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PPP Readiness Assessment Report

Kyrgyzstan



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UNECE PPP Assessment Report

Kyrgyzstan

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1. Introduction

The world is facing an increasing demand for infrastructure. The rapid growth of the world's population, the urgent need to make further progress in achieving the United Nations Millennium Development Goals, and the need to mitigate the effects of climate change, are coming together and overstressing every government's budget many times over. Pressing areas of need range from water and sanitation, waste management, hospitals and health care, schools to roads, green energy and many more. Estimates by the OECD put the figure at 35 billion US dollars for new infrastructure and 45 billion US dollars for the mitigation of climate change affects in countries with emerging economies alone. It is not a discussion of why, the problem is how to find funding to meet these enormous needs.

The traditional approach of governments in meeting their infrastructure needs is either to use the State's own budget or privatisation. The first is by far insufficient to meet the needs while the latter only works in very specific instances. There is though a third way in undertaking this task. Governments are focusing their attention on the role of the private sector to help – with emphasis on the word 'help' - but in a distinct new form, namely Public-Private Partnerships (PPPs). The role of PPPs is of critical importance.

The number of PPP projects worldwide has increased exponentially over the past decade or so, and there are over 4500 successful projects in the world today. However, unfortunately, there are only a few PPP projects that are successfully operating in developing countries and transition economies. Although CIS countries are beginning to look at PPPs as a means to addressing their infrastructure challenges, for most of these countries PPP is a totally new concept and a model where there is no living memory of, and substantial project-focused capacity-building and training will be required in order to deliver successful projects.

1.1 Capability Gap

The vast majority of countries with economies in transition and developing countries in the UNECE region and beyond that are at the initial stages of developing national infrastructure investment strategies, including PPPs, need to improve their understanding, knowledge, capability, skills, and establish efficient processes that would allow them to properly develop and deliver their PPP strategies. The UNECE recognised this capability gap and undertakes PPP assessments in order to assist countries to develop their PPP strategies according to best international practice, so that they might successfully deliver much needed infrastructure on a large scale and co-ordinated basis, for the good of the citizen and at a cost that represents 'value for money'.

1.2 The UNECE PPP assessment in Kyrgyzstan

In addressing this capability gap in Kyrgyzstan, the UNECE, through its Team of Specialists on PPP and the UNECE International PPP Centre of Excellence, and in cooperation with the Ministry of Economy, held a series of meetings with key stakeholders involved in furthering PPP development in Kyrgyzstan (including lead and line ministries, financial institutions, private businesses and representatives of

intergovernmental organisations). The knowledge acquired from these meetings, together with the replies to the pre-visit questionnaire (see Annex II) helped to formulate a number of recommendations contained in this document.

The programme of consultative meetings in Kyrgyzstan took place from 10 to 14 September 2012 (see Annex III), and it was specifically designed to engage all of the major stakeholders in Kyrgyzstan who are involved with infrastructure development, both in the public and private sectors, as well as major international organisations. Most of the meetings with line ministries were at the level of Deputy Ministers, while those with the banking community and private businesses were at the level of senior executives. The consultations with the various stakeholders were informal in nature, and the knowledge acquired from these meetings together with the replies to the pre-visit questionnaire provided the basis for the PPP assessment report (*Box 1* above contains the rationale for UNECE PPP assessments).

Box 1 - UNECE PPP assessments

The purpose of the PPP assessment is to:

- make a thorough examination of the enabling environment and identify challenges that may face a country in its aim to attract private capital for infrastructure development; and
- consider areas where PPP pilot projects are needed and feasible.

1.3 Structure of the PPP assessment

The focus of this assessment is on options to facilitate financing of infrastructure development through the use of Public-Private Partnerships (PPPs), with a special emphasis on infrastructure projects in the areas identified in consultation with the stakeholders (see section 3 below). The assessment will also identify areas where potential pilot projects through PPPs could be used as a means to bring about private sector financing for infrastructure projects. In doing so, the assessment will touch upon a number of areas in the enabling environment related to PPPs and will identify areas that might need further consideration in order to attract the necessary private sector investment into infrastructure projects.

Besides this introduction, the assessment is divided into seven sections. The assessment will first dwell on the PPP model and how it has grown tremendously in popularity as an alternative procurement mechanism to provide essential public services, before it focuses on the infrastructure needs in Kyrgyzstan identified in consultation with the stakeholders. The assessment will then explore the relationship between environmental considerations and the need for infrastructure projects, which are so essential for the continuous economic and social development of countries with economies in transition. It will then touch upon areas in the PPP enabling environment that are crucial to attract private sector interest in infrastructure development, followed by an overview of renewable energy capabilities in Kyrgyzstan, both in terms of potential and also in terms of public sector capacity, and the role that PPPs play in this crucial sector in the Kyrgyz economy. The assessment will then elaborate on three projects identified in Kyrgyzstan that have the potential of being delivered as a PPP, and concludes by providing a number of targeted policy recommendations aimed at securing the viability of these projects that could serve as a launching pad for PPP development in the country.

2. What are Public-Private Partnerships (PPPs)?

PPPs are projects in the field of infrastructure development, and are defined by the UNECE as: innovative, long term, contractual arrangements for developing infrastructure and providing public services by introducing private sector funds, expertise and motivation into areas that are normally the responsibility of government.

PPPs are therefore arrangements between government (at that national, regional or municipal level) and private sector entities aimed at financing, designing, operating public sector facilities and services in a host of infrastructure sectors, including transport, water and waste water, education, energy, health and education. In other words, PPPs are a mechanism for attracting private investment into infrastructure development defined both as economic infrastructure, such as transportation and energy, and social infrastructure, such as schools and hospitals. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners. The underlying logic for establishing partnerships is that both the public and the private sector have unique characteristics that provide them with advantages in specific aspects of service or project delivery. The most successful partnership arrangements draw on the strengths of both the public and private sector to establish complementary relationships.

The dual characteristics of a PPP are **project finance** (where private lending is provided on the basis of the revenue stream of an asset), and a **long-term contract** between the private and public sector (typically, 25 to 30 years), for the design, financing, construction, operation, maintenance and transfer (or a combination thereof) of public capital assets by the private sector. Some of the key advantages of PPPs are elicited in *Box 2*.

PPP is one of a number of ways of delivering public infrastructure and related services. It is not a substitute for strong and effective governance and decision making by government. In all cases, government remains responsible and accountable for delivering services and projects in a manner that protects and furthers the public interest.

Typically, a government agency will specify the outputs or services required. The job of producing detailed designs, finding the finance, organizing the construction and on-going management of the facility is let to

Box 2 - Key advantages of PPP's

The advantages of PPP's include the following:

- **On time and on budget delivery of projects;**
- **Innovation and diversity in the provision of public services;**
- **Value for money for the taxpayer through optimal risk transfer and risk management;**
- **Efficiencies from integrating design and construction of public infrastructure with financing, operation and maintenance;**
- **Competition and greater construction capacity (including the participation of overseas firms, especially in joint ventures and partnering arrangements);**
- **Accountability for the provision and delivery of quality public services through a performance incentive management/regulatory regime; and**
- **Effective utilisation of state assets to the benefit of all users of public services.**

a private consortium by way of a competitive tender. The private consortium is typically organized by a lead contractor who brings together financiers, engineering firms, construction companies and facilities management companies, to provide individual services.

According to international best practice, the PPP model offers a number of advantages over ‘traditional’ public procurement, especially as it increases the certainty of outcomes (that is, ‘on time’ and ‘on budget’ delivery). The key differences between the two procuring methods are contained in *Box 3* below.

Box 3 - PPPs as an alternative to ‘traditional’ public procurement

There are different ways in which the private sector can invest in public infrastructure projects. On one end of the spectrum we find the ‘traditional’ public procurement, while on the other end, we find outright privatisation. PPPs are essentially what comes in-between, and are different from both ‘traditional’ public procurement and privatisation of public assets. In the case of privatisation, for example, accountability for service delivery and ownership is transferred on to the private sector, while accountability in the PPP model remains vested in the public sector.

The key differences are:

- specifications in PPPs are measured in terms of ‘outputs’ rather than ‘inputs’ as in ‘traditional’ public procurement;
- the private sector is responsible to finance, build and operate the asset;
- the public sector ‘purchases’ the services through regular payments (service payments) or income generated (user fees) over the life of the contract;
- in a PPP, any costs overruns remain at the private sector’s risk;
- risks associated with costs of design, construction, operation and maintenance, and demand for the use and service provided by the asset, are transferred from the public to the private sector in a PPP project;
- in a PPP, construction costs are funded by the private sector, thus relieving the pressure on government funding for infrastructure projects requiring significant capital investment; and
- the whole life-cycle approach in the PPP model vis-à-vis traditional procurement ensures that the private sector selects the most efficient and sustainable solution for the long term rather than the cheapest solution in the short term.

The PPP model has grown tremendously in popularity in the past years. This growing interest is mainly due to the lack of resources of governments to meet their growing infrastructure requirements and the desire of their citizens for better public services. Besides its attractiveness as a model that has the potential to bridge the so-called ‘infrastructure gap’, there is increasing evidence that the PPP model relative to ‘traditional’ public procurement tends to deliver projects to budget and on time, and these are core characteristics of the PPP model. Initially the PPP model was attractive to governments as it was considered as a financial mechanism for expenditures to be placed

‘off balance sheet’. A shift from using PPPs for financial reasons can however be observed once governments realise that the PPP model can be effectively used to achieve greater efficiency and create added value. Besides being critical for the modernisation of infrastructure, better public services improve the lives of citizens and thus help countries achieving their Millennium Development Goals.

As compelling as PPP’s can be, a major caveat remains: PPP projects are inherently complex, and require special expertise, knowledge and skills for their implementation. Governments often lack the capacity needed to effectively manage a PPP project and often find themselves at a strategic disadvantage to their more experienced private PPP counterparts. The issue of public sector capacity is addressed in section 5.2 below while some of the major drawbacks of PPPs are elicited in *Box 4* below.

Through PPPs, governments are more able to undertake projects for the benefit of their citizens, including the socially and economically disadvantaged. PPPs allow governments to approach projects which are essential to economic and social development and which they might otherwise have felt were necessary but that were hitherto unobtainable due to lack of the necessary funding. Most importantly, the PPP model embraces the Millennium Development Goals, in particular the challenges of sustainable development and decent livelihoods of citizens.

Box 4 - The major drawbacks of PPPs

The disadvantages of PPP’s include the following:

- **PPP contracts are typically much more complicated than conventional procurement contracts;**
- **Each party bidding for a project spends considerable resources in designing and evaluating the project prior to submitting a tender;**
- **There are typically very significant legal costs in contract negotiation due to the complexity and long duration of the project;**
- **Given the difficulty in estimating financial outcomes over such long periods, there is a risk that the private sector party will either go bankrupt, or make very large profits. Both outcomes can create political problems for the government, causing it to intervene.**

3. Infrastructure Needs in Kyrgyzstan

International experience in the UNECE countries and beyond has consistently shown that infrastructure investment and development strategies and plans should begin with an understanding of the needs, be it on a national, regional, local or municipal level. Once the needs have been identified, strategic service models should then be developed for the delivery of public services and lastly an infrastructure plan developed for the delivery of the infrastructure required to support the delivery of the services. This sequence of needs, service model, and infrastructure represents international best practice for the efficient and cost effective delivery of infrastructure, which ultimately improves the quality of life of the citizen and the economic performance of a nation or region, in a meaningful way.

Typically, governments' needs focus on some or all of the following: growing a sustainable economy; creating opportunities; tackling the socially and economically disadvantaged; improving health and wellbeing; protecting the environment; safer communities; and the delivery of high quality and efficient public services.

Quite often public authorities tend to rush into “delivery” mode as they are naturally keen to see capital works commence, having made assumptions with respect to demand, without having first necessarily undertaken needs identification and subsequent programme and project appraisal, to ensure deliverability of solutions that address public needs.



Map of Kyrgyzstan

One of the key challenges facing governments in the UNECE region and beyond is to achieve the right balance between social and economic infrastructure on the basis of available resources. It is therefore important for public authorities to get their priorities right vis-à-vis the economic and social needs in the country.

One of the key questions posed to stakeholders in Kyrgyzstan during the consultations was precisely on what they considered as the key economic and social infrastructure needs today in Kyrgyzstan, and which of the two needs, in their view, should be given priority.

In respect of economic infrastructural needs, there appeared to be widespread consensus among the respondents and stakeholders that significant investment is required in the sectors of:

1. Energy;
2. Solid waste management; and
3. Transportation (road and rails).

PPP has been proven to work well, internationally, in all of these sectors. PPPs can be used in the energy sector in respect of Energy from Waste (combining solid waste management with renewable energy generation) and other Renewable Energy developments (hydropower, solar, wind, etc.).

In respect of social infrastructural needs, again there appeared to be widespread consensus that the following sectors are of priority; healthcare, education, and housing. All of these “accommodation” type projects are very well suited to the employment of PPP. These projects to develop facilities generally operate on an asset availability based contract, which in turn leads to much improved service at reduced life-cycle cost to the public sector.

When asked which was the greater need - economic or social - a slight majority of respondents indicated their belief that economic need is of a higher priority than social need in Kyrgyzstan today. From a PPP perspective, this view mirrored that of the PPP experts consulted during the preparation of this assessment, who argued that in its PPP policy, Kyrgyzstan might want to focus on ‘hard’ (economic) infrastructural projects initially before moving to ‘soft’ (social) infrastructure projects. It is therefore recommended that the PPP focus should first be on economic infrastructure projects, especially those which do not pose a burden on the public purse, before embarking on the social infrastructure projects that would entail periodic availability payments over the whole-life-cycle of these projects.

Several challenges to the delivery of Kyrgyzstan’s needs were raised by respondents. From a funding perspective these included: lack of public capital and of government underwriting; efficient use of public resources; difficulty in accessing foreign capital; lack of available debt especially beyond a tenor of ten years; and onerous lending terms.

Political and institutional challenges identified, included: political instability; closer working between Ministries; decentralisation and increased local autonomy and municipal borrowing power; greater inter-municipality co-operation; greater consultation between government and private sector before decisions are taken; reform of public administration; reduced bureaucracy; improved PPP and commercial skills within the

public sector; more transparent procurement and greater liberalisation and independent regulation of existing markets; and increased outsourcing to encourage improved performance through competition.

It was roundly confirmed by respondents that neither sectorial Strategic Service Models, nor a National Infrastructure Plan, exist in Kyrgyzstan.

There was widespread agreement that the people at large knew very little about what PPP is and how it can benefit the country's economic and social development. The private sector also has little understanding of the PPP concept.

In view of the above considerations, most notably the specific infrastructure needs in Kyrgyzstan today as identified by the stakeholders consulted, the orientation of the assessment will be on green infrastructure projects with a special focus on renewable energy, which is such a critical sector in the Kyrgyz economy. But can sustainability and PPPs go hand in hand? This potentially conflicting aspect is considered next.

4. Can sustainability and infrastructure development go hand in hand?

From a sustainability point of view, the PPP model gives incentives to deliver public services in a more environmentally sensitive way. In a PPP, private companies have an incentive to consider which design features and construction materials will generate optimum whole life costs across the life of the contract. This might mean that a contractor chooses to invest in higher cost design features if those features will be offset by lower maintenance and running costs during the operational life of a contract and beyond. There is a problem of perception that environmental technologies are a luxury that government cannot afford. However, PPP projects have demonstrated that investing to deliver environmental improvements can lower running costs, reduce waste and have health and social benefits, such as better working conditions.

In order to integrate sustainable development into PPPs, a two-fold approach may be taken. The first step is to disseminate best practice case studies as to the reality of incorporating sustainability principles into PPP bids and operations, which would bridge the existing perception gap. The second step is to improve the policy coordination between the economic and finance ministries that have responsibility for a relevant PPP project or programme, and environmental ministries, in order to maximize the contributions of PPPs to sustainable development.

The responsibility of infrastructure projects – whether procured traditionally or as a PPP – often rests with the economy, finance and transport ministries rather than the environment ministries. The former group of ministries tend not to be well versed in environmental issues, included those related to climate change mitigation, whilst the environment ministries often lack the understanding of the economic and business basis of infrastructure projects. Public bodies involved in the procurement of infrastructure projects should therefore benchmark their strategies against their own Government's environmental policies. Furthermore, public bodies should ensure that sustainable development advisers are consulted in order to help the contracting authorities to ensure that sustainability considerations will be consistently included in infrastructure projects.

A strong argument is made to integrate the principles of sustainable development into infrastructure projects, by reflecting environmental considerations in the objectives of the projects, setting specifications and awarding projects to those bidders who fully match the green criteria. Public bodies can build into the contracts environmentally preferable products, such as avoiding ozone depleting chemicals, choosing low maintenance materials with low embodied energy and made from recycled materials when possible. They could also specify types of buildings, such as energy efficient buildings, which can be designed from the outset for disassembly and recycling.

Public bodies involved in the procurement of infrastructure projects could also send a clear signal to the private sector that sustainability will be rewarded in evaluation of bids and in the award of a contract. If this approach were to be pursued, the selected bids would need to demonstrate that they have understood the needs of the site and that they

have the ability to develop appropriate solutions which meet environmental requirements to conserve resources, minimise waste and reduce pollution both during construction and during the lifetime of the projects.

Furthermore, the final evaluation of tenders should not be based on price alone. The requirement in the public sector to achieve value for money for the taxpayer means looking beyond the initial price to take account of the whole life costs and quality. A low cost design may result in high maintenance and operating costs and negative environment impacts.

5. PPP enabling environment conducive to infrastructure projects

This section highlights the main areas in the country's enabling environment that are key to attracting private sector partners in infrastructure PPP projects. But before embarking on the PPP enabling environment, it would be useful to provide an overview of renewable energy projects and the importance of public sector capacity which is so crucial in the preparation and delivery of projects.

5.1 Renewable energy and PPPs

Renewable energy is energy that can be generated naturally and repeatedly in the natural environment. The underlying assumption is that renewable energy sources produce lower levels of pollutants, including greenhouse gases, than other sources of energy. They also do not deplete the natural resources available in the environment in the same manner or to the same extent, therefore mitigating fuel price risk and improving energy security.

Renewable energy is also perceived to help encourage sustainable energy supply and developing new technologies in consideration of the long-term needs of society. Renewable sources of energy can involve any number of different fuel sources. Solar power has fallen in price significantly in the last two decades, and significant investments are being made in photovoltaic farms around the world, including in developing countries (see case study of the Lopburi solar farm in Thailand in Annex I).

Wind is another source, though it is considered less reliable than other sources. Electricity can also be generated from wave and tidal power, although this technology is still at its infancy. Waste can also be used as an alternative fuel and it could either be incinerated or biogas could be extracted from organic waste to produce energy (see case study of the PPP waste-to-energy project in the City of Vancouver, Canada in Annex I). Biomass deriving from plant and animal matter is also considered as a renewable source to generate electricity.¹

For renewable energy project development a PPP characteristically takes the form of a Design, Build, Finance, Operate (DBFO) arrangement, although a number of Build, Operate, Transfer (BOT) projects have also been developed. In a DBFO type of arrangement the government would specify the services required and the entity would design and build a specific asset for that purpose. In addition, the entity finances the construction and operates the asset for the contracted period and provides the requisite services.

A typical example of a renewable PPP project is the so-called "independent power producer" (IPP) plant. This usually involves the development of a new power generating

¹ For a more detailed information on the different renewable energy technologies, see study by the United Nations Economic Commission for Africa, "Building Public-Private Partnerships for Climate-Friendly Investment in Africa", November 2012.

facility by a private company that sells the power to a government utility company that distributes the power to individual customers. In the case of IPPs, the assets will belong to the private company but the power will be sold to the government (or a government power utility company) for distribution as a public service to customers. For IPPs, the critical form of PPP contract is the Power Purchase Agreement (PPA) between the private power generator and the government purchaser of the power. PPAs, which are common among all renewable energy sources, are very important given that before investing in IPP plants private entities and lenders want to be sure that there is a secure market for the future output of the facility. It is then the responsibility of the government-owned power utility company to decide on the best use of the output through its distribution strategies (to meet domestic needs and to export any surplus to neighbouring countries).

5.2 Public sector capacity

Public sector capacity and institutions are key to successful PPP projects to make sure that risks are adequately allocated between the public and the private sector. In the energy sector, for example, a process required to complete any IPP requires individuals within the public sector (including government-owned utility companies) who understand the disciplines and requirements of IPPs and, in particular, the typical expectations of the lenders. The financings of an IPP inevitably lead to a particular focus on cash flow issues in that the only cash flow available is that through the terms of the PPA itself. As a consequence, the scrutiny applied to the terms of this document and the capability of the counterparty to perform in accordance with the terms of the PPA, is very high. Lenders will require certainty as to the key risk allocation issues in the project documentation, and in particular, the PPA. Solid technical skills and knowledge are prerequisites for effective design, installation, commissioning, operation and maintenance of renewable energy plants.

Many of the capacity-building programmes in transition economies have focused too much on class room type training activities that are not well integrated into actual project development and implementation. A narrow set of capacity-building tools, mainly seminars and workshops, have been employed with little recourse to practical training and programmes based on the “learning by doing” approach advocated by the UNECE. It would therefore be beneficial to invest in pilot scheme projects through which public sector practical capacity-building and training could be achieved.

Capacity-building at various levels was identified by all stakeholders consulted in the preparation of this assessment as the most crucial need today to develop PPPs in Kyrgyzstan.²

² The need for training and capacity-building is not endemic in Kyrgyzstan and UNECE’s experience is that training and capacity-building remain essential in enabling countries with economies in transition to develop their PPP programmes. In devising a capacity-building and training strategy, one should keep in mind that in order to be effecting and enduring, capacity-building and training should be a continuous, progressive and iterative process that is participatory, country-driven and consistent with national priorities and circumstances. Furthermore, this process has to be supplemented with the experiences of countries with a more mature PPP programme, whose best (and not so good) practices and lessons learned remain crucial in avoiding early mistakes and failures.

The lack of public sector capacity in Kyrgyzstan is one of the main drawbacks identified in this assessment to attract private sector interest in infrastructure development. This is not endemic to the renewable energy sector but is also applicable to other sectors where the private sector investment in infrastructure is envisaged (transport, healthcare, education, etc.).

The training is envisaged to be:

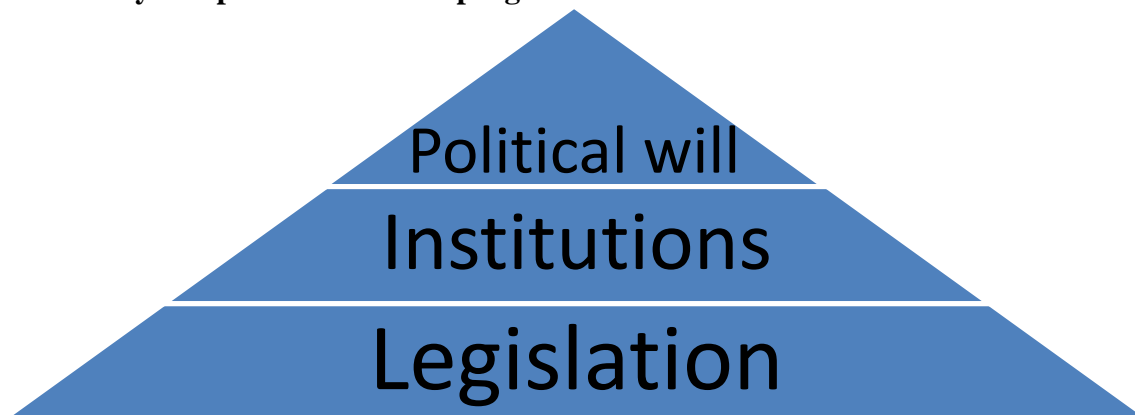
- project focused (adopting a ‘learning by doing’ approach); and
- once the basic skills are acquired, would eventually be delivered by local trainers using the academic institutions available in Kyrgyzstan.

The subject-matter of training and capacity-building is envisaged to be focused on:

- the gradual reduction of the overarching role of the State in the PPP process; and
- the need to create more space for the private sector to develop especially in the modernisation of Kyrgyzstan’s infrastructure.

Adequately trained and experienced public officials in public-sector institutions (such in the PPP Unit – see below) are one of the fundamental ingredients for a successful PPP programme, along with a robust legal framework supported by the necessary political will to steer the PPP process through its various stages. These three pillars of a PPP programme are depicted in the table below while *Box 5* below provides a checklist of the key points that governments should address for a successful PPP strategy.

Key components of a PPP programme



These three components have to be supplemented by an adequate PPP enabling environment that is conducive to attracting investors and lenders to participate in building the necessary infrastructure for the 21st century. Lenders and developers look beyond transaction-specific characteristics when making investment decisions. In selecting projects, they also consider the wider political, legal, and economic contexts which govern a project.

Box 5 - Checklist of the key points that governments should address if intending to implement a PPP approach

- A political will must exist to drive the country towards achieving better value for money in public service delivery;
- A financial and legal framework must be in place to enable the project to compete for long-term international investment;
- Fair risk sharing criteria must be established that permit a good chance of generating profitable returns for the private sector, whilst putting private sector investment at risk if services are not delivered at the service level required;
- There must be acceptance of the principle of whole life costing, and an absolute commitment to the long-term (15-30 years) funding of the facility/service by government;
- Officials must be able to define the services required in terms of output specifications rather than the usual input specification approach, with a willingness to accept creative solutions that can save money and improve the level of service;
- Training of public sector officials by experienced public and private sector bodies saves repeating errors identified elsewhere and shortens the learning and implementation time;
- A PPP task force, fully empowered to act for the financing arm of the government, should be established to manage and prioritise the project pipeline, as well as providing a ‘bank’ of expertise for municipalities and government departments to draw on;
- The final short list of companies will normally require negotiation. Do not resist ‘step-in’ rights for the investors to sort out poor performance. They are better placed than government to do this;
- Transparency is better than secrecy. Consult all stakeholders particularly employees. Manage adverse publicity. Standardise documentation where possible to simplify processes and reduce cost; and
- Be prepared for a fair balance of reward between the public and private sector if the project is refinanced at a later (lower risk) stage.

The ‘reality check’ for any government proposing to encourage a PPP programme, is to ask themselves the following:

- Is there a viable financial and legal framework able to support long-term private sector investment?
- Are we prepared to pay for advice on what problems have to be tackled and how to put them right?
- Can we, and any future government, give a commitment to pay for the services being delivered over the life of the contract, which may be 30 years?

If the answer to these three questions is No, then the Government may be advised to reconsider pursuing a PPP strategy.

Source: UNECE PPP Alliance: Contribution by Graeme Rowcroft, UK DTI 2004

The natural way of housing new public sector skills is through a PPP Unit, the main functions of which are elicited in *Box 6* below, which should take a prominent role in defining and implementing a robust PPP strategy leading to financially viable PPP projects.

Box 6 - The key functions of a PPP Unit:

- help develop and support the management of the project preparation process;³
- provide the policy, technical, legal and other support mechanisms to local authorities and government ministries that have the responsibility of putting the project together rather than undertaking the projects itself;
- help the relevant procuring authority⁴ to more confidently manage the whole process (including engagement with external advisors) from the development of the initial project design through to the bid evaluation process and post financial close;
- take on the role of consulting with investors and communicate to line ministries their concerns regarding legal and institutional bottlenecks to the implementation of PPP projects;
- develop the market for PPPs, which can provide a consistency of approach across a wider range of projects – thus limiting the chance that the private sector might play one part of the public sector off against another;
- play a crucial role to maintain a strong dialogue with all players in the market;⁵
- hold regular seminars for the commercial advisers – legal, technical and financial; and
- engage with advisers and get their informal advice (which is a form of ‘market testing’) at the various phases of project development.

Source: UNECE Guidebook on Promoting Good Governance in PPPs

However, developing skills inside government presents a major challenge. There are a number of new skills that must be developed for PPPs, such as negotiation, contractual and financial skills. One of the key challenges is that instead of the traditional approaches, which focus on inputs, PPPs require skills that can identify the outputs of projects. These skills are generally not found within governments but these skills may be acquirable. The challenge is to retain skills acquired from the private sector within the public sector.

The very small PPP Unit in Kyrgyzstan is housed within Ministry of Economy. Although the staff in the PPP Unit is fairly competent in PPP matters, its number is insufficient and

³ It is important to carefully prepare and develop projects, especially given the long-term contractual nature of many PPP deals and the scrutiny they will subsequently be subject to by lenders’ credit committees and the public at large.

⁴ Particularly one that is new to PPP or if the project is particularly new or complex.

⁵ This often starts purely as a need to liaise over PPP technicalities and to provide the private sector with information. The role usually develops because the unit reports to public sector colleagues the key findings about market attitudes and companies’ responses to public sector actions and statements, in addition to reporting details and views about the private sector’s capacity.

it has to divide its time with other responsibilities. It would therefore be advisable to strengthen the PPP Unit by allocating more resources – both human and financial – in order to better fulfil its statutory role and to ensure that the newly-acquired PPP knowledge is translated into viable infrastructure projects in Kyrgyzstan.

5.3 PPP enabling environment

The enabling environment of a country can be loosely defined as the complex sum of conditions that allow or limit its economic and social development, depending on the actions and policies of various actors, especially governments. Conditions vary enormously across countries, ranging from a disabling or even oppressive environment in some cases, over restrictive or problematic environments, to models of good practice to be followed.

The relationship between the existing enabling environment and PPP development

A Government wishing to implement a PPP programme will need to consider early on in the project development whether there are any aspects of the existing enabling environment that would limit the scope of the PPP programme, and ultimately, the infrastructure projects.

All relevant elements of the enabling environment need to be considered, including the macroeconomic, business and financial climates, as well as the governance, legal and regulatory frameworks.

Among the key aspects of the PPP enabling environment are:

- i. An adequate legal and regulatory framework;
- ii. An appropriate governance framework: mitigation or elimination of political risks; and
- iii. A robust business and financial climate: the availability of long term debt and equity.

5.3.1 An adequate legal and regulatory framework

The **legal framework** within which a PPP project operates is the whole system of laws, regulations and law enforcement of that country that may be relevant to, or have an impact on, a PPP project and on how the project is implemented and enforced. It is distinct from other external factors which will be of concern to the private sector such as the political environment and political stability of a country. The legal system encompasses:

1. Rule of Law;
2. Reliability of the Courts and the judiciary; and
3. Enforceability of International arbitration awards.

As such, the PPP legal framework goes beyond the PPP-specific legislation into areas such as:

- i. public procurement laws;

- ii. arbitration and dispute resolution laws;
- iii. accounting and taxation laws;
- iv. land acquisition laws;
- v. foreign investment laws,
- vi. labour laws;
- vii. intellectual property laws; and
- viii. budget laws.

The key principles for an adequate PPP legal framework are highlighted in *Box 7* below. These principles are based on the UNCITRAL work on privately financed infrastructure projects,⁶ and provide internationally accepted and proven benchmarks against which legislative provisions should be measured.

Box 7 - Synthesis of key principles for an adequate PPP legal framework

- **Constitutional, legislative and institutional framework:**
 - no undue restrictions for private sector involvement in infrastructure projects;
 - power and capacity of a public authority to award the infrastructure (PPP) projects and to enter into the project (PPP) agreement with the private partner;
 - identify the sectors where PPPs projects may be awarded and those where they are specifically excluded.
- **Selection of the private partner:**
 - selection criteria and procedures, including on unsolicited proposals, should be clear, open, transparent and efficient;
 - concessions without competitive procedures should be awarded in exceptional circumstances set forth in the law.
- **Government support and guarantees:** public loans, subsidies, guarantees against adverse acts of governments, tax and customs benefits, guarantees related to the project site and other forms of government support should be explicitly set forth in legislation.
- **Repatriation of profits:** crucial that the repatriation of profits is not prohibited by legislation.
- **Tariff setting and tariff control:** restrictions on the private partner's freedom to establish tariffs and fees should follow established principles of "reasonableness", "fairness" or "equity".
- **Step-in rights:** statutory step-in right provisions or at least the possibility of stipulating such provision in the project agreement are crucial for lenders.
- **Expropriation/nationalization and compensation:** adequate statutory protection should be provided to investors, including a transparent procedure for compensation at market value.
- **Termination of the project agreement and compensation:** a clearly established procedure for compensation in case of early termination of the agreement should be available.
- **Dispute resolution:** arbitration in a neutral jurisdiction would provide investors with the assurance that disputes are resolved fairly and efficiently.

Source: based on UNCITRAL Legislative Guide on Privately Financed Infrastructure Projects

⁶ UNCITRAL Legislative Guide on Privately Financed Infrastructure Projects, 2001.

Kyrgyzstan has in February 2012 enacted a PPP framework law which fares well with international PPP best practices. The law identifies, among other, a PPP concept, a scope of application of PPP projects, competence of authorized state agencies responsible for state regulation of PPPs, a procedure for holding tender, and the types of government guarantees and support to be provided to a private partner and/or project company.

A framework law is essentially a statute which is drafted in general terms and merely lays down a framework, mostly in the form of overall principles, objectives and guidelines. More detailed regulation is left to other, usually public bodies, principally the Government, administrative authorities, or in some cases and to some extent, the courts. This is precisely the situation with the PPP law in Kyrgyzstan, and the main challenges going forward in the PPP development is essentially the adoption and implementation of subsidiary legislation and administrative provisions (mostly taking the form of regulations and procedures).

Work on the subsidiary legislation in Kyrgyzstan started in 2012. Two out of twelve or so regulations and procedures envisaged in the PPP law were adopted in 2013 specifying how tender documents, including rules on undertaking a tender, should be prepared, and setting the rules on the creation of the selection commission and its competence.⁷

However, the scope of the procedure on preparing tender documents is restricted to the content of rules on conducting a tender, and it fails to specify, for example, how to undertake both the pre-qualification and the selection of a winner of the tender.

The PPP law provides that subsidiary legislation be in place within six months from its enactment, that is, by 28 August 2012. However, there are at least ten by-laws on the following issues that are still pending, namely:

1. list of infrastructure facilities and public services not subject to PPPs;
2. identification and mitigation of risks between the public and private partners;
3. forms of private sector participation in the PPP projects;
4. procedure for initiating a PPP project, including the rules on undertaking a feasibility study;
5. procedures on selecting a private partner, including the rules on undertaking a tender and final negotiations, selection of a winner, as well as on concluding a project agreement;
6. minimum required amount of investment for Government-approved PPP projects;
7. special fund to accumulate financial resources securing and guaranteeing the performance by the public partners of their obligations under the PPP agreements;
8. monitoring and evaluation of PPP projects;
9. PPP projects registry; and
10. model PPP agreement.

⁷ The Procedure “On preparation of rules on conducting tender and tender documentation on public-private partnerships projects in the Kyrgyz Republic” and the Regulation “On tender commission for selection of private partners on public-private partnerships projects”.

In addition, the PPP Law provides that within a period of six-months from its enactment (i.e. by 28 August 2012), a number of statutes shall be amended to introduce the PPP concept, such as the Land Code, Customs Code and Tax Code, and statutes on the ‘Status of the capital city’, ‘the main principles of budgetary law’, ‘the municipal property’, ‘the status of the city ‘Osh’, ‘the financial-economic standing of the local self-governance’, ‘the local state administration’, and ‘the local self-governance’. None of these proposed amendments have so far been presented to Parliament.

Three conclusions could be drawn from the current state of affairs of the legal framework that warrant particular attention:

1. there is a considerable delay in adopting subsidiary legislation and the deadline imposed by Parliament to conclude this work has elapsed;
2. the scope of one of the two by-laws adopted thus far seems rather restricted; and
3. the exercise of amending different legislation to reflect the PPP concept is far behind schedule.

These aspects of the legal framework need to be urgently addressed and the necessary reforms need to be accelerated in order to portray a positive signal to prospective investors in PPP infrastructure projects in Kyrgyzstan.

The **regulatory framework** for PPPs should provide:

- i. Clarity of responsibilities: which Government department is responsible?
- ii. Who should the private sector deal with?
- iii. Do regulatory bodies exist, and if so, is there sufficient strength and capacity within regulatory bodies?
- iv. Tariffs: are they too low to be economically viable? How are they reviewed/regulated?

International best practice suggests that in order to achieve strong private sector participation in infrastructure projects, a gradual shift in the role of the state from service provider to policy maker, planner, coordinator, facilitator, and buyer of infrastructure services should take place. In line with this shift, the existing regulatory arrangements should be assessed, and the possibility should be considered of devolving the regulatory functions to newly-created independent bodies, with the line ministries keeping the responsibility for policy making and planning in their respective sector. This separation of responsibilities would enhance the credibility of economic regulation and provide the necessary level of confidence to investors that important issues, such as those related to tariff matters, are handled without undue political interference and other pressure. There are essentially two options available to implement such a strategy: either having a separate regulator in each of the main infrastructure sectors; or setting up a single cross-sector regulatory body. International best practice suggests that the first option would be attain better results.

Economic regulation has two main objectives: (i) to ensure that consumers have access to essential services on a sustainable and affordable basis, and (ii) to encourage private

sector participation in the development of an infrastructure to provide those services. The functions of regulatory bodies are elicited in *Box 8* below.

Box 8 - Typical functions of the regulatory bodies:

- i. setting tariffs and other service charges;
- ii. establishing standards for the terms and conditions of the services provided;
- iii. setting and enforcing market rules for the sector;
- iv. monitoring the performance of the regulated entities;
- v. issuing, reviewing and cancelling licenses;
- vi. reviewing agreements; and
- vii. arbitrating disputes within the sector.

It was observed that no such regulatory bodies with the functions elicited above exist in Kyrgyzstan. This state of affairs is not conducive to public sector participation in infrastructure projects, and appropriate policy intervention should be considered to address this limitation in the enabling environment.

5.3.2 Governance framework: mitigation or elimination of political risks

Political risks constitute a very sensitive species of risks. In theory, they are best managed by the public sector, and should logically be borne by it. However, this is not always the case, as the public sector may argue that political risks are part and parcel of any business transaction, and therefore should be borne by the private sector. This argument is endemic in a number of European countries, such as the United Kingdom. Political risks include the risk of changes in the legal framework, failure of the contracting authorities to respect their obligations, expropriation of property, the risk of political unrest, war, and labour-related interferences (including general strikes). The private sector is also very sensitive to political instability, and before investing in a country, the private sector wants assurances that a change in government is not followed by a seismic shift in PPP policy.

More specifically in the case of a PPP project in renewable energy, even if an independent power producer has a power purchase agreement with the government-owned utility provider that is acceptable to the investors, there remains a political risk associated with the potential acts or omissions of government. This will have a negative impact on the ability for that power purchase agreement to be properly performed in accordance with its terms. In such a scenario, the agreement will have little relevance as lenders will normally require that either the enabling legislative environment is sufficient to cater for these concerns, or more commonly it is required that the government enters into a separate agreement with the project company (and often with the lenders directly as well) which details the obligations of the government and what the consequences are if the government fails to perform.

Closely linked to the issue of political risks is the real or perceived level of corruption in the public sector. According to the Corruption Perceptions Index of Transparency International, Kyrgyzstan currently is ranked 154 out of 176 in the world. This level of corruption, even if just perceived, acts as a significant disincentive in attracting private capital to the country. Greater transparency in the courts and also public procurement processes is normally required in this case. Without transparency external investors are unlikely to invest in Kyrgyzstan given the other investment alternatives available elsewhere.

5.3.3 Business and financial climate: the availability of long term debt and equity

The economics of all PPP projects, including those of an independent power producer which typically have a long development period, are such that long-term debt (20 to 30 years) is required to allow the ability to deliver debt service coverage ratios that are reasonable to lenders and economic returns which are sufficient to justify the risks and investment involved.

Such long-term debt in Kyrgyzstan is scarce from any other institutions save for multilateral development banks. The lack of available debt especially beyond a tenor of ten years and onerous lending terms could be a challenge to the delivery of Kyrgyzstan's infrastructure needs. The scarcity of long-term debt is exacerbated by guarantees sought by lenders. Businesses expressed the view that personal guarantees sought by lenders were so onerous as to deem most development projects impracticable.

The absence of debt tenor matching the life cycle in a PPP project is not uncommon in countries getting started in PPPs, and it is normal that tenor corresponds to the shorter lifetime of projects procured traditionally. Refinancing could be used as a mechanism to overcome the shorter debt tenor within a PPP structure, but the main challenge in Kyrgyzstan remains the interests currently charged by the local debt providers - between 22% and 50% - that could seriously jeopardise the public sector affordability and therefore the viability of any potential PPP projects to the point where it would be impossible to bring them forward.

Equity constitutes circa 20 per cent of the capital that the private sector need to raise in any PPP project (with 80 per cent constituting long-term debt). Unless the private party has the capital itself to undertake the full equity financing required for a PPP project, there will be a requirement to find further equity to meet the equity component of the financial plan.

Although some of the multilateral development banks also provide equity there remains a lack of equity financing capacity in Kyrgyzstan. This lack of financing is exacerbated by the fact that those equity investors who will take these risks expect an equity return (that

is separate from the interest rate paid on the debt), which in the case of a power purchase agreement tariff on many renewable IPPs cannot deliver.

The multilateral development banks therefore play a crucial role in providing both equity and debt to ensure the viability of PPP projects in transition economies that are embarking on the PPP journey. This argument is also valid for IPPs in renewable energy projects.

6. Renewable energy capacity in Kyrgyzstan

The total electricity generation capacity in Kyrgyzstan amounts to 3.79 GW, 90 per cent of which is hydroelectric. There is huge hydroelectric capability in Kyrgyzstan given its potential of about 140 billion kWh per year, or tenfold the current production.⁸ Solar and wind power generation also have great potential.

The country's hydropower infrastructure is the second largest source of Kyrgyz exports contributing 3.9 per cent to the GDP. Kyrgyzstan exports electricity to Kazakhstan, Uzbekistan, Tajikistan and China. By absolute indices of potential hydro resources and by concentration of potential hydro resources on the territory Kyrgyzstan has one of the highest potentials amongst CIS countries. The major part of hydropower resources (30 per cent) is concentrated in the basin of the Naryn River, the main river in Kyrgyzstan. It is estimated that the Naryn River can support 33 additional hydroelectric stations with an estimated capacity of 6,450 MW.⁹

Kyrgyzstan is also rich in solar resource. The average annual output of solar energy is about 1,500 - 2,500 kWh per square metre; also, approximately 2,600 sunshine hours are recorded annually. Small scale solar technologies are spreading rapidly throughout the country - especially in tourist attraction areas such as Lake Issyk-Kul.

The total wind potential is estimated at 1,500 MW and the most promising areas for wind power potential seem to be:

- a. Chuisk district (North Kyrgyzstan)
- b. Osh district (South Kyrgyzstan)
- c. Issyk-Koul district (East Kyrgyzstan)
- d. Djelal-Abad district (West Kyrgyzstan)

Despite its generating capability and potential, the current transmission infrastructure suffers great losses, amounting to 55.2 per cent of the total electricity entering the transmission system. These losses can be divided into two kinds: technical and non-technical. Technical losses occur in all transmission and distribution networks and cannot be entirely eliminated. They can however be kept to a minimum through good network design and maintenance. Non-technical losses occur as a result of the difference between the amount of electricity distributed to customers and the amount that is actually paid for. These losses therefore occur because of the following:

- i. Theft;
- ii. Faulty meters - resulting in the amount of electricity used being under-recorded;
- iii. Incorrect records - resulting in some customers not being billed; and
- iv. Non-payment.

The numerous disruptions of electricity to homes and businesses caused thousands of businesses to suffer large losses and to close, while many others moved to other

⁸ Magomed Saaduev, "Challenges of hydropower development in Kyrgyzstan", 2012.

⁹ The information in this section is based on EBRD data.

countries. The outdated electrical grid is a major constraint for new energy infrastructure in Kyrgyzstan. Plans to build a 240-mile 500kV transmission line as well as a new 220kV decongestion line connecting the northern and southern parts of the country should alleviate most of that concern. Plans are also being considered to build and replace several 220kV transmission lines in the southern region of Kyrgyzstan.

6.1 Tariffs

One of the main challenges to attracting private sector involvement in generating renewable energy in Kyrgyzstan remains the very low electricity tariffs. Currently, tariffs are approved by the Ministry of Energy and Industry and by Parliament. The current electricity tariffs do not reflect the costs of generation, transmission and distribution, and are ultimately deterring foreign direct investment into the sector.

A recent amendment to the Law of the Kyrgyz Republic “On renewable energy” (adopted in August 2012) related to pricing and return on investments could incentivize potential IPPs through a scheme of government subsidies. As a result of this amendment, public-owned utility companies must purchase the electricity generated by renewable energy sources at a special (subsidized) tariff which is set up for the period of cost recovery of the project. The tariff is set up by multiplying the maximal existing tariff for the consumers by a special coefficient as follows:

- for hydropower generation = 2.14 times;
- for solar energy generation = 6 times;
- for wind energy generation = 2.5 times;

But are these subsidies enough to attract IPPs to Kyrgyzstan? Under the scheme, a hydropower IPP would receive 1.498 Kyrgyz soms (circa 3 cents of a dollar) per unit generated (the existing maximal tariff for domestic electricity is 0.70 Kyrgyz soms per unit) while a solar energy IPP would receive 4.20 Kyrgyz soms (circa 9 cents of a dollar) per unit generated. The scheme also mitigates the demand risk by providing an assurance that public utility companies will purchase the electricity generated over the project life cycle.

It is however unclear if the scheme is enough to attract IPPs, while it completely excludes other forms of clean energy, such as that generated from waste. As a general rule, and in order to make it attractive for IPPs, a system of subsidies has to be complemented by other incentives¹⁰ - including fiscal incentives – aimed at improving the financial returns on investment. These include:

- Tax exemptions; and
- Duty-free imports of equipment.

¹⁰ For more information on incentives for renewable energy development, see World Bank REToolkit “A Resources for Renewable Energy Development”, 2008,

In order to be effective, incentives should be:

- **Practical** – the administration of the incentive should be easily managed;
- **Transparent** – the information on the beneficiaries of the incentives should be disclosed; and
- **Limited in time** – the incentives should not be open-ended so as to avoid beneficiaries becoming overly dependent at the expense of the tax payer.

7. PPP pilot projects in Kyrgyzstan

Potential exists to implement a number of PPP pilot projects in Kyrgyzstan in various sectors, including in renewable energy. A number of PPP projects have already been identified by the Ministry of Economy of Kyrgyzstan and the Asian Development Bank.¹¹ The viability of these projects have also been reviewed by a number of reputable organisations, including Toyo University of Japan,¹² and it is not the intention of this assessment to duplicate the excellent work carried out by other international organisations.

The analysis in this section will thus focus on specific aspects of two projects earmarked for Bishkek and identified by the Municipality of Bishkek (solid waste management/waste-to-energy and street lighting), as well as projects in the energy sector identified in consultation with various PPP stakeholders, most notably the Ministry of Energy, as a priority area for the sustainable development of Kyrgyzstan.

7.1 Solid waste management/Waste-to-energy in Bishkek

Discussions with the Municipality of Bishkek highlighted the problem facing the City to manage its solid waste effectively. The sole authorised landfill has been in operation since 1973 and borders residential areas. In 2011, the volume of municipal solid waste handled by the landfill amounted to 2.2 million cubic metres, and the landfill is currently managed by the Bishkek municipal waste-removal entity ‘Tazalyk’, which operates at a loss as the fees collected from households for solid waste disposal are insufficient to meet its operating costs.

A by-product of decomposing organic waste is the generation of landfill gas (mostly methane), which besides creating bad odour, is also a greenhouse gas. In the case of the landfill in Bishkek, the methane produced is flared, thus releasing harmful emissions into the atmosphere. Gas flaring is one option of disposing of landfill gas. Another option is to process it and use it to generate renewable energy. This is one aspect of waste-to-energy projects, which have been very successfully implemented as PPPs around the world.

One example is the City of Vancouver, which has a population of 600,000. In this project, the private partner selected by the City designed, financed and constructed a cogeneration plant, which uses the landfill gas as fuel to generate enough electricity (7.4 MW per year) to supply 4,000 to 5,000 local homes. The power is sold by the private partner to a provincial utility, BC Hydro. Waste heat from the power generation process is recovered as hot water, which is sold by the private partner to a large (32 acre) tomato greenhouse complex adjacent to the plant, where the water is used for heating purposes. Using the landfill gases in this manner, rather than flaring them, results in further reduction of greenhouse gases, equating to the removal of 6,000 vehicles from Canada’s roads. A more detailed case study on the project is contained in Annex I.

¹¹ See report by Robert Brown commissioned by the Asian Development Bank, “Enabling identification of PPP Projects and Capacity Building in Kyrgyz Republic”, 2012.

¹² See report by Toyo University commissioned by JICA, “PPP Project Possibilities in Kyrgyz Republic”, 2012.

Another way of managing waste is by incinerating it to produce renewable energy. Projects involving energy produced from waste incineration have been very successfully implemented as PPPs in cities around the world, such as in the city of Wenzhou, China.

In 2002, the municipality of Wenzhou entered into a contract with a local company, Wei Ming Environmental Protection Engineering, to build and operate a PPP waste-to-energy incinerator plant. The private partner designed, financed, built, operated, and maintained the incinerator plant, which had an estimated construction cost of 15 million US dollars. The contract term was two years to complete construction, followed by 25 years of operation and maintenance. At the end of the contract, the incinerator plant is turned over to the City government at no cost.

The incinerator plant has a design capacity of 320 tons of solid waste per day and electricity generation capacity of up to 25 million kWh annually. The plant began operation in 2003. The first phase of the plant was able to treat 160 tons per day. At 160 tons per day, the plant could generate 9 million kWh a year, of which 7 million kWh would be available for sale.

Solid waste management is a growing challenge in China, and encouraging private sector participation is a key strategic approach. To encourage PPP investments, China has also exempted waste-to-energy incineration facilities from corporate income tax for the first five years of operation and made them eligible for immediate refund of value-added taxes. Electricity network operators are also required to purchase electricity generated by qualified energy producers using renewable energy sources, when available.

Waste should be treated as a resource that if properly managed could generate renewable energy and reduces harmful emissions into the atmosphere. With the proper incentives, it is more probable that by extending the concept of waste management to include energy generation, resulting into an additional revenue stream for the private sector party (to complement the waste collection fees), would make the Bishkek waste management project more appealing to the private sector, while at the same time increases the likelihood of financial viability.

7.2 Street lighting in Bishkek

In our consultations with the Municipality of Bishkek, the need to improve street lighting in the city of Bishkek was raised. Data provided by the Municipality of Bishkek show that there are slightly over 30,000 light sources in the city, of which 6,700 requiring urgent repairs. The City spends some 440,000 US dollars per year in electricity and the cost of the repair work is assessed at circa 650,000 US dollars.

The Municipality of Bishkek identified street lighting as a priority project that could be procured as a PPP. The project involves the replacement of lamp posts by an LED photovoltaic system. The total cost of replacing the 30,000 units is approximately 40 million US dollars. The main revenue stream from the private sector is in the form of availability payments by the Municipality, that is, regular payments based on

performance. Other sources of income might derive from third party income generation initiatives, such as using the lampposts for advertising and as WiFi spots.

The information available on this project is not sufficient to provide the business case indicating when capital costs would be incurred and the revenue streams that could be established to fund the project. More studies are therefore needed to assess the viability of the project and the affordability of the Municipality to pay the regular availability payments to the private sector entity. Besides using tax payers' money, the Municipality of Bishkek could tap other funding alternatives, including:

- Green Investment Initiatives - prioritising energy efficiency and other renewables projects; and
- International Financial Institutions.

It is important to point out that third party income cannot be considered as the only source of revenue to cover the cost of the project.

Municipal street lighting projects have been very successfully procured as PPPs around the world. Modern street lighting technology enables efficiencies in the use of electricity by, for example, dimming lights and major flexibility in switch on/off times. The overall objective is not to turn off the light in order to make savings, but to use the light where necessary, when necessary and at the appropriate intensity level.

A detailed case study on a successful street lighting project based on these principles is in the City of Birmingham, United Kingdom. This case study is included in Annex 1. Another successful case study is in the City of Sheffield in the United Kingdom. The 25-year project involves:

- Maintenance of more than 60,000 street lights;
- 8,000 new street lights with LED;
- Improved visibility, light quality and service;
- Remote management system for individual lighting columns;
- 80 per cent energy savings.

It would be advisable for the Municipality of Bishkek to look at these and other case studies, some of which were presented at the UNECE seminar on PPPs in Bishkek in November 2012, to learn from their successes and to avoid repeating the same mistakes.

7.3 Hydropower generation

A number of dams exist throughout the country, such as in the regions of Talas, Issykul, Osh and Batken,¹³ which could be used as a launching pad to attract IPPs in small and medium hydroelectric power plants. The main advantage of focusing on these plants first is that the necessary dams have already been erected and the only investment necessary is that related to the construction/restoration of the power plants.

¹³ Source: Presidential Edict Number 365 dated 14 October 2008.

The potential for hydropower generation in Kyrgyzstan highlighted earlier is currently evenly matched with a series of challenges in the enabling environment, some of which have already been underlined, including:

- a. Lack of competition in the energy sector resulting mainly from the monopoly of state-owned utility enterprises;
- b. Lack of market mechanisms to set prices for retail electricity; and
- c. Cumbersome process of obtaining permits and licenses.

From consultations with various stakeholders in Kyrgyzstan, it appears that these challenges are exacerbated by a degree of public-sector corruption (real or perceived), the independence of the judiciary and political instability, which all together act as a formidable barrier to attracting foreign direct investment.

Any policy intervention aimed at mitigating these real or perceived challenges would automatically improve the potential of private sector investment in PPP projects in Kyrgyzstan.

There are a number of examples from around the world of hydropower generation plants using the PPP model, including the Birecik Hydropower Project in Turkey. The project, completed in 2001, includes a reservoir and 672 MW in installed capacity, with a generating capacity of 2.5 billion kWh per year. The 1.25 billion US dollars project operates on a BOT model (build-operate-transfer), and the project company operates on the basis of an 86:14 per cent debt: equity split, with much of the debt provided by Export Credit Agencies - equivalent to 64 per cent of the total project cost, with the remaining debt provided by commercial loans from 44 commercial banks. The plant will be transferred to the Turkish Government in 2016 at the end of the 15-year concession period.

Investors are increasingly becoming risk averse and before lending to IPPs, they expect that the following formalities are in place at the very early stage of the process:

- Planning consents;
- Grid connection offer;
- Future power purchase agreement; and
- Construction contracts.

It is therefore important for the contracting authorities to work together with the private partner to ensure that these formalities are in place at the very early stage of the project development.

8. Recommendations and Conclusion

Infrastructure is the basis for a sustainable and inclusive economic growth that creates more jobs and reduces poverty. This is a widely shared vision in Kyrgyzstan. One of its key strategies in achieving this is through the development of a PPP programme. From transportation to water and energy systems, Kyrgyzstan needs investment and innovation to develop a more sustainable framework to create capacity for economic growth, and make better use of its natural resources.

The lack of infrastructure has been internationally recognised as a bottleneck to economic growth in any economy, and PPPs are a means to fulfil the vision and priorities for the nation's infrastructure needs by setting goals to align departmental policies, ensure best value from government spending, reduce duplication, and show how investments can reinforce one another. The PPP model has in-built mechanisms that avoid the enormous time delays and costs overruns in delivering major projects, and set the context within which decisions are taken at the state and local levels with a high degree of confidence.

But as hinted earlier, PPPs are complex arrangements that require public sector skills, institutions, political will and a supporting enabling environment that encompasses the legal, regulatory, governance, finance and business frameworks as the basis for their successful implementation. The assessment has attempted to highlight a number of challenges which require urgent attention and policy intervention that should help Kyrgyzstan in its quest to attract private sector capital into its infrastructure development. A number of these challenges are addressed below in a series of policy-oriented recommendations:

8.1 Developing Institutions and Procedures

8.1.1 Training and Capacity-building

Design and implement an extensive training and capacity-building programme to ensure that all stakeholders involved in the PPP process, including public officials, the banking sector, the business community and the public at large are fully aware of the PPP concept and its effective development.

Recommendation 1

8.1.2 Learning-by-doing approach

Training and capacity-building programmes should be integrated into actual project delivery, based on a 'learning-by-doing' approach, by investing in pilot scheme projects through which public sector capacity could be enhanced.

Recommendation 2

8.1.3 PPP Unit

Strengthen the PPP Unit within the Ministry of Economy by allocating more resources – both human and financial – in order to better fulfil its statutory role and to ensure that the newly-acquired PPP knowledge is translated into viable infrastructure projects in Kyrgyzstan.

Recommendation 3

8.1.4 Cooperation and coordination

Enhance cooperation and coordination among lead and line ministries, and encourage consultations between the lead ministries (economy and finance) and the environmental agencies.

Recommendation 4

8.2 Driving PPP Implementation

8.2.1 Fully costed infrastructure plans

Ministries and Municipalities develop fully costed infrastructure plans based upon needs analysis that include rigorous and transparent funding and affordability analysis.

Recommendation 5

8.2.2 More involvement of the private sector

Improve the mix between state and private sector to give more opportunities to the private sector to deliver public services.

Recommendation 6

8.2.3 Legal and Regulatory framework

The Government addresses selected areas in the legal and regulatory framework, namely:

- accelerate the adoption of subsidiary legislation;
- propose amendments to legislation (Customs Code, Land Code etc.) to reflect the introduction of the PPP concept in the statute book as envisaged in the PPP Law; and
- establish separate regulators in each of the main infrastructure sectors.

Recommendation 7

8.2.4 Financial and Business Climate

The Government addresses selected areas in the business and financial climate aimed at:

- making lending more accessible to businesses;
- encouraging long-term lending for infrastructure projects beyond the present tenor;
- making lending terms less onerous to businesses;
- stabilising local debt interest rates for long-term infrastructure projects,
- providing the necessary framework to encourage the banking sector to accept more risk in building the economy; and
- mitigating the costs associated with access to finance, which is so crucial for the PPP development.

Recommendation 8

8.2.5 Governance Framework

The Government addresses selected areas in the governance framework aimed at:

- mitigating political risks associated with political instability, and the performance of the long-term contractual obligations;
- combating corruption across the public sector; and
- ensuring that PPP projects of national interest enjoy wide endorsement by the major political parties to provide the necessary assurance to the private sector that a change in government is not followed by a seismic shift in PPP policy.

Recommendation 9

8.2.6 PPP pilot projects' focus

The PPP focus should first be on economic infrastructure projects (such as energy and solid waste management), before embarking on the social infrastructure projects (healthcare, schools and social accommodation) that would entail periodic availability payments from the public purse over the whole-life-cycle of these projects.

Recommendation 10

8.2.7 Solid waste management project in Bishkek

The solid waste management project identified by the Municipality of Bishkek to be:

- extended in scope to include energy generation from waste;
 - i. either by producing clean energy from landfill gas;
 - ii. or by producing clean energy from the incineration of waste.

Extending the scope of the project to include energy generation would also increase the likelihood of financial viability.

Recommendation 11

8.2.8 Street lighting project in Bishkek

The street lighting project identified by the Municipality of Bishkek to be further explored and additional studies (such as an outline business case) that takes into account the affordability of the Municipality to pay the availability payments over the project life cycle should be considered.

As part of this exercise, the Municipality should also consider tapping other funding alternatives, such as Green Investment Initiatives, to diversify the sources of funding.

Recommendation 12

8.2.9 Hydropower projects in Kyrgyzstan

The Ministry of Energy should pursue its strategy of attracting individual power providers in the hydropower sector.

In doing so, the Ministry should focus on those plants where the dams have already been erected so as to lower the investment needed by the private sector.

Furthermore, the Ministry should ensure that a number of formalities are in place very early in the project development in order to attract interest from investors (especially the lenders). These include:

- planning consents;
- grid connection offer;
- future power purchase agreement; and
- construction contracts.

Recommendation 13

A sizeable infrastructure deficit exists in Kyrgyzstan and it will require significant political will to tackle the necessary challenges that are necessary to implement PPPs successfully. The PPP legislative reform currently underway is a very good start, but this should be supplemented by other initiatives – some of which are highlighted in this assessment - to improve the overall PPP enabling environment that is so fundamental to attract private capital in infrastructure development in Kyrgyzstan.

Annex I - PPP Case studies in clean infrastructure

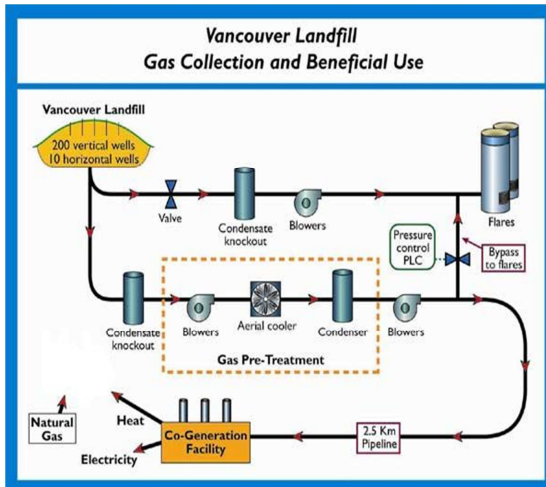
1. The Lopburi Solar Plant in Thailand

The Lopburi Solar Plant is located in Lopburi Province in central Thailand, 150 kilometres from Bangkok. It is one of the world's largest solar photovoltaic plants, with a capacity of 55MW. The power generated by the farm will cut carbon dioxide emission by approximately 1.3 million tonnes over its projected 25-year operation.



Title	Lopburi Solar Farm
Location	Lopburi, Thailand
Ownership	Natural Energy Development Co. Ltd. (NED)
Equity Interest	CLP Thailand Renewables Ltd. – 33.3% Diamond Generating Asia, Limited (a subsidiary of Mitsubishi Corporation) – 33.3% Electricity Generating Public Company Limited (EGCO) – 33.3%
Generation Type	Solar
Gross Capacity	55MW
CLP Equity Capacity	18.3MW
Year of Commissioning	2012
Project Highlights	One of the world's largest solar photovoltaic plants, using 540,000 high-grade, thin-film solar panels.

2. Waste-to-energy plant in Vancouver, Canada



The City of Vancouver, British Columbia decided to bring in the private sector in an agreement to transform a landfill site producing gases (including methane, a greenhouse gas that contributes to global climate change) for beneficial commercial uses. Under the approved PPP structure, the private partner designed, financed, and constructed a cogeneration plant, which uses the landfill gas as fuel to generate electricity, which is sold by the private partner to a local utility. Waste heat from the power generation process is recovered as hot water, which is sold by the private partner to a large greenhouse complex for heating purposes. The private partner and the City share the revenues from the sale of electricity and thermal energy.

Main players

The City of Vancouver is the public partner. The City owns and operates the landfill, which is located on public land. The private partners consist of a Canadian power company established a wholly-owned subsidiary, as a stand-alone project company, to design, finance, build, and operate the cogeneration facility, and sell the electricity and thermal energy. BC Hydro, a British Columbia Crown Corporation reporting to the Minister of Energy and Mines, purchases and distributes the electricity produced by the cogeneration facility. The final partner from the private sector is an agribusiness, which purchases the heated water produced by the power production process, and uses it to heat its greenhouse complex.

Selecting a partner

In 2001, the City issued a competitive Request for Tender to select a partner which would finance, design, build, own, and operate a beneficial use facility. Although the City had considered building a power plant itself, it decided to solicit private proposals in order to evaluate a broader array of project concepts and maximize the economic, environmental, and social benefits to the City. Five proposals were received, each based on a different approach to landfill gas utilization. The concepts submitted using the gas to dry sea urchin shells to make fertilizer, upgrading the gas to pipeline quality, and direct use in a cement kiln. Following a detailed and structured proposal evaluation and negotiation process, a 20-year Public-Private Partnership contract, based on the most highly-evaluated proposal, was approved by the City Council in February 2002.

Under the approved PPP structure, the City continues to operate the landfill, and a 2.9 kilometre pipeline was constructed by the private partner to take the gas from the landfill to a nearby agricultural complex, where they built the cogeneration power plant. The private partner selected by the City designed, financed and constructed the cogeneration plant, which uses the landfill gas as fuel to generate enough electricity (7.4 MW per year) to supply 4,000 to 5,000 local homes. The power is sold by the private partner to a provincial utility, BC Hydro.

Construction of the power plant was completed in September 2003, and it was operating at full capacity by November of that year. (Initial capacity was 5.55 MW per year, increasing to 7.4 MW per year with the installation of a fourth engine in late 2004.)

Waste heat from the power generation process is recovered as hot water, which is sold by the private partner to a large (32 acre) tomato greenhouse complex adjacent to the plant, where the water is used for heating purposes. Using the landfill gases in this manner, rather than burning them, results in further reduction of greenhouse gases, equating to the removal of 6,000 vehicles from Canada's roads.

Risk Allocation

The City of Vancouver makes no payments to the private partner, but guarantees provision of landfill gases for the twenty-year duration of the agreement. The City thus assumes the supply risk associated with the project, but it minimizes this risk by retaining responsibility for the management and operation of the gas collection system. The private partner's total investment was approximately 10 million US dollars. The private partner signed a power purchase agreement with BC Hydro, and a twenty-year thermal energy sales agreement with the owner of the greenhouse complex. Proceeds from the sales of power and thermal energy go to the private partner, minus a 10 per cent royalty paid to the City. The City's operating costs to capture and provide the landfill gases are approximately 250,000 US dollars per year, and the royalties it receives are approximately 400,000 US dollars per year.

3. Lighting Project in Birmingham, United Kingdom



Overview

- 25 year project worth 2.7 Billion pounds sterling
- start date: June 2010
- Covers all roads, footways, and lighting.

Lighting Requirements

- Modernisation – to improve lighting through innovative solutions
- Robust asset management
- Effective & proactive energy management capability
- Reduce crime, fear of crime & night time accidents
- Improved service levels – reduce outages & public complaints
- Sustainable solution – long life, low maintenance, reduced waste, etc
- Local supply chain and increased local community involvement



Core Investment Programme (Year 1 to 5)

- Major Street Lighting Renewal: Remove & replace over 41,000 street lights with LED

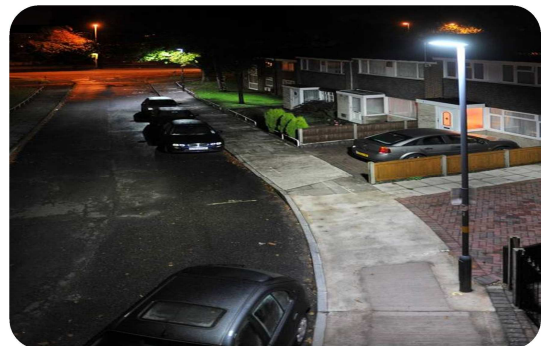
Operational Maintenance (Year 1 to 25)

- On-going operational maintenance:

- | | |
|-------------------------------|--------------------------|
| - Asset Management | - Structural Assessments |
| - Inventory updates | - Outages & Repairs |
| - Planned Maintenance | - Emergency Attendance |
| - Periodic Electrical Testing | - Energy Management |
| - Structural Assessments | - Carbon Management |

Key Features of the Lighting Solution

- Energy management, control and cost savings
- “Harvesting” of energy – e.g. reduce over lighting & energy associated with maintenance factors.
- Maintenance benefits from LED strategy & solution (Cost effective over life of contract)
- Full flexibility, management & control through the City wide deployment of the CMS
- Variable light output & levels using electronic dimmable equipment
- High performance optics - high pressure sodium (initially on main traffic routes)



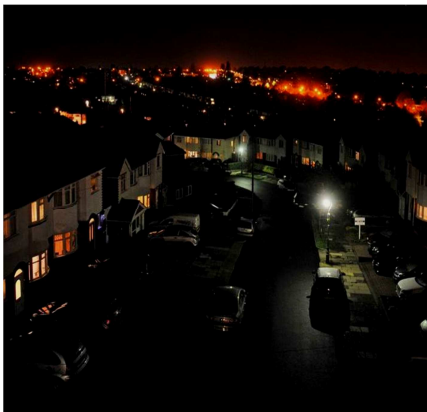


Also LEDs for Major Tunnels and Traffic Routes

- Continuous efficient LED lighting
- Energy and carbon savings
- Full, flexible control and management
- Improved driver comfort
- Low maintenance solution (long life, - robust, reliability benefits....)
- Reduced traffic disruption, vehicle related incidents and maintain traffic flow
- Improved Road Safety

Comparison

Before



- Sky glow
- Light pollution
- Obtrusive light
- Light spill
- Inconsistent and Variable (low) uniformity
- Variable lighting quality

After



- Improved visibility, light quality, robust service with major energy and carbon savings
- Sustainable solution (long life, low maintenance)
- Fully flexible responsive lighting system
- Low overall circuit power
- Improved service levels
- Reduced vehicle journeys, lamp and component replacements

Surveys

- **What do Birmingham residents think?**
 - Overall very positive feedback
 - Light level perception improved
 - Safety perception improved
 - Light colour and appearance improved

Conclusion

- ✓ Carbon savings exceed Government targets for 2035
- ✓ One of the most advanced lighting solutions in the world
- ✓ Attracting widespread global interest and publicity
- ✓ Helping Birmingham on the journey to being a “World Class” City

Annex II – Pre-visit questionnaire

STRUCTURE

PART 1 - NATIONAL OVERVIEW

- 1.0 Economic & Social Needs – Drivers for Change
- 1.1 Macroeconomic Climate
- 1.2 Business Climate
- 1.3 Financial Climate
- 1.4 Legal & Governance Environment

PART 2 – PPP FOCUS

- 2.0 General PPP Matters
- 2.1 Legal & Regulatory Provision for PPP, Including Financial Risks
- 2.2 PPP Policy Framework
- 2.3 PPP Capacity – Public & Private
- 2.4 Project Identification, Selection and Procurement
- 2.5 Post Award; Delivery, Operations and Performance Management

PART 1 - NATIONAL OVERVIEW

1.0 Economic & Social Needs – Drivers for Change

- 101 What are the greatest needs affecting Kyrgyzstan today?
- 102 Where are the areas of greatest need, geographically?
- 103 Have these needs been researched and identified?
- 104 If so, which social and economic indices have been employed?
- 105 Are these identified needs documented and widely available?
- 106 Have these needs been agreed upon and reflected in government policies?
- 107 Do national sectoral Strategic Service Models exist for the location of public services across Kyrgyzstan, or at a regional level?
- 108 Does Kyrgyzstan have an existing National Infrastructure Plan?
- 109 What do you consider to be greater; economic need or social need?
- 1010 What is the reason for your opinion?
- 1011 What, in your opinion, are the top five priorities for economic infrastructure?
- 1012 What, in your opinion, are the top five priorities for social infrastructure?
- 1013 What is your opinion based upon?
- 1014 In your opinion, is the electorate supportive of the use of private capital for infrastructure development?
- 1015 How do the needs of your country compare to those of your neighbours?
- 1016 Do you believe there is potential for collaboration with neighbouring countries to develop required infrastructure, where there is mutual benefit?
- 1017 If so, in what geographical areas, and in which sectors?
- 1018 Has any dialogue been had to date regarding such potential collaboration?

1.1 Macroeconomic Climate

- 111 What is the age profile of the 9.5 million population?
- 112 What is the current life expectancy in Kyrgyzstan?
- 113 What are the current and projected net migration figures?
- 114 What is the current unemployment rate?
- 115 What is the future projected rate?
- 116 How many universities does Kyrgyzstan have?
- 117 What % of the population is university educated?
- 118 What are Kyrgyzstan's natural resources?
- 119 Does Kyrgyzstan import its energy?
- 1110 What is the energy % split; indigenous / imported?
- 1111 What are Kyrgyzstan's top areas of economic activity?
- 1112 What are Kyrgyzstan's top exports /imports?
- 1113 Who are Kyrgyzstan's largest trading partners?
- 1114 How would you describe Kyrgyzstan's transportation network?
- 1115 What is Kyrgyzstan's current credit rating? (source?)
- 1116 Is it "Investment Grade"?
- 1117 Do credit ratings exist for local regions or municipalities?
- 1118 What have been the GDP annual figures for each of the last five years?
- 1119 What are the annual GDP projections for the next 2, 5 and 10 years?
- 1120 What is the GDP split; public sector / private sector activity?

- 1121 What is the current public sector cost of capital?
- 1122 What is the current and projected rate of inflation?
- 1123 What is the current fiscal budget balance?
- 1124 What is the current public debt position as a percentage of GDP?
- 1125 Do you believe that the Government has sufficient public expenditure available to it, to deliver a major infrastructure programme?
- 1126 Has Kyrgyzstan historically failed to meet any of its debt obligations?
- 1127 Has a local or municipal government within Kyrgyzstan failed to meet any debt obligations?

1.2 Business Climate

- 121 What is the current corporation tax rate?
- 122 Do you believe this to be the correct rate? Please state why, or why not.
- 123 What is the commercial sectoral activity by %?
- 124 What is the size of the total workforce and how is it spread geographically?
- 125 How easy is it for a company, local or foreign, to establish itself in Kyrgyzstan?
- 126 To your knowledge, what barriers, real or perceived, exist?
- 127 In your opinion, what are the main incentives available to attract foreign investment?
- 128 What are the main barriers to attracting foreign investment into the country?
- 129 What key factors do you think investors consider when assessing a country?
- 1210 How many companies are registered in Kyrgyzstan?
- 1211 How many of these are indigenous?
- 1212 How many are foreign?
- 1213 What incentives does Kyrgyzstan offer foreign companies?
- 1214 Are there any restrictions on foreign companies to repatriate profits, also referred to as “transfer and convertibility” (T&C) risk?
- 1215 Do many Kyrgyz companies have Joint Venture, exclusivity or sub-contracting relationships with major international companies?
- 1216 How would you describe business confidence in Kyrgyzstan right now?
- 1217 What are the reasons underpinning your opinion?
- 1218 How would you describe the business culture in Kyrgyzstan?
- 1219 Is corruption a problem?
- 1220 Would you say corruption exists more in the public or private sector?
- 1221 Are trades unions prominent in Kyrgyzstan?
- 1222 Would you say Kyrgyz business culture is protective and insular, or confident and outward looking?
- 1223 How are most businesses constituted?
- 1224 Is there effective provision for bankruptcy and limited shareholder liability?
- 1225 How many major Construction / Development companies are present in Kyrgyzstan?
- 1226 How many SMEs are registered in Kyrgyzstan?
- 1227 Does the supply chain operate effectively in Kyrgyzstan?
- 1228 Do mandatory payment terms exist in public contracts, e.g. 60 days?
- 1229 Do SMEs have access to large government procurements through effective subcontracting arrangements?
- 1230 Are there a sufficient number of educated / skilled workers available?
- 1231 Does the educational system provide workers with the correct skills?
- 1232 If not, where are the skills shortages?
- 1233 How can they best be addressed?

- 1234 Is the physical infrastructure fit-for-purpose, for business needs?
- 1235 Would you describe Government policies as “business friendly”?
- 1236 What changes, if any, would you like to see, to encourage business growth in Kyrgyzstan?

1.3 Financial Climate

- 131 Is the banking system adequate for business and corporate activity?
- 132 Do you have confidence in the current banking system?
- 133 Please elaborate on your answer.
- 134 How would you describe the strength of the banks’ balance sheets?
- 135 Are the banks sufficiently capitalised?
- 136 Has the government offered any underwriting, guarantees or safeguards to commercial banks?
- 137 Is there sufficient liquidity in the current lending market?
- 138 If so, to what sector(s)?
- 139 How would you describe terms currently offered by lenders?
- 1310 What is the maximum term for which debt is / has been lent (years)?
- 1311 What pricing terms are offered for long term debt?
- 1312 How do these compare with international markets that you are familiar with?
- 1313 To your knowledge, has any private capital ever been invested in infrastructure projects, in Kyrgyzstan, (equity or debt)?
- 1314 How available and reliable are long term debt instruments for infrastructure financing?
- 1315 Is project finance available in local currency?
- 1316 How would you describe government oversight of banking activity?
- 1317 Are you confident that the oversight is of the correct order?
- 1318 Are you confident that the banking sector can meet debt demand?
- 1319 Are local equity providers accessible?
- 1320 Is there an established bond market in Kyrgyzstan? If so, is it accessible?
- 1321 Have you experienced or are you aware of any difficulties regarding commercial foreign exchange activity?
- 1322 Is there a well developed insurance and pensions market?
- 1323 Is it meeting business needs? If not, how could it be improved?
- 1324 Are credit ratings available for Kyrgyz businesses? (source?)

1.4 Legal & Governance Environment

- 141 Does senior political will exist within Government to support the development and delivery of a National Infrastructure Plan?
- 142 Please describe the current Government process for setting the national public budget and in particular the budget for infrastructure development and specifically the role of the Ministry of Finance.
- 143 Is public infrastructure development currently managed centrally or at a local government level?
- 144 Are all major public infrastructure programmes and projects identified on the basis of need?

- 145 Are all major public infrastructure programmes and projects prioritised using a rigorous Government appraisal process?
- 146 Are all major public infrastructure programmes and projects subject to a rigorous Government business case approvals process prior to procurement?
- 147 Is Government procurement competitive, transparent and fair?
- 148 What is the most common form of procurement for major infrastructure projects in Kyrgyzstan, e.g. construction? Design & Build?
- 149 Has “Competitive Dialogue” ever been employed in public procurement in Kyrgyzstan?
- 1410 Are public contract award criteria and tender scoring methodologies clear and transparent?
- 1411 How are major public contracts advertised?
- 1412 Do public contracts include terms to favour local businesses over foreign?
- 1413 Is there effective protection for Intellectual Property Rights?
- 1414 Do you believe the judiciary exhibits independence and competence?
- 1415 Are unsuccessful bidders fully notified and given the right of appeal?
- 1416 Do adequate Dispute Resolution procedures exist?
- 1417 Is access to third party arbitration available as part of these procedures?
- 1418 Are labour laws and workers’ rights well established?
- 1419 Is Government and corporate corruption being targeted and eradicated by political leaders?
- 1420 Is there standardisation of major contracts between Government and suppliers?
- 1421 What do you believe the advantages of standard contracts might be to the state?
- 1422 Do you believe there is sufficient community engagement in the development of infrastructure projects?
- 1423 Do major public contracts contain social clauses to benefit local communities?
- 1424 Does the Government provide financial support for low-income users of infrastructure or transportation?
- 1425 Do major public contracts contain clauses to protect the environment?
- 1426 Do major public contracts contain clauses to promote re-skilling and employment of unemployed citizens, by successful bidders?
- 1427 Do major public contracts contain the provision of apprenticeships for young people by successful bidders?
- 1428 Do you believe the press is free to investigate matters of public interest with respect to the award of major public contracts?
- 1429 Are environment laws clear and effective, and all available from a single source?
- 1430 Does Government use Resource and Accounting Budgetary (RAB) accounting and employ international accounting standards (International Financial Reporting Standards)?
- 1431 If so, for how long has it used RAB accounting for public expenditure?
- 1432 Do concessions currently exist and, if so, are they treated on or off balance sheet?
- 1433 Is co-location of public services a Government policy or objective?

1.5 Energy and Environmental Considerations (including clean technologies)

- 151 What are the government's current policies in respect of emission targets and Kyoto?
- 152 Does it have any green or renewable energy infra strategies or plans in place?
- 153 What green technologies are currently employed within the country?
- 154 What scale are they deployed on (Mega Watts)?

- 155 What proportion of the country's power generation is currently through the use of green or renewable energy technologies?
- 156 What is the main form of power generation currently employed in the country?
- 157 What incentives are available to developers of renewable energy projects?
- 158 Is power generation independently regulated?
- 159 Is the market liberated?
- 1510 Are the current tariffs subsidised? Is there a regulatory body setting up the tariffs?
- 1511 Is the national grid sufficiently resilient to accommodate major levels of new power generation?
- 1512 Does it require upgrading?
- 1513 Do existing distribution networks have sufficient capacity for increased generation development? Do they require upgrading?

PART 2 – PPP FOCUS

2.0 General PPP Matters

- 201 What would you say PPP is?
- 202 How do you think PPP works?
- 203 How would you describe “risk transfer” or “risk allocation”?
- 204 What risks are normally transferred in a PPP?
- 205 Are you familiar with “output based” specification?
- 206 How would you describe “Value for Money” for the public purse?
- 207 What is your understanding of the “project lifecycle”?
- 208 How would you describe “successful project delivery”?
- 209 What is the best way to ensure performance of the service provider?
- 2010 Are you familiar with “DBFOM”? If so, what does it mean to you?
- 2011 When and why, do you think PPP should be employed?
- 2012 What do you think the benefits of PPP are?
- 2013 What do you think are the main disadvantages and / or risks of PPP?
- 2014 What range of PPPs are you familiar with?
- 2015 What would you say is the single most important aspect of a successful PPP?
- 2016 Is the concept of “user pays” understood and accepted in Kyrgyz civic society?
- 2017 Are communities encouraged to commercially participate in PPPs or major public contracts? If so, how?
- 2018 How is community resettlement and rehabilitation currently provided for in PPPs or other major public infrastructure projects in Kyrgyzstan?
- 2019 Would you say PPP is well understood within the public sector in Kyrgyzstan?
- 2020 In Kyrgyz civil society, would you say PPP is understood and accepted as a means to deliver 21st century infrastructure?
- 2021 Are the public aware of the benefits of PPP?
- 2022 What would you say are the main misconceptions, if any?
- 2023 In your opinion, would a public educational programme re PPPs be worthwhile?
- 2024 What has been the traditional relationship between Government authorities and the private sector, in Kyrgyzstan?
- 2025 Do you think the traditional procurement model has delivered positive economic and social outcomes for the citizens of Kyrgyzstan?
- 2026 If not, what improvements could be made?
- 2027 Do you have, or know of, any statistics showing the historical delivery track record of public capital projects in Kyrgyzstan, by cost and on-time delivery?
- 2028 Do you have any direct experience in the development or delivery of a PPP project?
- 2029 If so, was that on the public (Government) side, or the private (bidder) side, or both? Please explain your role.
- 2030 To your knowledge, has any PPP activity ever been undertaken in Kyrgyzstan?
- 2031 If so, what was the experience?
- 2032 To your knowledge, are different levels of Government (local and municipal, as well as national) involved or interested in PPP procurement?
- 2033 How are public services, as opposed to infrastructure, currently provided in Kyrgyzstan?
- 2034 Are any public services provided to the Government by the private sector, e.g. estate management, facilities management, municipal services?

2035 What would you consider to be the three greatest challenges to PPP development in your country?

2.1 Legal & Regulatory Provision for PPP, Including Financial Risks

- 211 Do you know if Kyrgyzstan has a concessions or a PPP law?
- 212 If so, are PPP contracts designed to be output based?
- 213 Does the PPP law prevail over any other laws dealing with concessions?
- 214 If not, does the Constitution, or other laws, recognise the principles of concession and regulate the granting of concessions in such a way that concessions are legally possible?
- 215 If the country has a Public Procurement Law, is it clear to what extent it applies or not, to the granting of concessions or PPPs?
- 216 Does Kyrgyzstan have a local public services law for municipalities or local authority concessions or PPPs, and is it clear?
- 217 How do you think the current provision of PPP law reflects on political support for PPP development and the perception of foreign capital investors?
- 218 How many laws currently apply to PPP?
- 219 Can you think of any benefits that a single, clear and attractive PPP legal framework might bring?
- 2110 Have the existing laws been reviewed to ensure they present no barriers to successful PPP development in Kyrgyzstan?
- 2111 Do the laws / regulations identify the public authorities that have the vires to award concessions and enter into project agreements?
- 2112 Do the laws / regulations make a clear distinction between PPPs and public procurement contracts regarding the transfer of risk to the private sector?
- 2113 Do the laws / regulations make a clear distinction between PPP and licence to operate?
- 2114 Do the laws / regulations make a clear distinction between PPP and privatisation?
- 2115 Can a concession or PPP be granted to a domestic and/or foreign person, or can the shareholders of the PPP Special Purpose Company be domestic and/or foreign?
- 2116 Do the laws / regulations identify the sectors and/or types of infrastructure or services for which concessions or PPPs may, or may not, be granted?
- 2117 Do the laws / regulations provide that a notice of award of a project is to be published and that the public authority maintains records of the selection and award proceedings?
- 2118 Does the public authority have the right to award a PPP without undertaking a competitive process?
- 2119 How does the Government manage unsolicited bids from the private sector?
- 2120 Is the legal basis for private sector participation in PPP clearly defined?
- 2121 Do you think investors are, or would be, comfortable with existing laws and financial regulations which currently apply to PPP?
- 2122 In your opinion, does the judiciary understand PPP?
- 2123 Does the judiciary accept PPP?
- 2124 Do clear procedures exist for acquiring rights of way?
- 2125 Are land and property issues dealt with in a timely way?
- 2126 In most cases would the public sector provide the land for PPP projects?
- 2127 Is planning consent granted for infrastructure developments in a timely way?
- 2128 How many steps does the planning consent process have?

- 2129 How many statutory bodies are involved in the planning consent process?
- 2130 Does a strategic “fast track” planning consent team exist for projects of national significance?
- 2131 If not, do you know if there is any intention to establish one?
- 2132 In a PPP, which party is responsible for obtaining planning consents, licences and approvals?
- 2133 Are the interests of communities, the poor and marginalised protected in the planning process?
- 2134 Are there any provisions limiting foreign participation in investment and/or PPP activity specifically?
- 2135 Are there any barriers to repatriation of profits by PPP investors (T&C)?
- 2136 Has the Government ratified, and does it in practice follow, international conventions on protection of foreign investment?
- 2137 Are there any PPP-specific tax regulations that may deter international PPP investors?
- 2138 Is there a clear system for compensating PPP investors for acts of public sector authorities that change sector-specific economic conditions that were unforeseen during bidding and which are beyond the control of the private sector partner?
- 2139 Is there a clear system for compensating PPP investors for scope changes introduced by the public procuring authority?
- 2140 Is there a clear system for compensating PPP investors for procurements cancelled by the public authority during the bidding process?
- 2141 Are termination rights clearly set out in PPP or major infrastructure contracts?
- 2142 Are all major public contracts subject to EU procurement regulations?
- 2143 Which institutions are, or would be, involved in the PPP process?
- 2144 Which national Government body has, or would have, ultimate responsibility for PPP project approval?
- 2145 Do private sector investors have access to this body and other agencies, prior to procurement?
- 2146 How does PPP, or major infrastructure, delivery governance work?
- 2147 Is the regulatory authority and decision-making hierarchy clearly set out, for each sector of expected PPP activity?
- 2148 Is price regulation sufficiently flexible to allow for major cost changes, e.g. due to scope expansion?
- 2149 Are PPP related laws and regulations for national projects consistent?
- 2150 Do regulations establish clear requirements and oversight mechanisms for project implementation?
- 2151 Is, or would, risk clearly be allocated to different parties according to their abilities to manage them, within a PPP?
- 2152 Has the allocation of risk between the public authorities and the private sector been successful in recent years, for projects of national significance?
- 2153 What do you think are the key factors in the risk rating of a typical PPP project using project finance?
- 2154 Where does “Demand Risk” normally lie, with the public or private sector?
- 2155 Do investors currently have the right to appeal against the decision of a regulator’s office?
- 2156 Are property rights enforceable and do they provide proper compensation for expropriation in practice?
- 2157 Do standardised public infrastructure contracts (Standard Form of Contract) exist in Kyrgyzstan?
- 2158 If so, for which sectors?

- 2159 If not, do you know if there is any intention to develop one?
- 2160 What level of autonomy exists within local authorities or municipalities to initiate PPP projects, which are not considered “strategic” at a national level?
- 2161 How do you see national / local / municipal governments interacting during PPP development, or the delivery of a PPP project?
- 2162 How do public authorities create, or intend to create, the right incentives to attract investment of private capital into PPPs?
- 2163 Are there any general business regulations or practices which might affect the smooth implementation of a PPP?

2.2 PPP Policy Framework

- 221 Is PPP development clearly supported in current central Government policy?
- 222 Does a policy framework exist that identifies PPP as an important tool for the development and delivery of infrastructure?
- 223 Do policy framework documents exist?
- 224 Is there a PPP Model Agreement, or PPP Standard Form of Contract?
- 225 Is PPP policy clearly distinct from privatisation policy?
- 226 Do current procurement procedures accommodate the employment of PPP?
- 227 Institutional Design - does policy clearly allocate authority and responsibility within Government agencies, including oversight?
- 228 Does current policy clearly set out a process for the identification, approval, procurement and implementation of a PPP or major infrastructure project?
- 229 Does current policy dictate transparency in programme and project selection?
- 2210 Are Government ministries encouraged to develop PPP programmes as part of their overall infrastructure investment plans?
- 2211 Does a current PPP pipeline of projects exist?
- 2212 If so, what is the total value, capex, of this programme?
- 2213 Does the current policy framework generate financially viable public proposals?
- 2214 Is project affordability rigorously tested before procurement starts?
- 2215 Has the Balance Sheet treatment of PPP projects been determined by policy makers?
- 2216 Does the policy support a free market, promoting competitive tension?
- 2217 Do stakeholders, including communities, currently have meaningful engagement in major project development?
- 2218 Is Government prepared to offer Viability Funding to support certain PPP developments of national importance?
- 2219 Does policy apply to local and municipal authorities?
- 2220 What factors do you think investors consider when assessing a PPP project?
- 2221 What do you think would be an investor’s top priority when assessing a project in Kyrgyzstan?

2.3 PPP Capacity – Public & Private

- 231 Is there a recognised PPP “Champion” within the Kyrgyz Government, at ministerial level?
- 232 Are the necessary PPP interaction processes well developed?

- 233 In your opinion, do Government agencies and state bodies currently have sufficient skills and understanding of PPP to successfully develop and deliver a national PPP programme?
- 234 Does the public sector possess any meaningful project, contract, legal, financial or commercial management acumen?
- 235 Are staff capable of routine operations in PPP development?
- 236 Do public agencies and authorities employ proper accounting practices when considering Value for Money and liabilities?
- 237 Do public agencies have asset management skills, e.g. the use of Asset Registers and Asset Backed Vehicles (ABVs) for development?
- 238 In which sectors do you believe public sector personnel to be strongest, and weakest?
- 239 Do public agencies have the requisite skills to conduct feasibility studies and risk apportionment studies, including PPPs?
- 2310 Do public agencies have the required skills to develop a rigorous project appraisal and PPP business case?
- 2311 Do public agencies possess the required methods and criteria for awarding PPP contracts?
- 2312 Do public agencies have sufficient skill to successfully engage the private sector in commercial and PPP negotiations?
- 2313 Do public agencies have contract management expertise? (Types?)
- 2314 Is professional training and documentation available to public agency personnel in order for them to improve their skills set?
- 2315 Do local Government agencies possess the same skills profiles as central Government?
- 2316 Are ministries encouraged to develop in-house PPP expertise rather than continually employ external consultants? If so, how is this achieved?
- 2317 Has central Government supported PPP development through the creation of specialist institutions and advisory units?
- 2318 What would you see as the benefit of a specialist PPP unit?
- 2319 Does the Ministry of Finance have sufficient PPP expertise?
- 2320 Does Kyrgyzstan have a national PPP Centre of Excellence (CoE)?
- 2321 If so, is its interaction with other Government bodies clearly set out and understood within Government?
- 2322 How many FTEs does the CoE have and is it sufficiently resourced?
- 2323 What sectoral experience do its personnel have?
- 2324 Does the CoE have a projects lawyer within it?
- 2325 Does it contain any ex-private sector personnel with commercial expertise?
- 2326 Is the CoE's role clearly set out in public policy and regulations?
- 2327 Does the CoE have access to PPP international best practice and advice?
- 2328 Do other Government agencies meaningfully interact with the CoE?
- 2329 Is there any intention to establish sector-specific PPP units?
- 2330 In your opinion, does sufficient capacity exist in the Kyrgyz private sector to help deliver a large scale, multi-sectoral, National Infrastructure Plan?
- 2331 How many large scale construction companies exist in Kyrgyzstan?
- 2332 What was their annual turnover for the last financial year?
- 2333 How many staff do they currently have?
- 2334 What sectors have they experience of?
- 2335 Do these companies have any management experience of PPP projects?
- 2336 Does sufficient skilled labour exist locally, or would labour immigration be required?

- 2337 Does the local banking sector have sufficient lending capacity to satisfy the debt requirements for such a programme?
- 2338 Does the local financial sector have sufficient expertise to structure complex PPP transactions?
- 2339 How many large Facilities Management (FM) companies exist in Kyrgyzstan?
- 2340 What sectoral experience do FM companies have?
- 2341 Are there private sector transportation or water operators in Kyrgyzstan? (List)
- 2342 Is the local professional advisory market experienced in project development and deal transaction? (financial, legal, design, technical, insurance, technology)
- 2343 Have any of these local companies partnered with, or been sub-contracted by, foreign companies, on past projects?
- 2344 Do any of the local companies, banks and firms have access to knowledge exchange with international PPP experienced companies?
- 2345 Do any of these local companies have offices outside Kyrgyzstan?
- 2346 Do any of these companies have any PPP experience from abroad?
- 2347 Please list the names of the major utilities in Kyrgyzstan
- 2348 Are these publicly or privately owned?
- 2349 Are these monopolies or does competition exist?
- 2350 What were their respective turnovers in the previous financial year?
- 2351 Are there any energy capacity constraints that would impact negatively on PPP development?

2.4 Project Identification, Selection and Procurement

- 241 Are all public infrastructure programmes identified, appraised, prioritised and approved using Multi Criterion Analysis (MCA)? If not, then how?
- 242 Are all major public infrastructure projects identified, appraised and approved using Cost Benefit Analysis (CBA)? If not, then how?
- 243 How is the National Infrastructure Plan developed?
- 244 Which bodies are involved in project identification?
- 245 How is project identification linked to public budget allocation?
- 246 Who is the senior public person responsible, the “Accounting Officer” for a major project?
- 247 What role does the Ministry of Finance play?
- 248 Are projects ever “bundled” together in order that they can be delivered in a faster and more economic way?
- 249 How is the procurement path, (PPP or traditional), decided upon?
- 2410 Are PPP projects ever promoted simply to ensure that they do not appear on the public Balance Sheet?
- 2411 Is the PPP process, from inception to appraisal, approval, procurement, delivery, operation and end; set out in transparent and well articulated stages?
- 2412 Are there key milestones clearly shown in each of the PPP stages?
- 2413 Do these stages include appropriate external oversight and peer QA reviews?
- 2414 Are Environmental and Social Impact Assessments (ESIA) carried out for each major public infrastructure project?
- 2415 Is optimism bias (OB) calculated for each major public infrastructure project?
- 2416 Is project affordability stress-tested within each major public infrastructure project?
- 2417 How is Value for Money determined?
- 2418 How is risk analysis carried out?

- 2419 How is legal analysis carried out?
- 2420 Are comprehensive Business Case approvals processes, with accurate budgets, in place for PPP projects? If so, please provide details.
- 2421 Who has lead responsibility for speedy approval of each Business Case?
- 2422 Upon PPP project outline approval, is project funding ring fenced within the appropriate Government budget?
- 2423 Are public officials required to declare any conflicts of interest? How?
- 2424 Are local authorities encouraged to participate in the procurement process?
- 2425 What procurement procedure is used, or intended to be used for PPP procurements?
- 2426 Does this reflect the complexity of PPP projects?
- 2427 Does the construction sub-contractor within a PPP procurement; receive appropriate incentives to deliver on time and to budget?
- 2428 Is the construction sub-contractor liable for defects in the works, for a defined period of time?
- 2429 Do procurement regulations for PPP projects unfairly favour certain bidders over others?
- 2430 Is soft market testing carried out before procurement is commenced for each major project to demonstrate that the project is “bankable” and that sufficient bidder appetite exists, in order to avoid failed and costly procurements?
- 2431 Are bidders given sufficient tendering information, including timescales, in a timely way, to permit them to respond to the best of their ability?
- 2432 Are procurement and scoring / evaluation methodologies clearly set out for the bidders from the beginning?
- 2433 Is the project scope / output specification clearly set out from the beginning of procurement?
- 2434 How is a request for advanced works managed in the procurement?
- 2435 Is the payment mechanism clearly set out from the beginning of procurement?
- 2436 How is refinancing treated within public procurement of PPPs?
- 2437 How is gain / pain share treated within public procurement of PPPs?
- 2438 Are the project management and contract management arrangements clearly set out from the beginning of procurement?
- 2439 Is the concept of Most Economically Advantageous Tender (MEAT) applied in the scoring and awarding of all public contracts?
- 2440 At announcement of Preferred Bidder (PB), is a “Standstill” period applied, to allow unsuccessful bidders leave to appeal?
- 2441 Are there fair and transparent mechanisms in place at PB stage to resolve any challenges from unsuccessful bidders?
- 2442 Between PB and Financial Close (FC), which Government agency will lead negotiations for the public sector?
- 2443 Is the public sector held accountable for its decisions? How?
- 2444 Is the public sector Contract Manager part of the public sector team from the beginning of the procurement?

2.5 Post Award; Delivery, Operations and Performance Management

- 251 In Kyrgyzstan, do you believe that PPP and other major public contracts are properly implemented and effectively monitored by the public sector agencies?
- 252 On contract award, which agency takes lead responsibility for contract management during the delivery and operational phases?

- 253 Is the PPP CoE / Ministry of Finance involved in project implementation, post award?
- 254 Are the public sector contract management costs clearly set out in the Full Business Case, for approval by central Government just before Financial Close and contract award?
- 255 Is a clearly defined Output Specification developed and made available to bidders as part of the bidding process?
- 256 Have Performance Management Systems (PMS) been developed in Kyrgyzstan, for the operational phase of PPP projects?
- 257 Is a relevant PMS reflected in the Project Agreement (PA) and in the Contract Management (CM) documentation?
- 258 What are the key metrics / Key Performance Indicators (KPIs) used to manage performance of a PPP, or other large public contract?
- 259 What penalties / deductions are applied for non-performance by the private sector partner / supplier?
- 2510 How are variations and claims by the private sector partner normally managed in Kyrgyzstan?
- 2511 How are conflicts or disputes typically managed within CM arrangements for PPP, concessions or other major public contracts in Kyrgyzstan?
- 2512 Would you say disputes are settled fairly and speedily?
- 2513 How is “Force Majeure” provided for in Kyrgyz PPPs or major public contracts?
- 2514 How is “change in law” provided for in PPP or other major public contracts?
- 2515 Does a mechanism exist for sharing the risk of “change in law” events?
- 2516 Has international arbitration ever been employed for such disputes?
- 2517 Have any major public contracts ever been terminated? If so, under what circumstances?
- 2518 In your experience, are private sector partners / suppliers normally paid fully and promptly by Government in the case of major public contracts?

Annex III – List of consultative meetings

Bishkek, Kyrgyzstan, 10-14 September 2012

MONDAY, 10 SEPTEMBER 2012

09.30 – 10.30 Meeting with the representatives of the Ministry of Economy and Antimonopoly Policy

- **NURBEK MAKSUTOV**

11.00 – 12.00 Meeting with representatives of the Union of Bank of Kyrgyzstan

- **ANVAR ABDRAEV**, President of the Union of Banks of Kyrgyzstan

13.45 – 14.45 Meeting with representatives of the National Bank of the Kyrgyz Republic

- **ABDYGALY TEGIN SUERKUL**, Deputy Chairman
- **URUSTEMOV S.A.**, Head of the Economy Division

15.15-16.00 Meeting with representatives of “Kyrgyz Investment-Credit Bank” CJSC

- **KURMANBEKOV BAKYT**, Head of the Corporate and Banking Activity

16.30-17.15 Meeting with representatives of “RSK Bank” OJSC

TUESDAY, 11 SEPTEMBER 2012

09.30 – 10.30 Meeting with representatives of the Ministry of Finance

- **BAIGOONCHOKOV M.K.**, Deputy Minister
- **MURZAEV KUBAT**, Head of the Main Department on Management of State Investments and Technical Assistance

11.00 – 12.00 Meeting with representatives of the Ministry of Energy and Industry

- **KALIEV A**, Deputy Minister of Energy and Industry
- **OROZALIEV R.** Deputy Head

14.00 – 15.00 Meeting with representatives of Council on Development of Business and Investments under the Government of the Kyrgyz republic

- **TALAIKOV KOICHUMANOV**, Secretary of the Investment Council
- **RAFKAT HASANOV**, Expert on economic and financial issues of the Secretariat of the Investment Council
- **TOLKUN SHAKEEV**, Expert on legal issues of the of the Secretariat of the Investment Council
- **ASKAT SEITBEKOV**, Expert on economic and financial issues of the Secretariat of the Investment Council

15.30-16.30 Meeting with representatives of the State Agency on Environment Protection and Forestry under the Government of the Kyrgyz Republic

- **SABIR ATADJANOV**, Director of the State Agency
- **ABDYMITAL CHYNGOJOEV**, Deputy Director, State Agency
- **ABDYKALYK RUSTAMOV**, Deputy Director, State Agency

17.00-18.00 Meeting with representatives of the Chamber of Commerce and Industry of the Kyrgyz Republic

- **NURBEK ELEBAEV**, Chairman of the Committee on PPPs of the Chamber

WEDNESDAY, 12 SEPTEMBER 2012

09.00 – 10.00 Meeting with representatives of the Ministry of Transport and Communications

- **DYIKANOV M.D.**, State Secretary
- **ALYPSATAROV M. J.** Head of the Department on Auto roads
- **ASANKULOVA M. S.** Head of the Department on Strategic Development and Investments
- **NIYAZBEKOVA T. K.** Head of the Department on External Relations

10.30-11.30 Meeting with representatives of the State Agency on Construction and Regional Development under the Government of the Kyrgyz Republic

- **KANYBEK NARBAEV**, Director of the State Agency
- **MUSABEKOV A. O.** Deputy Director
- **KENESHOV**, Head of the Department on Urban and Territorial Development
- **USUBALIEV A. U.** Director of Department on State Expertise
- **IMANBEKOV S. T.** Director on Seismological Construction

12.00 – 13.00 Meeting with representatives of the Bishkek Mayor's Office

- **MURAT ISMAILOV**, First Vice-Mayor
- Department of Social Development
- Department of municipal property, architecture, construction, development and reconstruction of the city

14.30 – 15.30 Meeting with representatives of the Ministry of Health

- **BOLOT ELEBESOV**, Deputy Minister
- **ESHHODJAEVA A. S.** Head of the Department on Treatment and Prophylactic Aid and Licensing
- **DJAKYPOVA R. S.** – Chief Expert of the Department on Treatment and Prophylactic Aid and Licensing
- **SYDYGALIEVA B. O.** Expert on strategic planning

16.00 – 17.00 Meeting with representatives of the Association of Constructions of the Kyrgyz Republic

THURSDAY, 13 SEPTEMBER 2012

09.30 – 10.30 Meeting with representatives of the Committee on Economic and Fiscal Policy of Jogorku Kenesh (Parliament) of the Kyrgyz Republic

- **ALTYNBEK SULAIMANOV**, Chairman of the Committee
- **ZAMIR BEKBOEV**, Deputy chairman of the Committee

11.00 – 12.00 Meeting with representatives of the Ministry of Education and Science

- **BOLOT ELEBESOV**, Deputy Minister

15.00 – 16.00 Meeting with representatives of the State Service on Execution of Punishment under the Government of the Kyrgyz Republic

- **ALIK MAMYRKULOV**, Chairman
- **KENENBAEV K.CH.**, Deputy Chairman

16.30 – 17.30 Meeting with representatives of the Association of entrepreneurs of Kyrgyzstan

- **CHYNGYZ MAKESHOV**, Head of the Association

FRIDAY, 14 SEPTEMBER 2012

09.30 – 10.30 Meeting with representatives from Asian Development Bank (ADB)

- **MIRDIN ESHENALIEV**, Senior Project Officer

11.00 – 12.00 Meeting with EBRD

- **MANASTYRLI L.** Head of the Local Office

13.00 – 14.00 Meeting with representatives of the UNDP in Kyrgyzstan

- **SALTANAT DOSPAEVA**, Operations Manager

16.00 – 17.00 Meeting with representatives from the Council “Federation of Employers of Industry” Guild of Directors

- **USEN KYDYRALIEV**, Deputy Chairman