



On approval of the Rules for establishment and functioning of small industrial zones

Unofficial translation

Order of the Minister of Industry and Infrastructural Development of the Republic of Kazakhstan dated September 3, 2019 no. 693. Registered with the Ministry of Justice of the Republic of Kazakhstan on September 9, 2019 no. 19355.

Unofficial translation

In accordance with sub-clause 20) of article 11 of the Law of the Republic of Kazakhstan dated April 3, 2019 "On special economic and industrial zones" **I HEREBY ORDER:**

1. To approve the attached Rules for establishment and functioning of small industrial zones

2. The Committee of Industrial Development and Industrial Safety of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan in accordance with the procedure established by the law shall ensure:

1) state registration of this order with the Ministry of Justice of the Republic of Kazakhstan;

2) Posting this order on the Internet resource of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan.

3. Control over execution of this order shall be entrusted to the supervising vice-minister of Industry and Infrastructural Development of the Republic of Kazakhstan.

4. This order shall come into force upon expiry of ten calendar days from the date of its official publication.

Minister

R. Sklyar

"AGREED"

Ministry of Finance

of the Republic of Kazakhstan

Approved by the order of the
Minister of Industry and
Infrastructural Development of the
Republic of Kazakhstan
dated September 3, 2019 № 693

The Rules for the establishment and functioning of small industrial zones

Footnote. The Rules - as amended by the Order of the Minister of Industry and Construction of the Republic of Kazakhstan dated 01.08.2024 № 287 (shall come into effect upon the expiration of ten calendar days after the day of its first official publication)

Chapter 1. General Provisions

1. These Rules for the establishment and functioning of small industrial zones (hereinafter referred to as the Rules) have been developed in accordance with subparagraph 20) of Article 11 of the Law of the Republic of Kazakhstan "On Special Economic and Industrial Zones in the Republic of Kazakhstan" (hereinafter referred to as the Law) and shall determine the procedure for the creation and operation of small industrial zones.

2. The following basic concepts shall be used in the Rules:

1) social and entrepreneurial corporation (hereinafter referred to as a Regional institute) - a regional development institute in the form of a joint-stock company, created by the decision of local executive bodies of regions, cities of republican significance, the capital, the controlling stake of which belongs to the state, which promotes the development of the regional economy;

2) local executive body (akimat) - a collegial executive body headed by the akim of the region, city of republican significance and the capital, district (city of regional significance), which carries out, within the limits of its competence, local state administration and self-government in the relevant territory;

3) commission - a commission for the creation and functioning of small industrial zones, approved and functioning by decision of the relevant local executive body, based on the regional coordinating council, as a consultative and advisory body;

4) small industrial zone – a territory provided with engineering and communications infrastructure and commissioned production and other premises (small industrial zones) for the location of small and medium-sized businesses;

5) applicant for the creation of a small industrial zone (hereinafter referred to as the Applicant) – a business entity that is creating a small industrial zone;

6) a resident of a small industrial zone – a small or medium-sized business entity carrying out entrepreneurial activities in the manufacturing industry on the territory of a small industrial zone.

3. Small industrial zones shall be created on sites where finished production facilities (small industrial zones) have been put into operation and are transferred to small and medium-sized businesses in accordance with the legislation of the Republic of Kazakhstan.

Chapter 2. Procedure for the creation of small industrial zones

4. A proposal to create a small industrial zone shall be submitted to the local executive body by a regional chamber of entrepreneurs or a state or non-state legal entity with an attached concept for the creation of a small industrial zone.

5. The concept of creating a small industrial zone shall include the following:

1) the objectives of creating a small industrial zone;

2) a list of criteria for selecting small industrial zone projects;

- 3) expected financial, economic and social consequences;
- 4) layout of the small industrial zone;
- 5) calculations of the amount of funding for the implementation of activities in the context of each component and the possibility of achieving direct and final results;
- 6) draft plan for the development of a small industrial zone.

6. The Regional Coordination Council (hereinafter referred to as the RCC) within 10 (ten) working days from the date of registration of the proposal shall issue a recommendation on the advisability of creating a small industrial zone based on the consideration of the concept.

7. The decision to create a small industrial zone shall be made by the local executive body after a positive decision by the RCC.

8. Financing for the creation of a small industrial zone shall be carried out through financing the construction of small industrial zones.

9. The local executive body shall inform the single coordination center about this within 10 (ten) working days from the moment of creation of the small industrial zone.

10. The provision of land plots for the creation of a small industrial zone shall be carried out in accordance with the norms of the Land Code of the Republic of Kazakhstan, which regulates the procedure for the provision of land plots for the creation of industrial zones.

Chapter 3. The procedure for the functioning of small industrial zones

11. Land plots in state ownership, on which a small industrial zone is created, shall be provided for temporary paid land use (lease) to the management company of the small industrial zone, in accordance with the land legislation of the Republic of Kazakhstan.

12. Land plots on which a small industrial zone is created shall be provided with infrastructure facilities at the expense of the local budget and (or) other sources not prohibited by the legislation of the Republic of Kazakhstan.

13. The procedure for financing the construction or reconstruction of completed production facilities shall be regulated by Chapter 4 of these Rules.

Chapter 4. Procedure for the creation of industrial and other buildings (premises) for small and medium-sized businesses

14. Small industrial zones, being production and other buildings (premises) for small and medium-sized businesses, are part of small industrial zones and shall be created for the following purposes:

- 1) infrastructure support for small and medium-sized businesses, creation of an optimal environment for the development of mass entrepreneurship;
- 2) creation and development of competitive industrial production facilities based on small industrial zones;
- 3) providing employment and increasing incomes of the local population;

4) stabilization of the economic environment by increasing the share of small and medium-sized businesses in the economy of the region and the country;

5) increasing the taxable base.

15. Small industrial zones shall be created by:

1) construction of new production facilities;

2) reconstruction of idle production facilities on the applicant's balance sheet;

3) expansion of an existing production facility or complex of real estate objects on the applicant's balance sheet.

16. Small industrial zones shall be created on land plots owned by the applicant or belonging to the applicant based on land use rights, including on the territories of special economic zones, private or state industrial zones of republican or regional significance.

A period of financing for the creation of a small industrial zone longer than the term of the land use right may be provided only upon agreement with the local executive body that granted the land use right.

17. Small industrial zone shall:

1) have a territory with established boundaries;

2) in the presence of the construction and building of new small industrial zones, as well as the expansion of an existing complex of real estate objects with an area of at least 1,500 (one thousand five hundred) square meters;

3) regardless of the area of production facilities in small industrial zones, at least 80% of the area be provided for the accommodation of potential residents of small industrial zones;

4) be suitable for use, with no encumbrances (except for a pledge by a credit institution) and legal claims;

5) be located close to a populated area or in an area with well-established transport accessibility.

18. The creation of small industrial zones shall be carried out at the initiative of the applicant interested in the creation of a small industrial zone, drawn up in the form of an application for the creation of a small industrial zone in accordance with the form in Annex 1 to these Rules (hereinafter referred to as the Application) addressed to the regional institute with an attached concept for the creation of a small industrial zone (hereinafter referred to as the Concept).

19. The concept of creating a small industrial zone shall contain:

1) the objectives of creating a small industrial zone;

2) a list of potential small industrial zone projects (if any);

3) calculations of the necessary financing for the construction of a small industrial zone;

4) layout of the small industrial zone;

5) preliminary design of the territory of a small industrial zone.

20. The regional institute shall review the application for the creation of a small industrial zone for the completeness and accuracy of the documents submitted, and within 20 (twenty)

working days from the date of registration of the application shall analyze the feasibility of creating the declared small industrial zone by implementing the following measures:

- 1) posting on the official Internet resource of the regional institute an announcement of the intention to create a small industrial zone and a search for potential residents within a period of no more than 3 (three) working days from the date of receipt of the application;

- 2) search for potential residents by comparing (studying) the results of the analysis of the business environment, investment climate and infrastructure for the development of private entrepreneurship, carried out by the local executive body of the relevant region (city);

- 3) formation of a list of potential residents of the manufacturing industry with the attachment of their letters of intent to participate in the small industrial zone;

- 4) drawing up segmented schemes for the location of potential residents depending on the industry direction in the manufacturing industry in a small industrial zone;

- 5) preparation of information on engineering and infrastructure capacities for the implementation of projects by potential residents in the small industrial zone being created;

- 6) conducting a comparative analysis of the market value of industrial premises in the region;

- 7) preparation of information on the current situation of production facilities in the region, including availability, occupancy and free space.

21. Based on the results of the analysis, the regional institute shall, within 3 (three) working days from the completion of the analysis, submit a proposal to the local executive body, drawn up in the form of a letter with an attached conclusion on the feasibility of creating a small industrial zone, an Application and a Concept.

The decision to create a small industrial zone shall be made by the local executive body.

A positive decision shall be made if the need for a small industrial zone is identified based on the results of the analysis by sending written confirmation to the regional institute.

A negative decision shall be made in the event of no need for a small industrial zone by sending a reasoned refusal to the regional institute, of which the applicant shall be notified within 3 (three) working days from the date of receipt of such a decision.

22. If the local executive body makes a positive decision, the regional institute shall, within 3 (three) working days from the date of receipt of the positive decision, send an application to the Industrial Development Fund (hereinafter referred to as the Credit institution), with an attached positive decision on the creation of a small industrial zone, the Application and the Concept.

23. The credit institution shall review the application of the regional institute within 20 (twenty) working days in accordance with the internal rules of the credit institution.

24. If the submitted package of documents is compliant and complete, the credit institution has made a positive decision to approve financing and the regional institute has

fulfilled the suspensive conditions, the credit institution shall, within 3 (three) working days, enter into a loan agreement with the regional institute for the creation of a small industrial zone under the conditions stipulated in paragraph 27 of these Rules.

25. When concluding a loan agreement for the creation of a small industrial zone, the regional institute, within 5 (five) working days after concluding the loan agreement with the credit institution, shall conclude a loan agreement with the applicant on the terms provided for in paragraph 28 of these Rules.

Section 1. Financing the creation of small industrial zones

26. In the loan agreement for the creation of small industrial zones, the interest rate shall be 1% for SEC, with the condition of mixing in the amount of at least 10% of the project cost for further lending at 3% to business entities. At the same time, the business entities' participation in the amount of at least 10% of the project cost.

27. The credit institution shall enter into a loan agreement with a regional institution, in which:

- 1) loan currency – tenge;
- 2) financing period – up to 7 years;
- 3) grace period – first year (subject to agreement with the credit institution);
- 4) the loan is repaid quarterly;
- 5) within the framework of the loan agreement, funds are directed only to the purpose of financing the creation of small industrial zones;
- 6) based on the decision of the credit institution, the applicant must provide security that meets the requirements of the credit institution;
- 7) other terms of the loan agreement are established in accordance with the requirements of the credit institution and/or by agreement of the parties.

28. The regional institute shall conclude a loan agreement with the applicant, in which:

- 1) loan currency – tenge;
- 2) financing period – up to 7 years;
- 3) grace period – first year;
- 4) the loan is repaid quarterly;
- 5) within the framework of the loan agreement, funds are directed only to the purpose of financing the creation of small industrial zones;
- 6) at the request of the regional institute, the applicant must provide security that meets the requirements of the regional institute;
- 7) other terms of the loan agreement are established by agreement of the parties.

Section 2. Procedure for the functioning of small industrial zones

29. The rental fee for a small industrial zone shall be determined by the Commission for the first 7 (seven) years, which must be sufficient to cover expenses to the creditor and maintenance of the small industrial zone.

30. The rental fee shall be specified in the lease agreement for non-residential premises between the applicant and the potential resident of the small industrial zone.

31. Early fulfillment of obligations under a loan agreement for the creation of a small industrial zone shall not be grounds for changing the rental fee due to the effect of the lease agreement for non-residential premises.

32. A potential resident of a small industrial zone shall apply to become a resident of a small industrial zone in accordance with Annex 2 to these Rules (hereinafter referred to as the Application) to the local executive body with the following package of documents attached:

- 1) certificate of state registration (re-registration) of a legal entity (for a legal entity);
- 2) information on the absence (presence) of debt, the records of which are maintained by the state revenue authority;
- 3) business plan of the project.

33. The local executive body shall, within 5 (five) working days from the date of receipt of the application of a potential resident with the attached documents, verify the completeness and accuracy of the information contained in the application and include it in the register of potential residents of small industrial zones and posts it on the official Internet resource of the local executive body.

34. Based on the results of reviewing the submitted package of documents in accordance with paragraph 32 of these Rules, the local executive body shall make one of the following decisions:

1) if the submitted package of documents is complete and accurate, the application with the attached package of documents in accordance with paragraph 32 of these Rules shall be sent within 2 (two) working days from the date of such decision to the regional institute for concluding an agreement for the implementation of an investment project in a small industrial zone and to the applicant for agreeing to the lease of non-residential premises, and shall also be entered into the register of residents of small industrial zones in accordance with Annex 3 to these Rules;

2) if the application is rejected, such application shall be sent to the potential resident with a reasoned refusal attached within 3 (three) working days.

35. The basis for rejecting an application shall be the lack of space and/or necessary capacity of the engineering and communications infrastructure in the small industrial zone.

Annex 1
to the Rules for establishment and
functioning of small industrial zones

**Application
for the establishment of a small industrial zone**

(full name of the legal entity indicating the organizational and legal form)

hereby submits this application with the attached concept for the creation of a small industrial

zone: _____
(concept)

Information about the legal entity:

(address (location) of the legal entity, business identification number of the taxpayer, details of the document confirming the fact of entering information into the Unified State Register of Legal Entities, indicating the address of the location of the body that carried out the state registration, contact details of the legal entity - telephone number, fax, e-mail address)

Appendices: on _____ sheets in _____ copies

We hereby guarantee the completeness and accuracy of the information provided.

Supervisor _____ / _____
(signature with transcript)

Chief accountant (for a legal entity) _____ / _____
(signature with transcript)

Date _____

Place of stamp (if any)

Annex 2
to the Rules for the establishment and
functioning of small industrial zones

Application

for becoming a resident of a small industrial zone _____

(name of the small industrial zone)

(name of legal entity or individual)

hereby request you to consider the possibility of implementing the project

" _____ "

(name of the project) on the territory of the small industrial zone _____.

Applications:

- 1) certificate of state registration/re-registration on _____ sheets, in _____ copies;
- 2) information on the absence (presence) of debt, the records of which are kept in the state revenue authority on _____ sheets, in _____ copies;
- 3) business plan of the project _____ sheets, in _____ copies.

Date: " ____ " _____ 202_

Place of stamp (if any)

Signature

Annex 3
to the Rules for the establishment and
functioning of small industrial zones

Register of residents of small industrial zones

№	Name of the small industrial zone	Legal address of the small industrial zone	Name of the legal entity that owns the small industrial zone	Name of the resident of the small industrial zone	Number and date of the lease agreement for non-residential premises
1	2	3	4	5	6