



DAMU
ФОНД РАЗВИТИЯ ПРЕДПРИНИМАТЕЛЬСТВА

Role of the Fund in the Process of Diversification of the Sector of Small and Medium Business in the Republic of Kazakhstan

Almaty, September 15, 2008

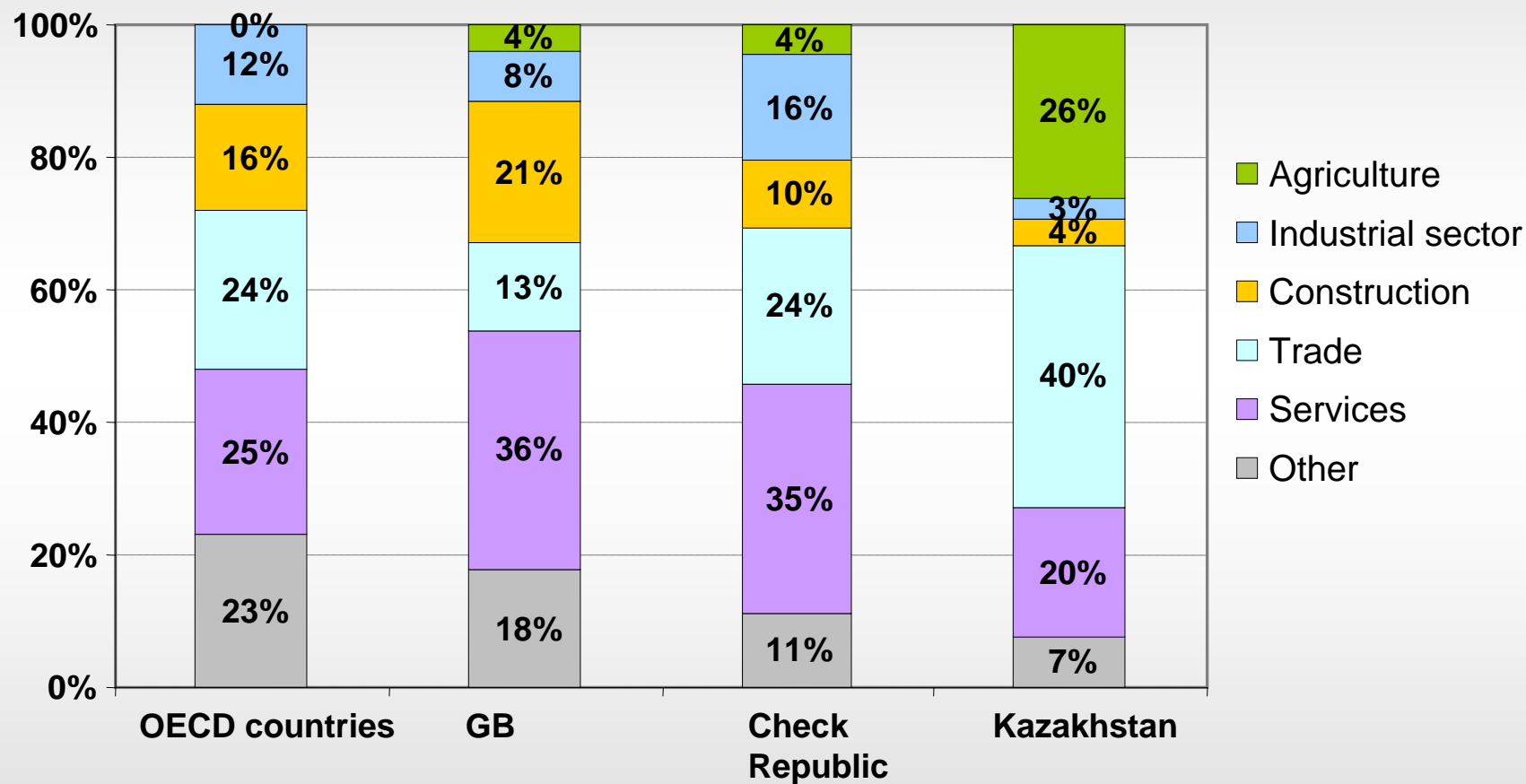
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Environmental Analysis

- In the sectoral structure of GVA, a share of manufacturing sector during the last four years amounted to **32,92%**
- A negative trend of reduction of processing industry share in the total volume of GDP:
 - In 2003 – **14,2%**
 - in 2005 – **12%**
 - in 2006 – **11,6%**
- And in the total volume of industrial production:
 - in 2003 – **43,3%**
 - in 2006 – **36,6%**

Sectoral Structure of SME for 2007

Sectoral Structure of SME Development

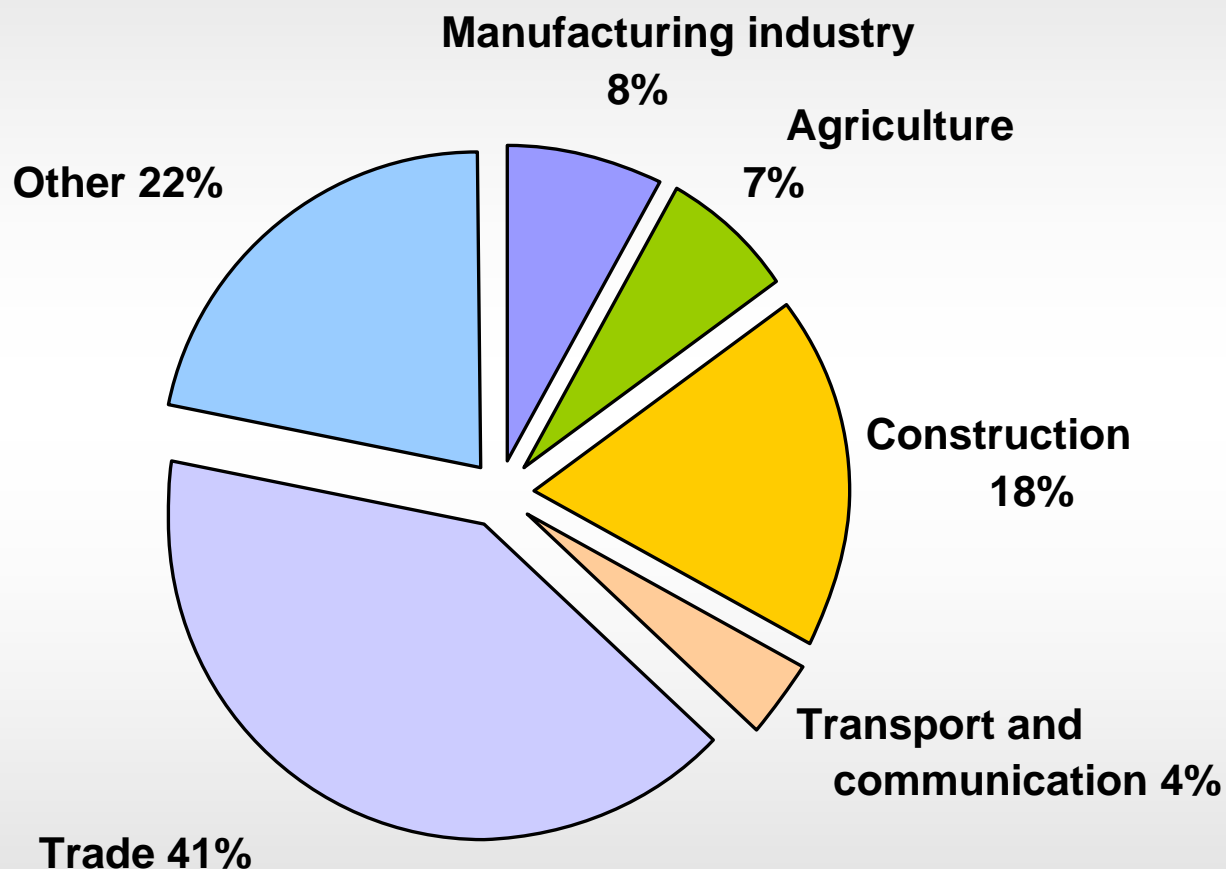


SME in industrial sector



- 3% out of total number of acting SME operate in industrial sector, 93% of them work in processing industry
- Out of all SME operating in processing sector **57% - are legal entities, 43% - private individuals**
- The number of active small business entities in processing sector declines instantly:
 - in 2003 - **10 312 entities**, in early 2007 - **8 926 entities**

Sectoral Structure of Credits for Small Businesses from Commercial Banks

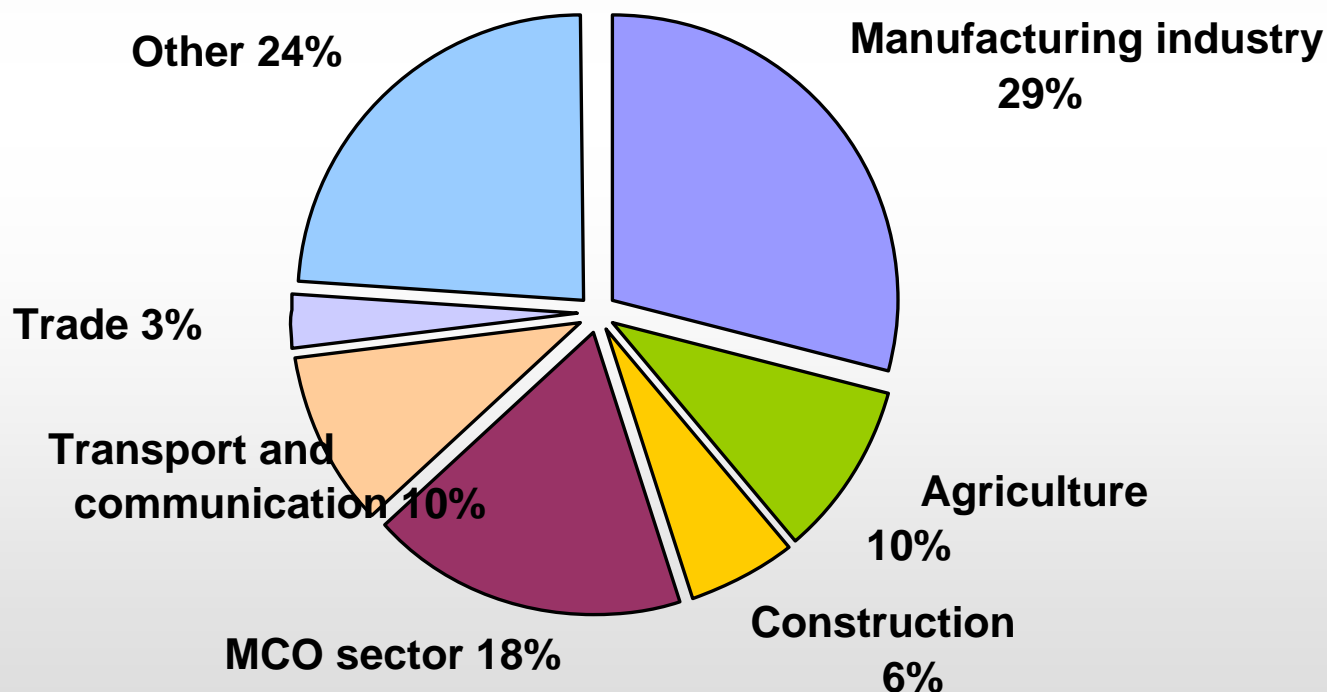


Outcomes of the Fund's Activities



- Since the Fund started its operation it financed:
- **2878 projects** of total value of **33 299,9 mln. KZT**

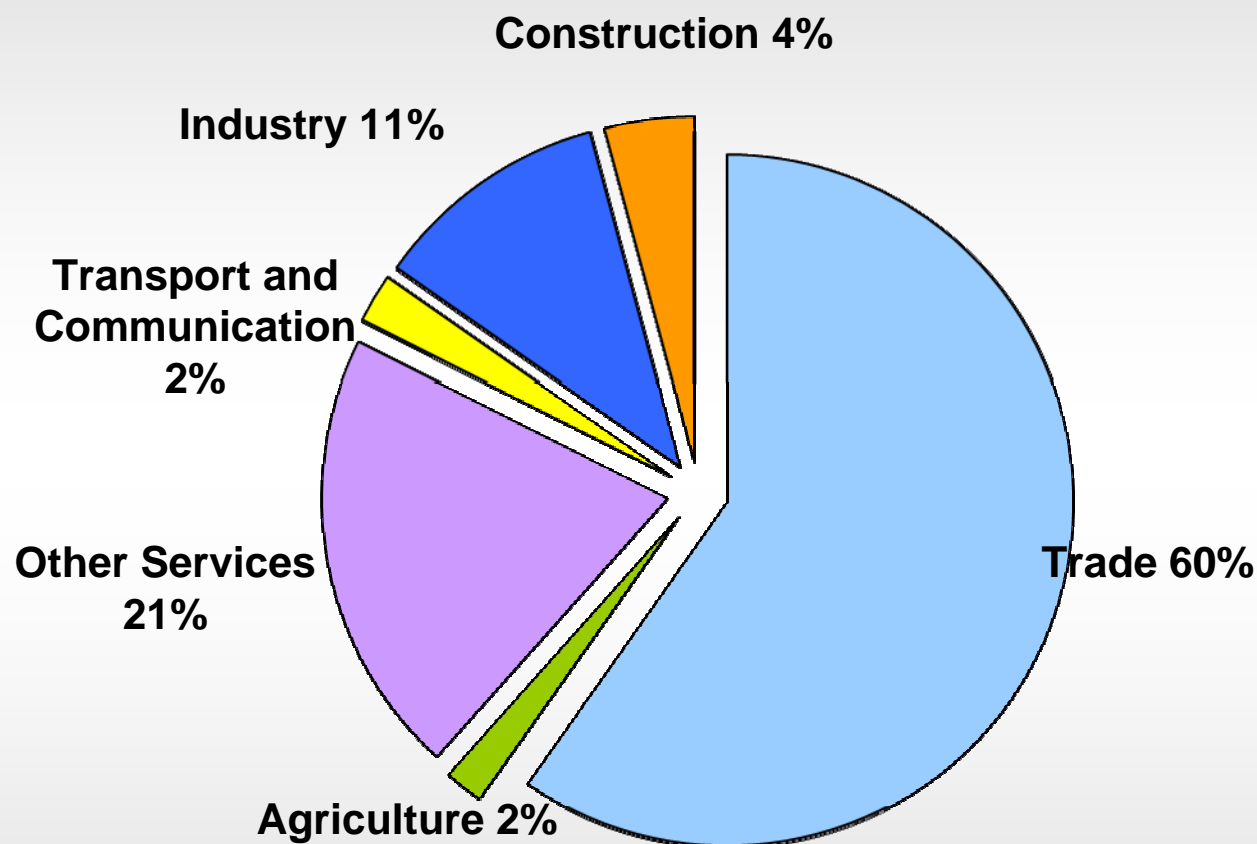
Fund's Projects Sectoral Break Down:



Outcomes of the Program of Conditional Placement of Funds in Commercial Banks— 48,8 bln. KZT



(sectoral break down)



Program of Conditional Placement of Funds in Commercial Banks



Positive Outcomes:

- Due financial aid for SME in the age of escalating liquidity crunch of commercial banks
- Prevention in reduction of a share of credits for SME by commercial banks

Negative Outcomes:

- Sectoral break down in the structure of credits provided by commercial banks has not changed. Trade sector prevails.
- Interest rate remained unchanged for end users – SME (Effective rate – 20,1%)
- Distribution of funds between the regions appeared to be uneven (54% of funds have been concentrated in four regions: 22% - Almaty, 14% - Karaganda region, 8% Eastern Kazakhstan, 8% -Pavlodar region)
- Has had little impact at expansion, revamping and modernization of capital assets of SME. Most part of credit was intended for circulating assets– 67%, and investments 33%

Program of Direct Financing for MSE «Damu-Koldau»



Objective:

- Facilitation in qualitative development of SME and enhancement of its role in diversification of economy in Kazakhstan

Tasks:

- To provide financial support to active small and medium businesses operating in priority sectors of the economy based on development strategy
- To ensure reduction in the cost of credit resources for active small and medium businesses based on development strategy
- To ensure expansion and modernization of their capital assets, and technological revamping

Terms of the Program «Damu-Koldau»



Mandatory requirements for borrower:

- SME – legal entity pursuant to the Republic of Kazakhstan legislation
- A project shall represent a part of the group of projects aimed at development of integral production system, manufacturing competitive products by means of consistent development of technological and economic chains of added values
- Availability of qualified personnel for implementation of the project, including managerial personnel
- A borrower should not have any defaulted debts on:
 - Taxes and other compulsory payments into the budget
 - Loans of commercial banks and credit organizations engaged in certain types of banking operations

Preferable requirements for borrower:

- Export orientation or import replacement manufacturing company



Thank you for your attention!

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