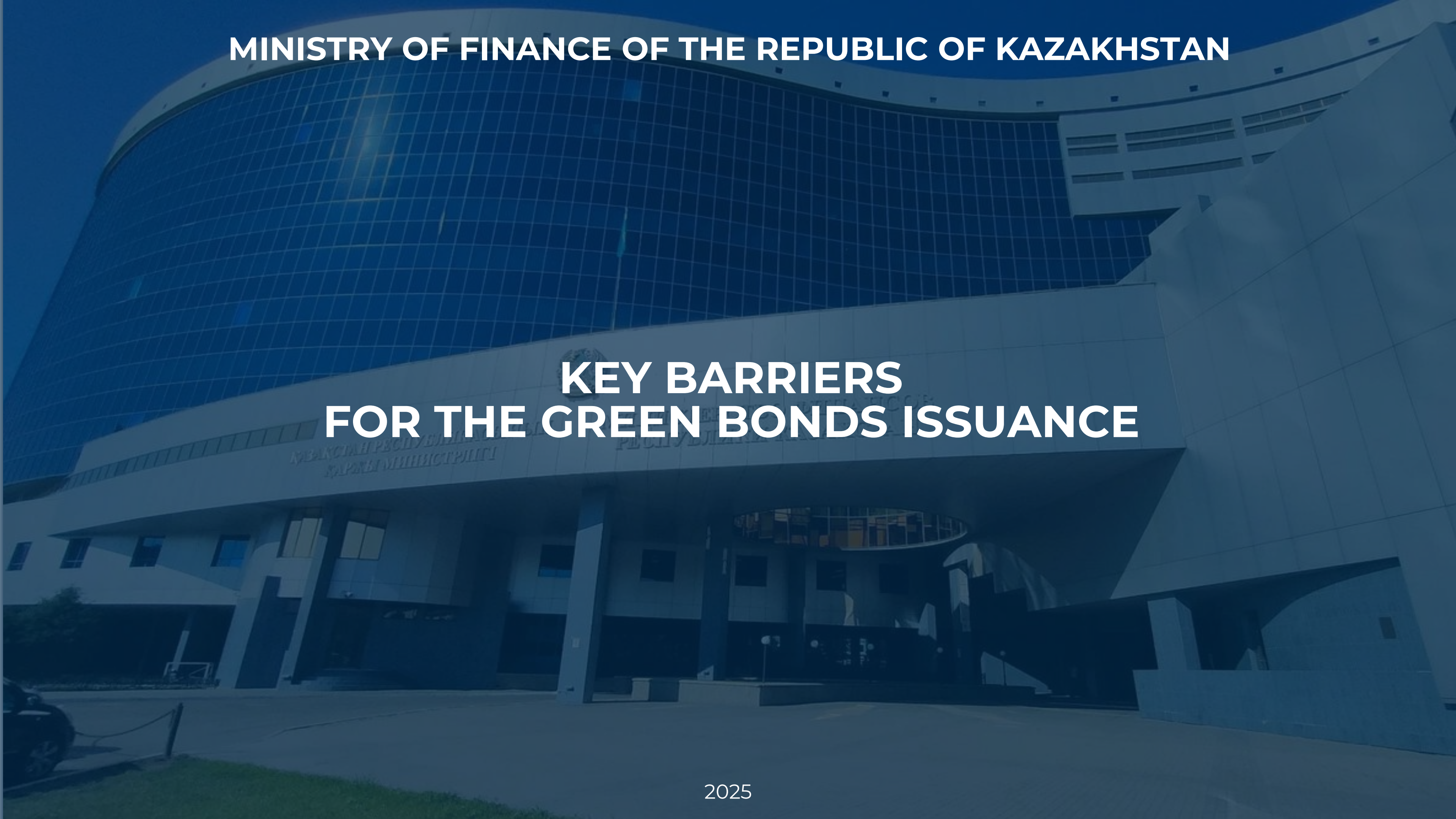

MINISTRY OF FINANCE OF THE REPUBLIC OF KAZAKHSTAN

KEY BARRIERS FOR THE GREEN BONDS ISSUANCE

2025

Outline

1. Main indicators of the public debt in the Republic of Kazakhstan;
2. Regulatory framework of the Republic of Kazakhstan on the issuance of sovereign green bonds;
3. Key barriers to issuing sovereign green bonds;

Main indicators of the public debt in the Republic of Kazakhstan

State debt
as of April 1, 2025
63.3 billion USD (21.1% of GDP)

Government debt

60.7 billion USD (20.3% of GDP)

or 95% of total government debt

Debt of local executive authorities

USD 4.5 billion (0.9% of GDP)

or 5% of the total government debt

Internal debt

44.8 billion USD

or 73.8% of the total government debt

External debt

USD 15.9 billion

or 26.2% of the total government debt

GDP for 2025 - 299.2 billion USD

Legislation of the Republic of Kazakhstan

On March 15, 2025, the Head of State signed the new Budget Code of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan has the authority to issue sovereign green bonds

(Article 139 of the Code)

Key barriers to issuing sovereign green bonds

- Новые ограничения, связанные с участием в государственных закупках;
- Новые квалификационные требования;
- Предельные объемы работ передаваемых субподрядчикам снижены с 50% до 30%

1. Borrowing purposes of the Government of the Republic of Kazakhstan

2. Mechanism of depositing revenues into the Treasury's Single Account

3. identification of projects containing green finance expenditures

1. Borrowing purposes of the Government of the Republic of Kazakhstan

art. 139 of the Budget Code of the Republic of Kazakhstan

1. Cover the republican budget deficit

Deficit covered in 2024:
79.1% by issuing sovereign securities;
10,4% by issuing Eurobonds;
10.5% by external borrowing for programs.

The Government seeks to borrow predominantly in the national currency at the domestic market

2. Facilitate the development of debt instruments at the domestic market

Current tasks of the Government of the Republic of Kazakhstan:

1. Implement initiatives to increase the liquidity of the secondary market of government securities, with a goal to be rated by GBI-EM JP Morgan index;
2. Introduce a “direct link” model as a mechanism of connecting Kazakhstan’s stock market to the infrastructure of Euroclear;
3. Introduce the institute of primary dealers on the sovereign bond market

3. Finance and co-finance budgetary investment projects

4. Institutional development of the industry(s) by implementing institutional projects

2. Mechanism of depositing revenues to the Treasury’s Single Account

Stages of depositing sovereign securities proceeds

Budget revenues
(revenues, proceeds from government loans, proceeds from sale of government’s financial assets, loans)

→

Treasury’s Single Account

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Cash control account for depositing proceeds to the republican budget

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Make payments from the republican budget

←

If the cash control account doesn’t have enough budgetary funds, payments are made on a priority expenditure basis

←

Risk of green bonds proceeds misuse

↓

Priority areas of budget expenditures include:

- payroll;
- mandatory pension contributions;
- social contributions;
- Government's debt obligations- payment and servicing;
- pensions and allowances
- taxes and other obligatory payments to the budget, etc.

3. Identification of projects containing green finance expenditures

Majority of the proposed projects contain associated green finance costs

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How to monitor and report on the use of sovereign green bonds proceeds?

Pathways for issuing sovereign green bonds consistent with Green Bond Principles

1. Establish a cash control sub-account for proceeds from the issuance of sovereign green bonds in local currency;

2. Open a special account for proceeds from the issuance of sovereign green bonds in foreign currency;

3. Select green projects with costs fully compliant with Green Bond Principles.


THANK YOU FOR YOUR ATTENTION!