



**MINISTRY OF FINANCE
OF THE KYRGYZ REPUBLIC**



The Kyrgyz Republic: Infrastructure Development Experience

Central Asian Countries The Real GDP

(%)

Countries	2009 actual	2010 actual	2011 expected	2012 forecast
Kazakhstan	1,2	7,3	6,5	5,6
Kyrgyzstan	2,9	-1,4	6,7	8,0
Tajikistan	3,9	6,5	6,0	6,0
Turkmenistan	6,1	9,2	9,9	7,2
Uzbekistan	8,1	8,5	7,1	7,0

Central Asian Countries Consumer Price Index

(%)

Countries	2009 actual	2010 actual	2011 expected	2012 forecast
Kazakhstan	7,4	8,0	9,5	7,5
Kyrgyzstan	6,8	19,2	13,1	9,0
Tajikistan	6,5	9,8	14,0	8,5
Turkmenistan	-2,7	4,8	7,5	7,0
Uzbekistan	14,1	12,1	12,7	11,0

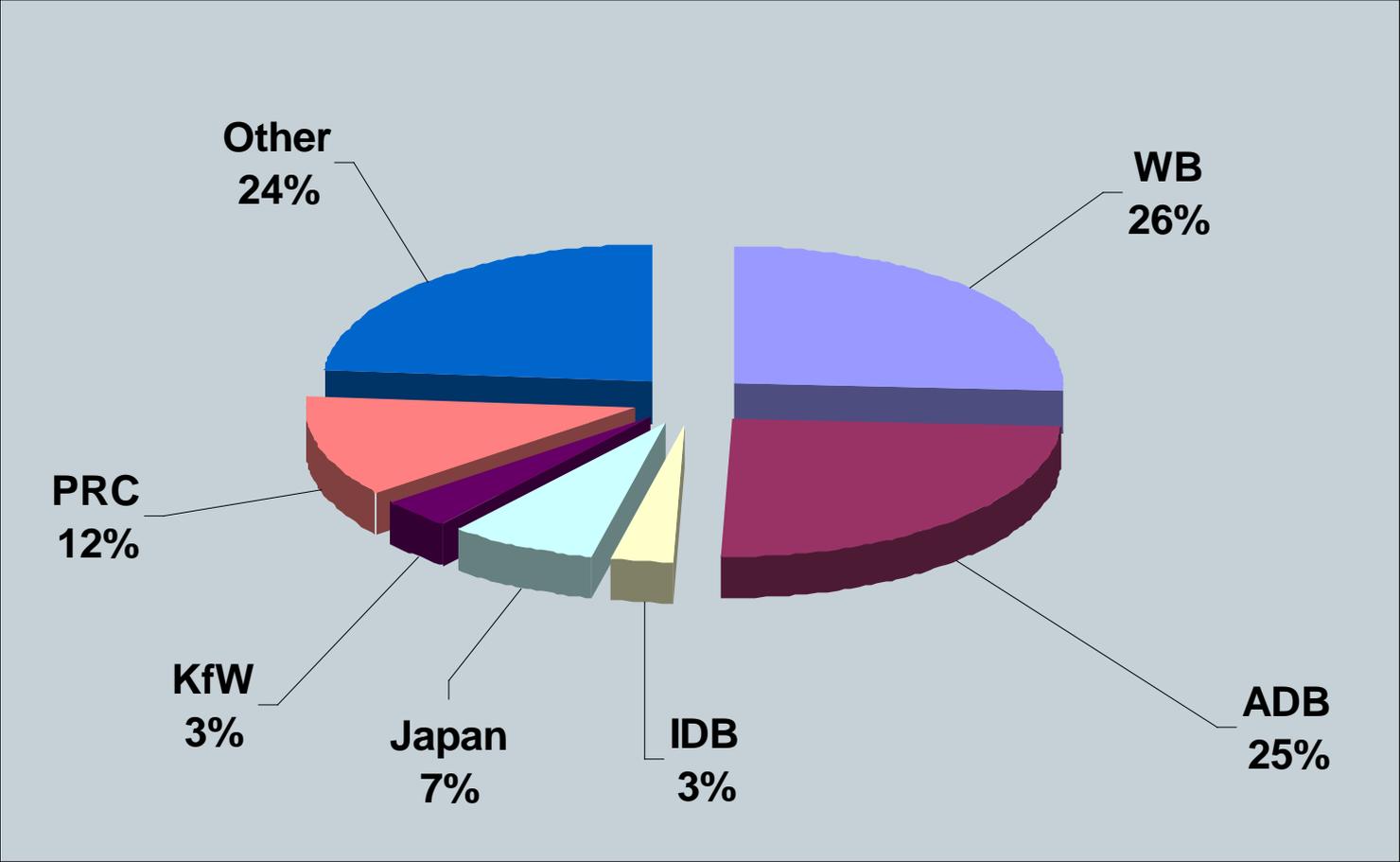
Financial Support Provided to the Kyrgyz Republic by International Financial Institutes (IFI) from 1992 to September

2011

(millions of US dollars)

IFI	Grant	Credit	Total
WB	285,8	793,9	1 079,7
ADB	255,3	786,2	1 041,5
IDB	0,2	126,9	127,1
Japan	66,1	235,0	301,1
KfW	60,4	85,0	145,4
PRC	2,2	506,6	508,8
Other	281,5	701,6	983,1
TOTAL			4 186,7

Financial Support Provided to the Kyrgyz Republic by Donors from 1992



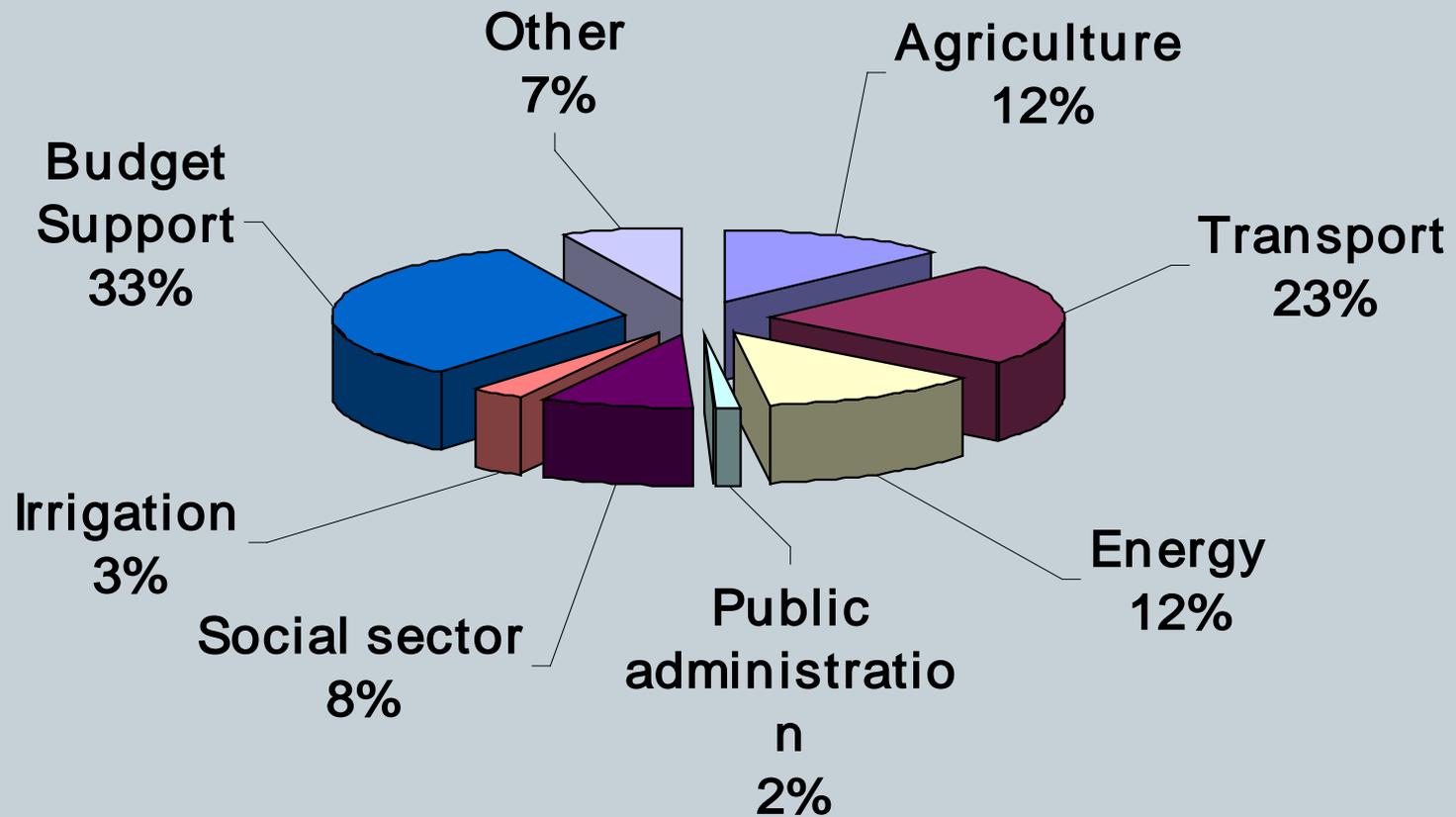
Financial Support Provided to the Kyrgyz Republic from 1992 to September 2011 by Sectors



Sectors	(millions of US dollars)
Agriculture	517,9
Transport	981,4
Energy	508,7
Public Administration	64,3
Social Sector	352,2
Irrigation	120,4
Budget Support	1 359,1
Other	282,7
TOTAL:	4 186,7

Financial Support Provided to the Kyrgyz Republic by Sectors

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Kyrgyz Republic: Development Factors

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Strength

- Natural resources
- Geographical location
- Skilled manpower
- Low labor costs
- Low land value and utilities cost
- Relatively low prices for land cargo transportation

Weaknesses

- Regional trade barriers
- Complex business environment
- **Poor infrastructure**

The Most Important Infrastructure Types

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- **Transportation infrastructure**
 - Transport corridors
 - Internal road network and rural roads
 - Logistic centers
- **Energy**
 - Power stations
 - Substations
 - Power line
- **Social infrastructure**
 - Schools
 - Medical institutions
- **Agricultural infrastructure**
 - Irrigation

Dynamic of Funding by Sector

billion USD

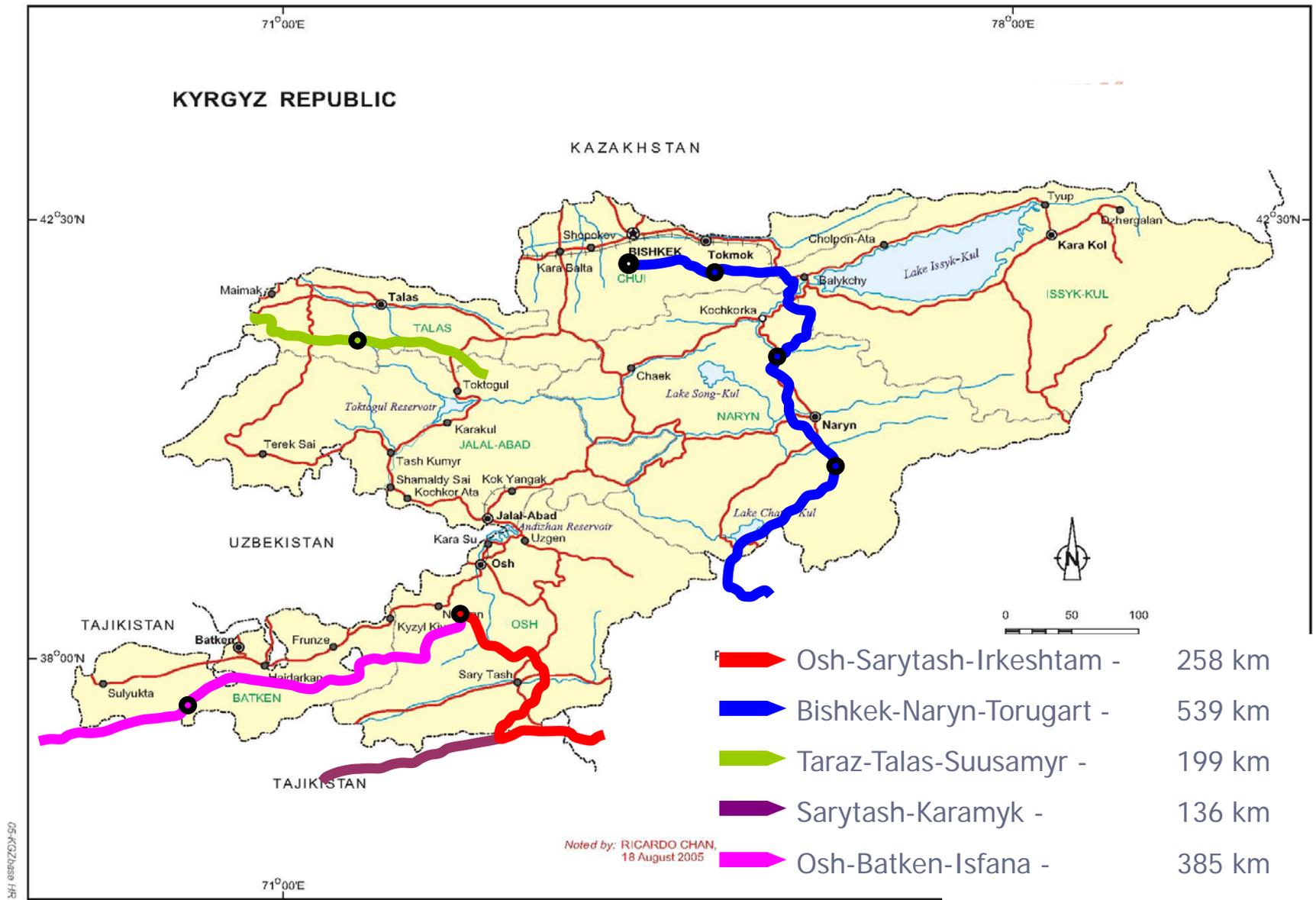
	2009 r.	% to GDP	2010 r.	% to GDP	Approved budget on 2011	% to GDP	Draft of the budget on 2012	% to GDP
GDP	4 536,3		4 553,2		5 113,8		6 484,7	
Transport								
Recurrent expenditures	37,2	0,8%	37,8	0,8%	27,7	0,5%	27,1	0,4%
Development budget	85,6	1,9%	152,5	3,3%	194,9	3,6%	104,5	1,4%
Energy sector								
Recurrent expenditures	25,3	0,6%	24,2	0,5%	15,4	0,3%	15,7	0,2%
Development budget	46,6	0,2%	14,7	0,1%	23,4	0,4%	115,7	1,7%
Social sector	479,5	10,6%	566,1	12,4%	753,6	14,7%	762,2	11,8%
Recurrent expenditures	454,1	10,0%	546,7	12,0%	717,0	14,0%	745,0	11,5%
Development budget	25,4	0,6%	19,4	0,4%	36,7	0,7%	17,2	0,3%
Agriculture infrastructure								
Recurrent expenditures	10,4	0,2%	7,0	0,2%	7,5	0,1%	7,1	0,1%
Development budget	24,8	0,5%	15,7	0,3%	53,7	0,1%	22,7	0,3%
Irrigation								
Recurrent expenditures	13,0	0,3%	13,8	0,3%	16,2	0,3%	14,5	0,2%
Development budget	14,1	0,2%	12,5	0,1%	17,6	0,2%	11,3	0,2%

Transportation Infrastructure

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Travel Corridors	Length (km.)	Amount of financing, millions of US dollars	Percentage of completion	Status / Completion date
Bishkek-Osh (the key national transport corridor and a part of transnational road network, linking Central Asian countries, People's Republic of China (PRC) and the Russian Federation)	672	230	100	Completed / 2007
Bishkek-Kordai (part of Almaty-Bishkek road)	16	7	100	Completed / 2007
Bishkek-Naryn-Torugart	539	390	8.2	Is being implemented / 2014
Taraz – Talas – Suusamyr	199	28.3	13	Is being implemented /2013
Osh – Sary-Tash – Irkeshtam (links Fergana valley with PRC markets)	258	158	46	Is being implemented / 2012
Osh – Isfana	385	15 millions of euro 60 millions of dollars	42 6	Is being implemented / 2012
Sary-Tash – Karamyk– Djergital (part of PRC road corridor– Kyrgyz Republic–Tajikistan)	142	48.6	40.6	Is being implemented / 2012

Rehabilitation of International Transport Corridors



Trunk Railway China-Kyrgyzstan-Uzbekistan

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Direct Effect

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Increase in average traffic intensity by 20% (of 1750 to 2100 vehicles per day by 2014)

Increase in freight traffic by 20% (of 1259,2 to 1511 mln. tons/km by 2014)

Increase in passenger traffic by 20% (of 6796,2 to 8155,4 mln. pass/km by 2014)

Increase in average speed/hour (of 50 km/hour to 70 km/h by 2014)

Decrease in tire spares wear, saving fuel, decrease in delivery speed of perishable goods (savings of 8 to 20%)

Energy

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Power stations

- ✦ Reconstruction of Bishkek TPP-1, with an increase in its capacity to 400 MW;
- ✦ Construction of Kambar-Ata HPP-1;
- ✦ Construction of Upper-Naryn series of HPP (4 HPP);
- ✦ Construction of thermal power station with a capacity of 600 (1200) MW in “Kara-Keche” coal deposit

Substations

- ✦ Implementation of the 500 kV “Datka” substation construction project

Power line

- ✦ Construction of 220 and 110 kV power line in the south of the KR;
- ✦ Construction of 110 kV “Aigultash-Samat” power line;
- ✦ Construction of 500 kV “Datka-Kemin” power line;
- ✦ Construction of 500 kV “Kemin-Almaty” HV line;
- ✦ Development of the 500 kV “Datka-Hudgent” HV line project

Energy: Effect

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- Provision of continuity of energy supply in all the regions of the country
- Provision of export capacity
- Independence and security of energy supply

PPP in Kyrgyzstan: Problems in Infrastructure Development

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- **Kyrgyzstan ranks 114 among 142 world economies on the “Infrastructure” indicator in Global Competitiveness Index for 2011-2012, as well as:**
 - Energy: on quality of power supply Kyrgyzstan ranks 113
 - Transportation infrastructure: on quality of roads – ranks 116, railway infrastructure – 61, aviainfrastructure – 136 place in the world
- **Problem solution: through private investments’ generation in infrastructure based on PPP**

Expected Outputs from PPP development in Kyrgyzstan

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- 1) Increase in financing to develop and maintain infrastructure of Kyrgyzstan required for the maintenance and satisfaction of needs of the country's growing population.
- 2) Rapid rehabilitation of the obsolescent infrastructure.
- 3) Expansion of infrastructure networks to cover previously unserved or poorly served areas.
- 4) Increase in public resources efficiency and performance
- 5) Decrease in public expenditures for public enterprises service and maintenance.
- 6) Decentralization of power: rearrangement of roles from state to private.

Challenges in Ensuring Public Administration Efficiency

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- **Lack of effective strategies for ministries' development:**
 - Line ministries are not capable of planning their activities and the budget;
 - Often times the post-project expenditures the burden of which is on state budget and municipalities are not taken into consideration;
- **Low performance efficiency of ministries (for example, as per data provided by the Ministry of Economic Regulations 24% of budget is executed for maintenance of the inefficient state)**
- **Corruption**
 - A possibility of hidden payments when conducting tenders
 - So called “commercial” energy losses

Ways of Ensuring Public Administration Efficiency

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- Availability of own development strategy ensuring synergetic development of all countries' sectors with performance indicators in each agency.
- Development of the national development program aimed at inclusive development and consolidating sector strategies
- PPP implementation:
 - Create a political and legal environment
 - Building state bodies' and private sector representatives' capacity in PPP.

Result-Oriented Budgeting – Effective Government Base



- The result-oriented budget is being actively implemented by the Kyrgyz Republic
- The MoF is building an effective and integrated budget planning and execution system, including the Medium-Term Fiscal Framework, Medium-Term Budget Framework and Medium-Term Expenditure Framework
- Methodologies for definition of non-financial ministries/sectors performance indicators are being developed

**THANK YOU FOR
ATTENTION!**