



ReSPA

Regional School
of Public Administration

Second PPP network meeting

**CAPACITY BUILDING ON
PUBLIC PRIVATE PARTNERSHIP
IN THE WESTERN BALKAN COUNTRIES**

19 – 20 November 2014

Luxembourg

DISCUSSION PAPER AND DRAFT PROGRAMME

Background

Public-Private Partnership (PPP) model is beneficial to attract investments into public infrastructure and services. However, it continues to remain occasional case rather than comprehensively planned systematic action in Western Balkans (hereinafter referred as WB) region. This inevitably results in high uncertainty to the private sector as well as financial institutions and exposes WB PPP market to the risk of PPP model being abandoned instead of progressing well.

In fulfilling its role, ReSPA has earlier recognized the needs of its member states in the PPP field and introduced the PPP workshops in 2011, 2012 and 2013, as well as a follow-up training and visit to PPP projects successfully implemented in Croatia. Based on the feedback from the participants, and the recommendation from the 2012 and 2013 reports resulted from the WBIF activities in funding the infrastructure projects and providing the technical assistance program in strengthening PPP institutional capacity, ReSPA has initiated PPP expert's network in June 2014.

By establishing the network of PPP experts, ReSPA creates and facilitates the platform bringing together trainers and PPP practitioners which in long run can improve the existing learning methods and develop more innovative methodology to improve the knowledge, understanding and capabilities of the actors involved.

In addition, by facilitating the PPP network, ReSPA assists in implementing the EC Enlargement Strategy reflecting the need to support investment in infrastructure in the Western Balkan, continuing the development of the Western Balkan platform on education and training, and assists in enhancing capacities necessary for public investments using PPP model.

The first PPP network meeting took place in June 2014 in ReSPA dedicated to the novelties in public procurements procedures in EU and the structuring of strategic framework for successful PPPs in the region. As a conclusion, highly ranked participants have expressed the needs for further enhancement of competences in PPP field through training program.

In light of the above the ReSPA roadmap on PPP for 2015 envisaged the 3-modules program comprising PPP project cycle and ToT with focus on more project related know-how. This topic will be the subject of discussion at the second meeting of the PPP network.

While considering the appropriate institution to establish cooperation regarding PPP activities, the European PPP Expertise Centre (EPEC) was identified as the most relevant stakeholder in this field taking into account that the majority of WB countries are already its members and that WBIF commissioned EPEC to undertake implementation of technical assistance program contributing to PPP institutional strengthening in WB. As a result, EPEC issued a Publication "Overview of the PPP Legal and Institutional Frameworks in the Western Balkans" which provides comprehensive analysis and summary of the PPP legal and institutional frameworks in the WB region. Key part of the Publication comprises recommendations for strengthening PPP institutional arrangements which are intended primarily for public sector bodies responsible for promoting PPPs in the region. Besides, EPEC has recently developed the most practical tools for assessing the quality of the PPP projects and WB practitioners will benefit from gaining knowledge of their practical usage.

In doing so, ReSPA has complementary goal with other stakeholders in WB.

Objectives

The objective of this discussion paper is to provide the most current topics and issues related to further development of PPP market with particular emphasis on necessities for further strengthening of the PPP projects development, improvement of existing legal and institutional framework. It is aiming to equip participants with practical tools and methods necessary for PPP project preparation.

The overall objective of this network meeting is to further enhance capability of responsible institutions to carry out the tasks in designing and implementing PPP projects in an efficient manner and to contribute in fostering homogeneous good practice in WB.

Content - overview of the current state of play

In the last two decades international interest to alternative arrangements for the provision of public infrastructure and services to traditional public procurement has broadened worldwide. In Europe the public private partnerships market decreased in 2009 comparing with significant growth since 2005 in value and number of transactions. However, the number of deals being closed in Europe in the first half of 2014 has grown steadily since 2012¹. Also in the Western Balkan countries PPP model is considered as an attractive way to leverage the resources available from EU Funds (IPA) including WBIF and respective International Financial Institutions and bilateral donors. Although it is beneficial to attract private investment into public infrastructure and services traditionally procured by government (public sector) accelerating the implementation of the priority infrastructure, PPP is even now challenging governments in the WB region to improve national institutional and legal framework for efficient PPP model implementation. Besides, given that a significant number of projects funded from IPA have regional dimension (national – 36%, multi-beneficiary 43%) EC invigorates regional cooperation to foster homogeneous good practice. While estimating the total value of the current WBIF investment pipeline, “there remains a substantial financing gap of around €10.7 billion for WBIF projects”². Besides the planned loans, the gap still stands as significant. Given the desirability of stimulating more private sector inflows for investment projects, WBIF is considering specific types of technical assistance aimed to promote the PPP approach as a delivery mechanism for selected priority projects included in the approved pipelines.³ One option is to provide training programme aimed at improving the legal, regulatory and institutional framework for PPP in particular enhancing institutional capacities to prepare, negotiate and monitor PPPs. For this ReSPA is identified as a potential provider of services. Another option is to provide the assistance in supporting the identification and development of individual PPP investment project.

¹ EPEC Market Update – Review of the European PPP market for the First Half of 2014

² WBIF, Overview of Macroeconomic and Fiscal Challenges in the Western Balkans and Implications for the WBIF”, November 2013, available at: www.wbif.eu

³ WBIF: „Potential for Promoting PPPs under the WBIF“, Draft report for Task Force on Evolution of the WBIF, June, 2014, available at: www.wbif.eu. On the page 9 explicitly stated that ReSPA „could be provider of services“concerning technical assistance to promote PPPs in WB.

Further, based on the full analysis of the PPP environment in WB countries, in EIB's European PPP Expertise Centre's overview⁴ it is stated that there is a great heterogeneity in the type and size of PPP projects and although the Western Balkan countries have made serious progress in recent years towards setting up regulatory and institutional frameworks to implement PPPs, success in achieving actual PPPs has been so far limited if not elusive.

Although the experience in the Western Balkans is rather limited, a few PPPs success stories are encouraging as they suggest that well-designed PPPs can greatly improve project efficiency and achieve value for money in delivering of public services.

Since PPP preparation, evaluation and monitoring require specific skills which many Western Balkans countries do not possess, the regulatory framework for PPPs harmonised at the certain level with EU regulations still has to be complemented by the building of institutional capacities for undertaking investment projects.

By facilitating the PPP network, ReSPA will assist in implementing the EC Enlargement Strategy reflecting its objective to support investment in infrastructure in the WB, continuing the development of WB platform on education and training, and assists in enhancing capacity building on PPP. Further, the PPP activities plan is fully in line with the following strategic priorities:

- IPA II addressing competitiveness and growth
- SEE Europe2020 goals
- WBIF recommendation for the possibility of introducing PPPs under WBIF⁵

In light of the above, ReSPA is organizing this 2-day advanced knowledge sharing seminar enabling the participants to acquire up-to-date PPP project-related know-how and obtain knowledge on the most recently developed tools assessing the project readiness and outcome of the survey of various approaches to assess value for money.

The PPP project readiness tool has been recently developed in the context of EPEC assignment under the WBIF technical assistance program. This tool helps to assess the readiness of a PPP project to be procured and is helpful in strengthening the quality of project preparation and increase success rate of PPP projects in the region. The second topic is related to the various approaches existing to assess the VfM of different procurement options (including PPPs). They will also get an understanding of the role of JASPERS in preparation of infrastructure projects in new and future EU member states aiming to increase the quality of project.

The draft agenda is providing the framework for open discussion in which the participants are invited to participate actively and provide suggestions for topics to be discussed at future meetings and ideas for the next steps in network operations.

⁴ The report available at EPEC web page:

http://www.eib.europa.eu/epec/resources/publications/epec_wbif_overview_ppp_institutional_arrangements_institutional_frameworks See page 30, chapter 5.3. PPP Unit Collaboration at the Regional level.

⁵ WBIF: „Potential for Promoting PPPs under the WBIF“, Draft report for Task Force on Evolution of the WBIF, June, 2014, available at: www.wbif.eu.

Target audience and participant's role

The second PPP network meeting will gather 14 participants (two representatives from: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Kosovo*), primarily PPP network members who took part in the first PPP Network meeting held in June, and who are:

- *Policy makers* (Heads of the PPP units or high ranked representatives of the line ministry responsible for PPP); and
- *Senior managers responsible for PPP project preparation and implementation* in the PPP Units or line ministry responsible for PPP.

And who:

- Have at least 5 years of relevant work experience in the topic of the network.
- Possess a clear and demonstrated interest in the network topic and are motivated to participate in discussions and exchange of opinions/best practices with other colleagues from the WB countries.

The participants are invited:

- to actively participate in the discussion and practices exchange; and
- to provide the inputs for the further networking needs and steps to be taken.

* This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

DRAFT AGENDA

Day 1- Wednesday, 19 November 2014

Part I - Moderators: ReSPA representative, experts: Ljerka Golubić Bregant, Dalia Budriene

9:30 – 10:00	Opening session Agenda overview and introducing objectives of the meeting ReSPA, EPEC
10.00 – 10.45	Presentation of the Project readiness tool Clement Fourchy, EPEC
10.45 – 11.00	Discussion
11:00 – 11:15	<i>Coffee break</i>
11.15 – 12.00	Assessing the Value for Money EPEC representative
12.00 – 12.15	Discussion
12.15 – 13.15	Lunch break

Part II

13.30 – 17.25	Group I - joining the EPEC Annual All Members Meeting <i>(EPEC members)</i>
	Group II – Discussing the main priorities in introducing the comprehensive PPP training program

Day 2-Thursday, 20 November 2014

Part III – Moderators: ReSPA representative, Ljerka Golubić Bregant, Dalia Budriene

9.30 – 10.15	Role of JASPERS in preparation of infrastructure projects in new and future EU member states (JASPERS representative, tbc)
10.15 – 10.30	Discussion
10.30 – 11.00	<i>Coffee break</i>

11.00 – 11.45	Proposals and discussion on further network activities and ReSPA activities in the domain of PPP (3-module training program)
11.45 – 12.00	Discussion
12.00 – 12.15	Closing of the event
12.15 –	<i>Lunch</i>
	<i>Departure of participants</i>

