



Public-Private Partnerships – a chance for Kosovo

Workshop by SAP Project,
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State and Money...



- State has no money for infrastructure investment, nor reasonable access to credit => no investment
- State has no money nor access to credit => privatisation/outourcing => not always possible; danger of (social) exclusion
- State has public task and no money, but privates have it and accept rules => PPP

Example: Vasco da Gama Bridge, Portugal



The Vasco de Gama Bridge – Portugal

Portugal is considered a reference on how coordinated efforts can develop an economy. In particular experience of project financing show the benefits of public and private partnerships as for example the financing of the Vasco de Gama Bridge

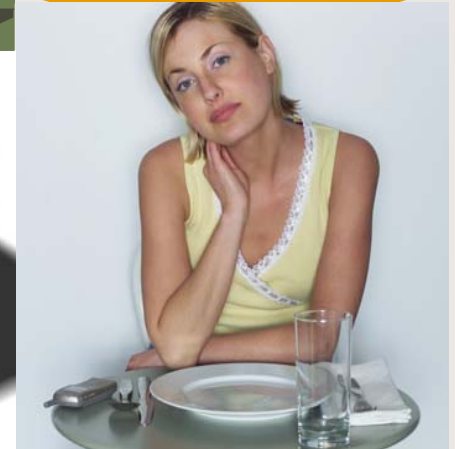
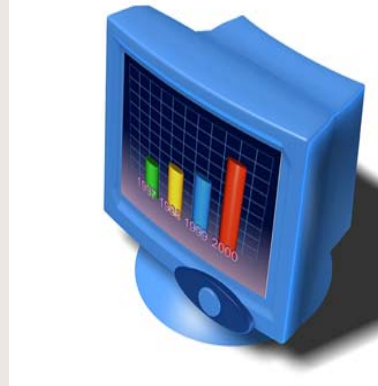
Distinguishing Features of PPP:

- Public task is managed by private investor
- Long-time relationship – also for repayment
- No PPP resembles another, no “perfect model”
- Many PPP structures exist and must be selected according to project type, needs and sector
- No purchasing, no mere concession or no privatisation = PPP
- Public sector: from service provider to manager/monitor of private contractors

Some Examples for PPP - 1:

Utilities:

- water (water sewage systems, water treatment plants etc.)
- energy (wind/solar energy plants, hydro power plants)
- telecommunication,
- eGovernment etc.



Examples 2:

Transport systems:

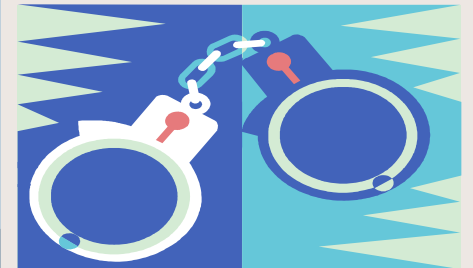
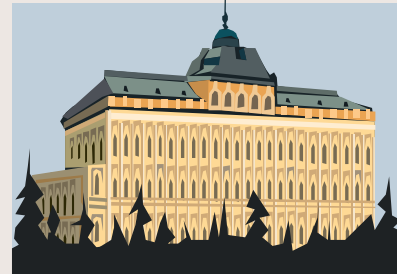
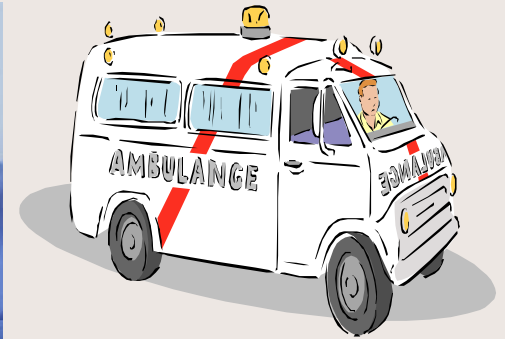
- railways,
- roads, streets,
- buses,
- tunnels, bridges,
- airports,
- multi-modal interports, etc.



Examples 3:

“Social infrastructure”:

hospitals, healthcare
equipment,
education facilities (schools,
vocational training
centres, universities),
housing,
prisons,
government/administration
buildings etc.



Examples: Railway & Tunnel



The Channel Tunnel - linking France and Britain.

The Project, costing approximately Euro 15 billion, met with considerable delay, cost overruns and financing problems. In a major overhaul of project organization – increased responsibility was given to the private sector to manage the construction and financing process.

Waste Water Plant



Waste Water Treatment Plant – Poland

The water and waste water sectors have gained considerable experience in implementing PPP type projects

Toll Station on Hungarian Motorway



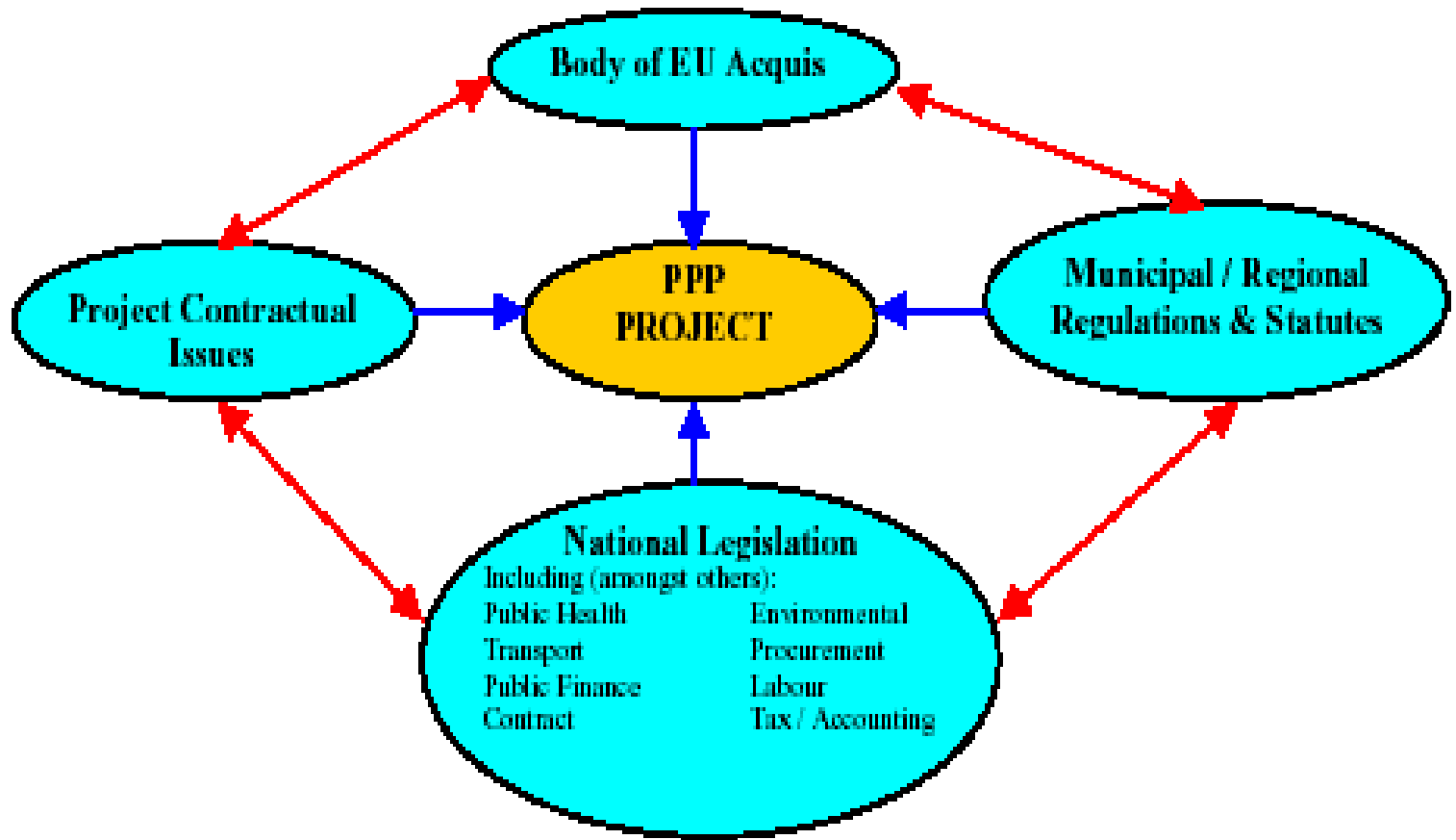
Toll Station on Hungarian Motorway

Successful implementation of motorway toll schemes depends not only on demand for services but effective partnering of all parties, comprehensive project agreements and a commitment to project success

Small Projects for PPP

- Elementary schools (Germany, UK)
- Vocational training (hotel + catering school directly besides a hotel + restaurant)
- Private university for new faculties under private participation (e.g. MBA)
- Wind energy generator => electricity for small village/hotel in mountain region

Legal Hierarchy



Risks 1

- Revenue risk (utilisation level, tariffs)
- Choice of private sector partner
- Cost overrun in construction projects
- Foreign exchange risk (EUR/USD...)
- Regulatory/contractual risk
- Protest risks (can be minimized by transparency measures)

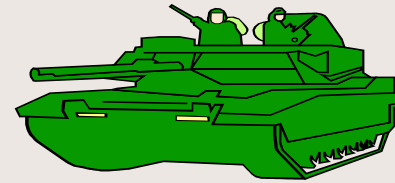
e.g. Protest Risks:



Public protest can severely disrupt project implementation. However constructive public participation should be encouraged to optimize design, minimize protest and enhance public oversight.

Risks 2

- Political risk
- Environmental risk
- Archaeological risk
- Latent defect risk (unpleasant surprise...)
- Public acceptance risk
- Sustainability risk
- “Hidden protectionism”



Are the principles clear?

- There should not be a situation
 - *where all the risks are on the public side*
 - *where all the profits are on the private side*
- nor vice-versa

Proposal 1



- To set up a high-level Task Force between different ministries, above all the Ministry of Economy and Finance, the Banking + Payment Authority, the Public Procurement Agency and business (Chamber of Commerce, construction industry, banks) – our project is ready to assist
- In Germany, every Land and the federal level have their “PPP Task Force” (with own websites), also the United Kingdom and other EU Member States – why not Kosovo?

Proposal 2



- To study possible PPPs and their positive and negative implications on Kosovo
- To elaborate necessary legal changes
- To assure compliance with EU law, also in view of later grants from the EU (EIB)
- And: if necessary to hold a 2nd workshop at a later stage

Finally:

- Besides the encouraging examples in community financing Kosovo should take the opportunity to get more and better infrastructure by PPP, without bigger state expenditures.
- The business environment in principle is positive.
- It is necessary to have know-how for finding and implementing projects – in government and business (like now in the EU Member States).

Thank you - ...

- *... this was a great concentration effort!*
- *We would like to stay in touch with you, if necessary!*
- *We will publish a practical booklet on PPP (in all three languages: SQ, SR, EN). **Please write your addresses on the attendance sheet.***

