SMEs support in implementing green projects

November 2021
About us

Established in 1997
Based on the Resolution of the Government of the Republic of Kazakhstan

MISSION:
An active role in the sustainable development of micro, small and medium enterprises in Kazakhstan, through the implementation of comprehensive and effective tools of support

Sole Shareholder: “Baiterek” National Managing Holding

Present in all regions of Kazakhstan

17 Branches
(In the regions and the largest cities of Nur-Sultan, Almaty, Shymkent)

RAITINGS:

STANDARD &POOR’S: BBB-/A-3 (Stable)

Moody’s: Baa3 (Stable)
### Measures of SMEs state support through “Damu” Fund

| I             | Subsidizing of interest rate  
(«Business Road map 2025», «Economy os simple things», UNDP) |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>51,3 thousand projects for the amount of loans $12,0 bn</td>
</tr>
</tbody>
</table>

| II            | Guaranteeing of loans  
(«Business Road map 2025», «Economy os simple things», «Enbek», «Damu-Optima») |
<table>
<thead>
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<tbody>
<tr>
<td>Results</td>
<td>28,3 thousand projects for the amount $2,0 bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III</th>
<th>Concessional loans through STBs/MFO/LC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>73,9 thousand borrowers for the amount of loans $6,0 bn</td>
</tr>
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</table>

| IV            | Training  
(in cooperation with EBRD) and Entrepreneurs assistance |

**Results for all finance programs:** 153,6 thousand projects  
For the amount of loans $20,0 bn
Applying SDGs

Damu Fund’s corporate social responsibility policy was approved

Policy
September 2013

The Green bond principles was approved

Policy
July 2020

The Gender policy of “Damu” Fund was approved

Policy
February 2021

Independent ESG evaluation

Evaluation
September 2021

Damu Fund’s sustainable development policy was approved

Policy
April 2019

Damu Fund’s ecological and social policy was approved

Policy
March 2021

Social bond principals was approved

Policy
September 2021

Damu Fund’s policies are developed in accordance with the United Nations Sustainable Development Goals
Damu Fund’s support of green projects

**«BRM 2020»**
Launching of Unified/State support and business development program (subsidizing and guaranteeing)

2010

**UNDP RES**
Agreement with UNDP on subsidizing projects within program “Derisking Renewable Energy Investment”

2020

**«BRM 2025»**
Subsidizing of coupon rate on green bonds

2021

**UNDP GEF**
Agreement with UNDP on subsidizing projects within program “Sustainable Cities for Low-carbon Development in Kazakhstan”

2017

**Issue of green bonds**
The funds are used on financing of RES projects

The funds are used on financing of RES projects

Total amount of supported green projects are 118 for the amount of loans $321.4 mln
Damu Fund’s support of green projects

**SP «BRM 2025»**

**Aims:**
- Ensuring sustainable and balanced growth of regional entrepreneurship, including green projects
- Support of ongoing projects and creating new jobs

**Support instruments:**
- Subsidizing of interest rate
- Loans Guaranteeing

**Results:** 88 projects for amount of $315.7 mln

**UNDP-GEF**
(Sustainable Cities for Low-carbon Development in Kazakhstan)

**Aim:** support for energy efficiency of urban infrastructure

**Support instruments:** Subsidizing of interest rate and part of principal debt

**Results:** 38 projects for amount of $4.8 mln

**UNDP-RES**
(Derisking Renewable Energy Investment)

**Aim:** reducing the investment risks in renewable energy sources

**Support instruments:** Subsidizing of interest rate and part of principal debt

**Results:** 1 project for the amount of $423.5 thousand.
In August of 2020, Damu Fund with the support of UNDP made its debut placement of green bonds on the AIFC stock exchange for further lending to SME projects implementing with the aim of introducing renewable energy technologies (RES).

- **Loan amount:** $471 thousand.
- **Maturity:** 3 years
- **Interest rate:** 11.75%

The funds raised through the issuance of green bonds were used to finance the construction of a solar power plant in the Turkestan region.

The Damu Fund received the "Green Market Pioneer" award at the 6th annual Climate Bonds Awards 2021 from the Climate Bonds Initiative for its green bond issue.
**Supported projects**

**«Led System Media» LLP – production of lighting units (Nur-Sultan city)**

<table>
<thead>
<tr>
<th>Project</th>
<th>Loan amount</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernization and operation the building lighting system of the administrative and technological complex &quot;Transport tower&quot;</td>
<td>$80 thousand</td>
<td>Annual energy consumption – 1,1 mln. kW or 16,5 mln.tg. Per year. Savings potential 52% or 8,6 mln. tg. Annual procurement of broken lamps - 1,7 thousand units Savings potential 1,3 mln.tg</td>
</tr>
</tbody>
</table>

Reducing CO₂ – 3 077 tons in 6 years

**«Karned» LLP – production of heat energy (Karaganda city)**

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<th>Loan amount</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>New local boiler house construction with capacity of 7.5 MW instead of the old 1960 building in the urban heat supply sector</td>
<td>$181 thousand</td>
<td>Minimum of damage to the environment. Amount of costs to fuel and electrical energy per season – 27,1 mln.tg. With new boiler house 14,4 mln.tg. Savinga potential 47%</td>
</tr>
</tbody>
</table>

Reducing CO₂ – 3 004 tons per year
Supported projects

«VetroEnergoTechnollogii» LLP – construction and operation of wind power plant (Manash v.)

**PROJECT**
New power facility construction with capacity 52,8 MW in the Isatai district of the Atyrau region

**Loan amount**
$16,5 mln.
- Rate - 14%
- Subsidized - 8%
- Period of subsidizing - 5 years

**Outcome**
Using only wind power to convert to electricity, with reduced greenhouse gas emissions compared to traditional power facilities

Reducing CO₂ – 80 188 tons in 2020

«Adal-I» LLP – all-inclusive services of facilities (Fedorovka v.)

**Project**
Replacement and installation of energy-saving (LED) lamps and lighting fixtures in the amount of 755 units in the village of Fedorovka, Kostanay region

**Loan amount**
$165 thousand.
- Rate - 14%
- Subsidized - 10%
- Period of subsidizing - 3 years

**Outcome**
Refusal to use mercury-containing lamps.
Energy saving potential 60%

Reducing CO₂ – 254 tons per year
Realization of the green office concept

Reducing of electrical energy consumption, in mW

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
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<tbody>
<tr>
<td>2018</td>
<td>482</td>
</tr>
<tr>
<td>2019</td>
<td>351</td>
</tr>
<tr>
<td>2020</td>
<td>297</td>
</tr>
</tbody>
</table>

-27% -15%

Waste segregation and recycling

- Installed special boxes for waste segregation
- Separate removal of waste and materials is carried out to recycling centers

Digitalization of business processes

- Own platform Online-Damu.kz for the processing all applications
- 100% automation of business processes until the end of 2021
- Digitalization of business processes has led to a reducing of paperwork
Aims for the achieving «COP26» goals

Secure global net zero by mid-century and keep 1.5 degrees within reach

Aims for the reducing emissions to 2030 year:

- Accelerate the **phase-out of coal**
- Encourage **investment in renewables**
- Speed up the switch **to electrical vehicles**

Damu Fund’s contribution to achieve the goal:

- Attracting funds from international financial institutions to support **green projects** and **issue of green bonds**
- Ensuring of measures state support **through leasing companies** (concessional loans, subsidizing)
## Future plans

- Achieve the rate of 15% RES in the energy balance of Kazakhstan by 2030
- Achieve the carbon neutrality in the country by 2060
- Realization of the National plan of measures in promotion partnership “green bridge” for 2021-2024.
- Attracting funds from international financial institutions to financing sustainable development of SMEs in Kazakhstan
- Integration of sustainable development principles into all areas of Damu Fund’s activities
- Obtaining the ESG rating by the International Rating Agency
- Placement of the sustainable development bonds
- Initiate the amendments to state programs in terms of strengthening the support measures for green projects
THANK YOU FOR YOUR ATTENTION!

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