

PPP criteria "1 to 1" entered into force, but in a modified form

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On April 1, 2022 amendments to the Methodology for Selection of Public Investment Projects (Order No. 129 of the Minister of National Economy of 5 December 2014) entered into force. The amendments stipulate the start of application of the so-called "**1 to 1**" PPP criteria under which the state obligations under the PPP projects, including state concession obligations (if necessary) should not exceed the amount of money spent or involved by the private partner (concessionaire) in the PPP (concession) project, including the private partner's own funds.

This innovation could potentially lead to that private partners under the PPP projects would only be able to receive the reimbursement of real costs incurred during the implementation of the project, i.e. the state would not provide additional funding to ensure the profit of the private partner under the project.

However, by Order No. 35 of the Minister of National Economy dated April 13, 2022, 3 key changes were introduced to the "1 to 1" criteria:

- 1) the amount of state obligations under the PPP project shall now not be greater than the private partner's own or own and borrowed funds;
- 2) the amount of the private partner's own or own and borrowed funds for the purpose of applying the "1 to 1" criteria has been increased to 20%;
- 3) "1 to 1" criteria shall not apply to the PPP projects in the social infrastructure and live support facilities.

It is recommended to take into consideration the amendments to the "1 to 1" criteria when planning the PPP and concession projects in Kazakhstan.