

PPP in KAZAKHSTAN

Country View: 2015-2025



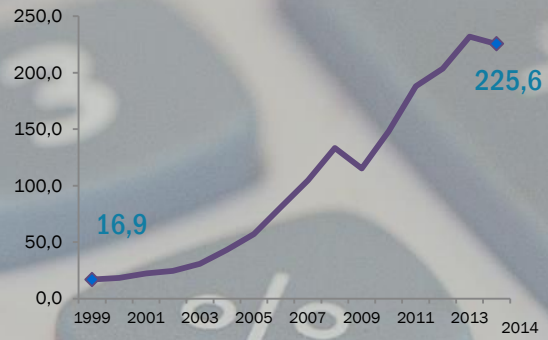


OUTLINE

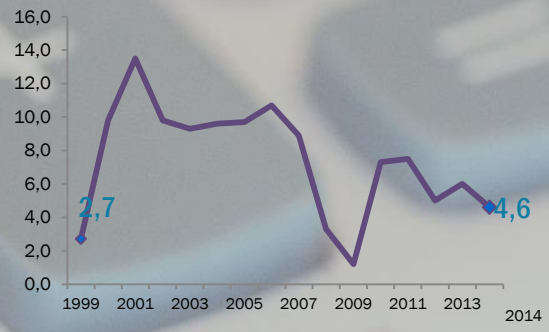
1. Investment Opportunities. Infrastructure Potentials & Needs
2. PPP Institutional and Legal Framework of PPP
3. About Kazakhstan PPP Center
4. Completed PPP Projects
5. Current/Ongoing PPP Projects
6. Future Infrastructure Projects
via Conventional Model
via PPP Model

INVESTMENT OPPORTUNITIES

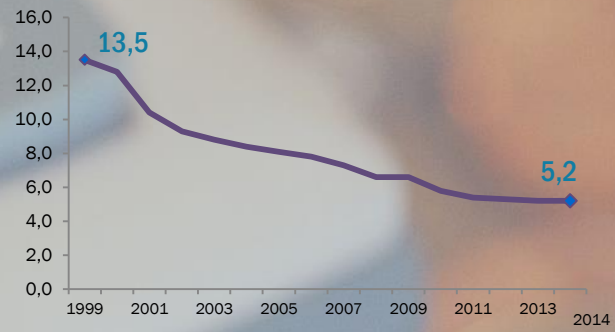
GDP (bln.USD)



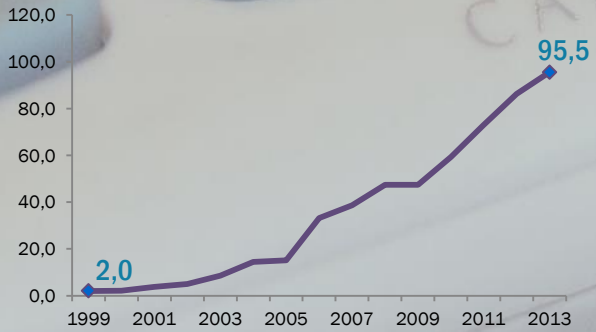
GDP growth (%)



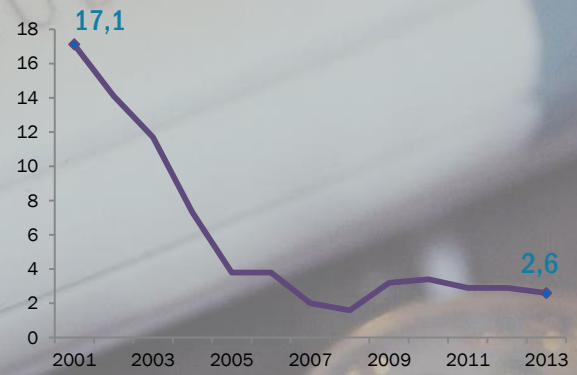
Unemployment rate (%)



Gross International Reserves and Assets of the National Fund of RK (bln.USD)



Government External Debt to GDP (%)



Source: KazNex Invest, National Bank of the RK, Committee on Statistics of the Ministry of National Economy of the RK, IMF

According to the macroeconomic indicators Kazakhstan shows stable economic growth during the last 15 years

INVESTMENT OPPORTUNITIES

The legislation of Kazakhstan provides with various Government support mechanism for investors, such as:

INVESTMENT PREFERENCES

Tax benefits:

- CIT – 0 % 10 years
- Land tax – 0% 10 years
- Property tax – 0% 8 years

Investment reimbursement:

Up to 30% of construction and installation works and equipment

CONCESSION PREFERENCES

- compensation of investment costs (up to 100%)
- guarantee of minimum profitability
- subsidization of operational activities
- provision of territory and infrastructure
- guaranteed off-take contracts

The "one window" principle for the investor and service support for investment

Assistance in obtaining the required approvals and permits

Provision of services to foreign investors and representatives of Kazakhstan business

Information, consulting, organizational and other assistance to the investor

Support for investment project till the start of the production

For PPP Investors the “one window” principle can be provided by Kazakhstan PPP Center

INVESTMENT POTENTIALS & NEEDS

"NURLY ZHOL" – INFRASTRUCTURE DEVELOPMENT PLAN



Highways:
\$1.1 billion



Railways:
\$169 million



Airports:
\$169 million



Industrial
infrastructure:
\$250 million

Investments from
the National Fund

\$5.1 billion

Investments
required

about \$3.6 billion



Exploration
infrastructure:
\$22 million



Export promotion:
\$182 million



Infrastructure of Quality:
\$18 million



LEGAL FRAMEWORK

The Law “On Concessions” (*since 2006*)

The Law “On Public-Private Partnership” (*since 2015*)

Expanding PPP

- all sectors of economy
- wide range of potential participants
- corporate management in PPP projects
- domination of PPP agreement

For Partners

- private financial initiative
- simplifying of PPP procedures
- competitive dialogue from idea to entering into agreement
- government support
- financial support
- international arbitration

For Lenders

- direct agreement
- step in right
- protection from sequestration
- hedging of currency risk
- termination payments

For All

- shareholders agreement
- providing services and advice by PPP center
- political will
- no bureaucracy



INSTITUTIONAL FRAMEWORK

SECTORS

- before: main
EDUCATION
HEALTHCARE
TRANSPORT
ENERGY
UTILITIES

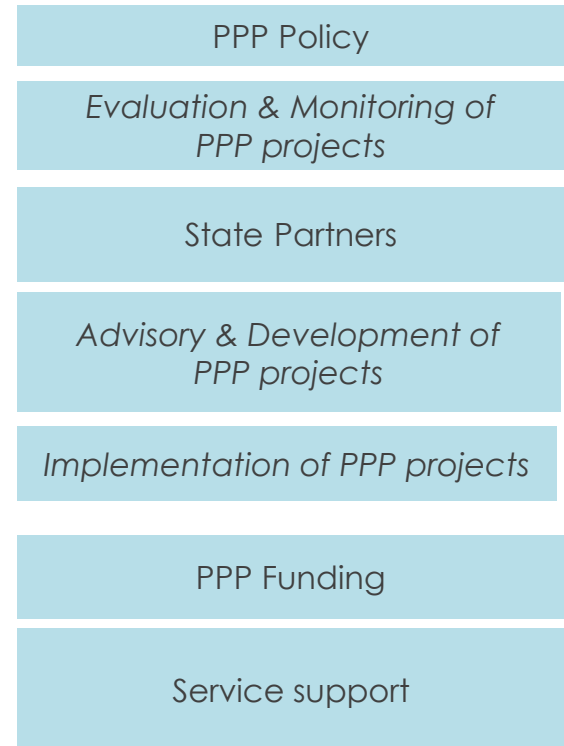
- now: no any restrictions
ALL sectors of national
economy

PARTICIPANTS

- before:
GOVERNMENT
Ministry of National Economy ↔
Kazakhstan PPP Center ↔
Sectoral Ministries }
LOCAL AUTHORITIES ↔
Local PPP Centers ↔

PRIVATE PARTNERS ↔

○ now
BANKS & FUNDS ↔
NATIONAL COMPANIES }
INDUSTRIAL OPERATORS ↔



ABOUT KAZAKHSTAN PPP CENTER

Established in July 17, 2008

Sole shareholder is Ministry of National Economy of the Republic of Kazakhstan



Leading Infrastructure Think-Tank for the Government
Significant Experience and Knowledge in the Analysis of Concession and Budget Projects
Recognition from the IFC, EBRD, Legal Firms and other Investors

OUR SERVICES

Expertise & Valuation

Expertise and valuation of PPP and budget funded projects for the Government

Research & Analysis

Research on PPPs, legislation and project implementation issues

Methodology & Consulting

Methodological and consulting assistance for the projects

ONGOING PPP (CONCESSIONS) PROJECTS (1)

«NORTH KAZAKHSTAN- AKTOBE REGION» Power Transmission Line



| | |
|----------------------------|---------------------------------|
| Lenth of Line | 487 km |
| Concessionaire | Batys-Tranzit, JSC (Kazakhstan) |
| Cost of Project | \$190 mln |
| Designing period | 2 years (2005-2006) |
| Construction period | 2 years (2007-2008) |
| Operation period | 14 years (2009-2022) |
| Status | Operation |

ONGOING PPP (CONCESSIONS) PROJECTS (2)

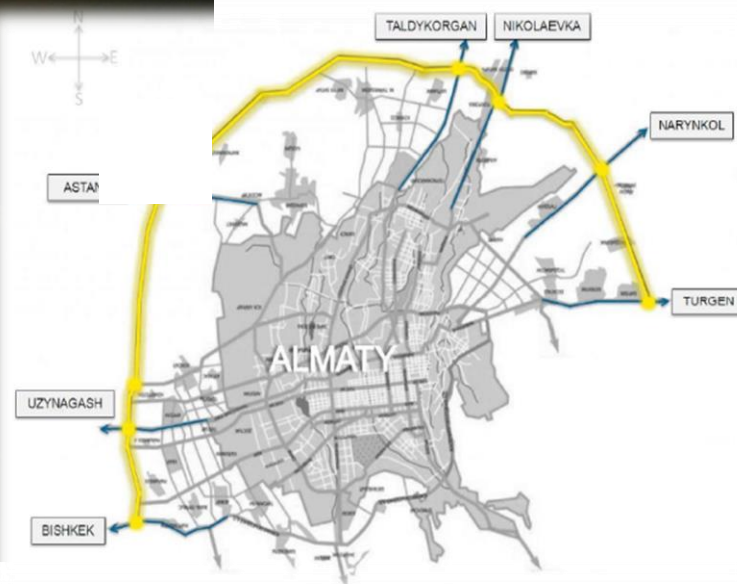
Passenger Terminal of the AKTAU International Airport



| | |
|----------------------------|-----------------------------------------------------------------------------|
| Capacity | 500 passengers/hour |
| Concessionaire | ATM Grup Uluslararası Havalimanı Yapım Yatırım ve İşletme LTD.Sti. (Turkey) |
| Cost of Project | \$ 31 mln |
| Construction period | 2 years (2008-2009) |
| Operation period | 28 years 11 months (2009-2037) |
| Status | Operation |

FUTURE PPP (CONCESSIONS) PROJECTS (1)

BAKAD (Almaty Ring Road)



| | |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Length | 66 km (4/6 lanes) |
| Cost of Project | est. \$ 446 mln |
| Construction period | 4.5 years |
| Operation period | 15.5 years |
| Remuneration | Availability Payments |
| Status | 1 st stage of the tender conducted in 15 th of April, 2015 5 of 9 bidders (consortia) were allowed to the 2 nd stage of the tender which is continuing now |

FUTURE PPP (CONCESSIONS) PROJECTS (2)

| | |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WATER SUPPLY | Desalination plant in Kenderli (Mangistau Region) (\$ 139.9 mln) |
| PENAL SYSTEM | The Correctional Facility (Prison) for 1500 Prisoners in South Kazakhstan (\$ 43,2 mln) |
| AIRPORTS | Construction of New Airport in Shymkent city (South Kazakhstan) (tbc) |
| HEALTHCARE | Multifunctional Hospitals with Patient Capacity 300 Beds in Aktau (\$ 55 mln) and Ust-Kamenogorsk cities (\$ 70 mln); Multifunctional Research Hospital at Asfendiyarov Kazakh National Medical University (Almaty city) (\$ 68,3 mln) |
| EDUCATION | Construction and Operation of the of Kindergartens in Ust-Kamenogorsk and Semey cities (East Kazakhstan) (\$ 28 mln) |
| TRANSPORT | Bypass Railway Line in Almaty (\$ 292 mln); Bridge Across Bukhtarma Reservoir (\$ 111 mln); LRT in Almaty (\$ 385.5 mln) |
| URBAN INFRASTRUCTURE, ENERGY AND OTHER FACILITIES | Parkings in Astana city (about \$ 17 mln); Street Lighting (tbc); Waste Management (tbc); Traditional and Renewable Energy (tbc) |



CURRENT TRENDS



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The National Plan “100 Concrete Steps”

STEP # 34

Modernization of prison infrastructure through PPPs

STEP # 59

Attracting strategic investors to the energy saving industry

STEP # 81

Development of private health care, corporate management for health facilities

LATEST TRENDS



President Nazarbayev has prohibited the use of financial resources from the National Fund for the construction of new facilities, as well as support, subsidizing poorly performing enterprises

19/10/2015



“...In Kazakhstan, half of the airports are required of reconstruction ... These projects will be implemented through PPP as a general policy of attracting investments for the reconstruction of the passenger terminals...”

Mr Beken Seidakhmetov, the Chairman of the Civil Aviation Committee

21/10/2015

Thank you!



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