“Kazakhstan Public-Private Partnership Center”, JSC

Public Private Partnership in Kazakhstan
Kazakhstan PPP Center

• Kazakhstan PPP Center (KPPPC) was founded in accordance with the Concession Law of the Republic of Kazakhstan and resolution of the Government on “Setting up a Specialized Organization on Concessions” from 17 July, 2008, № 693

• KPPPC was created in the form of a 100% state-owned joint-stock company

• The sole shareholder is the Government of the Republic of Kazakhstan represented by the Ministry of Economy and Budget Planning
Goal and Objectives of KPPPC

Goal:
- methodological and methodical support to implementation of concession projects

Objectives:
- to provide high-quality evaluation and economic appraisal of concession projects and public investment projects
- to develop recommendations for the authorized state body and interested state bodies on improving institutional system of PPP
Main activities*

1. Economic appraisal of concession projects at each stage of their preparation:
   ✓ Proposals
   ✓ Feasibility studies
   ✓ Bidding documentation
   ✓ Bids submitted by potential concessionaires
   ✓ Concession agreements

2. Economic appraisal and monitoring of public investment projects

3. Development of institutional system:
   ✓ Developing recommendations for state bodies on improving legal and methodological basis for PPPs
   ✓ Organizing seminars, trainings, round tables, conferences and other PPP events
   ✓ Participation in performance evaluation of concession projects

* According to the Charter of the Kazakhstan PPP Center
PPP development stages in Kazakhstan

**Stage 1: Preparation**
- Development of Government policy in the field of PPP
- Analysis of legislation
- Identification of pilot projects
- Development of key legal acts on PPPs
- Analysis of prerequisites for applying PPPs

**Stage 2: Implementation**
- Legislation development
- Setting up a specialized organization in the field of PPP
  - Development of methodological guidelines
  - Improvement of PPP realization models
  - Expanding PPP spheres
  - Seeking new sources of project financing

**Stage 3: Improvement**
- Creation of an integral PPP system
- Elimination of legislation barriers
  - Development of risk-management system
  - Development of project financing system
  - Civil servants with high PPP qualification

Legend:
- Completed
- In realization
- In future realization
Milestones of PPP development in Kazakhstan


- December 28, 2005 – signing the concession agreement on “Construction of Interregional Electric Grid Line “North Kazakhstan – Aktobe oblast”

- July 7, 2006 – adoption of the Law on Concessions


- July 5, 2008 – amending the Law on Concessions and other legislative acts

- July 17, 2008 – adoption of the resolution of the Government on setting up the Kazakhstan Public-Private Partnership Center (PPP Center) in the form of joint-stock company

- August 12, 2008 – legal registration of the Kazakhstan Public-Private Partnership Center
Procedures of selecting and granting concessions (1)

Procedures of I and II stages:
preparation and selection of proposals, forming the List

- Line ministries and local authorities
  - Proposals on concession objects
    - Appraisal of proposals
      - List of proposals for preparing feasibility studies
        - Preparation of FS for potential concession object
          - Independent experts invited by line ministries or local authorities
            - PPP Center
              - Appraisal of feasibility studies
                - List of Concession Objects
                  - Approved by the Government

- PPP Center
  - Approved by the Government

15 working days

> 6 months

45 working days
Procedures of selecting and granting concessions (2)

Procedures of III and IV stages:
bidding process, selecting concessionaire and concluding concession agreement

- Preparing bidding documentation
- Bidding documentation appraisal
- Selecting the preferred bid, holding negotiations
- Concluding concession agreement
- Project Performance Evaluation
- Concession agreement appraisal
- Selecting the preferred bid, holding negotiations

Tender organizer (Line ministries and local authorities)
PPP Center
Concedent and preferred bid
Concession agreement appraisal
PPP Center
Concession commission

10 working days
> 60 calendar days
45 working days

Line ministries and local authorities
PPP Center
PPP Center
PPP Center
PPP Center
PPP Center
PPP Center

On an ongoing basis
90 calendar days after winner selection
15 working days

10 working days
> 60 calendar days
45 working days

PPP Center, state bodies
Concedent and preferred bid
PPP Center
## Concession agreements signed before the adoption of the Law “On Concessions”

<table>
<thead>
<tr>
<th>№</th>
<th>Project Name</th>
<th>Concedent</th>
<th>Information about the project</th>
</tr>
</thead>
</table>
| 1  | Construction and operation of new Shar Station – Ust-Kamenogorsk railway      | Ministry of Transport and Communications             | Cost of construction – 24 300 mln.tg. ($161.1 mln*).  
Term of concession: 2005-2028  
Railway is in test regime  
Length – 151 km |
| 2  | Construction of North Kazakhstan – Aktobe oblast interregional electric grid line | Ministry of Energy and Mineral Resources             | Cost of construction – 18 467.3 mln.tg. ($122.5 mln*)  
Term of concession: 2005-2022  
Power line was put into temporary operation  
Length – 480.66 km  
Capacity – 500 MW |

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
## Concession agreements signed after the adoption of the Law “On Concessions”

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| 1  | Construction of Yeraliyevo-Kuryk railway | Ministry of Transport and Communications | Concession agreement signed with LLP “Astana- AREK”, December 14, 2007  
Cost of construction – 7 568 mln.tg. ($50,1 mln*).  
Term of concession: 2008-2030  
Length – 14,41 km |
| 2  | Construction of Korgas-Zhetygen railway | Ministry of Transport and Communications | Concession agreement signed with «ENRC Logistics», April 18, 2008  
Cost of construction – 93 047,3 mln.tg. ($617 mln*).  
Term of concession: 2008-2036  
Length – 298,4 km |
| 3  | Electrification of Makat-Kandygash railway | Ministry of Transport and Communications | Concession agreement signed with «Nurzhol Energy», December 14, 2007  
Cost of construction – 35 700 mln.tg. ($236,8 mln*).  
Term of concession: 2008-2030  
Length – 392,4 km |
| 4  | Construction and operation of Gas turbine power plant in the Kandyagash city in Aktobe oblast | Ministry of Energy and Mineral Resources | Concession agreement signed with «Kandyagashskaja GTES-100», April 7, 2008  
Total value – 22 000 mln.tg. ($145,8 mln*).  
Term of concession: 2008-2028  
Capacity – 127 MW |
| 5  | Construction and operation of Passenger terminal of international airport in Aktau city | Akimat of Mangystau oblast | Concession agreement signed with «ATM Grup Uluslararasi Havalimani Yapim Yatirim ve Isletme Ltd.Sti.», December 10, 2007  
Total value – $31 mln (under the concession agreement)  
Construction of passenger terminal completed  
Term of concession: 2007-2037  
Capacity – 500 passengers per hour |

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
Concession projects, which the Ministry of Transport and Communications invited to tender on

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<th>№</th>
<th>Project Name</th>
<th>Project capacity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Reconstruction of Almaty-Horgos highway</td>
<td>301 km, 4-lane highway of category I</td>
</tr>
<tr>
<td>2</td>
<td>Reconstruction of Almaty-Kapchagay highway</td>
<td>104 km, 4 and 6-lane highway of category I</td>
</tr>
<tr>
<td>3</td>
<td>Construction of Big Almaty Ringroad</td>
<td>69,85 km, 4 and 6-lane highway of category I</td>
</tr>
<tr>
<td>4</td>
<td>Reconstruction of Astana-Karagandy highway</td>
<td>238 km, 4-lane highway of category I</td>
</tr>
</tbody>
</table>
Reconstruction of Almaty-Horgos highway

Length – 301 km,
Cost of reconstruction – KZT 16169 B
(USD 1,12 B)
Reconstruction period – 3 years
Term of concession – 25 years

Government support measures:

Admissible compensation size of certain volume of concessionaire investment expenses in established terms of Concession Agreement (in nominal value) – 142,896 billion tenge;

Admissible size of state guarantee under infrastructure bonds – 47,632 billion tenge;

Admissible size of natural grant – is to be defined, depending on the quality of land in state ownership

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
Reconstruction of Almaty-Kapchagay highway

Length – 104 km,
Cost of reconstruction, including ITS – KZT 63,6 B (USD 0,4 B)
Reconstruction period – 3 years
Term of concession – 25 years

Government support measures:

Admissible compensation size of certain volume of concessionaire investment expenses in established terms of Concession Agreement (in nominal value) – 41,7 billion tenge;

Admissible size of state guarantee under infrastructure bonds – 13,9 billion tenge;

Admissible size of natural grant – is to be defined, depending on the quality of land in state ownership

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
**Construction of Big Almaty Ringroad**

Length – 69.85 km  
Cost of construction – KZT 87.5 B (USD 0.58 B)  
Reconstruction period – 3 years  
Term of concession – 30 years

**Government support measures:**

Admissible compensation size of certain volume of concessionaire investment expenses in established terms of Concession Agreement (in nominal value) – 58,416 billion tenge;

Admissible size of state guarantee under infrastructure bonds – 19,472 billion tenge;

Admissible size of natural grant – is to be defined, depending on the quality of land in state ownership

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
Reconstruction of Astana-Karagandy highway

Length – 238 км,
Cost of reconstruction – KZT139,7 B (USD 0,93 B)
Reconstruction period – 4 years
Term of concession – 30 years

Government support measures:

Admissible compensation size of certain volume of concessionaire investment expenses in established terms of Concession Agreement (in nominal value) – 91,14 billion tenge;

Admissible size of state guarantee under infrastructure bonds – 30,38 billion tenge;

Admissible size of natural grant – is to be defined, depending on the quality of land in state ownership

* - At the rate of the National Bank on 02.09.09: USD / KZT - 150.75
Cooperation and knowledge sharing

Kazakhstan PPP Center is open for cooperation with various organizations on PPP issues, including:

– PPP units
– International financial institutions
– Consulting companies and experts
– Others
Contacts:

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