Early Warning System

ADB-41544-087

Strengthening the Enabling Environment for Public-Private Partnerships

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	U
Voting Date	2014-07-21
Investment Amount (USD)	$ 1.00 million

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Project Description

DESCRIPTION

The government requested technical assistance (TA) during Asian Development Bank (ADB) Management visit to the Kyrgyz Republic in 2013. It stressed the need for continuing assistance for developing key elements of the enabling environment for public-private partnerships (PPPs) in infrastructure. ADB Management proposed additional TA with funding from its own resources and other donors. Reconnaissance and consultations were undertaken in May 2013 during the fact-finding mission for the Investment Climate Improvement Program (ICIP) Subprogram (SP) 3. Discussions were held with government agencies including the Ministry of Economy (MOE), the agency responsible for PPPs, the Ministry of Finance (MOF), key line ministries, City Development Administration (CDA) City of Bishkek, other key stakeholders and development partners. On 1 July 2013, the government expressed its concurrence with the ADB TA concept in the May 2013 mission Memorandum of Understanding, including the expected impact and outcome, implementation, cost, and financing arrangements.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The Kyrgyz Republic (KGZ) inherited substantial infrastructure assets and almost full coverage of the population with basic infrastructure services from the former Soviet Union. The government, directly or through state-owned enterprises, is responsible for financing and managing infrastructure, in addition to its policy and regulatory roles. Economic hardships and resulting budgetary deficits since independence have constrained the government's ability to maintain and rehabilitate existing assets and construct new ones. Inadequate and deteriorating infrastructure has become a binding constraint for private sector development and hence, economic growth. Significant investment and technical capacity to develop economic and social infrastructure, with an increased role for the private sector including through PPPs, is envisaged.

A PPP Law was approved by Parliament in February 2012. A dedicated PPP Unit (in MOE) and a PPP Risk Management Unit (in MOF) has been operationalized, and PPP focal points in key line ministries and the CDA have been appointed. Amendments to priority 10 laws and 3 codes have been enacted to ensure consistency with the PPP Law and further amendments have been suggested based on a review conducted with ADB support in October 2013. In January 2013, the government approved PPP tender procedures and established a tender commission. The government resolution establishing the Project Development Support Facility (PDSF) and ensuring budget support of $2 million in 2014, $1 million in 2015, and $1 million, was signed in March 2014. Draft PPP and Risk Management Policies have been developed but more comprehensive policies are being prepared. A PPP project screening methodology was developed under TA 7819-KGZ. As part of capacity building through learning-by-doing, MOE has been supported in the preparation of 6 position papers on 10 PPP project proposals. The pre-feasibility study (PFS) for 1 project has been completed and PFS' for 3 projects are being tendered.

Progress has been made but KGZ is in the very early stage of developing its PPP market. The PPP Law has been adopted but it has yet to be implemented and its robustness tested. There is no domestic experience with PPP projects and the learning gap remains substantive. Government capacity to prepare and implement PPPs is limited and understanding of PPPs among the domestic private sector is still very low.

The necessary next step is support for assimilating the initiatives so far into an overall cohesive framework for the country's PPP program and pilot demonstration projects. International experience has shown that key characteristics of successful PPP programs include: (i) a strong government agency with over-arching responsibility for the development and implementation of

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Investment Description

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Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

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Bank Documents

- Project Disclosure PDF [Original Source]
- Strengthening the Enabling Environment for Public-Private Partnerships [Original Source]

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Other Related Projects

- ADB-41544-089 Second Investment Climate Improvement Program (Subprogram 2)
- ADB-41544-091 Second Investment Climate Improvement Program (Subprogram 3)