



Report and Recommendation of the President to the Board of Directors

Project Number: 41912
June 2007

Proposed Loan Republic of Kazakhstan: JSC Bank CenterCredit

In accordance with ADB's public communications policy (PCP, 2005), this abbreviated version of the RRP excludes confidential information and ADB's assessment of project or transaction risk as well as other information referred to in paragraph 126 of the PCP.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 17 May 2007)

Currency Unit	–	tenge (T)
T1.00	=	\$0.0083
\$1.00	=	T120

ABBREVIATIONS

ADB	–	Asian Development Bank
BCC	–	JSC Bank CenterCredit
CSP	–	country strategy and program
GDP	–	gross domestic product
JSC	–	joint stock company
NBK	–	National Bank of Kazakhstan
PSOD	–	Private Sector Operations Department
RRP	–	report and recommendation of the President
SMEs	–	small- and medium-sized enterprises

NOTE

In this report, "\$" refers to US dollars.

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I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed senior, unsecured loan of up to \$50 million (denominated in US dollars or tenge [T] equivalent), to JSC Bank CenterCredit (BCC), for the purpose of lending to small- and medium-sized enterprises (SMEs) in Kazakhstan. The design and monitoring framework is in Appendix 1.

II. RATIONALE: CHALLENGES AND OPPORTUNITIES

A. Kazakhstan Economy ¹

2. The Kazakh economy has demonstrated consistent strong performance since 2000, with high oil prices, foreign investment, and good macroeconomic management underlying the continuing economic boom in this oil-rich export economy. Gross domestic product (GDP) growth, led by the oil sector, averaged over 9% between 2000 and 2004, and reached 9.7% in 2005 and 10.6% in 2006. Inflation has remained moderate at 6.9% in 2004, 7.6% in 2005, and 8.6% in 2006. The tenge has gradually strengthened against the US dollar in recent years (appreciating 5% over 2006 as a whole). Future currency development will be influenced greatly by oil prices.

3. The private sector, representing 65% of GDP, is increasingly driving growth in the economy. Like most oil producers, Kazakhstan is currently in a comfortable fiscal position, with revenues easily meeting targets and with ample funds for short- and long-term social and infrastructure projects. Total external debt was approximately \$44 billion at the end of 2005, and was estimated at \$73.5 billion at the end of 2006.²

4. The medium-term economic outlook is positive assuming buoyant oil prices, foreign direct investment inflows, continuation of economic diversification, good macroeconomic management, and political stability. Overall, the economy is heavily dependent on oil price development.

5. The economy is expected to continue its strong performance in 2007/08, with GDP growth anticipated at 9.0% in 2007 and inflation anticipated to decline to 8.1%. Kazakhstan is rated Baa2/Baa1 by Moody's, BBB/BBB+ by Standard and Poor's, and BBB/BBB+ by Fitch for foreign currency long-term debt and local currency long-term debt, respectively.

B. Financial Sector and Banking

6. In keeping with the overall economic boom, the Kazakh financial sector has been growing very rapidly in recent years; the fastest growing sector after oil. Lending volumes have increased by an average of 40% per year in the last 5 years, and banking assets accounted for

¹ The information presented in this RRP presents a relatively brief overview of the challenges and opportunities in the Kazakh economy and banking market. These same issues and context were addressed in great detail in ADB. 2006. *Report and Recommendation of the President to the Board of Directors on Proposed Assistance to Private Banks in Kazakhstan*. Manila, which was submitted for loans to JSC Alliance Bank and Bank TuranAlem JSC. The treatment of these issues in that RRP remains highly applicable today, and readers wishing background to this RRP are encouraged to refer to pages 1–4 of the main text (sections entitled Kazakhstan Economy: Overview and Outlook, Small and Medium Enterprises' Contribution to the Economy, and Banking Sector in Kazakhstan), as well as appendices 1 and 2 (Kazakhstan: Major Macroeconomic Considerations and Overview of Kazakh Banking Sector).

² Economist Intelligence Unit estimate.

90% of annual GDP by year-end 2006, driven mostly by increasing retail lending.³ The Government and the National Bank of Kazakhstan (NBK) have undertaken structural reforms for banking, aimed at promoting consolidation and improving overall viability. These include introducing international prudential standards such as capital adequacy requirements and liquidity ratios, transparency requirements for the auditing of banks by local and international auditors, harmonization of local accounting practices to international financial reporting standards, guidelines for bank inspections, and internal risk management systems for banks. In April 2007, external borrowing regulations were approved, imposing a specified ratio of external liabilities on bank capital.

7. As of 31 December 2006, the banking subsector comprised 33 banks (excluding NBK and Development Bank of Kazakhstan): (i) large local banks, such as Bank TuranAlem, Kazkommertsbank, and ATF Bank (which collectively represented 58% of banking system assets and 58.3% of banking system loans, as of 1 January 2007); (ii) banks under foreign ownership, such as ABN AMRO Bank Kazakhstan, HSBC Bank Kazakhstan, and Citibank Kazakhstan; (iii) second-tier medium-sized banks with regional business; and (iv) smaller local banks. (Appendix 2 provides an overview of the Kazakh banking system.)

8. Local capital and interbank markets are less significant as funding sources. The combined share of these reached a small 9% of total banking liabilities at the end of 2005. The interbank market's average daily trading volumes do not exceed \$70 million (approximately 5% of outstanding interbank deposits) and the market remains shallow in maturities exceeding 1 month. In contrast to the explosive growth rate of Eurobond issuance, local capital markets are only gradually developing, driven by modest demand from pension funds and asset management firms. Strict portfolio limits imposed on pension managers limit the ability of banks to sell their tenge-denominated instruments.

C. Economic Challenges

9. Despite the overall positive outlook, the economy is not immune to threats, and Kazakhstan's high dependence on oil exports exposes the economy to potential vulnerability. In most economies worldwide, and in most countries in the developing world, SMEs make an extraordinary contribution to economic growth. This is, however, not the case in Kazakhstan.⁴ The Government recognizes that (i) high dependence on oil exports poses a threat to the economy, and (ii) the labor-intensive nature of SMEs will aid in job creation and thus poverty reduction (Appendix 2 provides data on SMEs currently in operation). The Government is therefore striving to diversify the economy, particularly by promoting conditions for the growth of the SME sector. In line with this strategy, the Government has introduced certain SME-friendly laws, offered various concessions and subsidies, and created several organizations, such as business development centers to provide services and small business loans.⁵

³ Between 2004 and 2006, consumer credit accelerated steeply, as did mortgage lending, and as of 31 December 2006, total outstanding bank loans had grown to more than \$47 billion, while total banking system assets stood at approximately \$69 billion.

⁴ In the People's Republic of China in 2005, for example, SMEs represented 58% of GDP, 59% of sales revenue, 68% of exports, 75% of employment, and 99.6% of enterprises. Statistics in other countries are not dissimilar. In Kazakhstan, however, the economy is heavily dominated by and dependent upon exports of scale-dependent oil, gas, and other natural resources. SMEs, dominant only in the trade and services sectors, are in general underrepresented, contributing only 14%–15% of GDP and 40% of employment. Statistics available at: http://en.casme.net/docs/Digest_of_Kazakhstan_SME_Statistics_eng%20edit_05.pdf.

⁵ In 1997, the Government also set up the SME Support Fund, a nonbank financial institution, with the following main tasks: (i) broaden access to finance for SMEs, (ii) make effective use of state and nonstate resources aimed at SME support, (iii) develop SME infrastructure, and (iv) provide consultations for SMEs.

10. SMEs rely heavily on access to external capital to finance their operations. However, in most of ADB's developing member countries, SMEs have difficulty accessing financial services and securing financing. Although bank loans dominate any external financing (due to the underdeveloped corporate bond markets), only a small number of SMEs in the region have access to bank lending (mostly only for working capital). Lack of access to bank lending is considered in most developing member countries as the main financing difficulty and a stumbling block for sustaining SME growth. Kazakhstan has made progress in this regard and lending activity has gradually shifted away from large corporations and become more inclusive for SMEs.

11. Because of the export-driven economy and low interest rates, banks have relied heavily on dollar-denominated funding; this has been particularly pronounced since exporters are the main client base (large corporations and larger SMEs) of Kazakh banks. The economy, however, is changing; it is now increasingly driven less by the natural resource industries and more by SMEs producing and selling in the domestic market, meaning that banks need to move more into tenge-denominated assets and liabilities to meet the demands of their SME customers.

12. In addition, new external borrowing regulations are putting pressure on Kazakh banks to increasingly utilize domestic and tenge funding sources.

III. THE PROPOSED INVESTMENT

A. Bank CenterCredit

1. Overview and History

13. BCC, a joint stock company (JSC) registered under the laws of Kazakhstan, was founded in 1988 as part of the first wave of cooperative banks to come out of the former Soviet system. In 1998, BCC merged with the larger and troubled state housing development bank, CJSC Zhilstroibank. BCC quickly overcame the initial problems of this merger (poor loan quality, excessive fixed assets and staff) and was reregistered as JSC Bank CenterCredit in 2004.

14. BCC is the sixth largest commercial bank in Kazakhstan in terms of assets, which as of 31 December 2006 equaled \$4.502 billion, and fourth largest in terms of customer deposit accounts, which as of 31 December 2006 equaled \$1.748 billion, deposited in more than 354,000 customer accounts.

15. BCC has four subsidiaries: LLP CenterLeasing, JSC BCC Invest, Center Credit International B.V., and JSC Capital Pension Fund. BCC has also made investments in JSC First Credit Bureau and Association of Financiers of Kazakhstan, JSC Atameken Pension Fund, JSC Korgau Pension Fund, and JSC Oil Insurance Company. These subsidiaries and investments are strategically important to BCC, given BCC's intention to cross-sell its financial products.

16. Currently, BCC is rated by two rating agencies: Fitch Ratings (Fitch) and Moody's Investors Service (Moody's) (Table 1).

Table 1: Bank CenterCredit Credit Ratings

Rating Agency	Long Term	Outlook
Fitch	BB-	Stable
Moody's	Ba1	Stable

Source: Bank CenterCredit.

2. BCC's Business

17. BCC offers a full range of traditional commercial banking products and services (i.e., deposits, lending and guarantees, leasing, factoring, settlement, cards, and foreign exchange). BCC is a principal member of VISA, and is the primary agent in Kazakhstan for Western Union. BCC's branch network (the third largest network in Kazakhstan) as of May 2007 comprised, in addition to the head office in Almaty, 20 full-service branches and 122 limited service branches or retail settlement units throughout Kazakhstan, supported by 134 ATMs (automated teller machines). This nationwide coverage gives BCC a strategic advantage over other medium-sized banks in Kazakhstan, whose networks are often more concentrated in the Almaty and Astana regions. BCC's primary business consists of corporate (including SME) and retail banking. BCC provides corporate banking products and services, focusing primarily on small, medium, and, to a limited extent, large businesses in Kazakhstan. It has strong market shares with both large and SME clients, and the SME sector is a key focus of activities. The retail banking market is also an important source of business and funding for BCC. BCC offers a wide range of retail banking products and services, including term deposits, current accounts, debit and credit cards, and currency exchange. Retail deposits make up another important growth area for BCC, and BCC has one of the largest retail deposit bases in Kazakhstan.

IV. THE PROPOSED ASSISTANCE

18. ADB is contemplating providing a senior, unsecured loan of up to \$50,000,000 (denominated in dollars or tenge equivalent) to BCC. The indicative main terms and conditions are (i) up to 5-year maturity, (ii) bullet repayment structure or amortizing with the grace period to be determined (in accordance with the ADB tenge bond structure), and (iii) pricing to be determined by the Credit Enhancement and Pricing Committee. ADB will raise the necessary tenge by issuing a tenge domestic bond.

V. INVESTMENT BENEFITS, IMPACTS, ASSUMPTIONS, AND RISKS

A. Justification

1. Investment Outcome

19. **Expand SME Tenge-Financing.** ADB's first objective in the proposed transaction is to foster BCC's tenge-denominated SME financing by providing part of the needed debt funding. ADB is thus helping the Government to (i) move the economy to more influence of corporate and SME growth for the overall economy and away from the high dependence on natural resource industries; and (ii) help move banking into more tenge-denominated lending.

20. **Develop Local Bond Markets.** ADB's second objective is to issue its first domestic bond in Kazakhstan and therefore to establish a benchmark for AAA risk in the country and foster the development of the local bond market.

21. In addition, the proposed loan facility is in line with the Government's attempt to reduce external borrowing. According to NBK and the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organizations, ADB's loan will not be considered as external borrowing. Thus, ADB's loan will not affect external borrowing.

2. Development Impact

22. Expansion of SME Loan Portfolios and Contribution to Economic Diversification.

The diversification of the economy into nonoil investments is a crucial factor for Kazakhstan's sustainable and inclusive economic development. To create a sustainable economic base, Kazakhstan must achieve economic diversification, both through strengthening the nonoil sectors of the real economy and through appropriate diversification of its growing financial assets. ADB's proposed loans will directly contribute to expanding financial intermediation to SMEs, and will foster the diversification of loan portfolios.

23. **Deepening of Local Capital Markets.** Moreover, ADB will issue a local currency bond to fund the contemplated loan. Such a bond would be a strong signal of ADB's confidence in the economic development of Kazakhstan, which would catalyze investment. Multiple benefits are associated with such bond issuances, in particular the diversification benefits for local institutional investors that are keen to invest in local currency high-grade bonds. In particular, the local pension fund industry (their assets under management are growing at around \$100 million per month) is keen to invest in longer tenor local currency securities. Given the limited bond issue activity of the Government because of its fiscal surplus, few local currency long-term bonds are available in the market, forcing local institutional investors to invest offshore, and thus incur currency risks due to asset-liability mismatches. ADB bonds would therefore be a welcome investment instrument to contribute to the deepening of local capital markets.

3. Value Added of ADB

24. ADB's proposed loan will add value by (i) enabling BCC to grow its SME loan portfolio, get access to longer maturities and tenge financing, and match assets and liabilities; and (ii) helping develop the long tenor local currency bond market, which is one of the major goals of the Government.

4. Measures for Development Impact

25. ADB will measure the expected development outcome of the proposed loan in accordance with the design and monitoring framework (Appendix 1).

5. Fit to Sector and Country Strategy

26. In view of the Government's medium-term targets for 2010, the development of a vibrant and competitive private sector is vital to ensure economic diversification as well as balanced and inclusive development. The Government has a particular focus on SME development and the deepening and development of the financial sector. The ADB program—as set out in the currently applicable rolling business plan and country partnership strategy program, and the country strategy and program update 2006–2008 (CSP)⁶—for private sector development seeks to complement the Government's efforts through activities in two key areas: (i) private sector operations, and (ii) development of an enabling environment for the private sector. The CSP also emphasizes the Government's policy on SME development to create jobs and recommends ADB assistance by providing credit to SMEs via domestic banks. In addition, the CSP recommends equity investments in Kazakh banks, as well as loans in the form of tier II capital and designated credit lines.

⁶ ADB. 2005. *Country Strategy and Program Update (2006–2008): Kazakhstan*. Manila.

27. Therefore, the proposed loan will contribute directly to CSP implementation by strengthening financial intermediation for SMEs. Additionally, the ADB tenge bond issue will foster development of the domestic bond market by providing the first benchmark for an (international) AAA credit. In combination, the loan and tenge bond issuance will assist in deepening the financial markets and providing long-term finance in local currency that matches SME financing needs.

B. Social and Environmental Safeguard Policies

28. The proposed loan has been assigned an environmental classification of FI and a category C for indigenous people and resettlement. BCC will be required to establish an environmental management system, within a time frame to be specified. (ADB will review and approve the developed environmental management system.) Further, BCC will build capacity for implementing it in accordance with its specific business needs and with the help of ADB, and will send at least once BCC officer to ADB-sponsored environmental management training. BCC has already adopted general environmental guidelines in its corporate governance code.

C. Anticorruption Policy, Combating Money Laundering and the Financing of Terrorism

29. BCC was advised of ADB's *Anticorruption Policy* (1998, as amended to date) and policy relating to the *Combating of Money Laundering and the Financing of Terrorism* (2003). Consistent with its commitment to good governance, accountability, and transparency, ADB will require BCC to institute, maintain, and comply with internal procedures and controls following international best practice standards for the purpose of preventing corruption or money laundering activities or the financing of terrorism. Further, BCC will be required to covenant with ADB to refrain from engaging in such activities. The documentation between ADB and BCC will allow ADB to investigate any violation or potential violation of these undertakings.

VI. ASSURANCES

30. The proposed investment would, if approved by the Board, increase ADB's nonsovereign portfolio investment in (i) Kazakhstan from 8.59% to 9.99%; and (ii) banking systems from 22.59% to 23.77%. The proposed investment is within ADB's aggregate, country, industry, group, and single project exposure limits for nonsovereign investments.

31. ABD will enter into suitable loan agreements and other legally required documents, following approval of the proposed financing by ADB's Board of Directors. These agreements will be on terms and conditions satisfactory to ADB. In addition, ADB will need to be satisfied with all terms and conditions of any other documents associated with the proposed financial assistance.

32. Consistent with the Agreement Establishing the Asian Development Bank, the Kazakhstan Government will be requested to confirm that it has no objection to the proposed loan to BCC. No funding will be disbursed until ADB receives such confirmation.

VII. RECOMMENDATION

33. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of up to \$50,000,000 (denominated in US dollar or tenge equivalent) to JSC Bank CenterCredit from ADB's ordinary capital resources, with interest to be determined based on the procedures applicable to ADB's private sector operations and such other terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Haruhiko Kuroda
President

6 June 2007

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>The GDP composition of the Kazakh economy is more diversified (i.e., more SMEs, in more sectors, contribute to a more diversified economy)</p>	<ul style="list-style-type: none"> • Percentage of GDP contributed by SME sector rises from 15% to 20% in 5 years • Percentage of employment contributed by SME sector rises from 40% to 50% in 5 years 	<ul style="list-style-type: none"> • NBK statistics 	<p>Assumptions</p> <ul style="list-style-type: none"> • Increased access to finance from banks will lead to more SMEs receiving loans and expanding their role in the economy • Stable or increased economic development in Kazakhstan
<p>Outcome</p> <p>BCC provides increased, sustainable access to finance to SMEs in Kazakhstan, in part in local currency</p>	<ul style="list-style-type: none"> • BCC's number of SME borrowers increases (10% in next 24 months, from 1,382 to ~1,500) • BCC's credit quality is high, NPL level less than 4% • BCC's ROE stays above 15% • BCC's CAR remains above NBK norms 	<ul style="list-style-type: none"> • BCC's quarterly and annual financial statements • Reporting specifically requested by ADB 	<p>Assumptions</p> <ul style="list-style-type: none"> • SME demand exists for loans • There is demand in the market for local currency loans • BCC does not breach domestic prudential / NBK norms • No adverse economic developments in Kazakhstan • No regulatory changes for banking • No other exogenous factors have a negative impact on banking development
<p>Outputs</p> <ul style="list-style-type: none"> • ADB issues tenge bond • BCC operationalizes use of tenge proceeds 	<ul style="list-style-type: none"> • As of September 2007, BCC has \$50 million tenge equivalent • Loan requests received by BCC increase by 10% per annum from current levels 	<ul style="list-style-type: none"> • BCC's quarterly and annual financial statements • Reporting specifically requested by ADB 	<p>Assumptions</p> <ul style="list-style-type: none"> • ADB is able to find purchasers for tenge-denominated bonds • Prevailing market conditions are stable • All regulatory approvals in place for ADB

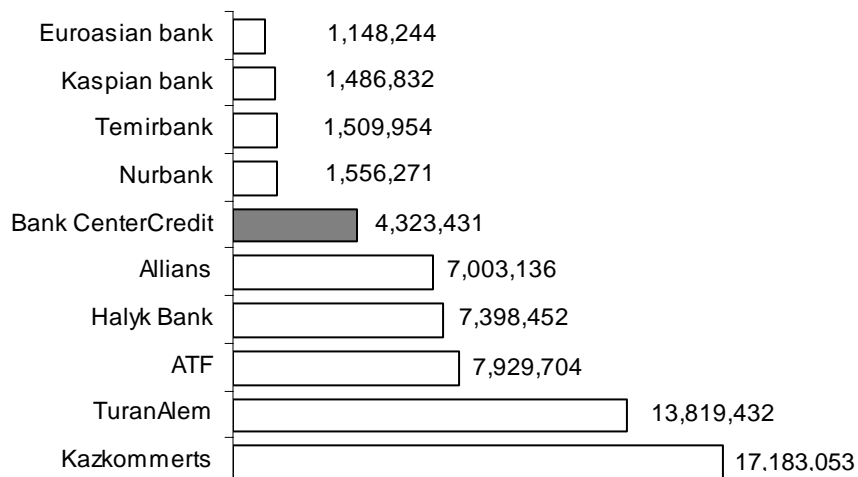
Activities with Milestones	Inputs
<p>1.1 Issue tenge-denominated bond in the Kazakh capital market (by August 2007).</p> <ul style="list-style-type: none"> • Lead arranger issues prospectus • Lead arranger takes ADB on road show • Bonds are placed with institutional investors • Tenge funds are generated <p>1.2 Provide BCC with \$50 million tenge equivalent (by September 2007).</p> <ul style="list-style-type: none"> • ADB and BCC enter into loan agreement <p>1.3 Operationalization of tenge bond proceeds by BCC (ongoing).</p> <ul style="list-style-type: none"> • Origination of (new) client opportunities • Due diligence on clients • Completion of loan agreements with clients • Disbursement of loans to clients 	<ul style="list-style-type: none"> • ADB: \$50 million

ADB = Asian Development Bank, BCC = Bank CenterCredit, CAR = capital adequacy ratio, GDP = gross domestic product, NBK = National Bank of Kazakhstan, NPL = nonperforming loan, SMEs = small and medium-sized enterprises, T = tenge.

OVERVIEW OF THE KAZAKH BANKING SUBSECTOR

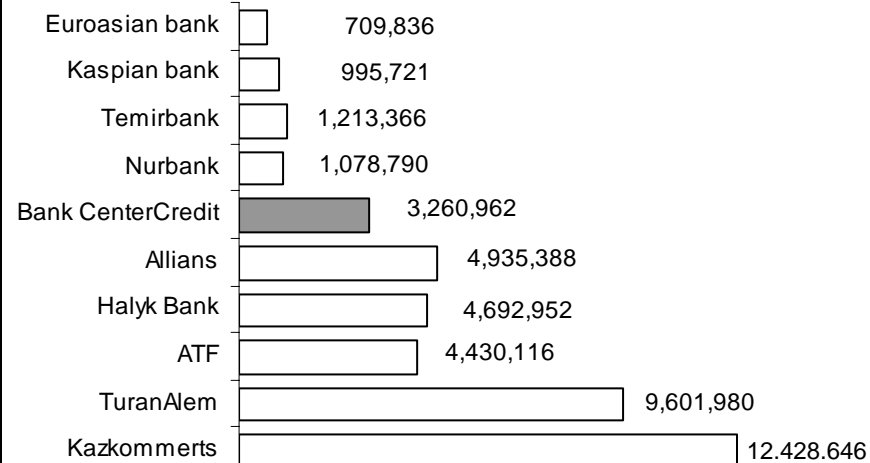
(as of 1 January 2007, \$ million)

Figure A1.1: Assets of the Banking System



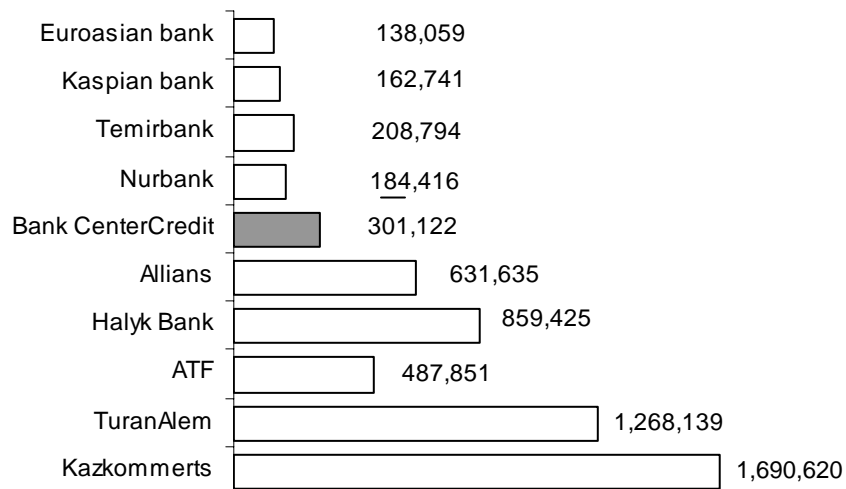
Source: Bank CenterCredit.

Figure A1.2 : Loans to Customers



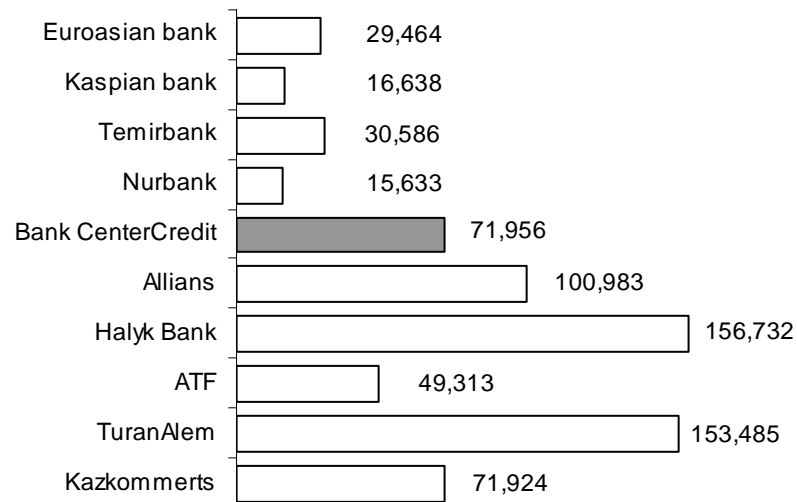
Source: Bank CenterCredit.

Figure A1.3: Equity



Source: Bank CenterCredit.

Figure A1.4: Net Profit



Source: Bank CenterCredit.

SMALL- AND MEDIUM-SIZED ENTERPRISES IN KAZAKHSTAN

Table A3.1: Total Number and Employment for SMEs in Kazakhstan

Total	2000	2001	2002	2003	2004	2005
Number of Registered Entities	88,038	109,156	124,227	138,822	208,409 ^a	223,096 ^b
Small enterprises	76,743	98,300	113,319	128,187	195,707	209,758
Medium-sized enterprises	11, 295	10,856	10,908	10,635	10,676	11,296
Number of Operating Entities	73,764	85,262	95,284	100,750	155,940	170,612
Small enterprises	63,556	75,505	85,493	91,039	144,156	158,154
Medium-sized enterprises	10,208	9,757	9,791	9,711	9,934	10,583
Employment (x1,000 employees)	1,001	979	1,088	1,210	1,752,9	1,788,4
Small enterprises	1,001	979	1,088	1,210	567	547
Medium-sized enterprises					1,185,9	1,241,4
+/- From Prior Year	2000	2001	2002	2003	2004	2005
Number of Registered Entities (%)		24	14	12	50	7
Small enterprises		28	15	13	52	7
Medium-sized enterprises		(4)	0	(3)	4,4	0.6
Number of Operating Entities		16	12	6	55	9
Small enterprises		19	13	6	58	10
Medium-sized enterprises		(4)	0	(1)	2	7
Employment (x1000 employees)		(2)	11	11	45	2
Small enterprises		(2)	11	11		

SME = small and medium sized enterprise.

^a USAID EDP explanatory note: The significant growth in registered entities from 2003 to 2004 can be explained by the introduction of a one-stop registration process, improved credit facilities to SMEs and other positive changes in legislation.

^b USAID EDP explanatory note: 223,096 registered entities comprise 209,758 small enterprises, 11,296 medium-sized enterprises, and 2,042 large enterprises.

Source: http://en.casme.net/docs/Digest_of_Kazakhstan_SME_Statistics_eng%20edit_05.pdf

Table A3.2: Number of SMEs in Kazakhstan—Breakdown by Industry

Item	2000	2001	2002	2003	2004
Education					
Small ^a	2,955	3,384	4,676	5,646	6,001
Medium	2,548	2,870	3,923	4,357	4,415
State Management					
Small ^a	3,167	3,620	4,036	4,133	4,558
Medium	646	677	961	1,104	1,155
Health Care and Rendering Social Services					
Small ^a	1,590	1,884	1,950	1,950	2,264
Medium	794	832	1,277	1,689	1,734
Manufacturing—Total					
Small ^a	285	258	283	270	292
Medium	1,010	1,019	1,051	1,061	1,054
Agriculture, Hunting and Forestry					
Small ^a	232	114	102	70	79
Medium	853	861	808	754	680
Real Estate, Leases, and Customer Services					
Small ^a	682	900	1068	1090	1239
Medium	568	594	650	712	732
Rendering Utilities, Social, and Individual Services					
Small ^a	2,188	3,362	4,354	4,208	5,165
Medium	337	344	393	463	455
Transport and Communications					
Small ^a	117	197	238	238	395
Medium	530	527	570	602	562
Construction					
Small ^a	105	139	190	181	203
Medium	521	501	532	573	589
Financial Activities					
Small ^a	463	476	597	637	776
Medium	124	141	175	119	190
Trade, Cars, and Home Appliance Repair					
Small ^a	162	346	530	637	921
Medium	295	310	320	338	385
Hotels and Restaurants					
Small ^a	14	19	19	14	12
Medium	51	55	59	69	72
Fishing, Fish-Breeding					
Small ^a	10	9	11	10	13
Medium	15	11	7	9	12
Total					
Small^a	11,971	14,712	18,058	19,087	21,921
Medium	8,293	8,742	10,726	11,980	12,035

SMEs = small and medium- sized enterprises.

^a Data here are given without consideration of small enterprises carrying out entrepreneurial activities.

Source: http://en.casme.net/docs/Digest_of_Kazakhstan_SME_Statistics_eng%20edit_05.pdf

Table A3.3: Total Number of Small Enterprises in Kazakhstan by Type of Activities

Type of Activity	2000	2001	2002	2003	2004
	(%)	(%)	(%)	(%)	(%)
Trade, repair of cars, housewares	27,947 44.0	34,712 46.0	40,026 46.8	41,523 45.6	43,983 43.9
Construction	6,424 10.1	7,973 10.6	9,620 11.3	11,347 12.5	13,907 13.9
Real estate, lease and other services	5,881 9.3	7,472 9.9	8,995 10.5	10,462 11.5	12,150 12.1
Industry (processing, elect/ gas/ water)	8,913 14.0	9,950 13.2	10,176 11.9	10,431 11.5	11,282 11.2
Agriculture, hunting, and forestry	6,084 9.6	5,954 7.9	6,443 7.5	6,472 7.1	6,925 6.9
Transport and communications	3,622 5.7	4,199 5.6	4,507 5.3	4,737 5.2	5,336 5.3
Other public utilities, social, personal	1,745 2.7	1,822 2.4	1,959 2.3	1,996 2.2	2,115 2.1
Health and social service	993 1.6	1,192 1.6	1,348 1.6	1,514 1.7	1,674 1.6
Hotels and restaurants	1,140 1.8	1,296 1.7	1,364 1.6	1,457 1.6	1,460 1.4
Education	611 1.0	698 0.9	796 0.9	865 1.0	924 0.9
Fishing and fish-breeding	196 0.3	238 0.3	259 0.3	235 0.3	237 0.2
Republic of Kazakhstan	63,556	75,505	85,493	91,039	99,993

Source: http://en.casme.net/docs/Digest_of_Kazakhstan_SME_Statistics_eng%20edit_05.pdf