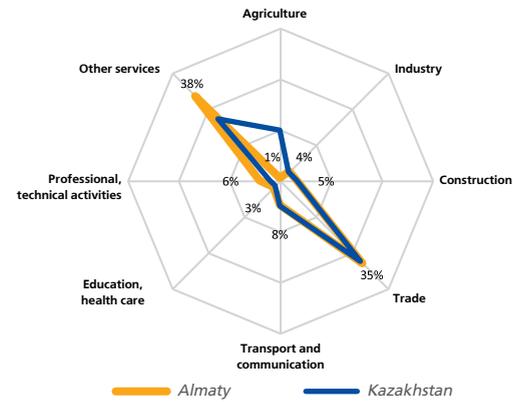
Small and medium entrepreneurship in Almaty.
"Adalplant" LLP. Hard soap production project. The company received support under the subsidizing instrument within the "Business Roadmap-2020" program.

* 01.01.2020

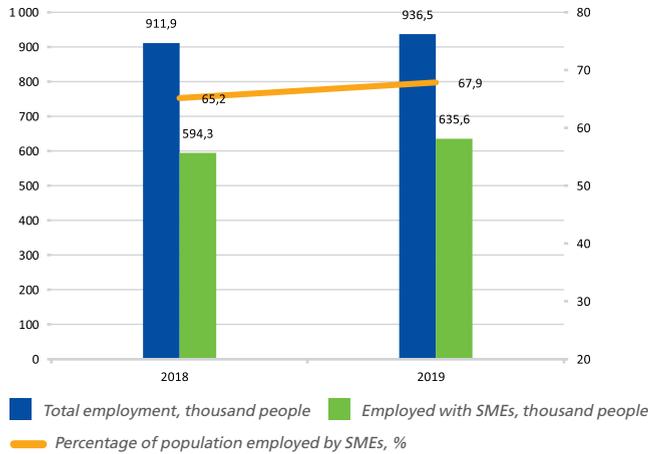
Percentage of operating SMEs in Almaty City of the total registered SMEs



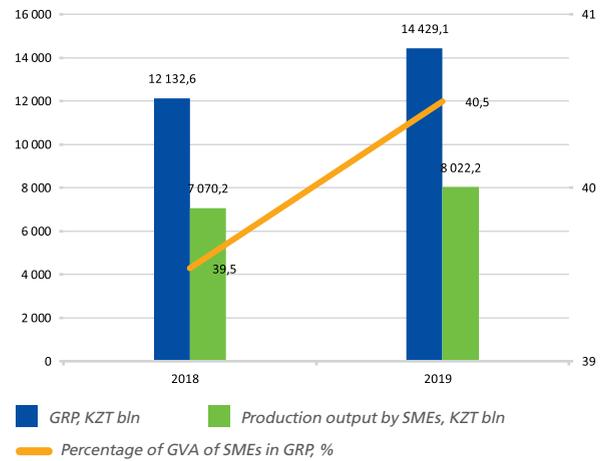
Structure of registered SMEs by type of economic activity



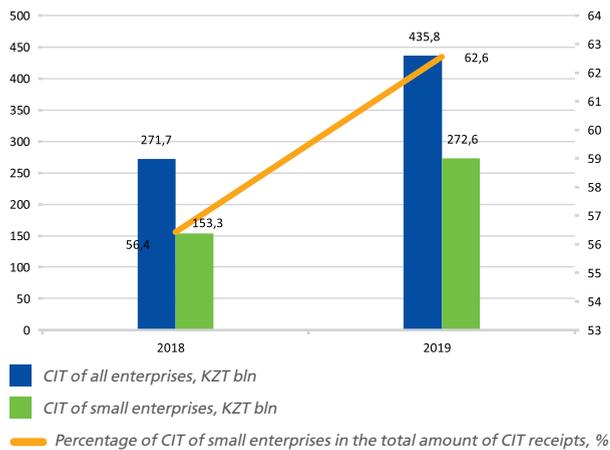
Percentage of population employed by SMEs in Almaty City in the total number of population employed



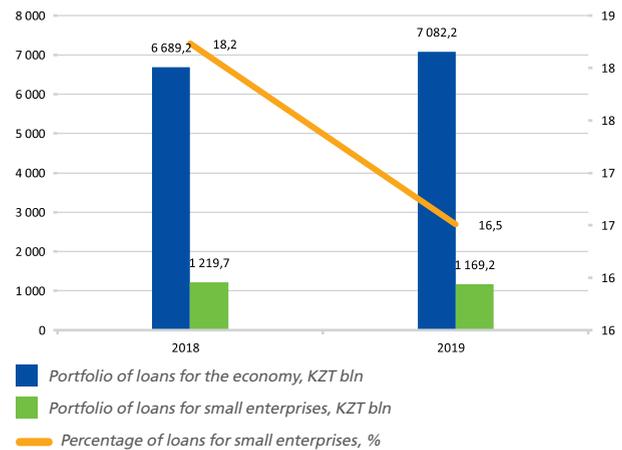
Dynamics of production output by SMEs and GRP in Almaty City



Dynamics of CIT paid by small enterprises in Almaty City



STBs' loan portfolio for the economy and small enterprises of Almaty City



RESULTS OF DAMU FUND PROGRAMS IN ALMATY CITY

LENDING

	Quantity	Amount of loans
2018	984	43,889 million tenge
2019	441	33,179 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	104	39,394 million tenge	5,771 million tenge
2019	149	47,139 million tenge	6,409 million tenge

GUARANTEEING

	Supported	Amount of loans	Amount of guarantee
2018	70	4,661 million tenge	1,751 million tenge
2019	118	7,123 million tenge	2,118 million tenge

CONSULTING

	Consulting	Monitoring
2018	2,827	481
2019	3,130	484

3.3 SMALL AND MEDIUM-SIZED ENTERPRISES IN SHYMKENT CITY

FOUNDED 12 CENTURY



* 01.01.2020

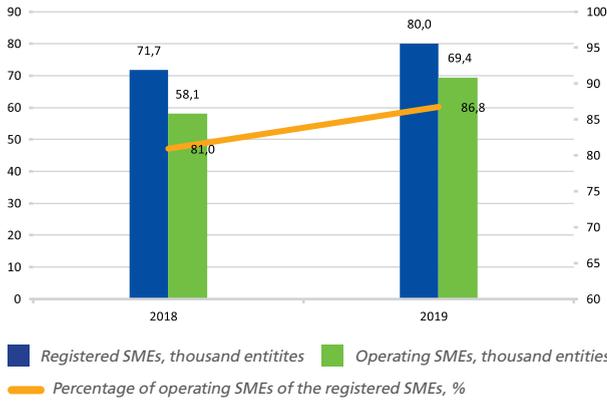
Key indicators of Shymkent City SME sector for 2019:

- The number of registered SMEs increased by 11.6%. The number of operating SMEs increased by 19.6%. Their share increased from 81.0% to 86.8%.
- In the industrial structure, dominating positions are taken by entities in trade (38.0%), services (35.0%), and agriculture (6.0%).
- The number of people employed by SMEs increased by 11.3%. The share of employees engaged in SMEs of the total number of employees increased from 6.3% to 11.3%.
- Production output by SMEs (in comparable prices) increased by 14.9%. The share of GVA of SMEs in GRP increased from 25.6% to 31.2%.
- CIT expenses for small enterprises increased by 5.2%. Their share in overall CIT expenses of all enterprises fell from 18.7% to 15.9%.
- Small enterprises' loan portfolios decreased by 8.1%. Its share in the total loan portfolio of the economy decreased from 15.9% to 13.7%.

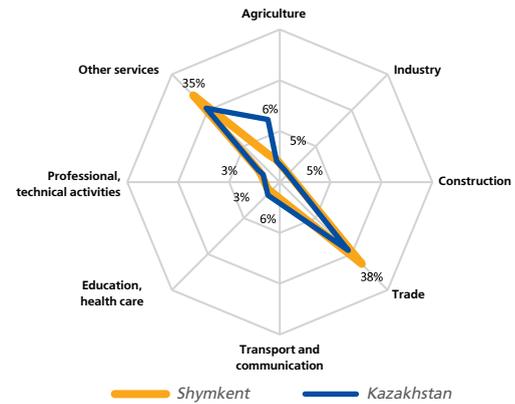


Small and medium entrepreneurship in Shymkent.
JV "LuxShoes" LLP. Factory for the production of footwear from genuine leather.
The company received support under the state program for lending priority projects
"Economy of Simple Things".

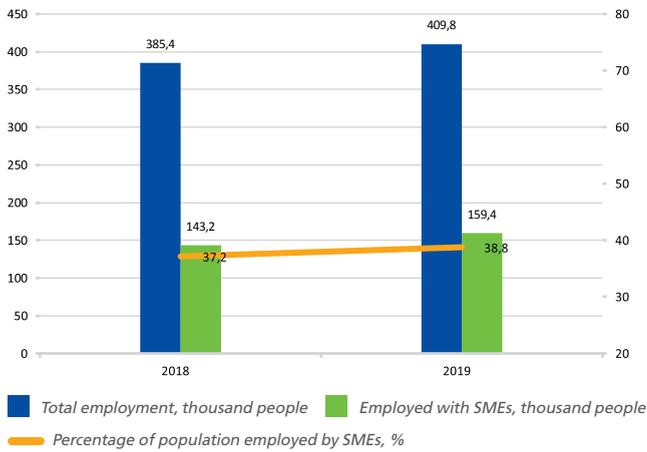
Percentage of operating SMEs in Shymkent City of the total registered SMEs



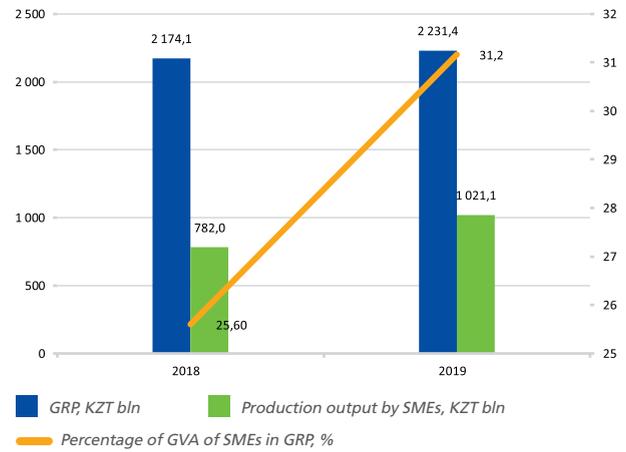
Structure of registered SMEs by type of economic activity



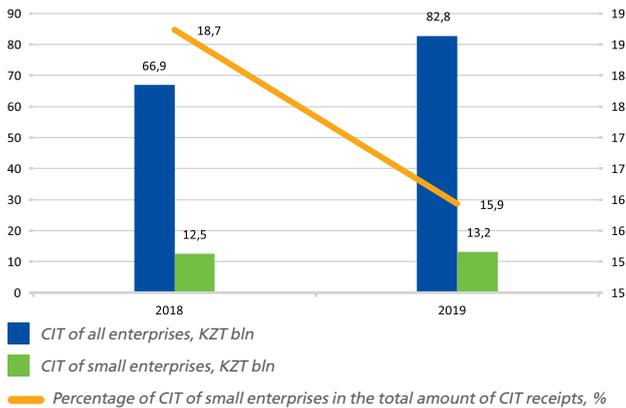
Percentage of population employed by SMEs in Shymkent City in the total number of population employed



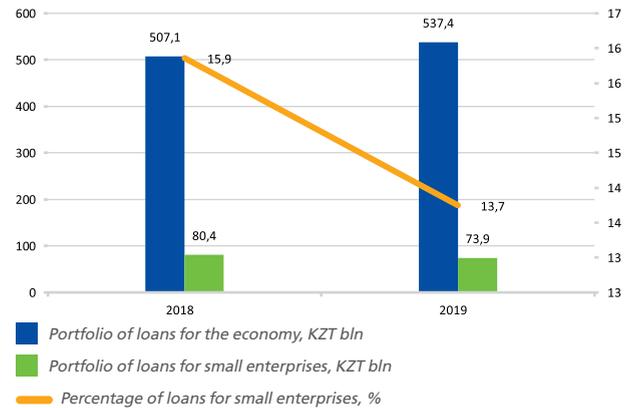
Dynamics of production output by SMEs and GRP in Shymkent City



Dynamics of CIT paid by small enterprises in Shymkent City



STBs' loan portfolio for the economy and small enterprises of Shymkent City



* Shymkent City and Turkestan region

RESULTS OF DAMU FUND PROGRAMS IN SHYMKENT CITY

LENDING

	Quantity	Amount of loans
2018	1,248	8,480 million tenge
2019	1,363	18,392 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	20	7,879 million tenge	322 million tenge
2019	73	14,992 million tenge	2,155 million tenge

GUARANTEEING

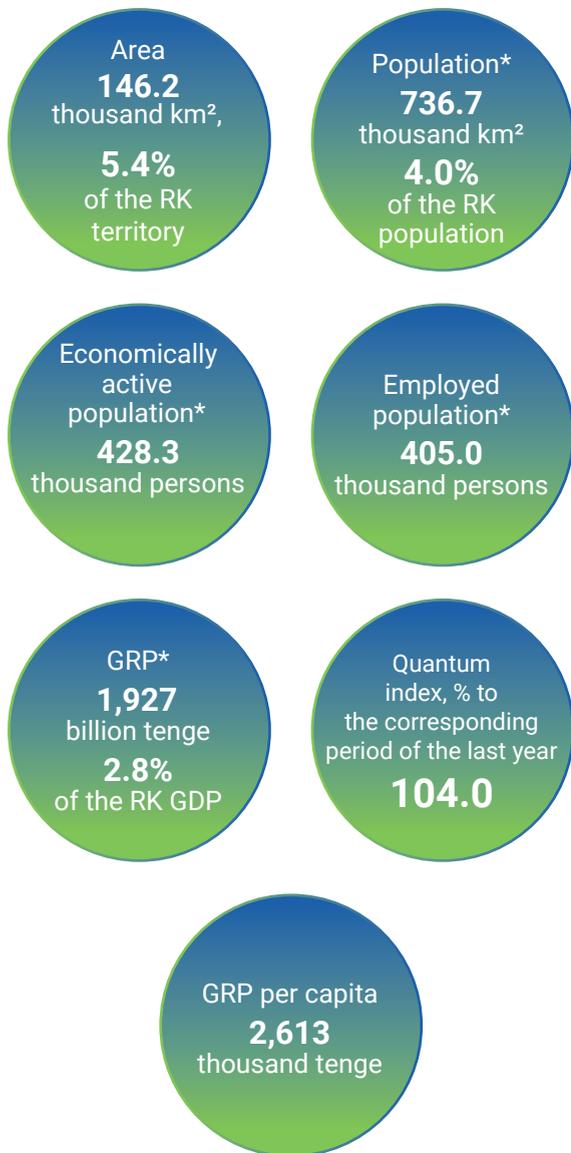
	Supported	Amount of loans	Amount of guarantee
2018	23	1,208 million tenge	391 million tenge
2019	27	2,015 million tenge	765 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,853	352
2019	1,440	299

3.4 SMALL AND MEDIUM-SIZED ENTERPRISES IN AKMOLA REGION

FOUNDED 14 OCTOBER 1939



Main changes in AkMola region SME sector for 2019:

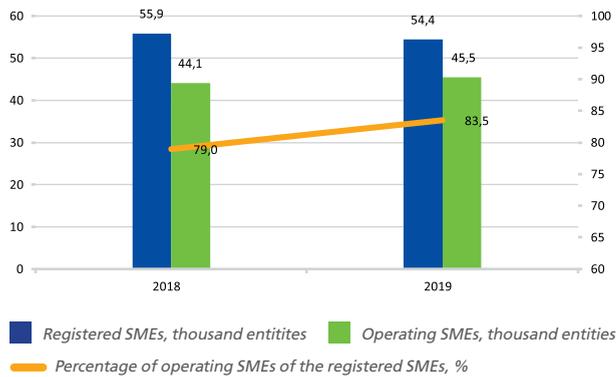
- The number of registered SMEs decreased by 2.6% and, vice versa, the number of operating SMEs increased by 3.1%. Their share increased from 79.0% to 83.5%.
- In the industrial structure, dominating positions are taken by entities in trade (37.0%), services (25.0%), and agriculture (17.0%).
- Number of the population employed by SMEs decreased by 1.7%. The share of the population employed by SMEs in the total work force decreased from 32.3% to 31.8%.
- Production output by SMEs (in comparable prices) did not change and remained at the previous level. The share of GVA of SMEs in GRP increased from 27.6% to 28.5%.
- CIT expenses for small enterprises increased by 391.6%. Their share in overall CIT expenses of all enterprises rose from 8.0% to 22.9%.
- Small enterprises' loan portfolios decreased by 37.5%. Its share in the total loan portfolio of the economy decreased from 30.8% to 20.9%.



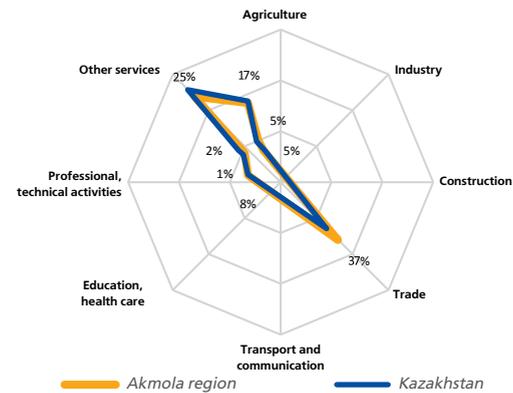
Small and medium entrepreneurship in the AkMola region.
 "M.GES" LLP. Project for the provision of dental services for children. The company received support within the "Yenbek" state program and the "Kokshetau-business" regional program.

* 01.01.2020

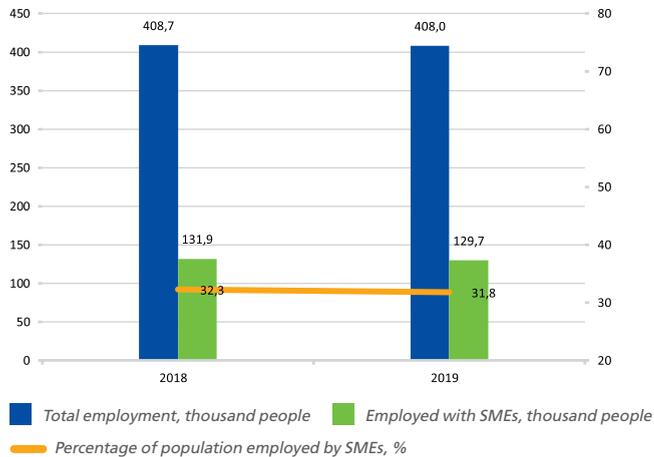
Percentage of operating SMEs in Akmola region of the total registered SMEs



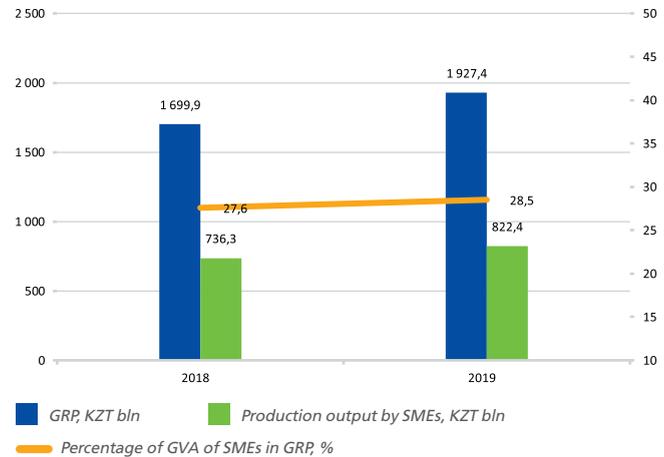
Structure of registered SMEs by type of economic activity



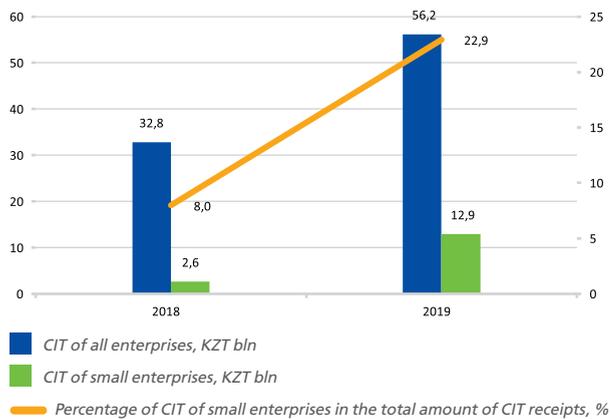
Percentage of population employed by SMEs in Akmola region in the total number of population employed



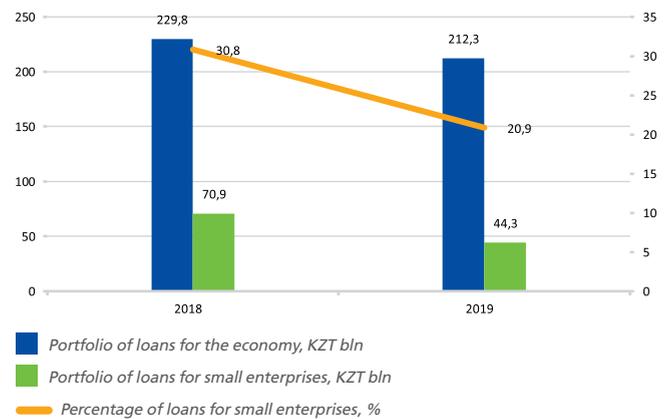
Dynamics of production output by SMEs and GRP in Akmola region



Dynamics of CIT paid by small enterprises in Akmola region



STBs' loan portfolio for the economy and small enterprises of Akmola region



RESULTS OF DAMU FUND PROGRAMS IN AKMOLA REGION

LENDING

	Quantity	Amount of loans
2018	364	9,882 million tenge
2019	301	8,076 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	82	12,392 million tenge	2,189 million tenge
2019	120	10,973 million tenge	1,986 million tenge

GUARANTEEING

	Supported	Amount of loans	Amount of guarantee
2018	62	2,375 million tenge	1,001 million tenge
2019	87	3,397 million tenge	1,124 million tenge

CONSULTING

	Consulting	Monitoring
2018	433	363
2019	1,496	327

3.5 SMALL AND MEDIUM-SIZED ENTERPRISES IN AKTOBE REGION

FOUNDED 10 MARCH 1932

Area
300.6
thousand km²,
11.0%
of the RK
territory

Population*
881.7
thousand km²
4.7%
of the RK
population

Economically
active
population*
437.3
thousand persons

Employed
population*
418.1
thousand persons

GRP*
3,040
billion tenge
4.4%
of the RK GDP

Quantum
index, % to
the corresponding
period of the last year
105.3

GRP per capita
3,471
thousand tenge

Main changes in Aktobe region SME sector for 2019:

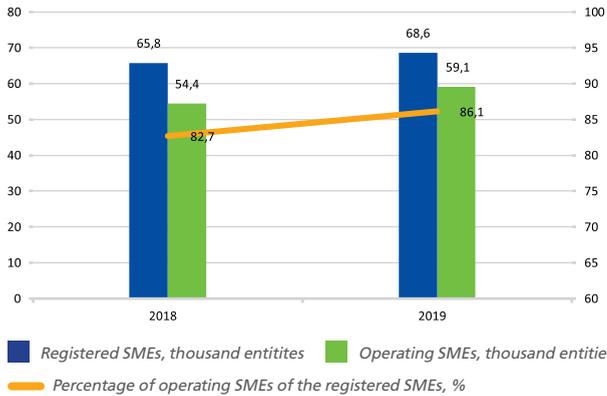
- The number of registered SMEs increased by 4.3%. The number of operating SMEs increased by 8.6%. Their share increased from 82.7% to 86.1%.
- In the industrial structure, dominating positions are taken by entities in trade (35.0%), services (30.0%), and agriculture (12.0%).
- Number of the population employed by SMEs increased by 7.4%. The share of the population employed by SMEs in the total work force increased from 33.3% to 35.8%.
- Production output by SMEs (in comparable prices) rose by 0.8%. The share of GVA of SMEs in GRP increased from 19.7% to 20.5%.
- CIT expenses for small enterprises decreased by 59.2%. Their share in overall CIT expenses of all enterprises fell from 11.2% to 4.3%.
- Small enterprises' loan portfolios decreased by 6.9%. Its share in the total loan portfolio of the economy decreased from 18.1% to 14.6%.



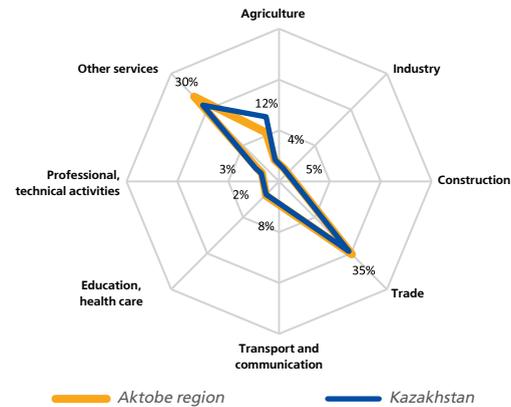
Small and medium entrepreneurship in the Aktobe region.
"Irkinalinova Z. Ye" IE. Culinary and confectionery production project.
The company received support under the subsidizing and guarantee
instruments within the "Business Roadmap-2020".

* 01.01.2020

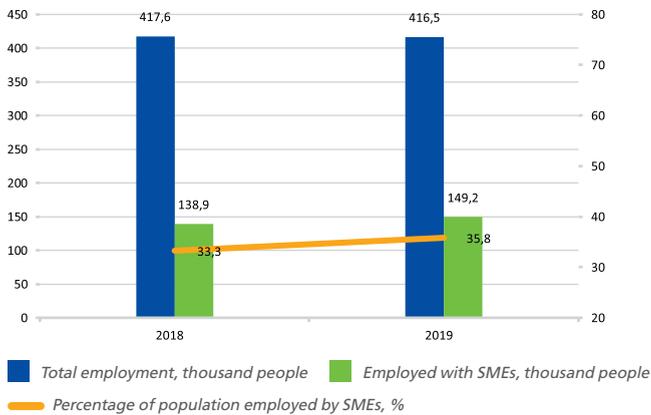
Percentage of operating SMEs in Aktobe region of the total registered SMEs



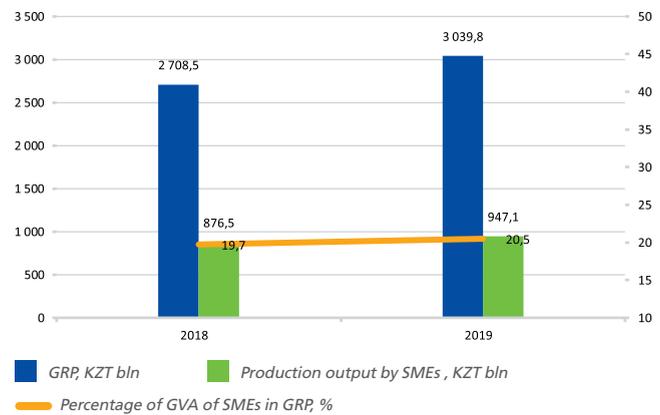
Structure of registered SMEs by type of economic activity



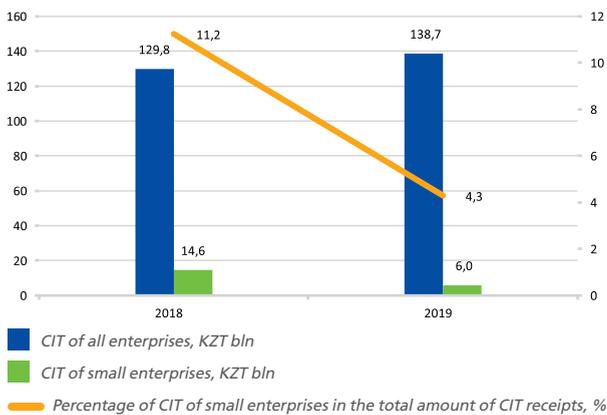
Percentage of population employed by SMEs in Aktobe region in the total number of population employed



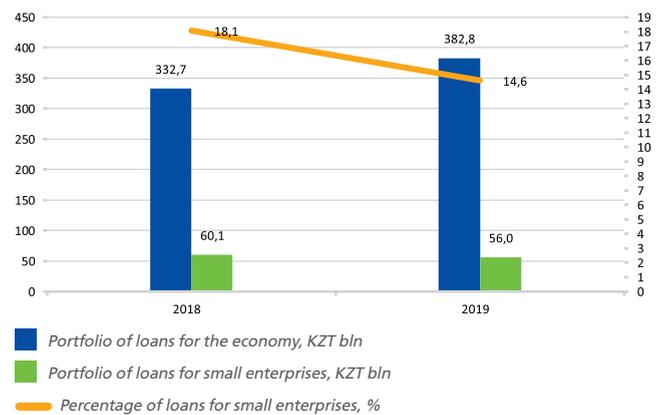
Dynamics of production output by SMEs and GRP in Aktobe region



Dynamics of CIT paid by small enterprises in Aktobe region



STBs' loan portfolio for the economy and small enterprises of Aktobe region



RESULTS OF DAMU FUND PROGRAMS IN AKTOBE REGION

LENDING

	Quantity	Amount of loans
2018	496	11,758 million tenge
2019	371	10,084 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	101	6,925 million tenge	1,905 million tenge
2019	232	16,014 million tenge	1,792 million tenge

GUARANTEEING

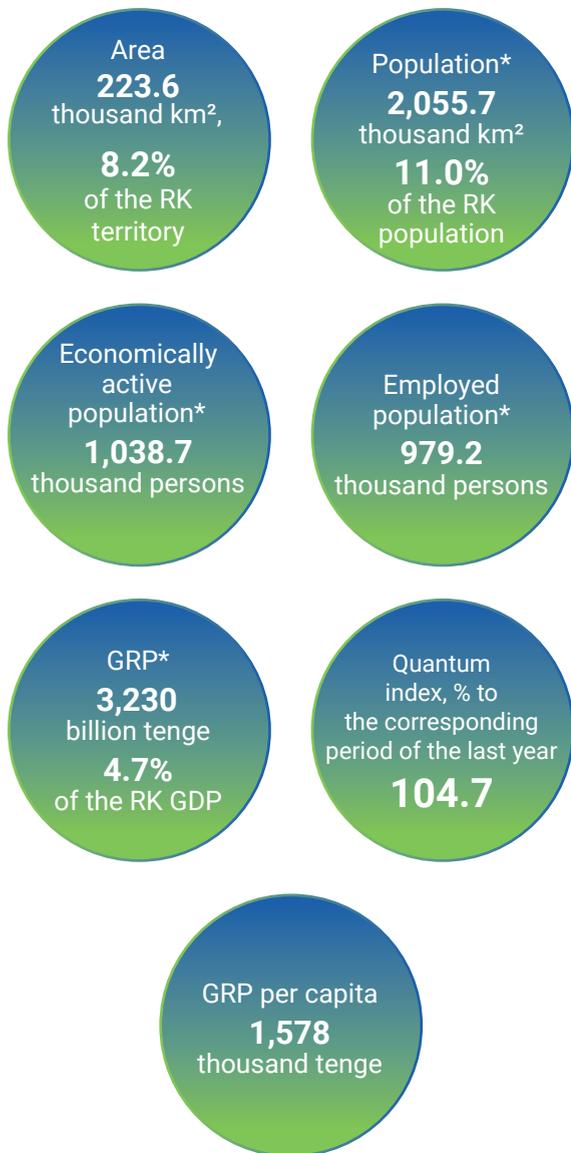
	Supported	Amount of loans	Amount of guarantee
2018	107	4,413 million tenge	1,585 million tenge
2019	143	5,661 million tenge	2,523 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,246	446
2019	2,406	548

3.6 SMALL AND MEDIUM-SIZED ENTERPRISES IN ALMATY REGION

FOUNDED 10 MARCH 1932



* 01.01.2020

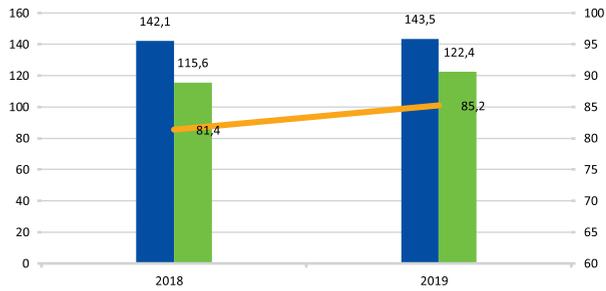
Main changes in Almaty region SME sector for 2019:

- The number of registered SMEs slightly changed and increased by 1.0%. The number of operating SMEs increased by 5.8%. Their share increased from 81.4% to 85.2%.
- In the industrial structure, dominating positions are taken by entities in agriculture (36.0%), trade (27.0%), and services (22.0%).
- Number of the population employed by SMEs increased by 4.1%. The share of the population employed by SMEs in the total work force increased from 25.0% to 26.1%.
- Production output by SMEs (in comparable prices) rose by 7.0%. The share of GVA of SMEs in GRP increased from 27.3% to 32.5%.
- CIT expenses for small enterprises increased by 6.2%. Their share in overall CIT expenses of all enterprises insignificantly fell from 19.7% to 19.5%.
- Small enterprises' loan portfolios decreased by 15.2%. Its share in the total loan portfolio of the economy also decreased from 11.3% to 7.5%.



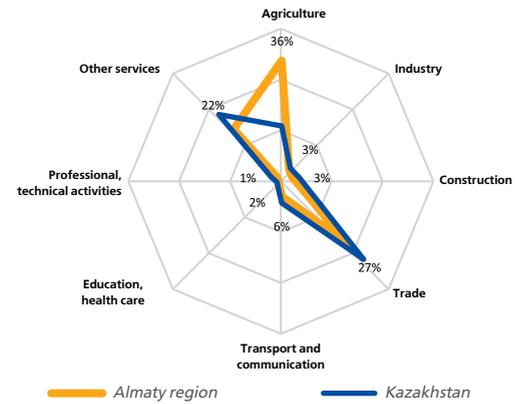
Small and medium entrepreneurship in the Almaty region.
"Zharkent-Arasan" Medical health-improving complex" Limited Liability Partnership. Project for the provision of medical and health improving services in a health resort complex. The company received state support under the subsidizing instrument within the "Business Roadmap-2025" program.

Percentage of operating SMEs in Almaty region of the total registered SMEs



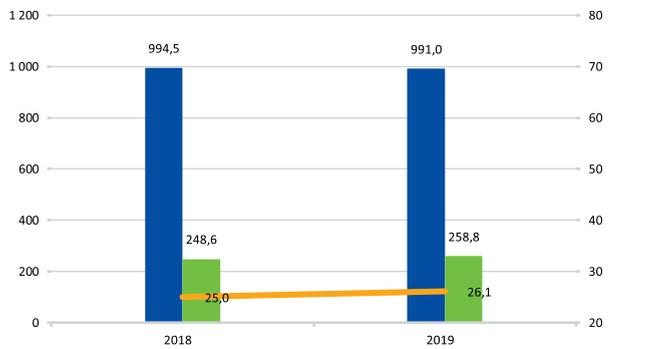
■ Registered SMEs, thousand entities
 ■ Operating SMEs, thousand entities
— Percentage of operating SMEs of the registered SMEs, %

Structure of registered SMEs by type of economic activity



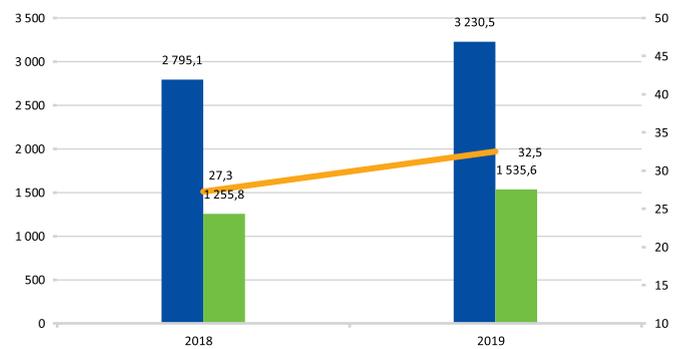
— Almaty region
 — Kazakhstan

Percentage of population employed by SMEs in Almaty region in the total number of population employed



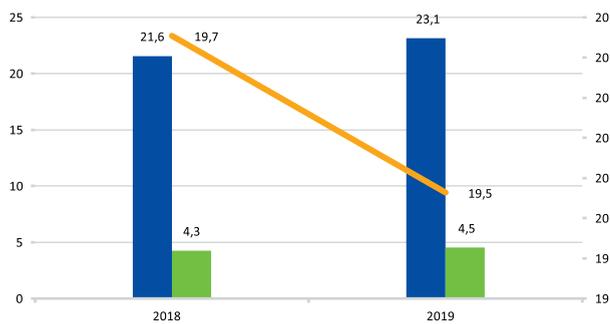
■ Total employment, thousand people
 ■ Employed with SMEs, thousand people
— Percentage of population employed by SMEs, %

Dynamics of production output by SMEs and GRP in Almaty region



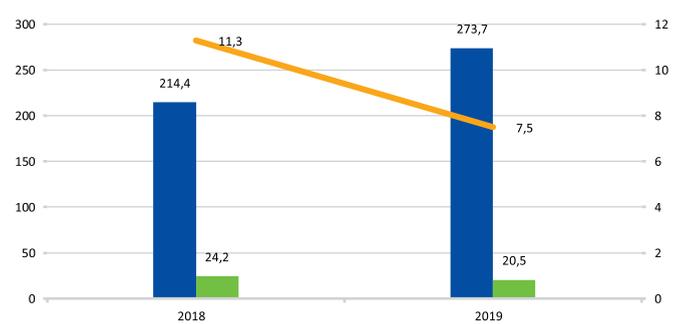
■ GRP, KZT bln
 ■ Production output by SMEs, KZT bln
— Percentage of GVA of SMEs in GRP, %

Dynamics of CIT paid by small enterprises in Almaty region



■ CIT of all enterprises, KZT bln
 ■ CIT of small enterprises, KZT bln
— Percentage of CIT of small enterprises in the total amount of CIT receipts, %

STBs' loan portfolio for the economy and small enterprises of Almaty region



■ Portfolio of loans for the economy, KZT bln
 ■ Portfolio of loans for small enterprises, KZT bln
— Percentage of loans for small enterprises, %

RESULTS OF DAMU FUND PROGRAMS IN ALMATY REGION

LENDING

	Quantity	Amount of loans
2018	3,071	14,262 million tenge
2019	2,948	15,327 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	146	11,934 million tenge	1,996 million tenge
2019	116	9,435 million tenge	2,412 million tenge

GUARANTEEING

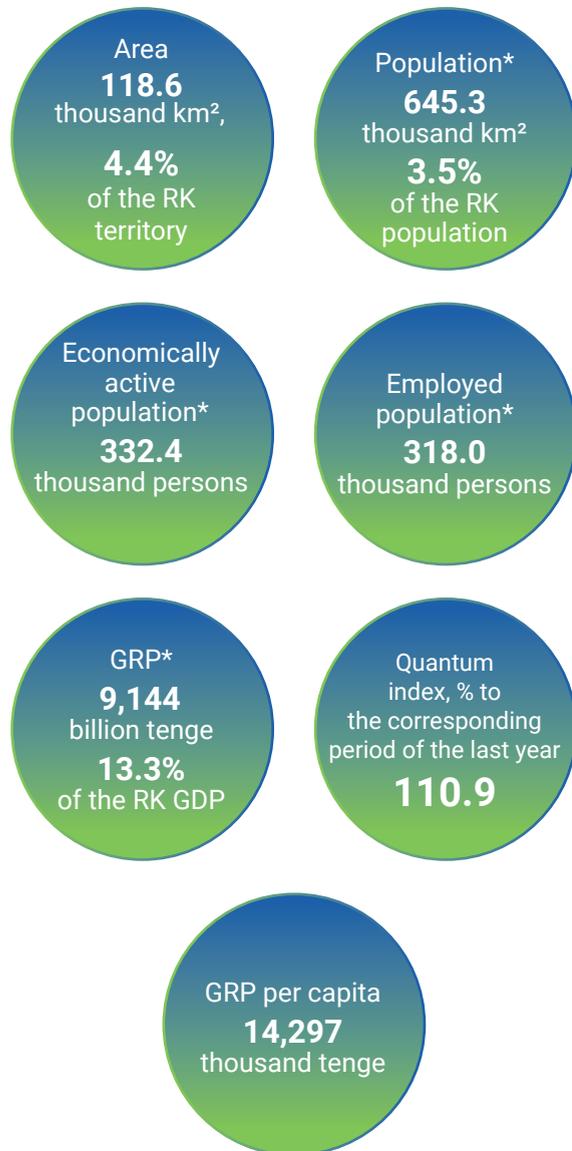
	Supported	Amount of loans	Amount of guarantee
2018	65	2,684 million tenge	1,088 million tenge
2019	102	4,586 million tenge	1,378 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,960	315
2019	1,534	326

3.7 SMALL AND MEDIUM-SIZED ENTERPRISES IN ATYRAU REGION

FOUNDED ON 15 JANUARY 1938



* 01.01.2020

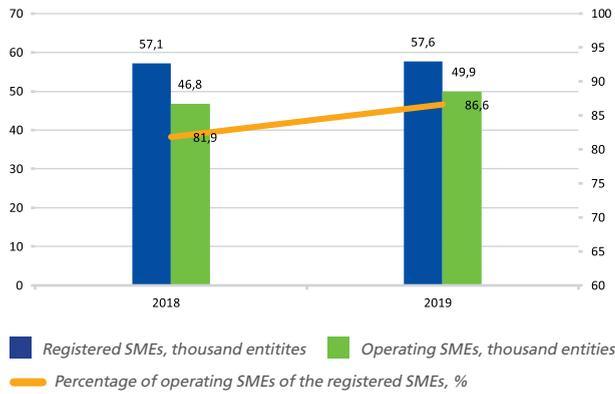
Main changes in Atyrau region SME sector for 2019:

- The number of registered SMEs slightly changed and increased by 0.9%, the number of operating SMEs increased by 6.8%. Their share increased from 81.9% to 86.6%.
- In the industrial structure, dominating positions are taken by entities in services (39.0%), trade (31.0%), transport and communications (10.0%).
- Number of the population employed by SMEs increased by 4.0%. The share of the population employed by SMEs in the total work force insignificantly decreased from 43.9% to 43.6%.
- Production output by SMEs (in comparable prices) increased by 25.5%. The share of GVA of SMEs in GRP increased from 18.7% to 22.2%.
- CIT expenses for small enterprises increased by 41.4%. Their share in overall CIT expenses of all enterprises rose from 14.9% to 20.5%.
- Small enterprises' loan portfolios decreased by 3.7%. Its share in the total loan portfolio of the economy decreased from 11.4% to 9.5%.

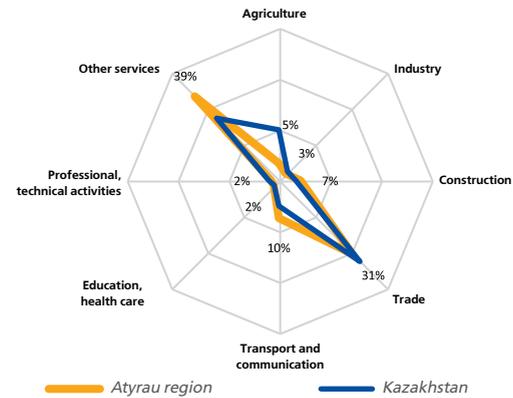


Small and medium entrepreneurship in the Atyrau region.
"Baby Club" IE. Project for the provision of services in the field of preschool education.
The individual entrepreneur received support under the subsidizing and guarantee instruments within the "Business Roadmap-2020" State Program.

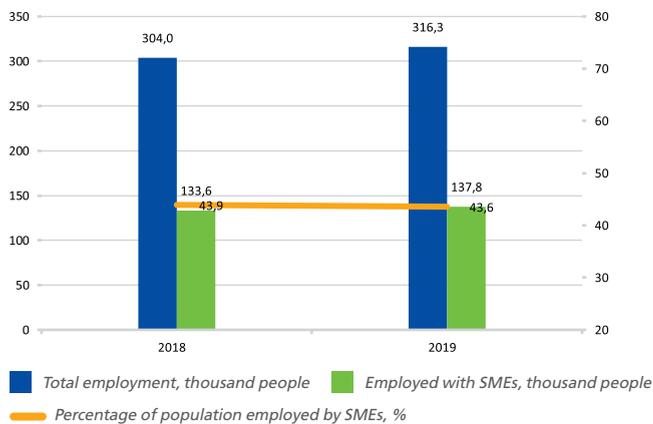
Percentage of operating SMEs in Atyrau region of the total registered SMEs



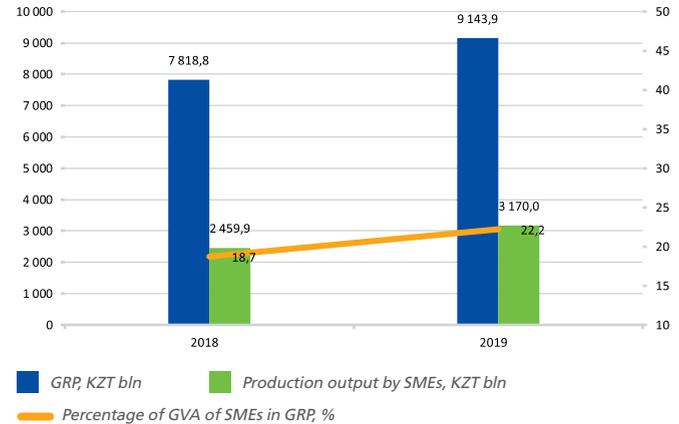
Structure of registered SMEs by type of economic activity



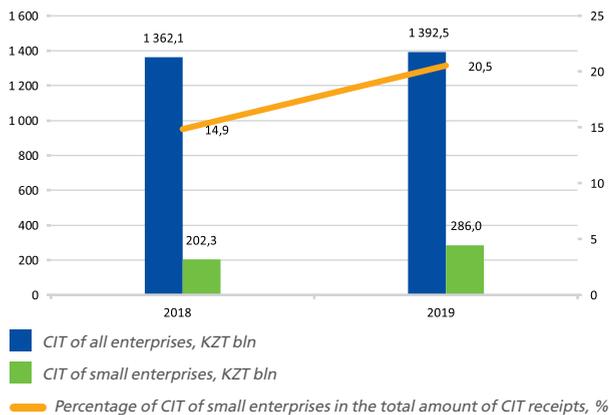
Percentage of population employed by SMEs in Atyrau region in the total number of population employed



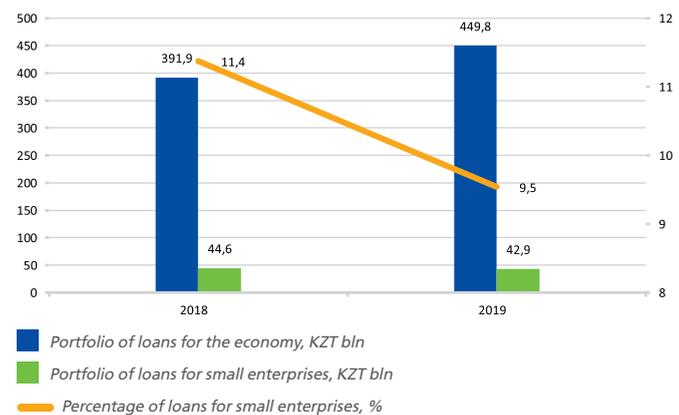
Dynamics of production output by SMEs and GRP in Atyrau region



Dynamics of CIT paid by small enterprises in Atyrau region



STBs' loan portfolio for the economy and small enterprises of Atyrau region



RESULTS OF DAMU FUND PROGRAMS IN ATYRAU REGION

LENDING

	Quantity	Amount of loans
2018	143	11,189 million tenge
2019	105	4,929 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	164	21,755 million tenge	2,214 million tenge
2019	186	22,826 million tenge	2,469 million tenge

GUARANTEEING

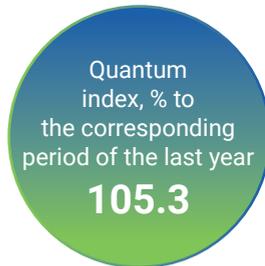
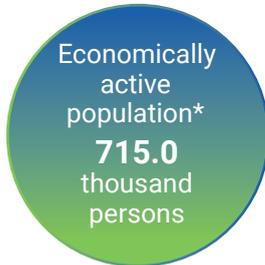
	Supported	Amount of loans	Amount of guarantee
2018	110	3,622 million tenge	1,526 million tenge
2019	103	2,722 million tenge	1,280 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,710	499
2019	1,879	279

3.8 SMALL AND MEDIUM-SIZED ENTERPRISES IN EAST KAZAKHSTAN REGION

FOUNDED ON 10 MARCH 1932



Main changes in East Kazakhstan region SME sector for 2019:

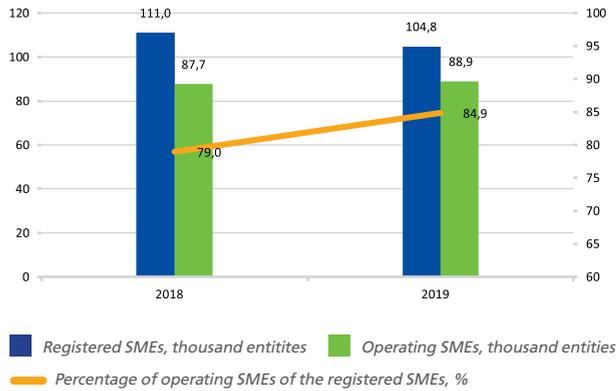
- The number of registered SMEs decreased by 5.6%, the number of operating SMEs increased by 1.4%. Their share increased from 79.0% to 84.9%.
- In the industrial structure, dominating positions are taken by entities in trade (36.0%), services (25.0%), and agriculture (18.0%).
- The number of people employed by SMEs increased by 1.3%. The share of employees engaged in SMEs of the total number of employees increased from 33.8% to 34.1%.
- Production output by SMEs (in comparable prices) increased by 14.3%. The share of GVA of SMEs in GRP increased from 16.5% to 19.0%.
- CIT expenses for small enterprises increased by 23.2%. Their share in overall CIT expenses of all enterprises rose from 6.9% to 9.6%.
- Small enterprises' loan portfolios decreased by 8.6%. Its share in the total loan portfolio of the economy decreased from 16.0% to 12.6%.



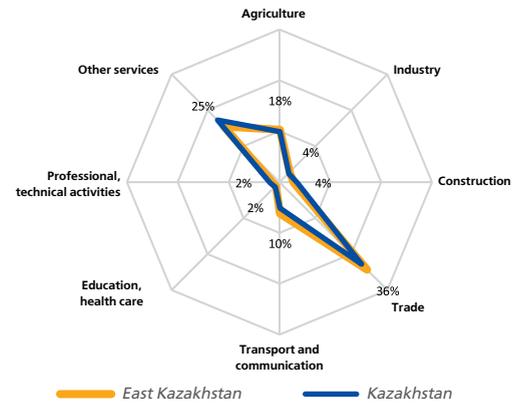
Small and medium entrepreneurship in the East Kazakhstan region.
"SemeyOftum" LLP. Medical activity expansion project. The company provides ophthalmological services.
The company received support within the subsidizing and guarantee instruments within the "Business Roadmap-2020" state program.

* 01.01.2020

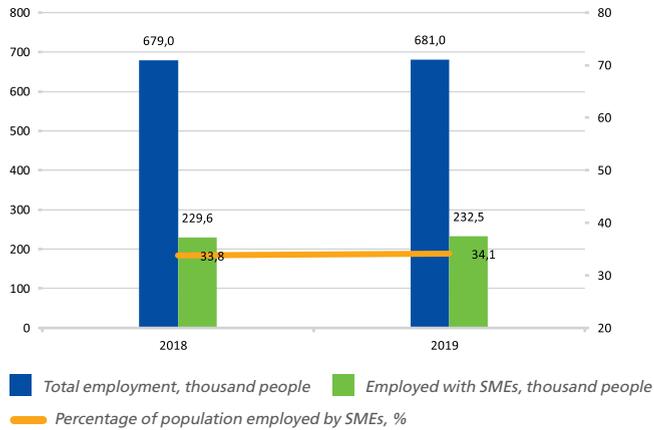
Percentage of operating SMEs in East Kazakhstan region of the total registered SMEs



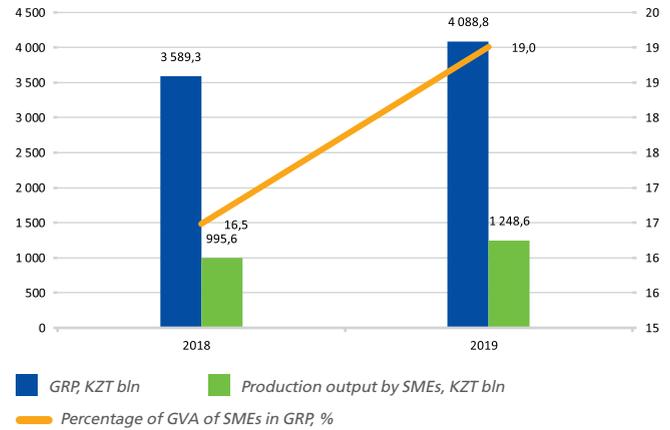
Structure of registered SMEs by type of economic activity



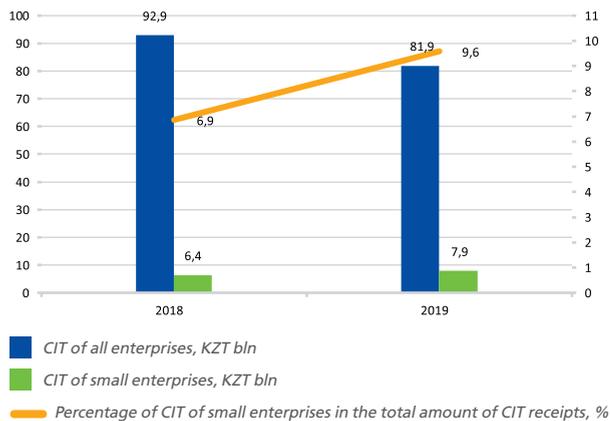
Percentage of population employed by SMEs in East Kazakhstan region in the total number of population employed



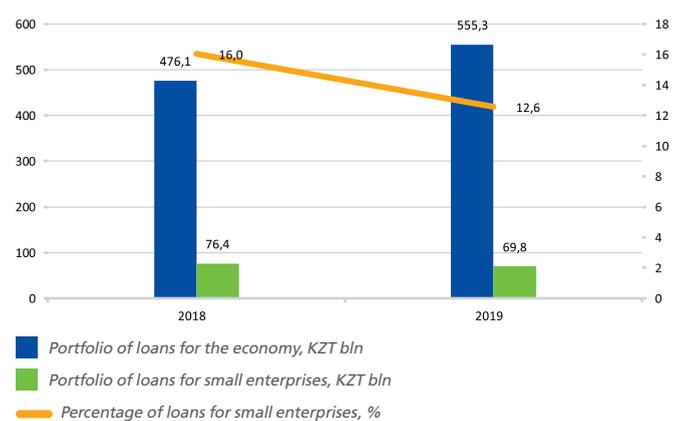
STBs' loan portfolio for the economy and small enterprises of East Kazakhstan region



Dynamics of CIT paid by small enterprises in East Kazakhstan region



STBs' loan portfolio for the economy and small enterprises of East Kazakhstan region



RESULTS OF DAMU FUND PROGRAMS IN EAST KAZAKHSTAN REGION

LENDING

	Quantity	Amount of loans
2018	774	22,158 million tenge
2019	584	18,620 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	115	7,348 million tenge	2,016 million tenge
2019	175	10,075 million tenge	1,595 million tenge

GUARANTEEING

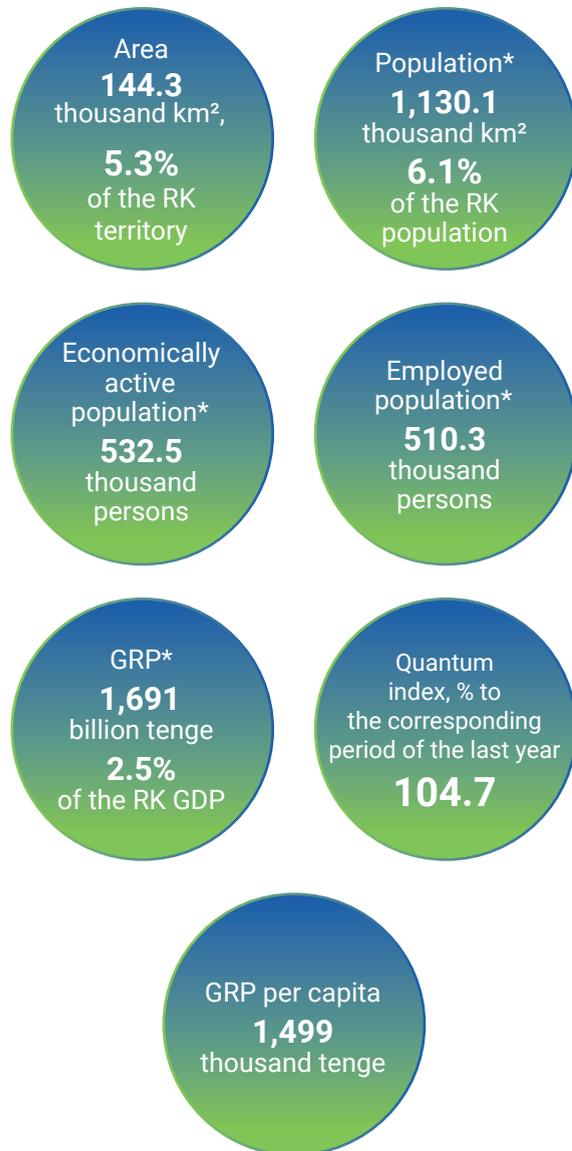
	Supported	Amount of loans	Amount of guarantee
2018	75	2,140 million tenge	771 million tenge
2019	120	4,531 million tenge	1,687 million tenge

CONSULTING

	Consulting	Monitoring
2018	909	574
2019	3,323	622

3.9 SMALL AND MEDIUM-SIZED ENTERPRISES IN ZHAMBYL REGION

FOUNDED IN 1939



* 01.01.2020

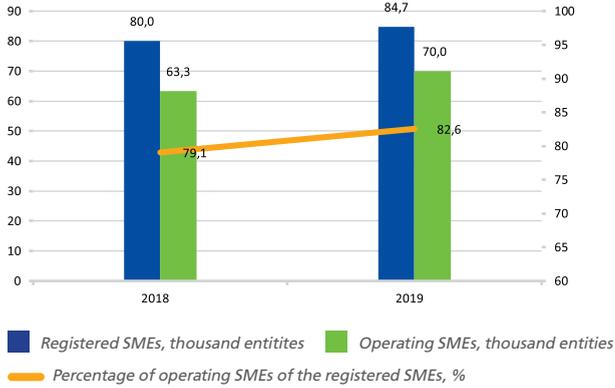
Main changes in Zhambyl region SME sector for 2019:

- The number of registered SMEs increased by 5.9%, the number of operating SMEs increased by 10.6%. Their share increased from 79.1% to 82.6%.
- In the industrial structure, dominating positions are taken by entities in trade (32.0%), agriculture (31.0%), and services (21.0%).
- The number of people employed by SMEs increased by 6.7%. The share of employees engaged in SMEs of the total number of employees increased from 23.4% to 25.0%.
- Production output by SMEs (in comparable prices) increased by 1.3%. The share of GVA of SMEs in GRP increased from 19.5% to 20.9%.
- CIT expenses for small enterprises decreased by 10.1%. Their share in overall CIT expenses of all enterprises fell from 20.1% to 15.4%.
- Small enterprises' loan portfolios increased by 4.7%. Its share in the total loan portfolio of the economy decreased from 19.9% to 17.6%.

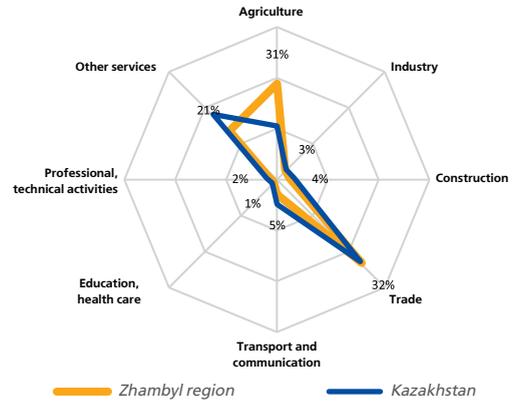


Small and medium entrepreneurship in the Zhambyl region.
"SuperPharm" LLP. Project for the production of medical clothing and disposable underwear from nonwoven fabric and dressings under the "Naria" trademark. The company received support under the subsidizing and guarantee instruments within the State Program for Business Support and Development "Business Roadmap-2020".

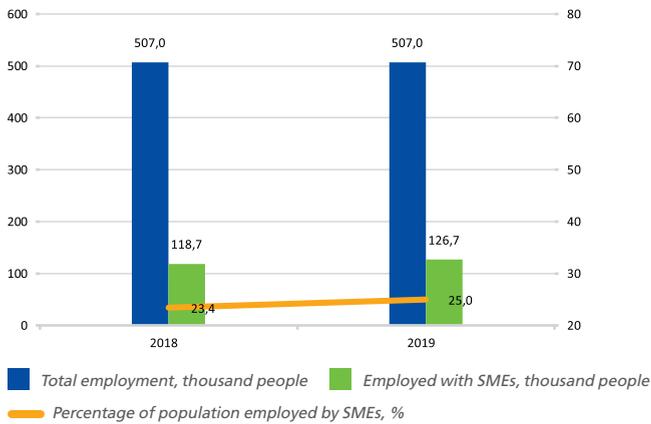
Percentage of operating SMEs in Zhambyl region of the total registered SMEs



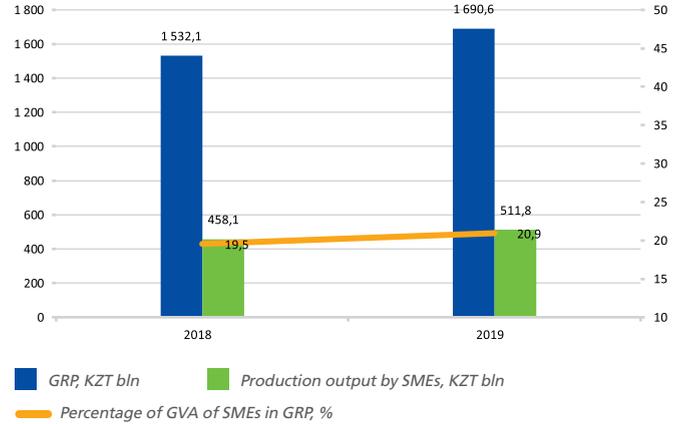
Structure of registered SMEs by type of economic activity



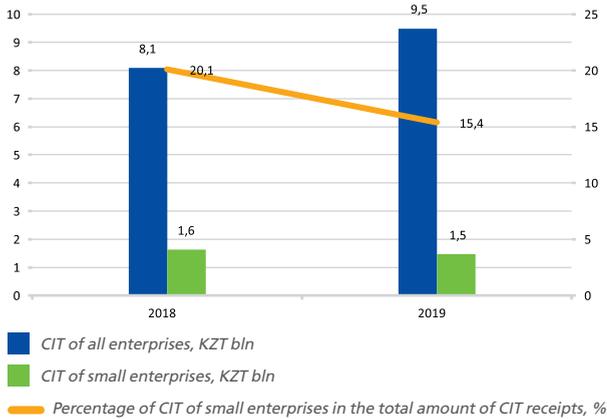
Percentage of population employed by SMEs in Zhambyl region in the total number of population employed



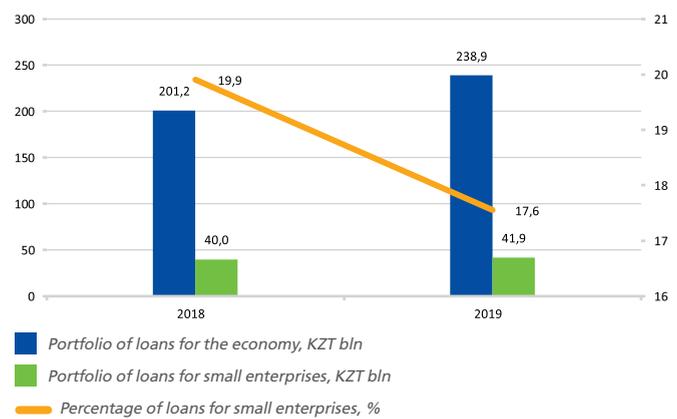
Dynamics of production output by SMEs and GRP in Zhambyl region



Dynamics of CIT paid by small enterprises in Zhambyl region



STBs' loan portfolio for the economy and small enterprises of Zhambyl region



RESULTS OF DAMU FUND PROGRAMS IN ZHAMBYL REGION

LENDING

	Quantity	Amount of loans
2018	2,955	11,708 million tenge
2019	3,975	12,492 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	48	2,154 million tenge	1,842 million tenge
2019	158	7,835 million tenge	1,215 million tenge

GUARANTEEING

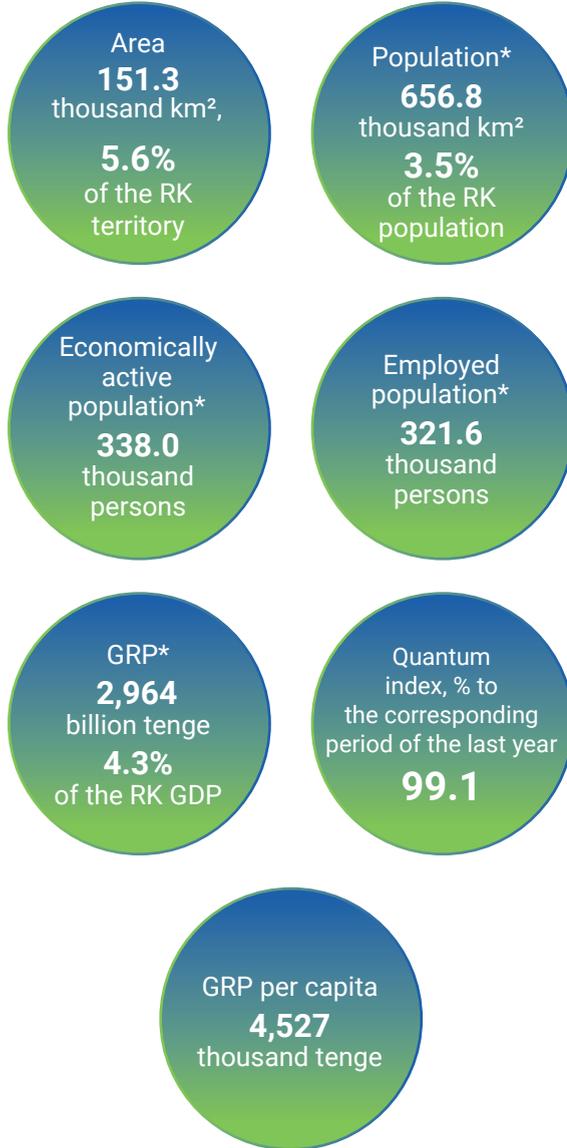
	Supported	Amount of loans	Amount of guarantee
2018	58	1,725 million tenge	601 million tenge
2019	96	3,679 million tenge	1,338 million tenge

CONSULTING

	Consulting	Monitoring
2018	679	350
2019	2,314	455

3.10 SMALL AND MEDIUM-SIZED ENTERPRISES IN WEST KAZAKHSTAN REGION

FOUNDED ON 10 MARCH 1932



* 01.01.2020

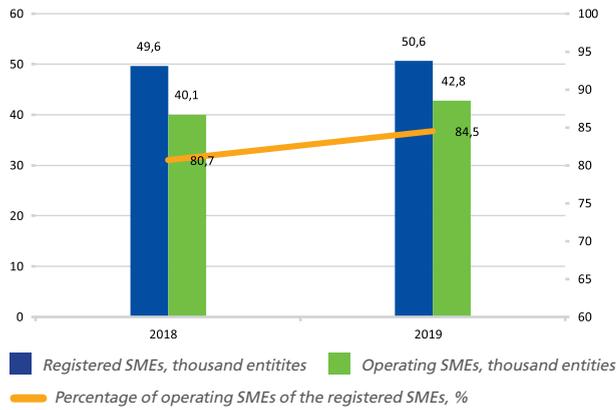
Main changes in West Kazakhstan region SME sector for 2019:

- The number of registered SMEs increased by 2.0%, the number of operating SMEs increased by 6.8%. Their share increased from 80.7% to 84.5%.
- In the industrial structure, dominating positions are taken by entities in trade (38.0%), services (22.0%), and agriculture (17.0%).
- The number of people employed by SMEs increased by 5.3%. The share of employees engaged in SMEs of the total number of employees increased from 35.4% to 37.1%.
- Production output by SMEs (in comparable prices) increased by 1.7%. The share of GVA of SMEs in GRP increased from 33.4% to 36.8%.
- CIT expenses for small enterprises increased by 7.0%. Their share in overall CIT expenses of all enterprises insignificantly fell from 87.9% to 87.8%.
- Small enterprises' loan portfolios decreased by 28.5%. Its share in the total loan portfolio of the economy decreased from 23.4% to 14.2%.

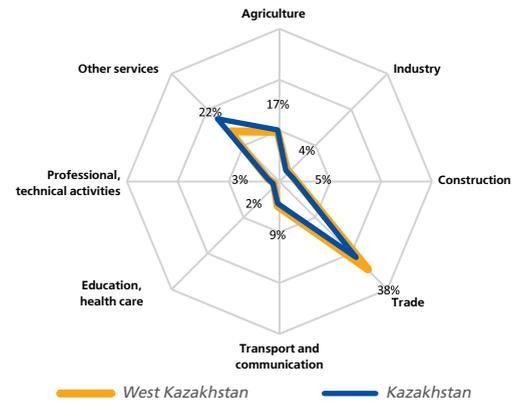


Small and medium entrepreneurship in the West Kazakhstan region.
"Dana" oku ortalygy" IE. Project developed to open a center for the development of children with disabilities. The individual entrepreneur received state support within the "Yenbek" program for the development of productive employment and mass entrepreneurship for 2017-2021".

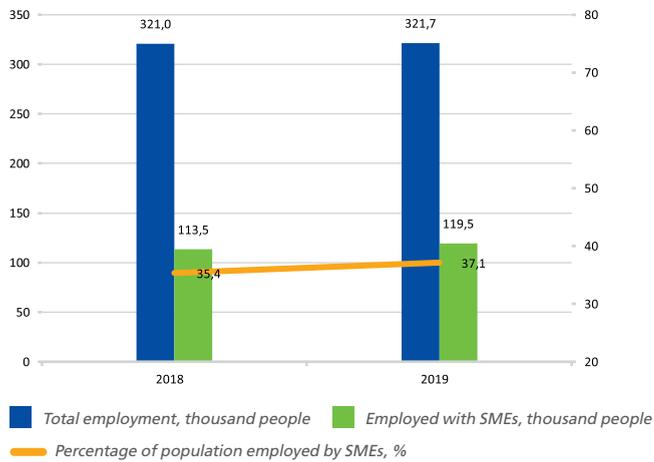
Percentage of operating SMEs in West Kazakhstan region of the total registered SMEs



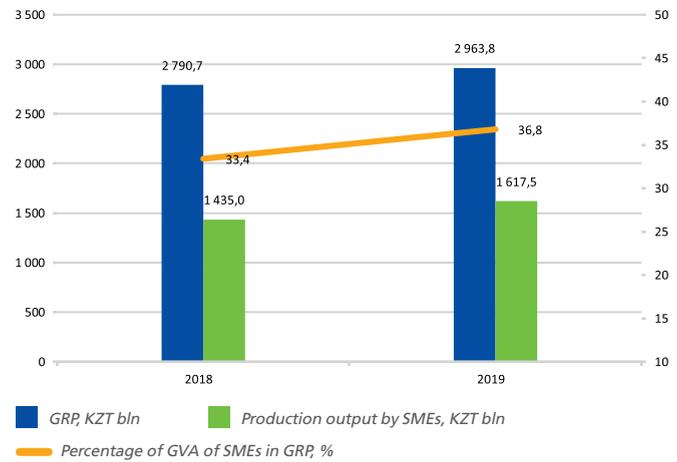
Structure of registered SMEs by type of economic activity



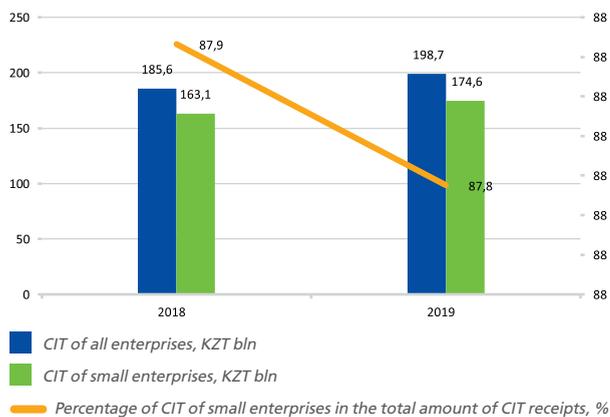
Percentage of population employed by SMEs in West Kazakhstan region in the total number of population employed



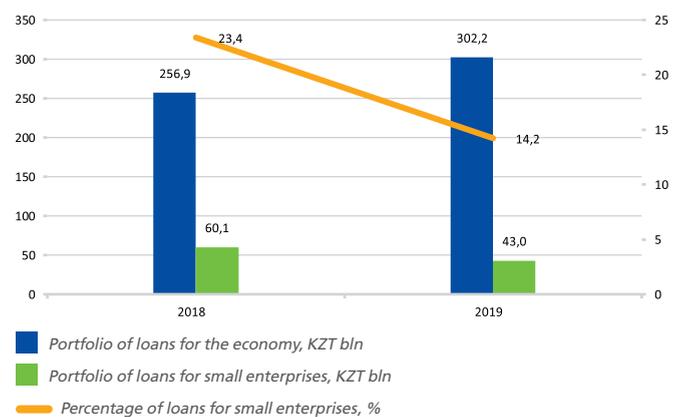
Dynamics of production output by SMEs and GRP in West Kazakhstan region



Dynamics of CIT paid by small enterprises in West Kazakhstan region



STBs' loan portfolio for the economy and small enterprises of West Kazakhstan region



RESULTS OF DAMU FUND PROGRAMS IN WEST KAZAKHSTAN REGION

LENDING

	Quantity	Amount of loans
2018	235	10,643 million tenge
2019	173	8,060 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	55	7,503 million tenge	2,343 million tenge
2019	148	11,783 million tenge	1,627 million tenge

GUARANTEEING

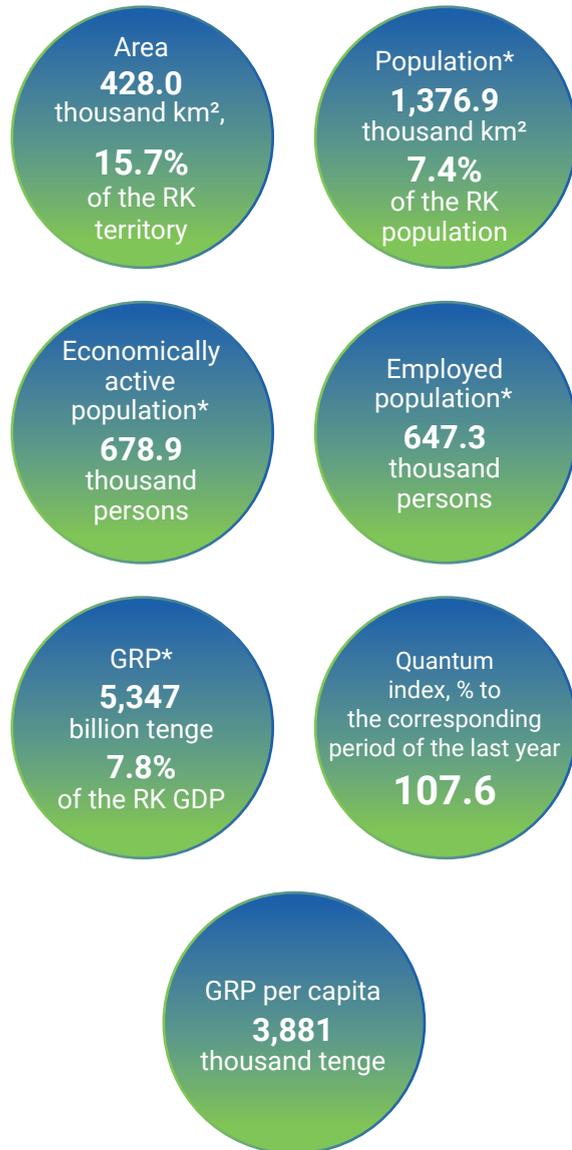
	Supported	Amount of loans	Amount of guarantee
2018	46	1,973 million tenge	915 million tenge
2019	91	4,263 million tenge	1,759 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,143	270
2019	1,776	333

3.11 SMALL AND MEDIUM-SIZED ENTERPRISES IN KARAGANDA REGION

FOUNDED ON 10 MARCH 1932



* 01.01.2020

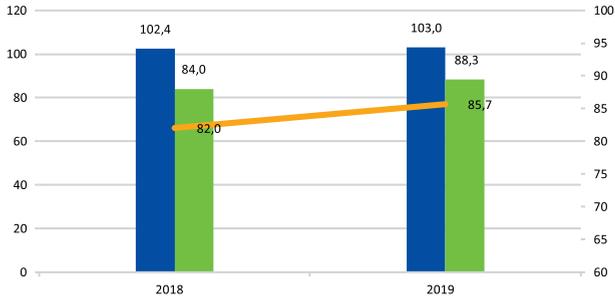
Main changes in Karaganda region SME sector for 2019:

- The number of registered SMEs did not change; the number of operating SMEs increased by 5.1%. Their share increased from 82.0% to 85.7%.
- In the industrial structure, dominating positions are taken by entities in trade (41.0%), services (25.0%), and agriculture (11.0%).
- The number of people employed by SMEs increased by 1.6%. The share of employees engaged in SMEs of the total number of employees increased from 36.1% to 37.0%.
- Production output by SMEs (in comparable prices) decreased by 0.4%. The share of GVA of SMEs in GRP increased from 15.8% to 16.5%.
- CIT expenses for small enterprises decreased by 31.8%. Their share in overall CIT expenses of all enterprises fell from 16.4% to 13.1%.
- Small enterprises' loan portfolios increased by 2.5%. Its share in the total loan portfolio of the economy decreased from 14.2% to 12.7%.



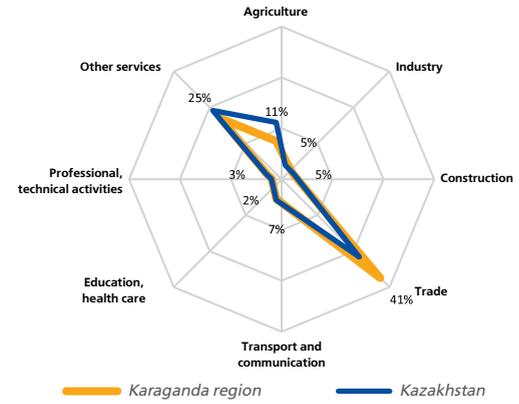
Small and medium entrepreneurship in the Karaganda region.
"Tegam" LLP. The company produces hosiery. The company received state support support under the subsidizing and guarantee instruments within the "Business Roadmap-2020" program.

Percentage of operating SMEs in Karaganda region of the total registered SMEs

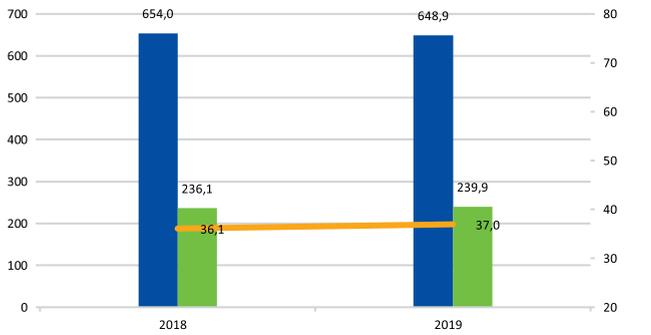


Registered SMEs, thousand entities Operating SMEs, thousand entities
 Percentage of operating SMEs of the registered SMEs, %

Structure of registered SMEs by type of economic activity

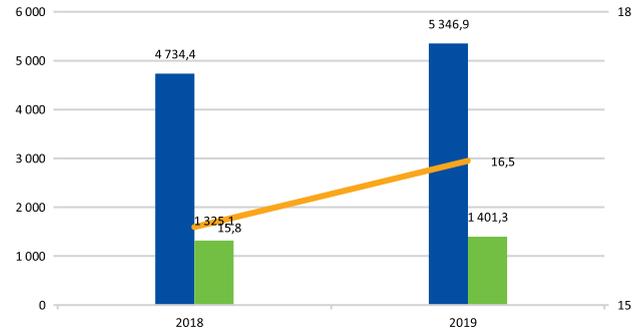


Percentage of population employed by SMEs in Karaganda region in the total number of population employed



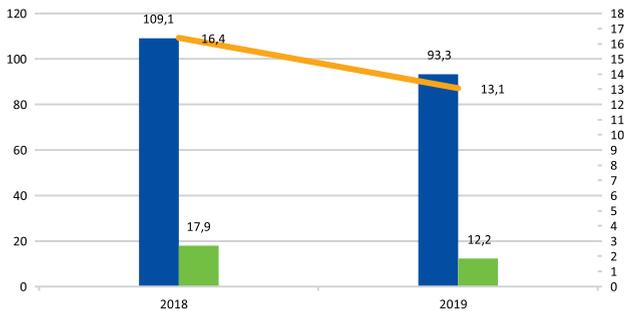
Total employment, thousand people Employed with SMEs, thousand people
 Percentage of population employed by SMEs, %

Dynamics of production output by SMEs and GRP in Karaganda region



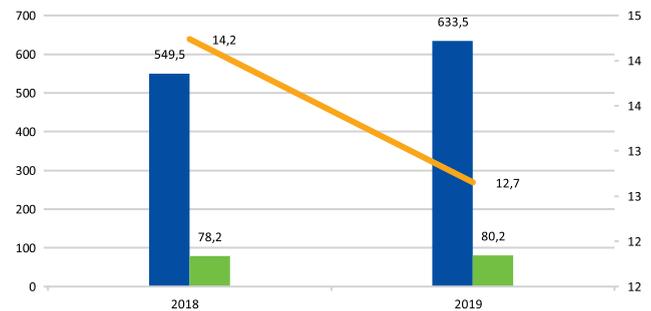
GRP, KZT bln Production output by SMEs, KZT bln
 Percentage of GVA of SMEs in GRP, %

Dynamics of CIT paid by small enterprises in Karaganda region



CIT of all enterprises, KZT bln CIT of small enterprises, KZT bln
 Percentage of CIT of small enterprises in the total amount of CIT receipts, %

STBs' loan portfolio for the economy and small enterprises of Karaganda region



Portfolio of loans for the economy, KZT bln Portfolio of loans for small enterprises, KZT bln
 Percentage of loans for small enterprises, %

RESULTS OF DAMU FUND PROGRAMS IN KARAGANDA REGION

LENDING

	Quantity	Amount of loans
2018	511	24,029 million tenge
2019	602	21,721 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	98	6,263 million tenge	1,992 million tenge
2019	165	21,359 million tenge	2,081 million tenge

GUARANTEEING

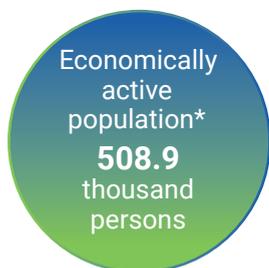
	Supported	Amount of loans	Amount of guarantee
2018	54	2,479 million tenge	946 million tenge
2019	112	5,536 million tenge	2,229 million tenge

CONSULTING

	Consulting	Monitoring
2018	2,408	413
2019	1,252	318

3.12 SMALL AND MEDIUM-SIZED ENTERPRISES IN KOSTANAY REGION

FOUNDED ON 29 JULY 1936



Main changes in Kostanay region SME sector for 2019:

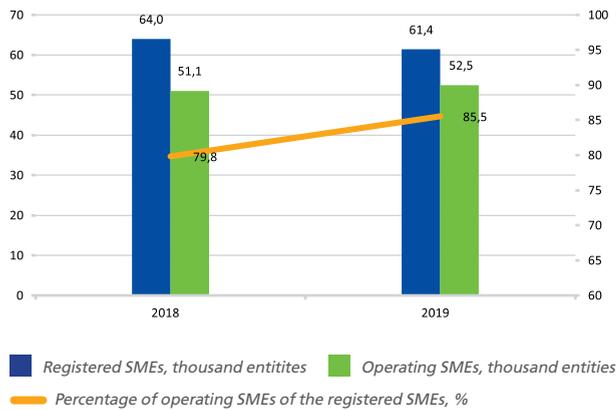
- The number of registered SMEs decreased by 4.1%; the number of operating SMEs increased by 2.8%. Their share increased from 79.8% to 85.5%.
- In the industrial structure, dominating positions are taken by entities in trade (37.0%), services (25.0%), and agriculture (13.0%).
- The number of people employed by SMEs did not change. The share of employees engaged in SMEs of the total number of employees slightly increased from 32.1% to 32.3%;
- Production output by SMEs (in comparable prices) increased to 16.1%. The share of GVA of SMEs in GRP increased from 25.9% to 30.7%.
- CIT expenses for small enterprises increased by 5.0%. Their share in overall CIT expenses of all enterprises fell from 31.3% to 11.1%.
- Small enterprises' loan portfolios increased by 9.0%. Its share in the total loan portfolio of the economy increased from 18.4% to 19.7%.



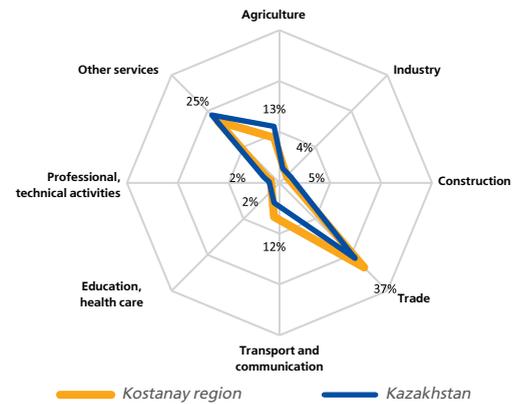
* 01.01.2020

Small and medium entrepreneurship in the Kostanay region.
"Sadovod" PH. Project developed to expand the activities of the peasant farm.
The company received support under the subsidizing and guarantee instruments
within the "Business Roadmap-2020".

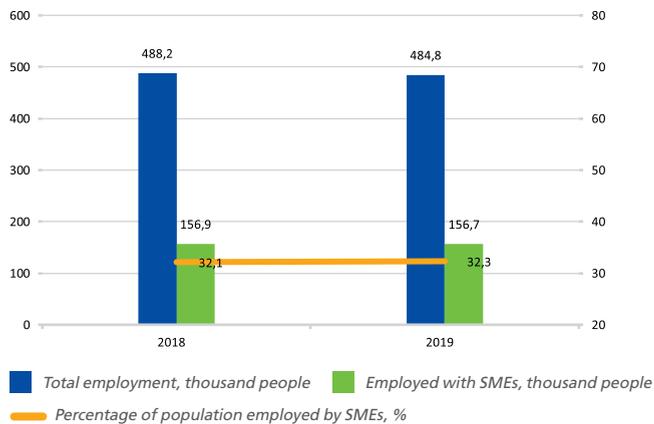
Percentage of operating SMEs in Kostanay region of the total registered SMEs



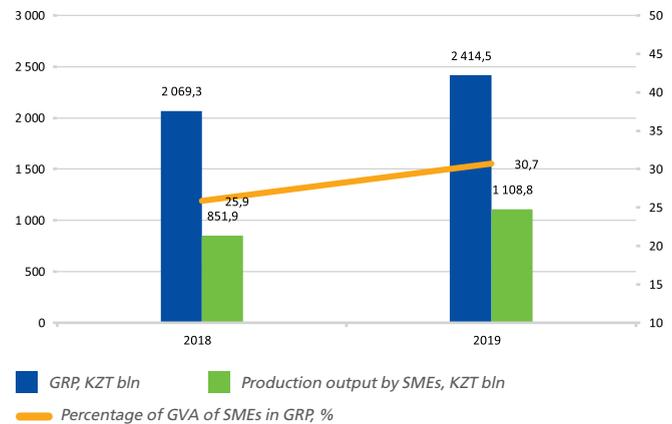
Structure of registered SMEs by type of economic activity



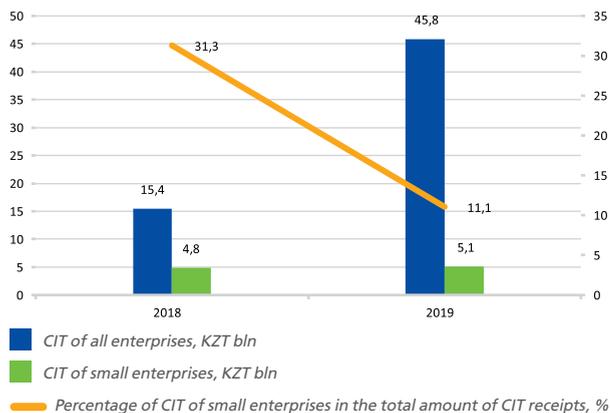
Percentage of population employed by SMEs in Kostanay region in the total number of population employed



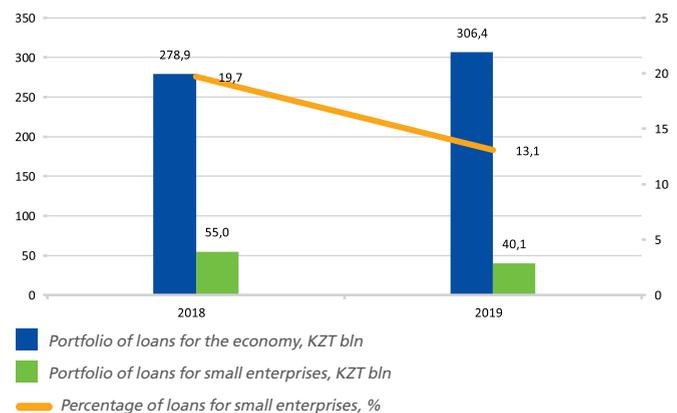
Dynamics of production output by SMEs and GRP in Kostanay region



Dynamics of CIT paid by small enterprises in Kostanay region



STBs' loan portfolio for the economy and small enterprises of Kostanay region



RESULTS OF DAMU FUND PROGRAMS IN KOSTANAY REGION

LENDING

	Quantity	Amount of loans
2018	309	17,145 million tenge
2019	271	16,419 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	68	12,681 million tenge	2,885 million tenge
2019	200	8,341 million tenge	2,597 million tenge

GUARANTEEING

	Supported	Amount of loans	Amount of guarantee
2018	78	2,347 million tenge	919 million tenge
2019	117	4,683 million tenge	1,794 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,276	343
2019	2,002	368

3.13 SMALL AND MEDIUM-SIZED ENTERPRISES IN KYZYLORDA REGION

FOUNDED ON 15 JANUARY 1938

Area
226.0
thousand km²,
8.3%
of the RK
territory

Population*
803.5
thousand km²
4.3%
of the RK
population

Economically
active
population*
349.1
thousand
persons

Employed
population*
334.1
thousand
persons

GRP*
1,832
billion tenge
2.7%
of the RK GDP

Quantum
index, % to
the corresponding
period of the last year
101.0

GRP per capita
2,293
thousand tenge

Main changes in Kyzylorda region SME sector for 2019:

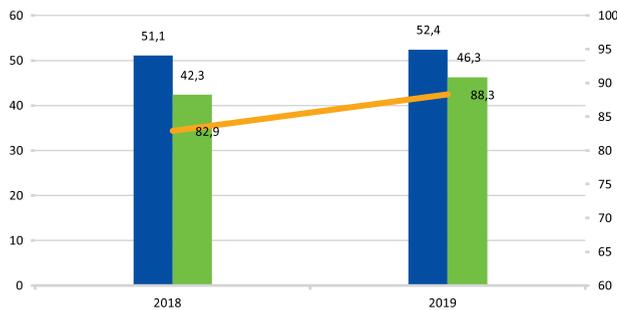
- The number of registered SMEs increased by 2.6%; the number of operating SMEs increased by 9.3%. Their share increased from 82.9% to 88.3%.
- In the industrial structure, dominating positions are taken by entities in trade (31.0%), services (27.0%), and agriculture (19.0%).
- The number of people employed by SMEs increased by 2.0%. The share of employees engaged in SMEs of the total number of employees increased from 27.9% to 28.5%.
- Production output by SMEs (in comparable prices) increased by 4.7%. The share of GVA of SMEs in GRP increased from 14.4% to 16.8%.
- CIT expenses for small enterprises increased by 79.7%. Their share in overall CIT expenses of all enterprises rose from 2.6% to 10.0%.
- Small enterprises' loan portfolios increased by 1.7%. Its share in the total loan portfolio of the economy decreased from 13.9% to 11.8%.



Small and medium entrepreneurship in the Kyzylorda region.
"Almenov" IE. Project for the production of semi-finished meat products. The individual entrepreneur received support under the interest rate subsidizing and guarantee instruments within the Lending Mechanism for Priority Projects state program ("Economy of Simple Things").

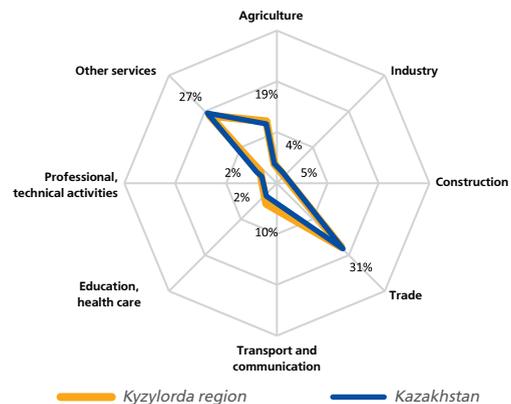
* 01.01.2020

Percentage of operating SMEs in Kyzylorda region of the total registered SMEs

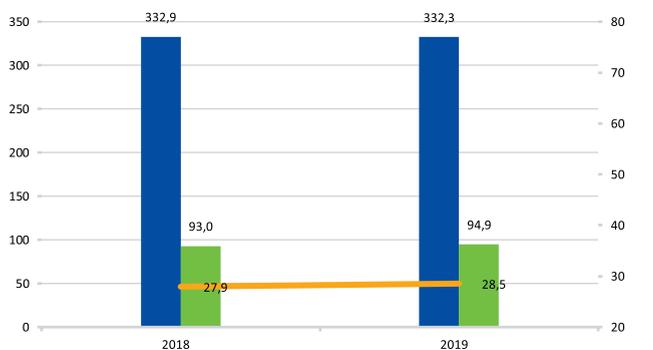


■ Registered SMEs, thousand entities
 ■ Operating SMEs, thousand entities
— Percentage of operating SMEs of the registered SMEs, %

Structure of registered SMEs by type of economic activity

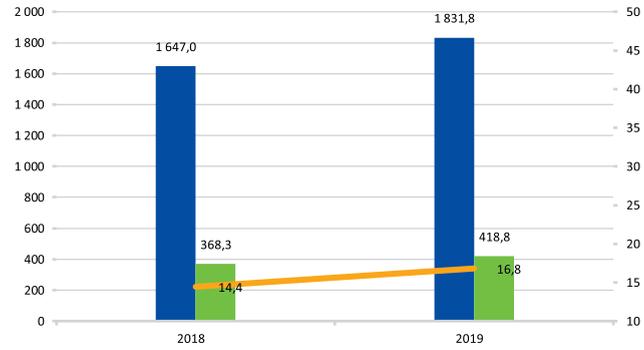


Percentage of population employed by SMEs in Kyzylorda region in the total number of population employed



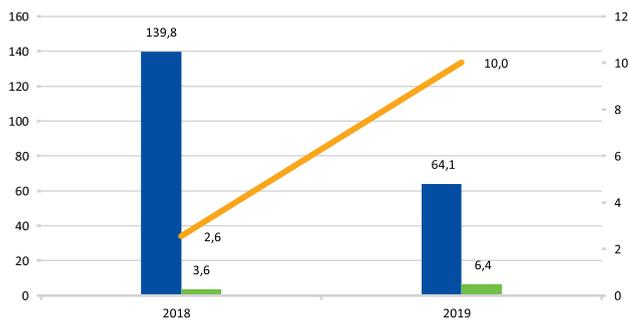
■ Total employment, thousand people
 ■ Employed with SMEs, thousand people
— Percentage of population employed by SMEs, %

Dynamics of production output by SMEs and GRP in Kyzylorda region



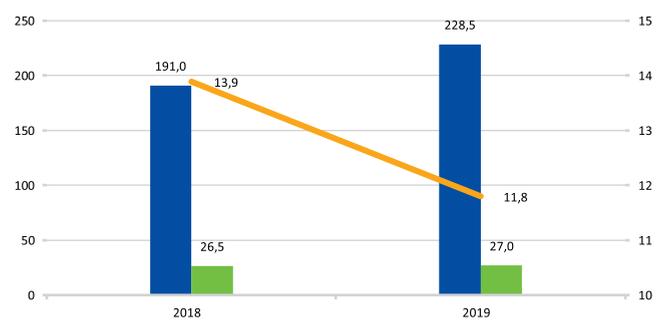
■ GRP, KZT bln
 ■ Production output by SMEs, KZT bln
— Percentage of GVA of SMEs in GRP, %

Dynamics of CIT paid by small enterprises in Kyzylorda region



■ CIT of all enterprises, KZT bln
■ CIT of small enterprises, KZT bln
— Percentage of CIT of small enterprises in the total amount of CIT receipts, %

STBs' loan portfolio for the economy and small enterprises of Kyzylorda region



■ Portfolio of loans for the economy, KZT bln
■ Portfolio of loans for small enterprises, KZT bln
— Percentage of loans for small enterprises, %

RESULTS OF DAMU FUND PROGRAMS IN KYZYLORDA REGION

LENDING

	Quantity	Amount of loans
2018	1,142	7,011 million tenge
2019	1,326	6,786 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	134	9,274 million tenge	1,057 million tenge
2019	158	5,569 million tenge	1,084 million tenge

GUARANTEEING

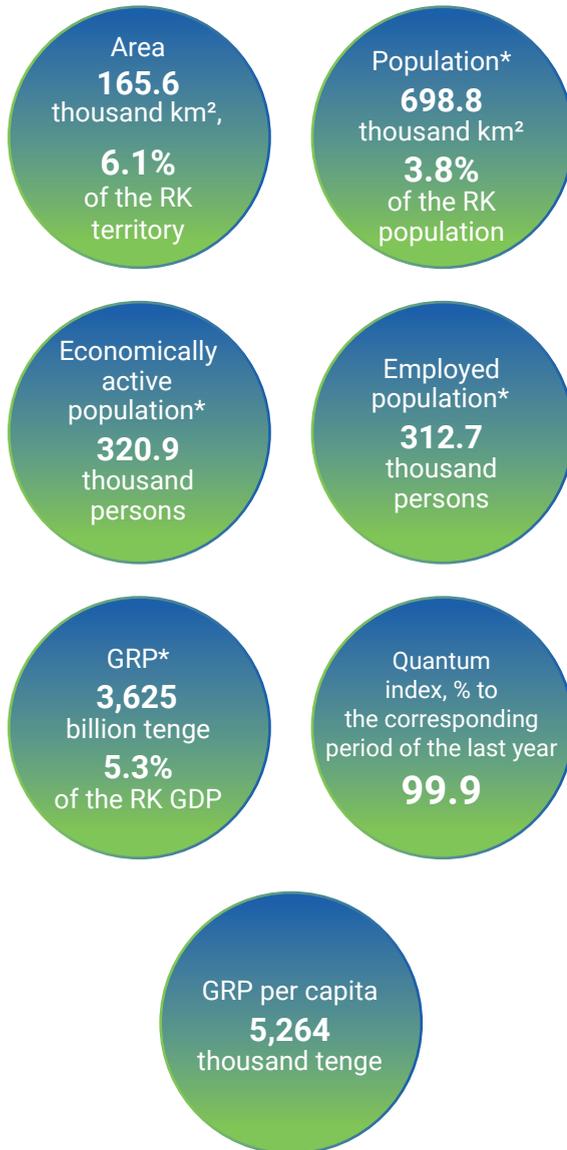
	Supported	Amount of loans	Amount of guarantee
2018	76	3,146 million tenge	1,277 million tenge
2019	103	3,008 million tenge	1,171 million tenge

CONSULTING

	Consulting	Monitoring
2018	577	387
2019	1,876	246

3.14 SMALL AND MEDIUM-SIZED ENTERPRISES IN MANGYSTAU REGION

FOUNDED ON 20 MARCH 1973



* 01.01.2020

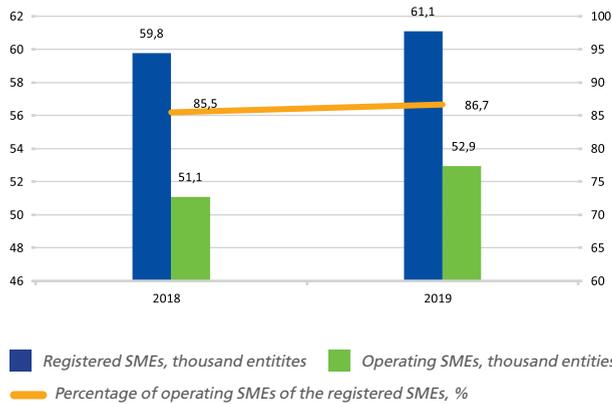
In 2019, the following dynamics was evidenced in Mangystau region SME sector:

- The number of registered SMEs increased by 2.2%; the number of operating SMEs increased by 3.6%. Their share increased from 85.5% to 86.7%.
- In the industrial structure, dominating positions are taken by entities in services (36.0%), trade (31.0%), and transport and communication (10.0%).
- The number of people employed by SMEs did not change. The share of employees engaged in SMEs of the total number of employees decreased from 41.7% to 39.4%.
- Production output by SMEs (in comparable prices) increased by 19.6%. The share of GVA of SMEs in GRP increased from 22.9% to 23.5%.
- CIT expenses for small enterprises decreased by 80.0%. Their share in overall CIT expenses of all enterprises fell from 42.3% to 10.5%.
- Small enterprises' loan portfolios increased by 1.1%. Its share in the total loan portfolio of the economy decreased from 13.8% to 11.8%.

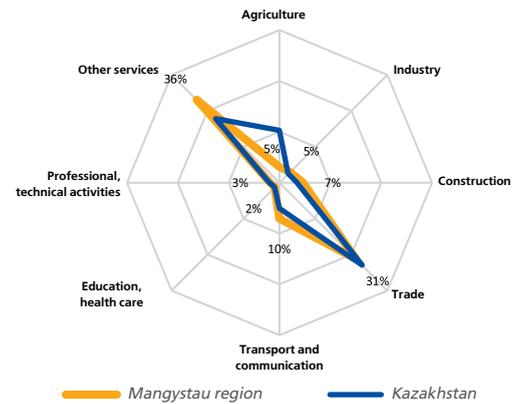


Small and medium entrepreneurship in the Mangystau region. "Zhekenova A." IE. The garment manufacturer specializes in sewing clothes under the Dariya brand for expectant and nursing mothers, as well as sportswear for children and adults. The project received state support under the "Economy of Simple Things program" in the form of subsidized interest rate and loan guarantee.

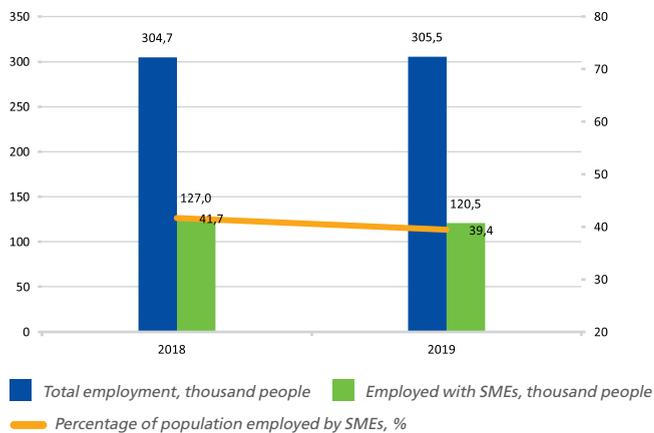
Percentage of operating SMEs in Mangystau region of the total registered SMEs



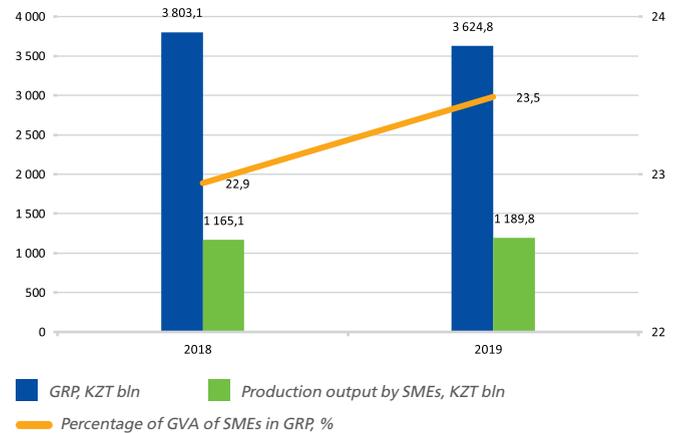
Structure of registered SMEs by type of economic activity



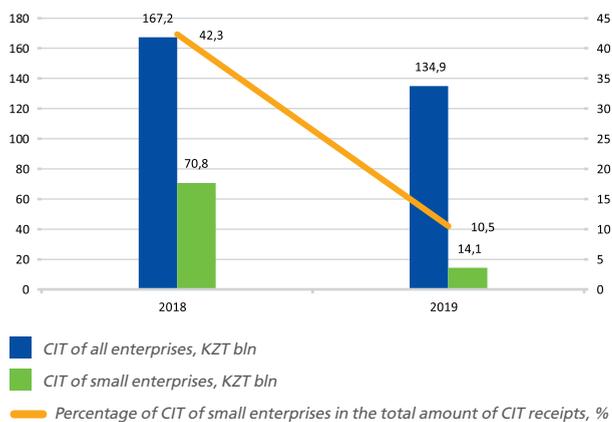
Percentage of population employed by SMEs in Mangystau region in the total number of population employed



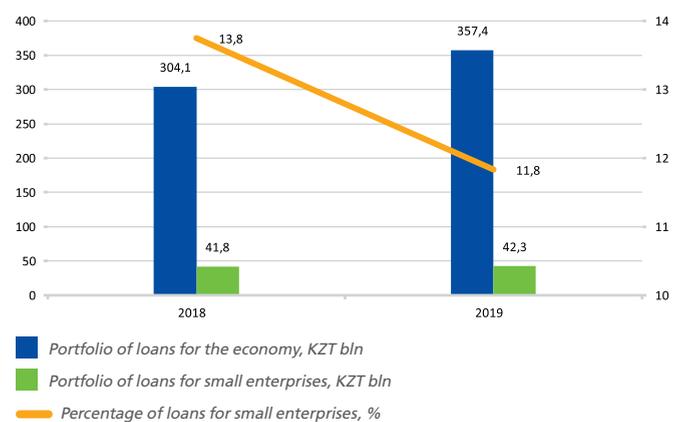
Dynamics of production output by SMEs and GRP in Mangystau region



Dynamics of CIT paid by small enterprises in Mangystau region



STBs' loan portfolio for the economy and small enterprises of Mangystau region



RESULTS OF DAMU FUND PROGRAMS IN MANGYSTAU REGION

LENDING

	Quantity	Amount of loans
2018	155	8,019 million tenge
2019	190	9,321 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	14	3,859 million tenge	1,535 million tenge
2019	139	10,725 million tenge	1,342 million tenge

GUARANTEEING

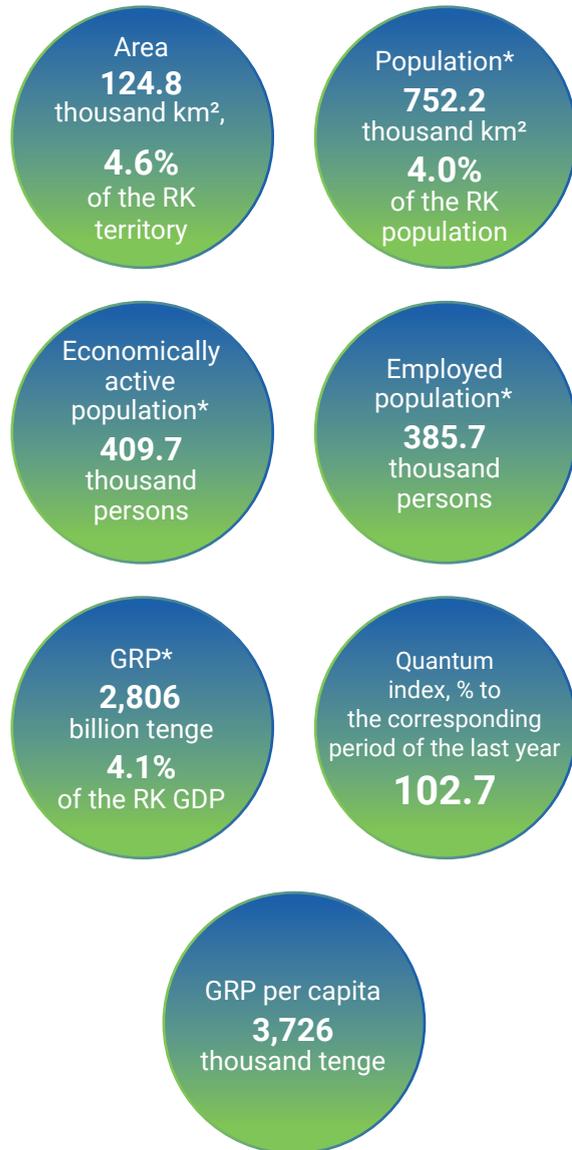
	Supported	Amount of loans	Amount of guarantee
2018	101	3,025 million tenge	1,101 million tenge
2019	108	2,781 million tenge	1,076 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,862	391
2019	2,488	340

3.15 SMALL AND MEDIUM-SIZED ENTERPRISES IN PAVLODAR REGION

FOUNDED IN JANUARY 1938



* 01.01.2020

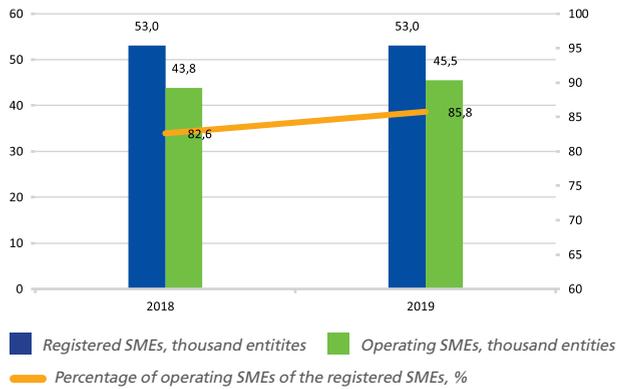
Main changes in Pavlodar region SME sector for 2019:

- The number of registered SMEs did not change; the number of operating SMEs increased by 3.8%. Their share increased from 82.6% to 85.8%.
- In the industrial structure, dominating positions are taken by entities in trade (40.0%), services (21.0%), and agriculture (11.0%).
- The number of people employed by SMEs increased by 2.8%. The share of employees engaged in SMEs of the total number of employees increased from 33.3% to 34.4%.
- Production output by SMEs (in comparable prices) increased by 10.5%. The share of GVA of SMEs in GRP decreased from 15.5% to 18.8%.
- CIT expenses for small enterprises increased by 122.5%. Their share in overall CIT expenses of all enterprises rose from 5.2% to 10.5%.
- Small enterprises' loan portfolios decreased by 15.0%. Its share in the total loan portfolio of the economy decreased from 20.1% to 16.0%.

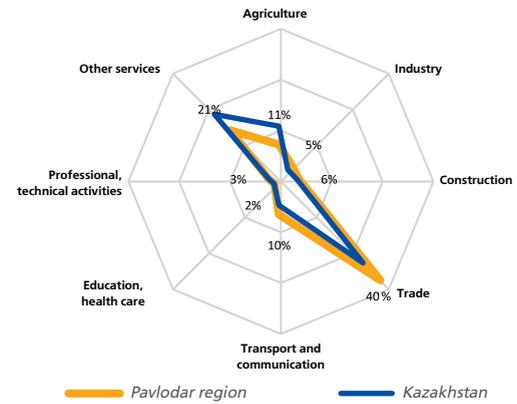


Small and medium entrepreneurship in the Pavlodar region.
"Lysenko Tsentr Chteniya" IE. This is a reading center that provides educational services for preschool and school children, Intensive Learning Methodology courses for teachers. The individual entrepreneur received support under the subsidizing and guarantee instruments within the "Business Roadmap-2025" State Program.

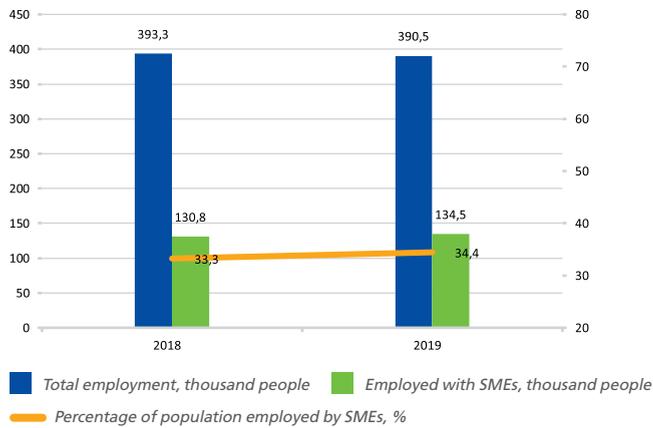
Percentage of operating SMEs in Pavlodar region of the total registered SMEs



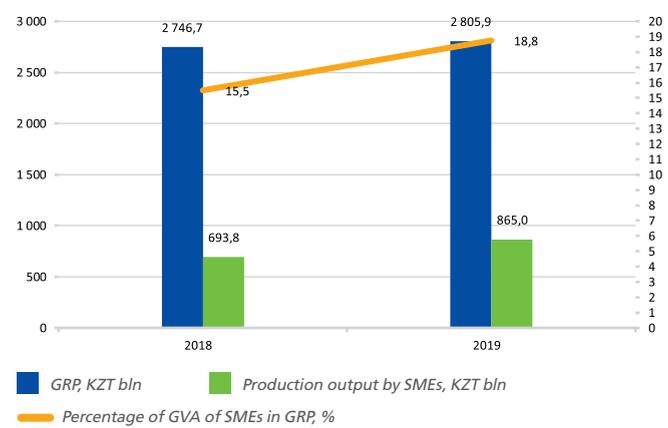
Structure of registered SMEs by type of economic activity



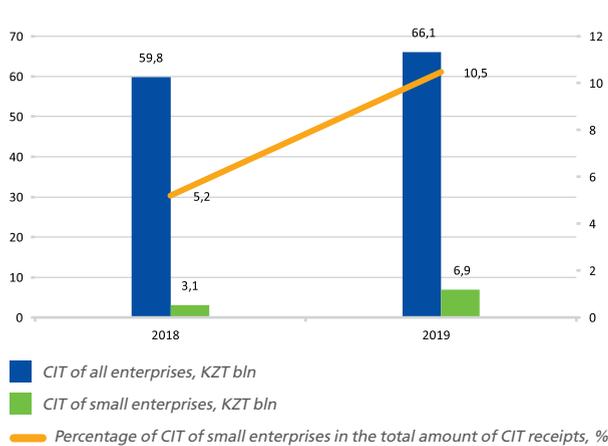
Percentage of population employed by SMEs in Pavlodar region in the total number of population employed



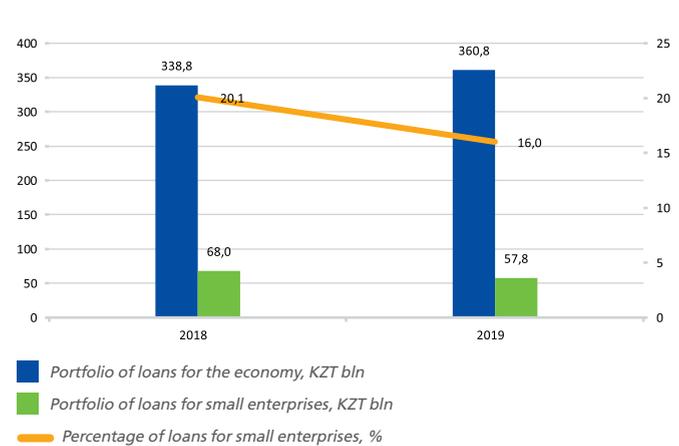
Dynamics of production output by SMEs and GRP in Pavlodar region



Dynamics of CIT paid by small enterprises in Pavlodar region



STBs' loan portfolio for the economy and small enterprises of Pavlodar region



RESULTS OF DAMU FUND PROGRAMS IN PAVLODAR REGION

LENDING

	Quantity	Amount of loans
2018	433	18,255 million tenge
2019	378	20,559 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	44	3,076 million tenge	2,559 million tenge
2019	250	10,964 million tenge	1,248 million tenge

GUARANTEEING

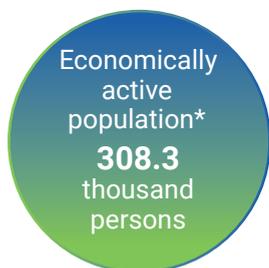
	Supported	Amount of loans	Amount of guarantee
2018	71	2,022 million tenge	885 million tenge
2019	177	8,549 million tenge	2,836 million tenge

CONSULTING

	Consulting	Monitoring
2018	2,706	445
2019	2,893	454

3.16 SMALL AND MEDIUM-SIZED ENTERPRISES IN NORTH KAZAKHSTAN REGION

FOUNDED IN JULY 1936



Main changes in North Kazakhstan region SME sector for 2019:

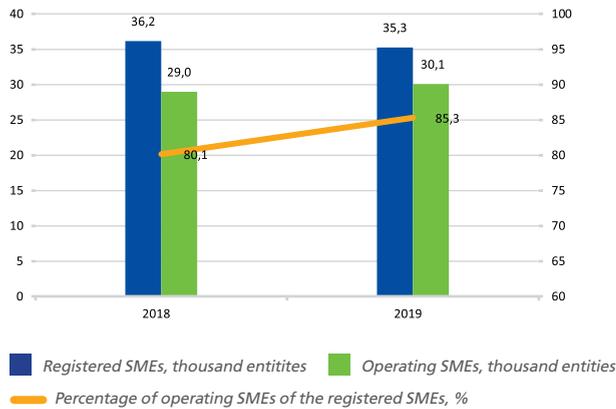
- The number of registered SMEs decreased by 2.5%; the number of operating SMEs increased by 3.8%. Their share increased from 80.1% to 85.3%.
- In the industrial structure, dominating positions are taken by entities in trade (38.0%), services (21.0%), and agriculture (19.0%).
- The number of people employed by SMEs increased by 1.6%. The share of employees engaged in SMEs of the total number of employees increased from 35.1% to 36.0%.
- Production output by SMEs (in comparable prices) increased by 11.4%. The share of GVA of SMEs in GRP increased from 27.3% to 31.4%.
- CIT expenses for small enterprises increased by 40.3%. Their share in overall CIT expenses of all enterprises rose from 36.9% to 31.9%.
- Small enterprises' loan portfolios decreased by 19.0%. Its share in the total loan portfolio of the economy decreased from 25.1% to 17.3%.



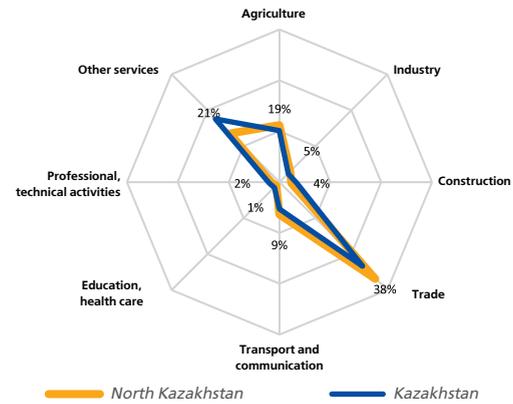
Small and medium entrepreneurship in the North Kazakhstan region.
"Zagot Inter" LLP. The project developed to expand meat and sausages production. The company received support under the subsidizing and guarantee instruments within the "Business Roadmap-2025" State Program.

* 01.01.2020

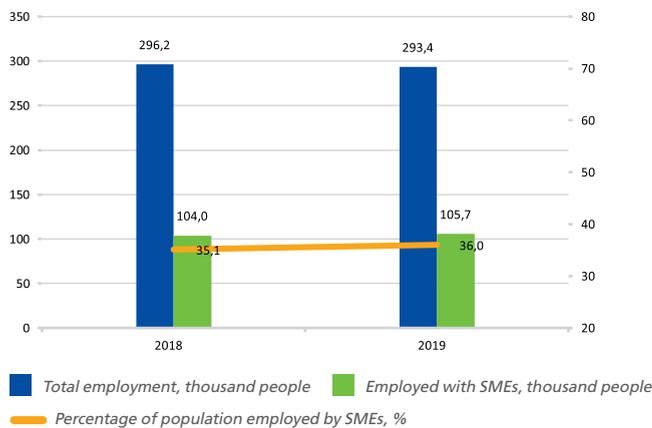
Percentage of operating SMEs in North Kazakhstan region of the total registered SMEs



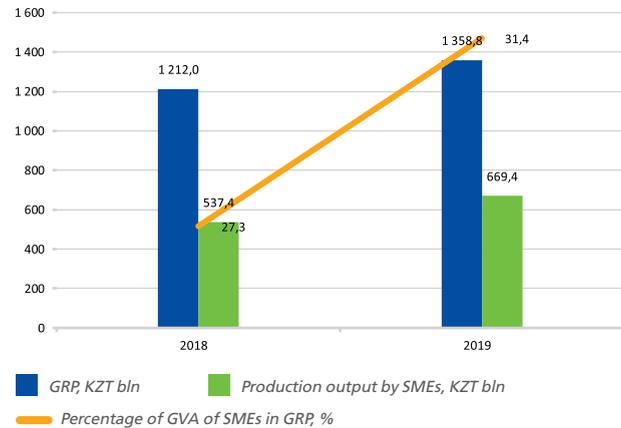
Structure of registered SMEs by type of economic activity



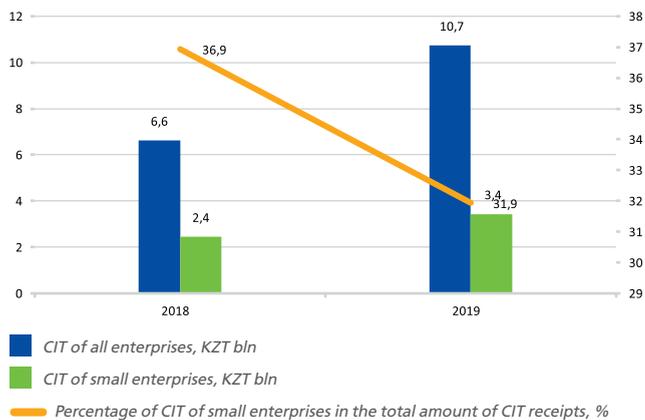
Percentage of population employed by SMEs in North Kazakhstan region in the total number of population employed



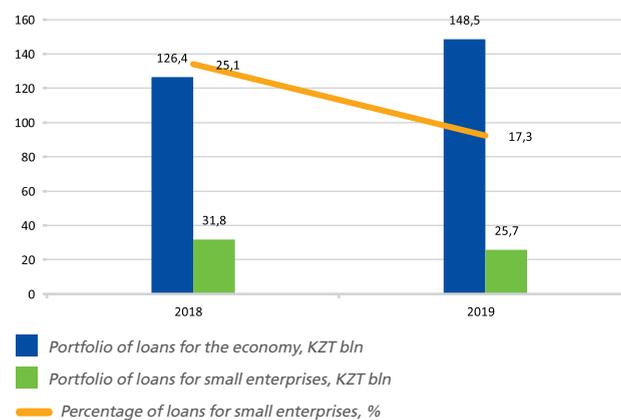
Dynamics of production output by SMEs and GRP in North Kazakhstan region



Dynamics of CIT paid by small enterprises in North Kazakhstan region



STBs' loan portfolio for the economy and small enterprises of North Kazakhstan region



RESULTS OF DAMU FUND PROGRAMS IN NORTH KAZAKHSTAN REGION

LENDING

	Quantity	Amount of loans
2018	220	8,856 million tenge
2019	184	8,028 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	62	5,332 million tenge	1,747 million tenge
2019	95	10,403 million tenge	1,506 million tenge

GUARANTEEING

	Supported	Amount of loans	Amount of guarantee
2018	67	3,061 million tenge	1,444 million tenge
2019	66	2,622 million tenge	1,148 million tenge

CONSULTING

	Consulting	Monitoring
2018	2,058	328
2019	1,577	298

3.17 SMALL AND MEDIUM-SIZED ENTERPRISES IN TURKESTAN REGION

FOUNDED ON 10 MARCH 1932

Area
117.2
thousand km²,
4.3%
of the RK
territory

Population*
2,016.0
thousand km²
10.8%
of the RK
population

Economically
active
population*
826.2
thousand
persons

Employed
population*
783.3
thousand
persons

GRP*
1,820
billion tenge
2.6%
of the RK GDP

Quantum
index, % to
the corresponding
period of the last year
107.0

GRP per capita
910
thousand tenge

Key indicators in Turkestan region SME sector for 2019:

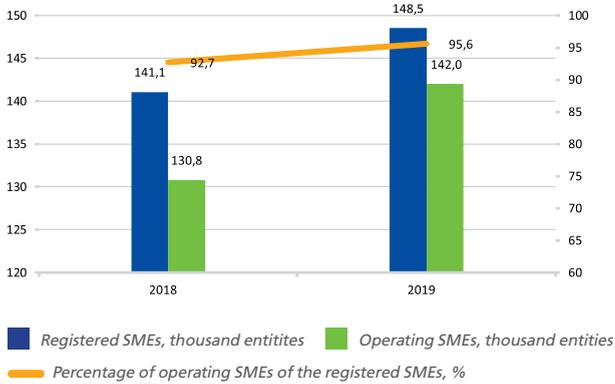
- The number of registered SMEs increased by 5.3%; the number of operating SMEs increased by 8.6%. Their share increased from 92.7% to 95.6%.
- In the industrial structure, dominating positions are taken by entities in agriculture (57.0%), trade (21.0%), and services (13.0%).
- The number of people employed by SMEs increased by 6.4%. The share of employees engaged in SMEs of the total number of employees increased from 25.9% to 27.8%.
- Production output by SMEs (in comparable prices) increased by 26.2%. The share of GVA of SMEs in GRP increased from 19.5% to 23.1%.
- CIT expenses for small enterprises increased by 5.2%. Their share in overall CIT expenses of all enterprises fell from 18.7% to 15.9%.
- Small enterprises' loan portfolios increased by 15.8% and made up 1.4 billion tenge.



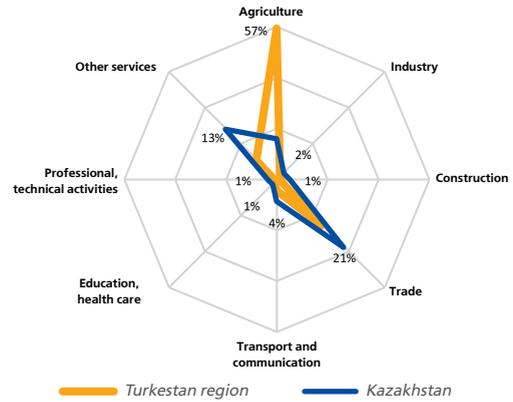
Small and medium entrepreneurship in the Turkestan region.
"Kompaniya Natur Produkt" LLP. The company produces dairy products and cheese.
The project received support for the guarantee instrument within the "Business Roadmap-2025" State Program.

* 01.01.2020

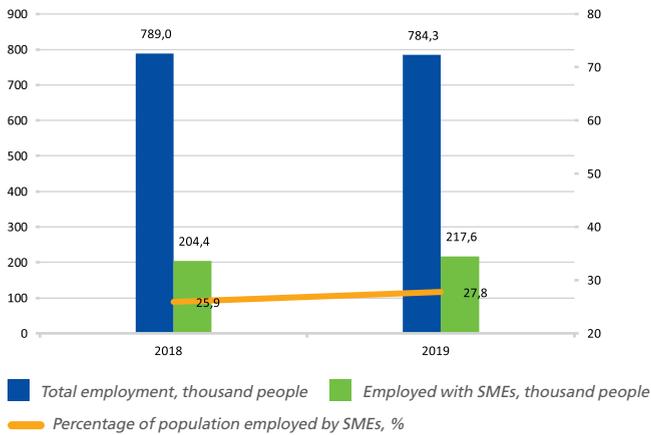
Percentage of operating SMEs in Turkestan region of the total registered SMEs



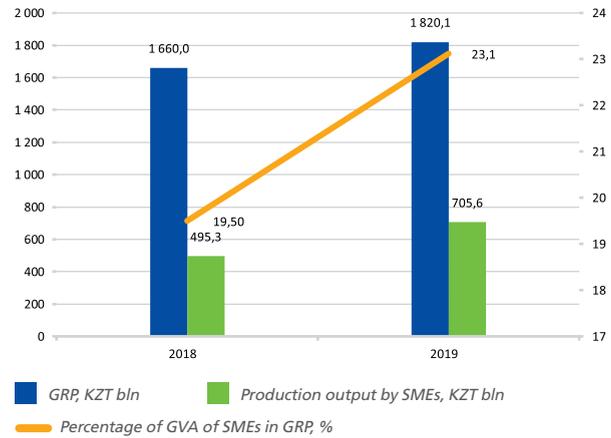
Structure of registered SMEs by type of economic activity



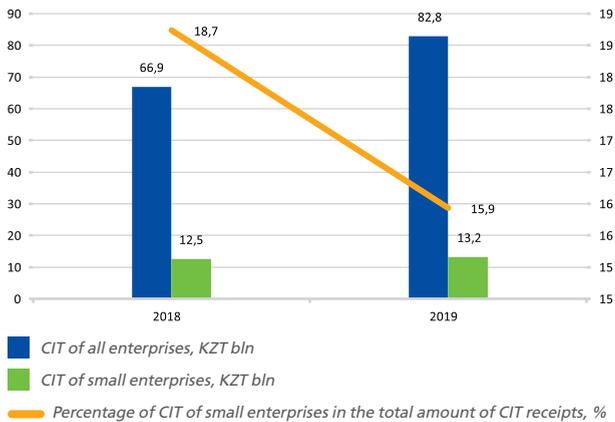
Percentage of population employed by SMEs in Turkestan region in the total number of population employed



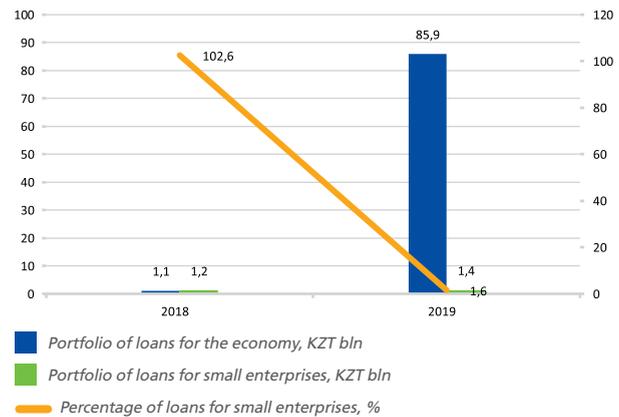
Dynamics of production output by SMEs and GRP in Turkestan region



Dynamics of CIT paid by small enterprises in Turkestan region



STBs' loan portfolio for the economy and small enterprises of Turkestan region



* Shymkent City and Turkestan region

RESULTS OF DAMU FUND PROGRAMS IN TURKESTAN REGION

LENDING

	Quantity	Amount of loans
2018	5,326	22,292 million tenge
2019	5,457	11,121 million tenge

SUBSIDIZING

	Supported	Amount of loans	Amount of subsidies
2018	82	16,323 million tenge	4,452 million tenge
2019	92	13,675 million tenge	1,214 million tenge

GUARANTEEING

	Supported	Amount of loans	Amount of guarantee
2018	32	1,758 million tenge	757 million tenge
2019	31	1,777 million tenge	751 million tenge

CONSULTING

	Consulting	Monitoring
2018	1,507	40
2019	1,425	238







04

RESULTS OF
IMPLEMENTATION OF
THE PROGRAMS ON
ENTREPRENEURSHIP
SUPPORT

4.1. ENTREPRENEURSHIP FINANCIAL SUPPORT PROGRAMS

Damu Entrepreneurship Development Fund JSC is a national development institution implementing the national and own programs on entrepreneurship support in Kazakhstan. Within the framework of its activities, Damu Fund supports private enterprises using such tools as:

1. *financing of entrepreneurs through conditional placement of funds with STBs, leasing companies or microfinance organizations;*
2. *subsidization of interest rates on loans and finance lease contracts;*
3. *partial loan guarantees for entrepreneurs' loans;*
4. *information and consulting support and project support following up to financial organizations.*

This section shows the main results caused by the implementation of tools mentioned above at the end of 2019.

4.1.1. Programs on conditional placement of funds with STBs, leasing companies, and microfinance organizations for subsequent financing of entrepreneurs.

OVERALL RESULTS

Since November 2007, Damu Fund has been the operator of programs for conditional placement of funds with STBs, microfinance organizations, and leasing companies for subsequent crediting of private businesses, including SMEs. During that period and as of 01.01.2020, Damu Fund has provided financing to entrepreneurs according to more than 30 programs of conditional placement of funds. Among them:

1. *programs of mass coverage of SMEs that do not take into account regional and sector restrictions (1–3 tranches of the Stabilization program, financing of SME through loans from the Asian Development Bank, European Bank for Reconstruction and Development, program of conditional placement of funds in microfinance organizations to subsequently finance SMEs, etc.);*
2. *regional programs aimed at promoting reduction in regional disproportion in financing of SMEs (Damu-Regions 1–3, point financing programs in regions, etc.);*
3. *sector programs aimed at promoting diversification of the SME sector (Damu-Ondiris, financing of leasing transactions, support program of manufacturing industry SMEs, etc.);*
4. *social programs.*

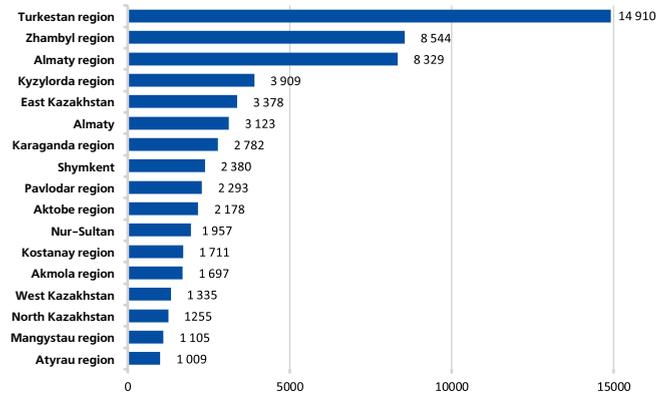
All totalled, under the conditional allocation programs as of 01.01.2020, 61,249 borrowers were funded for a total amount of 2,183.6 billion tenge. During the implementation of these programs, about 87 thousand jobs were created. In particular, in 2019, 18,933 entrepreneurs were financed for a total amount of 239.5 billion tenge.

ULTS OF THE PROGRAMS OF CONDITIONAL PLACEMENT OF FUNDS AS OF 01.01.2020

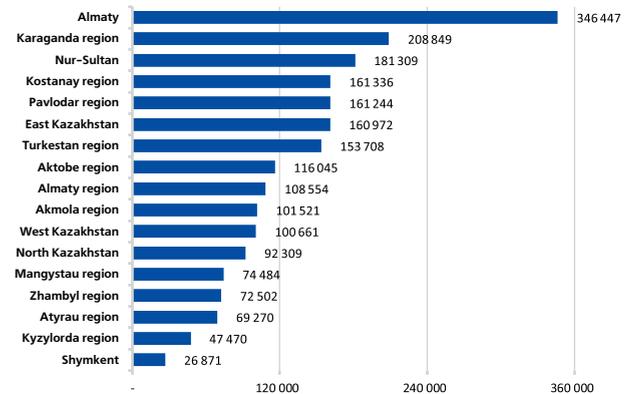
#	Program	Amount, KZT mln	Number of borrowers	Average loan amount, KZT mln	Average loan term, months	Weighted average interest % rate	Effective interest % rate
1	Stabilization program (1 st tranche)	92 862,02	2847	33	26	16,03	17,77
2	Stabilization program (2 nd tranche)	199 915,56	3754	53	38	12,34	13,98
3	Stabilization program (3 rd tranche)	272 375,54	3974	69	32	11,22	12,10
4	Damu-Ondiris program	111 191,74	355	313	19	8,00	8,49
5	SMEs support program in the manufacturing industry using funds from the National Fund of the Republic of Kazakhstan (1 st tranche)	209 803,74	1068	196	79	6,00	6,27
6	SMEs support program in the manufacturing industry using funds from the National Fund of the Republic of Kazakhstan (2 nd tranche)	204 213,89	670	305	28	6,00	6,27
7	SMEs support program in the manufacturing industry using funds from the National Fund of the Republic of Kazakhstan (3 rd tranche)	196 922,14	734	268	28	6,00	6,28
8	Damu-Regions program	75 631,78	1596	47	33	12,45	13,57
9	Damu-Regions program II	12 607,33	164	77	53	9,78	10,65
10	Damu-Regions program III	180 474,77	2199	82	33	13,63	14,77
11	Program for Productive Employment and Mass Entrepreneurship	42 884,93	3407	13	46	6,00	6,27
12	Program of regional financing of SMEs	86 575,78	1596	54	34	7,70	8,41
13	Program of conditional placement of funds with STBs for subsequent micro-lending for women entrepreneurs	14 331,48	1539	9	35	12,11	13,37
14	SME financing program using the funds from ADB (1 st tranche)	76 688,72	1096	70	17	13,20	14,73
15	SME financing program using the funds from ADB (2 nd tranche)	68 819,22	709	97	28	14,49	15,93
16	SME financing program using the funds from ADB (3 rd tranche)	112 143,78	550	204	17	16,34	18,07
17	SME financing program using the funds from ADB (4 th tranche)	83 490,46	26953	3	30	19,87	20,82
18	Financing program for lease transactions from SMEs (using own funds)	13 591,04	398	34	41	14,12	14,64
19	EBRD program on financing SMEs	95 729,19	1273	75	32	14,67	16,65
20	EBRD program "Women in business" through STBs	14 681,06	310	47	41	14,93	16,51
21	EBRD program "Women in business" through MFOs	7 998,7	13562	0,6	14	40,21	42,44
22	Financing program for lease transactions of SMEs in manufacturing industry	2 224,09	71	31	53	8,00	8,05
23	Program of conditional placement of funds by STBs for subsequent lending of MCOs	1 742,56	8	218	55	12,85	13,96
24	Financing program of SMEs projects in Zhanaozen and Mangystau region	236,72	28	8	50	9,87	10,50
25	Financing program of SMEs projects in Zhanaozen and Mangystau regions – 2	1 700,26	54	31	47	10,00	10,59
26	Refinancing program "Damu-Koldau II"	258,14	2	129	42	12,50	13,21
27	Financing Program of SMEs projects in small cities of the Republic of Kazakhstan	346,30	48	7	45	13,64	15,42
28	Financing program for private entrepreneurs engaged in the provision of services in the cities of Astana and Almaty	312,94	5	63	25	11,08	12,75
29	SMEs financing program through MFOs	1 980,98	629	3	28	17,11	19,11
30	Program of SMEs lending using factoring	1 238,71	3	413	3	21,26	23,57
31	Financing program of franchise transactions of SMEs	578,52	12	48	58	14,65	15,91
	TOTAL	2 183 552,10	61 249	35	35	10,98	11,93

The largest amounts by regions were issued in the cities of Almaty and Nur-Sultan city, Karaganda, Kostanay, and Pavlodar regions.

Number of borrowers broken down by regions as of 01.01.2020, entities



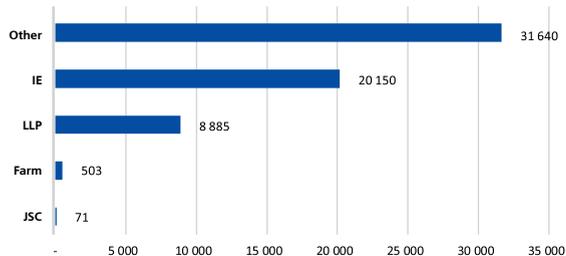
Amount of financing broken down by regions as of 01.01.2020, KZT mln



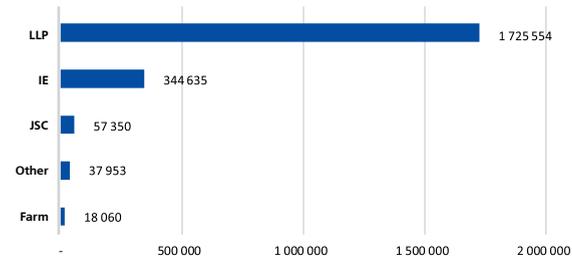
The largest number of borrowers was financed in Turkestan, Zhambyl, Almaty, Kyzylorda, East Kazakhstan regions, and Almaty City.

As for the type of incorporation among the structure of financed participants, the leading positions were taken by limited liability partnerships (8,885 borrowers to the amount of KZT 1,725,554 mln) and individual entrepreneurs (20,150 borrowers to the amount of KZT 344,635 mln).

Number of borrowers broken down by incorporation forms of participants as of 01.01.2019, entities

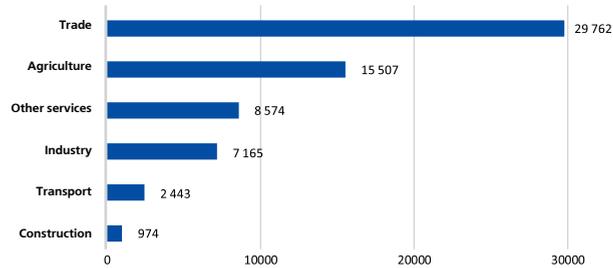


Amount of financing broken down by incorporation forms of participants as of 01.01.2020, KZT mln

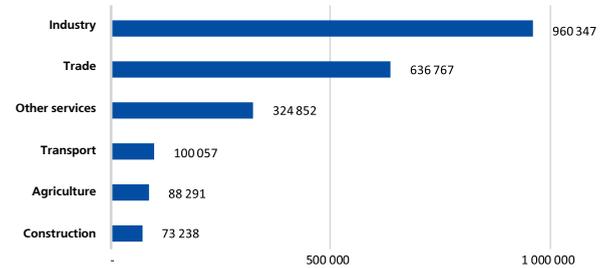


Where various industries are concerned, industry and trade sectors are the leaders in terms of the volume of loans provided.

Number of borrowers broken down by industries as of 01.01.2020, entities



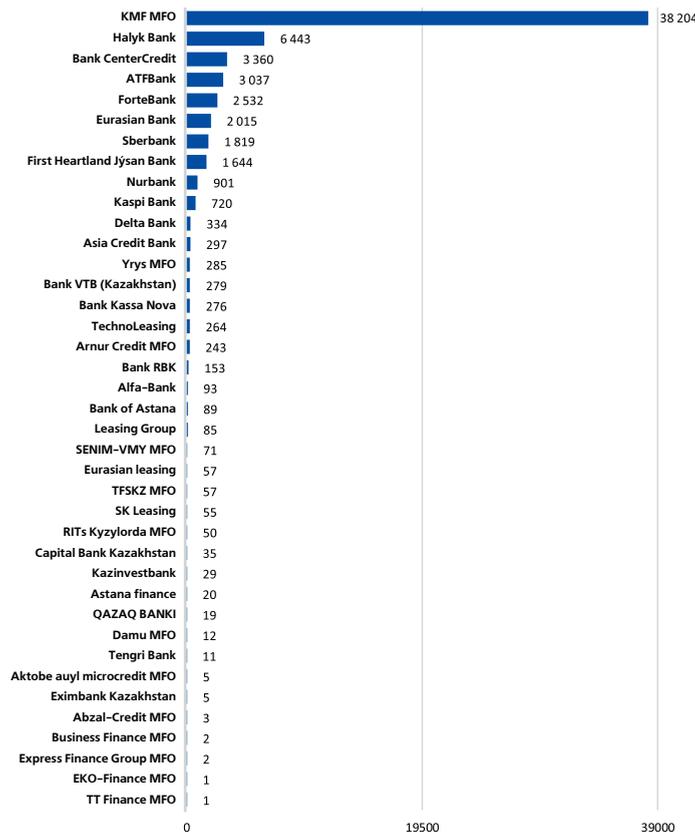
Amount of financing broken down by industries as of 01.01.2020, KZT mln



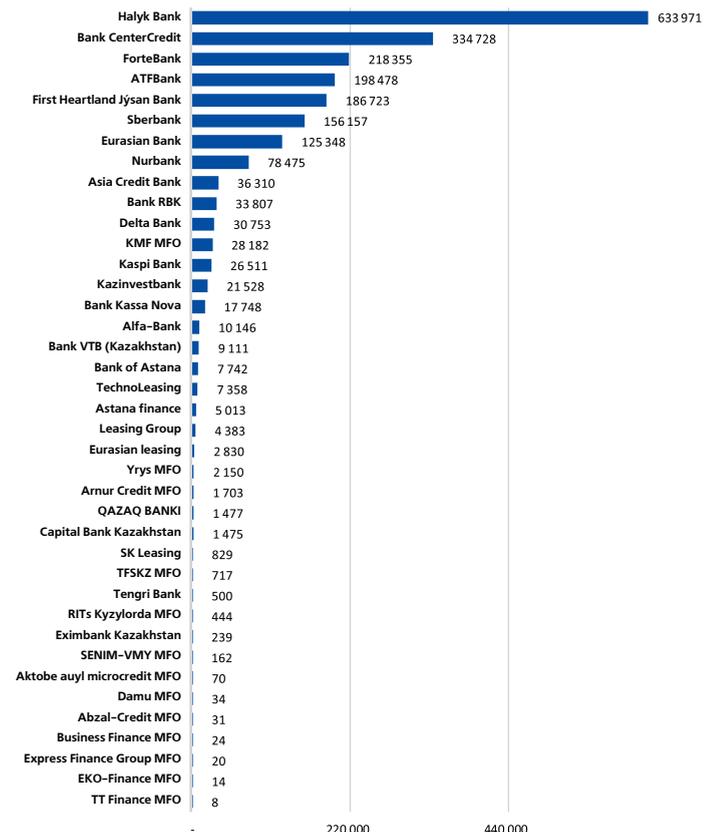
Projects in construction were financed the least vigorously.

As of 01.01.2020, the leading positions among the financial institutions in terms of the volume of loans issued were taken by Halyk Bank of Kazakhstan JSC (including volumes of Qazkom JSC and BTA Bank JSC), Bank CenterCredit JSC, and ForteBank JSC. KMF MFO LLP, Halyk Bank of Kazakhstan JSC (including volumes of Qazkom JSC and BTA Bank JSC), and Bank CenterCredit JSC are in the lead among the financed borrowers.

Number of borrowers broken down by financial institutions as of 01.01.2020, entities



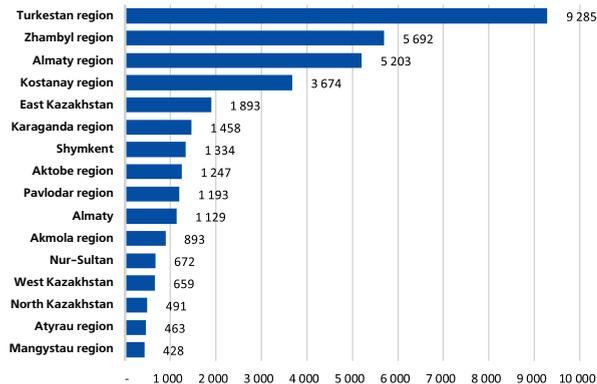
Amount of financing broken down by financial institutions as of 01.01.2020, KZT mln



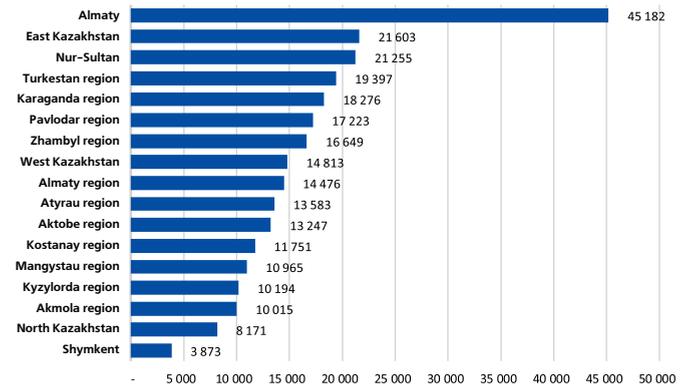
STATISTICS ON THE PARTICIPATION OF WOMEN-ENTREPRENEURS

As of 01.01.2020, 35,174 borrowers of women entrepreneurs were financed under the programs for conditional placement of funds for the total amount of KZT 270.7 bln.

Number of borrowing women-entrepreneurs broken down by regions as of 01.01.2020, borrowers



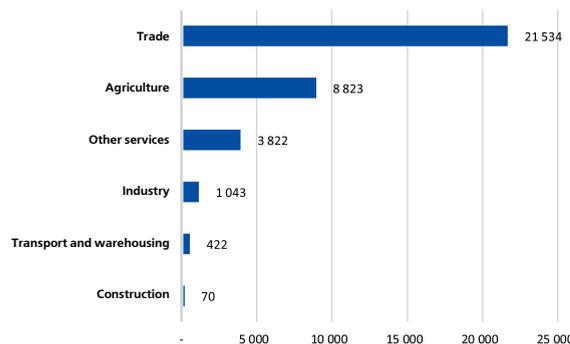
Amount of financing for loans granted to women broken down by regions as of 01.01.2020, KZT mln



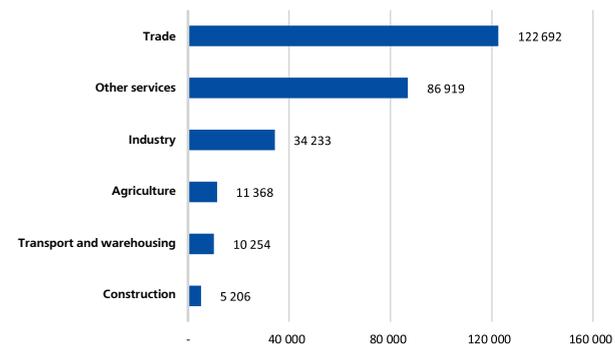
Regionally, the largest numbers of women borrowers were financed in Turkestan, Zhambyl, and Almaty regions. According to the volume of loans granted to women, the leading positions were taken by the cities of Almaty and Nur-Sultan and East Kazakhstan region.

As many as 45.3% of the total volume of funds issued to female entrepreneurs has been directed to the trade industry, 32.1% – to services. The largest number of women's projects has been observed in the trade, agriculture, and provision of other types of services.

Number of borrowing women-entrepreneurs broken down by industries as of 01.01.2020, borrowers

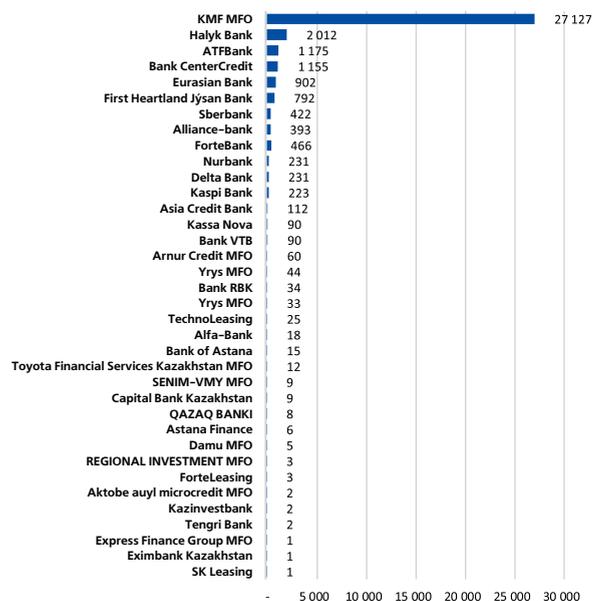


Amount of financing for loans granted to women broken down by industries as of 01.01.2020, KZT mln

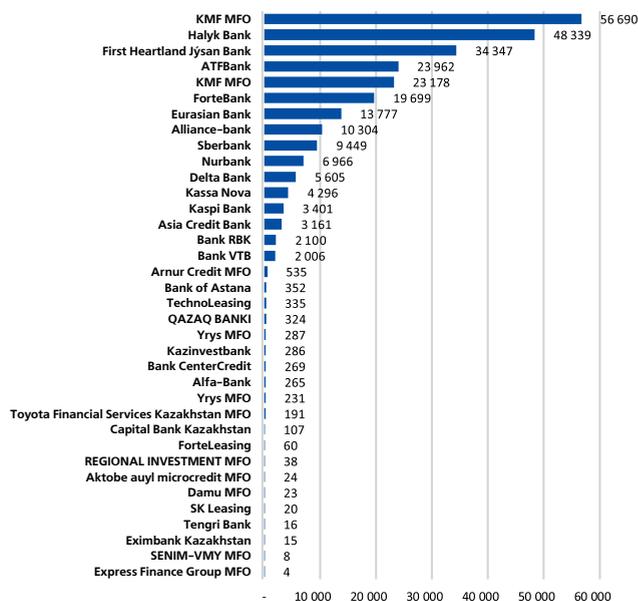


The largest numbers of women borrowers were financed by KMF MFO LLP, Halyk Bank of Kazakhstan JSC, and ATF Bank JSC. The greatest amount of financing for women was provided by Halyk Bank JSC, Bank CenterCredit JSC, and First Heartland Jysan Bank JSC.

Number of borrowing women-entrepreneurs broken down by financial institutions as of 01.01.2020, borrowers



Amount of financing for loans granted to women broken down by financial institutions as of 01.01.2020, KZT mln

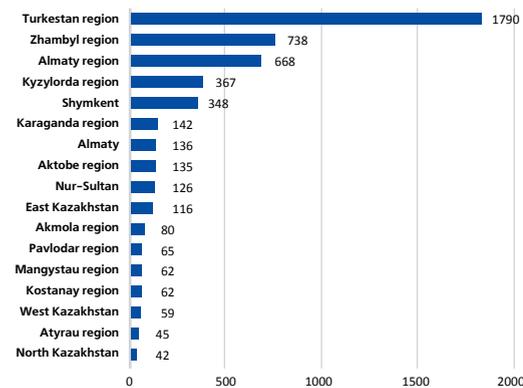


STATISTICS ON THE PARTICIPATION OF YOUNG ENTREPRENEURS

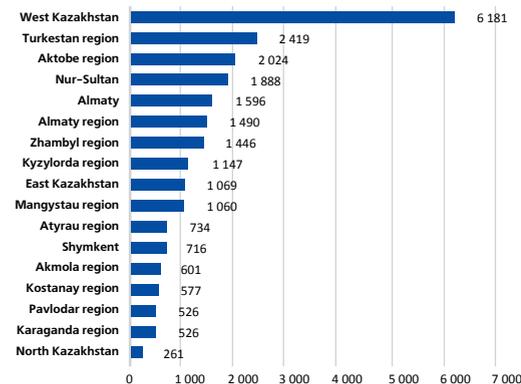
From the beginning of the Programs for conditional placement of funds with STBs and leasing companies, 4,981 projects of young entrepreneurs under the age of 29 years have been financed for the total amount of KZT 24,262 mln.

By regions, the largest number of young entrepreneurs has been funded in Turkestan, Zhambyl, Almaty and Kyzylorda regions. It should be noted that the West Kazakhstan, Turkestan, and Aktoobe regions are leading in terms of the volume of loans issued.

Number of young entrepreneurs' projects broken down by regions as of 01.01.2020, projects

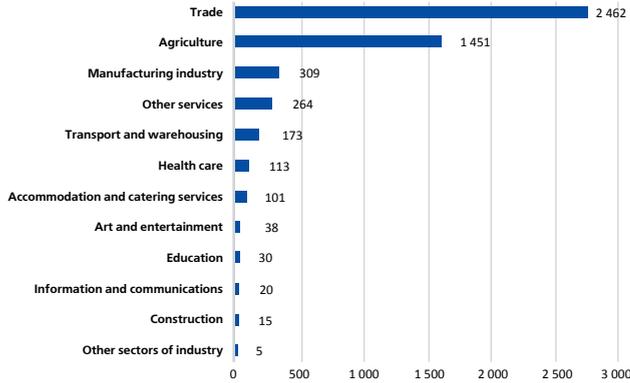


Amount of financing for young entrepreneurs' projects broken down by regions as of 01.01.2020, KZT mln

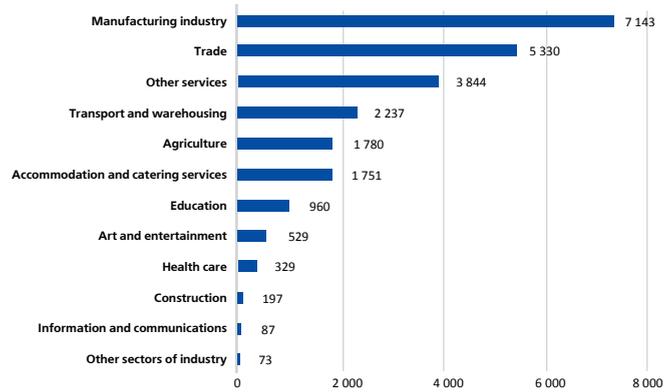


As many as 29.4% of the total amount of funds issued to young entrepreneurs have been directed to the processing industry, 22.0% – in trade. The most of the young people have received in trade, agriculture and processing industry sectors.

Number of young entrepreneurs' projects broken down by industries as of 01.01.2020, projects

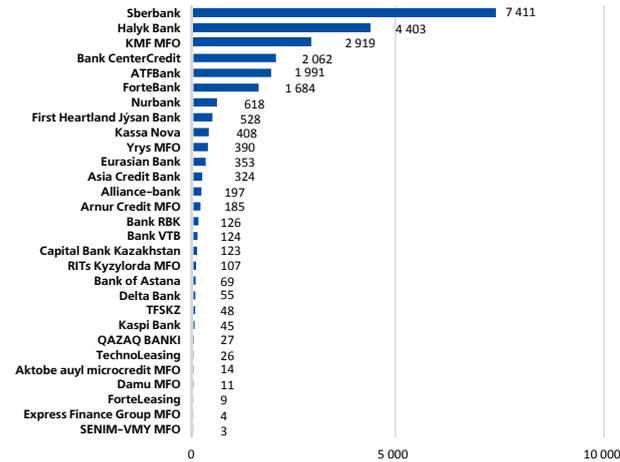


Amount of financing for young entrepreneurs' projects broken down by industries as of 01.01.2020, KZT mln

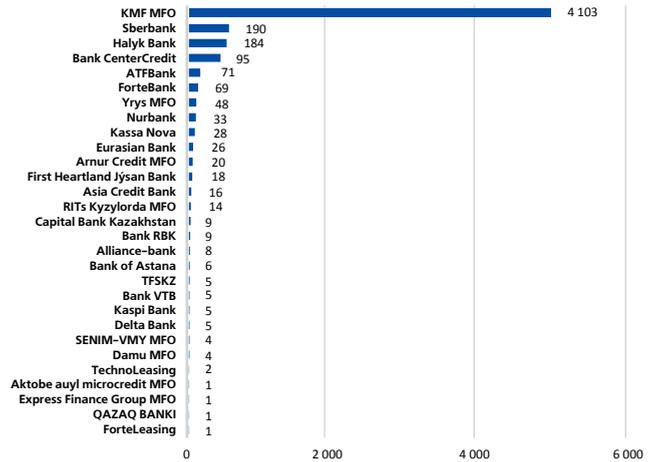


The largest number of young entrepreneurs was financed by KMF MFO LLP, SB Sberbank JSC, Halyk Bank of Kazakhstan JSC. According to the amount of financing of young entrepreneurs, the leaders were SB Sberbank JSC, Halyk Bank of Kazakhstan JSC and KMF MFO LLP.

Amount of financing for young entrepreneurs broken down by financial institutions as of 01.01.2020, entrepreneurs



Number of young entrepreneurs broken down by financial institutions as of 01.01.2020, KZT mln



4.2. SUBSIDIES FOR INTEREST RATES ON LOANS AND LEASE TRANSACTIONS OF SMEs

Subsidizing of interest rates is a financial support tool used by the government for partial reimbursement of the entrepreneur's expenses to pay the interest on the loan/lease at no charge and on a non-refundable basis. This support is implemented within the State program of business support and development called "Business Roadmap-2020" (hereinafter referred to as the State program) approved by Resolution of the Government of the Republic of Kazakhstan No.522 dated August 25, 2018.

The State program was designed in order to implement the President of the Republic of Kazakhstan's message to the people of Kazakhstan: "New Decade – New Economic Growth – New Opportunities of Kazakhstan" and the Nationwide Plan for Development of Kazakhstan to the year 2020.

The State program is aimed at achieving the goals stated in the messages of the President of the Republic of Kazakhstan to the people of Kazakhstan titled "Strategy of Kazakhstan-2030" and "Kazakhstan's way-2050: common goal, common interests, and common future."

The purpose of the State program is to ensure the sustained and balanced growth of the regional entrepreneurship, as well as maintaining existing jobs while creating new permanent jobs.

Previously, interest rates were subsidized according to the Program "Business Roadmap-2020", the Program for the development of single-industry towns for 2012–2020, and the Special plan for the entrepreneurship development in Zhanaozen for 2012–2014 that are financed out of the budget funds.

During the implementation of the State program, this subsidy tool has gained popularity among entrepreneurs and showed its efficiency in terms of attracting loans/lease transactions for the projects implemented in the priority sectors of the economy under the State program, within manufacturing industries, certain SPIID 's, and without any industry restrictions.

The State program provides separate directions for each target segment of business:

1st direction "Support to new business initiatives" is designed for beginners and existing entrepreneurs in single-industry towns, small towns and rural settlements without sectoral restrictions. As part of this direction, Damu Fund provides support in the form of subsidizing interest rates on loans/lease transactions, as the financing agency of the Unified program;

2nd direction "Industry support" is designed for entrepreneurs in the priority sectors of the economy, as well as the priority sectors of manufacturing industry and certain SPIID's for 2015–2019. Along this direction, Damu Fund provides support in the form of subsidizing the interest rate for loans/lease transactions;

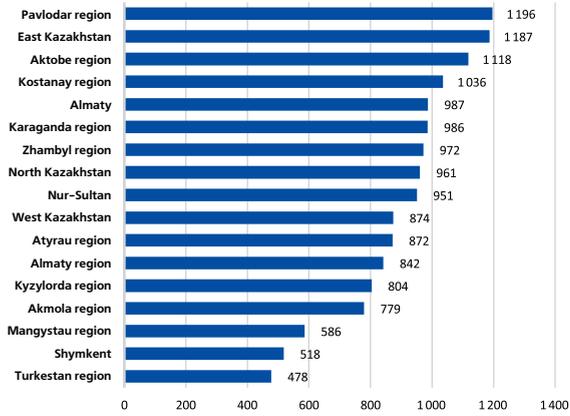
3rd direction "Reducing currency risks of entrepreneurs" is designed for entrepreneurs-exporters having a certain portion of their earnings in foreign currency. Along this direction, Damu Fund provides support in the form of subsidizing the interest rate for loans/lease transactions;

4th direction "Means of non-financial support for entrepreneurship" includes the provision of non-financial public support to private enterprises and the population with an entrepreneurial initiative, which includes information and analytical support for entrepreneurship, development of entrepreneurs' competencies, improving their efficiency and expanding their business contacts. In this regard, Damu Fund provided support through training programs until 2015. Later on, this functionality was transferred to the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken". In addition, Damu Fund provides advisory support in the Centres of Entrepreneurship Competence.

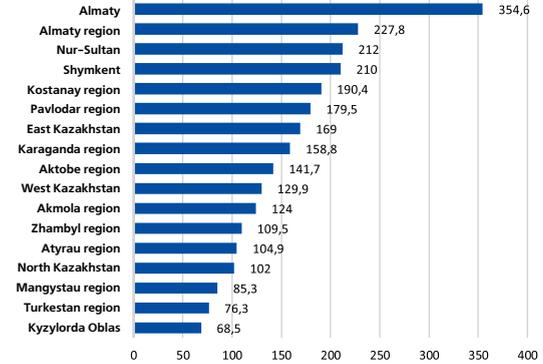
Damu Fund is the financial agent of the State program and implements the subsidization of interest rates for loans to entrepreneurs, as well as provides entrepreneurs with guarantees to banks when obtaining loans.

During ten years of the implementation of the State program, contracts for subsidizing the interest rate were signed for 15,147 projects for the total loan value of KZT 2,645 bln. The subsidies paid amounted to KZT 243.9 bln. Among them, in 2019, support was provided to 2,647 projects in subsidizing the interest rate for the total loan value of KZT 269.8 bln.

Number of subsidized projects broken down by regions as of 01.01.2020, projects

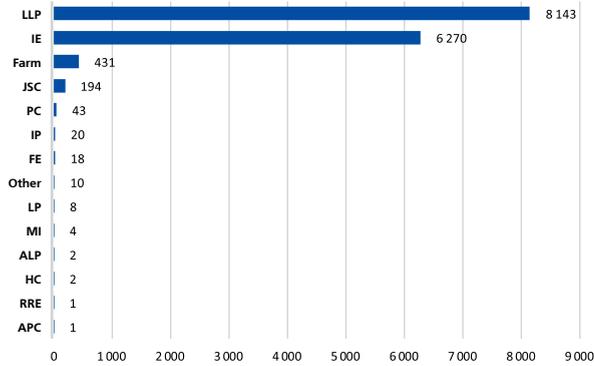


Amount of loans for subsidized projects broken down by regions as of 01.01.2020, KZT bln

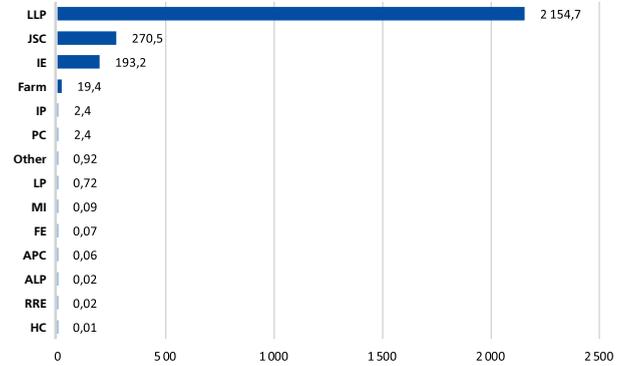


Regionally, the leading positions in the number of subsidized projects are as follows: Pavlodar (1,196 projects), East Kazakhstan regions (1,187 projects), Aktobe region (1,118 projects). According to the volume of the subsidized loan portfolio, the leaders are Almaty City (KZT 354.6 bln), Almaty region (KZT 227.8 bln), and Nur-Sultan City (KZT 212 bln).

Number of subsidized projects broken down by incorporation type of participants as of 01.01.2020, projects



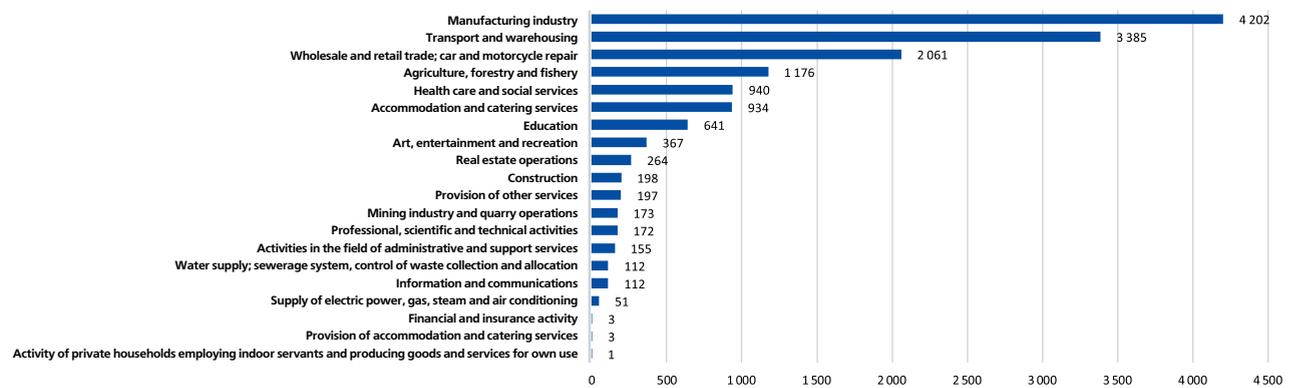
Amount of loans for subsidized projects broken down by incorporation type of participants as of 01.01.2020, KZT bln



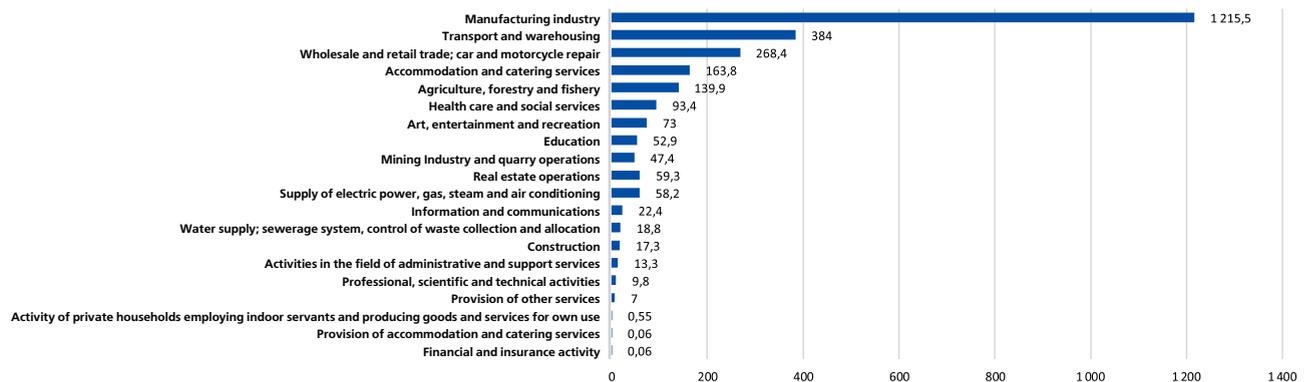
Among the type of incorporation of the structure of participants for subsidized projects, the leading positions were taken by limited liability partnerships (8,143 projects for the amount of KZT 2,154.7 bln) and individual entrepreneurs (6,270 projects for the amount of KZT 193.2 bln).

As for the structure of the subsidized projects by branches of the economy, the manufacturing industry (4,202 projects worth KZT 1,215.5 bln), and transportation and stock-keeping (3,385 projects worth KZT 384 bln) sectors continue to lead.

Number of subsidized projects broken down by type of economic activity as of 01.01.2020, projects



Amount of loans for subsidized projects broken down by type of economic activity as of 01.01.2020, KZT bln

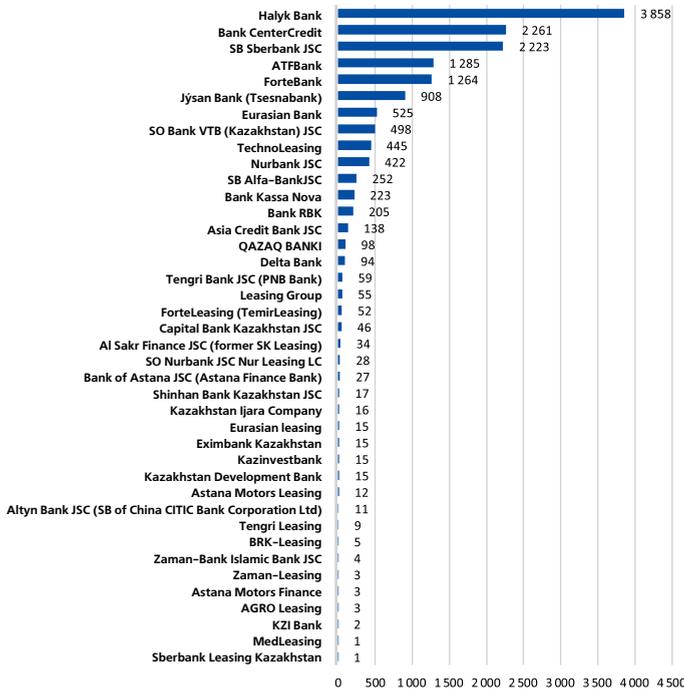


The lowest level of participants in the Subsidy program was in the field of “Information and communications”.

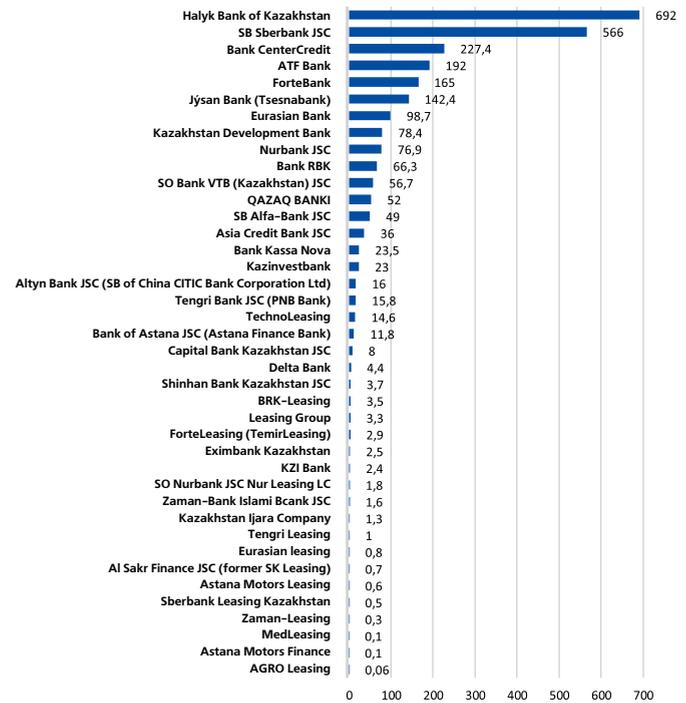
To date, within the framework of the implementation of the State program, the State co-operates with 22 STBs and 12 leasing companies, i.e. almost with all the large financial institutions that work with entrepreneurs.

Today, the leading position in subsidies are taken by Halyk Bank of Kazakhstan JSC (3,858 projects worth KZT 692 bln), SB Sberbank JSC (2,223 projects worth KZT 566 bln), and Bank CenterCredit JSC (2,261 projects worth KZT 227.4 bln).

Number of subsidized projects broken down by financial institutions as of 01.01.2020, projects



The amount of loans for subsidized projects by financial institutions as at 01.01.2020, billion tenge

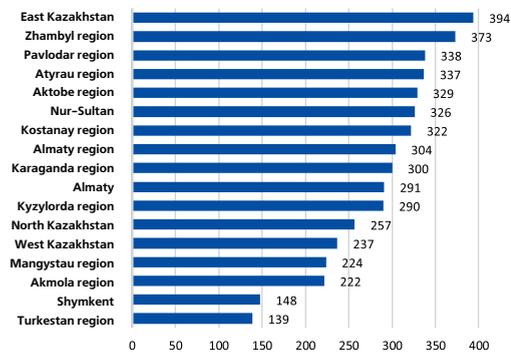


Statistics on the participation of women-entrepreneurs

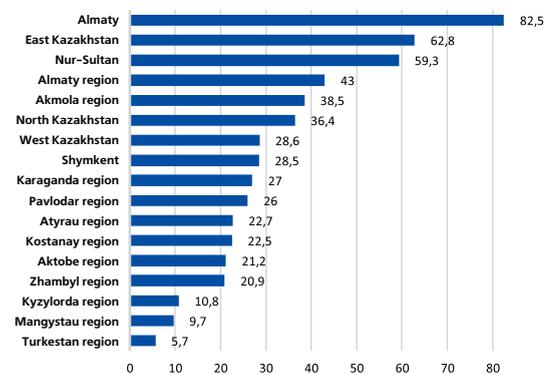
Within the framework of the State program, 4,831 projects of women entrepreneurs were subsidized for the total loan amount of KZT 546.9 bln.

At the regional level, the most actively subsidized projects for women entrepreneurs were in the East Kazakhstan, Zhambyl, Pavlodar, and Atyrau regions. The greatest volumes of the subsidized loan portfolio were in Almaty City, East Kazakhstan region, as well as Nur-Sultan City and Almaty region.

Number of subsidized projects of women-entrepreneurs broken down by regions as of 01.01.2020, projects

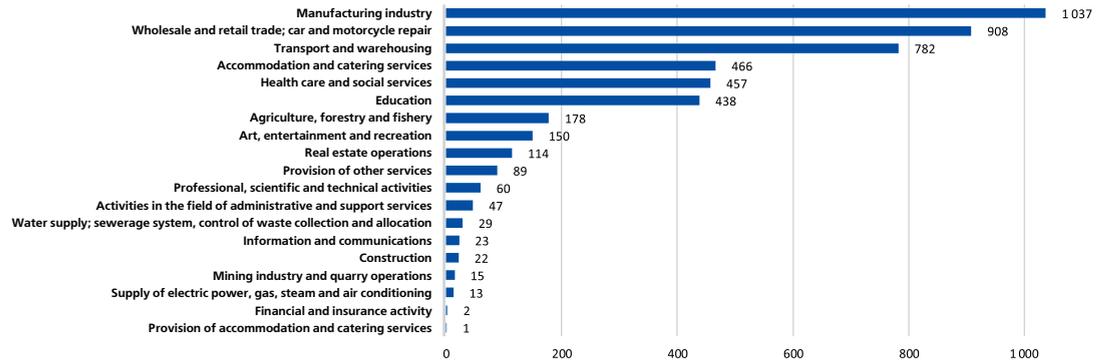


Amount of loans for subsidized projects of women-entrepreneurs broken down by regions as of 01.01.2020, KZT bln

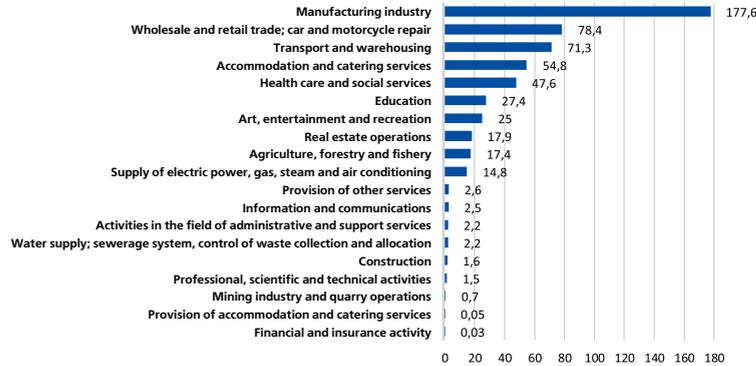


The structure of the subsidized projects for female entrepreneurs is dominated by manufacturing industry, trade industry and transportation as well as stock-keeping sectors.

Number of subsidized projects of women-entrepreneurs broken down by industries as of 01.01.2020, projects

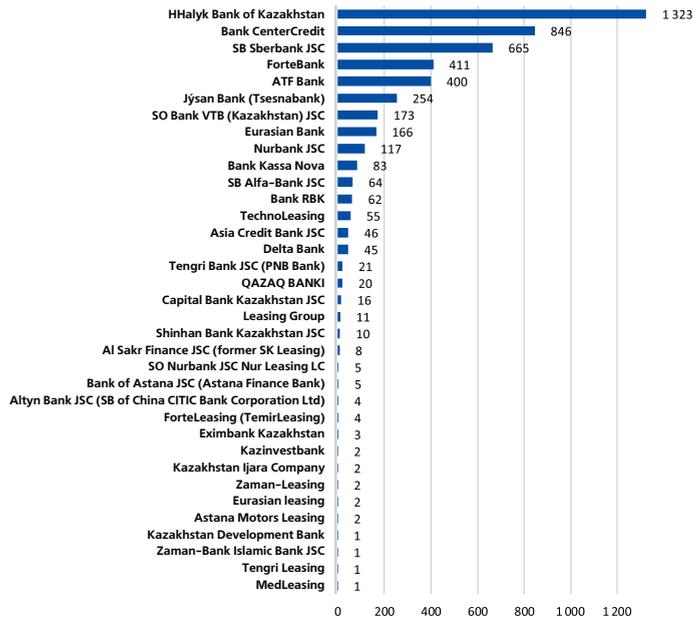


Amount of loans for subsidized projects of women-entrepreneurs broken down by industries as of 01.01.2020, KZT bln

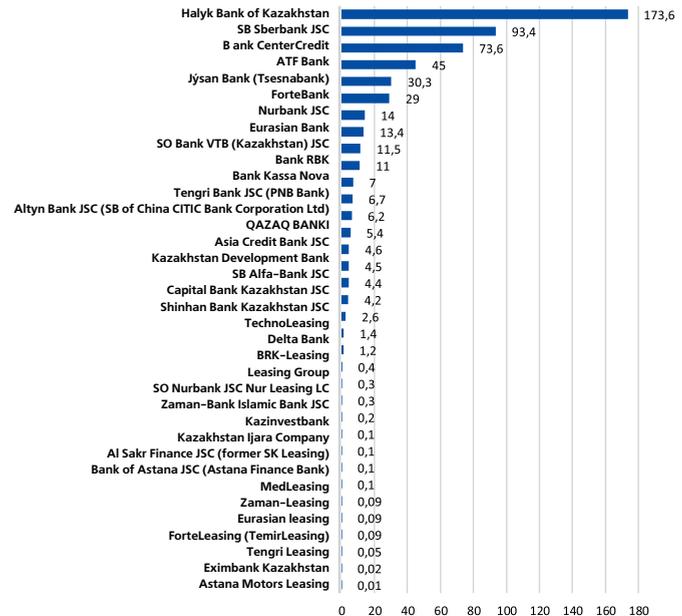


As for financial institutions, those who most actively subsidized women's sector of the representatives of small and medium-sized businesses were Halyk Bank of Kazakhstan JSC, SB Bank CenterCredit JSC, and Sberbank JSC.

Number of subsidized projects of women-entrepreneurs broken down by financial institutions as of 01.01.2020, projects



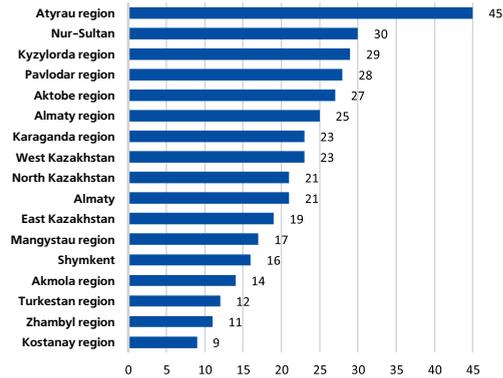
Amount of loans for subsidized projects of women-entrepreneurs broken down by financial institutions as of 01.01.2020, KZT bln



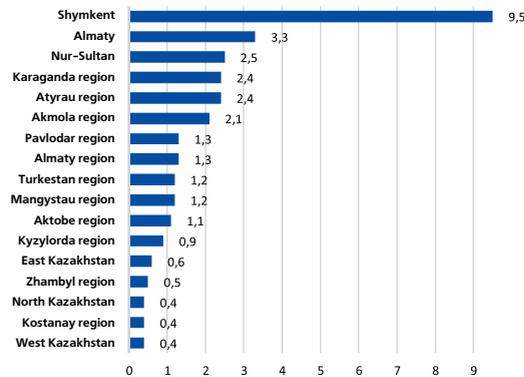
Statistics on the participation of young entrepreneurs

Within the framework of the State program, 370 projects for young entrepreneurs, under the age of 29 years, were subsidized for the total loan amount of KZT 32.5 bln.

Number of subsidized projects of young entrepreneurs broken down by regions as of 01.01.2020, projects



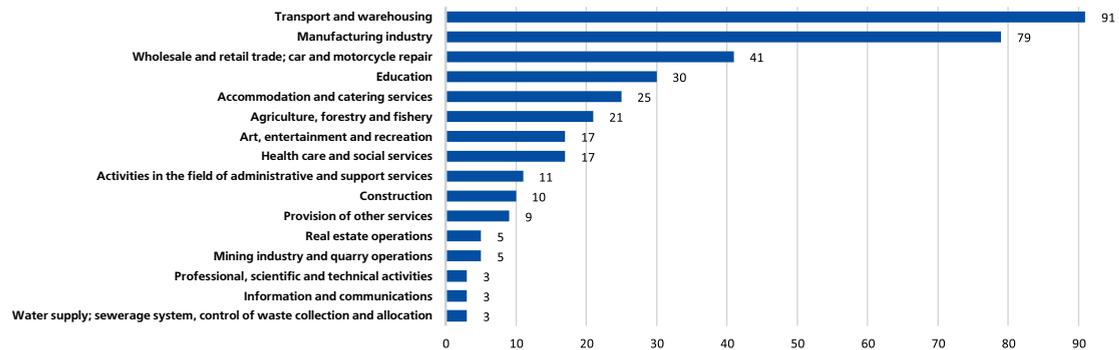
Amount of loans for subsidized projects of young entrepreneurs broken down by regions as of 01.01.2020, KZT bln



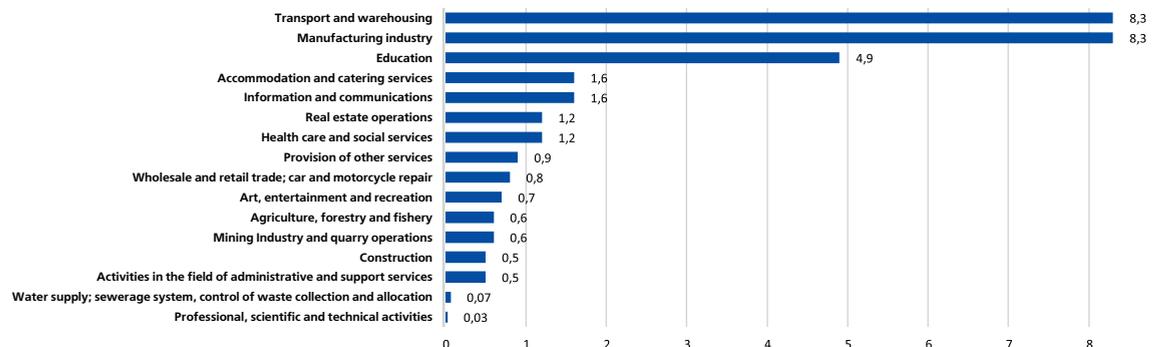
Regionally, the largest numbers of subsidized contracts for young entrepreneurs were signed in Atyrau region, Nur-Sultan City, and Kyzylorda Rtgion. By volume of subsidized loan portfolio, the leaders were the cities of Shymkent, Almaty and Nur-Sultan, Karaganda and Atyrau regions.

Among the subsidized projects for young entrepreneurs, the prevailing share of projects was in transportation and stock keeping, and manufacturing sectors.

Number of subsidized projects of young entrepreneurs broken down by industries as of 01.01.2020, projects

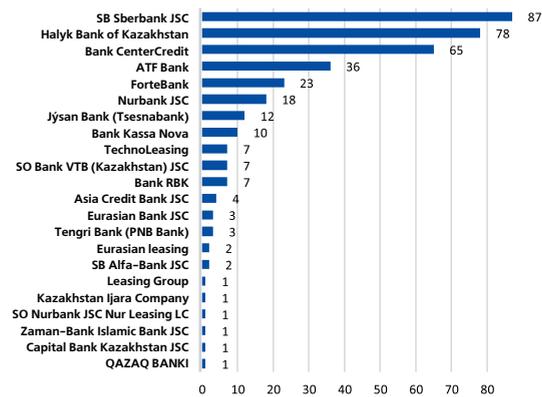


Amount of loans for subsidized projects of young entrepreneurs broken down by industries as of 01.01.2020, KZT bln

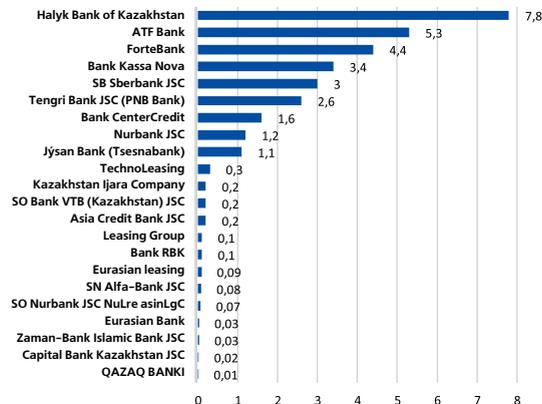


As for financial institutions, Halyk Bank of Kazakhstan JSC, SB Sberbank JSC, and Bank CenterCredit JSC most actively subsidized the projects of young entrepreneurs. By the amount of subsidized projects, Halyk Bank of Kazakhstan JSC, ATF Bank JSC, and ForteBank JSC are in the lead.

Number of subsidized projects of young entrepreneurs broken down by financial institutions as of 01.01.2020, projects



Amount of loans for subsidized projects of young entrepreneurs broken down by financial institutions as of 01.01.2020, KZT bln

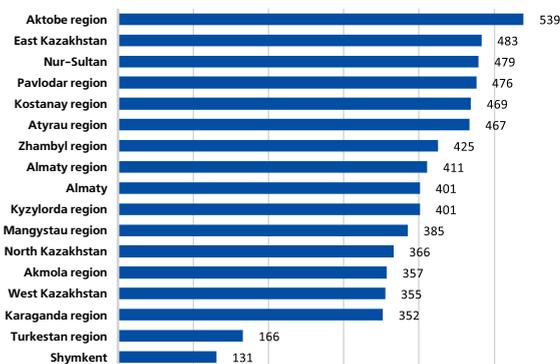


4.3. PARTIAL LOAN GUARANTEEING

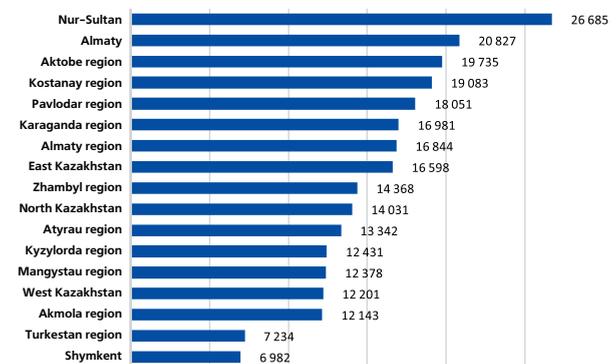
Partial guaranteeing of loans for private enterprises is carried out within the framework of the State program. As for subsidizing and guaranteeing, the Fund provides services as the financial agent of the Ministry of National Economy of the Republic of Kazakhstan.

As of January 1, 2020, within the framework of the State program, 6,663 guarantee agreements were signed for loans worth KZT 259,913 mln and the amount of guarantees was KZT 103,557 mln. Among them, 1,813 guarantee agreements were concluded in 2019 for loans worth KZT 81,300 mln, while the amount of guarantees was KZT 30,174 mln.

Number of guaranteed projects broken down by regions as of 01.01.2020, projects



Amount of loans for guaranteed projects broken down by regions as of 01.01.2020, KZT mln

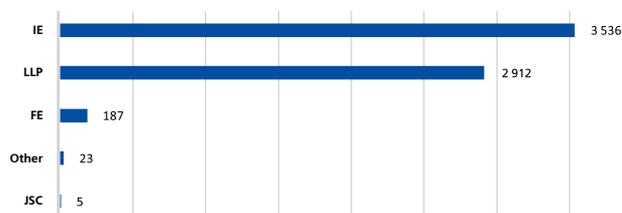


As of January 1, 2020, regionally the largest numbers of guarantees were issued to entrepreneurs of Aktobe region (539 projects), East Kazakhstan region (483 projects), and Nur-Sultan City (479 projects).

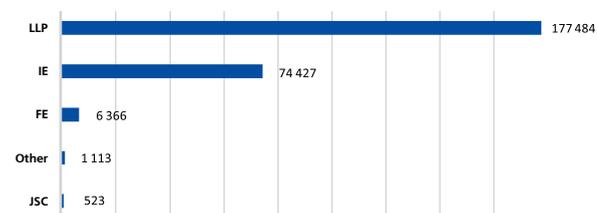
By the amount of loans under guarantee, the leaders were Nur-Sultan City (KZT 26,685 mln), Almaty City (KZT 20,827 mln), and Aktobe region (KZT 19,735 mln).

According to the types of incorporation of parties in guarantee agreements, about 53% of projects (3,536 projects) were concluded with individual entrepreneurs, and 43% of projects (2,912 projects) – with companies in the form of LLP.

Number of guaranteed projects broken down by incorporation type of participants as of 01.01.2020, projects



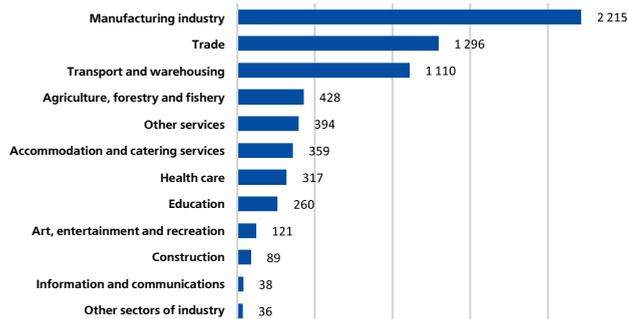
Amount of loans for guaranteed projects broken down by incorporation type of participants as of 01.01.2020, KZT mln



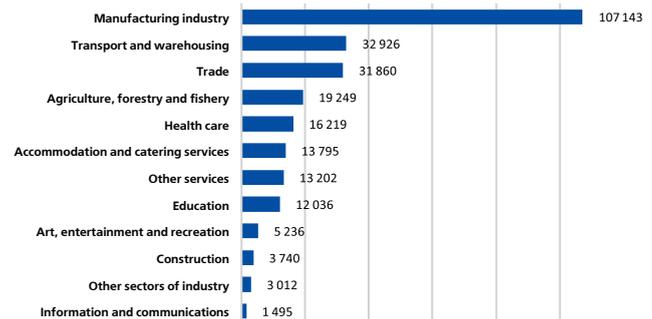
As for the amount of loans for guaranteed projects, the leading positions were occupied by the projects generated by LLP enterprises.

By industry, the guaranteed projects by branches of the economy in the manufacturing industry (2,215 projects worth KZT 107,143 mln) and trade industry (1,296 projects worth KZT 31,860 mln) continued to occupy the leading positions.

Number of loans for guaranteed projects broken down by type of economic activity as of 01.01.2020, loans

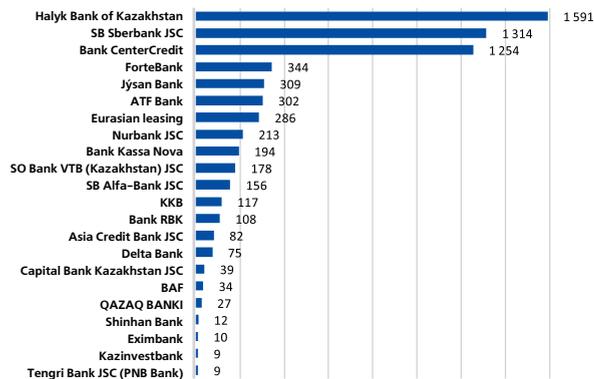


Amount of loans for guaranteed projects broken down by type of economic activity as of 01.01.2020, KZT mln

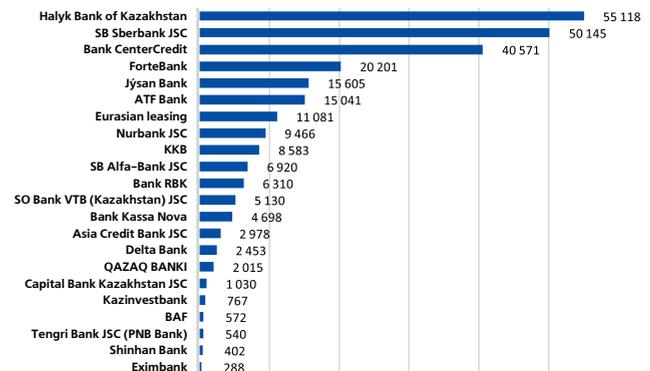


As a matter of note, over the past 6 years, the lowest level of participation in the guarantee Program has been observed in the “Information and communications” sector.

Number of guaranteed projects broken down by financial institutions as of 01.01.2020, projects



Amount of loans for guaranteed projects broken down by financial institutions as of 01.01.2020, KZT mln

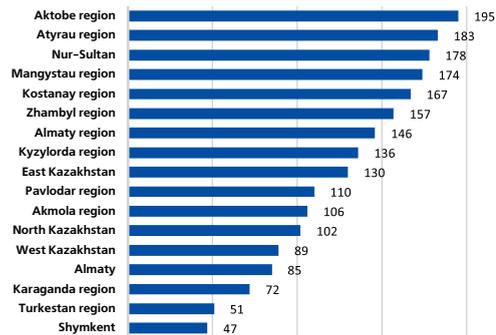


As for financial institutions, the leading positions in loan guaranteeing were occupied by Halyk Bank of Kazakhstan JSC (1,591 projects worth KZT 55,118 mln), SB Sberbank JSC (1,314 projects worth KZT 50,145 mln), and Bank CenterCredit JSC (1,254 projects worth KZT 40,571 mln).

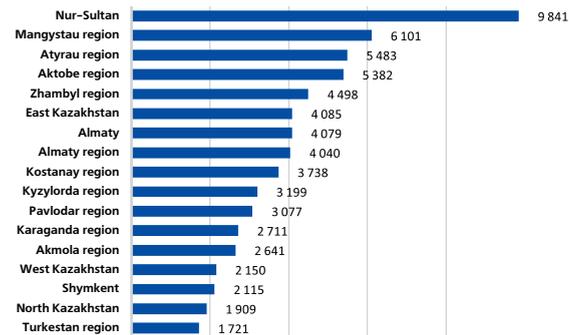
Statistics on the participation of women-entrepreneurs

Within the framework of the State program, 2,128 projects of women entrepreneurs received guaranteed loans worth KZT 66,771 mln, while the amount of guarantees was KZT 27,399 mln.

Number of guarantee agreements of women-entrepreneurs broken down by regions as of 01.01.2020, agreements

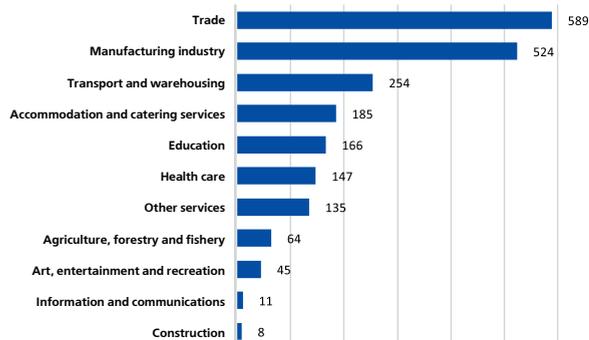


Amount of loans under signed guarantee agreements of women-entrepreneurs broken down by regions as of 01.01.2020, KZT mln

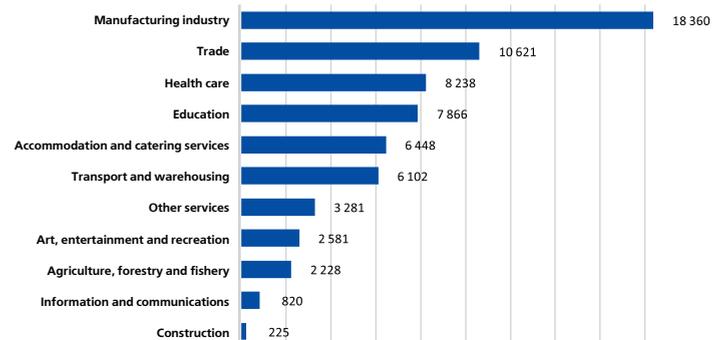


Regionally, the largest number of guarantees was signed in Aktobe, Atyrau regions and Nur-Sultan City. The largest amounts of loans for women entrepreneurs under signed guarantee agreements were registered in Nur-Sultan City, Mangystau and Atyrau regions.

Number of guarantee agreements of women-entrepreneurs broken down by industries as of 01.01.2020, agreements

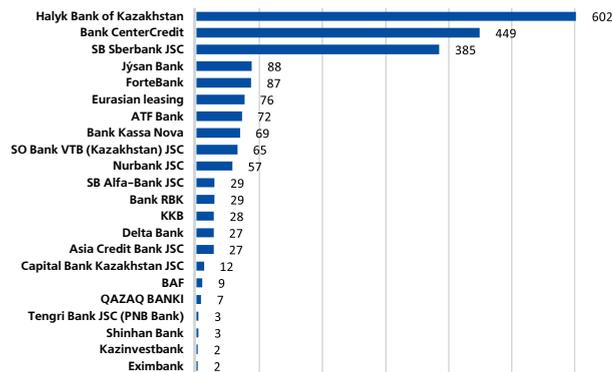


Amount of loans under signed guarantee agreements of women-entrepreneurs broken down by industries as of 01.01.2020, KZT mln

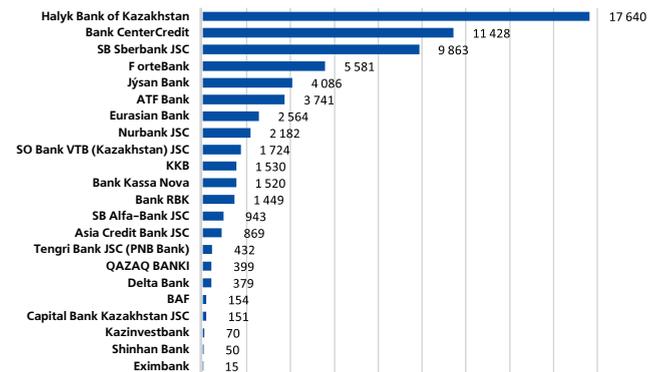


By industry segment, the women received primarily the guarantees in the following sectors: trade industry, manufacturing industry, transportation and stock keeping. By the amount of loan portfolio protected under signed guarantee agreements for the projects of women were mostly in manufacturing industry, trade industry and public health.

Number of guarantee agreements of women-entrepreneurs broken down by financial institutions as of 01.01.2020, agreements



Amount of loans under signed guarantee agreements of women-entrepreneurs broken down by financial institutions as of 01.01.2020, KZT mln



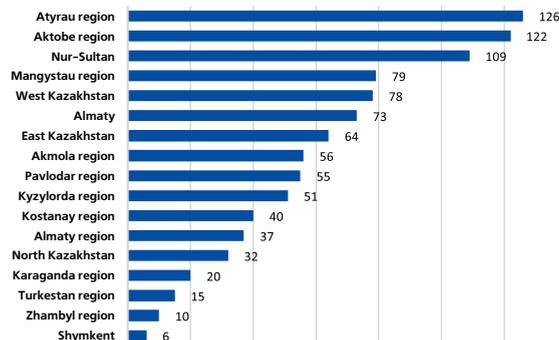
As for the financial institutions, the most active in number and amount of guarantees provided to women were Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC, and SB Sberbank JSC.

Statistics on the participation of young entrepreneurs

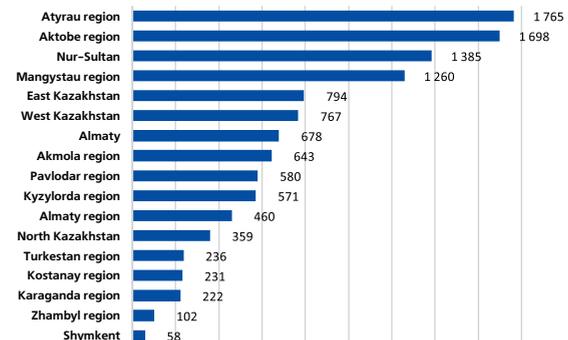
Within the framework of the loan guarantee State program, 973 projects were granted to young entrepreneurs under the age of 29 years for the loans worth KZT 11,808 mln, while the amount of guarantees was KZT 8,014 mln.

Regionally, the largest numbers of guarantee agreements for young entrepreneurs were signed in Atyrau, Aktobe regions and Nur-Sultan City. The largest amount of loans protected under signed guarantee agreements was in Atyrau and Aktobe regions and Nur-Sultan City.

Number of guarantee agreements of young entrepreneurs broken down by regions as of 01.01.2020, agreements

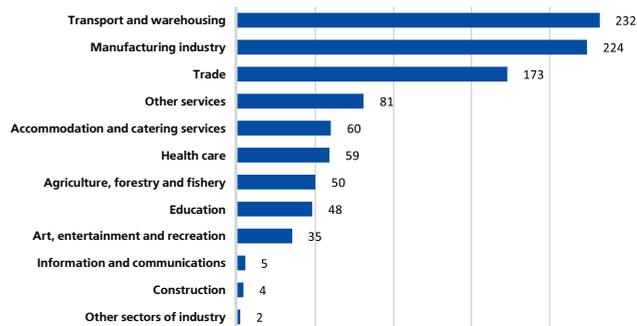


Amount of loans under signed guarantee agreements of young entrepreneurs broken down by regions as of 01.01.2020, KZT mln

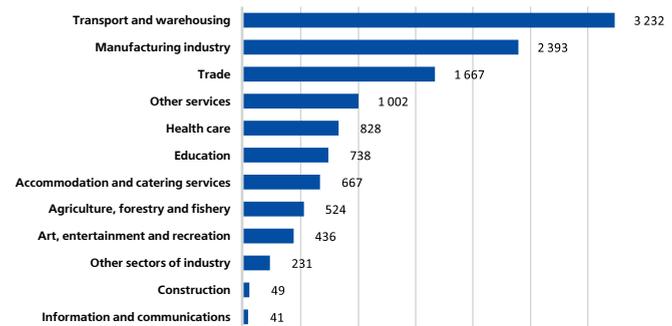


Among the guarantee agreements signed for young entrepreneurs, the largest portion was accounted for the manufacturing industry, transportation and stock keeping.

Number of guarantee agreements of young entrepreneurs broken down by industries as of 01.01.2020, agreements

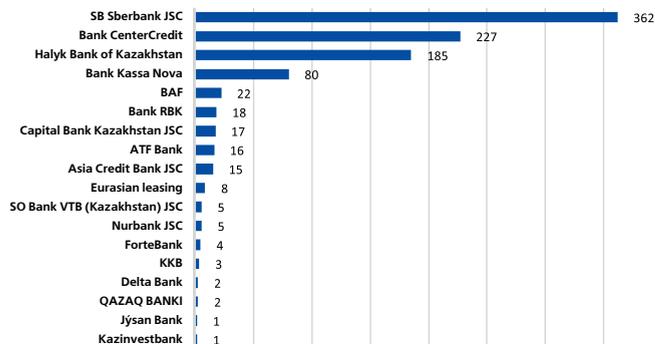


Amount of loans under signed guarantee agreements of young entrepreneurs broken down by industries as of 01.01.2020, KZT mln

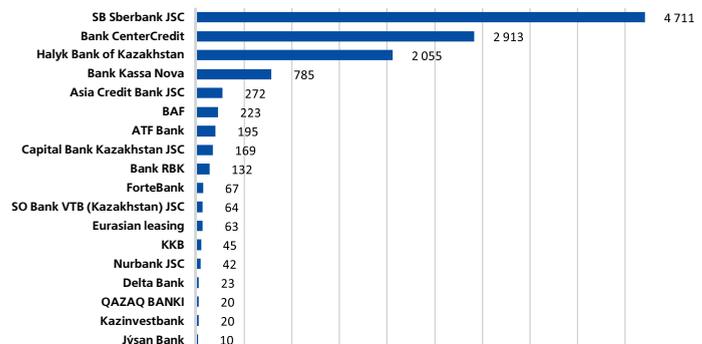


As for the financial institutions, the largest number of the guarantee agreements for young entrepreneurs was signed with SB Sberbank JSC, Bank CenterCredit JSC, and Halyk Bank of Kazakhstan JSC. As for the amount of loan portfolio protected under signed guarantee agreements for young entrepreneurs, the leaders were SB Sberbank JSC, Bank CenterCredit JSC, and Halyk Bank of Kazakhstan JSC.

Number of guarantee agreements of young entrepreneurs broken down by financial institutions as of 01.01.2020, agreements



Amount of loans under signed guarantee agreements of young entrepreneurs broken down by financial institutions as of 01.01.2020, KZT mln



4.4. CLIENT-FACING SERVICE

In parallel with the financial support programs, in 2019, the Fund continued the work on implementation of the training programs and consultancy support for the entrepreneurs.

In 2019, under the project “Remote support of entrepreneurship development” based on the web-platform edu.damu.kz 7,972 persons were trained.

At the end of the reporting period, 3,381 entrepreneurs attended the component “Training of the SME top management”, which is implemented in the context of “BRM-2020”, including 432 persons trained in 2019.

During 2019, the Regional branches serviced 28,227 clients that were given 36,137 consultations.

As related to the projects supported by the regional branches of the Fund, at the end of 2019, 6,479 projects were supported following to approval by STBs / LCs / MFOs of applications made by the private entrepreneurs for financial support under the Fund’s instruments.

In 2019, the Fund performed the work on reformatting the work of the Entrepreneurs Service Centres to intensify the work on attraction of the clients to participate in the entrepreneurship support programs implemented by the Fund and to exclude duplication in the name of an infrastructure complex providing the public services for business that has been/are being created by the National Chamber of Entrepreneurs of the Republic of Kazakhstan “Atameken”. Since November 2019, the Fund fully abandoned the name of “Entrepreneurs Service Centre”.

At the same time, the work is intensified to attract and support the projects of the private entrepreneurs following to approval by STBs, MFOs and/or LCs of the applications for financing under the programs implemented by the Fund. In 2019, 6,479 projects were supported following to approval by STBs, MFOs and/or LCs.

In 2019, the new assessments of quality of the service provision were implemented with enabling not only controlling the quality of services, but also providing feedback for the purposes of further improvement.

So, the new section ‘Managers’ was developed and posted on the corporate web-site of the Fund - damu.kz. The information about acting attracting managers and their photos are posted in the section. Each manager has its identification number. Moreover, the section enables to estimate or to leave feedback about an attraction manager. On the basis of the estimates and feedbacks the managers are rated in Kazakhstan. This measure will allow getting feedback from the clients, detecting the cases of abuse of official position and frauds.

SMS estimation is implemented which enables personally estimate the clients’ satisfaction for the level of provided services.

Thus, the Fund continues to work on improvement of the quality of provided services and for this purpose it involves offline and online channels.

4.4.1. Monitoring of business support services and training of top management of SMEs

The Fund continues the work on monitoring of the component “Training of the top management of the small and medium-sized businesses” and the instrument “Providing service support in conducting existing business activities” under “BRM-2020”.

In 2019, 432 participants received training as a part of the Training of the top management of the SMEs; the small and medium-sized businesses applied for the service support and received 51,303 services.

4.4.2. Creation of the conditions for the quality development of the domestic business

Business web-portal services

Since December 2013, the business web-portal – Business Territory (business.gov.kz) – is operating for the Kazakhstan entrepreneurs, which portal has been created on instruction of the First President of the Republic of Kazakhstan N.A. Nazarbayev. The business web-portal is a unified information platform for the entrepreneurs of Kazakhstan integrating the best information resources capable of satisfying any level of information request in the field of business – from just a curiosity to a professional assistance. The business web-portal provides the information about all measures to support the entrepreneurship in comprehensible form,

the news and analytical articles, training materials and cases, marketing researches and reviews, plans and announcements of purchases of the state-owned organizations and national companies, etc.

During 2019, the business web-portal achieved the following results: reviews – 4,253,128; visitors – 1,124,777; online consultations – 3,108.

Call Centre

The Fund's Call Centre – a centre processing applications from entrepreneurs and individuals and providing them information in the interests of the Fund through various communication channels – is also continuing its operations.

In 2019, the employees from the Call Centre consulted 73,843 clients among which there were 52,842 (71.5%) private enterprises. 46,637 persons were registered in the BPM system. The portion of missed calls made up 1.3%.

Remote training

The remote training under the Project “Remote support of entrepreneurship development” is focused on stimulation of the entrepreneurial activities and enhancement of entrepreneurial competences of population in the regions of Kazakhstan.

The purpose of the remote training for beginning entrepreneurs is to provide necessary knowledge of the business fundamentals and to adopt the skills to conduct a business to enable the potential entrepreneurs to be interested in opportunities of opening their own business.

The purpose of the remote training of existing entrepreneurs is to deepen knowledge and to amplify practical skills in business operations, including the use of marketing instruments to increase the sales volumes, to monitor the financial and business performance and to manage the projects, as well as to improve and enhance the skills in arranging and managing the operations of the sales department.

The remote training enables all those who wish to improve their professional level on a continuous basis regardless of location of a trainee provided only that the Internet is available. In the process of such training, the entrepreneurs independently master on an interactive basis the teaching and learning aids, discharge practical tasks, and pass tests. In the event a test is successfully passed, a trainee is given a certificate of training.

7 topical courses in the State and Russian languages are posted in total.

During 2019, 7,972 persons received training under this project that 11% more as compared to the previous year.

4.4. 3. Assistance in entrepreneurship development

Exhibition of the Kazakhstan producers – ULTTYQ ÓNIM 2019

Since 2015, Damu Fund annually holds the exhibition of the Kazakhstan commodity producers supported by the State – ULTTYQ ÓNIM (the ‘Exhibition’). The Exhibition is one of the channels to promote among the people the commodities of the Kazakhstan producers and to provide the private entrepreneurs with the information about the State support measures of Baiterek NMH JSC.

Both the quantity of the Exhibition participants (from 80 companies received the State support in 2015 up to 475 companies in 2019) and the quantity of visitors (more than 13,000 persons in 2019) increases year over year.

Free workshop sessions for business development and increase of sales volumes, tastings, competitions, and fashion shows are conducted as part of the Exhibition. To give consultations concerning the measures of the State support for potential and active private enterprises, the development institution exhibition stands are organized.

The participation in the exhibition is free for the companies; the organizers bear all of the expenses for organization and holding of an exhibition.

International cooperation

In 2019, the Fund actively continued to work on expansion of interaction with the international financial institutions and foreign organizations.

A number of bilateral documents was signed to establish the partnership to develop the MSME in the Republic of Kazakhstan with the partners: the Agency for Small and Medium-sized Business Development of the Azerbaijan Republic KOBIA, the Korean Agency of SME and Start-ups KOSME, the State fund for support of entrepreneurship development under the Cabinet of Ministers of the Republic of Uzbekistan, Guarantee Fund OJSC (Kyrgyzstan), the Fund for entrepreneurship development of the Azerbaijan Republic, the Credit and Guarantee Fund of Mongolia, MSP Bank JSC (Russia), and the Analytical Credit Rating Agency (Russia).

The Fund performed the work on organization and participation of the management in the events. At the annual exhibition of the Fund – ULTTYQ ONIM (4–6 May 2019) – in Nur-Sultan City, the Fund organized the seminar concerning the ‘Ecosystem of the start-ups – a new driver of the Kazakhstan economy’ with the participation of Ernst & Young Poland, Qaztech Ventures, Astana HUB, and Nazarbayev University. Likewise, the seminar was organized concerning the ‘Islamic finances: alternative vector of SME development in Kazakhstan’ with the participation of the Malaysian organizations – MATRADE, Amanie Advisors, and CSQ Law, as well as the Islamic corporation for the private sector development ICD, IFCA, KASE, Al Hilal, and Al Saqr Finance. Moreover, B2B meetings of the Kazakhstan and foreign entrepreneurs were held on the margins of the exhibition within the subject-oriented area. 7 foreign delegations (Azerbaijan Republic, Dominican Republic, Malaysia, Republic of Korea, Republic of Poland, Republic of Turkey, Republic of Uzbekistan), 5 international organizations (EBRD, ADB, UNDP Kazakhstan, ICD, Ernst & Young), as well as the representatives of the business circles of 6 states (Azerbaijan Republic, Islamic Republic of Pakistan, Republic of Poland, Republic of Tatarstan, Republic of Turkey, Republic of Uzbekistan) in total took part in the exhibition.

In the line of development of the female entrepreneurship in Kazakhstan, Damu Fund joined the global initiative of the structure ‘UN-women’ and supported the ‘Principles for extending the rights and abilities of women’. This initiative is the major world-wide initiative in the area of social responsibility of the business and calls for enhancing transparency and inclusion in the corporate policy, use of effective methods, instruments and practices for promoting gender equity, extirpation of discrimination and marginalization of women’s participation in activities of the business companies. The statement of support of the ‘Principles for extending the rights and abilities of women’ was signed by 2639 companies, particularly Google, Citigroup Inc., Nasdaq, PwC, Ernst & Young, and Coca-Cola.

On 6 November 2019, at the Forum of interregional cooperation between the Republic of Kazakhstan and the Russian Federation in Omsk City (Russia) with the participation of the Heads of the States, Damu Fund and Delovaya Rossiya (Business Russia) PA held the panel session concerning the ‘Female entrepreneurship as a driver of growth of the creative economy’. The Fund was supported by Atameken NCE, Association of business women of Kazakhstan, Kazakhstan entrepreneurs, partners of the Fund – Delovaya Rossiya (Business Russia) PA and MSP Bank JSC, as well as the Russian state bodies and entrepreneurs.

During the year, Damu Fund also received the delegations from the Republic of Tajikistan, Mongolia, the Republic of Turkey, and the Republic of Uzbekistan to exchange experience in the field of provision of the government and other services for people and entrepreneurs.

In the context of improvement of production and export potential of the Kazakhstan entrepreneurs, under the program of the new economic cooperation between Kazakhstan and Korea ‘SAMAL ZHEL’, on 4 December 2019, the Fund organized the ceremony of opening of the Kazakhstan-Korean Technology Exchange Centre (KKTEC) together with the Korean Agency of Small and Medium-sized Business and Start-ups (KOSME) at the Head Office of Damu Fund.

The Kazakhstan entrepreneurs are regularly informed about the international events and programs of advanced training. Thus, in 2019, the Kazakhstan entrepreneurs took part in B2B mission organized by the Polish Agency for Entrepreneurship Development (PAED) in Krakow City (Republic of Poland). Specifically, thanks to cooperation of the Fund with the internship program SABIT (Special American Business Internship Training Program) of the US Department of Commerce, in 2019, the Fund’s clients were qualified to take part in the internship ‘processing and packing the dairy products’ and, together with the entrepreneurs from the Central Asia, visited Washington (District of Columbia), Madison (State of Wisconsin) and Chicago (State of Illinois) to study the experience of the farming associations and farm enterprises, as well as to visit the plants producing cheese and yoghurt. As part of the internship, the entrepreneurs met the representatives of the US Department of Agriculture, feed ration consulting company, Association of Cheesemakers, and the company managing the cold chain of supplies.

Advanced training for the Fund’s employees also is one of the directions of work on the international cooperation. In 2019, the internship was organized concerning ‘securitization’ in MSP Bank JSC (Moscow, Russian Federation), and the internship was organized in the Korean Agency for Small and Medium-sized Business and Start-ups (KOSME) (Seoul and Ansan, Republic of Korea).

Damu Fund continues to be engaged in ‘green’ financing and to work with the international organizations following this direction. In 2019, a number of the meetings were held with the representatives of the Green Climate Fund (GCF) to discuss the issues of the GCF accreditation and subsequent access to financing.





05

**NEW TOOLS TO SUPPORT
SMALL AND MEDIUM-SIZED
ENTERPRISES**

Economy of Simple Things

Decree of the Government of the Republic of Kazakhstan dated 11.12.2018 No.820 approved the Mechanism of Lending under Priority Projects as part of ensuring long-term tenge liquidity to solve the problem of affordable lending.

The National Bank of the Republic of Kazakhstan, at the expense of its own funds and funds under its management, will purchase STB bonds in the amount of up to 600 billion tenge which have maturities of up to 7 years. The maximum limit for the purchase of bonds of each STB should not exceed 70 billion tenge. At the same time, at least 100 billion tenge will be lent on projects implemented by small and medium-sized businesses. To this end, each STB shall provide financing for SME projects in the amount of at least 17% of the total volume of loans under the conditions established by the Mechanism of Lending under Priority Projects.

The subsidies are provided for the loans at nominal interest rate not exceeding 15% per annum of which 6% shall be paid by a private business and a difference shall be subsidized by the State.

Within the framework of the project, the Fund shall act as a financial agency for the transfer of subsidies to second-tier banks on loans to private businesses.

So, during 2019, 171 projects were approved to the loan amount of 64.5 billion tenge, with the paid subsidies amounting to 1.1 billion tenge.

Likewise, under that project, the Fund acts as a financial agency for guaranteeing the loans issued by the second-tier banks for the private business. During 2019, 87 guarantees were issued to the loan amounts of 6.7 billion tenge, with the guarantees amount of 2.7 billion tenge.

In 2018, within the framework of the State Business Support and Development Program "Business Roadmap-2020" in reference to the subsidy instrument, all changes were aimed at improving the program conditions for small and medium-sized businesses, as well as increasing the effectiveness of government support measures. In particular:

- *calculation of the marginal interest rate to be subsidized has been established: Base rate of the National Bank of the Republic of Kazakhstan + 5% (average margin of second-tier banks);*
- *the maximum loan / leasing amount was reduced from 4.5 billion tenge to 2.5 billion tenge and participants-large businesses in the framework of the Program were excluded;*

- *the period of subsidization has been increased to 5 years without further extension of the period of subsidization;*
- *the Unified Program "Business Roadmap-2020" was renamed as the State Program "Business Roadmap-2020";*
- *the uniform procedure and mechanism for reviewing projects has been established without the participation of regional coordination councils. This role is currently assumed by the Damu Fund;*
- *the procedure for interaction between the relevant divisions of the Fund was set out in accordance with Decree of the Government of the Republic of Kazakhstan dated 11.12.2018 No.820 "On some issues of ensuring long-term tenge liquidity to solve the problem of affordable lending".*

In 2018, the Portfolio Guarantee instrument was introduced in the framework of the State Business Support and Development Program "Business Roadmap-2020" and the State Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021 "Enbek".

Portfolio guarantee is a form of providing guarantees to entrepreneurs within the limit established by the Fund, within which a second-tier bank (hereinafter — STB) has the right to independently decide on a guarantee without additional approval procedures with the Fund.

The portfolio guarantee procedure is as follows:

1. *STB independently, in accordance with the procedure established by internal documents, considers applications from entrepreneurs, conducts a comprehensive assessment (financial status, collateral security) of a borrower and a project;*
2. *In the case of a positive decision by the STB on the provision of a loan with a guarantee of the Fund, copies of the bank loan agreement shall be sent to the Fund;*
3. *The Fund shall draw up and sign a guarantee agreement, which shall be sent to the STB;*
4. *STB shall sign the guarantee agreement, and ensure signing on the part of the entrepreneur and shall send the signed guarantee agreement to the Fund.*

The application of this form of guarantee is possible in the event of the conclusion of the Portfolio Guarantee Agreement between the Fund and STBs, within the framework of which the limit, terms and conditions of a possible guarantee shall be established.

The following changes have been made to the State Business Support and Development Program "Business Roadmap-2020"

with reference to the guarantee instrument, which has significantly improved conditions and facilitated the process of obtaining guarantees:

1. *sectoral limitations on projects implemented under public-private partnership agreements have been lifted;*
2. *Regional Coordinating Councils have been excluded from the process of approval of guarantees;*
3. *guarantees can be obtained according to one of the following methods:*
 - *following the decision of the STB;*
 - *before applying to the STB, that is, first an entrepreneur shall receive a decision of the Fund on the provision of a guarantee, then apply to the STB for a loan;*
 - *within the framework of a portfolio guarantee. An Agreement shall be signed between the Fund and STB, as part of which STB will have a limit on providing autonomous loan guarantees;*
4. *amendments have been made regarding the interest rate, specifying the date of its fixation: "Guarantee can be provided only in regards to loans with a nominal interest rate not exceeding the base interest rate of the National Bank of the Republic of Kazakhstan, increased by 5 (five) percentage points as of the date the bank makes a decision on entrepreneur's project";*
5. *regardless of the loan amount, all entrepreneurs shall be entitled to submit an electronic application for a guarantee through the "electronic government" web-portal;*
6. *document format confirming the registration of an individual entrepreneur has been made more specific.*

The state program for the development of Productive Employment and Mass Entrepreneurship for 2017–2021 "Enbek"

In 2019, Damu Fund obtained once again the funds from the republican and regional budgets provided in the context of implementation of the State program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021 "Enbek" (hereinafter – the Enbek Program), which had been developed to encourage mass entrepreneurship and to provide employment to develop the labour market.

The Enbek Program also satisfies the development priorities identified in accordance with the Kazakhstan-2050 Strategy and the Concept for Kazakhstan joining the 30 most developed countries in the world, particularly: modernization of the policy of ensuring employment and labour remuneration, promotion of human capital, comprehensive support of entrepreneurship, ensuring targeted social support.

The objective of the Enbek Program is the promotion of productive employment of the population and the engagement of the citizens in business. To achieve the goal and target indicators of the Enbek Program, work will be carried out in the three following areas:

1. *providing Program participants with technical and vocational education and short-term vocational training;*
2. *development of mass entrepreneurship;*
3. *development of the labour market through the promotion of employment and mobility of the labour force.*

The Enbek Program is focused on creating an effective system for obtaining professional skills and qualifications that are in demand on the labour market, developing mass entrepreneurship, creating effective labour mediation procedures, including supporting socially vulnerable groups of the population.

The Damu Fund is one of the key executors of the Enbek Program, acting as a financial agent, by means of lending / microcrediting in cities, single-industry towns (except small towns) with a view to creating new microenterprises, expanding the activities of beginners in business and businessmen.

Loans / microloans in cities and single-industry towns are provided through second-tier banks (STBs) and microfinance organizations funded through the Damu Fund.

Conditions for issuing loans / microloans to the participants of the Enbek Program:

1. *term of the loan / microloan – up to 5 years, the term of the loan / microloan for projects in the field of animal husbandry and the creation of agricultural cooperatives – up to 7 years;*
2. *maximum loan / microloan amount:*
 - *in cities, single-industry towns (except for the cities of Nur-Sultan, Almaty, Shymkent, Aktau, Atyrau) – up to 6.5 thousand MCI (Monthly Calculation Index);*
 - *in the cities of Nur-Sultan, Almaty, Shymkent, Aktau, Atyrau – up to 8.0 thousand MCI;*
3. *nominal interest rate – not more than 6% per annum.*

In 2019, for the purposes of implementation of the Enbek Program, the Fund obtained the budget funds to the total amount of 12.86 billion tenge of which the amount of 15 billion tenge was placed in 14 STB/MFO (subject to unallocated funds 2018 obtained at the end of 2018). During 2019, 1 851 MSME were financed under the program to the total amount of 22.7 billion tenge subject to revolving payments of funds previously allocated under this program.

Programs of conditional allocation of funds

In 2019, Damu Fund planned to implement a new program as part of the tool conditioned with placement of funds in order to implement the strategic tasks of Damu Fund and to improve the functioning tools of business support, facilitation of access for MSME to the privileged resources, expansion of the product line of Damu Fund, particularly through the non-government sources, and development of the alternative financial instruments.

In 2019, the new program of conditional allocation of funds was developed to finance the transactions of micro, small and medium-sized businesses in connection with creation/acquisition of intellectual properties and use of the franchising arrangements. The tool is focused on promotion of quality development of the start-up and new directions of the active businesses using the franchising arrangements, as well as creation/acquisition of intellectual properties (creation/acquisition and registration of a trademark, intangible asset, obtaining a patent/license, registration of a copyright in an invention, production secrets and selection achievements, etc.). For the purposes of promotion of that product, the Fund discussed with the STBs their participation in implementation of the product, but the STBs replied that they do not have any interest at the moment due to absence of the SME projects to be financed.

During the year, the current programs of conditional allocation of funds were refocused within the scope of the work of Damu Fund on optimization of the conditions of the programs of conditional allocation of funds to provide more access for the micro/small businesses to the programs of Damu Fund, diversification of the risks of the loan portfolio of the Fund, and implementation of the measures of the Government of the Republic of Kazakhstan to support the export-oriented productions, such as:

- *the programs that are funded by the National Fund of the Republic of Kazakhstan (NF 1, 2, 3 tranches) in order to implement the state policy and to ensure economic security of the country provide now for financing of the food industry projects without any limits of amount and the projects oriented to the export development;*
- *the product of Damu Fund – ‘Damu Leasing’ – to expand the cover of businessmen and to ensure availability of the credits for leasing transactions; the advance payment was reduced to 20% of cost of a leasing subject provided by a SME as an initial contribution; and the SME loan amount was increased to 500 million tenge.*

Moreover, during 2019, Damu Fund performed all preparatory works to implement the facility to finance the SMEs based on the principles of the ‘Islamic financing’ that are expected to be implemented in 2020 out of own resources. The operators were determined to finance the SME projects subject to conditions determined by the Fund. The implementation of this facility will make it possible to develop the Islamic financing vehicles and instruments in Kazakhstan.

In 2019, the Fund continued to implement the Program of regional financing of the SME on the conditions of co-financing using the funds from the regional budgets. So, in 2019, the funds were obtained from 6 akimats to the total amount of 2,575 billion tenge.

Within the framework of cooperation with the Asian Development Bank, the Fund obtained the funds from the Asian Development Bank to the total amount of 35.3 billion tenge.

Likewise, in 2019, the funds were obtained from the European Bank for Reconstruction and Development in the amount of 8.6 billion tenge against the guarantee issued by the Fund for Bank CenterCredit JSC (tranches under the agreements 2018).

Support of micro business

To take the measures to develop micro-lending, in November 2018, the Apex Department was formed the operations of which are focused on institutional development and financing for the microfinance organizations.

The Fund finances microfinance organizations to subsequently allocate the funds among the micro and small businesses under the State program of development of the productive employment and mass business for 2017–2021 “Enbek” using the funds from the republican budget, the loan from the Asian Development Bank under the unified program of support of micro, small and medium-sized businesses and the own funds within the scope of the passport of the product of “conditional allocation of funds in microfinance organizations, credit partnerships to finance the micro, small and medium-sized private businesses and natural persons conducting/intending to conduct business ‘Damu-Micro’”.

Furthermore, in 2019, the funds were allocated to MFO Yrys in order to finance the small and medium-sized private businesses suffered in Arys Town.

Thus, in the context of implementation of the Development Strategy of Damu Business Development Fund JSC for 2014–2023 with regard to expansion of the microbusiness crediting, during 2019, the Fund allocated the funds in the amount of 5,979 billion tenge among 12 MFOs under the programs/products of conditional allocation of funds for the purpose of subsequent issue by the MFOs of microcredits to the micro and small businesses.

In 2020, the Fund expects to cooperate with the MFOs in the regions of the republic. Their need for further implementation in the current products or development of the new ones is analysed.

At the same time, the technical assistance is expected to be provided to the MFOs, particularly, in the context of institutional development of the MFOs, the workshops and trainings are expected to be conducted for the executives and employees of the MFOs to manage the credit risks in order to enhance the competence level of the MFO specialists in crediting, to improve the quality of consideration of the credit applications, with a view to form and strengthen the risk management system and to improve the risk culture, and, in general, to enhance the financial stability of the MFOs.

Securitization

During the year, Damu Fund performed work on study and preparation for implementation of the alternative facility to bring the funding resources to the end-use borrowers through the securitization procedure: internship of the representatives of Damu Fund in MSP Bank (Russia), study of the regulatory documents and correspondence with the state bodies concerning clarification of certain rules of the legislation, discussion of a new facility with the STBs, determination of the parties to a securitization transaction, determination of preliminary terms of a transaction, analysis and harmonization of the internal documents of Damu Fund and the Sole Shareholder of Damu Fund – Baiterek National Management Holding JSC. Discussions also took place between the state-owned and other concerned organizations that gave explanations concerning STB provision of the loan portfolio to the SMEs in the form of a security, issue of the bonds and their purchase by Damu Fund, and other matters. As a result, the indicative term sheet (Term-sheet) was signed with one of the STBs, non-disclosure agreements were entered into with some parties to the proposed transaction, the amount of resources for the first transaction was determined equivalent to 5.0 billion tenge of own funds of the Fund.

In 2020, Damu Fund is going to implement that alternative procedure to bring the funds to the end-use SME borrowers through the facility to purchase securitized securities against the guarantee of the SME loan portfolio with the STBs as part of the tool of conditional allocation of funds.

Business process automation

Online.Damu.KZ web-portal

In May 2019, the Fund realized the initiative to launch its own Internet portal Online Damu on the principle of a financial supermarket with a view to transfer to digital format all of the implemented support tools, particularly those not provided within the framework of the public services (UNDP, Damu-Optima, credit guarantees under the SP of development of the productive employment and mass business “Enbek”, etc.). The Internet portal Online Damu is available for the customers in the Internet: <https://online.damu.kz>. As of 01 January 2020, 386 applications (concerning guarantee instruments – 238 applications and subsidy instruments – 148 applications) were made and processed, 852 consultations were held, 162 entrepreneurs took the advantage of selection of support services and 39 entrepreneurs ordered a call back from the Call Centre of the Fund through the Internet portal of Damu Fund.

Automated rating model

In August 2019, the works were completed on launching the service automated rating model of the Fund. The rating model of the Fund is an aggregate of the scores based on quality (indications of the business risk assessment, particularly such indications as business reputation, management quality, etc.) and quantity analysis (indications of the financial risk assessment including financial ratios), evaluation of the principal parties in the financial and business activities of a borrower, as well as analysis of pre-default indications. The results of implementation and validation of the rating model enables the Fund to use subsequently the computer-assisted instruction tools at decision-making stages and then to reduce the periods to provide a guarantee under the state programs without increasing the number of default projects.

The final result of the operation of the rating model is estimation of the final, forecasting rating, which determine a probability of a default and rating rank (score) equivalent to the international scale. At the current stage of maturity of the rating model, the resulting rating is advisory in the Fund, but so far it is taken into consideration by the credit committee at the stage of making a decision on provision of a guarantee.





Ministry
of National Economy
of the Republic of Kazakhstan



BAITEREK



2019