



PUBLIC-PRIVATE PARTNERSHIP (PPP)

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES
law firm

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Industry Update

9 September 2014

Electronic fare collection system estimated to cost USD 2.4 ml.

The Kyrgyz Chamber of Commerce and Industry held its regular meeting to discuss public-private partnership, capital market and investment issues.

Other issues discussed at the meeting included the procedures of the recently established PPP Projects Preparation Financing Fund and the current status of the PPP project on electronic fare collection system for Bishkek public transport.

Nuradil Baidoletov, heading the Investment Policy and PPP Division of the Ministry of Economy of the Kyrgyz Republic, noted that the establishment of the Fund was proposed as a tool for promoting and facilitating the PPP projects implementation. "It is anticipated to spend \$2 ml. in 2014 and \$1 ml. in 2015-2016 from the state budgetary sources. The Fund will serve as the primary mechanism for preparing the PPP projects by providing financing on an interest-free and repayment basis to cover the cost of preparing the feasibility study for the PPP projects, making payments for transaction services and other related expenses", the official said.

The representative of the Development Agency of the Bishkek Mayor's Office, Gaukhar Ashirova, informed about the current status of the PPP project on electronic fare collection system for public transport. According to the official, the project will cost approximately USD 2.4 billion. "The main purpose of the project is to improve the quality of the transport services and the entire transport system of the city. The project is expected to increase safety of road traffic, transparency of passenger operations, and their integrability. It is also supposed to apply contactless payment for taxi fares, public parking

Legal Update

17 March 2014

Regulation governing PPP projects funded from PPP Projects Preparation Financing Fund

On March 17, 2014, the Government approved the Regulation governing the PPP projects funded from the PPP Projects Preparation Financing Fund (the Regulation). The Regulation defines the PPP projects funded from the PPP Projects Preparation Financing Fund (the Fund).

The selection of the PPP projects to be funded from the Fund is initiated by the public partner in the manner prescribed by the Regulation. Thereafter, the set of documents approved by the public partner will be sent for review to the PPP authority (the Ministry of Economy), which will make one of the following decisions:

- to return the project as being incomplete;
- to deny the project as not meeting the selection criteria for the PPP projects specified in the Regulation;
- to approve the project by issuing a respective order.

In case of approval of the PPP project, the PPP authority will initiate within a week period the review of the PPP project by the Fund's Supervisory Board for making the decision on its financing.

17 March 2014

Regulation governing PPP Fund

areas, etc. The feasibility study for the project is currently underway, the official reported.

<http://www.vb.kg/279874>

10 September 2014

Tender for Safe City project announced in Kyrgyzstan

According to the press service of the Kyrgyz Ministry of Interiors, the government announced a tender for the Safe City project to be implemented under the PPP initiative.

The first stage of the tender will continue from September 10 to October 2014. The bids will be unsealed on October 10, 2014 and this process will be aired via the State TV and Radio Channel. The exact time and place will be announced additionally.

The introduction of the Safe City system is one of the most significant and principal activities in reforming the law-enforcement bodies.

The purpose of the Safe City project is to establish an automated video surveillance, photo and video fixation, photo and video identification systems throughout the country (in Bishkek, Osh, Karakol, along the Bishkek-Karakol road). It is made up of hardware, software, video and analytical solutions aimed at ensuring the prompt responding by law-enforcement bodies to incidents and crimes committed in public places as well as their prompt detection.

<http://www.kabar.kg/rus/society/full/82308>

30 August 2014

Japan to grant USD 1 ml. for PPP development in Kyrgyzstan

Japan will grant US \$1 ml. for the development of PPP in Kyrgyzstan to be channeled through the ADB. This was reported by the ADB acting director Mart Khaltarpureva at the seminar on PPP held in Bishkek.

«The work on this project will start soon. Without implementing PPP, the economic growth may be slow to achieve. The involvement of the private sector may bring more benefits for the development of infrastructure and improvement of state asset management and may ensure transparency of public procurement. We cooperate with the Government of Kyrgyzstan in promoting PPP, including demonstration programmes, and provide information support», Mart Khaltarpureva noted.

<http://www.kginform.com/ru/news/20140830/>

On March 17, 2014, the Government approved the Regulation governing the PPP Projects Preparation Financing Fund (the Regulation). The Regulation defines the procedure for providing, using and accounting for resources making up the PPP Projects Preparation Financing Fund (the Fund). The Fund's accounts will be used to accumulate resources provided for supporting and funding the PPP projects in the Kyrgyz Republic.

The Regulation prescribes that the resources of the Fund be made up of the funds provided from the republican budgetary sources and the funds provided by the international and other organizations.

17 March 2014

Government Resolution governing PPP projects financing

On March 17, 2014, the Government issued the Resolution governing the PPP projects financing (the Resolution).

The Resolution approves the establishment of the PPP Fund and the adoption of the Regulation governing the Fund and the Regulation governing the PPP projects funded from the Fund's resources.

In addition, the Government of the Kyrgyz Republic instructed the Ministry of Finance of the Kyrgyz Republic to provide USD 2 million in 2014, USD 1 million in 2015 and USD 1 million in 2016 to the Fund from the state budgetary sources.

4 June 2014

Rules governing maintenance of PPP project registry

On June 4, 2014, the Government of the Kyrgyz Republic approved the Rules governing the maintenance of the public-private partnership projects registry (the Rules).

The Rules define the procedure for maintaining the PPP project registry which purpose is to keep complete, timely and accurate records of all PPP projects related information.

The PPP projects registry is maintained by the PPP authority (the Ministry of Economy of the Kyrgyz Republic). The access to the data contained in the registry is free of charge.

[20708.html](#)

23 May 2014

T. Sariev: Primary task of PPP in Kyrgyzstan is to promote socially significant projects

The primary task of the public-private partnership in Kyrgyzstan is to implement socially significant project. This was reported by the minister of economy Temir Sariev at the forum on Public-private partnership in infrastructure and services in the Kyrgyz Republic: from policy to projects.

«The implementation of PPP in Kyrgyzstan has several primary goals among which are the implementation of socially significant projects; attraction of private investment in the national economy; efficient use of state property; improvement of public infrastructure services; decrease of state expenses, the minister noted.

According to the minister, to achieve the PPP goals, it is necessary to solve a number of tasks, in particular, to create conditions for efficient cooperation between the public and private sectors, efficient management of state property by attracting non-budgetary funds from the private sector. It is also necessary to ensure the efficient management and control over the process of preparing and implementing the PPP-based projects, establishing approaches to the identification of efficiency of the project implementation through the quality of the public services.

<http://www.kabar.kg/rus/society/full/55711>

28 April 2014

Parliamentarians propose changes to PPP Act

Parliamentarians propose changes to the PPP Act. Thus, MP Kojobek Ryspaev (Ar-Namys) proposes changes allowing to apply public-private partnership to mineral resources projects.

Under the current act, PPP does not apply to the projects involving mineral resources, public and privatization.

As the MP noted, there are more than 2,300 minor deposits of gold, which could be mined by small businesses on PPP basis.

<http://www.knews.kg/politics/48901/>

27 March 2014

PPP Projects Preparation Fund to receive \$4 million

The Government signed the Resolution providing for the financing of the PPP project preparation.

The Resolution prescribes that the PPP Projects Preparation Financing Fund is established as the financial tool for ensuring the high quality preparation of the PPP projects.

It is noted that the Ministry of Finance is instructed under the Republican Budget for 2014 and Forecast for 2015-2016 Act to provide the Fund with \$2 ml. in 2014, and \$1 ml. in each of 2015 and 2016.

http://www.vb.kg/doc/266956_fond_podgotovki_proektov_gchp_polychit_4_milliona.html

14 March 2014

Ar-Namys Parliamentary Faction Leader proposes to ease access to PPP projects

Felix Kulov, leader of Ar-Namys Parliamentary Faction, proposes to ease access to the PPP projects.

Felix Kulov proposed to allow investors to apply for PPP projects without requiring them to make a pre-feasibility study.

«The PPP Act is not working because the government requires investors to submit the feasibility study at the initial stage. The private company applies to the government for a certain project. What does the government say? It requires the company to make a pre-feasibility study and to submit it along with the documents evidencing the expenses incurred, substantiating the choice of PPP for this project, evaluating the environmental impact of this project, etc. After this, the government reviews the documents and, if accepts the project, announces the tender. The initiating company participates in the tender under similar terms and conditions as the others. Hence, one company spends money for preparing the feasibility study and other documents, while the other companies use them. This is nonsense, therefore the act is not working, Felix Kulov said.

He also proposed changes to the act allowing a private company to participate in the PPP project without preparing a feasibility study, but requiring it to prepare substantiation, approximate amount of expenses, environmental impact assessment.

<http://www.24kg.org/parlament/174339-lider-parlamentskoj-fraccii-laquoar-namysraquo.html>

30 January 2014

PPP development issues discussed in Osh

On January 29, 2014, the roundtable on the development of public-private partnership in the Kyrgyz Republic and further development of interaction between civil society and authorities was held in Osh.

The event was held by Anticorruption Research Center with support from NISS KR.

According to Osh City Mayor, Aitmamat Kadyrbaev, the Mayor's Office is ready to cooperate and upholds the public-private partnership initiative. The government is unable to independently secure the proper functioning of PPP and needs assistance from the private business sector. The alliance between government and business could be the key to solving the social tasks facing the country, the official said.

<http://www.vb.kg/259998>



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www.akipress.kg, www.24.kg, www.parus.kg, www.kyrgyz-el.kg

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