

M. Marikbayev KAZGUU University

International School of Economics



MASTER'S DISSERTATION

*«Influence of the quasi-state corporations on the developing economy, in the case of
the JSC Development Bank of Kazakhstan and Kazakhstan economy»*

Program 7M04124

«_»_____20__

Written by

Kereikhan Tuspek

Supervisor

Bakhytzhan Kurmanov

Astana 2023

Influence of the quasi-state corporations on the developing economy, in the case of the JSC Development Bank of Kazakhstan and Kazakhstan economy

Abstract

Regional development banks, as a state instrument for promoting economic development, began to be created everywhere after the end of World War II. Similar development institutions exist in both developed and developing countries. The scientific world is still studying the phenomenon of development banks and their impact on the development of the economy. The literature review revealed that there is a need for a more thorough and systematic study of the functioning and effectiveness of development finance institutions, in particular in the Kazakh scientific environment. As well as other countries, Kazakhstan has its own development bank, the degree of study of which is extremely small. Thus, the aim of this study was to study the impact of quasi-state companies on the development of the economy of developing countries, in the context of the Development Bank of Kazakhstan JSC and the economy of Kazakhstan.

Within the framework of the study, elements of a qualitative research method and financial analysis were used. To collect primary data, 4 interviews were conducted with representatives of the Kazakhstan financial system. For a better understanding of the influence of the DBK, a special case of a glass factory was considered, since it was funded by the DBK and gained scandalous fame. To understand the impact on industries and regions, a financial analysis of the loan portfolio, information and publications from the official DBK website was carried out. Also, an analysis of the DBK's participation in state programs was carried out on the basis of reporting information on the implementation of these programs. As metrics of the impact on the economy, the following were used: creation of new jobs and exports.

The results of the analysis showed that the influence of DBK on the economy of Kazakhstan is multifaceted. DBK makes a positive contribution to economic growth and development through the implementation of government programs, project financing and the development of certain regions and industries. However, there are concerns about the sectoral and

regional distribution of funds. It was also noted that larger companies have a significant share in the financing structure. It was revealed that with an insignificant contribution to the creation of jobs in relation to the able-bodied population, the contribution to exports, during the analyzed period, amounted to at least 10%.

Analysis of case of a glass factory determined that corruption inherent in authoritarian regimes can have a significant impact on the development of enterprises, industries and that such cases take place.

These findings open the door for additional research into the significance of quasi-state institutions in countries governed by an authoritarian regime. Since the concept of such institutions has positive effects in and of itself. The criticism of these institutions in Kazakhstan by public and government officials calls for further study.

CONTENTS

List of Tables	III
List of Figures	IV
Introduction	1
Literature review	4
Definition of Development Banks and their role in economy in international literature	4
JSC DBK in Kazakhstan's economy	7
Background on the Development Bank of Kazakhstan	10
Methodology	12
1 Findings from secondary data	17
1.1 Analysis of loan portfolio	17
1.2 Analysis of economic contribution	22
1.2.1 Analysis of jobs creation	22
1.2.2 Analysis of export	25
1.2.3 Participation in state programs	28
1.3 The case of Orda Glass	31
2 Findings from primary data	33
2.1 DBK's position in financial system and functions	33
2.2 Examples of financed projects	34
2.3 Project success assessment and selection criteria	35
2.4 Recommendations and criticisms for DBK's activities	36
Concluding remarks	37
References	40

List of Tables

Table 1	Loan portfolio by industries	18
Table 2	Industries with significant increase of funding during the 2018-2022.....	19
Table 3	Regional structure of investment projects implemented with the participation of the DBK	22
Table 4	Job creation by region.....	23
Table 5	Job creation by industry	24
Table 6	Export by region	25
Table 7	Export by industry	26
Table 8	Number of projects and revenue from export	27

List of Figures

Figure 1	Weight structure of loan portfolio by industries	20
Figure 2	Regional structure of investment projects	21

Introduction

This section presents research topic of the study focused on influence of the quasi-state corporations on the developing economy, in case of the DBK JSC and Kazakhstan economy. Development Banks occupy a special place in the financial structures of various countries and have a dual nature of their existence. This section consists of descriptive information of Development Banks and DBK JSC in Kazakhstan and research problem.

Development Banks occupy a special place in the financial structures of various countries and have a dual nature of their existence. Based on a World Bank study, 49% of existing Development banks were created between 1946 and 1989 (post-war period), when it was necessary to finance the greatly increased volumes of state budgets. 39% were created in the period 1990-2011, mainly in developing countries. This suggests that the governments of many states see the DB as a tool that contributes to economic growth. [1]

The economy of Kazakhstan as part of the global economy also established its own Development Bank as part of the National Holding to involve foreign investments and support existing industrial companies. Development Bank of Kazakhstan JSC (DBK) occupies a special place in the institutional structure of the financial market in Kazakhstan. DBK is a national development institute and a bank authorized to implement the state investment policy and state support for industrial and innovative activities, the sole shareholder of which is National Managing Holding "Baiterek".

The projects financed by DBK JSC are strategically important and necessary for the non-resource development of Kazakhstan. For example, a project to modernize a plant for the production of mineral fertilizers with an increase in the design capacity for the production of finished products in Aktau. The modernization of this plant will result in the production of 4 types of products, including nitrogen-phosphorus fertilizers, which are necessary for agriculture.

During the existence of DBK, 161 investment projects worth 7.8 trillion tenge and 110 export operations totaling 0.29 trillion tenge were approved for financing. Since the establishment

of the bank, 128 projects have been put into operation, and 32,000 jobs have been created. In the sectoral structure of the gross loan portfolio of DBK JSC, the main shares are occupied by: production of refined petroleum products (24.5%), metallurgical industry (20%), mining industry (15.2%), electricity, gas, steam and air conditioning (13.1%). [2]

Despite the cited indicators of the effective work of DBK JSC, there is criticism regarding the loan portfolio and approaches to financing projects. One of the main criticisms is the lack of transparency in the bank's operations and investments, with concerns raised about the allocation of loans and investments and the possible favoritism towards certain companies or industries. [3]

Thus, there is a contradictory view on DBK JSC and its activities. This study is an attempt to understand the current situation around the domestic development institute and answer the question regarding the impact on the economy of Kazakhstan.

Research questions:

Research question 1.

What is the impact of DBK on economy of Kazakhstan?

Sub-questions:

1. Do DBK-funded projects contribute to the economy?

Significant numbers of study have also been done to evaluate the effects of regional development banks on the economy. The similarity between the organization of development institutions in Malaysia and the Baiterek holding in Kazakhstan was one particular finding that caught our attention. These insights may provide valuable perspectives for understanding the role of development institutions in economic growth and may inform future research and policy decisions in Kazakhstan and beyond.

After studying domestic research in this area, the following findings have been identified:

1. A small number of in-depth studies on the importance of DBK JSC in the economy of Kazakhstan;

2. In studies that provide numerical data, only descriptive analytics are carried out (for example: how many projects were funded and funds were allocated);

3. From the attempts to assess the impact, it is possible to single out only the analysis of financing within the projects of the State Program of Industrial and Innovative Development of the Republic of Kazakhstan.

In this point of view, this paper attempts to eliminate the research gap by considering the question of what influence of the quasi-state corporation on the developing economy, in the case of the DBK and economy of Kazakhstan.

Literature review

Definition of Development Banks and their role in economy in international literature

This chapter summarizes the extant literature on the research topic and identifies how future research should be conducted by analyzing earlier and more recent works.

The literature outlines the crucial role that development banks play in the economy. A number of academics have examined how various nations established development banks to channel significant amounts of money toward investments in capital-intensive companies and infrastructure.

The academic works of Stephanie Griffith Jones shed light on the important function of development banks in the economy. In "The Case and Role for Development Banks; The European Example," the author explores the issues with the private financial sector and the constructive support that development banks may offer during financial crises. The article provides suggestions on how European development banks might increase their borrowings and significantly boost growth and investment using the Cambridge-Alphametrics Model. Griffith Jones highlights the following points regarding the Chinese Development Bank (CDB) that need to be paid attention to: scale (the total assets of the three development institutions in China account for 32% of all the assets of development institutions in the world), coordination with strategic planning (CDB plays an important role in China's strategic planning and helps, where appropriate, to develop policy frameworks), a significant role in the development of new sectors and tools (several examples were given, but we highlighted the following - cooperation with the municipal authority in Wuhu and assistance in creating a financial market for funding urban infrastructure). As a recommendation, the following should be highlighted: "...The NBR will be most effective for structural transformation if they act in the context of a clearly defined national development strategy, and within which they will be given a clear strategic mandate, especially with regard to their contribution to structural transformation..." [4] [5]

Many developing countries set up specialist organizations known as development finance institutions (DFIs) or development banks (DBs) after World War II to direct large sums of money for investments in capital-intensive businesses and infrastructure. In the article by C.P. Chandrasekhar, national development banks from Brazil, India, Korea, and China are compared and contrasted. The author highlights the experiences of the four countries mentioned while examining the historical circumstances that contributed to the development of DFIs. The author highlighted the following points regarding the development bank in Brazil (BNDES): this institution is used by the federal government as a means for making hidden transfers to a select circle of firms that it supports (as of 2012, 40% of the loan portfolio was occupied by 5 large borrowers). Due to the lack of specialized institutions in India, the government has been forced to finance infrastructure projects through publicly owned commercial banks, which has limited the industrial sector's access to long-term financing. The DB's involvement in South Korea included urging the country to borrow money from outside to purchase foreign technology, which was then utilized to launch a fruitful export-oriented strategy. Despite investing in risky projects, China's DB is one of the country's lenders with the lowest percentage of non-performing loans, a sign of its efficient management. The analysis of DFIs in various countries' histories and experiences in the article offers light on the significance of these organizations for fostering economic development. [6]

Report prepared by team of the World Bank Group highlights the following:

- DBs tend to be small in terms of assets, they are relevant, and governments use them to provide financial services in sectors or regions that private financial intermediaries do not serve sufficiently;
- DBs serve the private sector in their jurisdictions;
- DBs face challenges, and many need to be reformed and strengthened;

As a suggestion group provide the following: "...DBs need to adopt better monitoring and evaluation frameworks to enable them to assess the economic impact of their business operations, examine what works and what does not, and ultimately quantify and evaluate their success..." [7]

Aristo Purboadji, Dedi Budiman Hakim, Hermanto Siregar, and Roy Sembel sought to create a strategy for Regional Development Banks in developing countries to increase credit worth in MSME in their article titled "Strategies for increasing MSME credit growth in Regional Development Banks in Emerging Countries: Analytical Hierarchy Process Approach". They used the four-level analytical hierarchical process (AHP), which included players, factors, objectives, and strategy implementation. To determine the variables influencing credit growth in MSMEs, the authors used a regression model. According to the study, improving service quality and sound corporate governance is an efficient strategy banks may utilize to boost MSME lending development. Service excellence can be attained by streamlining the loan application procedure and educating MSMEs on sound money management. [8]

Noor Aimi Bt Mohamad Puad et al. present a thorough analysis of the existing DFIs in Malaysia in the paper "A Review on Development Financial Institutions in Malaysia," which is based on secondary data from library research. The writers place a strong emphasis on "The Development Financial Institutions Act 2002," which offers a legal framework to direct the DFIs' operational policies. Six institutions, each with a distinct mission and target audience, are included in the list of DFIs that the Act specifies. The writers underline the specialized financial services and products that DFIs provide to meet the demands of the selected sectors and industries and also point out that DFIs offer supporting services such counseling and advisory services to help and advance the designated industries. We also found out that this distribution of financing directions is similar to the structure of "Baiterek" National management holding [9]

Jiajun Xu, Xiaomeng Ren, and Xinyue Wu point out in their study that there is a lack of academic research addressing key issues such as the function of state intervention in financial systems, the features of DFIs, and how to assess their development effectiveness. They have

created a comprehensive database on DFIs around the world to close this data gap. The writers discuss the need for DFIs and how they vary from other types of financial organizations. They look at issues including pro-cyclical lending, market incubation, promoting capital markets, and the efficiency of DFIs under the first point. Although numerous market failures have been documented in earlier research to demonstrate the value of DFIs, it is still unknown why DFIs are more advantageously situated than competing approaches to remedy certain market faults or to incubate markets. The authors list three characteristics—legal independence, specific public policy objectives, and government support—that define DFIs under the second point. In order to provide medium- and long-term financing, it is also preferable for DFIs to have a majority of long-term liabilities. [10]

The necessity for more thorough and systematic research on the operation and effectiveness of Development Finance Institutions (DFIs) worldwide shines apparent in light of the literature given. Numerous studies point out the paucity of academic study on important topics like the role of government intervention in financial systems, the characteristics of DFIs, and how to evaluate DFIs' contributions to development. Better monitoring and evaluation procedures are also required to assess the effectiveness and economic effects of DFIs.

JSC DBK in Kazakhstan's economy

N.K. Kuchukova, in monograph, notes the unique and distinctive features of the Development Bank from the second-tier banks. The uniqueness of DBK JSC lies in the development of the non-resource sector on behalf of the government. Thus, through development institutions, the state participates in projects aimed at creating an integrated production system that creates competitive products, consistently developing the technological and economic value chain. This makes it possible to create diversified enterprises working on the final product that meets all the parameters of competitive products. DBK positions itself as a financial institution for economic development. [11]

Omarova F.A. mentions the establishment of the JSC Development Bank of Kazakhstan (DBK) as a response to the reluctance of second-tier banks to provide long-term and low rate financing. The State Program for Industrial and Innovative Development (SPIID) was funded in part by DBK, accounting for 38.2% of the total amount (405.7 billion tenge), according to the structural analysis the author provides. Additionally, DBK raised 57% of the total funds (535 billion tenge) for the funding of SPIID projects. The author offers loans to start-up businesses, grants for specific types of research and development, and the adoption of new governmental financing structures as proposals. This emphasizes the demand for alternate finance sources to promote Kazakhstan's economic development. [12]

A.M. Rakhmetova, B.S. Ecengeldin and G.M. Kalkabayeva in the article “Financial support for innovation projects by development institutions” describe and provide the brief analysis of financial institutions (DBK, EBRD, Islamic Development Bank, NATD etc) providing loans to manufacturing and infrastructure entities. They notice positive trend in volume of credit cash provided by DBK to non-primary industry during the 2015-2017, increase of market share of DBK [13]

Also A.K. Zhaksybergenov, Z.K. Yessimkhanova, Dauletov Zh.D., Alpysbayev K.S., within the framework of the study of innovative development of Kazakhstan, mention the subsidiary of JSC DBK – DBK-leasing (Industrial Development Fund). A.K. Zhaksybergenov highlights the positive influence of development institutions in stimulating the development of the manufacturing industry.[14] Z.K. Yessimkhanova, Dauletov Zh.D., Alpysbayev highlight the concentration of the leasing financing market in Kazakhstan and propose a number of measures to improve the efficiency of the financial management system of agricultural enterprises in Kazakhstan in general, as well as in the investment sphere of their activities. [15]

The activities of the DBK in the study of Nurlikhin G.B., Telagusova E.O., Kanabekova M.A. are considered as part of the implementation of state programs, such as: Business Roadmap, SPIID and others. The authors noted that the vector of the state industrial and innovation policy in

Kazakhstan is focused on achieving the goal of becoming one of the 30 competitive countries in the world. [16]

As part of the study of the growth potentials of green financing in Kazakhstan, G.M. Kalkabayeva highlights the activities of the DBK and funded projects (many of them are related to the use of renewable energy sources - the Kaskelen solar power plant, the Astana Expo-2017 Wind Power Plant, the Tusugun -1 hydroelectric power plant). The author notes that the green financing of the DBK can increase the sustainability of the Kazakh economy. [17]

The Development Bank of Kazakhstan (DBK) and its role in promoting the economic development of the country are described in detail in the literature. DBK is a special financial organization that focuses on the non-resource sector and works for the government to produce competitive products through the development of integrated production systems. The literature highlights the creation of the DBK as a response to the resistance of second-tier banks to offer long-term financing at low rates, as well as its important contribution to the State Program of Industrial and Innovative Development. The authors also note an increase in the market share of the non-primary industry and a tendency to increase the volume of credit funds provided by DBK in the period from 2015 to 2017. In general, the study highlights the importance of alternative sources of financing to support the economic development of Kazakhstan.

Nevertheless, a significant limitation is the lack of statistical information concerning such important aspects as the volume of exports, job creation, beneficiary enterprises and specific products produced under these programs. The lack of data on these indicators limits the ability to assess the impact and effectiveness of implemented programs. Although the studies reviewed affect the amount of funding, they do not contain comprehensive and detailed information on the direction and distribution of funds. Despite the fact that the Development Bank of Kazakhstan (DBK) is recognized for its essential function in fostering economic development, there hasn't been a thorough investigation of how its financing has influenced Kazakhstan's non-resource sector and the country's overall economic development.

Background on the Development Bank of Kazakhstan

This chapter provides background information about DBK JSC, the functional responsibilities that it performs, reveals the place of DBK JSC in the financial system of Kazakhstan.

The Development Bank of Kazakhstan (JSC "Development Bank of Kazakhstan") offers medium- and long-term loans to government and private sector entities at competitive interest rates. Samruk-Kazyna is the owner of the bank, which specializes on lending to industrial businesses and infrastructure projects. The Decree of the Government of the Republic of Kazakhstan No. 659 established the Development Bank of Kazakhstan (DBK) on May 18, 2001. The purpose of JSC "Development Bank of Kazakhstan" is to meet the commercial needs of the accelerated development of the competitive non-resource sector of the country's economy in credit resources that are not offered by second-tier banks. [18]

DBK JSC receives funding from the following sources: The National Fund of the Republic of Kazakhstan, the Republican Budget, the sole shareholder, drew accumulated profits resulting from the payment of the permitted capital on the domestic and international capital markets. In addition to the aforementioned, DBK activities are typically governed by a specific statute. For instance, the fact that DBK JSC conducts banking activities without a license is one of the distinctive characteristics of DBK JSC in the structure of the financial system of the Republic of Kazakhstan. [19]

The mission of DBK JSC is to promote the sustainable development of the national economy by investing in the non-resource sector of the country.

DBK is pursuing the following goals:

- improving and improving the efficiency of public investment activities;
- development of production infrastructure and manufacturing industry;
- assistance in attracting foreign and domestic investments into the country's economy.

Based on the goals pursued by the DBK, the funded projects should be focused on the creation and development of:

- infrastructure facilities (energy, transport, telecommunications);
- manufacturing industries (metallurgy, chemistry, petrochemistry, pharmaceuticals, mechanical engineering, etc.);
- facilities in the service sector (on a commercial basis): tourism, environmental, medical, educational, sports and recreation, hotel;
- facilities in the field of food and beverage production;
- agricultural production, including the production and/or purchase, transportation of raw materials, its processing and sale of finished products within the framework of an investment project;
- export of Kazakh products, works and services.

Based on the information about credit products, in Appendix A - DBK provides various types of credit products, such as project and syndicated financing, lending to replenish working capital, etc. Therefore, the phrase "long-term" refers to projects that are given long-term credits of between 5 and 20 years [20; p. 6]. Depending on the terms of investment projects and export operations, project financing is done in local and foreign currencies.

JSC DBK is a sizable entity of Kazakhstan's quasi-public sector in accordance with the provisions of Article 3 of the Budget Code of the Republic of Kazakhstan [21; paragraph 31] based on the fact that it is one of the NMH "Baiterek"'s subsidiaries. According to N.K. Kuchukova [10; p. 112-113], JSC DBK serves as an agent for servicing republican and local budget investment projects financed on a returnable basis as well as projects financed by state-guaranteed loans. It is also a powerful credit institution of the nation, a significant issuer of securities, and a participant in the financial market.

Summary

Thus, having its own legislation and a mandate to perform its functions, DBK occupies a special position in the financial structure of Kazakhstan. Since one of the important sources of financing of its activities are public funds (examples were given above), the DBK is one of the tools of the state in the development of the economy. As was described in the literature review, DBK, having long-term credit instruments, can contribute to the development of various sectors of the economy by providing preferential credit resources.

Methodology

This study considers positive and negative sides of the Development Institution by examining articles, financial statements, official information, news, interviews; investigation and lawsuit.

The study of several cases can be helpful in this research on the DBK and Kazakhstan's economy because it permits an in-depth examination of a particular phenomenon or case, which can provide rich insights and a deeper understanding of the complex and context-specific factors at play. This method can assist in answering the research question by identifying the unique challenges and opportunities encountered by the DBK as well as the impact of its actions on Kazakhstan's broader economic landscape. In addition, case studies can be utilized to generate hypotheses and inform future field research.

In order to answer the research sub-question, the annual reports for 2018-2022 will be obtained and loan portfolio will be analyzed. The review of analytical publications of DBK JSC will be helpful. The case of construction of glass factory in Kyzylorda city will be considered.

In addition, interviews with professionals from the financial sector will be used as primary data to assess the impact of DBK JSC on the economy of Kazakhstan from a professional point of view. Also, it will allow to get a more extensive understanding of the development bank in the economy.

The following approaches will be used:

1. In-depth interviews (audio and textual transcript). The sample will include 10 in-depth interviews with workers of the DBK, representatives of the audit and valuation practice, bankers (as participants of financial sector). There is an issue that we could not receive failure experience information from employees of DBK according to the policies and concluded non-disclosure agreements

The study mostly focused on employees of DBK, auditors, valuation specialists and business analytics who work closely in financial sector. The readers and stakeholders are mostly

related to financial area, therefore, a non-probability sampling technique, namely purposive sampling, was used. According to Alvi (2016, p. 30) [22], purposive sampling is utilized when the research has a predetermined objective. According to Creswell (2022, p. 147) [23], purposeful sample is the most effective method for informing the researcher about the research questions.

Some issues could arise with collecting statistical data according to constraints of access to confidential information. Preliminary duration of the interviews could be between 30 min – 1 hour. Major agenda will be about DBK's performance, business activities, methodology of choosing projects, procedures they perform to accept/decline projects and questions about successful and failure projects.

The main questions/topics will be discussed:

- a) How would you place DBK in the financial system of Kazakhstan?
 - b) Based on your experience, how would you assess the importance of the Development Bank for the economy?
 - c) What projects that were funded by the DBK are you familiar with or have you heard of?
 - d) How would you describe them?
 - e) What criteria are considered when evaluating projects for financing?
 - f) What approaches are used when evaluating projects for financing?
 - g) Which DBK projects are the most successful? What are the least?
 - h) In your opinion, how could the success of the project be assessed? What indicators would you consider?
 - i) How the criticism by the President of Kazakhstan affected on DKB?
2. Analysis of the Financial statement with explanation and attempt to assess performance of a DBK.

As part of the analysis, several projects financed by DBK will be considered and examined based on the available information (on the Internet, received by the interviews, examined

regulatory framework, and information provided by the entity and Committee of Statistics of Kazakhstan).

3. Examine existing publications, news, articles, researches, literature.

Under this process we will consider information, analyze major topics and attempt to create unbiased conclusion about overall significance of the Development institution in case of Kazakhstan.

Steps of data analysis:

1. Analysis of secondary data:
 - a. The loan portfolio will be found in the annual and management reports of DBK. The received data will be combined into one common table. Then there will be a breakdown by weights in the portfolio and changes over the period and further explanation.
 - b. Analysis of other reports will be performed in the same way as previously described.
 - c. Conclusion regarding the analyzed period.
2. Analysis of primary data (interviews)
 - a. Creating the transcript of interviews.
 - b. Identify key themes.
 - c. Coding the transcript. Sequentially coding the answers to the same question, researcher can compare and contrast the answers of different participants.
 - d. Categorizing the interview data. The categorization process helps researchers to compare and contrast participant responses across many categories.
 - e. Analyze the data.
 - f. Interpretation results received from the analysis.

Significance

The significance of this research lies in its contribution to the domestic scientific area of Development institutions. By filling a literature gap, the study provides new insights into the investment activity of NDBs during the post-crisis period, which represents a novel aspect of the research.

The study's practical value is found in the author's suggestions for DBK JSC's financial and economic operations, which may be used to raise the company's performance. These suggestions can help guide investment decision-making in the financial sector and serve as a useful resource for practitioners and regulators.

Furthermore, the results of the study can be used as a foundation for further research in the area of Development institutions, as the study provides a new perspective on the topic. This research can inform future studies and contribute to the ongoing discourse in the field of finance and economics.

Overall, this research is significant because it not only fills a literature gap but also provides novel insights and practical recommendations that can improve the investment decision-making process in the financial sector. Additionally, the study has the potential to inform future research in this area, making it an essential contribution to the field.

1. Findings from secondary data

1.1 Analysis of loan portfolio

This section represents the analysis DBK's loan portfolio by the industries and regions. The analysis of the loan portfolio in regional and sectoral breakdown is important in the context of understanding the volume of financing, prevailing industries and regions.

According to the obtained financial statements, total amount of consolidated assets as at December 31 2022 are equal to 3,942 billion KZT Assets structure mainly consists of: cash and cash equivalents – 20.71% (816,470 million KZT), loan portfolio – 48.01% (1,892 billion KZT), finance lease receivables – 13.18% (519,632 million KZT).and investment in debt securities – 10.31% (406,674 million KZT)

The loan portfolio includes the following: loan to customers, loans to banks, financial lease receivables, advances paid under finance lease agreements and assets to be transferred under finance lease agreements.

During the 2018-2022 total loan portfolio slightly increased from 1,638,865,153 kKZT in 2018 to 1,774,176,600 kKZT in 2022. As opposed to the weight in assets structure which decreased from 64.61% in 2018 to 45% in 2022. This decrease is due to the increase in amount of cash and finance lease receivables in structure of assets as at December 31 2022. By the end of 2022, the total volume of the credit and leasing portfolios of Development Bank Group amounted to KZT 2,597 billion, the decrease of 1.53% compared to last year. Increase in the loan and leasing portfolios is due to the progressive increase in lending and leasing financing. Share of loan and leasing portfolios from total assets by the end of 2022 amounted to 64.87%. The breakdown of loan portfolio represented by the table 1.

Table 1. Loan portfolio by industries

<i>in kKZT</i>	FY2022	FY2021	FY2020	FY2019
Metal industry	497,162,841	405,514,563	334,248,733	348,927,074
Petrochemicals manufacturing	446,147,175	498,421,402	585,581,324	531,518,483
Mining	294,123,677	309,447,234	297,412,792	212,440,584
Electric power supply, gas and steam supply, and air conditioning	174,664,077	265,928,570	234,712,997	271,162,155
Foodstuff manufacturing	124,710,628	104,059,298	42,340,618	36,218,600
Machinery manufacturing	120,793,273	112,435,567	92,982,506	71,598,611
Transportation and warehousing	96,961,689	104,910,279	112,478,652	59,040,108
Arts, entertainment and leisure industry	55,459,706	51,658,939	29,443,874	-
Catering and accommodation services	43,296,955	47,117,815	77,382,674	40,198,872
Chemical industry	42,341,540	49,000,868	56,585,736	60,096,905
Information and telecommunications	39,746,723	53,068,994	66,354,734	61,029,363
Construction materials manufacturing	31,846,264	31,633,160	27,439,568	4,768,089
Financial services	2,977,684	191,118	244,373	293,360
<i>Estimated reserve for expected credit losses</i>	<i>(196,055,632)</i>	<i>(140,879,810)</i>	<i>(111,292,366)</i>	<i>(79,087,740)</i>
Total amount of loans issued to customers	1,774,176,600	1,892,507,997	1,845,916,215	1,618,204,464

Source: Financial statements of DBK

In the process of studying the financial statements, the auditors noted the following: as of December 31, 2022, the group had 5 borrowers (December 31, 2021 - 7 borrowers), the debt on loans of each of which amounted to more than 10% of the capital. The net book value of loans of these borrowers as of December 31, 2022 amounted to KZT 816,613,602 thousand. The weight structure of the loan portfolio by industry was represented in the figure 1.

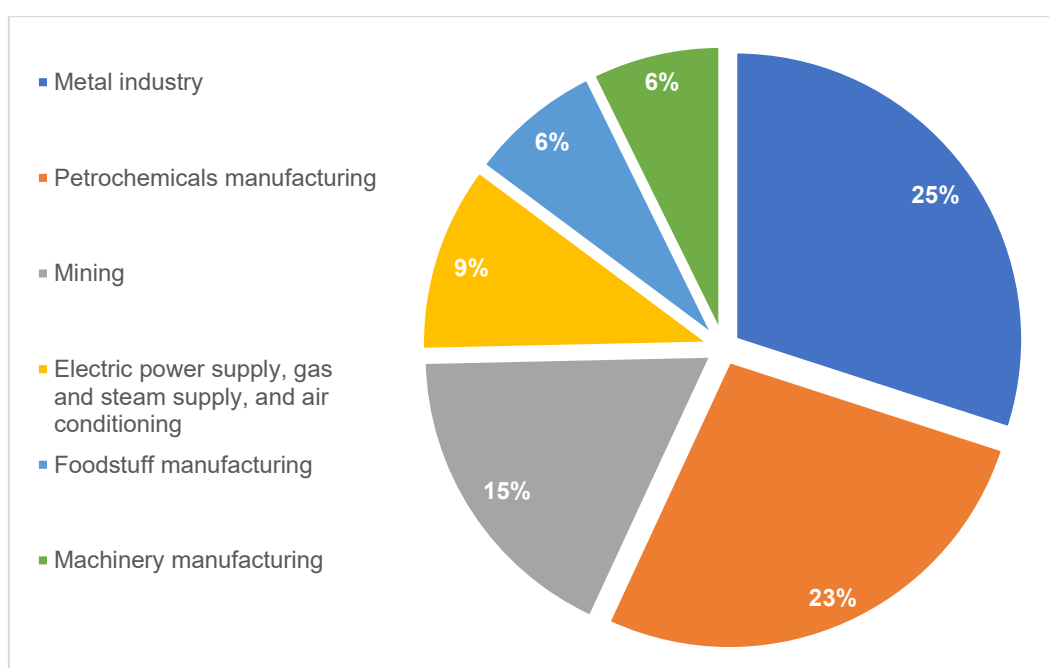


Figure 1 Weight structure of loan portfolio by industries

Source: Financial statements of DBK

According to the information on the official website of the DBK, out of 12 ongoing projects in the metallurgical industry, under the financing of the DBK, the 3 companies occupy 62% of the

total volume of approved credit lines. Thus, the total amount of funding is approximately equal to 912.812 million tenge. KAZ Minerals Aktogay LLP received 307,944 million tenge for construction of the Aktogay mining and processing plant in the East Kazakhstan region. RG Processing LLP and RG Gold LLP received 127,809 million tenge for construction and operation of a complex for processing primary gold ore with a production capacity of 5 million tons of ore per year. Tin One Mining JSC received 126,530 million tenge for construction of a mining and metallurgical plant with a capacity of 2.5 million tons of ore per year. It is noteworthy that all these companies received loans in US dollars.

The recalculation of loans in foreign currency was carried out using the weighted average exchange rates of tenge to the dollar for the years posted on the website of the National Bank of the Republic of Kazakhstan, in accordance with the year of signing the loan agreement. [24]

According to the information on the official website of the DBK, out of 6 ongoing projects in the petrochemical manufacturing industry, under the financing of the DBK 2 companies occupy 82% of the total volume of approved credit lines lines. Thus, the total amount of funding is approximately equal to 701,625 million tenge. PetroKazakhstan Oil Products LLP received 303,862 million tenge for modernization and reconstruction of the Shymkent oil Refinery. Atyrau Oil Refinery LLP (the total amount of funding for the two projects was 312,350 million tenge. It is noteworthy that all these companies received loans in US dollars. Industries with significant increase of funding during the 2018-2022 represented in table 2.

Table 2. Industries with significant increase of funding during the 2018-2022

Growth of financing	22/21	21/20	20/19	19/18	Average Growth rate
Description					
Machinery manufacturing	7%	21%	30%	266%	44%
Foodstuff manufacturing	20%	146%	17%	0.5%	28
Transportation and warehousing	-8%	-7%	91%	1%	11%

Source: Financial statements of DBK

The average growth rate calculated using the root of the fifth degree of the geometric mean. The machinery manufacturing shows the significant increase in financing volume during the 2019 in comparison with 2018 - 266%. The financing volume increased from 19,583,296 kKZT in 2018 to 120,793,273 in 2022. As a weight in the loan portfolio from 1% to 6% respectively. The average growth rate during the period 2018-2021 is equal to 44%.

A significant increase in the loan portfolio of the machinery manufacturing can be explained by the implementation of the following projects in the period 2018-2020: purchase of raw materials for the production of starter lead-acid batteries for cars, trucks, agricultural machinery (the loan agreement was signed in 2018, the participation of the DBK amounted to 2 billion tenge), pre-export financing of Hyundai Trans Kazakhstan LLP (the loan agreement was signed in 2020, the participation of DBK amounted to 17 billion tenge), construction of a plant for the production of Hyundai passenger cars with the capacity of the enterprise at the first stage – 30 thousand cars per year, at the second stage – up to 45 thousand cars per year (the loan agreement was signed in 2020, the participation of the DBK amounted to 17 billion tenge).

The foodstuff manufacturing shows the significant increase in financing volume during the 2021 in comparison with 2020 - 146%. The financing volume increased from 36,043,433 kKZT in 2018 to 124,710,628 in 2022. As a weight in the loan portfolio from 2% to 6% respectively. The average growth rate during the period 2018-2021 is equal to 28%.

The transportation and warehousing show the significant increase in financing volume during the 2020 in comparison with 2019 – 91%. The financing volume increased from 58,417,992 kKZT in 2019 to 112,478,652 in 2020. As a weight in the loan portfolio from 3% to 5% respectively. The average growth rate during the period 2018-2021 is equal to 11%.

Regional structure of investment projects commissioned capacities implemented with the participation of JSC DBK was presented by the Figure 2.

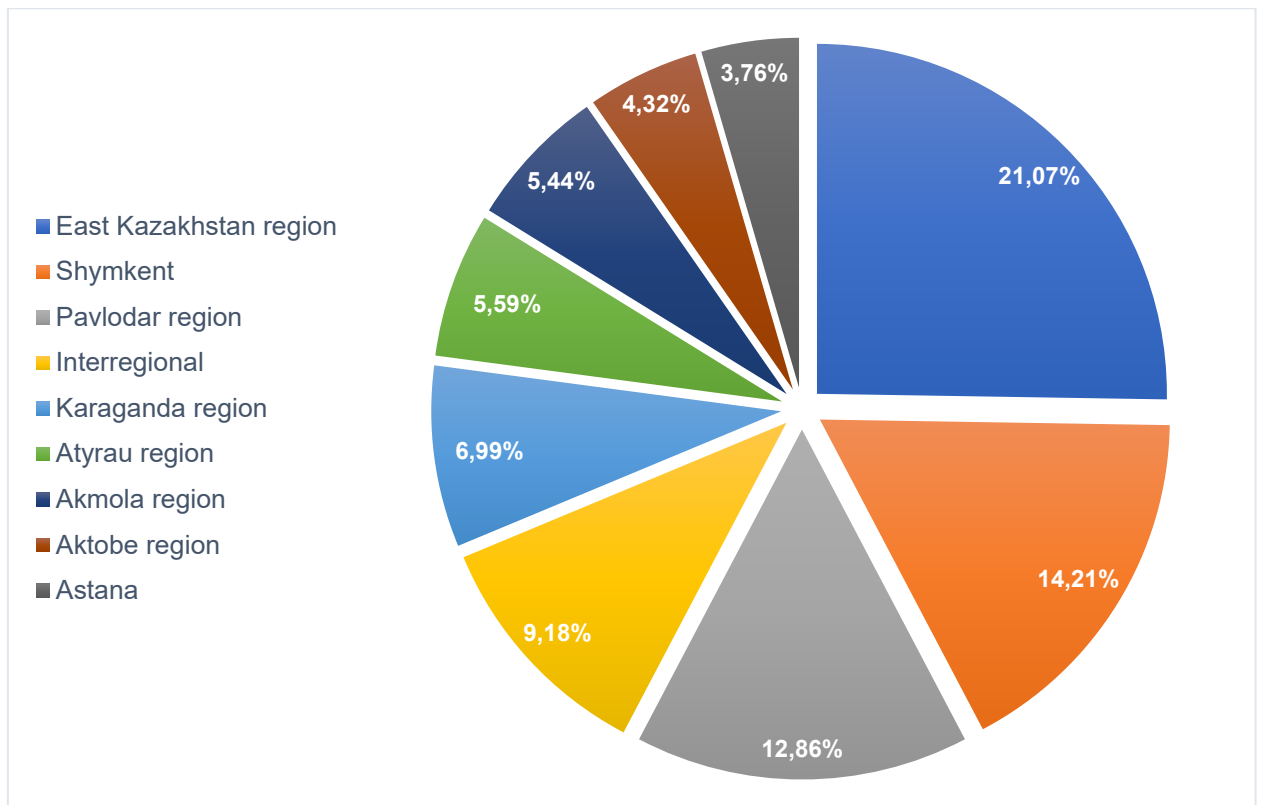


Figure 2. Regional structure of investment projects

Source: Financial statements of DBK

The significant weight of the East Kazakhstan region in the regional structure can be explained by the implementation of the project for the construction of the Aktogay Mining and Processing Plant in the East Kazakhstan region. Also, Kazzinc LLP received financing for the purchase of raw materials twice: in 2016 in the amount of 17 billion tenge and in 2019 in the amount of 10 billion tenge.

Summary

During the analysis of the loan portfolio, the following was found: significant amounts of financing are received by large companies in Kazakhstan, such as PetroKazakhstan Oil Products LLP, RG Gold, Atyrau Oil Refinery LLP, etc. It is important to note that 48% of the funded projects are implemented in three regions of Kazakhstan. According to the official data of the website of the President of the Republic of Kazakhstan, the administrative-territorial structure of the country includes 17 regions [25]. Thus, it can be emphasized that the DBK funds are unevenly

distributed not only in relation to other regions of Kazakhstan, but also in relation to medium and small enterprises.

It should also be noted, that the machinery manufacturing, foodstuff manufacturing, and transportation and warehousing sectors in the specified periods experienced significant increases in financing volumes, reflecting positive growth trends. Which contributes to the diversification of the DBK loan portfolio. Nevertheless, DBK should continue to diversify its loan portfolio, focusing more on implementation projects in Kyzylorda (0.71%), North Kazakhstan (0.42%), Kostanay regions (1.41%).

1.2 Analysis of economic contribution

1.2.1 Analysis of jobs creation

This section presents an analysis of such an important macroeconomic indicator as job creation within the framework of projects implemented by DBK. The importance of this indicator is justified by the fact that an increase in the number of jobs affects the indicators of poverty and labor productivity of citizens. Data on the cost of projects, the participation of the DBK, the number of investment projects and jobs created since the creation of the DBK until December 31, 2021, are represented by the table 3.

Table 3. Regional structure of investment projects implemented with the participation of the DBK

Region	Project cost, bln KZT	Amount of DBK participation, in bln KZT	Number of Investment projects	New jobs created, units
East Kazakhstan region	1,327	401	12	5,614
Pavlodar region	656	329	8	3,847
Almaty	83	49	8	3,175
Shymkent	829	419	12	2,751
Aktobe region	517	289	9	2,514
Nur-Sultan	362	126	13	1,886
Almaty region	111	50	9	1,731
Kostanay region	82	59	5	1,726
Karaganda region	236	142	6	1,683
Mangystau region	168	117	9	1,583
Akmola region	149	83	7	1,398
Atyrau region	1,112	472	7	1,239
Zhambyl region	72	49	5	1,207
Interregional project	386	122	9	925
North Kazakhstan Region	14	8	1	321
Turkestan region	102	50	3	246
Kyzylorda region	45	34	2	95
West Kazakhstan region	74	52	3	91
Total	6,325	2,851	128	32,032

Source: Financial statements of DBK

According to the annual report for 2021 (the latest available at the time of writing), 32,032 new jobs were created over the entire period of the DBK's existence. So, according to the regional breakdown, three regions occupy 39% of the total number of jobs created: East Kazakhstan region - 17%, Pavlodar region - 12% and Almaty - 10%. The indicator of job creation for projects implemented through DBK, by region, represented by the table 4.

Table 4. Job creation by region

Region	H1 2021	2020	2019	2018	Total
Akmola region	-	325	25	-	350
Aktobe region	-	-	-	683	683
Almaty region	-	10	13	-	23
Almaty	-	700	-	-	700
Atyrau region	-	80	490	-	570
East Kazakhstan region	-	-	-	-	-
Zhambyl region	-	-	-	-	-
West Kazakhstan region	-	-	-	15	15
Karaganda region	636	-	350	-	986
Kostanay region	-	-	-	-	-
Kyzylorda region	-	-	-	-	-
Mangystau region	-	635	-	16	651
Interregional project	-	192	200	-	392
Nur-Sultan	-	-	-	-	-
Pavlodar region	-	-	-	400	400
North Kazakhstan region	-	-	-	-	-
Turkestan region	100	-	20	-	120
Shymkent	-	-	665	403	1,068
Total	736	1,942	1,763	1,517	5,958

Source: Based on [28]

In total, 5,958 new jobs were created in 2018 and the first half of 2021 as part of the implemented projects. The main share is occupied by the following regions: Shymkent – 18%, Karaganda region – 17%, Almaty – 12%, Aktobe region – 11%. A significant share of the city of Shymkent in the regional context of job creation can be explained by the implementation of the project modernization and reconstruction of the Shymkent oil Refinery of PetroKazakhstan Oil Products LLP, as mentioned in the previous section. The indicator of job creation for projects implemented through DBK, by industry, represented by the table 5.

Table 5. Job creation by industry

Industry	H1 2021	2020	2019	2018	Total
Extraction of metal ores	-	-	-	-	-
Information and communication	-	192	-	-	192
Metallurgical production	636	-	350	-	986
Oil refining	-	-	935	15	950
Production of cars, trailers and semi-trailers	-	700	-	-	700
Beverage production	-	-	-	275	275
Food production	-	300	-	683	983
Manufacture of other machinery and equipment	-	80	-	400	480
Production of building materials	-	-	-	-	-
Production of electrical equipment	-	-	220	-	220
Transportation and warehousing	-	-	200	128	328
Tourist infrastructure	100	635	-	-	735
Chemical industry	-	-	-	16	16
Energy	-	35	58	-	93
Total	736	1,942	1,763	1,517	5,958

Source: Based on [28]

The main share is occupied by the following industries: metallurgical production – 17%, oil refining – 16%, food production – 16%, tourist infrastructure – 12%, production of cars, trailers and semi-trailers – 12%. A significant share of the metallurgical industry in the structure of economic sectors can be explained by the implementation of the project the construction of ore mining and processing industrial complex for processing polymetallic ores in the Zhayrem settlement, Karaganda region. The share of new jobs created within the framework of implemented projects in the total actual number was: in 2018 - 0.017%, in 2019 - 0.02%, in 2020 - 0.022% and in the first half of 2021 - 0.008%. [26]

Summary

Based on the above data, it follows that the contribution of the DBK to the creation of new jobs, in relation to the total number of able-bodied populations, is insignificant. The dynamics of the creation of new jobs, within the framework of implemented projects, for the above period shows that a significant share is occupied by the following regions: Shymkent and Karaganda region. This is due to the implementation of oil refining and metallurgical industry projects.

1.2.2 Analysis of export

This section presents an analysis of an important macroeconomic indicator as amounts of export, within the framework of projects implemented by DBK. Based on the composition of export products, it is already possible to draw conclusions about the main activity in the country. According to the export structure for 2022, a total of goods worth \$ 84.4 billion were exported, of which fuel and energy resources amounted to \$ 51.8 billion, including oil worth \$46.9 billion (56% of total exports). [26] This confirms that Kazakhstan is still largely dependent on the sale of oil and the conjuncture of prices per barrel of Brent. The export amounts by region are represented in the table 6.

Table 6. Export by region

Region	H1 2021	2020	2019	2018	Total
East Kazakhstan region	660,122	948,415	451,269	281,074	2,340,880
Shymkent	258,171	540,001	107,723	3,747	909,642
Pavlodar region	139,055	198,578	199,067	173,815	710,515
Atyrau region	124,872	215,345	255,219	-	595,436
Karaganda region	22,021	23,830	20,760	16,879	83,490
Almaty	16,089	8,176	32,035	8,718	65,018
Zhambyl region	13,863	34,390	27,774	25,085	101,112
Mangystau region	3,660	7,216	4,584	5,901	21,361
Aktobe region	3,329	11,036	8,641	105,890	128,896
North Kazakhstan region	1,187	4,065	3,285	3,054	11,591
Kostanay region	972	4,371	4,292	4,580	14,215
West Kazakhstan region	964	1,981	5,120	14,900	22,965
Almaty region	862	7,798	8,248	2,743	19,651
Akmola region	-	-	-	-	-
Kyzylorda region	-	-	-	-	-
Interregional project	-	-	-	-	-
Nur-Sultan	-	-	-	-	-
Turkestan region	-	1,838	-	1,845	3,683
Total	1,245,167	2,007,040	1,128,017	648,231	5,028,455

Source: Based on [28]

In total, in 2018 and the first half of 2021, within the framework of implemented projects, the total amount of exports amounted to 5,028.455 billion tenge. Based on regional composition, the following 3 regions occupy 79% of the total amount of export: East Kazakhstan – 47%, Shymkent – 18% and Pavlodar region – 14%. It is noteworthy that the difference between the

amounts of exports from East Kazakhstan region and Shymkent is 2.5 times. The export amounts by industry are represented in the table 7.

Table 7. Export by industry

Industry	H1 2021	2020	2019	2018	Total
Metallurgical production	577,531	871,946	399,347	178,481	2,027,305
Oil refining	381,227	751,187	364,705	-	1,497,119
Extraction of metal ores	246,299	307,198	298,853	398,930	1,251,280
Chemical industry	17,593	41,685	32,505	14,900	106,683
Production of cars, trailers and semi-trailers	14,327	-	-	-	14,327
Food production	4,620	23,901	20,739	8,718	57,978
Beverage production	1,762	8,176	9,619	14,123	33,680
Production of electrical equipment	1,753	2,946	2,247	-	6,946
Manufacture of other machinery and equipment	55	-	-	-	55
Information and communication	-	-	-	1,845	1,845
Production of building materials	-	-	-	-	-
Transportation and warehousing	-	-	-	-	-
Tourist infrastructure	-	-	-	31,232	31,232
Energy	-	-	-	-	-
Total	1,245,167	2,007,039	1,128,015	648,229	5,028,450

Source: Based on [28]

Just as in Table 4, the metallurgical industry occupies a leading place in terms of exports. Metallurgical production, oil refining and extraction of metal ores industries occupy, collectively, 95% of the total amount of exports for projects for the given period. The number of projects under financing as of 31 December 2021 and the profit from the export of products and services are presented by Table 8.

Table 8. Number of projects and revenue from export

Industry	Number of projects under administration with commissioned capacities	Revenue from the export of products/ services	
		mIn KZT	%
Metallurgical Industry	10	1,169,868	43.72%
Oil refining	7	867,140	32.41%
Mining and metallurgical complex	1	447,601	16.73%
Mechanical Engineering	12	101,266	3.78%
Chemical Industry	6	54,974	2.05%
Food Industry	11	26,889	1.00%
Production of building materials	1	8,194	0.31%
Energy	9	-	-
Transportation and warehousing	11	-	-
Information and communication	5	-	-
Tourist infrastructure	4	-	-
Total	77	2,675,931	100%

Source: Financial statements of DBK

Detailed information was represented by tables B.1 and B.2 (APPENDIX B). According to the catalog of manufactured products on the DBK website, the following products are produced in the metallurgical and mining complex: rails for high-speed railways, shaped rolled products, ferrosilicon 75, metallic zinc, silver, copper, Dore alloy ingots with 88% gold content.

Summary

The proportion of Kazakhstan's total exports attributable to exports from DBK-implemented projects increased from 4.2% in 2017 to 10.9% in the first half of 2021. It should be noted that for the first half of 2021, the share of exports of implemented projects in East Kazakhstan region and Shymkent city, in the region's exports, amounted to 100%. Also, by industry, the share of exports of completed projects in oil refining in 2021, in exports by industry, amounted to 100%. Thus, the proportion of GDP attributable to the volume of goods and services produced by investment projects and export operations financed by the DBK increased from 1.6% in 2017 to 6.4% in the first half of 2021.

Thus, during the period under review, it can be concluded that in the context of exports, within the framework of ongoing projects, there is a significant impact of DBK projects. However,

in the context of products and industries, it is necessary to highlight that mining is also present in the structure of manufactured products.

It should also be emphasized that oil and petrochemicals are producing such types of products as fertilizers and nitrogen-containing mixtures (sodium cyanide), mineral fertilizers (yellow phosphorus and phosphorus-containing products), ammonium nitrate, which can be actively used in the agro-industrial complex.

1.2.3. Participation in state programs

This section is an analysis of the participation of DBK in state programs, such as Nurly-zhol and SPIID 2. DBK JSC is positioned as an operator of state programs, such as SPIID-1, SPIID-2, Nurly-Zhol and others. Detailed information regarding the participation in programs SPIID-2 and Nurly-Zhol represented in tables C.1 and C.2 (APPENDIX C) respectively.

According to the table C.1, out of the total cost of the projects approved for financing under the SPIID-2, Atyrau Oil Refinery LLP, Aktobe Rail and Block Plant LLP, PetroKazakhstan Oil Products LLC and Prommashkomplekt LLC occupy 64.45% and amount to 1,894,130 million tenge. The amount of allocated funding for these projects is 236,553 million tenge, which is equal to 41.08% of the total amount of allocated funding. It should be noted that the financing for the construction of a deep oil refining complex, realized by Atyrau Oil Refinery LLP was received directly from the DBK and within the framework of the SPIID-2.

Table C.2 shows a list of 25 export operations that received funding under the Nurly-Zhol. Within the framework of the program, 247.5 billion tenge was attracted, of which 217.5 (88%) from the National Fund of the Republic of Kazakhstan. Financing was distributed in 4 directions: exporters - 25 export operations totaling 773.035 billion tenge, interbank lending to large enterprises in the amount of 195.5 billion tenge, manufacturers of motor vehicles - 93.8 billion tenge and the production of wagons - 22.5 billion tenge. Within the framework of Nurly-Zhol, these directions were financed for the following amounts: 95 billion, 100 billion, 30 billion, 22.5 billion tenge, respectively. 16,570 passenger cars were sold and 1,019 units of special equipment

were leased, 28 passenger and 1,108 freight cars were produced. The total amount of approved loans amounted to 156.987 billion tenge.

Summary

Positive effects on economy can be estimated based on the following:

First of all, as an operator of government programs such as SPIID-2 and Nurly-zhol, DBK plays an important role in the implementation of these projects, which aim to promote economic development and diversification. The funding provided by the DBK for these programs contributes to the development of various sectors and industries, such as oil refining, manufacturing, transportation and infrastructure, which in turn stimulates economic growth.

Secondly, the granting of direct loans to projects financed by the DBK has generated employment and income generation. The tables presented in the information show that the projects financed by the DBK generated significant revenues from the sale of goods and services, as well as from exports. In addition, these projects have contributed to the development of specific regions of Kazakhstan, such as the East Kazakhstan, Pavlodar and Karaganda regions.

Nevertheless, the contribution of the DBK to the creation of new jobs, in relation to the total number of able-bodied populations, is insignificant. There is also an open question regarding the uneven distribution of funding by region. Since the projects being implemented are mainly concentrated in East Kazakhstan, Atyrau, Pavlodar and Aktobe regions, and contribute to the development of these regions.

It is necessary to pay attention to the fact that Zhambyl, Kyzylorda and Northern Kazakhstan regions occupy the last places in the regional structure of implemented DBK projects. In total, the share of these regions is 3.19%, which is 5 times less than one Atyrau region. These conclusions are supported by the facts of low export rates and the creation of new jobs.

During the study of information portals and in general criticism of the activities of the DBK, it was found that the DBK and its parent company are the objects of criticism from the public.

The investigation into intentional defaults by DBK and the Investment Fund of Kazakhstan emphasizes the need for increased openness and accountability in the institution's operations. The investigation determined that DBK and the Investment Fund of Kazakhstan intentionally bankrupted a number of companies they had financed, resulting in significant losses for the economy of Kazakhstan. [30]

This behavior raises significant questions about the institution's and management's integrity and ethical practices. The investigation highlights the need for stricter regulations and supervision to prevent such misconduct and ensure that DBK fulfills its mandate to promote responsible and ethical economic development in Kazakhstan

It is also important that the problematic glass factory was funded by the DBK. This case will be considered in more detail in the next section.

1.3 The case of Orda Glass

The flat glass manufacturing plant was included on the 2015-2019 Republican Industrialization Map. The launch of the glass factory will have a huge impact not only on the socio-economic development of the Syrdarya region, but will also open a new industry in the economy of Kazakhstan. 300 individuals participated in the construction of the plant, and 226 individuals will be employed during its operation. In the Industrial Zone of Kyzylorda is the glass facility for the production and processing of flat glass with a capacity of 197,100 tons per year or 600 tons per day. This one-of-a-kind initiative in Kazakhstan costs 43.7 billion tenge, of which 33.6 billion will be borrowed from the "Baiterek" holding's subsidiary, JSC "Development Bank of Kazakhstan." [31]

In accordance with the plans, this facility was to be operational in 2017. After the corruption scandal broke, the plant was placed into operation in early 2022, and flat glass production has already begun by October 2022.

We provide a description of the main points related to the scheme of embezzlement of public funds, based on the verdict in case No. 7198-17-00-1/65.

On November 18, 2014, at the initiative of K.V. Bishimbayev, to finance the Project, the State Commission for the Modernization of the Economy of the Republic of Kazakhstan approved measures of its state support in the form of a concessional loan at 2% per annum with deferred payment for 3 years for a period of 20 years from the authorized capital of DBK JSC.

Due to the attractiveness of the Project, K.V. Bishimbayev planned to receive bribes on an especially large scale from interested parties for knowingly illegal actions to assist in concluding a contract for the construction of a plant for the production and processing of flat glass in the city of Kyzylorda, and also organized the theft of construction funds.

Beginning in 2015, in order to implement the project, JSC "IFK" and the foreign company "Stewart Engineers Inc" established and registered with the justice authorities a joint project company - a Limited Liability Partnership (hereinafter LLP) named "Orda Glass LTD" D.M.

Ibrashev was appointed Chairman of the Board of Orda Glass LTD LLP, with IFK JSC holding a stake of 79.79% and Stewart Engineers Inc holding 20.21%.

Due to the fact that one of the contractors could not get a bank guarantee, the Chairman of the Board of NMH Baiterek used this circumstance for personal enrichment. Since “Shymkent Himmontazh” LLP intended to participate in the construction of the plant, K.V. Bishimbayev put forward a demand for the transfer of a bribe in the amount of 2 million US dollars. [32]

After receiving the amount of 371.8 million tenge, K.V. Bishimbayev instructed the Chairman of the Board of JSC "IFK" and the Chairman of the Board of LLP "Orda Glass LTD" to make an advance payment to LLP "Shymkent Chemical Plant". Thus, the theft of public funds was carried out at the expense of the credit funds of DBK JSC. Also, there were no obstacles on the part of the DBK to make an advance payment to “Shymkent Himmontazh” LLP.

The Chinese company King Charm Development Limited (KCDL) was able to conclude the long-suffering glass factory's construction. KCDL is the project's primary investor and has extensive experience in the manufacture of flat glass. In October of the previous year, the company introduced its first glass. According to specialists, the facility is currently operating at maximum capacity.

To date, the project has cost \$150 million. The daily capacity of the business is 600 tons of goods. The facility employs 400 specialists, 240 of whom are Kazakh. [33]

As a result, the following turned out:

1. King Charm Development Limited (KCDL) became the sole owner of Orda Glass Ltd.
2. To repay the loan to DBK JSC, KCDL provided a long-term loan to Orda Glass Ltd.
3. Since the debt to DBK JSC was repaid, it disappeared from the list of funded projects.

Additionally, this case demonstrates that the issue is more complex than it initially appears. The concept of constructing a glass factory is highly appealing and essential for the diversification of Kazakhstan's economy. The root of the problem is corruption. And cases like that of Orda Glass are the consequence.

2. Findings from primary data

Interviews have been conducted as a part of the research as primary data. 10 interviews with current and former workers of JSC DBK and another representative of the financial sector have been planned to conduct. However, the former and current workers of the JSC DBK and several professionals of an audit practice have rejected the conduct of interviews. They referred to the Non-disclosure agreement. As a result, during the research 4 interviews has been conducted. In this point of view, that fact will be considered as the limitation of the research.

2.1 DBK's position and functions

According to the answers of all participants, JCS DBK occupy the special place in the structure of the Kazakhstan's financial system. Participants 1, 2, 3 and 4 consider the JSC DBK as a bank separately placed with second tier banks with a special mission and purposes. Regarding the answer of the first, second and fourth interviewee, they are considering the DBK as a key player in the development finance market, which focuses on supporting projects aimed at developing the country's economy and infrastructure.

Participant 3 is considering slightly different point – theoretical and practical. In theoretical point - the subsidiary of Baiterek is involved in the distribution of resources for the economic development of Kazakhstan. It finances the nation's basic materials and industrial sectors. In practice – all investments have been transferred to major market players.

Participants highlight the following as a feature of JSC DBK in comparison with the second-tier banks:

1. Specialized conditions for financing of projects with low interest in comparison with the market.
2. Source of finance. Participant 1 and 3 emphasize that the DBK distribute state funds within the framework of financing of projects.

2.2 Examples of financed projects

The interview participants are familiar with the activities of the DBK and identify different projects with which they are familiar. As an example, participant 1 provides the case of BioOperations placed in Taiynsha city in North-Kazakhstan region. The company under the financing of DBK and produce wheat gluten, wheat starch, bioethanol, carbon dioxide (food additive), flour. This enterprise is the first in Kazakhstan to produce biological fuel as an alternative to gasoline. This project is fascinating for the following reason: after receiving funding, they were unable to repay the loan. BioOperations was able to rehabilitate itself following refinancing and loan repayments at the cost of the guarantor. Due to the production of bioethanol, their revenue increased, and their production became waste-free after receiving funding from the DBK.

Participants 2 cited MODEX as an example of a project they are familiar with. This plant is located within an industrial complex in Astana. MODEX is the first plant in Kazakhstan to produce building blocks using novel technology for block construction. This project is exciting because it allows for the rapid construction of various objects. Upon conclusion of technological operations, the resulting module is transported to the finished product warehouse, where it is completely prepared for installation before being delivered to the construction site.

Participant 3 provided several examples of projects financed by the DBK and underlined socially significant in the framework of tourism development - construction of “Karavansaray Turkistan” in the city of Turkestan, the architecture of which is made in the Oriental style. The cost of the project amounted to about 87 billion tenge (participation of DBK 40 billion or 46%). also, the issues with the poor quality of construction has mentioned.

Participant 4 provided short description of financed projects and underlined the railway infrastructure modernization project and renewable energy power plant construction project. The railway infrastructure modernization initiative aims to improve Kazakhstan's transport infrastructure and increase its efficiency, thereby contributing to the country's economic growth.

The objective of the initiative to construct a renewable energy power plant is to diversify Kazakhstan's energy supply sources and lessen its reliance on oil and gas.

2.3 Project success assessment and selection criteria

In order to the assessment of the success of projects participants provides similarities in answers: economic efficiency, social effect, project sustainability, environmental safety and others. The effectiveness of the project can be measured in monetary terms or in non-financial indicators, such as the number of jobs created. Participant 3 mentioned the financial management metrics, including the timing of the project's commissioning, compliance with the terms of reference, quality, deviations from the plan, and the significance of the region's development. In general, various criteria should be applied depending on the project; the above are typical metrics.

The answers of Participant 2 were slightly different from the answers of other participants. As a valuation specialist, he identified the number of assets, cash flows and EBITDA as obvious indicators of project profitability. The indicator was also highlighted as stability, which is expressed in the percentage growth of the project.

In turn, participant 1 described the stages of transition of projects from reliable to unreliable. Projects become problematic if the amount of payments becomes less than the contractual amount and the borrower begins to request the extension of the grace period. Depending on how the DBK borrowers pay their obligations, they are categorized into 3 stages, as constant monitoring is carried out: projects fall into the first stage if the payment amounts are half of the agreed, in the second stage the assessment of collateral begins, in the 3rd stage the assessment of collateral takes place. In extreme cases, the company is declared bankrupt and the property is sold. Provided that the project is able to be rehabilitated, the project can be refinanced in another bank. The case of BioOperation was cited as an example of such rehabilitation. The work of risk managers and analysts in monitoring and protecting projects at the financing discussion was also highlighted. Each risk manager and analyst are responsible for different

projects. Since they are fully responsible to the management of their projects, they do their work in full and carefully approach the evaluation of projects.

Participant 2 mentioned the strict project selection criteria. Thus, there is a barrier to obtaining financing.

2.4 Recommendations and criticisms for DBK's activities

Regarding recommendations and negative aspects Participants 1 and 3 mentioned the need to finance small businesses. As a suggestion for improving activities, a greater focus on socially important projects was proposed. Participant 3 provided own thoughts - if the project has a real payback period and it is profitable, with a positive cash flow, then it is better for such project to get financing from any second-tier bank. And the DBK funds should be directed to riskier and less profitable projects with greater social significance. In turn, Participant 1 highlighted that funded projects from petrochemicals occupy a large share in the DBK loan portfolio.

Participants 2 and 4 notes that criticism from the President of the Republic of Kazakhstan has made some changes. Whereas participant 3 expressed the opposite opinion in the form of a thesis: "They criticized, changed the management, made it seem that it works and that's it. Then we forgot and continue to work at the same pace further. And the loan portfolio has not changed "

Summary

Summarizing the results of the conducted interviews:

Participants emphasized the crucial role of the DBK in the economic growth of Kazakhstan due to its substantial funding. There were provided examples of fascinating initiatives that are exclusive to Kazakhstan. The presence of such initiatives influences economic growth through the creation of new jobs and other indicators. These remarks pertain to the significance of a financial institution such as the DBK and its available resources.

Concluding remarks

This chapter represents the findings of the study of influence of the quasi-state corporations on developing country in case of JSC DBK and economy of Kazakhstan, the positive and negative sides of DBK relating on funding for social significant projects. The main goals of this chapter the following: evaluating and summarizing the findings from secondary and primary data, the results of the study can be used as a foundation for further research in are of Development institutions, as the study provides a new perspective on the topic.

The purpose of the study was based on the analysis of the activities of the JSC DBK in financing investment projects and evaluating the investment activities of the Bank by considering analysis of financial statements and the failure case. The conclusions of the findings some recommendations and further directions of the topic development will be presented in this chapter.

The role of JSC DBK plays in economy of Kazakhstan has been described in the chapter Background on the JSC DBK. The findings as follows: DBK JSC is a national development institute supported by public funds, one of the tools used by the government of the Republic of Kazakhstan to carry out the nation's investment policy. It serves as a facilitator for financing innovative, industrial, and industrial programs, the outcomes of which are intended to produce socially significant economic effects, and it possesses all the characteristics of a credit institution with banking functions.

In order to answer sub-question, the analysis of loan portfolio and participation in state programs has been performed. Summing up the analysis, the following conclusions were made.

Through its participation in government programs and the provision of direct loans for various initiatives, the Development Bank of Kazakhstan (DBK) has a positive impact on the economy. The financing provided by DBK contributed to the growth of industries such as hydrocarbon refining, manufacturing, transportation, and infrastructure, thereby contributing to economic expansion. In regions such as East Kazakhstan, Pavlodar, and Karaganda, in particular,

these initiatives have provided employment, income, and significant revenues from goods, services, and exports.

The findings from primary data can be summarized as follows: all participants concurred that JSC DBK occupies a unique position in the structure of Kazakhstan's financial system, as its mission and objectives distinguish it from second-tier banks. The participants identified numerous projects financed by JSC DBK and described their characteristics, such as special conditions for financing low-interest projects and the distribution of state funds for project financing. Economic efficiency, social impact, project sustainability, environmental safety, financial management metrics, timing, quality, deviations from the plan, and the significance of the region's development were used to evaluate the success of the projects.

The study revealed that JSC DBK financed projects intended at developing the nation's economy and infrastructure, such as BioOperations, MODEX, railway infrastructure modernization, construction of renewable energy power plants, and "Karavansaray Turkistan" construction. After obtaining refinancing and loan repayments at the expense of the guarantor, BioOperations was cited as a successful example of rehabilitation. The risk managers and analysts monitor and safeguard the projects with great care, and each is solely accountable for the management of their projects.

The answer to the research question is as follows: the influence of DBK on the economy of Kazakhstan is multifaceted. This has made a positive contribution to economic growth and development through the implementation of government programs, project financing and the development of certain regions and industries. Nevertheless, there are concerns about the sectoral and regional distribution of funds. It was also noted that larger companies have a significant share in the financing structure, as previously presented.

However, given the authoritarianism of the regime in Kazakhstan, the problems of such regimes have not been spared by development institutions. One of the examples given, the glass factory in Kyzylorda is not the first and not the last example. Within the framework of the study,

there are certain limitations that do not allow to comprehensively disclose such incidents (for example: the bankruptcy of a tannery in Semey, the bankruptcy of textile enterprises "Melange" and "Utex" and others) in which DBK, IFK and the parent company "Baiterek" actively participated.

These conclusions and limitations leave an opportunity for further investigation of the issue regarding the importance of quasi-state institutions in countries with an authoritarian regime of power. Since the idea of such institutions, in itself, has positive effects. Criticism of these institutions in Kazakhstan by news sources and officials leaves room for further research.

References

- [1] De Luna-Martinez, J., & Vicente, C. (2012). Global Survey of Development Banks. The World Bank eBooks. <https://doi.org/10.1596/1813-9450-5969>
- [2] Official website of Development Bank of Kazakhstan JSC | JSC “Development Bank of Kazakhstan.” (2023, July 4). <https://www.kdb.kz/en/>
- [3] Kulshmanov, A. (2022, January 25). The head of the DBK left the post after Tokayev's criticism. Main News of Kazakhstan - Tengrinews.kz. https://tengrinews.kz/kazakhstan_news/glava-brk-pokinul-post-posle-kritiki-tokaeva-460149/
- [4] Stephany Griffith-Jones (2022, April), “The role public national development banks play in the structural transformation of developing countries.”/ United Nations Conference on Trade and Development/ https://unctad.org/system/files/information-document/BRI-Project_policy-brief-01_en.pdf
- [5] Stephany Griffith-Jones, “The case and role for development banks; the European example”/ https://policydialogue.org/files/events/background-materials/Stephany_Paper.pdf
- [6] C.P. Chandrasekhar, “National development banks in a comparative perspective”, RETHINKING DEVELOPMENT STRATEGIES AFTER THE FINANCIAL CRISIS, p.21-30, 2016
- [7] De Luna-Martinez, Jose; Vicente, Carlos Leonardo; Arshad, Ashraf Bin; Tatucu, Radu; Song, Jiyoung. 2017 Survey of National development banks (English). Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/977821525438071799/2017-Survey-of-National-development-banks>
- [8] Purboadji, A., Hakim, D. B., Siregar, H., & Sembel, R. (2021). Strategies For Increasing MSME Credit Growth in Regional Development Banks in Emerging Countries: Analytical Hierarchy Process Approach. International Journal of Management (IJM), 12(7).

- [9] Puad, N., Rafdi, N., Sanusi, S., & Shahar, W. (2017). A Review on Development Financial Institutions in Malaysia. In 4th International Conference on Management and Muamalah (pp. 487-496).
- [10] Xu, J., Ren, X., & Wu, X. (2019). Mapping Development Finance Institutions Worldwide.
- [11] Kuchukova, N. K. (2020). Financial aspects of the Third modernization of the economy of Kazakhstan. <https://www.enu.kz/downloads/mart-2021/finansovye-aspekty-monografiya.pdf>
- [12] Omarova, F. A. The impact of public finance on the modernization of the economy of the Republic of Kazakhstan / F. A. Omarova // Actual problems of financial sector development: Materials of the VI International Scientific and Practical Conference, Tambov, November 08, 2018 / Responsible editor Ya.Yu. Radyukova. – Tambov: Tambov State University named after G.R. Derzhavin, 2018. – pp. 156-170. – EDN PJCLPW.
- [13] Rakhmetova, A.M. Financial support of innovative projects through development institutes / A.M. Rakhmetova, B. S. Esengeldin, G. M. Kalkabayeva // Bulletin of Karaganda University. Series: Economics. – 2019. – Vol. 94, No. 2. – PP. 113-120. – EDN BALUWC.
- [14] Zhaksybergenov, A. K. (2012). The role of financial instruments and institutions in the development of the industrial and innovative economy of Kazakhstan. <https://repository.almau.edu.kz/xmlui/bitstream/handle/123456789/147/Rol'FinansovykhInstrumentovIInstitutovVRazvitiiIndustrial'no.pdf?sequence=1>
- [15] Yesymkhanova, Z. K., Dauletkanova, Zh. D., & Alpysbayev, K. S. (2020). Leasing as a financial instrument for the development of the innovative economy of Kazakhstan. Editorial Board: PM Pershukevich, Academician of the Russian Academy of Sciences, 2016, 37-39. https://case.asu.ru//files/form_312-38825.pdf#page=38

- [16] Nurlikhina, G. B., Telagusova, E. O., & Kanabekova, M. A. (2017). Innovative activity in kazakhstan: condition and development. In Russia and Europe: The Connection between Culture and Economics (pp. 307-309). https://www.elibrary.ru/download/elibrary_32457018_15841653.pdf
- [17] Kalkabayeva, G. (2023). The growth potentials of green finance in Kazakhstan in the context of the development of digital technologies. "memlekettik audit – state audit", 58(1), 68-79. <https://doi.org/10.55871/2072-9847-2023-58-1-68-79>
- [18] About us | JSC "Development Bank of Kazakhstan". (n.d.-b). <https://www.kdb.kz/bank/about-us>
- [19] Memorandum on the credit policy of DBK JSC <https://kdb.kz/bank/about-us/>
- [20] Law on the Development Bank of Kazakhstan <https://kdb.kz/bank/about-us/>
- [21] Budget Code of the Republic of Kazakhstan https://online.zakon.kz/document/?doc_id=30364477
- [22] Alvi, M. H. (2016). A Manual for Selecting Sampling Techniques in Research. MPRA Paper, 70218, 1–56. https://mpra.ub.uni-muenchen.de/70218/1/MPRA_paper_70218.pdf
- [23] Creswell W. (2022). Qualitative Inquiry and Research Design: Choosing among Five Approaches 2nd edition by John W. Creswell (2006) Paperback (2nd Second edition). Sage Publications, Inc; 2nd edition.
- [24] Official exchange rates on average for the period | National Bank of Kazakhstan. <https://nationalbank.kz/ru/news/oficialnye-kursy?page=1>
- [25] Main page — Official website of the President of the Republic of Kazakhstan. (n.d.). Akorda.kz. <https://www.akorda.kz/en>
- [26] Demographic statistics - Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics. (n.d.). <https://stat.gov.kz/en/industries/social-statistics/demography/>

[27] Financial and Annual Reports | JSC “Development Bank of Kazakhstan.” (n.d).
<https://www.kdb.kz/en/investors/financial-and-annual-reporting/>

[28] On determining the parameters of financial stability (coefficients) Development Bank of Kazakhstan, their threshold values and approval of the methodology for calculating the threshold values of financial stability parameters (coefficients) Development Bank of Kazakhstan - IPS “Adilet.” (n.d.). <https://adilet.zan.kz/rus/docs/P1500000250/links>

[29] Research and publications | JSC “Development Bank of Kazakhstan.” (n.d).
<https://www.kdb.kz/en/analytics/research-and-publications/>

[30] Investigation: in the footsteps of the DBK. (n.d).
https://longreads.cabar.asia/rus_ifk_brk

[31] Official website of National Management Holding “Baiterek.” (n.d).
<https://baiterek.gov.kz/ru/pr/news/v-kyzylorde-razozhgli-plavilnuyu-pech-stekolnogo-zavoda>

[32] Judicial office. <https://office.sud.kz/new/lawsuit/>

[33] Tuleshova, A. (2023, March 19). Glass Factory: how the most scandalous project of the Kyzylorda region is being implemented. baigenews.kz. https://baigenews.kz/stekolnyy-zavod-kak-realizuetsya-samyy-skandalnyy-proekt-kyzylordinskoy-oblasti_149438/

Table A.1 - Credit products of JSC DBK

№	Type	Description
1	2	3
	Medium- and long-term lending of investment projects	It is aimed at creating new, expanding and updating existing production facilities, including the acquisition of assets, blocks of shares (participation interests), property complexes. The minimum loan amount is 7 billion tenge. For projects implemented in the field of food and beverage production, as well as public-private partnership projects — 3 billion tenge The minimum loan term is 5 years. The amount of the company's own participation is at least 20% of the amount of the investment project estimate.
	Lending to current activities	As part of an investment project for the purpose of replenishing working capital. The maximum share of the loan provided is up to 40% of the amount of the approved credit line for the project, unless otherwise established by the decision of the authorized body. The loan term is less than the term of financing the investment project
	Crediting of export operations	It is aimed at stimulating the export of works and services performed by residents of the Republic of Kazakhstan, as well as the export of products manufactured in the territory of the Republic of Kazakhstan. The minimum loan amount is 1 billion tenge (If the Bank participates in financing export operations, the financing conditions of which are approved by the Government of the Republic of Kazakhstan, then this requirement to limit the minimum amount of DBK financing does not apply) The loan term is determined depending on the conditions of the export operation

1	2	3
	Project financing	<p>Lending to investment projects, the main source of repayment of borrowed funds for which are cash flows and income from the implementation of the project.</p> <p>The minimum amount is 7 billion tenge</p> <p>Up to 20 years</p> <p>the amount of the company's own participation is at least 30% of the amount of the investment project estimate.</p>
	Syndicated financing	<p>Lending of investment projects, which is carried out through the joint participation of DBK and banks</p> <p>The minimum amount is 7 billion tenge</p> <p>The minimum loan amount by the Bank is 3.5 billion tenge.</p>
	Provision guarantees	<p>Provision of bank guarantees, securities and other liabilities for the third parties. The minimum loan amount is 7 billion tenge. Maximum loan term - up to 20 years</p>
	Interbank lending	<p>Financing of end borrowers through conditional financing by second-tier banks. Target group: large business entities implementing projects in the manufacturing industry.</p> <p>Grace period for payment of principal debt – not more than 24 months.</p> <p>Financing limit per borrower – up to 7 bln tenge.</p>

APPENDIX B

Table B.1 – Socio-economic indicators in the context of regions achieved by the results of 2021 in the framework of direct lending to projects

Region/city	Number of projects under administration with commissioned capacities	Average number of employees in the company		Production (revenue from sales) of products/ services		Revenue from the export of products/ services		Taxes and other payments to the budget		New jobs have been created	
		unit	%	mln KZT	%	mln KZT	%	mln KZT	%	unit	%
East Kazakhstan region	10	20,952	31.30%	2,012,987	45.70%	1,298,371	48.50%	95,187	24.30%	918	48.90%
Pavlodar region	7	9,532	14.20%	617,720	14.00%	258,827	9.70%	83,896	21.40%	-	-
Kostanay region	3	3,514	5.20%	407,337	9.20%	37,855	1.40%	3,658	0.90%	-	-
Almaty	5	3,595	5.40%	273,028	6.20%	59,810	2.20%	14,591	3.70%	-	-
Atyrau region	3	1,875	2.80%	236,781	5.40%	237,664	8.90%	76,947	19.60%	-	-
Shymkent	6	2,761	4.10%	212,781	4.80%	637,832	23.80%	60,869	15.50%	152	8.10%
Karaganda region	4	4,124	6.20%	178,346	4.00%	66,943	2.50%	25,387	6.50%	636	33.90%
Nur-Sultan	5	1,814	2.70%	87,789	2.00%	-	-	3,139	0.80%	-	-
Interregional project	7	2,564	3.80%	72,632	1.60%	15,095	0.60%	8,981	2.30%	70	3.70%
Mangystau region	5	5,558	8.30%	68,349	1.60%	-	-	3,435	0.90%	-	-
Akmola region	4	1,478	2.20%	66,789	1.50%	-	-	2,682	0.70%	-	-
Aktobe region	2	897	1.30%	61,441	1.40%	9,518	0.40%	5,442	1.40%	-	-
Zhambyl region	4	2,945	4.40%	52,550	1.20%	39,767	1.50%	1,545	0.40%	-	-
Almaty region	4	3,382	5.00%	30,341	0.70%	9,182	0.30%	3,126	0.80%	-	-
Kyzylorda region	2	236	0.40%	11,126	0.30%	-	-	1,082	0.30%	-	-
West Kazakhstan region	2	381	0.60%	6,670	0.20%	1,203	0.04%	830	0.20%	-	-
Turkestan region	3	1,172	1.70%	5,444	0.10%	1,562	0.10%	818	0.21%	100	5.30%
North Kazakhstan Region	1	265	0.40%	2,301	0.10%	2,301	0.10%	72	0.02%	-	-
Total	77	67,045	100%	4,404,412	100%	2,675,930	100%	391,687	100%	1,876	100%

Table B.2 – Socio-economic indicators in the context of economic sectors achieved by the results of 2021 in the framework of direct lending to projects

Region/city	Number of projects under administration with commissioned capacities	Average number of employees in the company		Production (revenue from sales) of products/ services		Revenue from the export of products/ services		Taxes and other payments to the budget		New jobs have been created	
		unit	%	mIn KZT	%	mIn KZT	%	mIn KZT	%	unit	%
Metallurgical Industry	10	23,736	35.40%	2,024,864	46.00%	1,169,868	43.70%	71,806	18.30%	636	33.90%
Mechanical Engineering	12	8,792	13.10%	746,985	17.00%	101,266	3.80%	21,141	5.40%	-	-
Oil refining	7	5,221	7.80%	555,086	12.60%	867,140	32.40%	197,488	50.40%	152	8.10%
Mining and metallurgical complex	1	2,650	4.00%	447,601	10.20%	4,476,010	16.70%	50,602	12.90%	900	48.00%
Energy	9	6,093	9.10%	241,080	5.50%	-	-	23,309	6.00%	18	1.00%
Chemical Industry	6	4,616	6.90%	109,119	2.50%	54,974	2.10%	9,492	2.42%	-	-
Transportation and warehousing	11	3,758	5.60%	98,509	2.20%	-	-	5,071	1.30%	-	-
Information and communication	5	1,814	2.70%	87,789	2.00%	-	-	3,139	0.80%	70	3.70%
Food Industry	11	8,268	12.30%	71,152	1.60%	26,889	1%	3,154	0.80%	-	-
Tourist infrastructure	4	941	1.40%	14,033	0.30%	-	-	1,082	0.30%	100	5.30%
Production of building materials	1	1,156	1.70%	8,194	0.20%	8,194	0.30%	5,403	1.40%	-	-
Total	77	67,045	100%	4,404,412	100%	6,704,341	100%	391,687	100%	1,876	100%

Table C.1 – Funding under the SPIID-2 program

Name of project	Name of borrower	Cost of project	Loan amount within SPIID-2	Disbursed amount within SPIID-2	Weight in cost	Weight in loan amount	Weight in disbursed amount	Disbursed amount on cost of project
Construction of a deep oil refining complex	ТОО «Атырауский нефтеперерабатывающий завод»	854,731	79,000	79,000	29.08%	14.32%	14.45%	9.24%
Construction of a rail-and-beam plant	Borrower	205,951	60,166	70,106	7.01%	10.91%	12.83%	34.04%
Reconstruction and modernization of Shymkent Oil Refinery	«ПетроКазахстан Ойл Продактс» LTD	779,342	51,447	51,447	26.52%	9.33%	9.41%	6.60%
Creation of a complex for the production of railway wheels	«Проммашкомплект» LTD	54,106	36,000	36,000	1.84%	6.53%	6.59%	66.54%
Construction of a gold recovery factory	ТОО «RG PROCESSING»>	176,554	34,800	34,800	6.01%	6.31%	6.37%	19.71%
Construction of a mining and processing plant for processing polymetallic ores in the village of Zhayrem, Karaganda region	АО «Жайремский горно-обогатительный комбинат»	141,990	33,000	33,000	4.83%	5.98%	6.04%	23.24%
Modernization of the plant for the production of mineral fertilizers with an increase in the design capacity for the production of finished products	«Ка3А3ОТ» JSC	58,222	30,043	30,043	1.98%	5.45%	5.50%	51.60%
Construction of a broiler poultry farm (Stage 1 and 2) in Akmola region	«Макинская птицефабрика» LTD	52,070	27,343	27,343	1.77%	4.96%	5.00%	52.51%
Construction of a ferrosilicon production plant	Borrower	36,591	24,120	24,120	1.25%	4.37%	4.41%	65.92%
Production of ecoclass K5 motor fuels (stages 1 and 2)	АО «Конденсат»	75,297	20,624	20,624	2.56%	3.74%	3.77%	27.39%
Introduction of LTE/GSM/UMTS networks on the territory of the Republic of Kazakhstan	ТОО «Мобайл Телеком-Сервис»	107,585	18,500	18,500	3.66%	3.35%	3.38%	17.20%
Construction of a Hyundai passenger car production plant in Kazakhstan	«Hyundai Trans Kazakhstan» LTD	31,845	17,000	17,000	1.08%	3.08%	3.11%	53.38%
Construction of a sodium cyanide plant with a capacity of 15,000 tons in Karatau	«Talas Investment Company» LTD	29,275	16,192	16,192	1.00%	2.94%	2.96%	55.31%
Construction of a transport and logistics center in Shymkent	«Continental Logistics Shymkent» LTD	16,064	11,800	11,800	0.55%	2.14%	2.16%	73.46%
Expansion of Aktau International Commercial Sea Port in the northern direction	«Актауский международный морской торговый порт» JSC	34,355	10,928	10,928	1.17%	1.98%	2.00%	31.81%
Modernization and reconstruction of zinc production facilities	Borrower	14,316	10,000	10,000	0.49%	1.81%	1.83%	69.85%
Development of the oil engineering plant of «AtyrauNefteMash»	ТОО «АтырауНефтеМаш»	14,178	9,502	9,502	0.48%	1.72%	1.74%	67.02%
Construction of a plant for the production of methyl tert-butyl ether in Shymkent	«Шымкентская химическая компания» LTD	13,697	9,000	9,000	0.47%	1.63%	1.65%	65.71%
Construction of a plant for the production of power transformers	Borrower	19,061	8,578	8,578	0.65%	1.55%	1.57%	45.00%
Construction of a processing plant, ferroalloy plant	Borrower	49,365	9,240	8,256	1.68%	1.67%	1.51%	16.72%
Gasification of settlements	Borrower	24,707	8,000	8,000	0.84%	1.45%	1.46%	32.38%
Construction of the Turgusun HPP in the East Kazakhstan region	ТОО «Тургусун-1»	13,393	5,000	5,000	0.46%	0.91%	0.91%	37.33%
Reconstruction of the passenger terminal of Astana International Airport	«Международный аэропорт Нурсултан Назарбаев» JSC	90,445	3,854	3,854	3.08%	0.70%	0.71%	4.26%
Construction of an oil press plant in Petropavlovsk	ТОО «Масло-Дел Петропавловск»	15,003	2,000	2,000	0.51%	0.36%	0.37%	13.33%
Construction of a photovoltaic power plant	Borrower	13,240	1,505	1,505	0.45%	0.27%	0.28%	11.37%
Construction of a radiator manufacturing plant (under consideration)	Borrower	17,580	14,000	-	0.60%	2.54%	0.00%	0.00%

Table C.2 – Funding under Nurly-Zhol program

Name of project	Name of borrower	Approved loan amount	Disbursement of credit funds with a cumulative total
Two pre-export sales operations: metallic zinc, lead, copper, silver bullion	Borrower	37,400	293,600
Passenger cars	«Hyundai Trans Kazakhstan» Ltd	24,613	59,328
Slabs, billets, pipes, rolled products (fittings), tin (loan is repaid)	«АрселорМиттал Темиртау» JSC	13,000	65,000
Sponge titanium, titanium ingots and alloys, magnesium and vanadium (loan is repaid)	«Усть-Каменогорский титано-магниевый комбинат» JSC	10,000	10,000
Ammonium nitrate	«КазАзот» JSC	9,000	14,032
Yellow phosphorus, sodium tripolyphosphate, ammophos	«Казфосфат» Ltd	7,000	127,439
Vegetable oils, cake	«Масло-Дел» Ltd	5,000	29,040
Vegetable oil	Altyn Shyghys JSC	5,000	5,000
Nonalcoholic drink	«RG Brands Kazakhstan» Ltd	4,980	31,767
Sunflower unrefined oil, sunflower meal	«QAZAQ-ASTYQ GROUP» Ltd	4,404	13,211
Vegetable oils, meal, household soap	«Шымкентмай» JSC	4,000	22,037
Confectionery products	«Баян Сулу» JSC	3,590	27,396
Railway wheels	«Проммашкомплект» Ltd	3,500	3,500
Starch, gluten, wheat	"Bio Operations" Ltd	3,250	3,250
Railways locomotives (loan is repaid)	ЗАО «Азербайджанские Железные дороги» /БРКЛ CJSC	2,988	2,988
Cable, wires, aluminum wire rod	"Казэнергокабель" JSC	2,750	2,750
Starch syrup and wheat flour	«АзияАгроФуд» Ltd	2,500	2,500
Alumina (loan is repaid)	«Алюминий Казахстана» JSC	2,312	6,936
Sodium cyanide	« TALAS INVESTMENT COMPANY » Ltd	2,200	4,960
Car batteries	«Кайнар-АКБ» Ltd	2,000	9,186
Milk and dairy products	«Молпродукт» Ltd	2,000	15,200
Vegetable oil	«Производственный комплекс Сей-Нар» Ltd	2,000	11,600
Power oil and dry transformers, substations	«Кентауский трансформаторный завод» JSC	1,500	10,132
Lubricating oils (loan is repaid)	«High Industrial Lubricants & Liquids Corporation» (HILL) Ltd	1,000	1,000
Auto couplings, traction clamps, pump housings, etc casting products	«Литейное производство» Ltd	1,000	1,183

