

Kazakhstan plans to introduce a unified regime for procurement of goods (works, services) in the quasi-state sector

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Currently, the legal acts regulating the procedures for the procurement of goods (works, services) by quasi-state entities include, amongst others, the Kazakhstan Law "On State Property", the Kazakhstan Law "On Sovereign Wealth Fund", and the Kazakhstan Law "On State Procurement".

However, this situation will soon change. In particular, on May 27, 2021, the Kazakhstan Senate approved the draft Law "On Procurement by Certain Entities of the Quasi-Public Sector" (the "**Law**").

The aim of this Law is to establish a unified legal framework for the procurement of goods, works and services for the following entities:

1. (a) national managing holdings, (b) national holdings, (c) national companies, and (d) organizations, in which 50 percent or more of the voting shares (participatory interests in the charter capital) are directly or indirectly owned by national managing holdings, national holdings, national companies;
2. social-entrepreneurial corporations;
3. Samruk-Kazyna Sovereign Wealth Fund JSC and legal entities, in which Samruk-Kazyna holds, directly or indirectly, 50 percent or more of the voting shares (participatory interests in the charter capital) on the right of ownership or trust management.

Once the Law is adopted, the more specific procurement regulations will need to be adopted by:

1. the Kazakhstan Ministry of Finance – for all quasi-state entities, except Samruk-Kazyna and the Samruk-Kazyna entities; and
2. the Board of Directors of Samruk-Kazyna in coordination with the Kazakhstan Ministry of Finance – for Samruk-Kazyna and the Samruk-Kazyna entities.

There are a number of cases to which this Law does not apply, such as to the acquisition of shares or participatory interests in the charter capital of legal entities. Likewise, this Law does not regulate the procurement of goods, works and services by quasi-public entities, in which the shares (participatory interests in the charter capital) have been transferred into trust management – with the right of a subsequent acquisition – by individuals or non-public legal entities.

Should the Law be signed by the President, it will (save for certain provisions) enter into force on January 1, 2022.

Please feel free to contact us if you have any questions or need additional information.

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