



Private Sector Participation in Infrastructure Financing in the Western Balkans

Belgrade 06.11.2014

Horizontal Support to Coordination with International Financial Institutions and bilateral donors in the Western Balkans, EuropeAid /134120/C/SER/MULTI

PSP in the WBIF region: taking stock

- PSP is a useful tool for project delivery, bringing additional skills and funding sources
- PSP is no panacea to fiscal issues, especially when ability to pay and affordability are key concerns
- Will probably target no more than 5 to 10% of public investment needs over time
- Some practical experience in the region, mostly in energy and transport, but implementation capabilities are still patchy
- WBIF funded EPEC study now complete

Legal Frameworks for PSP in the WB / EPEC Study

- All countries have legislation in place to allow PSP in infra delivery
- Only Montenegro and B&H do not cater for authority-pay projects (but new law in preparation in Montenegro and authority-pay projects feasible in both B&H entities)
- Secondary legislation in place in most countries
- Procurement: some adjustments needed in Serbia and Montenegro. March 2014 public procurement directives to be transposed everywhere.
- Governing Law: usually domestic; foreign optional only in B&H, Kosovo* and Montenegro.

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

Institutional Frameworks for PSP in the WB / EPEC

- Dedicated PPP units in all countries, bar Montenegro
- Various structures: from ministerial division to fully fledged agency
- Main tasks: policy and legislation development, PPP promotion, best practice dissemination, data collection
- Limited involvement in training: Croatia, Former Yugoslav Republic of Macedonia and Kosovo only
- No significant involvement in project/programme preparation except in Kosovo
- Primarily a support role with limited project or quality control roles

Regional PSP Market: 1998-2013

- WB6 + Croatia: 39 projects closed for 2.6 bn total investment
- Average project is 66 mn but 9 larger projects (100 mn or more) account for 2.3 bn and 26 smaller (25 mn or less) for 157 mn.
- Geographic distribution: activity everywhere but great disparities

	HR	FYROM	MNE	ALB	KOS	SER
Number	19	9	5	3	2	1
Value	1.5bn	129mn	92mn	729mn	104mn	47mn

Source: EPEC dataset completed by IFICO research

Regional PSP Market: 1998-2013 / 2

- Sector distribution: Social sector much ahead by numbers of projects but Transport and Energy dominate by volume
- Transport projects: 3 motorways, 4 air terminals, bus station
- Energy: HPP generation
- Social: education, Gov buildings, municipal and community

	TRA	ENER	ENV	SOC	TELECOM
Projects	28%	8%	5%	54%	5%
Value	51%	27%	12%	8%	2%

Source: EPEC dataset completed by IFICO research

Regional PSP Pipeline

- 57 potential projects (including Croatia) identified (various stages of development) but no reliable data on project value
- Strong pipeline in Transport, Energy (generation) and Social
- But traditionally high casualty rate in the region (50%+)
- Possibly 20 projects to reach closing in the next 5 years (ex Croatia)

	ALB	BiH	MKD	HR	KOS	MNE	SER	Total
ENE	2	2	1	0	0	1	1	7
TRA	2	5	3	2	5	1	9	27
ENV	1	0	1	0	1	0	2	5
SOC	0	1	1	10	6	0	0	18
Total	5	8	6	12	12	2	12	57

Dataset compiled by EPEC and additional IFICO research but no claim to comprehensiveness

Project Preparation Readiness Tool

- Developed by EPEC under WBIF assignment to assist project preparation teams to evaluate project readiness
- Assesses 2 stages of project preparation:
 - Readiness to start preparing the project as a PPP
 - Readiness to procure the project
- Excel based questionnaire, tested with PPP agencies in Croatia, Latvia, Poland and Scotland
- Significant contribution to address some of the main causes of the region's high casualty rate

Options for WBIF

- Main needs: capacity building and pipeline development
- Address both regional and local levels; support to small projects too
- Capacity building targets:
 - Project Readiness Assessment Tool Roll-out
 - Production of Guidance Documents: practical manuals focussing on key stages of project identification and evaluation and of preparation and tendering
 - Preparation of Standardised Documents: RFQ, ITT, TS for mid size social projects
- Pipeline development:
 - Review of existing pipeline with PPR Tool
 - Part funding of Project Advisory costs for flagship projects?



Thank You

This project is funded by the European Union.

The contents of this publication are the sole responsibility of the Mott MacDonald - Kommunalkredit Public Consulting - Action Global Communications Consortium and can in no way be taken to reflect the views of the European Union.