



Eurasian  
Development  
Bank

# **Progress Report on the EDB Country Strategy for the Republic of Kazakhstan: 2023**



# 1

## Overview of Country Strategy Progress in 2023



## Executive Summary

In 2023, the EDB continued to significantly increase its investments in Kazakhstan in alignment with the goals and objectives outlined in its 2022–2026 Country Strategy for the Republic of Kazakhstan ("Country Strategy"). By increasing investments in key projects to support industrial development, scaling its project pipeline and supporting initiatives to strengthen the institutional environment, the Bank has solidified its position as a leading international development bank in terms of both the value of operations and the number of projects in Kazakhstan.

As of 31 December 2023, the following results were achieved:

→ **Kazakhstan ranked first in new investments in 2022–2023 among all countries where the Bank operates.**  
The cumulative investments for this period amounted to US \$2.2 billion, or 58% of the five-year investment target under the 2022–2026 Country Strategy. The EDB supported many landmark projects in key sectors of Kazakhstan's economy, surpassing the contributions of other international development banks to private business projects in the country during this period.

→ **The most notable progress was made in facilitating the development of competitive and innovative industries.**  
The EDB approved US \$600 million in financing for priority projects to advance Kazakhstan's industries with Kazakhstan Petrochemical Industries Inc., Kazakhmys Corporation and Shubarkol Komir.

→ **The EDB expanded its portfolio of green energy projects in Kazakhstan**

The Bank approved US \$41 million for a new 48 MW wind farm project in the Kostanai Region. As part of this project, the Bank participated in the issuance of the borrower's green bonds totalling KZT 3 billion, verified by the Green Finance Centre.

→ **The EDB's pipeline of potential projects in Kazakhstan exceeds US \$3.5 billion. The**

The Bank plans to further increase investments in Kazakhstan, focusing on major projects in transport, energy and industry.

→ **The EDB supported a project to establish a digital platform facilitating foreign investments in Kazakhstan's economy.**

With support from the EDB Fund for Digital Initiatives, the National Digital Investment Platform is being set up to advance the government's objective of attracting investments in Kazakhstan.

# The Reporting Year in Figures

As of 31 December 2023



**\$6,061m**

The EDB's cumulative portfolio  
in Kazakhstan



**\$2256m**

Current investment portfolio

↓ Total for 2023



The EDB's current investment portfolio  
in Kazakhstan included 38 projects  
in eight sectors

**\$1<sub>bn</sub>**

Value of EDB projects  
in Kazakhstan in 2023

**47%**

Share of Kazakhstan's  
projects in the Bank's  
current investment  
portfolio

**59%** of the Bank's total  
operations in 2023



**\$300<sub>m</sub>**

Financing capital expenditures  
to maintain and develop the  
operations of Kazakhmys  
Corporation, the country's  
largest copper producer

↑ The EDB's largest project  
in Kazakhstan in 2023



Transport



Energy



Industry



Other sectors

**95%**

real-sector projects

of the EDB's  
investment in Kazakhstan  
in 2023 financed

The EDB's current portfolio investments contribute to:



Increased outputs in  
Kazakhstan's economy

**\$4.0<sub>m</sub>**  
per annum



Additional tax  
revenues of

**\$440<sub>m</sub>**  
per annum



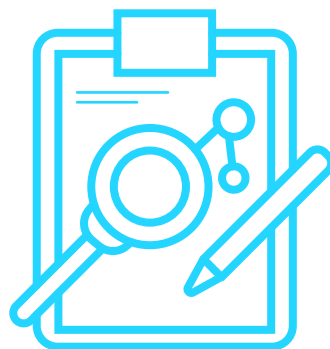
Job  
creation

**>12,000**  
jobs



# 2

## Progress in Strategic Objectives



Over the first nine months of 2023, Kazakhstan's GDP grew by 4.7% year-on-year, compared to 3.0% the previous year. This growth was primarily driven by high investment activity, complemented by expanding domestic consumer demand. On the supply side, the services and construction sectors were the main contributors to economic activity. Strong domestic demand is expected to remain a key economic driver. By the end of 2023, Kazakhstan's GDP is projected to grow by 4.8%.

## Objective 1



# Development of all types of physical infrastructure

↓ What we do



↓ Achievements



**Focus: projects contributing to the development of sustainable transport and energy infrastructure in Kazakhstan**

### 1.1 Modernising and constructing hydroelectric facilities and grid infrastructure

- Continued financing of ongoing energy projects
- Exploring new renewable energy and grid infrastructure initiatives worth approximately US \$153 million

### 1.2 Developing transport infrastructure to ensure connectivity between countries and regions

**Focus: projects to expand the rolling stock**

- Preparations for investment projects to purchase freight diesel locomotives and gondola cars completed
- Exploring integration projects to reconstruct Almaty CHPP-3, increasing capacity to 500 MW, and to finance Intergas Central Asia's investment programme

**Approved financing to purchase 50 freight diesel locomotives for Kazakhstan's national freight carrier, KTZ-Freight Transportation, and 500 gondola cars for Eastcomtrans**

These projects enhance the efficiency of transport infrastructure and railway traffic across EDB member countries

**\$251m**  
Total financing

Objective 2



# Development of competitive innovative industries

↓ What we do



**Focus: supporting Kazakhstan’s industrial development projects**

2.1 **Developing sectors to achieve the SDGs and implement the national project Sustainable Economic Growth**

Completing investment projects to expand and modernise operations at major industrial companies, including Kazakhmys Corporation, Kazakhstan Petrochemical Industries Inc. and Shubarkol Komir

2.2 **Promoting the establishment and development of industrial enterprises in the country**

Initiating mining projects focusing on promoting renewable energy use in production and reducing emissions

**\$130m**  
Total financing

↓ Achievements



## Approved US \$150 million in financing for Kazakhstan Petrochemical Industries Inc.




The project supports operations at a new integrated gas chemical complex until it reaches a design capacity of

**500,000 tonnes**

of polypropylene granules per year





The EDB supported large-scale production of high-value gas chemical products:

-  contributing to the economy
-  increasing tax revenues
-  generating employment



## Expanded its portfolio with a project to finance Kazakhmys Corporation's investment programme

The investment programme focuses on:

-  developing new mines
-  modernising existing concentrating plants
-  maintaining fixed assets (overhauls and acquisition of new equipment)

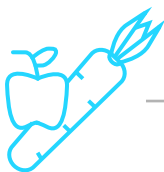
**\$300m**  
Approved financing



## Approved US \$150 million in financing for Shubarkol Komir

- Focus
- maintaining the company's production capacity and developing new facilities, including the supply of special coke (a reducing agent) to ERG Group's facilities
  - o The project incorporates state-of-the-art technology and equipment

### Objective 3



## Food security and agribusiness development

↓ What we do



**Focus: supporting the operations of the Food Contract Corporation, a national company implementing Kazakhstan's grain industry policy.**

- 3.1 **Improving agricultural efficiency**  
Continuing work on ongoing agribusiness projects
- 3.2 **Supporting agricultural processing enterprises**  
Exploring an initiative to finance an agribusiness support programme  
Focus: financing the purchase of leasing items to foster agribusiness development in Kazakhstan

**\$44m**  
The EDB's stake



### 3.3 **Developing the distribution network and creating logistics wholesale centers**

Preparing a project with involving an Ozon Group company

Drafting a report on food security and agro-industrial potential in Eurasia, including Kazakhstan

#### ↓ Achievements



### **Approved a bank guarantee limit for Ozon Group companies**

The project involves providing bank guarantees to Ozon Marketplace Kazakhstan (a member of the Ozon Group) to secure payment obligations under lease and supply agreements

The initiative supports the efficient functioning of single markets by increasing trade among EDB member countries

**\$50m**

Approved limit



### **Completed a report titled Food Security and Agro-Industrial Potential of the Eurasian Region and presented it at a high-level Expert Club meeting**

The report analyses the production, resource and export potential of the Eurasian agro-industrial sector

## Objective 4



# Development of the financial market

↓ What we do



**Focus: supporting targeted lending programmes implemented by local commercial banks.**

### 4.1 Improving access to financial services

Continuing work on ongoing financial sector projects

### 4.2 Promoting the integration of financial markets of the member states

Exploring an initiative to support the trade finance programme of a new partner – a commercial bank from Kazakhstan

**\$30m**

The EDB's potential stake

↓ Achievements



## Supported documentary transactions of Halyk Bank of Kazakhstan, the country's largest multiservice commercial bank

The project by Halyk Bank of Kazakhstan is expected to:



promote mutual trade and industrial cooperation among EDB member states



support the development of a unified market for machine-building products

**\$48m**

EDB-supported operations in 2023

Objective 5



# Promotion of the transition to a green economy and ESG practices

↓ What we do



In 2023, the Bank’s current green portfolio across all member countries exceeded US \$600 million

5.1 Supporting projects focused on efficient natural resource use

Continued financing of ongoing projects that promote the green transition in Kazakhstan

5.2 Supporting projects focused on decarbonisation

Exploring potential renewable energy and energy efficiency initiatives

As of the end of 2023, the EDB was reviewing a green integration project to construct a wind farm in the Karaganda Region

**150 MW**  
Wind farm installed capacity

↓ Achievements



Added a new project to its green portfolio: the construction of a wind farm by KazWind Energy in the Kostanai Region

**48 MW**  
Wind farm installed capacity

**\$41m**  
Approved financing

Important aspect



The EDB’s focus on advancing best ESG practices and the green transition, in alignment with Kazakhstan’s national development priorities, including by mobilising resources from partner institutions and enhancing the cooperation agenda



The EDB participated in issuing the borrower’s green bonds, verified by the Green Finance Centre and supported by a subsidy from the Damu Entrepreneurship Development Fund

**KZT 3 billion**  
Green bonds value

The project promotes:

**1** mutual trade and capital flows through investments and equipment supplies from EDB member countries, boosting renewable energy generation in Kazakhstan

**2** a positive environmental impact by substituting electricity supplies from thermal power plants



**Progressed preparations for the project to construct a wind farm in the Karaganda Region**

**150 MW**  
Wind farm installed capacity

**\$100m**  
Financing



**Allocated resources from the EDB Technical Assistance Fund (TAF) to engage a technical consultant for conducting financial and technical audits and monitoring the construction of the Arkalyk wind farm**



## Developing the EDB's digital competencies

↓ What we do



**In 2023, the EDB enhanced its focus on supporting digital transformation initiatives through its Fund for Digital Initiatives.**

### 6.1 Promoting foreign investment through digital platforms

Exploring a project to establish a digital platform facilitating foreign investments in Kazakhstan's economy

- o In collaboration with the Investment Committee at the Ministry of Foreign Affairs of Kazakhstan



### 6.2 Developing an electronic document management system

Reviewing a project to implement and develop an e-document management system in Tajikistan, leveraging Kazakhstan's developments and expertise



### 6.3 Establishing the Information and Research Centre for Water Resources

Negotiating the Bank's participation in a project to establish the Information and Research Centre for Water Resources at the Ministry of Water Resources and Irrigation



### 6.4 Scaling digital platforms supported by the Fund for Digital Initiatives and used by Kazakhstan's residents

↓ Achievements



## Provided a grant from the Fund for Digital Initiatives to establish the National Digital Investment Platform in Kazakhstan

This project contributes to the government's objective of attracting investments in the nation's economy



An agreement was reached between Kazakhstan, Tajikistan and the EDB to facilitate the transfer of Kazakhstan's expertise in implementing and developing an e-document management system

Focus: implementing and advancing an e-document management system in Tajikistan



Promoted an increase in the number of users of digital platforms supported by the Fund for Digital Initiatives

**14** new factories

in Kazakhstan joined the BEE-ONLINE digital platform



Laid the groundwork for further development of digital initiatives in Kazakhstan

# 3

## Strategic Objectives for the Next Period



## Plans

In 2024, Kazakhstan's GDP is projected to grow by 5.0%. Investment activity, bolstered by government measures to enhance the attractiveness of Kazakhstan's economy to investors, will remain a key driver of growth. Economic diversification policies are expected to stimulate manufacturing, while the projected easing of monetary conditions will provide additional momentum for economic expansion.

In 2024, the Bank will pursue the following objectives:

### **Continued growth in EDB investments.**

In 2024, the EDB aims to sustain high growth in requests for its participation in investment initiatives in Kazakhstan, aligned with the objectives and priorities of its Country Strategy.

### **Continued support for renewable energy initiatives.**

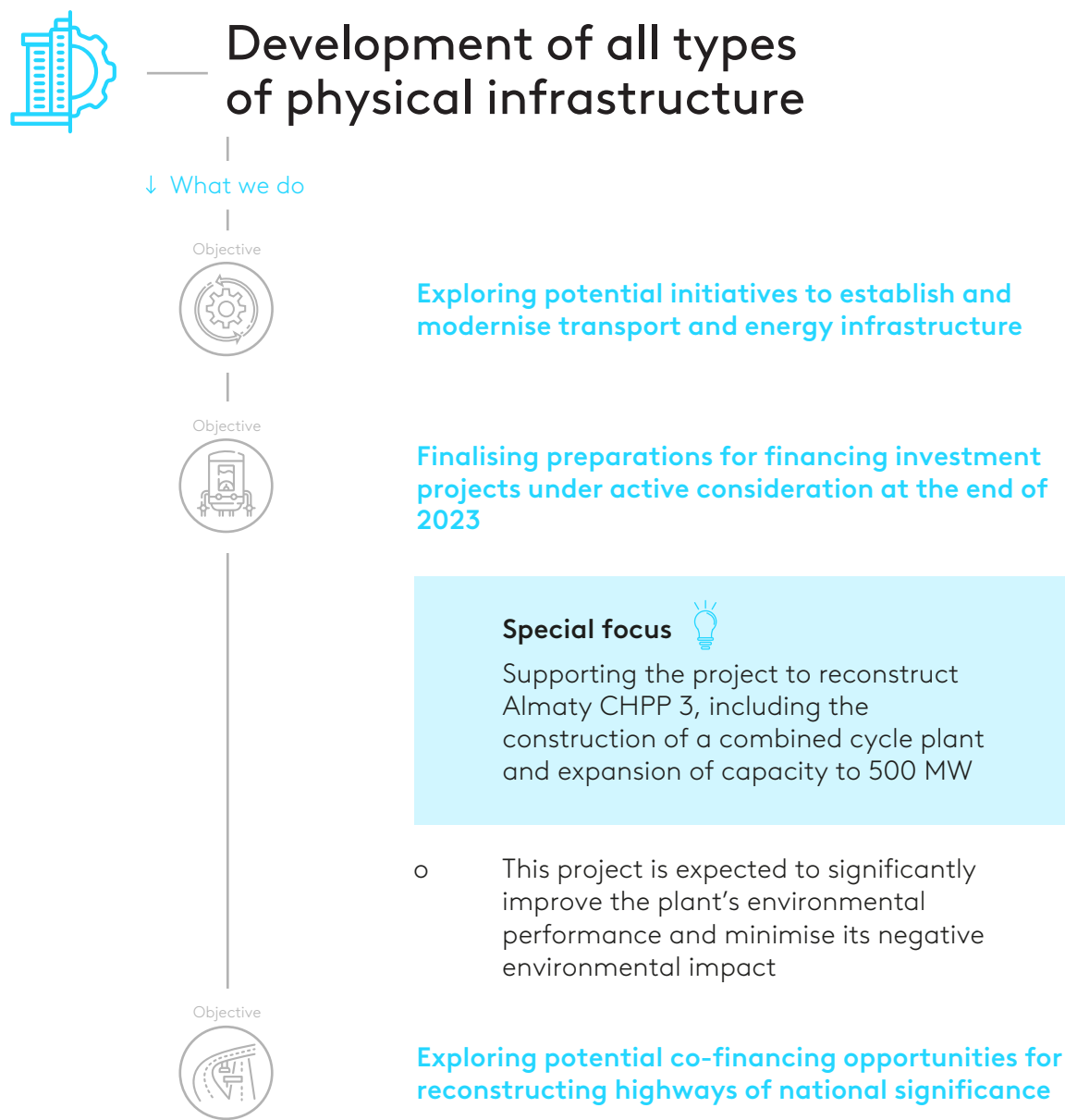
In 2024, the Bank plans to finalise a project to finance the construction of a 150 MW wind farm in the Karaganda Region and explore additional renewable energy projects.

### **Focus on transport and energy infrastructure projects.**

The EDB will prioritise developing and financing major sustainable transport and energy infrastructure projects in Kazakhstan. The Bank will continue to increase financing for integration projects in the real sector.

# Activities to Achieve Strategic Objectives

## Objective 1



If necessary, the EDB plans to utilise its TAF to prepare new initiatives and expand investments in Kazakhstan.

Objective 2



## Development of competitive innovative industries

↓ What we do

**Focus: establishing and developing industrial enterprises in Kazakhstan.**

Objective



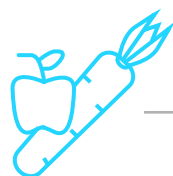
Exploring potential support for a major project to construct a gas processing and polyethylene production facility

Objective



Considering potential support for constructing a gas processing plant in Zhanaozen and a sulphuric acid plant in Karatau

Objective 3



## Food security and agribusiness development

↓ What we do

Objective



Exploring potential initiatives aligned with strategic priorities to improve agricultural efficiency and support agricultural processing enterprises

Objective



Considering projects to develop the agricultural goods distribution network and establish wholesale logistics centres, including storage facilities, in the Almaty Region

Objective 4



## Development of the financial market

↓ What we do

**Focus: financial sector projects promoting financial inclusion and integration across the financial markets of EDB member states.**

Objective



Continuing work on existing projects with Kazakhstan's partner commercial banks

Objective



Exploring potential initiatives to incentivise leasing

Objective 5



## Promotion of the transition to a green economy and ESG practices

↓ What we do

Objective



Exploring promising renewable energy initiatives

Objective



Finalising preparations for a major integration project to construct a wind farm in the Karaganda Region

The project aims to:



reduce CO<sub>2</sub> emissions



enhance the region's energy security

**150 MW**

Wind farm installed capacity

Objective



Exploring mechanisms and opportunities to support green economy and ESG implementation

Support includes issuing green bonds in collaboration with other international financial organisations and development institutions.





## — Developing the EDB's digital competencies

↓ What we do

Objective



Objective



**Focus: considering and supporting digital initiatives in Kazakhstan**

### Continuing work on digital initiatives



Establishing the National Digital Investment Platform in Kazakhstan



Developing an e-document management system in Tajikistan, leveraging Kazakhstan's digital solutions and expertise



Exploring other digital initiatives by Kazakhstan's public authorities and corporate sector

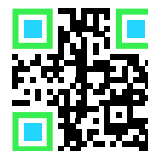
**Organising a Digital Project Competition to foster collaboration between EDB member countries through digital projects**

TELEGRAM



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