

On approval of the Rules of subsidizing interest rates on loans granted to the agriculture support

Unofficial translation

Resolution No. 488 of the Government of the Republic of Kazakhstan dated April 19, 2012

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In accordance with the Law of the Republic of Kazakhstan dated November 24, 2011 “On the republican budget for 2012 - 2014”, the Government of the Republic of Kazakhstan hereby **RESOLVES**:

1. To approve the attached Rules of subsidizing interest rates on loans granted to the agriculture support.
2. This resolution shall take effect upon expiry of ten calendar days from the date of the first official publication.

Prime Minister of the Republic of Kazakhstan

K. Massimov

Approved by
Resolution No. 488
of the Government
of the Republic of Kazakhstan
dated April 19, 2012

Rules of subsidizing interest rates on loans granted to the agriculture support 1.

General Provisions

1. These Rules of subsidizing interest rates on loans granted to the agriculture support (hereinafter - the Rules) are developed in accordance with the Law of the Republic of Kazakhstan dated November 24, 2011 “On the republican budget for 2012-2014” and govern the procedure of granting subsidies from the republican budget for reimbursement of a part of borrowers' expenses for payment of interest on loans (leasing) within the framework of budget programme 039 “Compensation of interest rates on loans to the agriculture support” for 2012.

2. The following concepts and definitions shall be used in these Rules:

1) budget programme administrator - the Ministry of Agriculture of the Republic of Kazakhstan;

2) financial institutions - second-tier banks, credit organizations holding a corresponding license for carrying out banking activities, leasing companies;

3) borrower - an individual, legal entity, regardless of the form of ownership, including a peasant (farming) enterprise engaged in the processing of agricultural products, production of food commodities;

4) loan (leasing) - the sum of money (leasing item) provided by a financial institution to a borrower on the basis of a loan agreement;

5) loan agreement – an agreement on bank loan (financial leasing) concluded between a financial institution and a borrower;

6) interest rate - the amount of remuneration established by the loan agreement between the financial institution and the borrower for the use of credit (leasing).

2. Subsectors of production (processing) of agricultural output and types of expenses on which subsidies are granted

3. At the republican budget expense, subsidies shall be granted to provide financial support in the following priority areas:

1) group “A” - borrowers involved in:

processing of fruits, berries, vegetables and production of canned fruits and vegetables;

production of poultry meat, eggs and egg powder;

processing of fish and fish products;

milk processing and dairy production;

processing of oilseeds and production of oil and fat products;

meat processing and meat production;

white sugar production;

corn processing;

2) group "B" - borrowers involved in:

processing of raw hides and wool;

production of cereals.

4. Subsidies shall be provided in fulfillment of the expenditure obligations of borrowers of groups “A” and “B” related to reimbursement of part of the expenses:

1) on loans received for:

purchase of agricultural raw stock for primary and industrial processing, auxiliary stock and materials necessary for manufacturing of finished products;

purchase of fuels and lubricants, spare parts and materials for repair of agricultural machinery, cars, pumping stations, mineral fertilizers, plant protection agents, fodders, veterinary drugs and other material resources for seasonal work, also for the purchase of young farm animals (in case of using agricultural stock of own production) in the availability of a certificate on the volumes of own agricultural output production;

for the purchase of agricultural machinery, special equipment, stations of acceptance and (or) primary processing of agricultural stock, including refrigeration and storage of agricultural products (when using agricultural stock of own production) in the availability of a certificate on the volumes of own production of agricultural commodities;

for the purchase of technological equipment, automatic and power machines (automatic production lines, electric motors, steam engines, etc.) necessary for manufacturing of finished products;

2) on leasing received for:

purchase of agricultural machinery necessary to equip stations of acceptance and (or) primary processing of agricultural stock, including refrigeration and storage of agricultural products (in the event of using agricultural stock of own production) in the availability of a certificate on the volumes of own agricultural output production;

for the purchase of technological equipment, automatic and power machines (automatic production lines, electric motors, steam engines, etc.), necessary for manufacturing of finished products and spare parts and materials for them;

3) on loans (leasing) received for refinancing of loans (leasing), provided for by subparagraphs 1), 2) of this paragraph.

3. Terms of granting subsidies

5. Loans (leasing) issued by financial institutions at the expense of their own and (or) borrowed funds are subject to subsidies, while the interest rate shall exceed the official refinancing rate of the National Bank of the Republic of Kazakhstan valid on the date the financial institutions are determined, but not more than 14.0% p.a. The sum of loans (leasing) in national currency for one borrower, on which the interest rate is subsidized, may not exceed KZT 3,000,000,000 (three billion tenge).

The sum of loans (leasing) in foreign currency shall be equivalent to the above amount in national currency according to the official rate of the National Bank of the Republic of Kazakhstan, effective at the date of loan issuance.

The amount of the credit limit to be subsidized shall also extend to loans (leasing) repaid early or timely throughout 2012.

6. The term of subsidizing shall be 12 (twelve) months.

At the same time, for the current loan (leasing), the term of the subsidizing report shall start from the end of disbursement of subsidies of the previous financial year or from January 1, 2012.

For a loan (leasing) issued by a financial institution in foreign currency, subsidies shall be accrued at the exchange rate of the National Bank of the Republic of Kazakhstan, valid on the date the financial institutions are determined.

7. Subsidies from the republican budget shall be granted in the following amounts:

1) on the loans (leasing) received by borrowers of group “A”, in the amount of 100 percent of the official refinancing rate of the National Bank of the Republic of Kazakhstan, valid on the date the financial institutions are determined;

2) on loans (leasing) received by borrowers of group “B” in the amount of 60 percent of the refinancing rate of the National Bank of the Republic of Kazakhstan, valid on the date the financial institutions are determined.

8. The loans (leasing) of borrowers receiving subsidies under other budget programmes, as well as special accredited loans, shall not be subsidized.

4. Formation of the commission for determining financial institutions and distributing subsidies

9. To determine financial institutions and distribute subsidies, the budget programme administrator shall form a commission for determining financial institutions and distributing subsidies (hereinafter - the commission) consisting of the chairman, deputy chairman, members and secretary of the commission. The commission membership shall be approved by the order of the executive secretary of the budget programme administrator.

The commission shall comprise representatives of interested structural units of the budget programme administrator, as well as representatives of public organizations as agreed, and have an odd number of members, at least five people.

The secretary of the commission shall not be a member of the commission.

10. The meeting of the commission shall be held on the fourth Thursday of May 2012.

In the event of incomplete distribution of subsidies envisioned in 2012, and (or) formation of cost savings on the previous determination results, the commission shall re-convene on the first Tuesday of August and October 2012.

5. Procedure for provision of funds from the republican budget to subsidize interest rates on loans granted to the agriculture support

11. The process of providing funds from the republican budget to subsidize interest rates on loans (leasing) granted to the agriculture support shall comprise the following steps:

1) determination of financial institutions (in cases indicated in paragraph 10 of these Rules, an additional determination is made);

2) filing by financial institutions of an application for participation in the subsidy program for 2012;

3) conclusion of a subsidy agreement between the budget program administrator and the financial institution.

12. The amount of subsidies for the groups specified in paragraph 3 of these Rules provided from the republican budget to borrowers shall be determined by the formula:

$$W_1 = 0,8W_{1a} + 0,2W_{16},$$

where:

W_1 – is the amount of funds allocated from the budget, in KZT;

W_{1a} - is the amount of funds, granted to borrowers of group A, in KZT;

W_{16} - is the amount of funds, granted to borrowers of group B, in KZT.

13. The commission shall distribute subsidies to borrowers in accordance with the amounts provided for in paragraph 7 of these Rules, in the order of priority within the group, determined in accordance with paragraph 3 of these Rules.

In case of satisfying the entire need for subsidies within one group on the applications filed by financial institutions and formation of a balance of unallocated funds in it, the commission shall distribute this balance to borrowers of another group.

In the event that on the first determination results a balance of unallocated funds is formed, the commission shall determine the amount of subsidies for the groups specified in paragraph 3 of these Rules, according to the formula:

$$W_o = 0,8W_{oa} + 0,2W_{o6},$$

where:

W_o – is balance of uncommitted funds, allocated from the budget, KZT:

W_{oa} - amount of funds, granted to borrowers of group A, KZT;

W_{o6} - amount of funds, granted to borrowers of group B, KZT.

If the remaining funds are not sufficient to meet the need for subsidies to one or another group, the commission shall independently distribute the remaining funds in equal shares within one group in direct proportion to the interest amounts on the loan (leasing).

6. Determination of financial institutions for participation in the subsidizing programme

14. Financial institutions wishing to participate in the determination shall file to the budget programme administrator the following documents:

- 1) a notarized copy of the certificate of state registration (re-registration) of a legal entity (financial institution) with an indication of a business identification number (BIN);
- 2) a notarized copy of the license for carrying out banking activities (except for leasing companies).

15. Financial institutions shall file the documents referred to in paragraph 14 of these Rules in a sealed envelope, in which the following details shall be indicated:

- 1) full name and address of the financial institution;
- 2) address of the budget program administrator: 010000, Astana, st. Kenesary 36, Ministry of Agriculture of the Republic of Kazakhstan, office 1402;
- 3) words

“Determination of financial institutions under programme 039 “Reimbursement of interest rates on loans to support agriculture;”

“Do not open until determination of financial institutions.”

The deadline for submitting documents is up to 12 hours 00 minutes on the day the financial institutions are determined.

16. The secretary of the commission shall register the documents of financial institutions for participation in the determination in a special log, which must be numbered, bound together and sealed by the budget program administrator.

Basing on the filed documents referred to in paragraph 14 of these Rules, the commission shall determine the financial institutions and form within 1 (one) business day from the determination date the list of financial institutions that have passed the determination.

In the event of a positive opinion of the commission on passing the determination by the financial institution, during 2012 an additional determination is not required.

7. Filing of application by financial institutions for participation in the subsidy programme for 2012

17. Concurrent to filing of the documents for participation in the financial institutions determination, the financial institutions shall file an application according to the form in Appendix 1 to these Rules. The application must be signed by the head of the financial institution or a person authorized to sign the application, and it shall be sealed by the financial institution. Separate applications from branches (representative offices) of the financial institution shall not be accepted.

The secretary of the commission shall separately register applications from the financial institutions in a special log, which must be numbered, bound together and sealed by the budget programme administrator.

18. The following shall be attached as an integral part of the application:

1) a copy of the loan agreement and (or) the preliminary loan agreement certified by the financial institution with an attached schedule for repaying the loan (leasing) and interest on it , concluded between the financial institution and the borrower;

2) copies of the borrower's relevant documents (agreements, contracts, acts) confirming the intended use of the loan (leasing) certified by the financial institution;

3) a certificate of the borrower on the volume of own production of agricultural output, if necessary;

4) a copy of the extract from the borrower's loan account on receipt of a loan (leasing) certified by the financial institution or a document confirming receipt of a loan, leased asset;

5) a brief description of the borrower according to the form of Appendix 2 to these Rules;

6) a brief description of the project of the borrower according to the form of Appendix 3 to these Rules;

7) calculation of remuneration for each loan (leasing) of the borrower in accordance with paragraph 6 of these Rules in the form of Appendix 4 to these Rules;

8) a copy of the certificate of the established form of the relevant tax authority of the borrower on the absence (presence) of tax debt, arrears of compulsory pension contributions and social contributions. The date of issue of the certificate shall be no more than three months preceding the determination date, signed by the head manager or the person authorized to sign it, with the seal of this tax authority;

9) a written commitment of the financial institution to conclude loan agreements with borrowers and issue loans to borrowers within 20 (twenty) business days from the date of signing the report on results of the meeting of the commission in accordance with paragraph 27 of these Rules;

10) a copy of the power of attorney or an order on authority to sign by another person if the application is not signed by the head manager of the financial institution.

19. Financial institutions shall independently determine the borrowers basing on their compliance with the requirements of these Rules and absence of overdue taxes, other obligatory payments, and social deductions for more than three months.

20. The brief description of the borrower, brief description of the project, certificate of the borrower shall be signed by the head manager of the borrower and certified with his seal. The information shall be confirmed by the financial institution (or its branch), in which the borrower is serviced (signature of the official and seal of the financial institution). If a photocopy or a scanned copy of the brief description of the borrower, brief description of the project, calculation of remuneration, certificate of the borrower are submitted, they shall be certified by the original seal of the financial institution and the signature of the authorized official.

21. The application and all the attached documents shall be bound together in one package , with numbered pages, with a paper sheet pasted to the thread ends on the back of the last page with inscribed words “Bound and numbered _____ sheets. Date “___” _____ 201__ year”, signed by an official and sealed by the financial institution. The presence in the envelope of non-bound, loose documents shall not be allowed, such documents shall be returned to the financial institution without examination by the commission. If the financial institution files more than one application, all the applications shall be subject to serial numbering.

22. If the financial institution files several applications, the financial institution shall attach at the same time the documents referred to in subparagraphs 9) and 10) of paragraph 18 of these Rules in one of the applications, attaching the document of the financial institution in the other applications indicating that these documents are in the respective application.

23. In need of clarifications on the provisions of these Rules, the financial institution shall apply to the budget programme administrator with a written request, but no later than ten business days before the deadline for filing of the necessary documents for participation in financial institutions determination.

8. Procedure of examination by the commission of applications from financial institutions for participation in subsidy programme

24. Concurrently, on the day of the meeting of the commission for determining financial institutions, the procedure for opening envelopes with applications of financial institutions shall be carried out, after which, within 15 (fifteen) business days from the date of the envelopes opening, the minutes of opening envelopes with applications shall be drawn up indicating availability of all the documents submitted in compliance with paragraph 18 of these Rules, signed by the chairman of the commission, his deputy, members of the commission and the secretary of the commission.

25. Within 5 (five) business days after the signing of the envelopes opening minutes, the commission shall convene for a meeting on subsidizing or declining subsidizing of borrowers (loan agreements) and distribution of subsidy amounts to them.

The grounds for declining subsidies to the borrower and (or) on the loan agreements of the borrower shall be:

- 1) incomplete package of documents indicated in paragraph 18 of these Rules;
- 2) the borrower has overdue tax debt, arrears of mandatory pension contributions and social contributions (more than 3 months) on the issuance date of the tax authority certificate;
- 3) non-compliance with the requirements referred to in paragraphs 3, 4 and 5 of these Rules;
- 4) absence of the seal and (or) signature of the borrower, financial institution in the documents indicated in subparagraphs 1), 2), 3), 4), 5), 6), 7), 9) and 10) of paragraph 18 of these Rules.

26. If the commission has questions during examination of the filed documents of the financial institution, it shall be entitled to send a request to the relevant financial institutions and (or) specialized organizations for clarifications, which must be answered within 3 (three) business days.

27. On the commission meeting results, minutes shall be drawn up within 10 (ten) business days on subsidizing or refusing to subsidize borrowers (loan agreements) and on the allocation of subsidy amounts to them, signed by the chairman, deputy chairman, members and secretary of the commission.

The minutes shall indicate the name of the financial institution, the list of borrowers, the amount of subsidies, also the name of the borrower that does not meet the established requirements, indicating the grounds for rejection.

All financial institutions that participated in the budget programme shall be notified of the commission meeting results in writing within 3 (three) business days from the date of signing of the commission meeting minutes.

28. Within 20 (twenty) business days from the date of signing of the minutes of the commission meeting, the financial institutions shall issue loans to borrowers in accordance with the preliminary loan agreements they had submitted.

29. Within 10 (ten) business days after signing of the commission meeting minutes, the budget programme administrator shall post information on the Internet resource of the Ministry of Agriculture of the Republic of Kazakhstan on the determination results.

9. Conclusion of the subsidy agreement between the budget program administrator and financial institutions

30. Within 10 (ten) business days after issuance by the financial institutions of loans to the borrowers, also on the basis of the minutes on the commission meeting results, a budget agreement shall be concluded between the budget programme administrator and the financial institution, providing for the procedure and conditions for transferring the funds, responsibility of the parties, the list of borrowers and other conditions.

31. Allocation of the funds to the budget programme administrator for their subsequent transfer to the settlement account of the financial institution shall be carried out in compliance with the Rules for execution of the budget and its cash services, approved by order No. 220 of the Government of the Republic of Kazakhstan dated February 26, 2009.

The budget programme administrator shall transfer the subsidies to the financial institution in upfront payment in accordance with the concluded subsidy agreement.

Within 5 (five) business days the budget programme administrator shall check the application from the financial institution for the funds transfer from the republican budget to the settlement account of the financial institution in accordance with the form of Appendix 5 to these Rules and the report in accordance with the form in Appendix 6 to these Rules and, and after their examination shall form within 3 (three) business days a statement for subsidizing the interest rate on the loan (leasing) in accordance with the form of Appendix 7 to these Rules and the account for payment.

32. For the subsidies payment to the financial institution, the budget programme administrator shall submit to the territorial treasury unit the register of accounts for payment and accounts for payment in duplicate.

33. Borrowers who have received subsidies shall report to the financial institution, by December 1, 2012, on the achieved results in accordance with the form of Appendix 8 to these Rules. By December 15, 2012, the financial institution shall file consolidated report to the budget programme administrator on all the borrowers.

34. In the event of default or improper fulfillment by the borrower of obligations under the loan agreement regarding repayment of the interest rate on the loan (leasing) for more than 20 (twenty) calendar days, for the period of the breach of obligations by the borrower, subsidies shall not be provided and can be used for subsidies for the next month (quarter). In

this event, the amount of subsidies in application for the transfer of subsidies for the next quarter shall be reduced by the amount of unused subsidies paid in the previous quarter.

35. If the financial institution changes the financing terms under the loan agreement, or restructures the loan agreement after the bilateral signing of the subsidy agreement, with the exception of the case when the interest rate of the financial institution is reduced, the subsidies on these loan agreements shall not be provided from the moment the new schedules are approved and (or) from conclusion of additional agreements to the loan agreement.

Appendix 1
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

APPLICATION

After examination of the Rules of subsidizing interest rates on loans granted to the agriculture support, approved by resolution of the Government of the Republic of Kazakhstan of "___" ____ 20__ year No. _____,

(full name of the financial institution)

wishes to participate in budget programme 039 “Compensation of interest rate on loans to the agriculture support” for receipt of subsidies.

Attached hereby is the data on borrowers’ applications portfolio

No. n/n	Full name of the legal entity, enterprise	Address	Main activity type	Loan purpose	L o a n sum, mln, KZT	Loan term, month.

Head manager _____ (full name)

(signature)

C/S (Date)

Appendix 2
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Brief description of the borrower*

1. Full name, legal status

2. Ownership form _____

3. Legal, actual and email addresses, telephones,
fax _____

4. Certificate of state registration (IIN), certificate issuer

(number, date and place of issue) _____

5. Full name of the head manager, office and home telephones _____

6. Main kinds of activity (on CCEA), enterprise capacity _____

7. Main types of used equipment and their capacity (tons, liters, pieces per shift) _____

8. Loans granted by financial institution for receipt of subsidies on budget programme 039 "Compensation of interest rate on loans to the agro-industrial complex support", did not participate in the programme "Business Roadmap 2020" and other programmes on interest rates subsidizing.

Head of the enterprise _____ (full name)

(position) (signature)

C/S (date)

Data** on _____

(name of the enterprise)

confirmed: _____ (position, full name, seal)

(signature)

Note:

* Filled out on each borrower separately

** Information shall be certified by the signature and seal of the head of the financial institution or its branch, in which the borrower is serviced.

Appendix 3
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Brief description of the project of the borrower *

1. Name of the borrower _____

2. Loan (leasing) sum), KZT/USD/ Euro _____

3. Loan (leasing) term, month _____

4. Interest rate, % _____

5. Loan purpose _____

No . n/n	Name agricultural equipment	of stock,	purchased materials, etc .	Cost	Quantity	Sum

Head of the enterprise _____ (full name)

(position) (signature)

C/S (date)

Information ** on _____

(name of the enterprise)

confirmed: _____ (position, full name, seal)

(signature)

Note:

* Filled out on each loan of the borrower separately

** Information shall be certified by the signature and seal of the head of the financial institution or its branch, in which the borrower is serviced.

Appendix 4
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Calculation of interest on loan (leasing), issued by the financial institution for subsidizing

No. _____ of _____ (number and date of the loan agreement)

Month	Amount of indebtedness balance on loan (leasing) as of January 2012, KZT/USD/Euro	Amount of interest on loan (leasing), %	Amount of repayment on principal debt, KZT/USD/Euro	Amount of interest repayment KZT/USD/Euro
First				
Second				
Third				
Fourth				
Fifth				
Sixth				
Seventh				
Eighth				
Ninth				
Tenth				
Eleventh				
Twelfth				
Total:				

Head

of the financial institution branch _____ (signature, full name)

Date C/S

Head

of the institution _____ (signature, full name)

Date C/S

Appendix 5
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Application

**for transfer of funds from republican budget for subsidizing
of interest rate on loans, issued by the financial institution to the borrower**

The financial institution _____ hereby requests the Ministry of Agriculture of the Republic of Kazakhstan in accordance with subsidy agreement of _____
_ 20 __ year No. ____ to transfer funds from the republican budget to the account of the financial institution No. _____ opened on the programme 039 "Compensation of interest rate on loans to the agriculture support", in the amount of _____ KZT for _____
_____ period.

Head

of the financial institution _____ (signature, full name)

C/S

Appendix 6
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Report

**on actual accrual and repayment of interest rate on loans
for _____ quarter of 20 __ year and application for subsidies transfer
for _____ quarter 20 __ year**

No. n/n	Name of the borrower	Total subsidies provided for , KZT	Total subsidies transferred in reported term, KZT		Actually accrued subsidies, KZT		Deviation (+,-) (+) overpay, (-) underpay gr.4-gr.6
			total	including in reported period	total	including in reported period	
1	2	3	4	5	6	7	8

Continuation of the table

Actually accrued interest	Application of financial institution for ____ quarter 20__ yr.,KZT
------------------------------	--

to borrower*, KZT		Interest paid by borrower KZT		total amount		repayment by borrower		Subsidizing from budget**	
total	including in reported period	total	including in reported period	%	sum	%	sum	%	sum
9	10	11	12	13	14	15	16	17	18

Note:

*without amount of subsidies

**counting the sum of deviation on gr.8.

Head of the financial institution _____ (signature, full name)

C/S

Appendix 7
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

"Approved"
Executive Secretary of the
Ministry of Agriculture of the
Republic of Kazakhstan

of " _ " _____ 20 __ yr

Statement

for subsidizing loan interest rate on budget programme 039 "Compensation of interest rate on loans to agriculture support" in accordance with subsidy agreement of _____ 20 __ yr. No. ____

Name of financial institution	Credit conditions			Actually Transferred sums of subsidies from RK Ministry of Agriculture	Total balance (gr.5- gr.6)
	Loan amount	annual interest rate repayment sum	annual sum subsidized by RK Ministry of Agriculture		
1	2	3	4	5	6

Continuation of the table

Application of financial institution for a quarter _____ 20____yr.KZT			Subsidizing		
total sum	repayment by borrower sum	Subsidizing from budget sum	Accrual for previous years	total taking into account application of financial institution	subject to transfer(gr .12-gr.6)

7	8	9	10	11	12

Director of the responsible department _____ (signature, full name)

Appendix 8
to the Rules of subsidizing
interest rates on loans granted
to the agriculture support

Information

on financial and economic activity of the borrower _____
_____ (name of the borrower)

Years	Purchased stock		Produced finished commodities	
	in monetary terms thous. KZT	in natural units, measurement units	in monetary terms thous. KZT,	in natural units, measurement units
Previous year				
Current year				

Continuation of the table

Staff size	Sum of paid taxes thous. KZT	Volume of exported output by value **, USD

Note:

* including planned targets for December

** in case of own commodities export

Head manager

of the borrower _____ (signature, full name)

Chief accountant _____ (signature, full name)