ISSN 2518-1467 (Online),
ISSN 1991-3494 (Print)

CENTRAL ASIAN ACADEMIC
RESEARCH CENTER

SCIENTIFIC JOURNAL OF PEDAGOGY AND ECONOMICS

PUBLISHED SINCE 1944

4 (416)

JULY – AUGUST 2025

ALMATY, 2025

Scientific Journal of Pedagogy and Economics
ISSN 2518-1467 (Online),
ISSN 1991-3494 (Print).
Owner: «Central Asian Academic Research Center» LLP (Almaty).
The certificate of registration of a periodical printed publication in the Committee of information of the Ministry of Information and Communications of the Republic of Kazakhstan **No. 3620-Ж,** issued on 05.06.2025
Thematic focus: *«publication of the results of new achievements inthe field of fundamental sciences»*
Periodicity: 6 times a year.
http://www.bulletin-science.kz/index.php/en/

Scientific Journal of Pedagogy and Economics
ISSN 2518-1467 (Online),
ISSN 1991-3494 (Print).
Меншіктенуші: «Орталық Азия академиялық ғылыми орталығы» ЖШС (Алматы қ.).
Қазақстан Республикасының Ақпарат және коммуникациялар министрлігінің Ақпарат комитетінде 05.06.2025 ж. берілген **№ 3620-Ж** мерзімдік басылым тіркеуіне қойылу туралы куәлік.
Тақырыптық бағыты: *«іргелі ғылым салалары бойынша жаңа жетістіктердің нәтижелерін жариялау»*
Мерзімділігі: жылына 6 рет.
http://www.bulletin-science.kz/index.php/en/

Scientific Journal of Pedagogy and Economics
ISSN 2518-1467 (Online),
ISSN 1991-3494 (Print).
Собственник: ТОО «Центрально-азиатский академический научный центр» (г. Алматы).
Свидетельство о постановке на учет периодического печатного издания в Комитете информации Министерства информации и коммуникаций и Республики Казахстан **№ 3620-Ж,** выданное 05.06.2025 г.
Тематическая направленность: *«публикация результатов новых достижений вобласти фундаментальных наук».*
Периодичность: 6 раз в год.
http://www.bulletin-science.kz/index.php/en/

CONTENTS

PEDAGOGY

ECONOMICS

МАЗМҰНЫ

ПЕДАГОГИКА

ЭКОНОМИКА

СОДЕРЖАНИЕ

ПЕДАГОГИКА

ЭКОНОМИКА

SCIENTIFIC JOURNAL OF PEDAGOGY AND ECONOMICS
ISSN 1991-3494
Volume 4.
Number 416 (2025), 384–400

https://doi.org/10.32014/2025.2518-1467.1008

УДК 336.648:631.11(574)
МРНТИ 06.71.33

© **M. Zhamkeyeva[1]*, T. Diba[2], A.K. Abzhatova[3], 2025.**
[1]JSC "Kazakhstan Center of Industry and Export "QazIndustry",
Astana, Kazakhstan;
[2] Ekibastuz Engineering and Technical Institute named after Academician
K. Satpayev, Ekibastuz, Kazakhstan;
[3]Rudny Industrial Institute, Rudny, Kazakhstan.
Email: zh.makhabbat@mail.ru

TRANSFORMATION OF FINANCING MECHANISMS FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN THE AGRICULTURAL SECTOR OF KAZAKHSTAN

Zhamkeyeva M. — PhD, JSC "Kazakhstan Center of Industry and Export "QazIndustry", Astana, Republic of Kazakhstan,
Email: zh.makhabbat@mail.ru, ORCID: https://orcid.org/0000-0003-4465-4754;
Diba T. — Master’s degree, Senior Lecturer of the Department of Business and Management named after Z.A. Galimov, Ekibastuz Engineering and Technical Institute named after Academician K. Satpayev, Ekibastuz, Republic of Kazakhstan,
Email: tanyadiba@mail.ru, ORCID: https://orcid.org/0000-0002-2925-4835;
Abzhatova A.K. — Master’s degree, Senior Lecturer of the Department of Economics and Management, Higher School of Economics and Construction, Rudny Industrial Institute, Rudny, Republic of Kazakhstan,
Email: aida_8424@mail.ru, ORCID: https://orcid.org/0009-0005-2213-9956.

Abstract. This study analyzes the transformation of financing mechanisms for small and medium-sized enterprises (SMEs) in Kazakhstan’s agricultural sector and proposes recommendations to improve access to financial resources. SMEs play a crucial role in agricultural development and food security, yet their growth is hindered by limited collateral availability and inefficient subsidy systems. The research identifies systemic problems in the existing financing model, such as the lack of effective guarantees, subsidy misuse, and insufficient integration of digital technologies. A comprehensive methodology combining analysis of government programs, international experience, and statistical and regulatory data underpins the study. Key findings highlight the need to introduce state guarantees secured by leased agricultural land to address collateral shortages and develop a digital lending ecosystem that simplifies access to credit. Additionally, the current subsidy system requires reform, linking funding to production performance and improving transparency through digital platforms. The study also emphasizes the importance of tailoring financing programs to regional specifics and production potential. These measures aim to enhance financial discipline among agricultural producers and increase investment attractiveness in the sector. The research contributes both theoretically and practically by providing an integrated framework to strengthen SME financing and foster sustainable agricultural growth in Kazakhstan. The practical implications include policy recommendations for government agencies and financial institutions to improve SME support mechanisms, stimulate innovation, and promote rural entrepreneurship, ultimately contributing to national food security and economic diversification.

Keywords: small and medium-sized enterprises, agriculture, financing, state support, land collateral

© М. Жамкеева[1]*, Т. Диба[2], А.К. Абжатова[3], 2025.
[1]«QazIndustry» Қазақстан индустрия және экспорт орталығы» АҚ,
Астана, Қазақстан;
[2]Академик Қ. Сәтпаев атындағы Екібастұз инженерлік-техникалық институты, Екібастұз, Қазақстан;
[3] Рудный индустриалдық институты, Рудный, Қазақстан.
Email: zh.makhabbat@mail.ru

ҚАЗАҚСТАН АУЫЛ ШАРУАШЫЛЫҒЫНДАҒЫ ШАҒЫН ЖӘНЕ ОРТА БИЗНЕСТІ ҚАРЖЫЛАНДЫРУ МЕХАНИЗМДЕРІНІҢ ТРАНСФОРМАЦИЯСЫ

Жамкеева М. — PhD, "QazIndustry" Қазақстан индустрия және экспорт орталығы" АҚ, Астана, Қазақстан,
Email: zh.makhabbat@mail.ru, ORCID: https://orcid.org/0000-0003-4465-4754;
Диба Т. — магистр, академик Қ. Сәтпаев атындағы Екібастұз инженерлік-техникалық институтының З.А. Ғалымов атындағы Бизнес және басқару кафедрасының аға оқытушысы, Екібастұз, Қазақстан,
Email: tanyadiba@mail.ru, ORCID: https://orcid.org/0000-0002-2925-4835;
Абжатова А.К. — магистр, Экономика және басқару кафедрасының аға оқытушысы, Экономика және құрылыс жоғары мектебі, Рудный индустриалдық институты, Рудный, Қазақстан,
Email: aida_8424@mail.ru, ORCID: https://orcid.org/0009-0005-2213-9956.

Аннотация. Бұл зерттеу Қазақстанның ауыл шаруашылығындағы шағын және орта кәсіпкерлікті (ШОК) қаржыландыру механизмдерінің трансформациясын талдап, қаржылық ресурстарға қолжетімділікті арттыру бойынша ұсынымдар әзірлейді. ШОК ауыл шаруашылығының дамуы мен азық-түлік қауіпсіздігінде маңызды рөл атқарады, бірақ олардың өсуі кепілдік мүлкінің жетіспеушілігі мен субсидия жүйесінің тиімсіздігі сияқты мәселелермен шектеледі. Зерттеу қолданыстағы қаржыландыру моделіндегі жүйелі проблемаларды анықтайды, соның ішінде тиімді кепілдіктердің болмауы, субсидиялардың дұрыс пайдаланылмауы және цифрлық технологиялардың жеткіліксіз интеграциясы. Мемлекеттік бағдарламалар, халықаралық тәжірибе, сондай-ақ статистикалық және нормативтік деректерді кешенді талдау әдістемесі зерттеудің негізін құрайды. Негізгі нәтижелер жалға алынған ауыл шаруашылығы жерлерін кепіл ретінде пайдалану арқылы мемлекеттік кепілдіктерді енгізу қажеттілігін және кредитке қолжетімділікті жеңілдететін цифрлық несиелеу экожүйесін дамыту қажеттігін айқындайды. Сонымен қатар, қазіргі субсидиялау жүйесін реформалау, қаржыландыруды өндіріс көрсеткіштерімен байланыстыру және цифрлық платформалар арқылы ашықтықты арттыру маңызды болып табылады. Зерттеу қаржыландыру бағдарламаларын аймақтық ерекшеліктер мен өндіріс әлеуетіне бейімдеудің маңыздылығын ерекше атап көрсетеді. Бұл шаралар ауыл шаруашылығы өнімдерін өндірушілердің қаржылық тәртібін жақсартуға және саланың инвестициялық тартымдылығын арттыруға бағытталған. Зерттеу теориялық және практикалық тұрғыда ШОК-ты қаржыландыруды нығайтып, Қазақстандағы ауыл шаруашылығының тұрақты дамуын қолдайтын кешенді жүйені ұсынады. Практикалық маңызы – мемлекеттік органдар мен қаржы институттарына ШОК-ты қолдау механизмдерін жетілдіруге, инновацияларды ынталандыруға және ауыл кәсіпкерлігін дамытуға арналған саясат ұсынымдарын беру, бұл өз кезегінде ұлттық азық-түлік қауіпсіздігі мен экономиканың әртараптануына ықпал етеді.

Түйін сөздер: шағын және орта бизнес, ауыл шаруашылығы, қаржыландыру, мемлекеттік қолдау, жерді кепілге қою

© М. Жамкеева[1]*, Т. Диба[2], А.К. Абжатова[3], 2025.
[1]АО «Казахстанский центр индустрии и экспорта «QazIndustry»,
Астана, Казахстан;
[2] Екибастузский инженерно-технический институт имени академика
К. Сатпаева, Экибастуз, Казахстан;
[3]Рудненский индустриальный институт, Рудный, Казахстан.
E-mail: zh.makhabbat@mail.ru

ТРАНСФОРМАЦИЯ МЕХАНИЗМОВ ФИНАНСИРОВАНИЯ МАЛОГО И СРЕДНЕГО БИЗНЕСА В СЕЛЬСКОМ ХОЗЯЙСТВЕ КАЗАХСТАНА

М. Жамкеева — PhD, АО Казахстанский центр индустрии и экспорта «QazIndustry», Астана, Казахстан,
E-mail: zh.makhabbat@mail.ru, ORCID: https://orcid.org/0000-0003-4465-4754;
Т. Диба — магистр, старший преподаватель кафедры бизнеса и менеджмента имени З.А. Галимова, Екибастузский инженерно-технический институт имени академика К. Сатпаева, Экибастуз, Казахстан,
E-mail: tanyadiba@mail.ru, ORCID: https://orcid.org/0000-0002-2925-4835;
А.К. Абжатова — магистр, старший преподаватель кафедры экономики и менеджмента, Высшая школа экономики и строительства, Рудненский индустриальный институт, Рудный, Казахстан,
E-mail: aida_8424@mail.ru, ORCID: https://orcid.org/0009-0005-2213-9956.

Аннотация. Данное исследование анализирует трансформацию механизмов финансирования малого и среднего бизнеса (МСБ) в сельском хозяйстве Казахстана и предлагает рекомендации по улучшению доступа к финансовым ресурсам. Малый и средний бизнес играет ключевую роль в развитии сельского хозяйства и обеспечении продовольственной безопасности, однако их рост сдерживается ограниченной доступностью залогового имущества и неэффективностью системы субсидирования. В исследовании выявлены системные проблемы существующей модели финансирования, включая отсутствие эффективных гарантий, злоупотребления при предоставлении субсидий и недостаточную интеграцию цифровых технологий. Методологическую основу составил комплексный анализ государственных программ, международного опыта, статистических и нормативных данных. Основные результаты подчеркивают необходимость внедрения государственных гарантий, обеспеченных арендованными сельхозземлями, а также создания цифровой экосистемы кредитования, упрощающей доступ к займам. Кроме того, требуется реформирование системы субсидирования с привязкой финансирования к производственным показателям и повышением прозрачности через цифровые платформы. Особое внимание уделено адаптации программ финансирования к региональным особенностям и производственному потенциалу. Принятые меры направлены на повышение финансовой дисциплины сельхозпроизводителей и улучшение инвестиционной привлекательности отрасли. Данное исследование вносит теоретический и практический вклад, предлагая комплексный подход к укреплению финансирования МСБ и устойчивому развитию сельского хозяйства в Казахстане. Практическая значимость выражается в рекомендациях для государственных органов и финансовых институтов по совершенствованию механизмов поддержки МСБ, стимулированию инноваций и развитию сельского предпринимательства, что в конечном итоге способствует продовольственной безопасности и диверсификации экономики.
Ключевые слова: малый и средний бизнес, сельское хозяйство, финансирование, государственная поддержка, залог земель

Introduction. Currently, Kazakhstan is creating favorable conditions for the further development of entrepreneurship through a combination of financial, property, and informational support measures. Within the framework of financial support, the government has introduced and implemented various programs aimed at fostering mass entrepreneurship and start-up projects, including initiatives based on public-private partnerships, across different sectors of the national economy.

Particular attention is given to the development of entrepreneurship in agriculture, which plays a strategically crucial role in ensuring the country's food security. Kazakhstan's chosen trajectory toward building a diversified and innovative economy requires the establishment and sustainable growth of resilient small and medium-sized enterprises (SMEs) with significant development potential. At the same time, for SMEs, especially those operating in the agricultural sector, to function effectively and achieve their objectives, access to sufficient financing—through affordable loans and investments—is of primary importance. However, current industry development indicators, as well as findings from both international and domestic studies, reveal that insufficient financing remains one of the key barriers to the growth of agribusiness enterprises. Supporting this assertion, President Kassym-Jomart Tokayev, in his Address to the People of Kazakhstan on September 1, 2022, stated "The underfinancing of small and medium-sized businesses in Kazakhstan amounts to approximately 42 billion tenge. Meanwhile, multimillion sums of liquidity accumulated in the banks are not effectively working for the economy."

Literature Review. The economic significance of small and medium-sized enterprises (SMEs) has been widely addressed in the works of both domestic and international scholars. Due to their multifunctionality, SMEs are capable of addressing numerous socio-economic challenges and can play a key role in enhancing development efficiency across critical sectors of national activity. When properly organized, SME financing systems can act as a catalyst for economic growth. Before delving into the conceptual basis of SME financing, it is necessary to distinguish between the terms "small and medium-sized business" and "small and medium-sized entrepreneurship."

In his scientific works, Schumpeter (2001) emphasizes the differences between the concepts under study. According to the author, entrepreneurial activity is more closely associated with innovation, where the entrepreneur, by disrupting existing systems, offers something new and/or improves what already exists. Business, in turn, is perceived as a more traditional concept, encompassing any economic activity aimed at generating profit (Schumpeter, 2001). This view is supported by Maidanovich and Bedrik (2017), who identify the main distinguishing feature between "business" and "entrepreneurship" as the nature of the entities engaged in such activities: "business" is the activity carried out by legal entities, while "entrepreneurship" is the activity carried out by individuals (Maidanovich & Bedrik, 2017).

Glebova and Sadyrtdinov (2009) consider the substantive meaning of "business" to be broader, including the process of creating new value and profit by the entrepreneur. At the same time, the authors stress the need to develop regulatory tools, including support measures, for small business in general and for small entrepreneurship in particular (Glebova & Sadyrtdinov, 2009).

From these definitions, it follows that the entrepreneur should possess a number of distinctive qualities, such as initiative, the ability to take commercial risks, economic responsibility, and the introduction of new technologies and organizational forms into production. In other words, the entrepreneur is an active market participant engaged in innovative activity. Another group of scholars considers the concepts of "business" and "entrepreneurship" to be equivalent, without highlighting significant differences, viewing them as the activities of small (or medium-sized) forms of economic entities based on the entrepreneurial activities of private entrepreneurs, small firms, and small enterprises. The equivalence of these concepts is also noted in a political dictionary, where "business" is defined as the same as entrepreneurship, entrepreneurial activity, and independent initiative activity of citizens and their associations aimed at generating profit.

A review of the economic literature reveals varying interpretations of these concepts. Some researchers argue that they are not interchangeable, pointing to differences ranging from general attributes to substantial characteristics of entrepreneurial activity. Despite the recognized importance of SMEs, academic and applied literature specifically analyzing their financing—especially sector-specific financing in agriculture—remains limited. Most of the available studies, primarily in Russian and Kazakh scientific literature, focus on the general need to develop SMEs as a foundation for economic growth. A significant contribution to this field has been made by international organizations such as the World Bank, the Organization for Economic Co-operation and Development (OECD), and the Asian Development Bank. Their analytical reports highlight various structural barriers to financing and propose measures to improve SME access to funds through instruments such as credit guarantees, micro financing, mezzanine financing, and crowd funding. These studies emphasize that the diversity of SME needs calls for flexible and context-sensitive financial solutions.

In the scholarly discourse, the term "SME financing" lacks a universally accepted definition. Most authors view SME financing as a form of financial support, particularly in the context of providing businesses with funds at different stages of their development. However, financing in a broader sense has been subject to various interpretations. For instance, Gorbunova (2003) defines financing as the irrevocable use of state funds allocated to enterprises to fulfill their statutory activities. Khimicheva and Pokachalova (2005) emphasize its legal nature, describing financing as a public transfer governed by legal norms, generally non-repayable, aimed at supporting enterprise operations. Krokhina (2008) frames financing as part of redistributive relations within the public sector, oriented toward expanded reproduction. highlights its key feature as the provision of funds on a non-refundable and non-repayable basis. According to Kazakhstan's Budget Code, financing refers to the allocation of budgetary funds to authorized recipients. The challenges of financing SMEs—especially in the agricultural sector—have also been addressed in works by Russian and Kazakh scholars. For example, Auzan (2010) argue that limited access to financing is a major barrier to entrepreneurship development, particularly under conditions of institutional uncertainty. Polterovich (2007) stresses the need for flexible subsidy and concessional credit systems in agriculture to address market failures. Kleiner (2011) examines the interaction between institutions and state support mechanisms during post-Soviet economic transformations. Kazakh researchers such as Tulepbayev (2021) note the inefficiency of existing lending and subsidy programs for agricultural SMEs. Analytical data from the "Damu" Entrepreneurship Development Fund confirms these observations. The main challenges include high interest rates, insufficient collateral, low financial literacy among rural entrepreneurs, and limited access to banking services in remote regions (Damu, 2024). Other concerns include corruption in subsidy allocation and inefficiencies in program implementation, as noted by Freedom Bank (2023) and reports on agricultural subsidy misuse. In summary, the analysis of scholarly perspectives on SME financing reveals two recurring features: first, financing is often conceptualized as originating solely from the state, thereby limiting the scope to budgetary instruments; second, it is predominantly characterized as a one-sided, non-repayable transfer, which may constrain the development of alternative or private financing mechanisms.

Research materials and methods. Both theoretical and empirical methods of analysis were employed in the course of this study. The theoretical foundation was based on the scientific works of domestic and international researchers on the financing of small and medium-sized enterprises (SMEs), the legal and regulatory acts of the Republic of Kazakhstan, as well as strategic documents governing agricultural policy and SME development.

The empirical part of the study relied on the analysis of official data provided by the Ministry of National Economy of the Republic of Kazakhstan, the Ministry of Agriculture of the Republic of Kazakhstan, the Damu Entrepreneurship Development Fund, Agrarian Credit Corporation JSC, as well as international organizations such as the World Bank, OECD, and FAO. Methods applied included content analysis of policy and program documents, comparative analysis of Kazakhstani and international practices, expert evaluation of existing financial mechanisms, and the development of practical recommendations. A systems approach was used to examine the transformation of SME financing mechanisms in agriculture as a multifaceted issue linked to government regulation, institutional constraints, financial instruments, and digital innovations. In addition, the study utilized elements of case study analysis and regulatory impact analysis (RIA) in relation to public policy for supporting agricultural entrepreneurship.

Discussion and results. Kazakhstan has established a set of essential conditions for the development of small and medium-sized enterprises (SMEs), including those operating in the agricultural sector. These conditions include:

- constitutional guarantees for engaging in entrepreneurial activity;
- legal recognition of SMEs as entities entitled to financial, property, infrastructural, institutional, and informational state support;
- the presence of nearly all components of an SME support system, including entrepreneurship development institutions, financial and credit mechanisms, and guarantee systems;
- a certain level of SME development that can serve as a foundation for advancing the agricultural sector;
- the implementation of numerous government programs aimed at stimulating entrepreneurship.

Within the framework of these programs, targeted sectoral support is provided to enterprises in priority areas of the economy. In addition, entrepreneurial initiatives are encouraged, non-financial support mechanisms are offered, and structural barriers such as limited financial resources and insufficient collateral are addressed. To further promote agricultural development and ensure its long-term sustainability, the government is implementing the Agro-Industrial Complex Development Concept for 2021–2030. Its key targets include tripling agricultural exports and labor productivity and quadrupling investment inflows by 2030 compared to 2020 levels. Another core objective is to ensure that at least 90% of domestic food needs are met by local producers.

The Concept also outlines systemic measures to enhance the efficiency of state support, expand financial instruments, improve access to land, and implement broader reforms aimed at institutional modernization. Placement of financial resources intended for business support is carried out through specialized financial institutions, each of which implements only its own financing instrument and publishes relevant information on its official portal. The absence of a "one-stop shop" principle — both in the mechanism for providing state support and in consolidating information on its availability (lack of a unified information portal) — significantly reduces the interest of businesses in using this source of financing. Since the launch of the Ken Dala credit program under the State Program, JSC "Agrarian Credit Corporation" has financed 2,611 agricultural producers for a total amount of 70 billion tenge. The main lending areas include livestock farming, dairy cattle breeding, poultry farms, vegetable production, construction of infrastructure for grain and vegetable storage, feed production, agricultural product processing, and fish farming.

Credit products are also provided under the State Program for the Development of Productive Employment and Mass Entrepreneurship through programs such as Igilik, Yntymak, Кәсіпкер, Birlik, and Eginzhai. Overall, through its subsidiaries, 876 projects have been financed for a total amount of 762 billion tenge, of which 813 projects worth 642.9 billion tenge have been commissioned. These measures have created 25,000 jobs. In 2024, within the framework of the Agrobusiness, Isker microcrediting, and Ken Dala programs, funding in the amount of 351.2 billion tenge was allocated, which made it possible to issue 18,060 loans. Financing was also provided for 43 investment projects in various industries with a total value exceeding 100 billion tenge. As a result, more than 51,000 people were employed, including the creation of 9,000 new jobs.

It should be noted that, in general, over the reviewed period, the volume of financing for the agricultural sector increased by 448.6 billion tenge (Table 1).

Table 1 – Volume of SME Financing in Agriculture by JSC "Baiterek" National Managing Holding ("KazAgro" NMH)

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	Growth rate 2024 to 2017, %
Total volume of agricultural financing, billion tenge	478.8	406.2	476.5	537.4	583.9	704.7	768.3	927.4	194.0
Volume of funds disbursed by JSC "Baiterek" NMH, billion tenge	280.6	267.0	400.1	448.6	445.7	464.2	522.3	554.7	198.0

Share of JSC “Baiterek” NMH funds in total SME agricultural financing, %	58.6	65.7	84.0	83.5	76.3	65.9	68.0	60.0	–
Share of SMEs in total financing volume of “Baiterek”, %	74.1	92.1	88.6	97.5	92.0	96.0	96.4	n/a	–
Compiled by the author based on: Annual reports for 2015–2020, JSC “KazAgro”									

As shown in Table 1, a significant share of agribusiness financing is accounted for by state funding — 60.0% in 2024 — which indicates not only the high dependence of the sector on this source, but also confirms the lack of interest from commercial banks in lending to agriculture. State financing of the sector has almost doubled over the review period, while the share of SMEs in the loan portfolio of JSC “Baiterek” NMH reached 96.4% in 2023.

The annual dependence of the sector on state financing is explained, first, by preferential terms and loan maturities for farmers, considering sector-specific technological processes and the long payback periods of agricultural projects (80% of allocated loan funds are long-term). At the same time, interest rates range from 5.5% to 6.0%, depending on the lending program. Second, this dependence is due to reduced collateral requirements: for microloans of up to 6 million tenge and for SME loans of up to 100 million tenge, liquidity ratios have been revised. Third, an additional factor is the simplified loan application process. In 2022, an online platform for microloan applications under the Isker program was launched, integrating with government databases, which allowed for a reduction in the list of required documents and made it possible to apply for loans of up to 6 million tenge for livestock or crop production via the Internet using any device.

However, the results of this study have revealed critical challenges in the current financing system. Structural shortcomings are evident across nearly all its components. These systemic flaws underscore the need for a more integrated and strategic approach to SME financing in agriculture. Adopting a comprehensive financing approach is essential to stimulate effective entrepreneurship, strengthen food security, and improve employment and living conditions in rural areas. While state support remains indispensable, such support must be built upon market-based principles and adapted to the growth potential of SME entities. In this context, it is necessary to improve existing financial practices and introduce innovative instruments capable of responding to the real needs of agricultural SMEs for accessible and affordable financing.

Based on the findings of this research and in response to the identified challenges, we offer the following recommendations (Table 2).

Table 2 – Recommendations for Improving SME Financing in the Agricultural Sector

Recommendations for Improvement	**Objective**	**Expected Result**
Introduction of a government-backed guarantee instrument through "Damu" Entrepreneurship Development Fund for providing loans secured by leased agricultural land	Address the issue of collateral availability	Provision of credit resources to SMEs
Creation of a digital ecosystem for business lending	Facilitate interaction between banks and the "Damu" Entrepreneurship Development Fund for credit provision	Increase accessibility to credit resources and simplify the lending procedure
Integration of reciprocal obligations into the subsidy system, requiring the achievement of production targets, employment creation, and labor productivity improvement	Ensure the effective use of public financial resources	Increase the volume of agricultural production, employment rates, and labor productivity
Note – Compiled by the author.		

In our opinion, one of the most important tools for promoting the development of small and medium-sized enterprises (SMEs) in agriculture could be a shift from the practice of direct government financing toward the expansion of indirect regulation mechanisms. In Kazakhstan, as in other countries, government financial support for business entities is primarily provided in the form of direct financing. This situation, firstly, does not contribute to the development of a competitive entrepreneurial environment, and secondly, it encourages dependency among businesses. For example, subsidies, as a tool of financial support for businesses, do not entail legally binding reciprocal obligations for agricultural producers. While this form of support partially offsets production costs, it simultaneously reduces recipients' motivation to achieve specific production targets, attract employees, introduce innovations into production, or ensure the sustainable development and operation of their businesses.

Accordingly, most developed countries provide business support primarily through credit guarantee mechanisms, thus stimulating business growth and the fulfillment of contractual obligations. Kazakhstan has also established a system of credit guarantees for loans and leasing, provided through the "Damu" Entrepreneurship Development Fund and the former "Fund for Financial Support of Agriculture". Guarantees for loans and leasing are issued by financial institutions under government programs for business development financing. However, the existing guarantee system has not yet fully resolved the issue of collateral availability, which remains a significant challenge.

The study of international experience in credit security shows that, in developed countries, agricultural land is widely used as collateral (e.g., the USA, Germany, the United Kingdom, Spain, Austria, France). However, for the successful organization of land mortgage lending, the following conditions must be established:

- an appropriate institutional infrastructure (land legislation, a government cadastral system, registration of land rights, land valuation databases, and trained professionals);

- bank capital targeted at land-use financing;
- availability of credit resources and free access to them;
- a taxation system based on the natural resource rent potential.

It should be noted that in Kazakhstan, 98.8% of agricultural land in use is leased, and the current land management system prohibits the transfer of leased land rights. This constraint reduces the investment attractiveness and liquidity of agricultural land and prevents it from being used as collateral for attracting loan capital.

In this context, we propose introducing state guarantees secured by leased agricultural land owned by SMEs under long-term lease agreements (Figure 1).

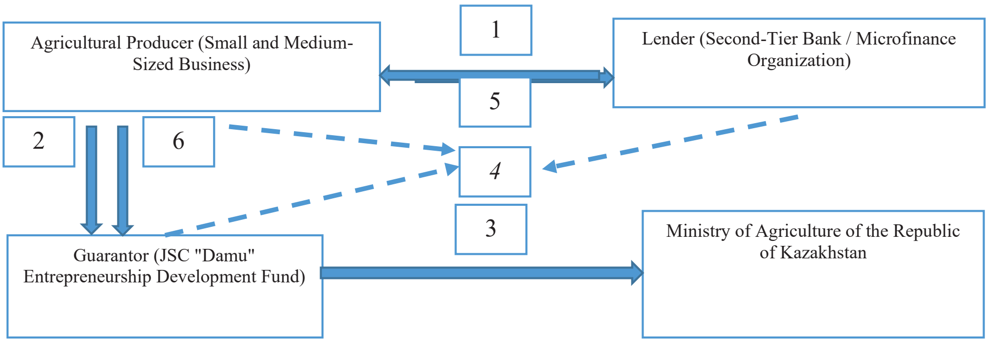

Figure 1 – Proposed System of Guarantees Secured by Leased Agricultural Land
Note – Compiled by the author.

Where:

1. Application by the agricultural producer for a loan and evaluation of the provided collateral.
2. Submission of a guarantee request to JSC "Damu" via the EGOV.KZ information system.
3. Guarantee confirmation by the "Damu" Fund in coordination with the Ministry of Agriculture of the Republic of Kazakhstan.
4. Conclusion of a tripartite guarantee agreement between the entrepreneur, the lender, and JSC "Damu" Entrepreneurship Development Fund.
5. Provision of the loan to the agricultural producer by the bank.
6. Payment of a commission amounting to 3% annually of the remaining guarantee amount.

International experience demonstrates that the optimal commission for issuing a guarantee ranges from 1% to 3% per annum throughout the guarantee period. The optimal coverage ratio of the guarantee by the guarantor should amount to 60% of the loan amount (OECD, 2013).

It is important to note that the right to receive a guarantee should be limited to a target group comprising SMEs and registered farming enterprises with land holdings of up to 1,000 hectares.

The loan amount could reach up to 5 billion tenge. At the same time, the guarantee amount should be differentiated depending on the status of the entrepreneur: for start-up entrepreneurs, the guarantee could cover up to 85% of the loan amount if collateral is insufficient; for operating entrepreneurs, it could cover up to 50%.

In cases of loan default, the "Damu" Fund, acting as the guarantor, would fulfill its obligations to the bank in full.

Additionally, the financing scheme could be further enhanced through the integration of databases on agricultural producers with the tax authorities and the automated state land cadastre system, thus preventing agricultural producers from using land plots they do not legally own as collateral.

The proposed financing scheme would achieve the following:

– First, it would enable SMEs to access credit resources secured by leased land plots.

– Second, it would involve financial institutions in lending relationships while sharing part of their risk with the state.

– Third, it would reduce budgetary expenditures on SME financing.

– Fourth, it would increase the liquidity of agricultural land and enhance the responsibility of agricultural producers for the targeted and efficient use of land plots.

To implement this mechanism, amendments must also be made to the Law of the Republic of Kazakhstan on Land Relations to eliminate barriers to the circulation of agricultural land by lifting restrictions related to lease land plots. Moreover, the government must address the issue of the misuse of agricultural land, its withdrawal, and its reintegration into active circulation. Without resolving these issues, the value of land as liquid collateral will not improve. Undoubtedly, the digital monitoring service for agricultural land, introduced on January 1, 2021, will contribute to solving this problem.

Another recommendation for improving the SME financing system in agriculture is to increase access to information. The importance of informational support regarding participation in government programs was emphasized by 44.6% of respondents who participated in a 2020 survey conducted by the "Damu" Entrepreneurship Development Fund (OECD, 2013). A significant leap in the development of digital technologies and the provision of business lending services should be achieved through the integration of business lending programs with specialized financial institutions that provide financial support to businesses. Kazakhstan already has experience in this area: Freedom Bank has integrated its operations with over 90 government and private data sources, allowing entrepreneurs to obtain government-backed loans without collecting documentation, as well as to receive guarantees from the "Damu" Fund.

Under the Damu Fund's digital lending program, digital loans are issued for two purposes:

– for investments — from 500 thousand to 20 million tenge, for a term of 6 to 36 months;

– for working capital — from 500 thousand to 5 million tenge, for a term of 6 to 24 months.

– The interest rate is 8% for clients in mono-towns and small cities, as well as for social entrepreneurs in Zhezkazgan and Konaev, and 7% for priority segments.

If the entrepreneur does not meet the requirements of the government program, they can use a multi-solution service to select the most favorable terms for a secured or unsecured loan. Such an organization of digital lending services gives a new impetus to the development of SME lending and opens up new financial opportunities. Furthermore, this direction should be developed across all banks in Kazakhstan. This approach to business lending reduces banks' operational costs for assessing clients' creditworthiness and allows loans to be issued in the shortest possible time. Moreover, the creation of a digital ecosystem for business lending, encompassing all banking institutions as well as state financial institutions providing financial support, would not only improve the quality and accessibility of services but, most importantly, enhance the accessibility of financing for businesses.

The conceptual framework for the digital business lending ecosystem is presented in Figure 2. The data presented in the figure 2 allows us to trace the logic of the lending process and the interaction between banks and financial institutions. It should also be noted that the priority in creating this digital ecosystem is to ensure entrepreneurs' access to financial resources without the need to visit institutions or collect extensive documentation for government lending programs. If the entrepreneur does not meet the requirements for government support, the system provides the opportunity to obtain bank financing under favorable conditions. To improve the SME financing system, changes are necessary in the current mechanism for the distribution of subsidies. At the current stage of economic development, subsidies remain the most convenient and in-demand tool of government support for agricultural producers. However, for the government, the subsidy mechanism often results in unjustified financial losses, primarily due to the absence of clear performance criteria linked to the use of allocated funds.

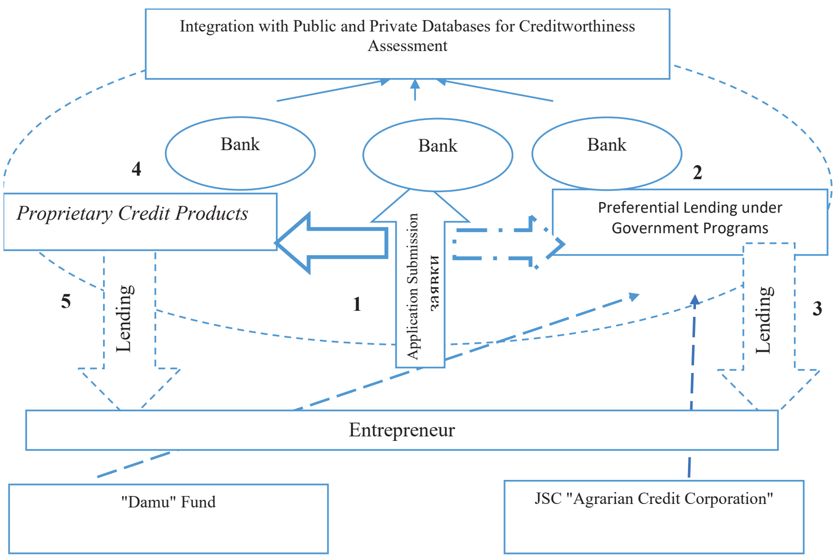

Figure 2 – Conceptual Framework for the Digital Business Lending Ecosystem
Note – Compiled by the authors based on source (Freedom Bank, 2023)

According to current regulations, subsidy recipients are not required to achieve specific, measurable results, which reduces the incentives for agricultural producers to expand their businesses, introduce innovations, achieve target yields, or improve labor productivity. Moreover, the lack of a clearly regulated mechanism for the distribution of budgetary funds among regions, agricultural producers, credit cooperatives, microfinance organizations, and leasing companies (intermediaries between JSC "Agrarian Credit Corporation" and agribusiness entities) prevents farmers from reliably planning their activities based on expected financial support. The inconsistency, instability, and lack of transparency in the distribution of public financial resources among agricultural producers raise serious concerns not only among the recipients but also among government authorities.

Thus, we believe that when awarding subsidies, the government must establish development indicators and criteria for regions and farms. Only upon achieving these results should the use of state support resources continue. In our view, linking the amount of allocated budgetary funds to a certain volume of production would fundamentally improve the situation in agriculture by enhancing the responsibility of subsidy recipients, increasing production volumes, and ensuring more efficient use of land resources. This conclusion is supported by international experience: in several Western countries, the level of state support depends on the performance of agricultural producers (e.g., crop yields, livestock productivity). Failure to meet established indicators results in reduced support levels.

A comprehensive approach to solving these issues involves the following measures:

First, amendments and additions to national and regional legislation regulating the relationship between agribusiness entities and the government are required. Subsidies for agricultural production should be performance-based, focusing on production volumes sold domestically or for export, job creation, and increased labor productivity. The current legislative shortcomings have led to uncontrolled use of public funds. The subsidy mechanism lacks transparency and remains one of the most corruption-prone sectors, as evidenced by numerous criminal cases. This concern was echoed by President Tokayev, who stated: “Budgetary funds are dissipated, and there is no unified control over their use. There is also no serious economic effect” (Tokayev, 2021).

Thus, we recommend revising the existing subsidy system by introducing an element of "targeted" financing. Preferential lending and subsidies should be allocated specifically to those producers who genuinely require them, and be conditioned by standard financing procedures. Financial instruments should be directed toward the most promising sectors and innovative products capable of generating the highest multiplier effect. Second, in Kazakhstan, subsidies in agriculture are distributed electronically via a digital platform. Undoubtedly, the use of the digital platform has simplified the application process and enhanced transparency (the system consolidates data on equipment, land plots, credit obligations, etc.).

However, access to subsidies largely depends on the speed and accuracy of application submission during narrow budget disbursement periods. With the advancement of information technology, this process has become even more unfair. Large enterprises often use automated bots to accelerate application filing, gaining an advantage over SMEs, which diminishes the fairness of the system. Currently, the subsidy allocation mechanism prioritizes the speed of submission rather than the actual need, capabilities, or productivity of farmers. Thus, drawing from Azerbaijan's experience, we propose the creation of a Unified Information System containing all necessary data on agricultural producers: land size, production indicators, technical resources, soil agrochemical composition, and more. Farmers would submit electronic applications detailing planting areas and land documents, along with soil sample data. Those failing to submit by December 30 would be excluded from subsidy eligibility for the following year. Mobile teams could assist farmers in remote villages in completing applications. This would improve transparency and enable more efficient and performance-based subsidy distribution. Moreover, a database of "reliable subsidy recipients" should be created, allowing financially disciplined farmers to access subsidies under a simplified procedure. Third, the current electronic subsidy distribution system does not account for regional specifics of agricultural production. Natural and economic variations—such as production costs, market accessibility, and logistics—significantly affect production costs. Thus, subsidy volumes should be differentiated based on reproduction conditions and regional norms for agricultural products.

Government programs for business financing must be designed considering production potential calculations for each region, the availability of suitable land, and distribution channels to encourage agribusiness development. The above-mentioned issues are exacerbated by the absence of a unified register of subsidy recipients, which allows some entrepreneurs to obtain multiple financial supports under different programs, preventing broader access. The lack of monitoring and standardized methods for assessing program effectiveness across sectors and regions further impedes the justification of public spending. Persistent issues include administrative barriers, bureaucracy, and corruption. It must be emphasized that effective support for SMEs should be based on specific goals and outcomes, not merely on enterprise size. Given the scarcity of budgetary resources, the government should annually revise financing volumes based on sectoral priorities and regional potential. This would enable a more targeted focus on regional "growth points" and achieve tangible results.

Conclusion. Thus, the policy for financing agricultural producers in Kazakhstan must incorporate a more targeted implementation mechanism.

Preferential lending and subsidies should be aimed specifically at providing financial resources to those producers who genuinely need them, and should be conditioned by standard financing requirements.

The scope of such financing programs should be limited to the most promising areas of production featuring innovative products or regions with unfavorable economic conditions but significant production potential, capable of generating the greatest multiplier effect.

A fundamental principle for the allocation of government financial resources should be the contribution of each region to the gross output of the country's agricultural production.

This approach would serve as an incentive for regional authorities, in coordination with farmers, to enhance the production performance and development of the agricultural sector.

References

Аузан А.А. (2010) Институциональная экономика. — М.: Высшая школа экономики.

Фонд развития предпринимательства «Даму» (2023) Годовой отчет. — URL: https://damu.kz (дата обращения: 04.04.2024).

Freedom Bank (2024) Freedom Bank запустил цифровое кредитование для МСБ по льготной ставке. — URL: https://forbes.kz/economy/finance/freedom_bank (дата обращения: 17.08.2024).

Глебова И.С., Садыртдинов Р.Р. (2009) Государственное регулирование малого и среднего предпринимательства. — Казань: Казанский государственный университет.

Горбунова О.Н., Грачева Е.Ю., Соколова Е.Д. (2003) Финансовое право: учебник. — М.: ЮНИТИ-ДАНА.

Химичева Н.И., Покачалова Е.В. (2005) Финансовое право: учебно-методический комплекс. — М.: Норма.

Клейнер Г.Б. (2011) Системная экономика и стратегия развития. — М.: Наука.

Крохина Ю.А. (2008) Финансовое право России. — М.: Норма.

Майданович Ю.П., Бедрик К.А. (2017) Малый бизнес: понятие и преимущества. — АНИ: Экономика и управление, т. 6. — № 2 — С. 177–180.

OECD (2013) Improving access to finance in Kazakhstan's agro-industrial complex: Private sector development policy handbook. — URL: https://www.oecd.org/global-relations (дата обращения: 04.04.2025).

Полтерович В.М. (2007) Почему реформы провалились. — М.: Экономика.

Президент Республики Казахстан К.-Ж.К. Токаев. (2021) Бюджетные средства растворяются: о субсидиях в сельское хозяйство. — URL: https://tengrinews.kz/kazakhstan_news/byudjetnyie-sredstva-rastvoryayutsya-tokaev (дата обращения: 04.04.2025).

Шумпетер Й.А. (2001) История экономического анализа. Т. 2. — СПб.: Экономическая школа.

Тулепбаев А.Ж. (2021) Финансирование малого предпринимательства в сельском хозяйстве Казахстана. — Экономика и статистика. — № 2.

References

Auzan A.A. (2010) Institutsional'naya ekonomika [Institutional economics]. Moscow: Higher School of Economics. (in Russian)

Damu Entrepreneurship Development Fund. (2023) Godovoy otchet [Annual report]. Retrieved April 4, 2024, from https://damu.kz (in Russian)

Freedom Bank. (2024). Freedom Bank zapustil tsifrovoe kreditovanie dlya MSB po l'gotnoy stavke [Freedom Bank launched digital lending for SMEs at a preferential rate]. Retrieved August 17, 2024, from https://forbes.kz/economy/finance/freedom_bank (in Russian)

Glebova I.S., & Sadyrtdinov R.R. (2009) Gosudarstvennoe regulirovanie malogo i srednego predprinimatel'stva [State regulation of small and medium-sized enterprises]. Kazan: Kazan State University. (in Russian)

Gorbunova O.N., Gracheva E.Yu., & Sokolova E.D. (2003) Finansovoe pravo: uchebnik [Financial law: Textbook]. Moscow: UNITY-DANA. (in Russian)

Khimicheva N.I., & Pokachalova E.V. (2005) Finansovoe pravo: uchebno-metodicheskiy kompleks [Financial law: Educational and methodological complex]. Moscow: Norma. (in Russian)

Kleiner G.B. (2011) Sistemnaya ekonomika i strategiya razvitiya [Systemic economy and development strategy]. — Moscow: Nauka. (in Russian)

Krokhina Yu.A. (2008) Finansovoe pravo Rossii [Financial law of Russia]. — Moscow: Norma. (in Russian)

Maidanovich, Yu.P., & Bedrik K.A. (2017) Malyi biznes: ponyatie i preimushchestva [Small business: Concept and advantages]. ANI: Ekonomika i Upravlenie, 6(2). — P. 177–180. (in Russian)

OECD (2013) Improving access to finance in Kazakhstan's agro-industrial complex: Private sector development policy handbook. Retrieved April 4, 2025, from https://www.oecd.org/global-relations (in English)

Polterovich V.M. (2007) Pochemu reformy provalilis' [Why reforms failed]. Moscow: Ekonomika. (in Russian)

President of the Republic of Kazakhstan K.-Zh. K. Tokayev. (2021). Byudzhetnye sredstva rastvoryayutsya: o subsidiyakh v sel'skoe khozyaistvo [Budget funds are dissipated: On subsidies for agriculture]. Retrieved April 4, 2025, from https://tengrinews.kz/kazakhstan_news/byudjetnyie-sredstva-rastvoryayutsya-tokaev (in Russian)

Schumpeter J.A. (2001) Istoriya ekonomicheskogo analiza [History of economic analysis] (Vol. 2). St. Petersburg: Ekonomicheskaya shkola. (in Russian)

Tulepbaev A.Zh. (2021) Finansirovanie malogo predprinimatel'stva v sel'skom khozyaistve Kazakhstana [Financing of small entrepreneurship in Kazakhstan’s agriculture]. Ekonomika i Statistika, (2). (in Russian)

Publication Ethics and Publication Malpractice in the journals of the «Central Asian Academic Research Center» LLP (Almaty)

For information on Ethics in publishing and Ethical guidelines for journal publication see http://www.elsevier.com/publishingethics and http://www.elsevier.com/journal-authors/ethics.

Submission of an article to the National Academy of Sciences of the Republic of Kazakhstan implies that the work described has not been published previously (except in the form of an abstract or as part of a published lecture or academic thesis or as an electronic preprint, see http://www.elsevier.com/postingpolicy), that it is not under consideration for publication elsewhere, that its publication is approved by all authors and tacitly or explicitly by the responsible authorities where the work was carried out, and that, if accepted, it will not be published elsewhere in the same form, in English or in any other language, including electronically without the written consent of the copyright-holder. In particular, translations into English of papers already published in another language are not accepted.

No other forms of scientific misconduct are allowed, such as plagiarism, falsification, fraudulent data, incorrect interpretation of other works, incorrect citations, etc. The National Academy of Sciences of the Republic of Kazakhstan follows the Code of Conduct of the Committee on Publication Ethics (COPE), and follows the COPE Flowcharts for Resolving Cases of Suspected Misconduct (http://publicationethics.org/files/u2/New_Code.pdf). To verify originality, your article may be checked by the originality detection service Cross Check http://www.elsevier.com/editors/plagdetect.

The authors are obliged to participate in peer review process and be ready to provide corrections, clarifications, retractions and apologies when needed. All authors of a paper should have significantly contributed to the research.

The reviewers should provide objective judgments and should point out relevant published works which are not yet cited. Reviewed articles should be treated confidentially. The reviewers will be chosen in such a way that there is no conflict of interests with respect to the research, the authors and/or the research funders.

The editors have complete responsibility and authority to reject or accept a paper, and they will onh accept a paper when reasonably certain. They will preserve anonymity of reviewers and promote publication of corrections, clarifications, retractions and apologies when needed. The acceptance of a paper automatically implies the copyright transfer to the National Academy of sciences of the Republic of Kazakhstan.

The Editorial Board of the National Academy of sciences of the Republic of Kazakhstan will monitor and safeguard publishing ethics.

Правила оформления статьи для публикации в журнале смотреть на сайте:

www: nauka-nanrk.kz

ISSN 2518–1467 (Online),

ISSN 1991–3494 (Print)

http://www.bulletin–science.kz/index.php/en

Директор отдела издания научных журналов НАН РК *А. Ботанқызы*

Редакторы: *Д.С. Аленов, Ж.Ш.Әден*

Верстка на компьютере *Г.Д.Жадыранова*

Подписано в печать 25.08.2025.

Формат 60x881/8. Бумага офсетная. Печать - ризограф.

37,0 п.л. Тираж 300. Заказ 4.

ТОО «Центрально-азиатский академический научный центр»

050010, Алматы, ул. Шевченко, 28, т. 272-13-19