



On Approval of requirements to feasibility study of the project to be submitted by applicant with the purpose of performing activities as a special economic zone participant

Unofficial translation

Expired by order of the Minister of Industry and Infrastructural Development of the Republic of Kazakhstan dated July 11, 2019 No. 501 (shall be enforced upon expiry of twenty one calendar days after the day of its first official publication).

Footnote. Expired by order of the Minister of Industry and Infrastructural Development of the Republic of Kazakhstan dated July 11, 2019 No. 501 (shall be enforced upon expiry of twenty one calendar days after the day of its first official publication).

In accordance with sub-paragraph 8) of paragraph 2 of article 10 of the Republic of Kazakhstan Law “On special economic zones in the Republic of Kazakhstan” I hereby ORDER that:

1. The requirements attached to feasibility study of the project to be submitted by an applicant with the purpose of performing activities as a special economic zone participant.
2. investment Committee of the Republic of Kazakhstan Ministry of Industry and New Technologies (A.Zh. Serikov) shall ensure state registration of this order in the Republic of Kazakhstan Ministry of Justice and official publishing thereof in mass media according to the procedure established by the legislation.
3. Supervision over this order fulfillment execution shall be entrusted to the First Vice-Minister of the Republic of Kazakhstan Industry and New Technologies – A.P.Rau
4. This order shall be brought to effect upon expiry of ten calendar days after first official publishing thereof.

*Republic of Kazakhstan
Deputy Prime-Minister
of the Republic of Kazakhstan
Minister of Industry and New
Technologies*

A. Issekeshv

Approved by order No. 425
of the Republic of Kazakhstan
Deputy Prime-Minister -
the Republic of Kazakhstan
Minister of industry and new
technologies
dated November 21, 2011

Requirements to feasibility study of the project to be submitted by applicant with the purpose of performing activities as a special economic zone participant

1. General provisions

1. These requirements to technical and economic feasibility study of the project (hereinafter referred to as the project feasibility study) to be submitted by applicant with the purpose of performing activities as a special economic zone participant (hereinafter referred to as Requirements) have been developed in accordance with sub-paragraph 8 of paragraph 2 of article 10 of the Republic of Kazakhstan Law “On special economic zones in the Republic of Kazakhstan”.

2. Project feasibility study submitted by applicant with the purpose of performing activities as a participant of special economic zone (hereinafter referred to as SEZ) shall be developed in accordance with the Republic of Kazakhstan legislation on special economic zones and these Requirements.

2. Structure of the project feasibility study submitted by applicant with the purpose of performing activities as a special economic zone participant

3. Structure of the project feasibility study submitted by applicant with the purpose of performing activities as a special economic zone participant depends on the project line and shall contain the following sections:

- 1) project introduction;
- 2) project summary;
- 3) general description of the project;
- 4) marketing and sale of products (services);
- 5) production plan;
- 6) financial and economic section;
- 7) supplements.

4. “Introduction” section describes existing social and economic, natural and climatic, geographic, engineering and geological conditions, under which SEZ project implementation is assumed.

Also, this section contains challenges, partial or full solution of which would be possible through the project creating on SEZ territory.

5. “Project summary” section contains brief description, project efficiency, basic lines of activity, scope including capacity, project components, action plan, assumed sources and schemes of financing, as well as SEZ implementation period.

6. “General description of the Project”. In this section it is required to characterize the project and its position the market, organizational and legal form, basic kinds of activities, achievements, basic financial indicators of the project.

General description of the project contains the following information:

- 1) Name of product, goods, service;
- 2) general data on applicant (when, where and by whom it was established, number of employees, charter capital, fixed and operating assets);

- 3) financial and economic indicators (project scope);
- 4) management structure;
- 5) full-time personnel (qualification and work experience of management team and lead specialists, requirements to personnel and education);
- 6) standards of health protection and safety;
- 7) Area of activities;
- 8) sector of economy and its prospects;
- 9) contribution to region development, public and social activity (role in region economy, participation in solution of regional problems, sponsorship and charity, participation in public associations);
- 10) possibility of export and import substitution;
- 11) competitive ability of products (services);
- 12) degree of readiness (scientific and technical documentation, model);
- 13) patentability and copyright;
- 14) availability and need for license and certificate of quality;
- 15) safety and environmental friendliness.

7. "Marketing and sale of products (services)" section contains assessment of existing and prospective (for the period of development and functioning of project on SEZ territory) demand for types of products (services), which will be manufactured (provided) as a result of project implementation on SEZ territory.

In this section it is required to specify marketing analysis (characteristics of market, product consumers), marketing plan (strategy for product promotion to the market, price policy, advertisement, sales system, post-sale service, sales volume), description of goods and services offered by production, possibility for deployment thereof, their conformity to standards and selling points, product analysis.

8. "Production plan" section contains description of technological process and reflects general approach to organization of project, sources of commodities and materials, technological equipment (description and basic characteristics), project need for facilities, communications, energy sources, requirements to labor resources (personnel, payment and stimulation conditions, work conditions, structure and composition of subdivisions, training of personnel, assumed changes in personnel structure as project develops).

9. Financial and economic section contains assessment of financial expenses and income along with assessment of alternative schemes and sources of financing, analysis of projects creation, report on cash flow, profit and loss report, indicators of project efficiency on SEZ territory from the viewpoint of Republic (regional) economy as a whole.

This section includes:

- 1) assessment of assumed expenses on project creation including expenses on construction of infrastructure facilities;
- 2) calculation of general investment costs, distribution of needs for financing;

- 3) calculation of production costs (operational costs);
 - 4) financial analysis of project including:
 - project analysis, which is conducted by means of simple financial assessment methods including calculation of pay back period, simple profit rate, indebtedness coverage ratio;
 - analysis of financing scheme, sources, conditions and alternative options thereof;
 - assessment of financial risks, determining basic risk factors, presumable nature and range of changes, assumed events as to risk reduction.
 - 5) project risks analysis;
 - 6) analysis of project economic situation on and off the SEZ territory;
 - 7) assessment of economic benefits and expenses including analysis of results, consequences and impact, analysis of expenses efficiency and immeasurable benefits, incremental benefits and costs, additional consumer benefits, irreversible costs, external effects, international effects, intangible benefits.
10. “Supplements” section of the project on SEZ territory may include additional data in form of detailed expenses, marketing research results, auditors' opinions, products samples photos, pay back schedule and other materials and documents confirming and disclosing information showed in the project feasibility study.