

# Infrastructure Financing in Kyrgyzstan and Kazakhstan

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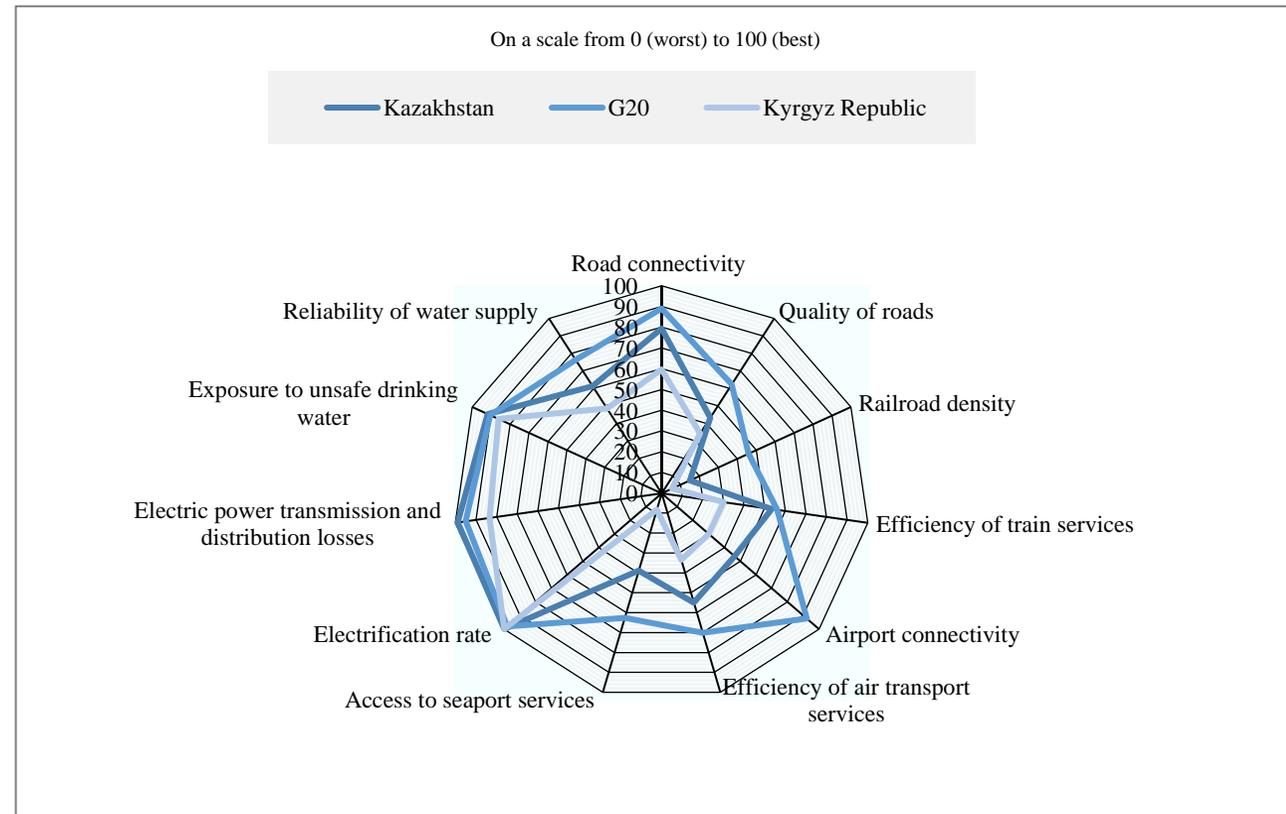
Key findings and recommendations

Jannat Salimova-Tekay

# Kyrgyzstan: Current State

- Infrastructure needs are among the highest in the Asia-Pacific region.
- **Additional annual investment needs would amount to 19% of GDP during 2018 – 2030 (ESCAP estimates).**
- **Most of the financing needs is in transport, followed by energy, ICT and water supply and sanitation.**

## Quality of Infrastructure in Kyrgyzstan (2019)

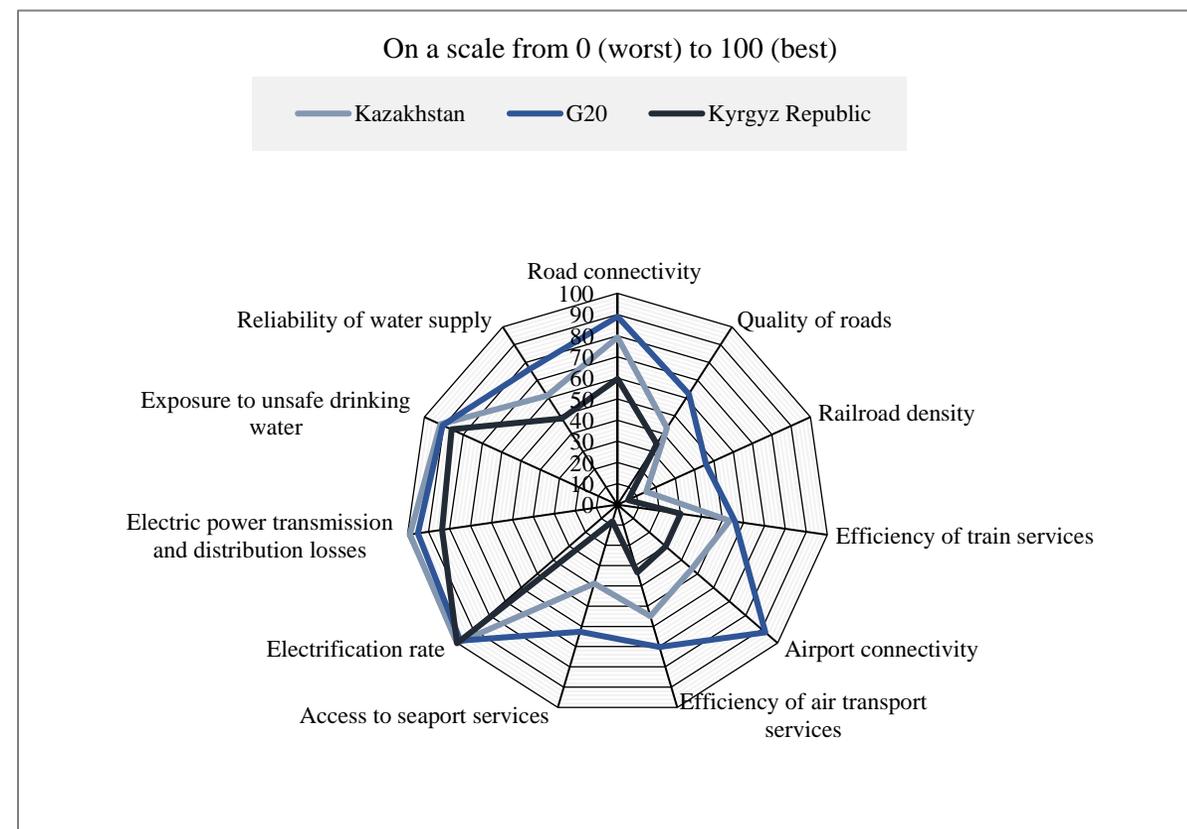


Source: The Global Competitiveness Report 2017-2018

# Kazakhstan: Current State

- **One of the lowest** infrastructure financing needs in the Asia-Pacific region.
- **Additional** investment needs would amount to **2.7% of GDP per year** until 2030 (**ESCAP estimates**).
- **Investment** needs are mainly for the **road sector, followed by power/energy, water/wastewater infrastructure, and ICT.**

## Quality of Infrastructure in Kazakhstan (2019)



Source: *The Global Competitiveness Report 2017-2018*

# Financing sources

## By importance

Kyrgyzstan	Kazakhstan
Sovereign borrowing	State budget
FDI (bilateral funds)	SOEs
SOEs	Sovereign borrowing
PPP	PPP
Banks	Banks
Capital markets	Capital markets

# Financing sources

## By effect

Kyrgyzstan	Kazakhstan
Infrastructure needs	Strategic planning and PPPs
Fiscal space	Tariffs and regulation
Tariffs and regulation	SOEs
Strategic Planning and PPP	Procurement and implementation
“Doing Business”	PPP
Weak local financial markets	Weak local financial markets

# Kazakhstan: Policy Recommendations

Recommendation	Effect
<b>Complete commercial regulations and tariff reform</b>	<ul style="list-style-type: none"> <li>• Greater investors' trust in commercial regulation</li> <li>• Better prospects for successful privatization</li> <li>• Increase in user fee revenues</li> </ul>
<b>Reduce state ownership</b>	<ul style="list-style-type: none"> <li>• Greater fiscal space for other priorities</li> <li>• More private investment and FDI in the infrastructure sector</li> </ul>
<b>Tie infrastructure development to SDGs and improve investment planning</b>	<ul style="list-style-type: none"> <li>• Greater economic, environmental and social impact from infrastructure projects</li> <li>• Better environmental and social risk management from infrastructure projects</li> </ul>
<b>Further develop capital markets and local currency financing</b>	<ul style="list-style-type: none"> <li>• Greater liquidity and access to long-term local currency-denominated debt</li> <li>• Longer tenors, lower interest rates</li> </ul>

# Kyrgyzstan: Policy Recommendations

Recommendation	Effect
<b>Exercise fiscal discipline</b>	<ul style="list-style-type: none"> <li>• Better terms for sovereign borrowing</li> <li>• Minimization of demand-side utility subsidies</li> </ul>
<b>Complete tariff reform</b>	<ul style="list-style-type: none"> <li>• Greater investment efficiency and prioritization</li> <li>• Greater attractiveness of private investment</li> <li>• Minimization of supply-side subsidies</li> </ul>
<b>Improve sector planning</b>	<ul style="list-style-type: none"> <li>• Viable projects financed first</li> <li>• Greater economic, environmental and social impact from infrastructure projects</li> <li>• Better environmental and social risk management from infrastructure projects</li> </ul>
<b>Strengthen PPP capacity</b>	<ul style="list-style-type: none"> <li>• Diversification of financing sources</li> <li>• More efficient asset/investment management</li> </ul>

# THANK YOU

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