



ReSPA

Regional School
of Public Administration

First Meeting of the PPP Network

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

23 – 24 June 2014

Danilovgrad, Montenegro

DISCUSSION PAPER AND FINAL PROGRAMME

Background

On the ground of the recommendations resulting from the previous ReSPA activities in the field of PPP, PPP has been recognized as a cross-cutting topic for which there is increased interest in the region, and already identified training and networking needs among the stakeholders. Therefore, it was decided to continue with the related activities within its Program of Work 2014 by establishing network of PPP experts with the aim to create and facilitate the platform bringing together trainers and PPP practitioners who, in the long run, can improve the existing learning methods and develop more innovative methodology to enhance the knowledge, understanding and capabilities of the actors involved.

The first PPP network event is scheduled for 23 – 24 June 2014 in ReSPA, Danilovgrad.

As 23 June marks the UN Public Service Day, the panel discussion on the first day will be dedicated to the procurement of the services of the general economic interest (SGEI). The remaining part of the event will be dedicated to the structuring of the strategic framework for successful PPP in the region and discussion of the proposal of the structure and content of the regional comparative study on PPP.

By facilitating the PPP network, ReSPA assists in implementing the EC Enlargement Strategy reflecting its 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 capacity building on PPP.

Objectives

The purpose of this paper is to provide basis for contributions from and discussion among the representative of the selected interested Western Balkan countries on the reflections current state of play in planning and programming public investment, the obstacles and challenges in further development of the national capacities to implement PPPs.

The objective of the PPP network event is to review and analyse the existing strategic framework by countries, to share best practice and experiences focused on managing political risks and compatibility of the legal PP and PPP framework in the EU context as well as review of the public sector implementing capacity.

The preliminary agenda is providing the frame 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.

Content

In the last decade concessions and PPPs have been often considered by the governments aiming to provide higher standards in public services delivering which requires accelerated development of the existing infrastructure and/or construction of the new public infrastructure. Strong growth at the same time reduces the burden on public budgets and imposes the need to involve the private sector via public private partnerships model. Also, these topics were discussed at many international forums raising the issues on the

availability of finance in the time of financial crisis. This led to the question of affordability of the projects to the governments in terms of constraints in public budgets and whole-life project prospective. Thus, the traditional model of procuring infrastructure has to be compared with alternative financing of which PPP model is already implemented worldwide. Frequently the advantages of PPP model are in focus like private sector management competences and its readiness to incorporate know-how providing high standards in public services and use state of the art technology. However, its disadvantages like transaction costs and careful risk undertaking by public partner needs to be thoroughly considered.

Similarly, in many of the EU candidate and future candidate countries, it is generally accepted that the private sector possesses the knowledge to improve service quality providing availability of the assets in decades long operating period. Until now, in many of these countries there is a progress in concession and PPP activities and debate of the necessary reforms were in place on several forums/conferences under the hub of UN ECE/ToS on PPPs and OECD/SIGMA. Moreover, aiming to improve the theory and practice in the WB countries, the initiative to establish Southeast European PPP Network was undertaken within the Regional Cooperation Council (RCC) enabling to coordinate the regional exchange of knowledge and expertise on PPPs, support the development of its member states and create prerequisites for successful preparation and implementation of the cross border projects. At the end this would stimulate significant economic growth in the region. So far this initiative was not realised. However, on the margin of previous ReSPA activities/workshops, the participants expressed their interest in further exchange of the knowledge and experience in the PPP field and in this regard several bilateral agreements are signed or recently initiated. The idea of the roadmap on PPP for 2014 in the framework of ReSPA WP is to ensure sustainability of the previous activities taking into account OECD/SIGMA Assessment reports for 2013 and EC Progress reports, SEE 2020 Strategy goals as well as other relevant studies and reports.

By setting up the roadmap on PPP, ReSPA will contribute to the EU perspective of the WB countries in at least two aspects:

- In assisting to develop a sound and transparent public procurement system in the area of **public private partnership** which will be harmonised with the *acquis communautaire* and the relevant EU standards in the field of public private partnership as stipulated in the Chapter 5 on Public procurement in the process of joining EU;
- In assisting to enforce and apply the PP rules in the framework of the public investment policy for delivering public services.

The roadmap on PPP consists of two main pillars:

- 1) Establishing Network of PPP experts as the platform for regional knowledge exchange will contribute to the goals as defined in the above mentioned respective documents in the following aspects:
 - o Exchanging and promoting PPP best practice (lessons learned, success and failure etc.);

- Improving the investment opportunity through availability of information on PPP market in WB;
- Enhancing the creation of the homogenous good practice in PPP project preparation and implementation;
- Lessons learned approach in the process of the accession negotiation;
- Facilitate regional cooperation and creation of local PPP market;
- Contributing to the transparency of the PPP process and support regional measures to reduce corruption in public administration.

And

- 2) Conducting regional comparative study on PPP market in WB countries will best suit the needs for further actions compliant with EU policies and strategies underpinning smart, sustainable and inclusive growth and fully compliant with SEE 2020 Strategy goals to create a fully liberalised public procurement market in the Region.

Target audience and participant's role

This 2-day PPP network event will gather 14 participants (two representatives from: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Kosovo*):

- *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.

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 detailed description of the target group and the qualifications which are required from the members of the network can be found in the ToR for PPP Network members.

The participants are required to provide

- Presentation on the current national strategic framework of planning and programming public including investment in terms of managing political risks,

* 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

compatibility of the public sector implementing capacity and review of PPP project in implementation phase with emphasis to the main obstacles.

- Provide comments and suggestions on the content proposal of the Regional comparative study on PPP.
- Provide the inputs for the further networking needs and steps to be taken.

The participants are invited to actively participate in the discussion and practices exchange.

Network Experts / Moderators

Ljerka Golubić Bregant has more than 20 years work experience in multilateral organization and public administration. She is graduated BA at the University of Zagreb, Faculty of Humanities and Social Sciences and besides she obtained various certificates as a trainer in the field of EU integration and EU policies. As a trainer since 2002 she has executed numerous seminars, workshops and TTT for civil servants and local servants via Government program for education and several EU and bilateral projects. In 2000 she has joined Ministry of European Integration of the Republic of Croatia as senior adviser in the Cabinet of the minister and developed various modules of training in the field of EU policies. Later in 2004 she has taken a position of Head of DG Office in State Intellectual Property Office being responsible for programming, procuring and implementing of EU funded projects and bilateral projects. Here, she was the team leader entitled to establish in 2008 Croatian Summer School of IP in cooperation with WIPO based on the WIPO Worldwide Academy original program lasting 2 weeks and organizing annually in WIPO headquarters in Geneva. Until today the School is open to young students and professionals. In 2009 she has taken position of Director of Sector for education in the Agency for Public Private Partnership. Since then she is developing and implementing different professional training programs for employees of the Agency and public sector at the state and local/regional level. In executing these tasks she is closely cooperating with PPP experts from OECD/SIGMA, World Bank Institute, European PPP Expertise Centre, UNECE Team of Specialists on PPP etc. Her expertise is covering EU policy, strategic planning and blending of EU funds and PPP in infrastructure development. Until 2011 she was a member of Association of trainers for EU subjects "European Education Forum" (NGO).

Clement Fourchy is a principal adviser within the European PPP Expertise Centre (EPEC), a joint-initiative between the European Investment Bank and the European Commission whose objective is to help strengthen the capacity of states to implement PPP policies and projects. In EPEC, Mr. Fourchy supervises activities in the Western Balkans area. Moreover, he has been involved as team leader or expert in many topics recently tackled by EPEC such as: how to improve the management of existing PPP contracts; how to get the best from advisors during PPP transactions; how to pave the way for project bonds financing in tender documentation and procedures, etc.

Prior to joining EPEC, Mr. Fourchy worked as an economic and financial consultant during ten years. He supported numerous public authorities in the management of their PPP

projects e.g. ex ante VFM appraisal, design of project management strategies, transaction processes including competitive dialogues and financial closes, contract follow-up and management. This gave him the opportunity to work on a large number of PPP projects in various sectors including public transports, airports, ports, sports facilities, environment, energy efficiency and public accommodation buildings. Most of these projects were located in France, some of them in Morocco and Vietnam.

He holds an advanced master degree in urban, environmental and services management and a second one in project and structured finance. Together with Michel Lyonnet du Moutier, he is co-author of the second edition of the book “Financement de projet et partenariats public-privé” (<http://www.editions-ems.fr/ouvrage340-financement-de-projet-et-partenariats-public-privé-2e-edition.html>), which can be considered as one of the best reference documents in French when it comes to PPP.

Tomislav Veceric is an adviser in the European PPP Expertise Centre (EPEC). In EPEC, Tomislav’s main focus is on the PPP environment in the Western Balkans.

Before joining EPEC, Tomislav worked as a legal expert in the Croatian Agency for PPP. His main responsibilities were the development of the legal framework, legal assessment of project proposals, and monitoring of PPP projects. His professional experience started 13 years ago in a Law firm in Zagreb. It was followed by extensive experience in international law and diplomacy.

Tomislav’s academic background is in Law in which he holds a degree from the Faculty of Law in Zagreb. He speaks Croatian, English, and Albanian.

Dalia Boudriene - Senior PPP Expert from PPP Expertise Center of Lithuania. Dalia has more than 10 years’ experience in consulting central government and municipal authorities in planning and delivering investment projects for regional growth and competitiveness. She is an expert in European Union structural funds and Public Private Partnership, with special focus on Cost & Benefit Analysis as well as on institutional networks and methodological support delivered through trainings, on-site consulting and practical involvement with PPP procuring teams. Dalia gathered PPP experience and competencies from the leading PPP trainers in EU and graduated from Institute of PPP in USA. Her experience in Balkans’ region is gathered from Twinning projects with Croatian Agency for PPP and Ministry of Regional Development and EU Funds. Currently she is also involved in concession for parking lots of the biggest medical campus in Lithuania and high efficiency co-generation projects in two major Lithuanian cities as well as concessions for tourism development at municipal levels.

DRAFT AGENDA

Day 1- Monday, 23 June 2014

Part one – Marking UN Public Service Day

09.30	-	10.00	Registration
10.00	-	11.00	Opening address <i>Mr Raško Konjević</i> , Minister of Interior of Montenegro <i>Mr Suad Musić</i> , ReSPA Director <i>Mr Mitja Drobnič</i> , Head of EU Delegation to Montenegro <i>Mr Rastislav Vrbensky</i> , UN Resident Coordinator/UNDP Resident Representative to Montenegro and <i>Mr Aleksandar Bogdanović</i> , Mayor of the Old Royal Capital Cetinje
11.00	-	11.30	Press conference
11.30	-	12.15	<i>Cocktail</i>
12.30	-	14.00	Workshop I on PPP – “Benchmarking approach to the public investment” - Assessing the consumer paid services (outsourcing) <ul style="list-style-type: none">- Principles for transparent implementation of PPPs in Montenegro, <i>Jovana Marović</i>, Research Coordinator, Institute Alternative, Montenegro- New EU Directives in PP and concessions, <i>Dalia Budriene</i>, CPVA, Lithuania- Outsourcing social services – advantages and drawbacks, <i>Ljerka Golubić Bregant</i>, APPP, Croatia <i>Discussion</i>
14.00	-	15.00	<i>Lunch break</i>

Part two – Kick-off of PPP network

15.00	-	15.15	Presentation of ReSPA and activities in the PPP field , Representative of ReSPA
15.15	-	16.00	Findings of the review of the PPP legal and institutional framework in the region Recommendations on how to strengthen the situation <i>Representative of EPEC</i>
16.00	-	16.30	<i>Discussion</i>

Day 2- Tuesday, 24th June 2014

Part One – Setting up a framework for successful PPP in the region

9.00	-	9.45	APPP - PP and PPP framework in the EU context <ul style="list-style-type: none">- EU requirements in the process of negotiation- EU Investment policy
9.30	-	9.45	<i>Discussion</i>
9.45	-	10.30	EPEC – Horizontal topics: <ul style="list-style-type: none">- Blending public and private funds in PPPs- Managing a competitive dialogue
10.30	-	10.45	<i>Discussion</i>
10.45	-	11.00	<i>Coffee break</i>
11.00	-	13.00	National presentations: <ul style="list-style-type: none">- National investment strategies and needs for public investment and National PPP policy- Managing political risks- Compatibility of the legal PP and PPP framework with EU regulations- Review of the public sector implementing capacity- Identified obstacles and challenges in further development of PPPs- <i>Case study – PPP project in implementation</i>
13.00	-	14.00	<i>Lunch break</i>

Part Two – Discussion on the content of the Regional comparative study on PPP

14.00	-	14.30	Presentation of the content proposal of the Regional Comparative study
14.30	-	15.15	Discussion on the content proposal <ul style="list-style-type: none">- Input from the participants
15.15	-	15.30	<i>Coffee break</i>
15.30	-	16.00	Discussing and determining the networking needs and further steps/activities
16.00	-	16.30	<i>Wrap up – conclusion and final comments</i>