



Development of PPP projects in the healthcare sector

Current situation

➤ **111 PPP contract agreements made total amount 52,0 bn KZT**

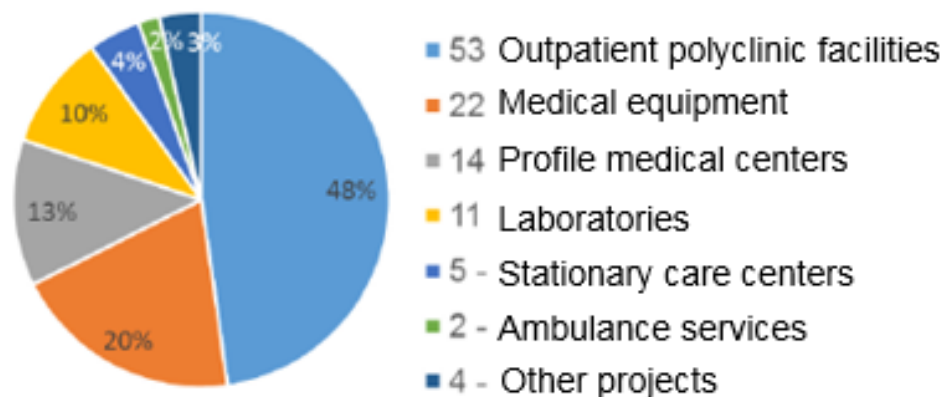
2016 – 1 contract (3,2 bn KZT)

2017 – 32 contracts (20,2 bn KZT)

2018 – 72 contracts (10,3 bn KZT)

2019 – 6 contracts (18,3 bn KZT)

Composition of 111 contract agreements made



➤ **176 projects currently under development**

- **93 projects** – tender stage (73,6 bn KZT)

- **83 projects** – planning stage (303 bn KZT,

including 3 republican projects of 221 bn KZT

PPP projects division by regions (for 3 years)

Region	No. of projects	Amount, mln KZT
TOTAL	111	51 996,0
Shymkent	2	12 820,7
Aktobe	3	8 865,3
Nur-Sultan city	1	7 473,1
Kyzylorda	15	4 885,8
Pavlodar	11	3 678,0
Karaganda	23	2 946,6
Akmola	2	2 705,9
Almaty	3	2 678,8
Zhambyl	29	1 932,2
West Kazakhstan	5	1 868,6
Atyrau	2	1 247,2
North Kazakhstan	1	550,0
Kostanay	12	171,7
Turkestan/South KZ	1	127,5
Mangystau	1	44,0
East Kazakhstan	-	-
Almaty city	-	-

NEED FOR CONSTRUCTION OF MEDICAL FACILITIES IN KAZAKHSTAN BY 2025

BASED ON 17 ESTABLISHED REGIONAL PLANS FOR HEALTHCARE INFRASTRUCTURE DEVELOPMENT

TYPE	NUMBER OF FACILITIES	AMOUNT BN KZT	MAIN MECHANISM OF REALIZATION	PRIORITY OF PROJECT SELECTION
TOTAL	1 310	1 398,1	<ul style="list-style-type: none"> • PPP rendering medical services without compensation of investment expenses • PPP rendering medical services with compensation of investment expenses • national budget 	<ul style="list-style-type: none"> • accident and earthquake prevention of medical facilities • development of primary healthcare service (<i>close proximity access for patients and healthcare service provision for rural areas with no existing medical facilities</i>) • integration of hospital sector into multiprofile clusters
Outpatient polyclinical facility	1 191	220		
Stationary facility (social significance)	102	363,2		
Large multiprofile cluster (>400 beds)	17	814,9	<ul style="list-style-type: none"> • infrastructural PPP (similar to Turkey experience: compensation of investment expenses and provision of non-medical services) • national budget 	

in accordance with article 7 of «National health and healthcare system» codex to establish a uniform plan for perspective development of healthcare infrastructure by 2026 is set for agreement by **June 2019 (based on current regional projects)*

Aim: construction of 32 new hospitals for 44 300 beds through investment of 16 bn euro by 2023 a. 9 facilities are put into operation (500 – 3 500 beds), construction stage – 12 facilities, tender stage – 10 projects

SUCCESS FACTORS

1. Contracts based on «Availability payments» and «Service payments» for the 28 year period

Availability payments

(investment, main loan and % return within 25 years with compensation of currency risks and inflation)

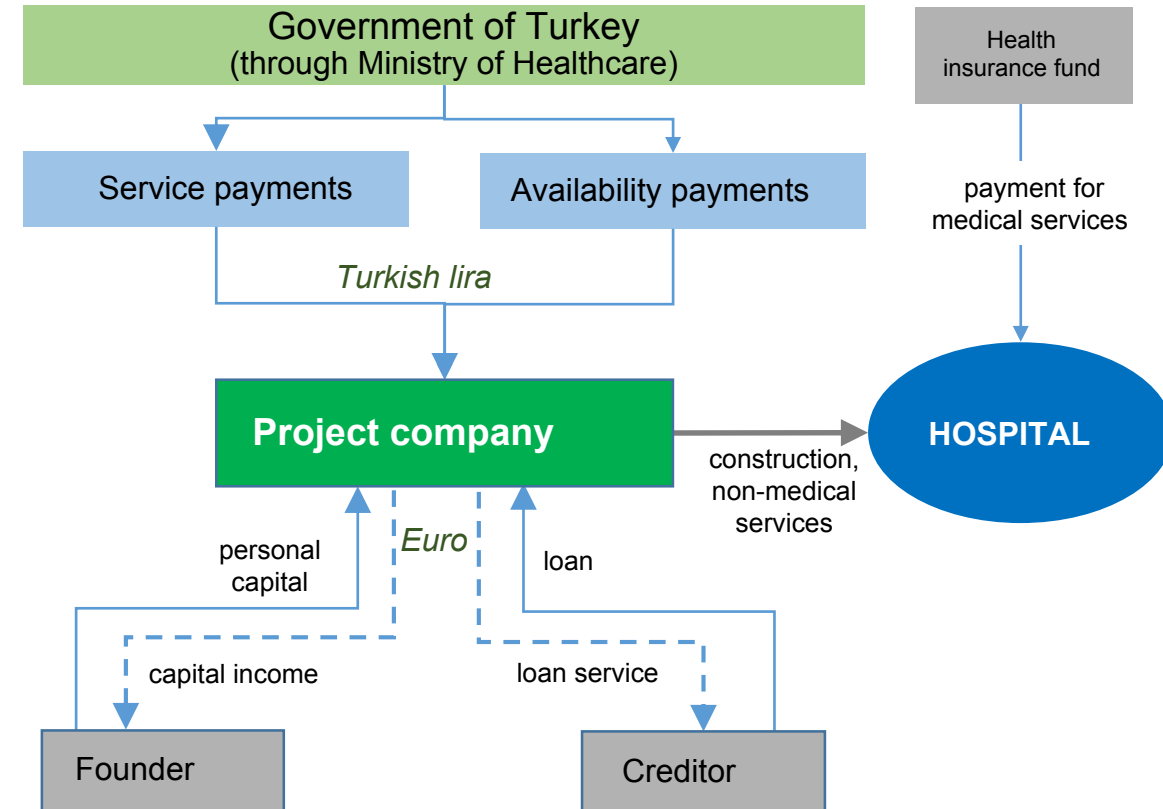
Service payments

(payment for non-medical services with guaranteed minimal volume of services (70%) and inflation indexation. Cost evaluation once in 5 years)

2. Transparent international tenders for PPP and protection of investor rights under international law

3. Effective process of project documentation preparation and PPP tender procedure

PROJECT SCHEME*



**WTO project realization procedure design – construction – transfer – management)*

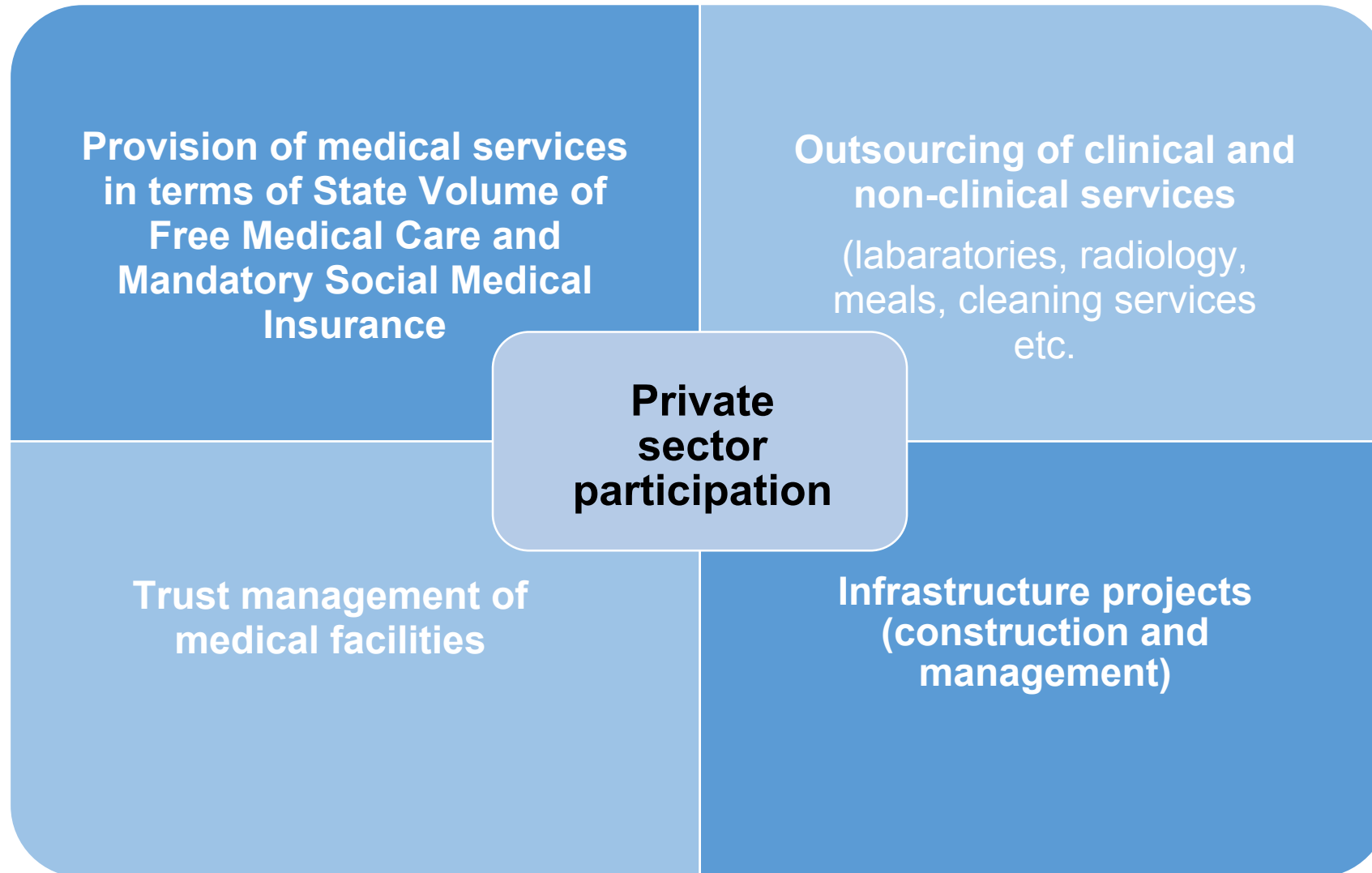
5 LARGE PPP PILOT PROJECTS PROPOSED

TOTAL INVESTMENT REQUIREMENT – 314,2 BN KZT

PPP project name	Current stage	Construction cost forecast
Construction of multiprofile hospital for 300 beds in Karaganda under Karaganda National Medical University <i>(to replace obsolete facilities)</i>	November 2018, ADB concessional proposal development and tender documentation preparation has started	51,5 bn KZT
Construction of multiprofile hospital for 300 beds in Almaty under Asfendiyarov Kazakh National Medical University <i>(new construction in accordance with population growth)</i>	March 2019 EBRD consultants are involved in project development	51,5 bn KZT
Construction of joint university hospital for 1265 beds in Almaty under Asfendiyarov Kazakh National Medical University <i>(to replace obsolete 5 research institutes)</i>	IFC has been invited for project development	118 bn KZT
Construction of multiprofile regional hospital for 500 beds in Petropavlosk <i>(to replace 7 active and obsolete facilities)</i>	Design and estimate documentation development is undergoing through local budget funding	46,6 bn KZT
Construction of multiprofile hospital for 500 beds in Nur-Sultan city <i>(to replace 3 active and obsolete facilities)</i>	Expectation of local budget allocation for design and estimate documentation development	46,6 bn KZT

ALMATY CITY INVESTMENT PLAN FOR 2019-2026, million KZT

	Total	2 019	2 020	2 021	2 022	2 023	2 024	2 025	2026
Local budget	693,7	<i>693,7</i>							
PPP	1 099,7	<i>366</i>	<i>366</i>	<i>367,7</i>					
Regional budget									
Transfers (major maintenance)	808,9	<i>808,9</i>							
Transfers (equipment)	42 804	<i>4 687,6</i>	<i>5 716,4</i>	<i>5 945</i>	<i>6 182,8</i>	<i>6 430</i>	<i>6 887,3</i>	<i>6 954,8</i>	<i>7 233</i>
Private investment	58 056	<i>7 350,5</i>	<i>7 644,5</i>	<i>7 950,3</i>	<i>8 268,3</i>	<i>8 599</i>	<i>8 943</i>	<i>9 300,7</i>	<i>9 672,7</i>
TOTAL	103 462,6	13 906,7	13 726,9	14 263	14 451	15 029	15 830	16 255,5	16 905,7



Sources of financing for project realization

- Private partner funds
- Loan funds (credit, lease)
- Co-funding from government
- Funding from national and international development institutes
- Other sources

Sources of income for private partners

- Income from medical services (tariffs)
- Income from non-medical services
- Compensation of investment expenses
- Compensation of operational expenses
- Remuneration of management

RISKS

- Government does not guarantee income generation** (Government guarantees contract agreement in terms of State Volume of Free Medical Care and Mandatory Social Medical Insurance for 5 year period)
- Currency risks are compensated only for special significance projects**