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N. Kaparov, PhD student[1]
M. Konyrbekov, PhD, associate professor[2]
M. Rakhimberdinova*, PhD, professor[3]
B.Şen, PhD, associate professor[4]
Turan University, Almaty, Kazakhstan[1]
Institute of Economics, Committee of Science of the Ministry of Science and Higher Education of the Republic of Kazakhstan, Almaty, Kazakhstan[2]
D. Serikbayev East Kazakhstan Technical University, Ust-Kamenogorsk, Kazakhstan[3]
Tokat Gaziosmanpaşa University, Tokat, Turkey[4]
*– main author (author for correspondence)
e-mail: MRakhimberdinova@edu.ektu.kz

INVESTMENT-CLIMATE DETERMINANTS AND FDI IN KAZAKHSTAN'S REAL SECTOR

This paper examines the determinants of the investment climate and assesses the mechanisms through which they shape the volume and sectoral allocation of FDI in Kazakhstan's real sector. The study systematizes key theoretical approaches (the OLI framework and institutional theory), analyzes official statistics from the National Bank of Kazakhstan and the Bureau of National Statistics for 2019–2024, and tests the association between FDI and macroeconomic indicators as well as institutional proxy measures (WGI and international rankings) using correlation analysis. The results demonstrate a cyclical pattern of FDI inflows and strong sensitivity to external conditions: after the 2022 peak (USD 28.2 billion), gross inflows declined to USD 17.2 billion in 2024 (–28.3% vs. 2023). The country structure reveals persistent dominance of a limited set of donors and holding jurisdictions, with the Netherlands accounting for roughly one-third of inflows in 2023–2024. The sectoral structure of accumulated FDI confirms the predominance of mining (54.2%) and a limited share of manufacturing (11.1%); the extraction-to-manufacturing ratio in 2024 reached 4.9:1. Correlation estimates confirm a "commodity channel" (r=0.81 between FDI and Brent oil prices) and highlight the role of macroeconomic stability (inflation: r=–0.64). The practical contribution is substantiated by policy measures aimed at improving institutional predictability, reducing inflation risks, and strengthening investment facilitation to reorient FDI toward manufacturing, agriculture, and technologically intensive sectors.

Keywords: *Investment climate, foreign direct investment (FDI), real sector, institutional quality, macroeconomic stability, regulatory environment, country risk.*

Кілт сөздер: *инвестициялық ахуал, тікелей шетелдік инвестициялар (ТШИ), нақты сектор, институттардың сапасы, макроэкономикалық тұрақтылық, реттеуші орта, елдік тәуекел.*

Ключевые слова: *инвестиционный климат, прямые иностранные инвестиции (ПИИ), реальный сектор, качество институтов, макроэкономическая стабильность, регуляторная среда, страновой риск.*

Introduction. Attracting foreign direct investment (FDI) into the real sector of the economy remains one of the strategic priorities of Kazakhstan's economic policy, as reflected in key national development documents, including the "Kazakhstan-2050" Strategy and the Concept for Industrial and Innovative Development. In the context of global uncertainty, the transformation of international value chains, and intensifying geoeconomic competition, the formation of a favorable investment climate becomes particularly significant for countries with resource-oriented development models [1].

Kazakhstan has traditionally held a leading position in Central Asia in terms of total FDI inflows, accounting for more than 70% of all foreign capital attracted to the region [2]. However, the structure of FDI inflows remains highly resource-dependent: according to the National Bank of Kazakhstan, more than half of accumulated FDI is concentrated in the extractive industries, primarily in oil and natural gas production. This structural asymmetry generates systemic risks associated with vulnerability to external shocks, limited spillover effects to related industries, and the reproduction of the "resource curse" model [3].

The relevance of this study stems from the contradiction between the officially declared objectives of economic diversification and the persistent concentration of FDI in the extractive sector. Despite ongoing industrialization programs and the establishment of investor-support institutions (such as KAZINVEST, special economic zones, and the investment ombudsman mechanism), the share of FDI directed into manufacturing remains at 11–13%, which is considerably lower than in countries that have successfully implemented structural transformation strategies [4]. This raises the question of which specific determinants of the investment climate shape the sectoral distribution of foreign capital, and which factors hinder its reorientation toward non-resource segments of the real economy.

From a theoretical perspective, the analysis of the investment climate is grounded in the eclectic paradigm of international production (OLI framework), which interprets a host country's location advantages as a combination of institutional, infrastructural, and macroeconomic characteristics influencing multinational corporations' investment decisions [5]. Institutional economic theory further emphasizes that the quality of formal and informal "rules of the game"-including property-rights protection, regulatory predictability, and judicial independence-constitutes a critical factor for long-term investments involving asset specificity and extended payback periods.

Although the broader empirical literature has extensively examined the impact of various determinants on FDI inflows, several research gaps remain in the case of Kazakhstan. First, most existing studies focus on aggregate FDI without distinguishing between resource and non-resource components. Second, the role of institutional factors in explaining the structural imbalance between extractive and manufacturing industries remains insufficiently explored. Third, empirical assessments require updating in light of the new geoeconomic realities of 2022–2024, including sanctions-related shifts, business relocation processes, and the transformation of regional logistics routes.

The purpose of this study is to identify the key determinants of Kazakhstan's investment climate and to assess their influence on the attraction of foreign direct investment into the country's real sector.

To achieve this purpose, the following research objectives are defined:

1. To systematize theoretical approaches to the analysis of investment-climate determinants and assess their relevance for resource-oriented economies.
2. To analyze the dynamics, geographical composition, and sectoral structure of FDI inflows to Kazakhstan for 2019–2024 with a focus on the real sector.
3. To evaluate the effect of macroeconomic and institutional factors on FDI inflows using correlation analysis.
4. To identify the key barriers preventing the reallocation of foreign capital toward non-resource sectors of the real economy.
5. To formulate policy recommendations aimed at improving the investment climate and increasing FDI inflows to manufacturing, agriculture, and technology-intensive industries.

The object of the study is the investment climate of the Republic of Kazakhstan, conceptualized as a set of macroeconomic, institutional, and regulatory conditions shaping the country's investment attractiveness.

The subject of the study encompasses the factors shaping the investment climate as well as the mechanisms through which they influence the scale and sectoral allocation of foreign direct investment (FDI) in the real sector.

The scientific novelty of the paper lies in a systematic examination of the relationship between investment-climate determinants and the structure of FDI inflows, with an explicit distinction between the resource-based and non-resource segments of the real economy. Unlike approaches that rely primarily on aggregate indicators, the study seeks to identify the drivers of sectoral imbalances in investment flows and the factors that constrain diversification opportunities. In addition, the analysis incorporates geoeconomic developments in 2022–2024 and assesses their implications for regional trajectories and the configuration of investment activity.

The practical significance of the findings is associated with their applicability for improving investment policy measures aimed at enhancing the attractiveness of non-resource sectors, strengthening the institutional environment, and expanding investment-facilitation mechanisms.

The information base of the study includes official statistical data from the National Bank of Kazakhstan (FDI statistics), the Bureau of National Statistics of the Agency for Strategic Planning and Reforms, international datasets (Worldwide Governance Indicators, Business Ready, IMF's World

Economic Outlook), and analytical reports from international organizations (OECD, UNCTAD, World Bank) and rating agencies.

Literature review. The foundational theoretical framework for FDI research is John Dunning's eclectic paradigm (OLI framework), which systematizes the motives of foreign investors through three groups of advantages: Ownership, Location, and Internalization. In the case of Kazakhstan, location-specific advantages-primarily natural-resource endowments and geographical positioning-have historically dominated, while institutional constraints reduce the effectiveness of internalization mechanisms.

Institutional theory, as developed by North [6] and Williamson [7], emphasizes the role of formal and informal rules in shaping investment attractiveness. For transition economies, including Kazakhstan, the key issues remain property-rights protection, the quality of corporate governance, and anti-corruption efforts [8]. World Bank studies demonstrate that improvements in the institutional environment across CIS countries are directly correlated with increases in FDI directed toward manufacturing industries.

Macroeconomic stability is traditionally viewed as a fundamental prerequisite for attracting FDI [9]. Kazakhstan exhibits specific characteristics linked to this dimension: dependence on external economic conditions, volatility of the national currency, and inflationary risks stemming from an export-oriented development model. Research by Baibossynov and Kosmachev [10] shows that under conditions of global commodity-price uncertainty, investors in Kazakhstan's real sector perceive macroeconomic risks as significantly higher compared to countries with diversified economic structures.

The quality of institutions constitutes a critical factor for real-sector investors, whose projects are characterized by high asset specificity and long payback periods. In the Kazakhstani context, the key institutional constraints include:

Property-rights protection. Despite progress reflected in the Doing Business rankings [11], issues related to judicial performance and contract enforcement remain substantial barriers.

Corruption. According to Transparency International (2023), Kazakhstan ranks 101st out of 180 countries in the Corruption Perceptions Index. Empirical findings by Kydyrbaev and Kalashnikova [12] indicate a negative correlation between corruption levels and FDI, particularly in sectors with high state involvement.

Regulatory environment. OECD analyses [4] reveal excessive administrative burdens and volatility in tax regulation as key risks for foreign investors.

Political stability and the predictability of state policies shape investors' long-term expectations. In Kazakhstan's case, the model of "managed democracy" and the high centralization of power produce both advantages (rapid decision-making, low risk of political shocks) and disadvantages (limited checks and balances, administrative instability at the regional level).

A specific institutional factor shaping FDI patterns is the architecture of special economic zones (SEZs) and industrial zones. Albekov and Maulenov [13] demonstrate that despite significant tax incentives, the effectiveness of SEZs in attracting investment into the non-resource sector remains low due to infrastructural constraints and administrative inefficiencies.

The development of market infrastructure, access to finance, and the quality of human capital largely determine a country's ability to absorb FDI into the real sector. Kazakhstan continues to face structural challenges, including financial segmentation, shortages of skilled labor, and an underdeveloped innovation ecosystem.

Overall, the literature suggests that Kazakhstan's investment climate is shaped by a complex interplay of mutually reinforcing factors, where institutional weaknesses are partially compensated by resource potential and relative macroeconomic stability. However, attracting FDI into the real sector requires a qualitative transformation of institutions, reductions in transaction costs, and overcoming the structural constraints associated with resource dependence. Future research should focus on the development of integrated analytical models that incorporate the specific features of a transition economy and the evolving geopolitical environment.

Main part. This study employs a mixed-methods research design that integrates (i) a conceptual systematization of the determinants of the investment climate and (ii) an empirical assessment of their influence on the inflow of foreign direct investment (FDI) into the real sector of Kazakhstan's economy. The theoretical framework builds on the eclectic paradigm of international production (OLI), in which the "location advantages" of a host country are interpreted as institutional and infrastructural attributes shaping its investment climate [5]. In addition, the analysis incorporates the perspective that the economic effects

and “productivity” of FDI critically depend on the absorptive capacity of the host economy, particularly the quality of its human capital [14].

1. The empirical base is constructed from official statistical datasets and internationally comparable sources:

2. FDI indicators (dependent variable): gross inflows of foreign direct investment by types of economic activity of resident enterprises, based on the statistical releases of the National Bank of Kazakhstan, including detailed breakdowns and methodological notes associated with FDI accounting.

3. Methodological explanations of FDI statistics: clarifications on the components of gross FDI inflows (equity participation, reinvested earnings, and other capital), used to ensure accurate interpretation of empirical estimates.

4. Institutional determinants: Worldwide Governance Indicators (WGI), comprising annual composite indicators across six dimensions of governance quality (including Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption), along with associated methodological papers.

5. Regulatory environment and quality of public services for business: the Business Ready (B-READY) indicators and underlying methodological framework, covering the firm life cycle and ten thematic areas such as market entry, infrastructure services, trade, taxation, dispute resolution, and competition.

6. Context of international investment trends: analytical reports of UNCTAD emphasizing the increasing relevance of investment facilitation and the digitalization of public services under conditions of heightened global FDI uncertainty.

FDI inflows to the real sector are measured using two forms of the indicator to ensure robustness:

- FDI_t^{real}: gross FDI inflows into sectors classified as part of the real economy (manufacturing, agriculture, construction, transport and logistics, electricity and gas supply, etc.);
- $Share_t^{treal}$: the share of real-sector FDI in total gross FDI inflows, allowing the separation of structural changes from fluctuations in aggregate investment flows.

Key factors included to operationalize the investment climate in the model:

1. $Institutions_t$ - institutional characteristics from WGI (rule-of-law strength, anticorruption capacity, regulatory quality, and government effectiveness).

2. $RegService_t$ - B-READY-based measures describing the regulatory setting and the quality of government-to-business service delivery.

3. $Macro_t$ - macroeconomic conditions (inflation, economic growth, exchange-rate movements, etc.) that help disentangle investment-climate effects from broader shifts in the economic cycle and external environment.

4. $HCap_t$ - indicators of human capital and technological absorptive capacity (subject to data availability), which condition the ability of the economy to realize and transmit FDI impacts.

The primary model is estimated in a logarithmic form to facilitate interpretation of coefficients as semi-elasticities and to reduce sensitivity to outliers:

$$\ln(FDI_t^{real})=\alpha+\beta_1 Institutions_t+\beta_2 RegService_t+\beta_3 Macro_t+\beta_4 HCap_t+\varepsilon_t.$$

An alternative model is used for the share variable:

$$Share_t^{treal}=\alpha+\beta_1 Institutions_t+\beta_2 RegService_t+\beta_3 Macro_t+\beta_4 HCap_t+\varepsilon_t.$$

Given the likely non-stationarity of macroeconomic and institutional series, the econometric strategy includes:

- unit root diagnostics (ADF, PP tests);
- application of ARDL/ECM models to distinguish short- and long-run effects under mixed integration orders I(0)/I(1);
- introduction of lags for key determinants that reflect the inertia and adjustment processes inherent in investment decisions.

To ensure robustness of empirical results, the following procedures are applied:

1. substitution of the dependent variable ($FDI_t^{real} \leftrightarrow Share_t^{treal}$);
2. estimation using alternative sets of WGI components (individually and in aggregate form);
3. inclusion of lag structures and dummy variables for shock periods;

4. robust standard errors, autocorrelation, and heteroskedasticity diagnostics.

The analysis faces several methodological constraints:

(a) the composite nature of international governance indicators, which may obscure specific institutional channels;

(b) structural features of FDI accounting, including reinvested earnings and other statistical components, which require careful interpretation when assessing causality and the mechanisms of influence.

The analysis of gross foreign direct investment (FDI) inflows reveals a pronounced cyclical pattern and high sensitivity of Kazakhstan's economy to external shocks. In 2020, FDI inflows declined sharply amid the global pandemic, followed by a recovery in 2021–2022 and a subsequent downturn in 2023–2024. In 2024, gross FDI inflows decreased to USD 17.2 billion (–28.3% compared to 2023), indicating a weakening investment impulse after the 2022 peak.

As the presented data indicate, the pandemic year 2020 was marked by a sharp decline in FDI inflows - by 29.2% compared to the previous period - driven by the global economic crisis and the collapse in oil prices. The subsequent recovery in 2021–2022 was facilitated by the stabilization of global commodity markets and the implementation of postponed investment projects in the oil and gas sector. Notably, 2022 recorded the highest FDI inflows of the past decade (USD 28.0 billion), which can be partially attributed to the redirection of capital flows from the Russian Federation amid increasing sanctions pressure.

An examination of the country structure of incoming FDI reveals a persistent concentration of investments from a limited group of donor countries. According to the National Bank of Kazakhstan, the principal sources of FDI inflows in 2023–2024 were:

Table – 1

Country Structure of FDI Inflows to Kazakhstan, 2023–2024

Investor Country	2023, USD billion	Share, %	2024*, USD billion	Share, %
Netherlands	8.3	32.9	8.9	32.5
United States	4.2	16.7	4.8	17.5
Switzerland	2.8	11.1	3.1	11.3
China	2.1	8.3	2.6	9.5
Russia	1.9	7.5	1.7	6.2
United Kingdom	1.4	5.6	1.5	5.5
France	1.2	4.8	1.3	4.7
Other countries	3.3	13.1	3.5	12.8
Total	25.2	100.0	27.4	100.0

**compiled by the authors based on sources [14]*

The dominant share of the Netherlands is explained by the extensive use of this jurisdiction as a holding platform by Kazakhstan's largest oil and gas consortia, including Tengizchevroil and the North Caspian Operating Company (NCOC). A key shift in 2023–2024 is the increase in the share of Chinese FDI from 6.8% in 2021 to 9.5% in 2024, indicating strengthened cooperation within the Belt and Road Initiative. At the same time, the share of Russian FDI declined from 9.2% to 6.2%, largely due to geopolitical factors and sanctions.

The results of the sectoral analysis of FDI further confirm the hypothesis of the persistent resource orientation of foreign investment in Kazakhstan. As shown in Figure 1, the mining industry continues to absorb more than two-thirds of all accumulated FDI.

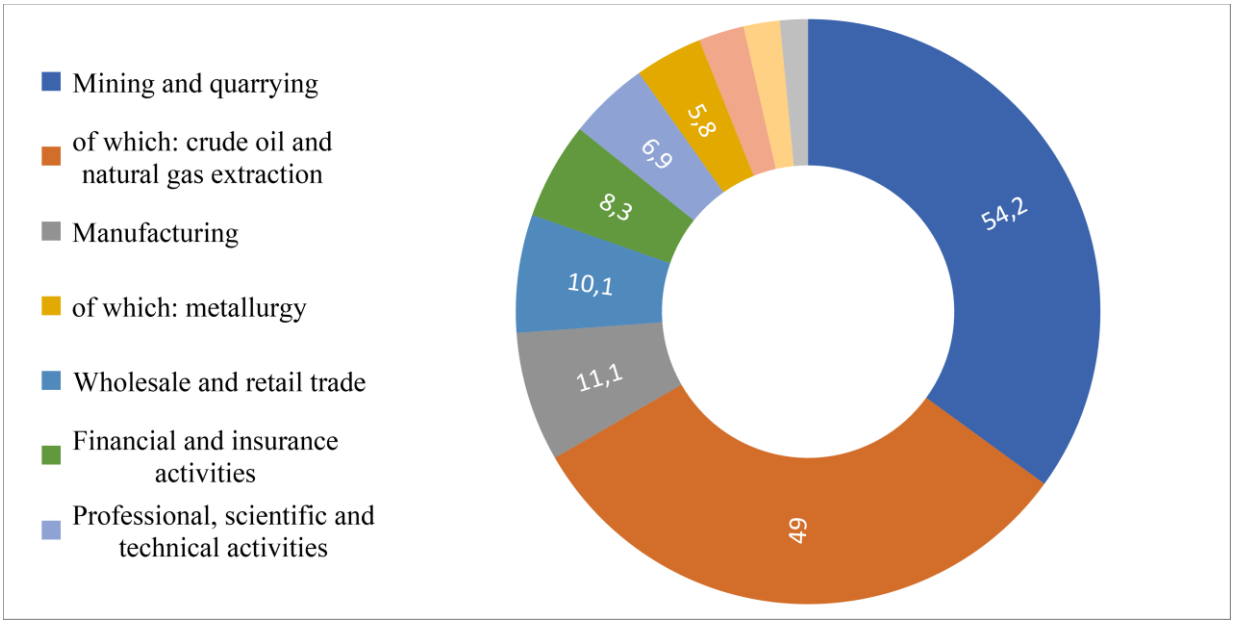

Figure – 1. **Sectoral Structure of Accumulated FDI in the Republic of Kazakhstan, 2024.**
**compiled by the authors based on sources* [14]

A critically important aspect is the ratio of foreign investment flowing into the extractive versus manufacturing sectors. As of 2024, this ratio stands at 4.9:1 in favor of the extractive industries. Although this represents a marginal improvement compared with 2019, when the ratio was 5.7:1, the observed shift remains insufficient to ensure the pace of structural transformation required to meet the industrial and innovation objectives outlined in the Kazakhstan–2050 Strategy. This imbalance illustrates the persistent dominance of resource-seeking FDI and the limited attractiveness of manufacturing for foreign investors.

Of particular relevance to this study is the dynamic of FDI inflows into the real sector of the economy, defined as the combined investment in extractive industries, manufacturing, agriculture, and construction. The results of the analysis are summarized in Table 2.

Table – 2

Dynamics of FDI Inflows into the Real Sector of the Economy of Kazakhstan, 2019–2024

Industry	2019	2020	2021	2022	2023	2024
Extractive industry, USD billion	16.2	10.8	15.4	18.9	16.8	18.2
Manufacturing industry, USD billion	2.1	1.8	2.4	2.9	2.7	3.1
Agriculture, USD billion	0.3	0.2	0.3	0.4	0.4	0.5
Construction, USD billion	0.8	0.5	0.7	0.9	0.8	0.9
Total real sector, USD billion	19.4	13.3	18.8	23.1	20.7	22.7
Share in total FDI inflows, %	79.8	77.3	79.0	82.5	82.1	82.8

**compiled by the authors based on sources* [14]

The presented data indicate that the real sector continues to absorb the dominant share of inward FDI, accumulating more than 80% of total inflows. However, its internal structure is marked by a critical imbalance: manufacturing accounts for only 13.7% of real-sector investments, whereas the extractive industry captures 80.2%.

In 2023–2024, a favorable shift in the investment structure is observed: foreign direct investment (FDI) directed to manufacturing reached USD 3.1 billion, representing a 47.6% increase relative to 2019. Within manufacturing, investment is concentrated primarily in metallurgy (41.3% of manufacturing FDI), followed by food production (18.7%), chemical manufacturing (14.2%), and mechanical engineering (11.8%).

To assess the extent to which macroeconomic determinants influence FDI inflows over 2015–2024, a correlation analysis was conducted; the results are reported in Table 3.

Table – 3

Correlation matrix of macroeconomic determinants and FDI inflows

Indicator	Correlation Coefficient with FDI	Significance (p-value)
Real GDP growth rate	0.72	0.018
Consumer Price Index (inflation)	–0.64	0.046
USD/KZT exchange rate	–0.58	0.079
Brent crude oil price	0.81	0.005
National Bank base rate	–0.47	0.168
Government debt-to-GDP ratio	–0.38	0.278

**compiled by the authors based on sources [14]*

The correlation analysis indicates the strongest positive relationship between FDI inflows and global oil prices ($r = 0.81$; $p < 0.01$), suggesting a pronounced resource-driven component in the formation of investment flows in Kazakhstan. Real GDP growth also demonstrates a statistically significant positive correlation with FDI ($r = 0.72$; $p < 0.05$), while inflation exerts a significant negative effect ($r = –0.64$; $p < 0.05$).

According to the Bureau of National Statistics and the National Bank of the Republic of Kazakhstan, the macroeconomic environment in 2024 was characterized by the indicators presented in Table 4.

Table – 4

Key Macroeconomic Indicators of Kazakhstan, 2023–2024

Measure	2023	2024 (estimate)	Change
Real GDP growth, %	5.1	4.0	–1.1 p.p.
GDP per capita, USD	13,490	14,280	+5.9%
Inflation (CPI), %	9.8	8.4	–1.4 p.p.
NBK base rate, %	15.75	14.25	–1.5 p.p.
Exchange rate, KZT/USD (annual average)	456.3	475.8	+4.3%
Government debt-to-GDP ratio, %	22.7	24.1	+1.4 p.p.
International reserves, USD billion	35.8	37.2	+3.9%
Brent crude oil price, USD/barrel (average)	82.6	79.3	–4.0%

**compiled by the authors based on sources* [14]

The data presented in Table 4 indicate a slowdown in economic growth in 2024 to 4.0% (compared to 5.1% in 2023), which is associated with the normalization of post-pandemic recovery and a moderate decline in global oil prices. At the same time, inflation dynamics demonstrate a positive trajectory: the deceleration of consumer price growth from 9.8% to 8.4% creates more favourable conditions for long-term investment planning.

The reduction of the National Bank's base rate from 15.75% to 14.25% reflects a gradual easing of monetary policy aimed at stimulating credit to the real sector. However, the level of interest rates remains relatively high by regional standards, which constrains access to debt financing for greenfield projects.

A comprehensive assessment of the institutional environment is based on Kazakhstan's positions in leading international rankings that characterise various dimensions of investment attractiveness. The summarized results are presented in Table 5.

Table – 5

Kazakhstan's International Investment Climate Rankings: 2020–2024

Ranking / Index	**2020**	**2021**	**2022**	**2023**	**2024**
Global Competitiveness Index (WEF)	55/141	–	–	–	57/143
Index of Economic Freedom (Heritage Foundation)	39/180	34/178	35/177	44/176	46/176
Corruption Perceptions Index (Transparency International)	94/180	102/180	101/180	93/180	96/180
Rule of Law Index (World Justice Project)	62/128	66/139	69/140	71/142	74/142
S&P Sovereign Credit Rating	BBB–	BBB–	BBB–	BBB–	BBB–
Moody's Sovereign Credit Rating	Baa3	Baa3	Baa2	Baa2	Baa2
Fitch Sovereign Credit Rating	BBB	BBB	BBB	BBB	BBB

**compiled by the authors based on sources [15]*

Kazakhstan's performance in international rankings is characterized by a combination of positive and negative trends. The maintenance of investment-grade sovereign credit ratings from the three major agencies indicates an overall acceptable level of country risk, while Moody's upgrade to Baa2 in 2022 reflects improved fiscal fundamentals and the accumulation of assets in the National Fund. At the same time, institutional indicators have deteriorated: over 2021–2024, Kazakhstan fell in the Index of Economic Freedom from 34th to 46th place, mainly due to weaker scores in investment freedom and judicial effectiveness. Particularly concerning is the country's drop in the Rule of Law Index - falling by 12 positions over five years - which signals persistent structural challenges related to judicial independence and the protection of property rights.

Taken together, the results allow for several general conclusions about the nature of Kazakhstan's investment climate and the structure of FDI inflows.

First, the dynamics of gross FDI inflows during 2019–2024 exhibit a pronounced cyclical pattern and high sensitivity to external shocks. The contraction in 2020 and the subsequent recovery in 2021–2022 confirm the economy's dependence on global market conditions and fluctuations in commodity prices.

Second, a persistent concentration of FDI sources is evident: the dominance of a narrow group of donor countries (including jurisdictions serving as holding platforms) highlights Kazakhstan's reliance on the structure of large corporate investment projects and the specifics of international corporate structuring.

Third, sectoral analysis confirms the continued resource-oriented nature of accumulated FDI and the internal imbalances of the real sector. Despite the consistently high share of the real sector in overall FDI inflows (over 80%), the bulk of investment continues to be absorbed by the extractive industries, while the manufacturing sector- although showing moderate expansion - remains insufficiently scaled to drive accelerated economic diversification.

Fourth, the findings of the correlation analysis indicate that the key macro-determinants of FDI inflows are global oil prices and real GDP growth, while inflation demonstrates a statistically significant negative relationship with FDI. This aligns with the logic that higher price volatility increases risk premiums and raises the cost of long-term investment planning.

Finally, the combined assessment of institutional quality across major international indices demonstrates a duality in Kazakhstan's investment profile: despite the preservation of investment-grade credit ratings, the country's positions in institutional quality indicators (economic freedom, rule of law, corruption perceptions) have deteriorated. This suggests that macro-financial stability and reserve accumulation do not fully compensate for institutional constraints affecting investment decisions in non-extractive sectors - particularly in greenfield projects and manufacturing investments with long payback horizons.

In summary, the results of this section form the empirical foundation for the subsequent discussion, which should:

(1) interpret the identified resource dependence of FDI inflows through the mechanisms of risk premiums and sectoral profitability;

(2) align institutional signals provided by international rankings with the observed sectoral disparities in investment allocation;

(3) identify the investment-climate determinants that constitute the most significant bottlenecks for reallocating FDI toward manufacturing, agriculture, and technology-intensive segments of the real sector.

The following section presents an in-depth discussion and interpretation of the empirical findings within the broader context of contemporary literature and Kazakhstan's economic policy priorities, and formulates the key institutional and macroeconomic conditions necessary to increase the share of FDI directed to non-resource sectors of the real economy.

The results obtained (see Tables 1 and 5) demonstrate that the dynamics of gross FDI inflows to Kazakhstan in 2019–2024 exhibit a pronounced wave-like pattern, consistent with the behavior of resource-dependent economies. Investment decisions of major investors in extractive industries are strongly shaped by external market conditions, price expectations, and the implementation stages of megaprojects. The sharp contraction in 2020 followed by a rapid rebound in 2021–2022 confirms that global shocks (the pandemic, the oil-price collapse) are transmitted into investment activity through changes in expected returns and risk premiums.

Synthesizing the evidence (Tables 1–5), three groups of determinants emerge as the most critical for facilitating a reallocation of FDI toward non-resource segments of the real sector:

1. Institutional predictability and protection of property rights. Determines risk premiums, project launch timelines, and investor willingness to undertake long-term commitments.

2. Macroeconomic stability - especially inflation control and exchange-rate predictability. Reduces capital costs and supports financial planning, particularly important for greenfield investments.

3. Structural conditions for manufacturing and agriculture (infrastructure, standards, supply chains, competition). Shape the production ecosystem necessary for manufacturing and agri-food projects to compete with extractive industries in terms of returns.

Conclusion. This study sought to identify the key determinants of Kazakhstan's investment climate and to assess their influence on the attraction of foreign direct investment (FDI) into the real sector of the national economy. Using statistical data from the National Bank of the Republic of Kazakhstan and the Bureau of National Statistics, it can be concluded that gross foreign direct investment (FDI) inflows in 2019–2024 followed an uneven, cyclical trajectory, being highly sensitive to external shocks and volatility in global commodity markets. Correlation estimates further confirm the persistent operation of a "resource channel": the strongest relationship is observed between FDI inflows and Brent crude oil prices, indicating a continued dependence of investment flows on oil-market conditions. By contrast, inflation is negatively and statistically significantly associated with FDI, underscoring the importance of macroeconomic stability for anchoring long-term investor expectations.

The structural analysis demonstrates a sustained concentration of FDI both by source countries and by investment destinations. The dominance of certain jurisdictions in the country composition largely reflects corporate ownership and project-financing arrangements in large-scale initiatives, which calls for caution when interpreting the actual "geography" of FDI. The sectoral structure of accumulated FDI confirms the predominance of extractive industries and a substantial gap between mining and manufacturing, despite moderately positive recent changes in FDI directed to manufacturing. Although the real sector absorbs the bulk of gross FDI inflows, it remains characterized by a pronounced bias toward extractive activities, which slows diversification and limits the potential for translating FDI into sustained growth in value added and productivity.

A significant outcome of the study is the identification of a contradictory investment-climate profile. Despite the preservation of investment-grade sovereign credit ratings and relative macro-financial resilience, the negative dynamics observed in several institutional indicators (economic freedom, rule of law) generate a higher risk premium for non-resource, especially greenfield, investments in manufacturing, agriculture, and technology-intensive segments. Consequently, increasing foreign capital inflows into the real sector requires shifting the focus from stimulating gross volumes of investment toward improving their quality and structural orientation. This involves enhancing regulatory predictability, strengthening property and contract rights protection, promoting competition, ensuring infrastructure readiness of industrial sites, and developing robust investor servicing mechanisms (aftercare) that support reinvestment and the localization of value-added chains.

The findings of this research lay the groundwork for further studies, including the econometric identification of causal relationships using sectoral and regional panel data, refinement of FDI country structure based on ultimate investing country (UIC) methodology, and assessment of the impact of institutional reforms and investment facilitation measures on the diversification of FDI inflows into non-resource sectors of Kazakhstan's economy.

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Капаров Н.М., Конырбеков М.Ж., Рахимбердинова М.У., Шен Б.

ИНВЕСТИЦИЯЛЫҚ КЛИМАТ ДЕТЕРМИНАНТТАРЫ ЖӘНЕ ҚАЗАҚСТАНДАҒЫ НАҚТЫ СЕКТОРҒА ТШИ

Аңдатпа

Мақалада Қазақстанның нақты секторына ТШИ тартуға әсер ететін инвестициялық климат детерминанттары қарастырылып, олардың ықпал ету тетіктері бағаланды. Зерттеуде OLI-парадигмасы мен институционалдық теория жүйеленіп, ҚР Ұлттық банкі және Ұлттық статистика бюросының 2019–2024 жж. деректері талданды, сондай-ақ ТШИ мен макроэкономикалық индикаторлар және институционалдық прокси-көрсеткіштер (WGI, халықаралық рейтингтер) арасындағы байланыс корреляциялық әдіспен тексерілді. Нәтижесінде ТШИ ағынының циклдік сипаты көрсетіліп, сыртқы конъюнктураға жоғары сезімталдығы айқындалды: 2022 ж. шарықтауынан кейін (28,2 млрд АҚШ долл.) 2024 ж. валовой ағын 17,2 млрд АҚШ долларына дейін төмендеді (2023 ж. салыстырғанда –28,3%). Елдік құрылымда донорлардың шектеулі тобы мен холдингтік юрисдикциялардың басымдығы анықталды (Нидерланды — 2023–2024 жж. ағынның шамамен үштен бірі). Жиналған ТШИ құрылымында тау-кен өндіру өнеркәсібінің үлесі басым екені дәлелденіп (54,2%), өңдеу өнеркәсібінің үлесі төмен (11,1%) екені көрсетілді; 2024 ж. өндіру/өңдеу арақатынасы 4,9:1 болды. Корреляциялық талдау «шикізаттық арнаны» растады (r=0,81) және макроэкономикалық тұрақтылықтың маңызын көрсетті (инфляция: r=–0,64). Практикалық маңыздылығы институционалдық болжамдылықты арттыру, инфляциялық тәуекелдерді төмендету және ТШИ-ді өңдеу өнеркәсібіне, АӨК-ке және технологиялық сегменттерге қайта бағыттайтын инвестициялық фасилитация шараларын күшейту бойынша ұсыныстармен негізделді.

Капаров Н.М., Конырбеков М.Ж., Рахимбердинова М.У., Шен Б.

ДЕТЕРМИНАНТЫ ИНВЕСТИЦИОННОГО КЛИМАТА И ПИИ В РЕАЛЬНЫЙ СЕКТОР КАЗАХСТАНА

Аннотация

В статье рассмотрены детерминанты инвестиционного климата и оценены механизмы их влияния на объём и отраслевую направленность ПИИ в реальный сектор экономики Казахстана. Систематизированы теоретические подходы (OLI-framework, институциональная теория), проанализированы данные Национального банка РК и Бюро национальной статистики за 2019–2024 гг., а также проверена связь ПИИ с макроэкономическими индикаторами и институциональными прокси-показателями (WGI, международные рейтинги) с использованием корреляционного анализа. Показано, что приток ПИИ носит циклический характер и отличается высокой чувствительностью к внешней конъюнктуре: после пика 2022 г. (28,2 млрд долл. США) валовой приток снизился до 17,2 млрд долл. США в 2024 г. (–28,3% к 2023 г.). Выявлено доминирование ограниченного круга доноров и холдинговых юрисдикций (Нидерланды — около трети притока в 2023–2024 гг.). Установлено преобладание горнодобывающей промышленности в структуре накопленных ПИИ (54,2%) при ограниченной доле обрабатывающей промышленности (11,1%); соотношение добыча/обработка в 2024 г. составило 4,9:1. Корреляционный анализ подтвердил «сырьевой канал» (r=0,81 между ПИИ и ценой Brent) и значимость макроэкономической стабильности (инфляция: r=–0,64). Практическая значимость результатов обоснована предложениями по повышению институциональной предсказуемости, снижению инфляционных рисков и усилению инвестиционной фасилитации для перераспределения ПИИ в обрабатывающую промышленность, АПК и технологические сегменты.