



DELEGATION OF THE EUROPEAN UNION TO THE REPUBLIC OF KAZAKHSTAN

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**Speech delivered by Ambassador Aurélia Bouchez, Head of the European Union  
Delegation to Kazakhstan, at the "Smart Green Business Forum" side event in the  
framework of VII Astana Economic Forum**

*Astana, 21 May 2014*

I am delighted to be here with you today.

Let me first thank the organisers of the Forum and the Green Academy for the invitation and for organising a "Smart Green Business Forum". And thank you, Bakhyt, for your kind words of introduction.

**The importance of SMEs in the economy of the EU**

Having a decent job is widely recognised as the best way towards wealth and high life standards. In most of the countries the private sector provides substantial percentage of jobs. In the EU more than 99% of all European businesses are, in fact, SMEs and we mean here companies with less than 250 employees. SMEs provide two out of three of the private sector jobs and contribute to more than half of the total value-added created by businesses in the EU. Moreover, SMEs are the true back-bone of the European economy, being primarily responsible for wealth and economic growth, next to their key role in innovation and Research and development.

**Recent EU initiatives for SMEs and Innovation**

The importance of SMEs and private sector at large is fully recognised in the EU and especially at a time when Europe is still hit by a severe crisis.

In this context, the European Commission has adopted last week on 13 May 2014 a new Communication entitled "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries".

In brief, this Communication proposes concrete actions to establish better regulatory environments for SMEs, promote business development and facilitate access to finance, especially for job-creating micro, small and medium-sized businesses. The Communication also confirms that there are promising areas for the development of SMEs in the field of sustainable energy and sustainable agriculture.

In parallel, the EU and its Member States are also investing very significantly in research and development. In this regard, the biggest EU research and innovation Programme has been launched last year with funding of 80 billion Euros for the years 2014 -2020. This initiative referred as "Horizon 2020" addresses both research and innovation and calls on 18 priorities with prominence given to environment, renewables and future energy.

As a very good example, I would like to bring to your attention the Eco-innovation initiative for which € 200 million were earmarked during the period 2008-2013. With this relatively small amount of money, very significant savings in water, waste and green-house gas emissions were realised thanks to the numerous participating SMEs. I would like to emphasize that each project of this initiative generated 9 additional jobs. Each euro of the Eco-innovation initiative yielded a leverage factor of € 10 in revenues.

Such Eco-innovation actions will be continued under the new Horizon 2020 Programme. These are in my view very good practical examples of what can be done for jobs in the green economy and food for thought for an ambitious country like Kazakhstan.

### **SMEs in Kazakhstan**

As you know, 2.4 million people are currently working for small and medium enterprises in your country. The development of small and medium-sized businesses is considered as a main tool for the industrial and social modernisation. Ambitious goals have been set to increase the share of the small and medium businesses in GDP from current 20 % to 50 % by 2050, which should require increase of labor productivity by 5 times (from the current 24.5 thousand to 126 thousand dollars) and reducing by 50 % the energy intensity of GDP. In parallel, Kazakhstan is developing a comprehensive agenda to transit towards a fully green economy in 2050.

### **The EU in Kazakhstan**

The above notably will require strong political leadership and the coordination of all efforts including those of donors. In this regard, The European Union has provided Kazakhstan substantial grant funding across a wide range of activities during the last 20 years, supporting regulatory reforms, private sector development, regional development, judiciary and civil service reforms, capacity-building and awareness rising in the fields of sustainable energy, water management, environment and forest governance.

It is worth mentioning that the EU notably supports the Central Asian Regional Environmental Centre (CAREC) which provides a platform for the exchange of best international and regional practices and serves as an enabler to "green" businesses.

In parallel to the grant assistance, the EU is supporting attraction of investments from the international financial institutions. In 2013, the European Investment Bank has launched its activity in Kazakhstan with the approval of three loans of total 370 million EURO for SMEs and mid-caps, which will be channelled through the local banks. These loans primarily target “green” small and medium-size projects, such as renewable energy, energy-efficiency, agriculture climate change adaptation, water and waste management.

Last but not least, I would like to confirm that the EU is preparing in close cooperation with the Ministry of Environment and Water Resources and in partnership with OECD, UNECE and UNDP a new programme to support Kazakhstan transition to "green" economy. It is foreseen that the programme will support the implementation of the Green Economy Concept, both at national and oblast levels.

## **Conclusion**

I would like to conclude here recalling the importance of SMEs for employment and contribution to the establishment of an inclusive society. Innovation is also essential and the green economy will offer a number of opportunities for technology transfer to the interest of Kazakhstani SMEs.

I therefore welcome the seminar of today and wish you fruitful exchanges.

Thank you for your attention.