

Venture Capital Market Overview in Kazakhstan

2023



in partnership with



Disclaimer, Methodology and Terms



We are pleased to present this report on the venture capital (further – “VC”) market in Kazakhstan. This report is the first publicly available material of its kind and we hope it will provide valuable insights for both domestic and foreign venture capital investors. Our goal is to offer a clear and comprehensive picture of the current state of the market and track its evolution over time.

The venture capital industry is a crucial driver of innovation and economic growth, and this report will help to shed light on the current state and potential future of the market in Kazakhstan. We believe that by providing this information, we can help improve the market ecosystem and facilitate further growth.

We hope that you find this report informative and useful in your understanding of the venture capital market in Kazakhstan. We welcome your feedback and look forward to continuing to provide valuable insights into this important industry.

Disclaimer and Quality of information

The market for VC transactions, both in Kazakhstan and globally, is known for its limited access to information. In contrast, more developed markets have established structures in place for monitoring, consolidating information, and determining appropriate methodology. **Unfortunately, such work is not currently performed in Kazakhstan. As a result, in the face of limited access to information, we have had to utilize various data sources and consolidate them for subsequent monitoring and updating purposes.**

The closed nature and lack of transparency of the venture capital market in Kazakhstan have resulted in a significant number of transactions going unnoticed. Many venture capital investors prefer to keep their investments and activities private, which makes it difficult to gain a comprehensive understanding of the market. **According to industry experts, the observable deals show only ~60% of the actual picture. This not only hinders an understanding of the industry but also diminishes the appeal of the industry for potential investors and businesspersons.** Despite this, as the data sources were not always reliable, we conducted interviews with industry experts and market players with extensive experience in Kazakhstan in order to test hypotheses and obtain the most accurate information.

The information contained in this report is intended for informational purposes only. While we have made every effort to ensure the accuracy and completeness of the data presented, it is important to note that the information in the report and data regarding the amount and volume of deals may not be exhaustive. We have used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts, but it is possible that there may be other deals or transactions that were not captured in our analysis.

We make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the report or the information, products, services, or related graphics contained in the report for any purpose.

Terms:

Venture capital deal is an investment in a high-risk and potentially high-yielding technology-based project. The term “investment” refers to the acquisition of a share in a privately-held investee’s shareholder/charter capital and/or the lending of funds with convertible shares/equity (on suspensive conditions included).

Pre-seed, Seed

An early development stage is between the formulation of an idea and the building of a team, new hypotheses verification, and the start of commercial activity.

Early Growth

In an early development stage, a company begins ongoing and full-fledged commercial activity with sales proceeds and plans for growth.

Expansion

A hyperactive company development stage, is when the company steps up business and enters into new markets.

Sustainable Growth

A stage of sustained and unremitting growth — less dynamic, perhaps, than at the previous stages, which reduces investment risks considerably.

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Deal List

We have gathered all publicly available data on the venture capital market in Kazakhstan for the period of 2018 to 2022. However, industry experts indicate that this data only represents approximately 60% of the total market activity. As a result, we have adjusted the total market volume and the number of deals accordingly. However, the analysis presented in section 2 of the report "VC Deals in Kazakhstan" is based only on the observable publicly available deals. While it may not represent the entire market volume, it still provides a valuable sample for analysis and allows us to identify market trends and gain a general understanding of the market. The Deals List is based on information published in media reports, and open databases, as well as on proprietary information from MOST Holding, White Hill Capital, and Tech Hub AIFC. In any other instance, we contacted a newsmaker, or source, for confirmation.

We did not perform a detailed check of all data contained in the VC Deal List and in this report and cannot be held liable for its absolute accuracy or completeness. An analysis of alternative sources/ databases of transactions may lead to results other than those presented in this research.

In calculating the volumes and dynamics of Kazakhstan's VC market, we only include venture investments in companies that operate predominantly in Kazakhstan.

Deals involving Kazakh investors and investment recipients that are focused on markets outside Kazakhstan were not considered in this report as contributors to the overall value of Kazakhstan's VC market.

The Deal List does not include M&As, PE deals, exits, loans, grants, and investments in the market infrastructure.

The deal date shown is the date when a deal was announced in the media, or company reports, unless otherwise specified.



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01

Understanding the Kazakhstan landscape

- 1.1 Country overview
- 1.2 VC market snapshot
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- 1.5 Key milestones

Kazakhstan is rapidly transforming into a digital nation. The e-commerce is developing at a fast pace, and the penetration of the internet and mobile devices is on the rise



Population (2022)

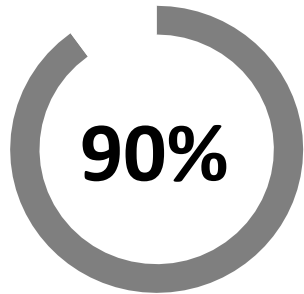
19.7 mln

GDP (2021)

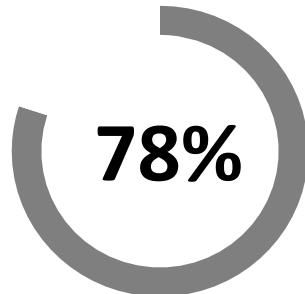
\$203 bln

GDP per capita (2021)

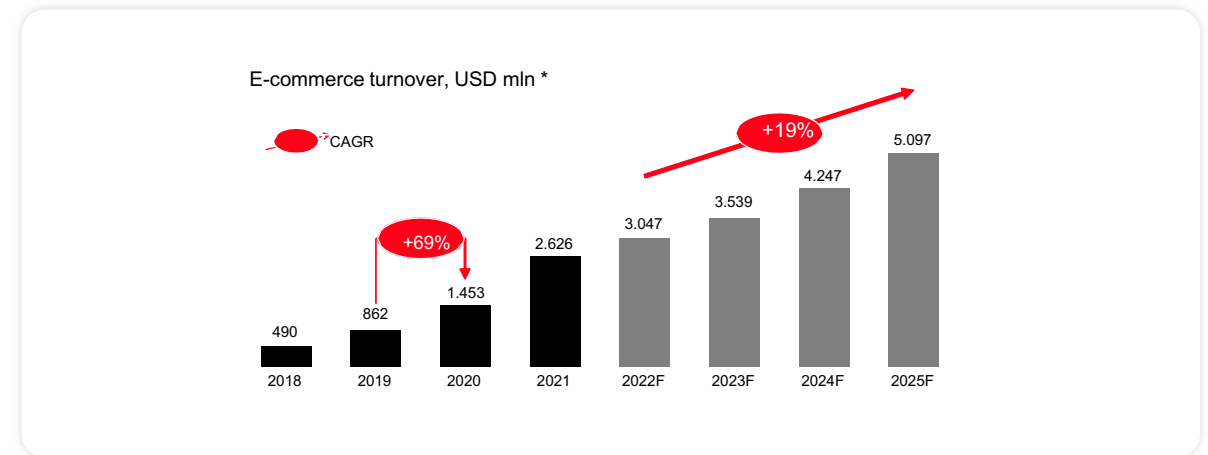
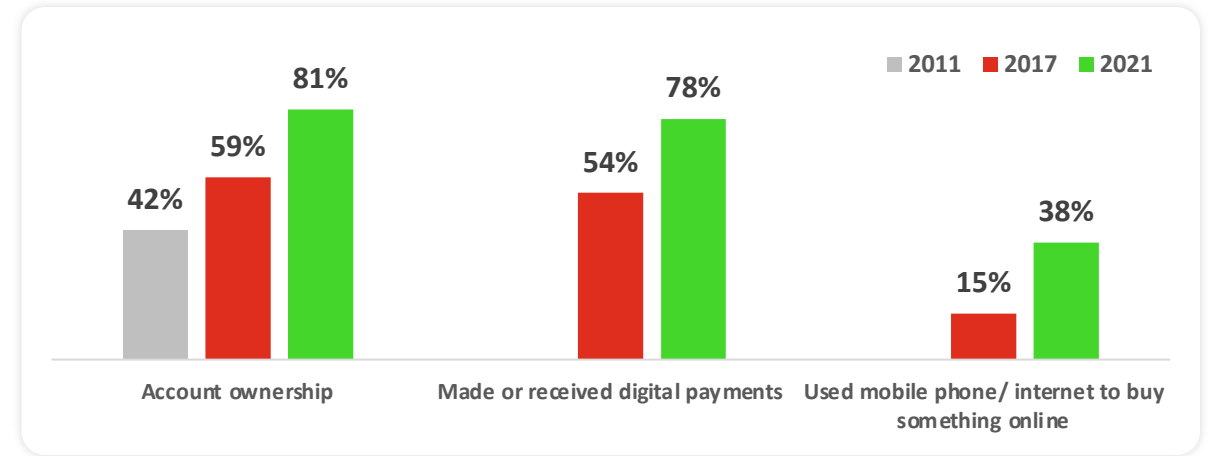
\$10,693.5



Share of Internet users in the total population aged 6 - 74 years



Share of non-cash transactions



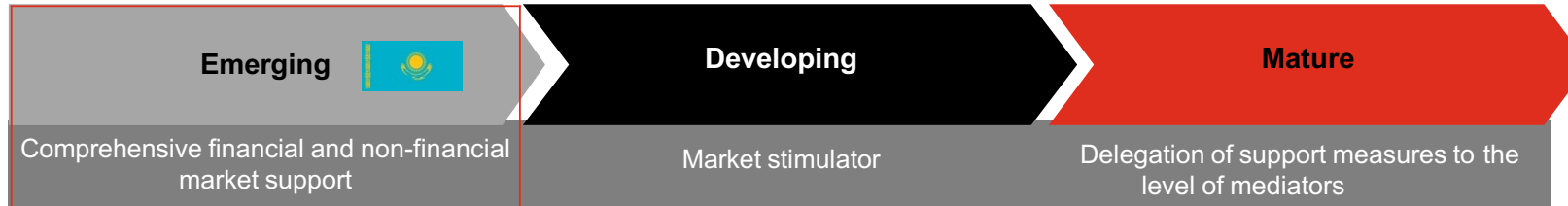
Source: Public sources, Committee on Statistics, Findex by World Bank 2022, KPMG, National Bank of Kazakhstan, Official information source of the Prime Minister of the Republic of Kazakhstan, Euromonitor, KPMG

Notes: (*) KPMG applied its own methodology to build the market volume model and evaluate the forecast

The government's involvement in the VC market in Kazakhstan is essential for facilitating growth and expansion, as the market is still in its early stages of development



Level of venture capital market development



Involvement of the state in financial and non – financial support

High > 70%	Medium 20- 30%	Low 5-10%
High degree of state participation in various forms	Stimulation of banks' direct investments in VC companies	Key investors are pension funds and insurance companies
<ul style="list-style-type: none"> Legislative changes Building infrastructure Ecosystem development 	<ul style="list-style-type: none"> Targeted initiatives towards participants (e.g. by sector) Organization of various sites for close cooperation between projects and investors 	<ul style="list-style-type: none"> Consulting and information support

Most used support tools

Co-financing with asymmetric distribution of profits/capital protection	Cost Subsidization	Tax incentive
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The state is actively involved in promoting innovation by creating necessary infrastructure and by implementing the digital reforms



Key reforms in Kazakhstan



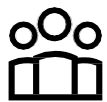
“Digital Kazakhstan” program (2018–2022)



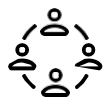
Adoption of the Law on Investment and VC Funds



Establishment of Astana International Financial Centre to enhance investment climate



“Technological Breakthrough due to digitalization, innovation and science” program (2021 - 2025)



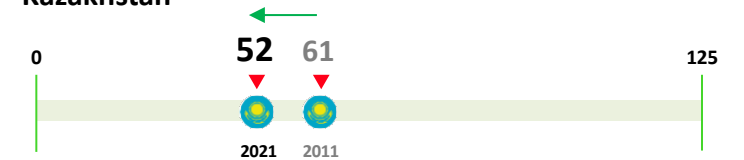
“DigitEL” national project

... has shaped the reforms...

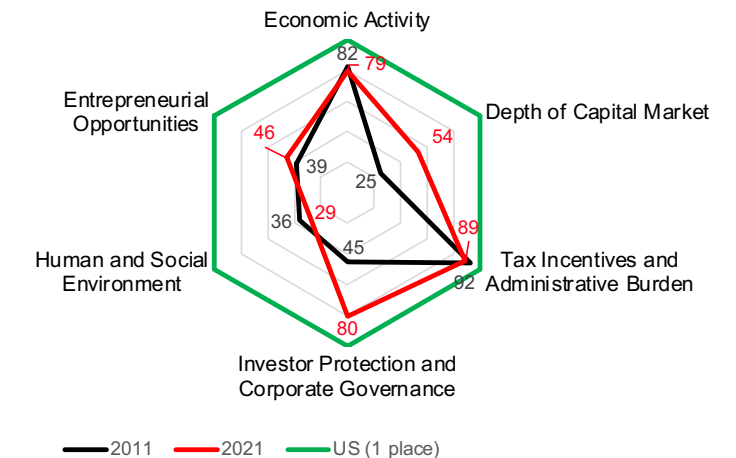
- **preferential tax regimes** on the basis of the AIFC, Astana Hub
- the regulatory framework under the principles of **English Law in AIFC**
- attraction **foreign investment**
- **funding support** and incentives
- **digitalization** of all industries
- assistance in bringing companies **to foreign markets**
- the creation of **accelerators/incubators**
- the formation of **R&D infrastructure**
- transition **to a digital state**
- **human capital** development

... and improved Kazakhstan’s rankings

Venture Capital Country Attractiveness Index - Kazakhstan



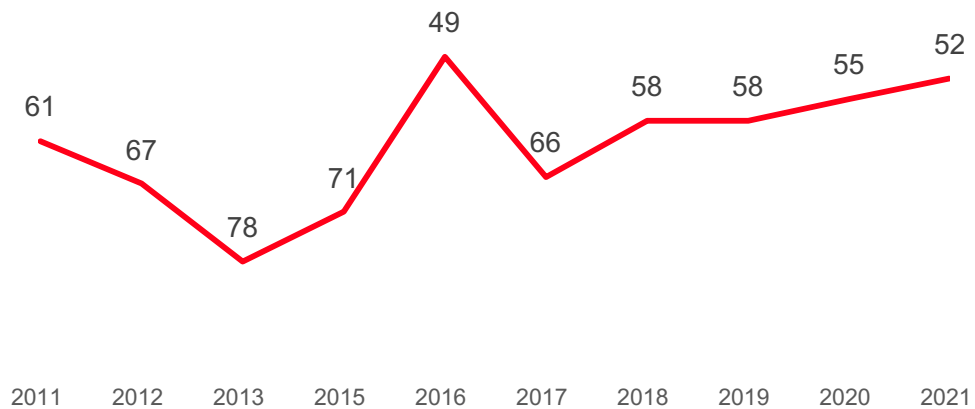
Key driver performance



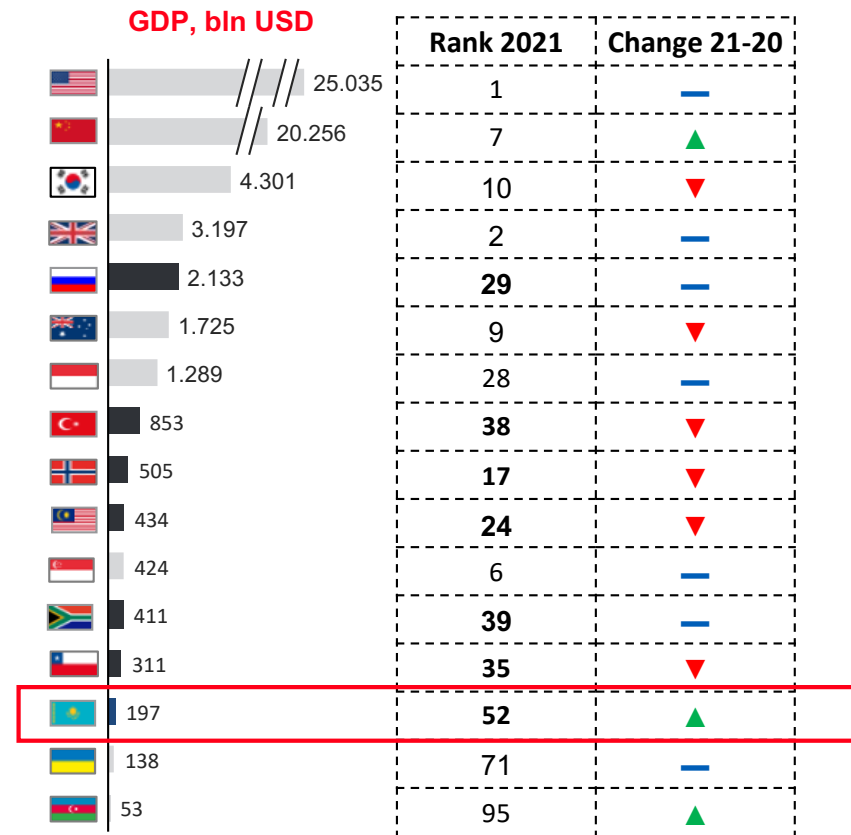
Kazakhstan's position in VC ranking has been improving over the years, but it still lags behind similar economies



VC Country Attractiveness Index – Kazakhstan, 2011 - 2021



VC Country Attractiveness Index



Source: The Venture Capital & Private Equity Country Attractiveness Index, Public sources

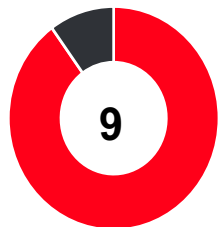
Despite challenges in funding, startup ecosystem is showing positive signs of growth, with an increasing number and an improvement in the quality of startups



Global Startup Ecosystem 2020, Startup Genome – Astana

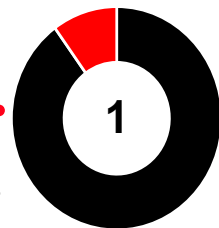


Output growth index



The number of startups has been growing..

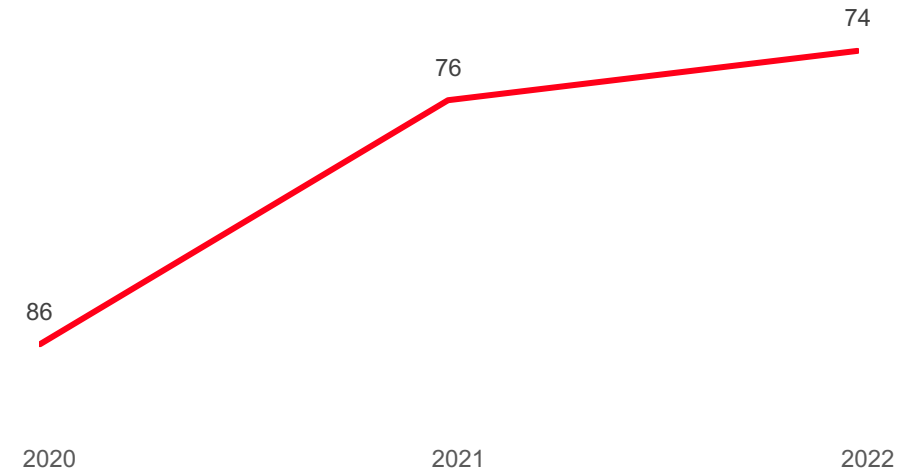
Funding growth index



...however the amount of funding remains low

Ecosystem value in Nur-Sultan < 100 mln USD

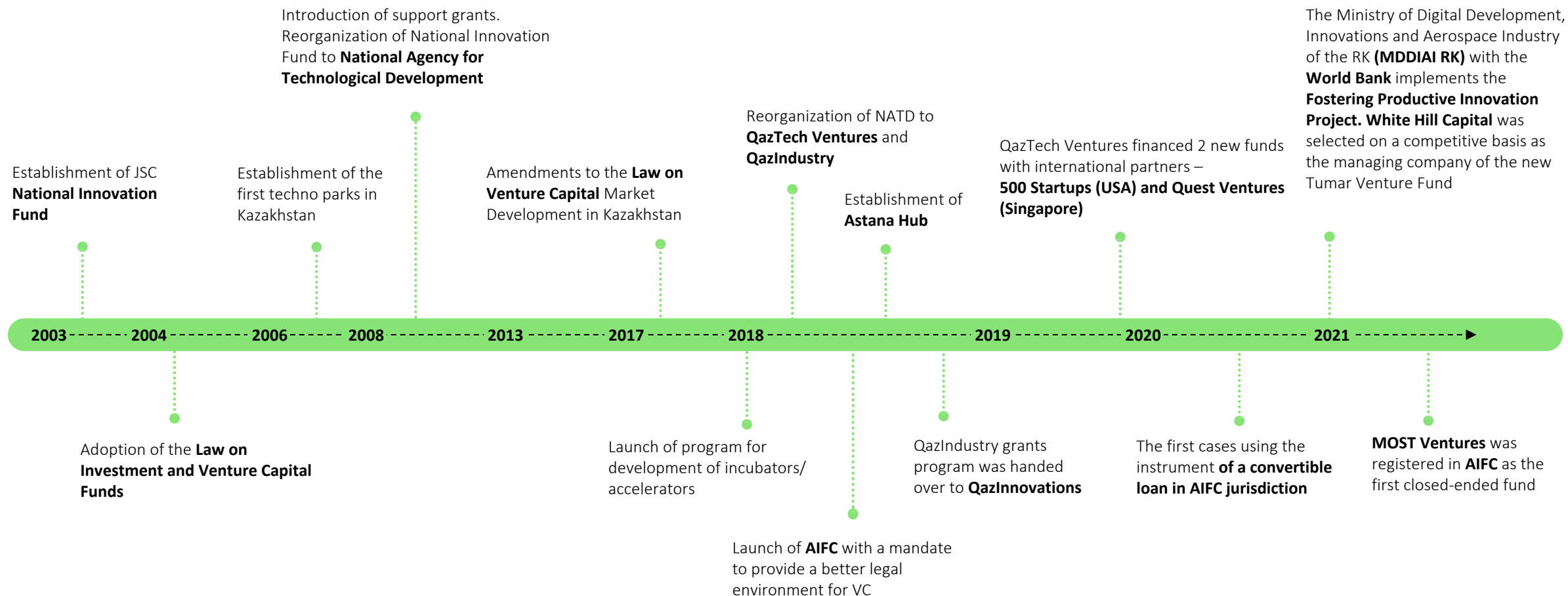
Global Startup Ecosystem Index 2022 – Kazakhstan



The chronological development of the industry has been a dynamic process with the government playing an important role in fostering a favorable environment for investment and innovation



Chronological development of venture capital industry, 2003 - 2022



Source: Public sources, Industry experts interviews
 Note: The list may not be exhaustive

02

Venture Capital deals in Kazakhstan 2018 - 2022

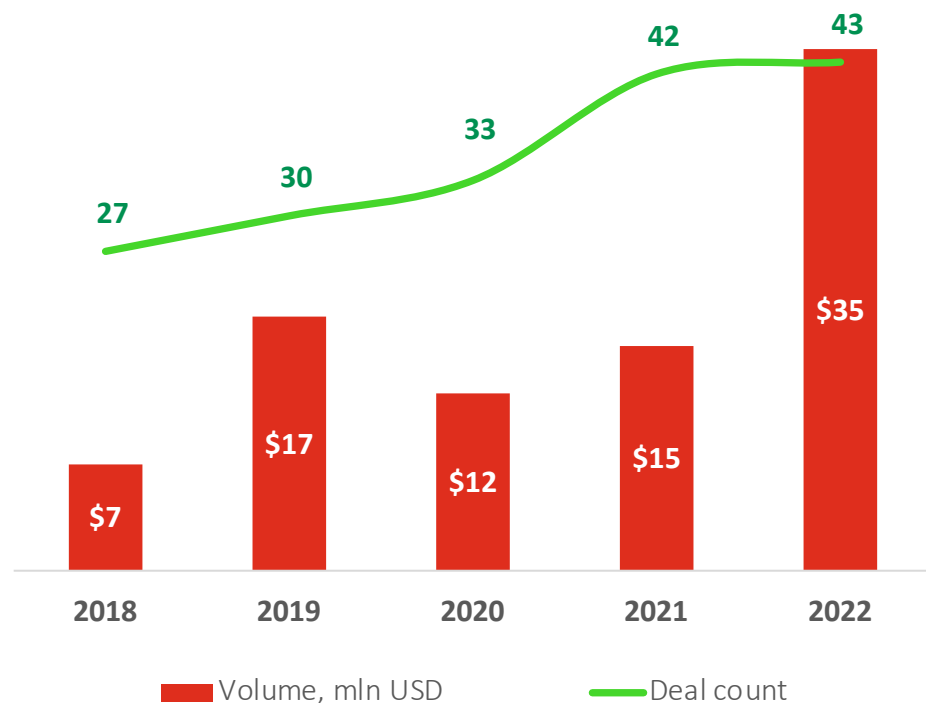
- 2.1 The volume and number of VC deals
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- 2.6 Selected M&As and abroad cases



The total amount of observables deals for 2018-2022 equals **87 mln USD** with **175 deals**



The annual amount and number of observable VC deals, 2018 – 2022



Cumulative value and number of deals for the period 2018 – 2022

\$87 mln

total market volume

175

number of deals

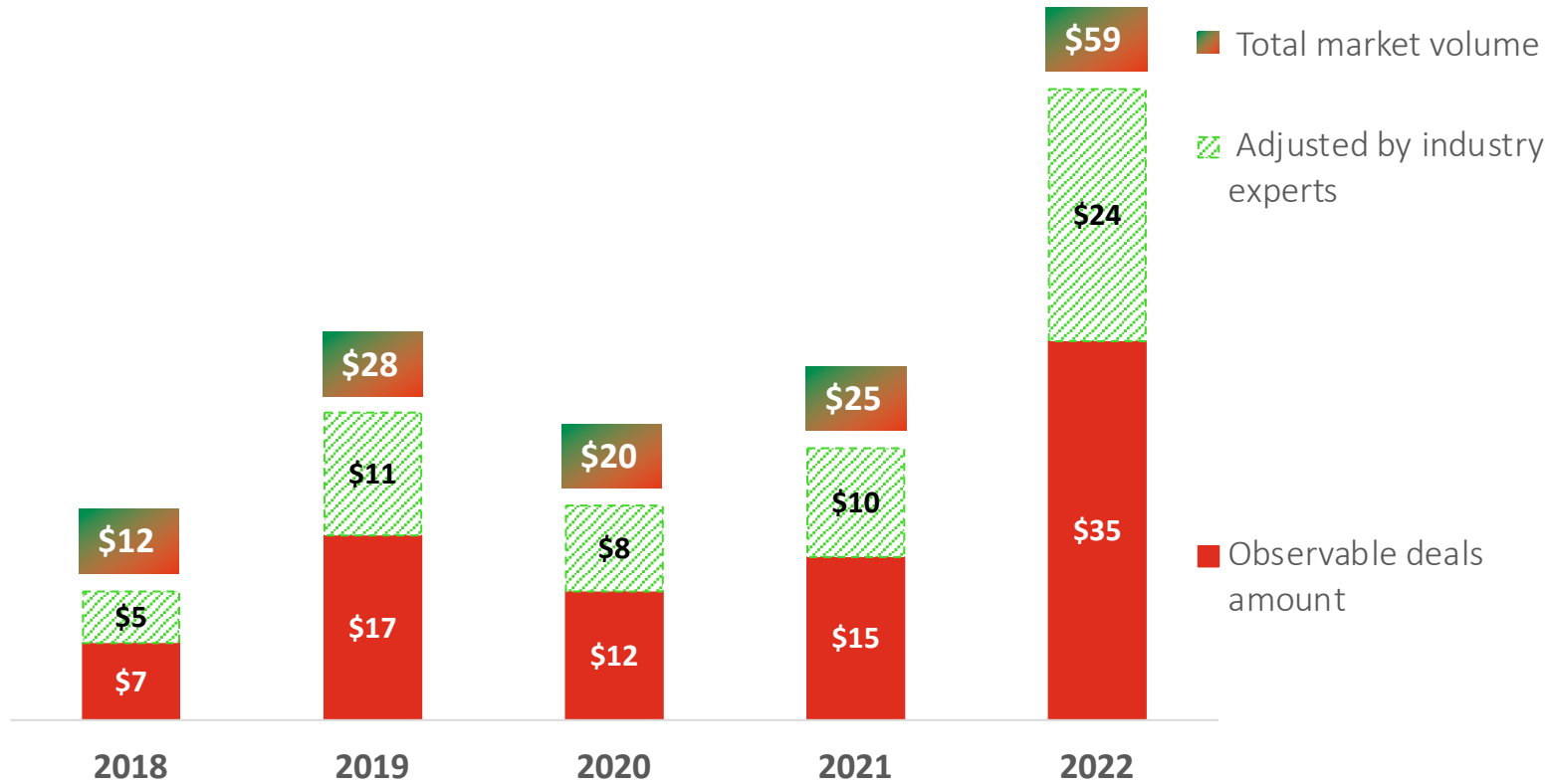
Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis

Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments,



However, according to industry experts, the observable deals show only ~60% of the actual market volume, indicating a significant amount of deals that are not reported or disclosed publicly

The amount of VC deals adjusted by industry experts, 2018 – 2022, mln USD



The closed nature and lack of transparency of the venture capital market in Kazakhstan have resulted in a significant number of transactions going unnoticed. Many venture capital investors prefer to keep their investments and activities private, which makes it difficult to gain a comprehensive understanding of the market. **According to industry experts, the observable deals show only ~60% of the actual picture. This not only hinders an understanding of the industry but also diminishes the appeal of the industry for potential investors and businesspersons.**

\$145 mln
total market volume*

Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis

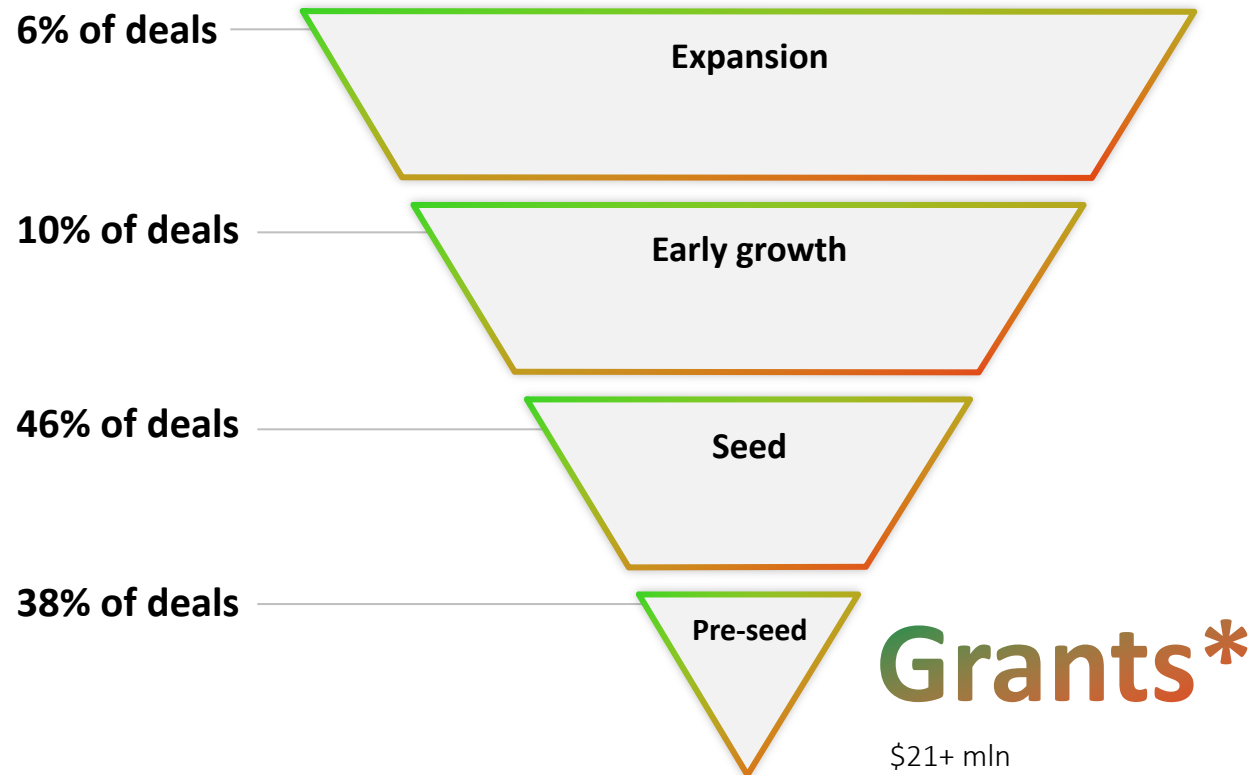
Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts

* Observable deals adjusted by industry experts



The pre-seed and seed stages dominate the majority of deals, indicating a strong emphasis on early-stage funding and support for start-up ventures in their initial stages of development

Stage of development of total observable deals (by number of deals)



Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis

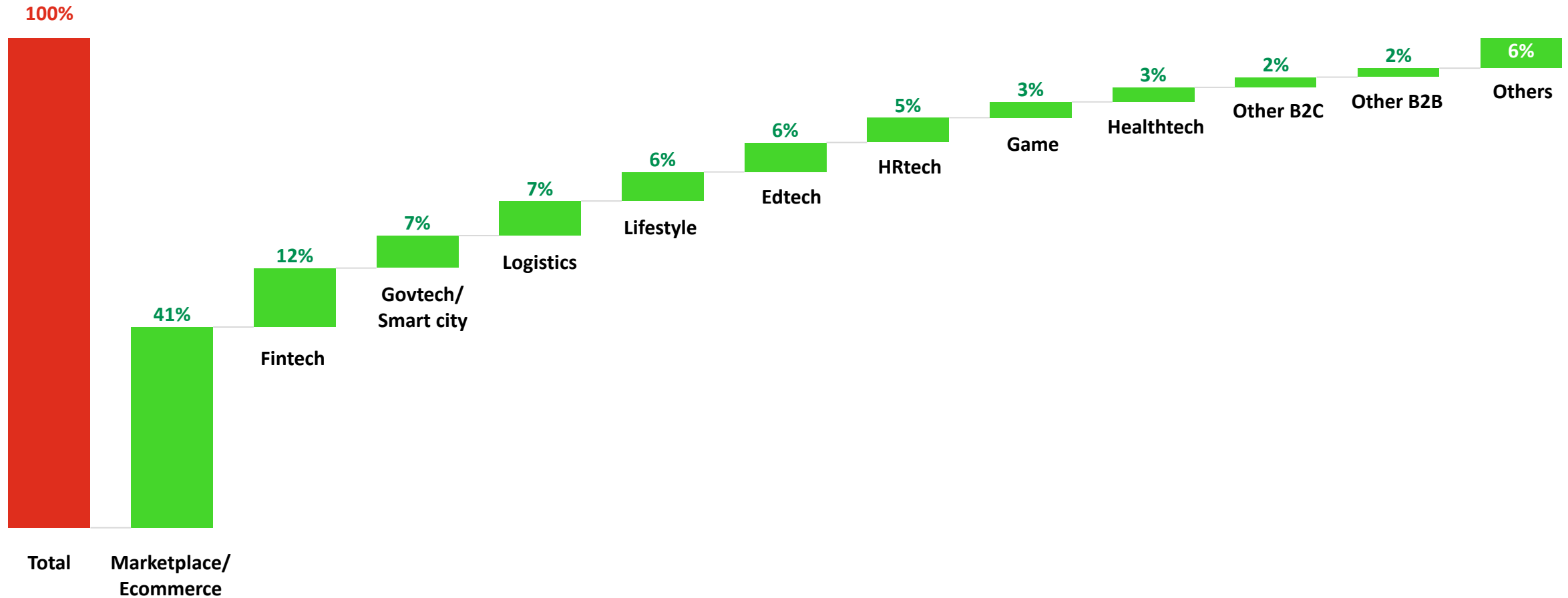
Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts

Note: *Grants are not included in the total Kazakhstan VC market volume

Marketplaces/E-commerce and Fintech are the key market sectors due to rising internet penetration and the relatively young population in the country



The volume of the observable deals by sectors, 2018 - 2022



Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis

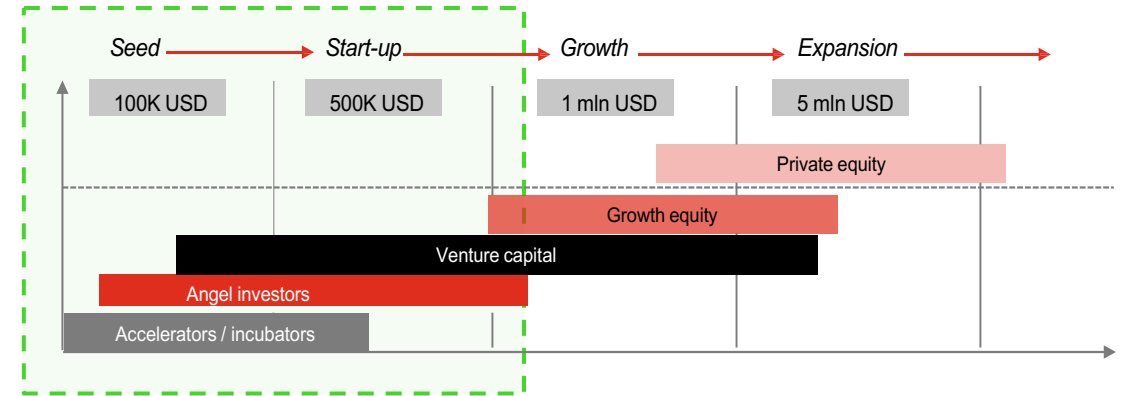
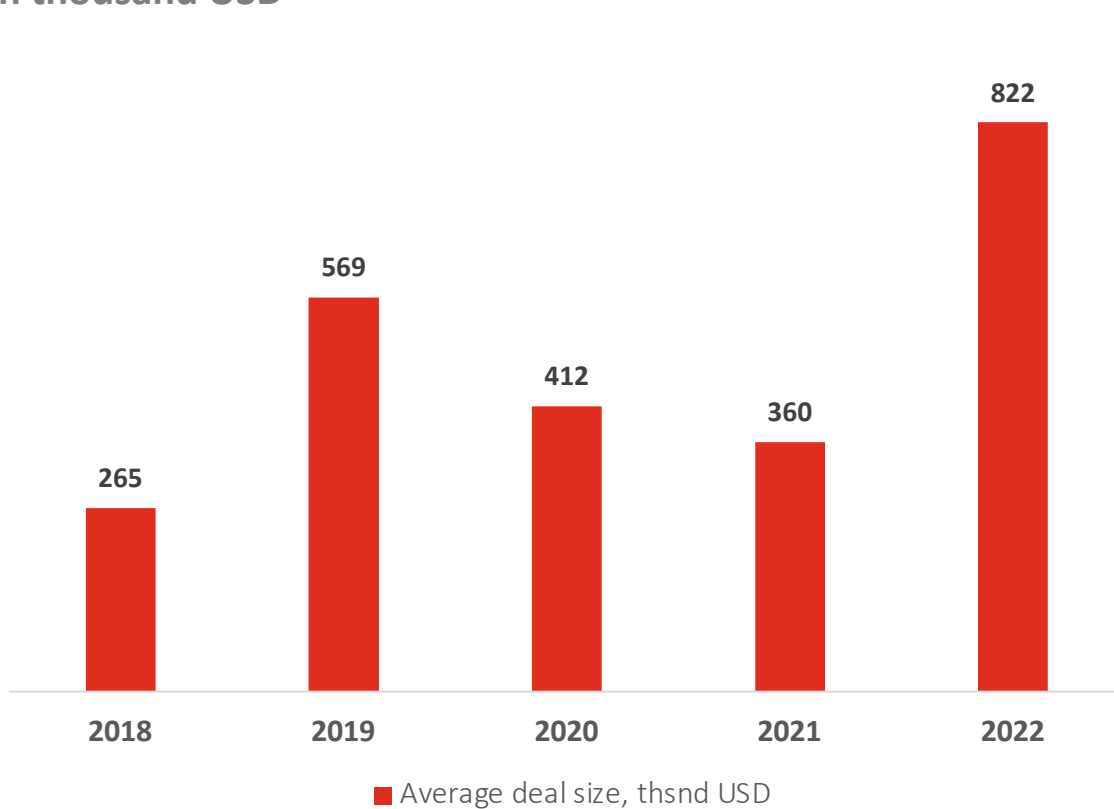
Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts



The average deal size is small compared to other countries, which indicates a high number of early-stage deals

However, from the last year, the market is shifting towards a focus on quality over quantity, with investors becoming more selective in their deal-making and more capital becoming available for fewer, but more promising startups

The average deal size, 2018 – 2022 In thousand USD



Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis

Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts

Business angels and venture capital funds are a key source of capital



VC transactions in Kazakhstan by types of investors, 2018 - 2022



Note (*) Others include syndicated deals

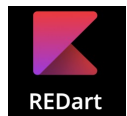
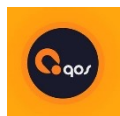
Source: Public sources, MOST internal data, Crunchbase

Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts

Selected top funded startups



\$400k – \$1mIn FUNDS RAISED



\$1 - \$3 mIn FUNDS RAISED



\$3+ mIn FUNDS RAISED



Source: Public sources, MOST internal data, AIFC Tech Hub, Crunchbase, Interview experts, MOST analysis








Note: information on the amount and volume of deals is not exhaustive as MOST used professional judgment to classify transactions and make adjustments, based on interviews conducted with industry experts

The market is becoming more mature and sophisticated, with an increasing number of successful M&As and a growing number of corporate investors



List of selected M&A transactions of tech companies

Note: M&A deals are not included in the total Kazakhstan VC market volume

	Year	Target	Industry	Acquirer	Type of exit
	2019	Aviata	Marketplace	Chocofamily	Sale to strategic investor
	2020	Santufei.kz	Marketplace	Kaspi.kz	Sale to strategic investor
	2021	PayBox	Fintech	Freedom Corp	Sale to strategic investor
	2021	Ticketon	Marketplace	Freedom Corp	Sale to strategic investor
	2022	Rekassa	Fintech	Freedom Corp	Sale to strategic investor
	2022	HR messenger	HR	Avito	Sale to strategic investor
	2022	Prime source	Outsource	Fatbrain	Joint Venture, Merge

Source: Public sources, MOST internal data, Crunchbase








Note: The list may not be exhaustive

The small regional market in Kazakhstan, particularly in the consumer products sector, leads to a brain drain of IT professionals seeking larger markets and funding opportunities abroad to establish and grow their startups



Selected Kazakhstan-born startups that established their startups and get successful fundings abroad

Note: These deals are not included in the total Kazakhstan VC market volume

	Company	Industry	Global HQ	Company bio	Total funding, mln USD
	DNA Payments	Fintech	UK	DNA Payments is one of the largest independent, fully vertically integrated omnichannel payments companies in the UK and EU	106
	MyBasePay	B2B	US	Employer Of Record Platform for Contingent Workforce	60
	Appboxo	B2B	Singapore	The company is creating a super app platform that powers integrations between the biggest consumer apps	8.2
	Remofirst	HR	US	Global payroll and HR compliance. An infrastructure for hiring remote employees compliantly from any country in the world	14.4
	Biodock	Analytics	US	Biodock offers a cloud AI platform that extracts answers from image data.	2.1
	Farel	Travel	US	The Operating system for next-generation airlines	1.5
	AWSM Bank	Fintech	US	AWSM Bank teaches teens and their parents financial literacy by intertwining video content with actual full-service banking	0.2

Source: Public sources, MOST internal data, Crunchbase

Note: The list may not be exhaustive

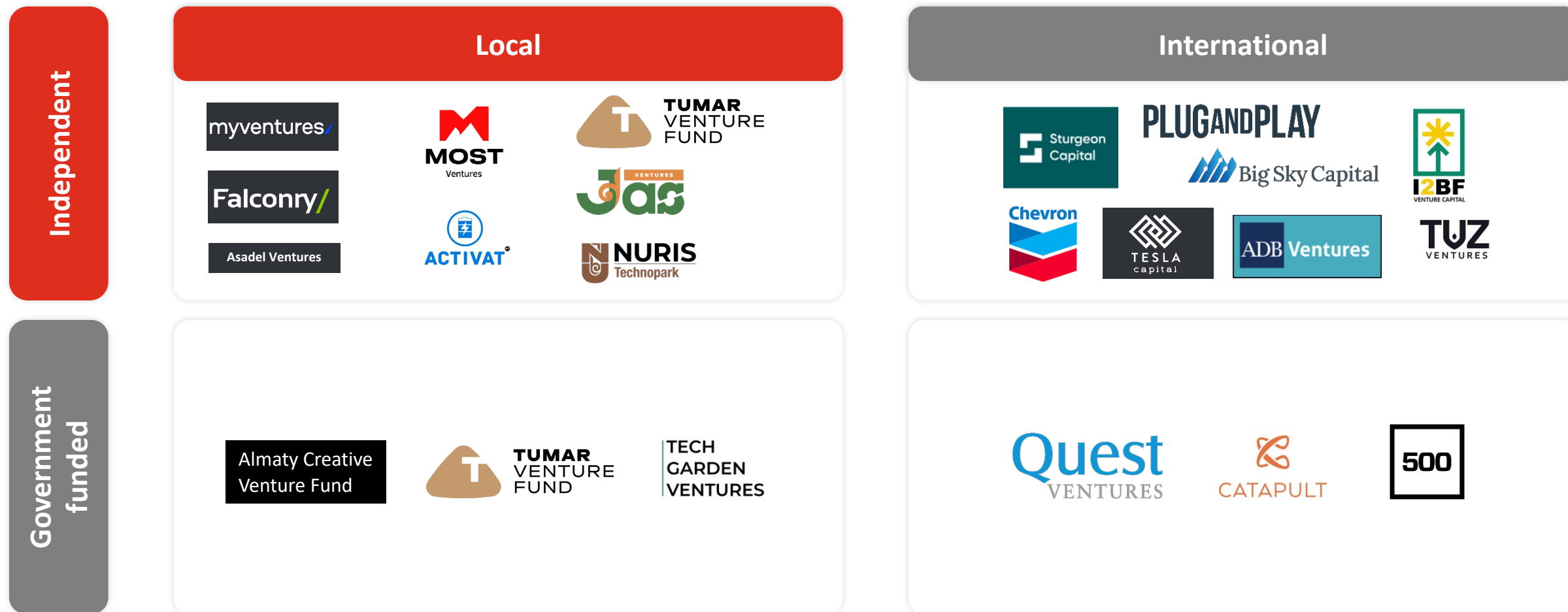
03

Venture Capital ecosystem in Kazakhstan

- 3.1 Venture capital funds
- 3.2 Investment clubs and grants
- 3.3 Business angels and private investors
- 3.4 Accelerators/ incubators
- 3.5 Infrastructure for deal structuring (AIFC)



The rise of VC funds in Kazakhstan, both domestic and international, indicates growing interest and potential for investing in the country's startup ecosystem



Source: public sources, MOST internal data, company web-sites
 Note: The list may not be exhaustive

The growing activity of investment clubs offers a gateway for private investors with small capital to invest in startups, stimulating their interest in the industry



Investment Clubs



\$2_{mln}
invested

100
investors

12
deals

\$100k
average check



\$2.6+_{mln}
invested

3
investors

15
deals

\$150k
average check



Activat Invest

\$0.2_{mln}
invested

60
investors

11
deals

\$20k
average check

Grants

QazInnovations



astana hub



АКЦИОНЕРЛІК ҚОҒАМЫ
ҒЫЛЫМ ҚОРЫ
ФОНД НАУКИ



Source: public sources, MOST internal data, company web-sites
Note: The list may not be exhaustive

45% of VC deals amount were funded by business angels. There are ~15 active public business angels and ~200 non-public investors “behind the scenes”



A typical profile of a Kazakh angel investor

- **Gender:** Male
- **Average age:** 40-50
- **Investment amount:** ~up to USD500k
- **Investment stage:** Seed
- **Investment horizon:** ~ up to 10 years with 3x - 5x exit

Some of the most active angels in Kazakhstan

<p>Murat Abdrakhmanov 35+ projects</p>	<p>Timur Turlov 10+ projects</p>	<p>Bakht Niyazov 23 projects</p>	<p>Dana Bliyeva 9+ projects</p>
<p>Talgat Ismail 20+ projects</p>	<p>Adil Nurgozhin 9+ projects</p>	<p>Yelzhan Kushekbaev 85 projects</p>	
<p>Margulan Seisembayev 7+ projects</p>	<p>Olzhas Zhiyenkulov 13+ projects</p>		

Note: represented startups' logos are selected logos from the investor's portfolio of Kazakhstani startups

Source: public sources, MOST internal data
Note: The list may not be exhaustive

The number of international acceleration programs in Kazakhstan is on the rise, while domestic programs are maturing and expanding to other Central Asian countries



Private (2015)



astana hub

State-owned (2018)



Private (2020)



Student-led within university (2017)



State-owned (2006)



Student-led within university (2016)



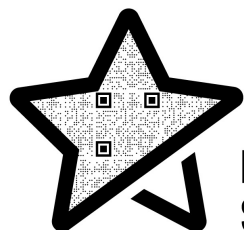
Student-led within university (2017)



State-owned (2022)

International Acceleration programs in Kazakhstan

PLUGANDPLAY KAZAKHSTAN



EBRD
Star Venture

Google for Startups

Visa
Everywhere
Initiative



AIFC was established for the purpose of creating a hub for financial services and investment in Central Asia, with the goal of attracting foreign investment and promoting the development of the region's financial sector

Selected benefits for the structuring VC deals in AIFC (both local and foreign)



Due to principles of freedom of contract and flexibility of jurisdiction, the AIFC allows structuring transactions through debt instruments such as convertible loans, and conditional debt instruments SAFE and KISS



English common law



The AIFC has established a specific legal and regulatory framework for the authorization and operation of VC funds, which includes specific registration requirements, ongoing reporting and compliance requirements, and other rules and guidelines.



VC funds that are authorized by the AIFC benefit from a number of advantages, including a favorable tax regime, access to a pool of potential investors and a well-developed legal and regulatory framework that is aligned with international standards



Simplified procedure for obtaining a work visa to attract foreign workers

In 2020, for the first time among the CIS countries, AIFC-domiciled startups used the instrument of a convertible loan to structure VC investments from the Kazakhstan Digital Accelerator program. This instrument mostly based on principles of common law protects the interests of investors and startup founders as much as possible and minimizes the risks for both parties.



More details:
<https://tech.aifc.kz/reports/>



04

**Best practices, outlook and
recommendations for VC market
development in Kazakhstan**

Industry experts have a positive outlook for the future of the VC market in Kazakhstan. They believe that the market has significant potential for growth and development in the coming years



01

Financial and non-financial **support measure from the government** is expected to boost the market activity

02

The development of **business incubators/ accelerators** will enhance the development of start-ups

03

It is expected that **cooperation with global venture capital funds** will boost the appeal for foreign investors

04

Rising internet penetration and **relatively young population** will drive the demand for innovations

05

The establishment of an **efficient and transparent legal and regulatory framework** aligned with international standards will develop the market and offer greater incentives and benefits for private investors

06

The **AIFC's** focus on improving market transparency and investor protection will create a favorable environment for international investors

07

E-commerce and fintech are expected to continue growing, however new industries are already becoming popular on the market

However, there are still challenges that need to be addressed in order to further develop and mature the market



1. Financial support:	
1.1 The distribution of grants	✓
1.2 Direct investments in projects	✓
1.3 Creation of funds	✓
1.4 Creation of joint funds (incl. foreign funds)	✓
1.5 Formation of late-stage funds	✗
1.6 Formation fund of funds scheme	⊖
1.7 Creation of matching funds to corporate venture capital funds	✗
2. Tax and Regulation:	
2.1 Institutional' (Banks, Pension Funds, and Insurance companies) access to the market	✗
2.2 Private investors' access to the market	✓
2.3 Preferential tax regimes for business angels/accelerators/corporate ventures	⊖
2.4 Preferential tax regimes for venture companies	⊖
2.5 Creation of regulatory sandboxes	⊖

3. Infrastructure:	
3.1 Mentorship and Educational support	✓
3.3 Assistance in participating in conferences/events	✓
3.4 Creation of accelerators/incubators (including at the university level)	✓
3.5 Formation of R&D infrastructure	✓
3.6 Creation of technology transfer/ commercialization centers	✓
3.7 Support in intellectual property registration	✓
3.8 Assistance in entering foreign markets	✓
3.9 A robust exit environment (IPO, public/ secondary capital markets)	⊖
4. Ecosystem:	
4.1 Promotion of entrepreneurship, venture capital, and business angel investment	⊖
4.2 Implementation of modern education standards	✓
4.3 "Brain Drain" reversal programs	✗
4.4 A robust and reliable infrastructure for data-driven decision-making	✗
4.5 Awareness among international stakeholders (investors, ranking agencies, startups)	✗

Used in KZ
 Limited use in KZ
 Not used in KZ

Source: Interview with experts, public sources, MOST analysis

There is no better time than now for the government to implement measures to leverage the dynamism of the market to drive sustained development



Tax and Regulation

Financial support

Infrastructure and ecosystem development

Intellectual property

- 1. Provide Tax Advantages for venture funds, business angels, accelerators, corporate venture funds:**
 - **Capital gains tax exemptions:** Offer exemptions or reductions on capital gains taxes to encourage investment in high-risk, high-growth companies.
 - **Tax credits:** Provide tax credits, which can be used to offset taxes owed on other income.
 - **Carry-forward of losses:** Allow investors to carry-forward losses from venture capital investments to offset taxes on future income.
 - **Tax-deferred treatment of carried interest:** Tax carried interest, the share of profits that a venture capitalist receives for managing a fund, as capital gains rather than as ordinary income, which can result in a lower tax rate.
 - **Tax-free return of capital:** Allow investors to receive a return of capital tax-free to make venture capital investments more attractive.
 - **Investment tax deduction:** Provide an investment tax deduction on capital invested in venture capital funds, which can increase the net return on investment.
 - **Depreciation allowances:** Allow investors to claim depreciation allowances on investments in venture capital funds, which can reduce the tax bill.
 - **Tax incentives for foreign investors:** Provide additional incentives such as tax holidays or reduced tax rates for foreign investors to encourage international investment in the country.
- 2. Relaxation of Regulations:** Relax regulations for foreign portfolio investments and simplify the process of setting up and managing venture capital funds to make it easier for foreign investors to invest in Kazakhstan.
- 3. Explore Crowdfunding as an Alternative Investment Mode.**
- 4. Amend the Bankruptcy Laws for Startups.** Insolvency reforms that encourage debt restructuring and reorganization reduce both failure rates among startups and the liquidation of profitable businesses. Specifically in venture capital, it is imperative to have robust bankruptcy laws so startups can begin afresh should they fail.
- 5. Reduce Restrictions on Investment Strategies of Banks, Pension Funds, and Insurance Companies.** Following international practice, pension funds, banks, and insurance companies in many countries can invest a small portion of their assets in venture investments. However, in Kazakhstan, certain requirements are imposed, including licenses and registration.
- 6. Review the Margin for Error Rule in Government Investment Auditing.** Officials who oversee the program are not penalized for ventures that fail.

Supporting the VC market and business angels financially is crucial for its growth and development, just as it is in developed VC markets



Tax and Regulation

Financial support

Infrastructure and ecosystem development

Intellectual property

- 1. Investment matching programs: Governments can set up programs that match private sector investments in startups, effectively leveraging public money to attract more private investment.**
 - **Examples:** Small Business Investment Companies (SBICs) and Government Financed Venture Funds (GFVF) in the US.
 - The National Angel Capital Organization in Canada provides funding and support to angel investors.
 - The European Investment Fund provides funding and guarantees to VC funds in Europe, focusing on SMEs and start-ups.
 - The Early Stage Venture Fund (ESVF) - is a government-led fund in Singapore that provides matching grants to angel investors and venture capital firms that invest in early-stage startups.
 - The British Business Bank's Enterprise Capital Funds program is one such partnership, which co-invests alongside private sector investors in venture capital funds
- 2. Research and development (R&D) support: Governments can provide funding and support for R&D activities in order to help startups to develop new technologies and innovative products.**
 - **Examples:** The Small Business Innovation Research program (SBIR) and Small Business Technology Transfer programs (STTR) encourage domestic small businesses to engage in federal Research/Research and Development (R/R&D) with potential for commercialization.
 - The Magnet program from The Israeli Innovation Authority provides funding for R&D activities, as well as mentorship and networking opportunities for startups and small businesses.
- 3. Guarantee schemes: Governments can provide guarantees to venture capital and business angel funds to reduce the risk of investment and increase the availability of funding. This can include guarantees for loan losses, or guarantees for a percentage of the invested capital, which can help to reduce the risk of investment and make the asset class more attractive to investors.**
 - **Example:** European Investment Fund's Risk Sharing Instrument (RSI), which provides guarantees for loan losses to venture capital and business angel funds.
- 4. Develop a robust exit environment,** so that venture capitalists and business angels can see viable exit options, to have a return on their investments. This can be achieved through encouraging M&A activities, IPOs, and secondary markets.
- 5. Establish The Venture Debt program type mechanism** - program provides low-interest loans to startups that are looking to raise capital but are not quite ready for an equity round.
- 6. Enable access to export markets including through export financing initiatives.**

For a successful and sustained market in the long run, it is important to adopt a holistic ecosystem approach and simultaneously develop all the components



Tax and Regulation

Financial support

Infrastructure and ecosystem development

Intellectual property

1. **Encourage collaboration between universities, research institutions, and industry**, to create an environment where new technologies and innovations can be commercialized and nurtured.
2. **Review Policies on Innovation in Universities.** The government allocates funds for developing scientific and technological innovation, but the process to create and adopt innovations is prolonged. Technology transfer and commercialisation offices should be equipped with modern tools and well-funded to conduct IP valuation and commercialization of technologies produced at the university. These technology transfer and commercialisation offices should become champions of applied innovation by building strong ties between teams of entrepreneurs and researchers.
3. **Improving communications among VC market ecosystem players**, determining a player to consolidate information to develop VC. It will promote addressing the issue of developing the information environment, which enables entities to find each other and stimulates relations. In addition, a player's objective may include:
 - representing the interests of professional market players before state authorities, the media, and financial and industrial communities in Kazakhstan and abroad;
 - the consolidation (collecting, analysis) of information on investments, including venture capital and private equity and also the M&A market;
 - improving the transparency, availability, and quality of data about the volumes and dynamics of major transactions will contribute to enhancing the investment attractiveness of Kazakhstan;
 - preparing analytical papers about best international practices related venture capital market support programs, to be distributed between market development institutions.
4. **Introduce an experimental legal control mode for entrepreneurial activity within a technical testing environment.** This would test innovative ideas and pilot institutional budget planning, state support measures, and procedures in certain environments.
5. **Implement information and educational programs to raise public awareness** of investment opportunities and instruments provided by the state for startups, venture funds, and private investors.
6. **Implement a regular investor confidence survey with investors from both venture capital firms and business angels as a feedback mechanism for venture capital financiers.** Cultivating investor confidence from industry practitioners would provide information for enhancing investor policies.

Review Policies on Intellectual Property as Collateral



Tax and Regulation

Financial support

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development

Intellectual property

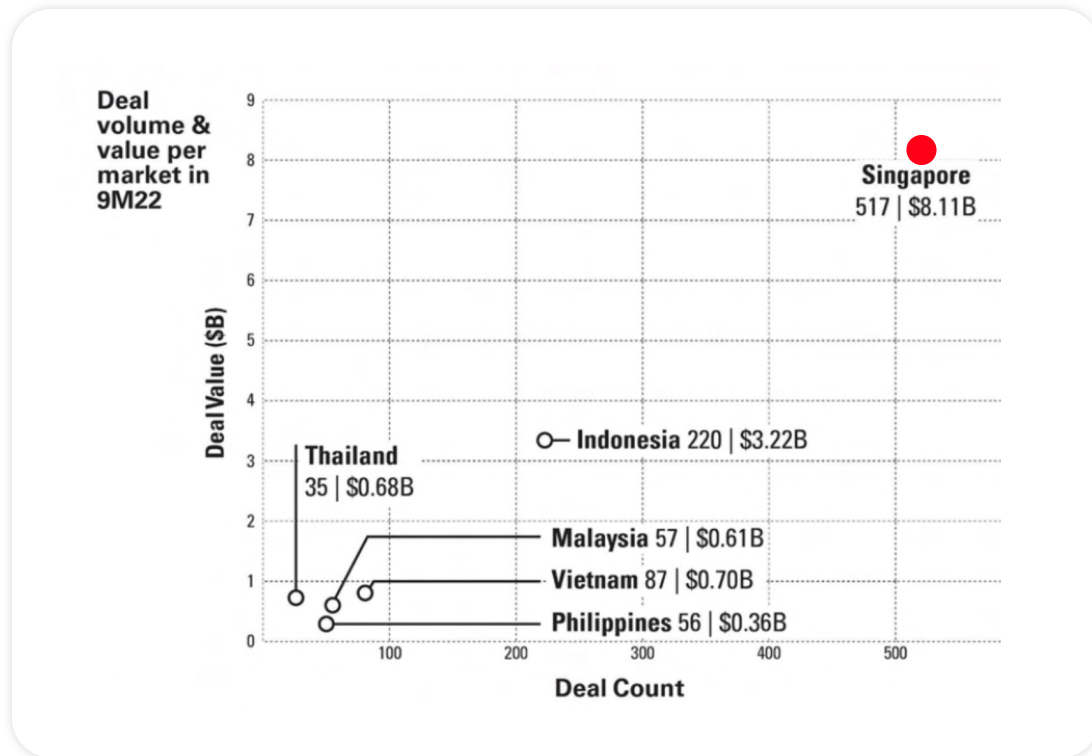
- 1. Standardize IP Valuation Protocols.**
- 2. Adopt Technology Finance Mechanisms.** For IP that will be subject to valuation, there is a need to establish a mechanism to develop neutral or impartial assessments of the technology under review. For instance, Korea Technology Finance Corporation (KIBO) aims to facilitate technology financing to innovative SMEs and contribute to the growth of the national economy. KIBO provides a credit guarantee service to collateral-constrained SMEs with competitive technology. It also assesses technology values, provides direct equity investment for promising early-stage tech firms, matches IP assets of universities and research institutes to SMEs, and exercises the right to indemnity against defaulted borrowers by pursuing legal procedures.
- 3. Establish IP Registers.** IP offices should have registers available for owners to record their ownership of the IP and for lenders to record their interests in IP assets.
- 4. Offer Government Subsidies.** Governments sometimes subsidize the costs of IP audits and valuations. This may make the difference for applicants going through the process or deciding it is too expensive to apply with no assurance of success
- 5. Create Tax Incentives.** In some countries, accelerated tax depreciation, bonus depreciation, and tax credits are granted to companies that acquire IP (as opposed to internally generating it). Some also allow depreciation of the cost of internally generated IP and IP-owning companies to enjoy a lower tax rate on profits than the general corporate tax rate.
- 6. Develop IP Valuation Expertise.** Major audit and accounting firms value IP using GAAP and FASB principles when reporting on the fairness of the presentation of corporate acquisitions by their clients.
- 7. Develop IT Networks for Sharing Information about IP.** Several countries have created exchanges and licensing platforms administered by governmental or inter-ministerial agencies and are open to multiple technology providers. Australia's Source IP is administered by IP Australia and aims "to facilitate innovation and commercialization by providing a means for public sector patent holders to signal their licensing intent and promote their key areas of technology within a single platform." Similarly, the China International Technology Transfer Center (CITTC) is a technology and knowledge exchange platform, which offers technical assistance and international cooperation and partnerships. CITTC is supported by the Ministry of Science and Technology, the Beijing Municipal Science and Technology Commission, and the People's Government of Haidan District. To further leverage the results of its network, the CITTC cooperates with international academic and research institutions in Europe and North America.

Best practices: summary of innovation and VC policy (implemented or in-progress)



	Capital markets & investment				Tax incentives on startup investment & entrepreneurship				
	Government Startup Financing (Equity, Grants, Loans)	Government fund of funds	Pension fund reforms	IPO & public capital markets reforms	Tax deduction	Tax exemption	Tax credit	Tax deferral	Loss relief
Singapore	✓	✓	✓	✓	✓	✓	✓	✓	✓
USA	✓	✓					✓		
Belgium	✓	✓				✓	✓		
Denmark	✓	✓			✓				
Estonia	✓				✓				
Finland	✓	✓			✓	✓	✓		
France	✓	✓				✓	✓	✓	
Germany	✓	✓	✓	✓			✓		
Greece	✓	✓			✓				
Ireland	✓	✓					✓		
Italy	✓	✓				✓	✓		
Norway	✓	✓	✓		✓				
UK	✓	✓	✓	✓		✓	✓	✓	✓

Case study: Singapore



- **Technopreneurship 21 (T21) the Technopreneurship Investment Fund (TIF)**, a \$1 bln fund established in 1999, designed to spur the country’s venture capital industry. TIF acted as a co-investment program aiming to attract leading international venture capital funds to set up their regional hubs in Singapore.
- In October 2018, Singapore passed omnibus legislation consolidating personal and corporate insolvency and debt restructuring laws with the **Insolvency, Restructuring and Dissolution Act (IRDA)**.

- **Productivity and Innovation Credit (PIC) Scheme (2010)**: tax benefits for companies engaging in innovation activities (e.g., R&D and software and design)
- **Tax exemption for start-ups**: tax relief for start-ups in their first three years, is part of the Startup Tax Exemption (STX) scheme.
- **The Early Stage Venture Fund (ESVF)** - This is a government-led fund that provides matching grants to angel investors and venture capital firms that invest in early-stage startups.
- **Angel Investors Tax Deduction Scheme (AITD)** - An approved angel investor who invests a minimum of S\$100,000 of qualifying investment in a qualifying start-up is eligible to claim tax deductions under the AITD Scheme. Under the scheme, the approved business angel can enjoy a tax deduction for each Year of Assessment based on 50% of his investment amount, at the end of a two-year holding period. The tax deduction will be subject to a cap of S\$250,000, and will be offset against total taxable income.
- **The Venture Debt program** - This program provides low-interest loans to startups that are looking to raise capital but are not quite ready for an equity round.
- **The Accreditation Scheme for Angel Investors** - This scheme is designed to encourage and support angel investing by providing accreditation to angel investors who meet certain criteria, such as having a certain net worth or investing a certain amount of money.
- **The incubator and accelerator program** - The government provides funding and support to incubators and accelerators that help startups grow and scale.
- **The Intellectual Property (IP) Hub** - The government has established an IP Hub to help startups protect and commercialize their IP.
- **The Enterprise Development Grant (EDG)** - This grant provides funding for startups to develop and commercialize their products, services and processes.
- **The Startup SG Equity Scheme** - This scheme provides equity funding to startups in the form of convertible notes and equity investment, with the aim of supporting startups at the pre-seed, seed and series A stages.

Case study: United Kingdom



Schemes	Tax exemption	Tax credit	Tax deferral	Loss relief
Enterprise Investment scheme	✓	✓	✓	✓
Seed Enterprise Investment Scheme	✓	✓	✓	✓
Venture Capital Trust	✓	✓		
Social Investment Tax Relief	✓	✓	✓	
Private Placement Withholding Tax Exemption	✓			
Business Property Relief	✓			

- **Seed Enterprise Investment Scheme (SEIS)** provides individuals making investments in young companies with an upfront tax credit, a capital gains tax deferral for reinvestment, a capital gains tax exemption for chargeable gains realised on disposal and loss relief on more favourable terms than the baseline tax system for capital losses realised on disposal.
- The **British Business Bank's Enterprise Capital Funds (ECF) and Venture Capital Trusts (VCT)** programs, which provide funding to venture capital funds that in turn invest in small and early-stage companies.

- **UK Angel Co-Fund (2011)** - A £100m fund supported by the government which aims to back promising UK businesses and develop the business angel investment market.
- **The Innovate UK funding**, which provides funding and support to businesses working on innovative projects in a variety of sectors, such as advanced manufacturing, clean energy and digital technology.
- **The UK Innovation Investment Fund (UKIIF)**, which is a government-backed fund of funds that invests in venture capital funds that provide funding to innovative technology companies.
- **The Northern Powerhouse Investment Fund (NPIF)**, which is a government-backed fund of funds that provides funding to venture capital funds that invest in small and medium-sized enterprises in the north of England.
- **The Patient Capital Review**, program was aimed to increase the amount of long-term patient capital available to innovative firms, particularly those in the scale-up phase, by increasing the amount of institutional investment in the UK venture capital sector.
- **Business Property Relief** - capital gains tax relief offered to entrepreneurs when they sell all or part of their business or business assets.
- **Research and Development Tax Credits** - provides company tax relief based on a company's R&D expenditure.
- **Enterprise Investment Scheme (EIS)**
- **Social Investment Tax Relief**
- **Private Placement Withholding Tax Exemption**



05

About MOST Ecosystem

MOST Ecosystem

Our mission is to build a technological ecosystem to transform society and increase its prosperity



Education

- *MOST Business Incubator*
- *MOST Education*
- *MOST ScaleUp*

Venture Investments

- *MOST Investment*
- *MOST Ventures Fund I*
- *MOST Ventures Fund II*

To fulfill our mission, we foster collaboration in the innovation ecosystem by:

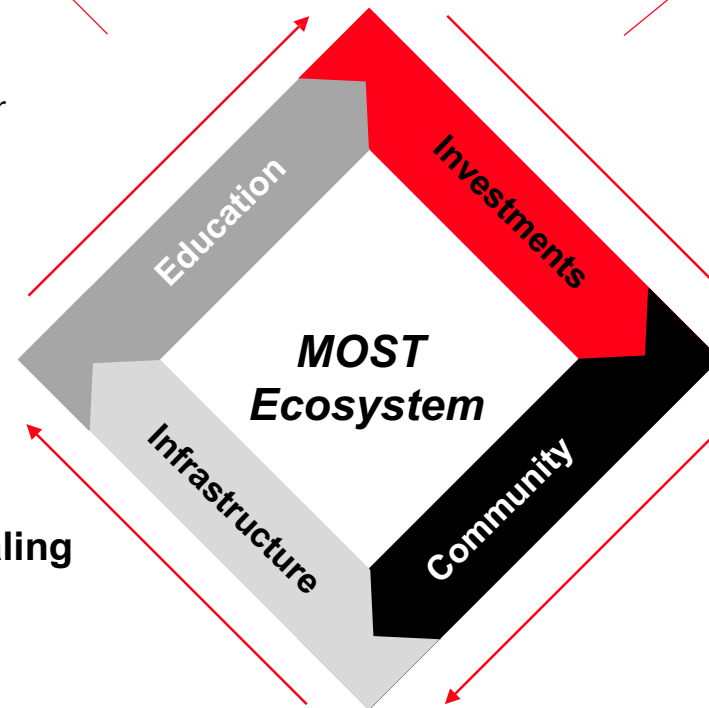
- supporting tech entrepreneurs
- building sustainable partnerships
- synergy and integration of resources
- providing financial tools
- attracting talent
- accelerating innovation
- building community

Infrastructure & Scaling

- *MOST Hub*
- *MOST Academy*
- *Demo Days with Foreign Investors*

Community

- *UMAY Angels Club*
- *MOST Hub Residents*
- *Startup Founders*
- *Digital Nomads*
- *Tech Entrepreneurs*

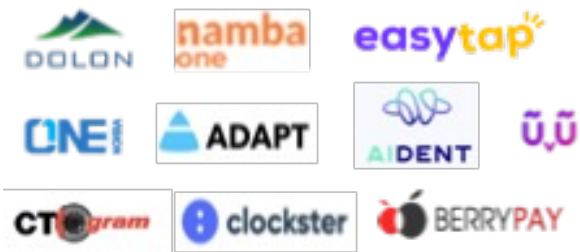




MOST Ecosystem

MOST Ventures

- 10 deals
- \$2 mln+ invested
- Star Ventures acceleration program launched with EBRD



UMAY Angels Club

- 12 deals and \$2 mln+ invested
- 100 investors
- 6 VC meetups with market and experts
- 3 investors schools with 150+ attendees
- VC tour for local investors to Silicon Valley, USA

MOST Incubator

- 20 meetups with startups. 1200+ applications
- 4 incubation and acceleration programs in CA region
- 360+ applications, 60 startups selected, 3 of them were invested
- Launched educational programs with EFES, Karachaganak PO and with 5 international NGOs (USAID, UNDP, GO VIRAL, GIST, ICESCO)

MOST IT Hub

- 5000+ sqm
- 63 events
- 2700+ attendees
- Every 2-week Founders club organized

Central Eurasia Venture Forum (CEVF)



The Central Eurasia Venture Forum brings together business angels, venture investors and funds, technology startups and corporations, as well as everyone interested in the venture industry in Central Asia.

The forum becomes a platform for discussing topical issues, challenges and opportunities for the development of the venture ecosystem.

The first Central Asia Venture Forum was held in 2021 in Tashkent at the initiative of UZVCA, UMay Angels Club and NambaOne. In 2022 the forum was organized in Almaty. The event takes on an annual format, and the new season of CEVF in 2023 will be held in Almaty in June.



[more details: https://ventureforum.asia](https://ventureforum.asia)

100+

Investors

200+

Startups

100+

Business

50+

Corporations

35+

Speakers

12

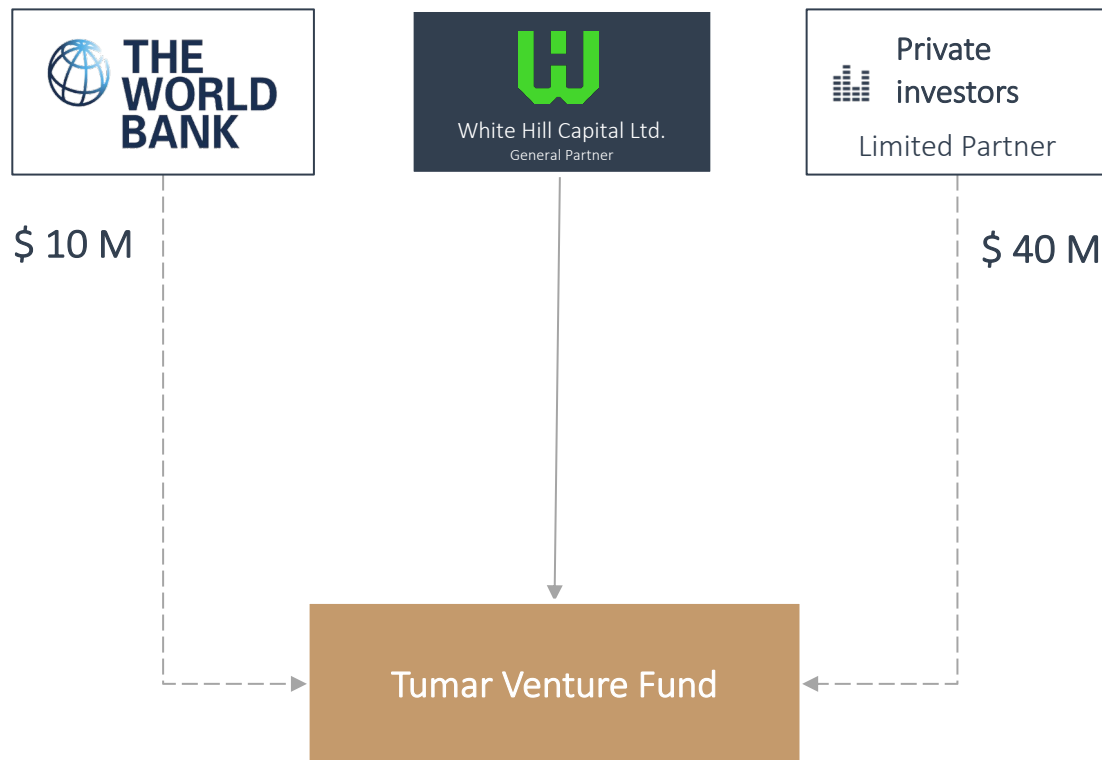
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06

About White Hill Capital

White Hill Capital – largest venture fund



Unique positioning. WHC combines a credibility of the World Bank together with a private initiative. It's a "private-public partnership" of the venture capital world.

Homebase in AIFC. Choice of AIFC brings Tumar Venture Fund closer to the startups looking to become global players from the outset. WHC team has a proven track record of cross-border English law deals which is instrumental for seamless execution and co-investment along its global partners.

Hallmark \$50 million target. Tumar aims to collect a prime amount of commitments - characteristic of a typical global early-stage fund. Though a challenge, it may provide a good push to Kazakhstan seed to early stage venture scene in 2023-2024.

Gen Z focus. Tumar wants to make the voice of one of the most populous generational cohorts heard and represented - both within the Fund and when selecting startups. The team is a strong advocate of openness, creativity, flexibility and juggling multiple perspectives.



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Thank you!



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