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# Overview of the PPP Legal and Institutional Frameworks in the Western Balkans





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July 2014

## **Context for this Publication**

This publication has been prepared as part of European PPP Expertise Centre's work on "PPP Units and Related Institutional Frameworks" and contributes to the Western Balkans Investment Framework's initiative on "PPP Institutional Strengthening in the Western Balkans". It responds to the need to understand the institutional structures that support PPPs in the countries of the Western Balkans.

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This publication has been prepared to contribute to and stimulate discussions on public-private partnerships (PPPs) as well as to foster the diffusion of best practices in this area.

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## 1. Introduction

The Western Balkans Investment Framework (WBIF)<sup>1</sup> commissioned EPEC to undertake an assignment to contribute to **strengthening the capacity of public bodies to develop and implement PPP policies in the Western Balkans Region** (the Region). This assignment includes a review of the PPP legal and institutional frameworks in place with the aim of identifying areas which could be further improved.

In this context, EPEC **carried out a full analysis of the PPP environment in EPEC's Member countries of the Western Balkans – Croatia, Kosovo\* Montenegro and Serbia**. Through a series of fact-finding meetings with key PPP players in these countries, supported by desk-reviews, EPEC has been able to develop an overview of the PPP-related laws and regulations and institutional arrangements in the Region. Carried out during 2013 and the first half of 2014, this activity led to the preparation of four country reports that will be made available on EPEC's public website.<sup>2</sup>

In addition to the four country reports, this **overview** summarises the PPP set-up in these four countries, alongside summary information on PPP activity and the legal and institutional arrangements in Albania, Bosnia & Herzegovina (B&H) and the Former Yugoslav Republic of Macedonia (FYROM).

This overview therefore provides a **summary of the PPP legal and institutional frameworks in the seven countries of the Region**. It also contains **recommendations on how to further strengthen the ability of public bodies to implement PPPs**. It is intended primarily for **public sector bodies responsible for promoting and overseeing PPPs in the Region**. Nevertheless, the report may also be useful to International Financial Institutions and private sector stakeholders seeking to improve their understanding of the PPP framework in the Western Balkans.

The report is structured as follows:

- Section 2 summarises the regional PPP market;
- Section 3 provides an overview of the legal framework for PPPs across the Region;
- Section 4 sets-out the structure and role of key public sector entities responsible for PPPs in the Western Balkans; and
- Section 5 provides recommendations for the improvement of the PPP environment in the Region.

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<sup>1</sup> <http://www.wbif.eu/About+WBIF>

<sup>2</sup> <http://www.eib.org/epec/>

\* This designation is without prejudice to positions on status and is in line with the United Nations Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo\* declaration of independence.

Further information on the dataset of projects that have reached financial close so far (“closed” projects) and on potential projects is provided in Annex 1. Annex 2 sets out secondary legislation supporting the PPP legal frameworks of the Region.

## 2. The PPP Market

This section attempts to describe the current status of the PPP market in the Region and its prospects for the future, based on data brought together by EPEC for the purpose of this overview. It summarises the main features of signed PPP projects (“closed” projects) and upcoming PPP projects for the Region. It also briefly reviews the situation of the private sector in the Western Balkans.

### 2.1. Investment Needs in the Region

Infrastructure investment is crucial to supporting the recovery of the economy after the crisis which affected, to various extents, all countries of the Region. Assessing infrastructure investment needs is challenging because of the difficulty of securing reliable and consistent data. Nevertheless an analysis undertaken by the University of Nice, supported by an EIB research grant,<sup>3</sup> estimates **around EUR 110 billion infrastructure investment is needed in the Region over the next ten years**. The sectorial analysis of the study estimates that:

- Investment needs in the transport sector are around EUR 4 billion per annum, with SEETO<sup>4</sup> having identified 40 priority network projects;
- Around EUR 4.5 billion per annum is required to finance, at least, 80 strategic projects in the energy sector; and
- The environment sector also requires significant investment, estimated to be around EUR 2.4 billion per annum.

No data are available for investment needs in social infrastructure (e.g. schools, health).

Even though their role may be comparatively limited,<sup>5</sup> the various forms of PPPs are useful tools to help bridge the infrastructure gap and improve the overall efficiency of public spending, by:

- Delivering projects that would not otherwise be implemented due to a scarcity of public capital;
- Encouraging well-structured project preparation including the expression of requirements through output specifications and earlier, more robust assessment of both initial investment costs and whole life costs;
- Raising awareness of risk management within the public sector, helping to generate a risk culture that contributes to improving public management; and

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<sup>3</sup> Ri, Berthomieu, Cingolani, *Priority Investments in the Western Balkans and Croatia: Analysis of medium-term needs, possible impacts and criteria for ranking in terms of efficiency and development potential*, STAREBEI Research Program, 2014

<sup>4</sup> SEETO, *Comprehensive Network Development Plan 2014, national strategies, Country Strategy papers*, 2014

<sup>5</sup> In most PPP-advanced countries (such as the UK, France) PPPs have represented less than 10% of all infrastructure and in others somewhat lower.



- Contributing to developing the private sector alongside the public sector by generating business opportunities for private companies.

## 2.2. PPP Projects

For the purpose of the market review summarised below, PPPs are considered to be **both authority-pay and user-pay projects**. For user-pay projects, only concessions for works and/or services are included within the dataset, hence excluding concessions for the extraction of natural resources. PPPs relying on a contractual agreement and co-investment of public authorities and private partners (joint-ventures or “**institutional PPPs**”) are included in the dataset alongside more traditional **contractual PPPs**.

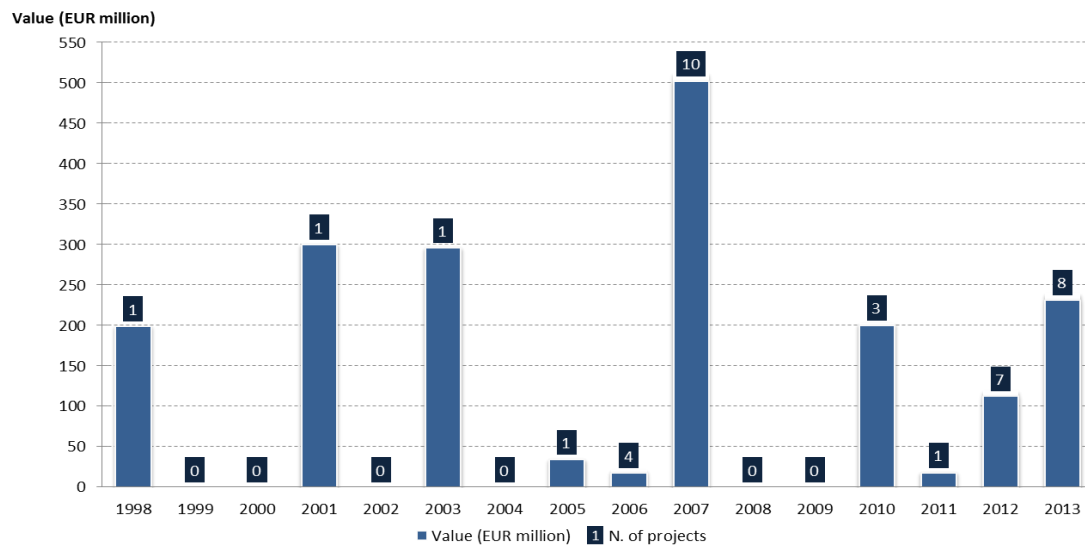
PPP projects included in the dataset were identified by EPEC through the **cross-referral of data available from specialist infrastructure database providers** (e.g. Inspiratia, InfraDeals, Dealogic) **with those provided by the Region’s national PPP Units** (where available). Despite this approach, the resulting dataset may not be comprehensive in relation to currently signed or pipeline projects. It is possible, if not likely, that some projects are missing from the dataset – for example, small projects, particularly those at sub-national level that have not been registered at the national level. For this reason, the figures, tables and findings related to PPP projects presented in this report should be treated with caution, though they provide an indication of the PPP activity in the Region.

### Overview of closed PPP projects

Signature of the first PPP project in the Region (a contract for the construction and maintenance of a motorway in Croatia) dates back to 1998. Over the period 1998-2013, **37 PPP transactions reached financial close for an aggregate capital expenditure (CAPEX) of around EUR 1.9 billion**. Figure 1 shows the number of projects that reached financial close and their aggregate value since 1998.

A full list of projects that have reached financial close included in the dataset is provided in Annex 1 (Tables 7, 9 and 10).

**Figure 1 – Western Balkans PPP Market 1998-2013, by value (CAPEX) and number of closed projects**



**Between 1998 and 2005, only four PPP transactions reached financial close,** albeit projects of a relatively large size (average CAPEX about EUR 207 million). These transactions were the:

- Istrian Motorway Phase 1a (Croatia) in 1998, EUR 199 million CAPEX;
- Zagreb Sewerage plant (Croatia) in 2001, EUR 300 million CAPEX;
- Istrian Motorway Phase 1b (Croatia) in 2003, EUR 296 million CAPEX; and
- Tirana Airport (Albania) in 2005, EUR 34 million CAPEX.

**2006 was marked by the signature of the first set of small authority-pay contracts in Croatia.** The average CAPEX of the projects making up this sub-national programme of schools and public buildings stood at only EUR 4.3 million.

**2007 saw a significant increase in PPP activity.** The number and aggregate value of closed transactions reached a high in 2007, despite a modest average project size (approximately EUR 50 million CAPEX). The main transactions were two user-pay transport projects signed in Croatia:

- Zagreb to Macelj Motorway; and
- the Central Bus Station in Osijek.

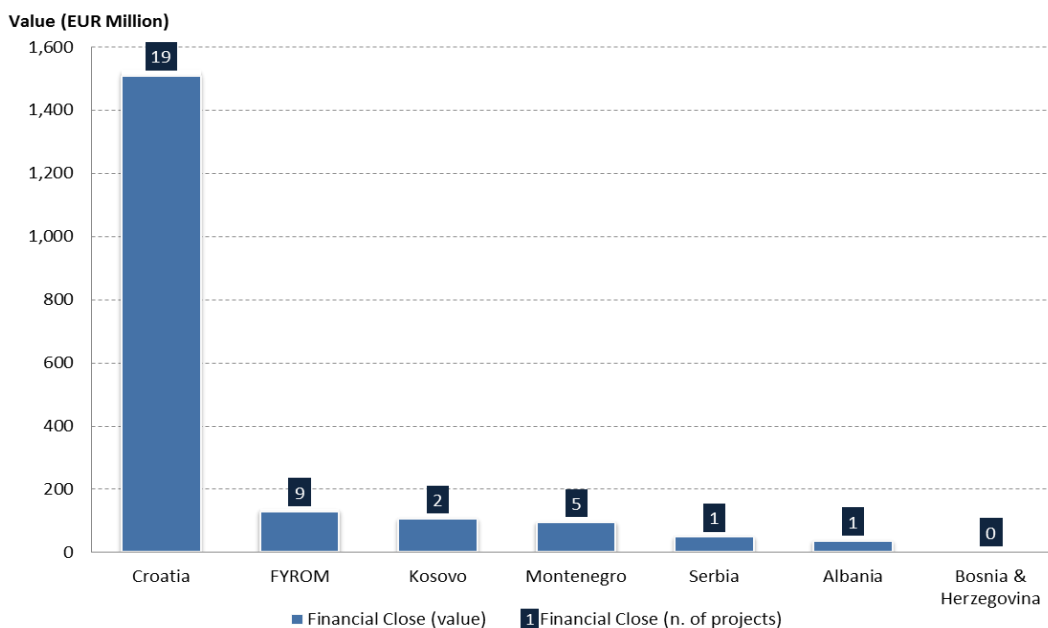
Other transactions that closed in 2007 were the completion of the Croatian programme of small authority-pay projects in the schools sector and two sports facilities, also in Croatia.

**The global economic and financial crises dramatically affected infrastructure investment in the Region from 2008.** Following a two-year period during which no project reached financial close, market activity resumed in 2010. The most significant transactions closed over recent years were the airport concessions in Pristina, Skopje and Zagreb at a cumulative CAPEX of EUR 389 million.

### Country breakdown for closed projects

As shown in Figure 3, **Croatia has emerged as the PPP pioneer and most active PPP country in the Region** over the reference period – signed PPP in Croatia represented 80% of the aggregate value for the Region. Croatia's comparative advancement on PPPs is likely to be attributed to the early development of its PPP legal and institutional frameworks and the political support for PPPs in the country.

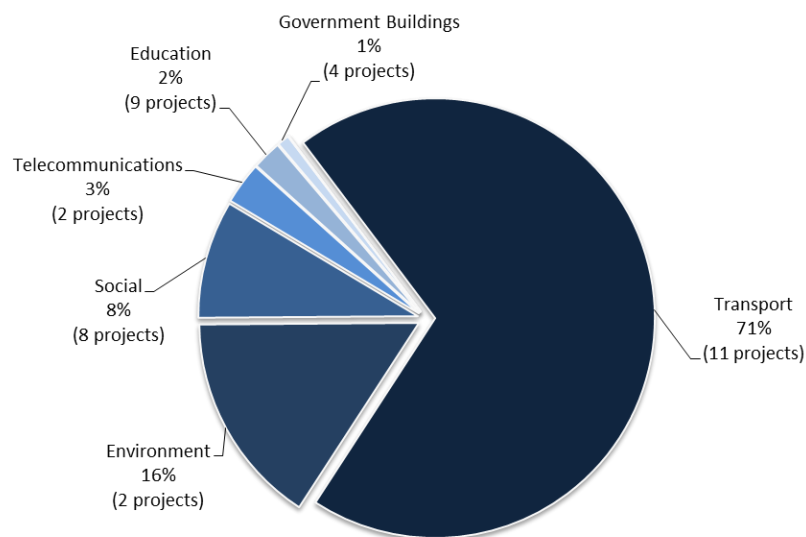
**Figure 2 – Western Balkans PPP market 1998-2013, number and aggregate value of closed projects by country**



### Sector breakdown for signed projects

As shown in Figure 2, **transport has been the most important sector for the Region by far**, with eleven projects with an aggregate CAPEX of EUR 1.3 billion; representing over 70% of the total market by value over the reference period. **In value terms, the environmental (16%) and social service (8%) sectors are the next largest sectors.**

**Figure 3 – Western Balkans PPP market 1998-2013, sector breakdown by value (CAPEX) and number of closed projects**

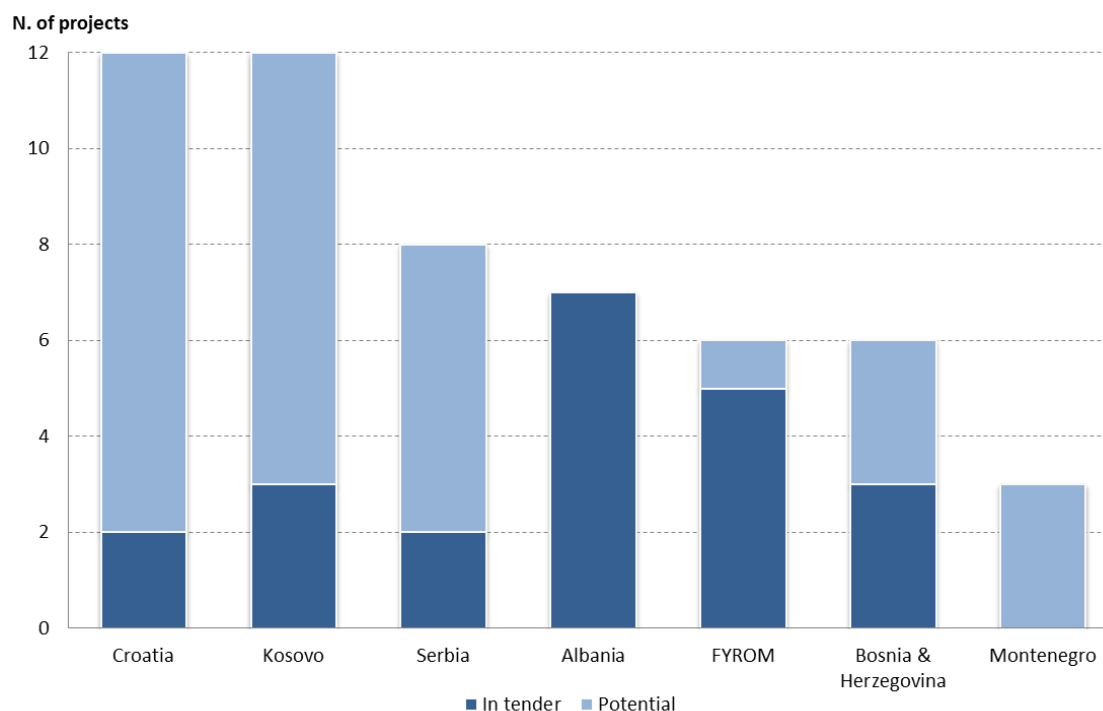


### Pipeline of potential projects

On the basis of data secured by EPEC from specialist infrastructure database providers and provided the PPP Units, the pipeline of potential future PPPs in the Region currently comprises **54 projects** (see Figure 4). Of these, 22 projects are at various stages in the tender process and 32 at different stages of preparation prior to launch. Projects in preparation in Croatia are mostly authority-pay PPPs for the construction and maintenance of public buildings in the education, health and social sectors. In other countries of the Region, most of the potential future projects reported by PPP Units are user-pay PPPs, including a few large motorway projects.

A full list of the potential future PPP projects included in the dataset is provided in Annex 1 (Table 8).

**Figure 4 – Western Balkans PPP projects in tender and potential future projects by country**



It is important to emphasise that **the Region is characterised by a high PPP mortality rate during the preparation and tender phases** (the regional average is estimated at around 50%). This seems to result from a tendency to **launch the procurement process for projects that are not mature enough or have been poorly prepared**. For example, two large motorway projects (in Serbia and Montenegro) and a number of smaller projects (such as the construction of hydro-power plants in B&H and Montenegro) were cancelled during the late stages of tender process or after contract signature as a result of failing to raise financing.

### **2.3. PPP Procuring Authorities**

**Key infrastructure projects of high-value in the transport sector have been awarded by the Region's central governments**, often represented by their ministries of transport or infrastructure. Local government bodies (counties, cities and municipalities) have developed smaller-sized projects of importance for local communities (such as education facilities, sport complexes and urban transport). A similar pattern of awarding authorities can be observed for projects under preparation or in tender and are expected for future projects.

Annex 1 (Table 9) provides information on PPP procuring authorities involved in PPPs in the Region.

## **2.4. PPP Suppliers (Contractors, Facility Managers and Operators)**

To date, the Region's **large PPP contracts have been granted to consortia led by foreign international companies** such as Bouygues, Hochtief or Strabag.

**Most domestic companies have no, or very limited, experience in long-term contracting and whole-life project management.** However, in a few cases, domestic companies have been partners in consortia led by foreign companies (e.g. Viadukt, a Croatian company, for the Zagreb Airport project). Meteor Grupa, Tehnika, IGH, Konstruktor and Dalekovod (all from Croatia) are among the few other domestic companies directly currently involved in, admittedly smaller, PPP projects.

Like many countries, the local construction markets of the Region encountered significant difficulties during the global economic and financial crisis when investments in public works and buildings were significantly reduced. **Many local companies continue to face liquidity issues that significantly limit their capacity to participate in major infrastructure projects.**

Annex 1 (Table 9) provides information on international contractors, facility managers and operators involved in PPPs in the Region.

## **2.5. PPP Financiers**

An analysis of closed PPP projects shows that **the domestic banking markets have very limited experience in financing PPPs** either through corporate or project financing. American Bank of Albania, Zagrebacka Banka and Erste & Steiermarkische Bank-Croatia are some of the banks based in the Region that have contributed to the financing of PPP projects to date. **Large PPP transactions have been financed almost exclusively by foreign banks and International Financial Institutions**, such as EBRD, EIB, IFC and KfW.

As far as EPEC is aware, apart from issuing bonds for refinancing the Istrian Motorway in Croatia, financial instruments involving institutional investors (e.g. insurance companies, pension funds) have not been used to support PPP transactions in the Region.

A list of lenders for PPP projects included in the database can be found in Annex 1 (Table 10).

## **2.6. PPP Advisers**

**The supply of specialist PPP advisory services in the Region is still relatively under-developed.** For large infrastructure projects, contracting authorities, project sponsors and financiers have tended to rely on international advisory companies with a local presence (e.g. Deloitte), which may sub-contract smaller non-PPP-related pieces of work to local advisory firms (e.g. Porobija & Porobija, Hanzekovic & Partners). PPP advisory companies from the Region have been hired independently

for small to medium size PPP projects.

Information on the legal, financial and technical advisers that have participated in PPP projects included in the dataset is provided in Annex 1 (Tables 9 and 10).

## **2.7. Overall Findings**

The key features of the PPP market in the Region are that:

- Infrastructure investment needs for the Region are estimated (by the University of Nice) at around EUR 110 billion over the next ten years;
- Over the past 15 years, 37 PPP transactions reached financial close for an aggregate capital expenditure of around EUR 1.9 billion;
- Apart from B&H, every country of the Region has closed at least one PPP project over this time period;
- Transport has been the most important sector by far (11 projects representing 70% of the total market by value);
- 54 projects have been identified by PPP Units as potential future PPPs (projects under preparation or tender). However, mortality rate during preparation and tender phases of PPPs is high in the Region (50%) and it is possible, if not likely, that only a limited number of the current pipeline projects will be implemented ultimately;
- The main PPP contract awarders have been, and are expected to remain, the central governments of the Region through, in particular, ministries of transport or infrastructure;
- Most domestic companies have no, or very limited, experience in PPPs. To date, the Region's large PPP contracts have been granted to consortia led by foreign international companies;
- The domestic banking market also has very limited experience in financing PPPs. Large PPP transactions have been financed almost exclusively by foreign banks and International Financial Institutions; and
- The supply of specialist PPP advisory services in the Region is still relatively under-developed.

### 3. Legal Framework

Most legal frameworks of the Region permit the implementation of PPPs at both the national and sub-national government levels. **All countries have adopted laws that make it possible to deliver some form of private participation in the provision of public services and infrastructure.** This section summarises the various PPP legal frameworks of the Region.

#### 3.1. PPP Laws

All countries of the Region use the civil-law legal system. As a result, **PPPs are regulated through dedicated laws** which in most cases cover the:

- definition of PPPs;
- creation and operation of the national body(ies) responsible for promoting PPPs;
- procedures for the preparation and approval of PPP projects before they are tendered;
- tender process;
- form and content of PPP contracts; and
- dispute resolution process between parties to the contract.

Most PPP laws of the Region were adopted in the period 2007-2014. Table 1 provides an overview of the coverage and key characteristics of the primary PPP legislation in place across the Region.



**Table 1 – Overview of primary PPP legislation in the Region**

| Country                       | PPP Law                                     | Link                 | Entry into force | Coverage                  | PPP Unit                             | Contract duration    | Institutional PPPs |
|-------------------------------|---|----------------------|------------------|---------------------------|--------------------------------------|----------------------|--------------------|
| <b>Albania</b>                | Law on Concessions and PPPs                 | <a href="#">link</a> | 2013             | Authority-pay<br>User-pay | Yes - Public Procurement Agency      | Up to 35 years       | Yes                |
| <b>B&amp;H<sup>6</sup></b>    | <b>B&amp;H</b><br>Law on Concessions of B&H | <a href="#">link</a> | 2002             | User-pay                  | Yes - Commission for Concessions B&H | Up to 30 years       | No                 |
|                               | <b>RoS</b><br>Law on PPPs                   | <a href="#">link</a> | 2009             | Authority-pay             | Yes – a department within MoF        | Not defined          | Yes                |
|                               | <b>Federation B&amp;H</b><br>PPP Act        | n.a.                 | 2014             | Authority-pay<br>User-pay | Yes - Commission for Concessions     | Not defined          | Yes                |
| <b>Croatia</b>                | PPP Act                                     | <a href="#">link</a> | 2012             | Authority-pay<br>User-pay | Yes - Agency for PPP                 | Up to 50 years       | Yes                |
| <b>FYROM</b>                  | Law on Concessions and PPPs                 | <a href="#">link</a> | 2012             | Authority-pay<br>User-pay | Yes – a department within MoE        | Up to 35 years       | Yes                |
| <b>Kosovo*</b>                | Law on PPPs                                 | <a href="#">link</a> | 2011             | Authority-pay<br>User-pay | Yes - Central PPP Department         | Period not specified | Yes                |
| <b>Montenegro<sup>7</sup></b> | Law on Concessions                          | <a href="#">link</a> | 2009             | User-pay                  | No                                   | Up to 30 years       | Yes                |
| <b>Serbia</b>                 | Law on PPPs and Concessions                 | <a href="#">link</a> | 2011             | Authority-pay<br>User-pay | Yes – PPP Commission                 | 5-50 years           | Yes                |

So-called institutional PPPs are also possible in the Region. For example, this form of PPP was used for the Wireless Montenegro Telecommunications project in which the special purpose company established for the project is owned by the Government (25%) and an Austrian company (75%).

A specific comment on the situation in B&H is warranted as, due to the complex administrative system, the PPP legislation is a mixture set of federal and local authority-pay PPP laws complemented by national, federal and local concession laws. The country has not yet adopted a specific authority-pay PPP law at the national level. The law governing user-pay PPPs (concessions) is the Law on Concessions of Bosnia and Herzegovina. The two federal entities of B&H have adopted separate PPP laws. The Republic of Srpska (RoS) adopted a Law on PPP of the Republic of Srpska and the Federation of B&H adopted a PPP Act of the Federation of B&H. Aside from the two federal entities, the Brcko District adopted a PPP law in 2010. At the local level three separate PPP laws have also been adopted (Sarajevo in 2011, Unsko-Sanski in 2012, Hercegovacko-Neretvanski in 2013). Other Regulations.

<sup>6</sup> In B&H, due to the administrative system, the PPP legislation is a complex set of federal and local PPP laws complemented by national, federal and local concession laws.

<sup>7</sup> **Montenegro** is in the process of adopting a **new PPP and concession law** which will replace the current concession law. The new law is expected to cover both authority-pay and user-pay contracts and set out a new institutional framework and procedure for the preparation and award of PPP contracts.

Secondary regulations which complement the PPP laws have also been adopted in B&H (only in RoS), Croatia, FYROM, Kosovo\* and Serbia. These regulations typically go further in defining the process for the preparation and approval of PPP project proposals, how PPP contracts are registered and the responsibilities and procedures for the monitoring of contracts post-signature. Annex 2 lists the secondary PPP regulations that have been identified by EPEC.

In addition, PPP laws often make reference to the overarching public procurement legislation as this also regulates the award of PPP contracts. An overview of the procurement laws regulating the award of PPP contracts in the Region is provided in Table 2.

**Table 2 – Procurement legislation in the Region**

| Country              |                   | Law regulating the contract award procedure | Link                 | Entry into force | Contract type             |
|----------------------|-------------------|---|----------------------|------------------|---------------------------|
| Albania              |                   | Public Procurement Law                      | <a href="#">link</a> | 2006             | Authority-pay<br>User-pay |
| B&H                  | B&H               | Law on Concessions of B&H                   | <a href="#">link</a> | 2002             | User-pay                  |
|                      | RoS               | Law on PPP                                  | <a href="#">link</a> | 2009             | Authority-pay             |
|                      |                   | Concession Law                              | n.a.                 | 2013             | User-pay                  |
|                      | Federation of B&H | PPP Act                                     | n.a.                 | 2014             | Authority-pay             |
|                      |                   | Concession Law                              | n.a.                 | 2002             | User-pay                  |
| Croatia              |                   | PPP Act                                     | <a href="#">link</a> | 2011             | Authority-pay             |
|                      |                   | Concession Act                              | <a href="#">link</a> | 2012             | User-pay                  |
| FYROM                |                   | Law on Public Procurement                   | <a href="#">link</a> | 2007             | Authority-pay             |
|                      |                   | Law on Concessions and PPP                  | <a href="#">link</a> | 2012             | User-pay                  |
| Kosovo*              |                   | Public Procurement Law                      | <a href="#">link</a> | 2011             | Authority-pay             |
|                      |                   | Law on PPP                                  | <a href="#">link</a> | 2011             | User-pay                  |
| Montenegro           |                   | Law on Concessions                          | <a href="#">link</a> | 2009             | User-pay                  |
| Serbia               |                   | Public Procurement law                      | <a href="#">link</a> | 2013             | Authority-pay<br>User-pay |
|                      |                   | Law on PPP and Concessions                  | <a href="#">link</a> | 2011             | User-pay                  |
| n.a. = not available |                   |   |                      |                  |                           |

### 3.2. Procurement of PPP Projects

In all countries of the Region aspiring to EU accession, the **will to comply with the EU legal framework on public procurement has led, or is about to lead (e.g. Montenegro) to the adoption of competitive procedures** as opposed to direct contract award without a formal and transparent procedure.

Authority-pay PPPs are considered “public contracts” and therefore procured through procedures compatible with the procedures permitted under the EU directives on public procurement. Most countries in the Region (B&H/RoS, Croatia, FYROM, Montenegro and Serbia) already permit the use of the competitive dialogue procedure in their legal framework. Until recently, public works and services

concessions have not been regulated by EU directives and have frequently been procured through *ad hoc* negotiated competitive procedures in the Region. Nevertheless, **exceptions to the use of competitive procedures remain** within the Region – see Box 1.

### **Box 1 – Exceptions from public competition**

In **Serbia**, the public competition process for the award of PPP contracts can, in a limited number of cases, be waived in favour of a direct agreement between the contracting authority and a foreign public or private investor. Such cases are based on international agreements for economic cooperation that have, for example, been signed between Serbia and Russia, China, Azerbaijan, and the United Arab Emirates.

In **Montenegro's** current legal framework, a public competition process can be waived for the award of large infrastructure projects that are considered as be of strategic importance for the country.

In **Serbia and Montenegro** it is expected that these exceptions to competitive procedures will be abolished as countries align their legislation with EU public procurement rules.

Other exceptions from public competition in parts of the Region include procurement in security-sensitive areas.

**In Albania, B&H, Montenegro and Serbia, the law permits private companies to put forward unsolicited proposals for PPP projects to procuring authorities.** If the relevant authority accepts the proposal, it will then launch a competitive procedure in which the interested private company may participate without any privilege over other bidders.

In all countries of the Region, participants in the public competition process may appeal to specialised administrative public commissions where they consider their rights have been breached during the procurement. Likewise in all Western Balkan countries, disputes between contracting parties during the operational phase may be resolved either through arbitration or by court proceedings. **The application of domestic law is obligatory in Albania, Croatia, FYROM and Serbia, whereas in B&H, Kosovo\* and Montenegro, parties may agree on the application of foreign legislation.**

### **3.3. Legal Frameworks Permit the Implementation of PPPs**

Most of the countries of the Region have adopted laws that both permit and provide a framework for the implementation of public projects by PPP. Albania, B&H, Croatia, FYROM, Kosovo\* and Serbia now have dedicated concession and/or PPP laws. Montenegro is currently preparing a revision of its concession law which will also

cover authority-pay PPPs. In several countries, PPP laws are supported by secondary legislation, by sector-specific laws (e.g. water, waste) and often by references to public procurement laws. **From a legal point of view, it is therefore possible for all countries of the Region to implement PPP projects.**

**PPP legal frameworks across the Region show significant levels of harmonisation.** Accordingly, the definition of types of PPPs and the procurement methods available for the selection of a private partner are similar in most countries of the Region. The observed similarities in legislation may be explained by a number of factors, including:

- All countries of the Region are of civil law tradition with legal systems (except Albania) derived from that of the former Yugoslavia;
- Aside from Croatia which is already a member, all countries of the Region aspire to become EU members and most have already started to harmonise their legal systems with that of the EU;
- Several countries have cooperated with each other in the establishment of their legal frameworks and some have replicated solutions implemented in other countries (e.g. the Croatian 2008 PPP Law has been used as the basis for legislation in other countries);
- Several countries of the Region appointed OECD-SIGMA consultants when reviewing their legal and institutional framework for procurement and procurement procedures; and
- Several countries share (almost) common languages.

Given that new EU public procurement directives were introduced in March 2014 (revisions to the Public Procurement and Utilities Directives and a new Concession Directive<sup>8</sup>), the countries of the Region that aspire to EU accession will need to take these into account when further developing or revising their existing legal framework.

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<sup>8</sup> EU Member States have two years to transpose the new Directives into national law.

## 4. Institutional Frameworks

In order to implement more and better PPPs, most countries of the Region have introduced institutional and administrative reforms of public governance in respect of PPPs. With a particular focus on the role and function of PPP Units, the following overview of the Region's PPP institutional frameworks provides a description and analysis of the roles of the different public institutions that contribute to the development of PPP policy and support project delivery.

### 4.1. PPP Units

**All countries of the Region except Montenegro<sup>9</sup> have established PPP Units.** In this report, a PPP Unit refers to a unit that operates across sectors and projects at either a national or sub-national government level. A PPP Unit may therefore be a division in a cross-sectoral ministry (e.g. a ministry of finance), established as a separate agency or an incorporated entity that is at least partly publicly owned.

Table 3 sets out the PPP Units of the Region, identifying their date of establishment and coverage.

**Table 3 – Overview of PPP Units in the Region**

| Country              | PPP Unit                         | Link                 | Year of est. | Staffing | Contract types          | Coverage               |
|----------------------|----------------------------------|----------------------|--------------|----------|-------------------------|------------------------|
| <b>Albania</b>       | Public Procurement Agency        | <a href="#">link</a> | n.a.         | n.a.     | Authority-pay, User-pay | National, Sub-national |
| <b>B&amp;H</b>       | B&H                              | <a href="#">link</a> | 2005         | 16       | User-pay                | National               |
|                      | RoS                              | <a href="#">link</a> | 2009         | 4        | Authority-pay           | Sub-national           |
|                      | Federation B&H                   | n.a.                 | 2007         | 7        | Authority-pay, User-pay | Sub-national           |
| <b>Croatia</b>       | Agency for PPP                   | <a href="#">link</a> | 2008         | 9        | Authority-pay, User-pay | National, Sub-national |
| <b>FYROM</b>         | Department for PPP <sup>11</sup> | <a href="#">link</a> | 2009         | 2        | Authority-pay, User-pay | National, Sub-national |
| <b>Kosovo*</b>       | Central PPP Department           | <a href="#">link</a> | 2008         | 7        | Authority-pay, User-pay | National, Sub-national |
| <b>Montenegro</b>    | None                             |                      |              |          |                         |                        |
| <b>Serbia</b>        | PPP Commission                   | <a href="#">link</a> | 2012         | 9        | Authority-pay, User-pay | National, Sub-national |
| n.a. = not available |                                  |                      |              |          |                         |                        |

<sup>9</sup> With the adoption of the new Law on PPPs, it is expected that a body responsible for the promotion of PPPs, capacity building and project support will be established.

<sup>10</sup> A Department for implementation of PPP projects was established within the Ministry of Finance of RoS.

<sup>11</sup> A Department for PPP was established within the Ministry of Economy.

## Functions of PPP Units

EPEC's experience of the Region and more widely (24 EPEC Member countries across Europe<sup>12</sup>) highlights that the functions most often covered by PPP Units can be divided into three main areas:

1. PPP policy support and development;
2. National/regional programme and project delivery support; and
3. The approval and quality control of projects.

A summary description of the functions and associated roles/activities carried out by the PPP Units of the Region is presented in Tables 4, 5 and 6. These tables also present the functions of other public bodies that form part of the overall institutional set-up for PPPs (indicated by the use of brackets).

## Policy related functions

The main conclusions from Table 4 are that:

- the development of legislation and policy is a common task for all PPP Units;
- all PPP Units are responsible for sharing best practice;
- all PPP Units are also involved in the promotion of PPPs (market awareness, etc.);
- three PPP Units provide PPP-related training for public sector employees;
- three PPP Units are involved in PPP database development and management; and
- no PPP Unit has developed standard contracts or contract provisions.

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<sup>12</sup> The analysis, based on a study of PPP Units over 3 years, and its main findings are reported together in a recent EPEC report "Analysis of EPEC Member PPP Units and Lessons Learnt", which is expected to be made available on EPEC's public website soon - <http://www.eib.org/epec/index.htm>.

**Table 4 – Policy related functions of the PPP Units in the Region**

| Country                     | PPP policy development and support   |   | Capacity building, knowledge sharing, general PPP promotion and communications |   |                        | Intelligence/monitoring of PPP market         |
|-----------------------------|--|---|--|---|------------------------|---|
|                             | Development of legislation (primary or secondary), policy or guidance on PPP | Development of standard contracts or standard contract provisions | Determine and share best practice (incl. internationally)                      | Promotion of PPPs (e.g. market awareness)     | Provision of training  | PPP database development and management       |
| <b>Albania</b>              | Public Procurement Agency  |   | Public Procurement Agency  | Public Procurement Agency                     |                        | (Ministry of Finance)                         |
| <b>B&amp;H<sup>13</sup></b> | <b>B&amp;H (for user-pay)</b>  | Commission for Concessions B&H                                    | Commission for Concessions B&H   | Commission for Concessions B&H                |                        | Commission for Concessions B&H                |
|                             | <b>RoS</b>   | Department for Implementation of PPP Projects                     | Department for Implementation of PPP Projects                                  | Department for Implementation of PPP Projects |                        | Department for Implementation of PPP Projects |
|                             | <b>Federation B&amp;H</b>  | Commission for Concessions  | Commission for Concessions   | Commission for Concessions                    |                        | Commission for Concessions                    |
| <b>Croatia</b>              | Agency for PPP (Ministry of Economy)   |   | Agency for PPP   | Agency for PPP                                | Agency for PPP         | Agency for PPP                                |
| <b>FYROM</b>                | Department for PPP (PPP Council)   |   | Department for PPP   | (PPP Council)                                 | Department for PPP     | Department for PPP                            |
| <b>Kosovo*</b>              | Central PPP Department (PPP Committee)                                       |   | Central PPP Department   | Central PPP Department                        | Central PPP Department | (PPP Committee)                               |
| <b>Montenegro</b>           | (PM Office)  |   | (PM Office)  | (PM Office)<br>(Commission for Concessions)   |                        | (Commission for Concessions)                  |
| <b>Serbia</b>               | PPP Commission   |   | PPP Commission   | PPP Commission                                |                        | (Ministry of Finance)                         |

### Project related functions

The typical programme and project delivery functions of PPP Units set out in Tables 5(a) and 5(b) include the provision of support to procuring authorities at national and sub-national levels during the project cycle. The tables show that the **PPP Units of the Region are not significantly involved in the preparation of PPP projects and programmes**. The only exception is the PPP Unit of Kosovo\* which can offer support to procuring authorities at project identification, preparation and procurement stages of a PPP project's development. In addition, the PPP Units of Croatia and B&H (excluding RoS) are involved in monitoring the implementation of PPPs.

In Albania and Croatia some support to procuring authorities is provided by public bodies that are specialised in the preparation of PPP or concession projects (i.e.

<sup>13</sup> B&H has central and sub-national PPP units.

Concessions Treatment Unit, Centre for Monitoring Business Activities in the Energy Sector and Investments (**CEI**)).

**Table 5(a) – Project related functions of PPP Units in the Region**

| Country           | Support to procuring authorities during the project <u>identification</u> stage       |  |  | Support to procuring authorities during the project preparation stage |  |                                   |
|-------------------|---|--|--|---|--|-----------------------------------|
|                   | Involvement in identification of potential PPP projects and project pipeline planning | Development of business case/feasibility study | Assess PPP feasibility   | Support in selection and management of external advisors              | Sit on steering/ oversight committee for the project | Participate in project team/group |
| <b>Albania</b>    | (Concessions Treatment Unit)  |  | (Concessions Treatment Unit)<br>(Ministry of Finance)            |   |  |                                   |
| <b>B&amp;H</b>    | <b>B&amp;H (for user-pay)</b>   |  |  |   |  |                                   |
|                   | <b>RoS</b>  |  | Department for Implementation of PPP Projects<br>(Line Ministry) |   |  |                                   |
|                   | <b>Federation B&amp;H</b>   |  | (Ministry of Finance)  |   |  |                                   |
| <b>Croatia</b>    |   |  | Agency for PPP<br>(Ministry of Finance)                          | (CEI)   |  | (CEI)                             |
| <b>FYROM</b>      |   |  | (Ministry of Finance)  |   |  |                                   |
| <b>Kosovo*</b>    |   | Central PPP Department                         | (PPP Committee)  |   |  |                                   |
| <b>Montenegro</b> |   |  | (Ministry of Finance)  |   |  |                                   |
| <b>Serbia</b>     |   |  | (Ministry of Finance)  |   |  |                                   |



**Table 5(b) – Project related functions of PPP Units in the Region**

| Country    |                               | Support to procuring authorities during the <u>procurement</u> stage |                                     |  |                             | Support to procuring authorities during project <u>implementation</u> stage |  |                                |
|------------|-------------------------------|--|-------------------------------------|--|-----------------------------|---|--|--------------------------------|
|            |                               | Act as procuring authority for the project                           | Involvement in contract negotiation | Involved in post-preferred bidder negotiations | Involved in financial close | Sign the final PPP contract   | Oversight of payments to the PPP company | Management of the PPP contract |
| Albania    |                               |  | (Concessions Treatment Unit)        | (Concessions Treatment Unit)                   |                             |   |  |                                |
| B&H        | <i>B&amp;H (for user-pay)</i> |  |                                     |  |                             |   |  | Commission for Concessions B&H |
|            | <i>RoS</i>                    |  |                                     |  |                             |   |  |                                |
|            | <i>Federation B&amp;H</i>     |  |                                     |  |                             |   |  | Commission for Concessions     |
| Croatia    |                               | (CEI)  | (CEI)                               | (CEI)  | (CEI)                       |   |  | Agency for PPP                 |
| FYROM      |                               |  |                                     |  |                             |   |  |                                |
| Kosovo*    |                               |  | Central PPP Department              |  | Central PPP Department      |   |  |                                |
| Montenegro |                               |  |                                     |  |                             |   |  |                                |
| Serbia     |                               |  |                                     |  |                             |   |  | (Ministry of Finance)          |

#### Approval/quality control related functions

The role of PPP Units (and related organisations) in approval and quality control functions is summarised in Table 6, highlighting that:

- **Two national PPP Units have the power to approve (or stop) projects directly;**
- Two other Units contribute to project approvals indirectly, by providing recommendations to approval bodies;
- One national PPP Unit and two sub-national Units are involved in the approval of tender documentation;
- The approval of PPP contracts and of renegotiations are not common functions of PPP units in the Region; and
- Two PPP Units have a role in approving contracts and one Unit has a role in approving renegotiations.

**Table 6 – Approval and quality control function of PPP Units in the Region**

| Country           | Approval of eligibility of projects for implementation as PPPs | Provide recommendations to approval bodies    | Approval of tender documentation | Approval of PPP contracts                     | Approval of renegotiations                                    |
|-------------------|--|---|----------------------------------|---|---|
| <b>Albania</b>    | (Ministry of Finance)  | (Concessions Treatment Unit)                  |                                  |   |   |
| <b>B&amp;H</b>    | <b>B&amp;H (for user-pay)</b>                                  | Commission for Concessions B&H                |                                  | Commission for Concessions B&H                |   |
|                   | <b>RoS</b>   | Department for Implementation of PPP Projects |                                  | Department for Implementation of PPP Projects | Department for Implementation of PPP Projects (Line Ministry) |
|                   | <b>Federation B&amp;H</b>                                      | Commission for Concessions                    |                                  | Commission for Concessions                    | Commission for Concessions (Ministry of Finance)              |
| <b>Croatia</b>    | Agency for PPPs (Ministry of Finance)                          |   |                                  |   | Agency for PPP  |
| <b>FYROM</b>      | (Government) (Council of the Municipality)                     | (Ministry of Finance)                         |                                  |   |   |
| <b>Kosovo*</b>    | (PPP Committee)  | Central PPP Department (Ministry of Finance)  |                                  | (PPP Committee)                               | (PPP Committee)   |
| <b>Montenegro</b> | (Government) (Municipal Assembly)                              | (Ministry of Finance)                         |                                  |   | (Commission for Concessions)                                  |
| <b>Serbia</b>     | (Government) (Provincial Government) (Local Government)        | PPP Commission (Ministry of Finance)          |                                  |   |   |

### A note on B&H

Like the legal framework, the institutional framework for PPPs in **B&H** reflects the complex administrative structure of the country with separate institutions at national and sub-national levels:

- At the national level, the Commission for Concessions of B&H performs its duties only in respect of concessions launched at the national level and for user-pay PPP projects;
- In RoS, the Department for Implementation of PPP Projects is responsible for the development of PPP policy and projects. The Commission for Concessions of RoS is responsible for concession policy; and
- In the Federation of B&H, the Commission for Concessions of the Federation of B&H is the body responsible for the development of PPP and concession policies and projects.

## PPP Unit Staffing

As far as this information is available, the staffing of PPP Units is presented in Table 3 above. **These data suggest that PPP Units are relatively small**, ranging from two employees in FYROM to 16 in the Commission for Concessions of B&H. This finding may be explained by the small size of many countries of the Region and the relatively early stage of development of PPPs.

**A common challenge to all PPP Units in the Region is the ability to attract and retain experts with practical or extensive experience of PPP projects.** Most PPP Units employees are from the public sector and are very often transferred from other public institutions to newly established PPP Units. In most cases, their backgrounds are legal or economic with few exceptions (such as civil engineers or financial experts). Given this, the exposure of these staff to the design, planning and management of infrastructure projects, either conventionally procured or PPPs, is often very limited. To date, the PPP Units of the Region have not secured secondments from the private sector or established long-term consultancy contracts in an attempt to bring more experienced PPP project-related expertise into the Units.

## 4.2. Other Institutional Arrangements

In addition to the PPP Units, other participants in the Region PPP institutional set-ups are outlined below:

In **Albania**, the activities of the PPP Unit are complemented by the work of the Concessions Treatment Unit (ATRAKO) and the Ministry of Finance. ATRAKO supports procuring authorities throughout the project cycle and the Ministry of Finance is, by law, responsible for the establishment and maintenance of a PPP project database. At the national level, **ATRAKO also provides support to procuring authorities in the evaluation and negotiation of authority-pay PPP projects.** It evaluates the feasibility of projects, drafts tender documents, evaluates proposals and conducts final negotiations. Other than the functions summarised in Tables 4, 5 and 6, the Public Procurement Agency is responsible for the development of the country's public procurement system (both PPP and other infrastructure procurements) and covers both national and sub-national projects.

In **B&H**, at the national level, the Council of Ministers is responsible for the decision on types, subjects and volumes of concessions to be granted. The decision of the Council of Ministers needs to be approved by the B&H Parliamentary Assembly. At the sub-national level, the role of two federal PPP Units is complemented by the activities of line ministries and the Ministry of Finance. In RoS, line ministries evaluate feasibility studies prepared by procuring authorities and approve contracts before signature (for projects in their domain). In addition to the PPP Unit of Federation B&H, feasibility studies are assessed and contracts are approved by the Ministry of Finance.

In **Croatia**, the activities of the Agency for PPP are complemented by the work of the Ministry of Economy, the Ministry of Finance and the Centre for Monitoring Business

Activities in the Energy Sector and Investments (CEI). The Ministries of Finance and Economy share responsibly for the development of policy and legislation on PPPs. The Ministry of Finance also appraises the affordability of new PPP projects from a budgetary and fiscal risk perspective. Its approval is mandatory before launching the procurement of a PPP and signing a PPP contract. **The CEI may be mandated by any procuring authority (at central or sub-national levels) to prepare, procure and/or monitor a PPP project.**

In **FYROM**, the activities of the Department for PPP are complemented by those of the Ministry of Finance and, in the future, the PPP Council. The Ministry of Finance is responsible for the evaluation of feasibility studies, while the main role of the Council (defined by the PPP law) will be the promotion of PPPs and the preparation of proposals for the development of the legal framework. Although established in 2012, the Council is still not operational.

In **Kosovo\*** the PPP Unit, the Central PPP Department, is a technical secretariat to the PPP Committee and these two bodies share tasks aimed at the development of the PPP system in Kosovo\*. The PPP Committee is a high-level political body comprised of representatives of four ministers and a representative of the prime minister's office. It has responsibility for the following:

- Development of general PPP policies;
- Issuing implementing regulations;
- Approving PPP projects;
- Approving amendments to contracts; and
- Maintaining a national database on PPPs.

**Montenegro** has not established a dedicated PPP Unit to date. The Prime Minister's Office is currently responsible for developing PPP policy and legislation, promoting PPPs and sharing best practice. The Commission for Concessions is the public body responsible for responding to appeals submitted by bidders in respect of the award of concession contracts and managing the Registry of concession contracts.

In **Serbia**, the Ministry of Finance evaluates PPP projects from a budgetary perspective and, by law, is responsible for monitoring project implementation and maintaining a registry of PPP contracts.

### **4.3. Variable Approaches to PPP Institutional Arrangements**

From an institutional point of view, Albania, Croatia, FYROM and Kosovo\* have established PPP Units with permanent staff. B&H, Montenegro and Serbia have adopted simpler arrangements to date. Functions performed by the PPP Units vary significantly from one country to another, as do the roles and activities of PPP Units within these functions. Nevertheless within its governmental administration, **each country of the Region has identified a focus and responsibility for supporting the development and implementation of PPP policy.**

PPP Units in the Western Balkans Region are **primarily responsible for the fulfilment of PPP policy support functions**. The Units are, to a lesser extent, responsible for programme/project and approval/quality functions. As in many countries outside the Region, the work of PPP Units is often complemented by the activities of other public institutions. In some cases the functions of PPP Units and other government entities overlap – for example, in the promotion and approval of PPP projects.

## 5. Recommendations for Strengthening PPP Institutional Arrangements

Building on the findings presented in Section 2 to 4 and EPEC's wider knowledge of PPP legal and institutional frameworks, this section sets out a series of recommendations for strengthening PPP institutional arrangements in the Region. These are directed at public decision makers seeking to strengthen the capacity of their country to use PPPs as well as to WBIF stakeholders (e.g. IFIs, country donors) with a desire to support the development of PPPs in the Region.

### 5.1. PPP Institutional Arrangements

As in other countries of Europe and more widely, the Region's PPP institutional arrangements have, and should, change over time in order to respond to different economic, administrative, PPP experience and market circumstances. Importantly this includes review and revision to the function and role of PPP Units in changing circumstances.

EPEC's recent review of the PPP Units of its members<sup>14</sup> has concluded that there is no universal blueprint for establishing or reforming a PPP Unit and that each needs to be adapted to the relevant context in which it operates. At the same time, the report recommends the following checklist is used when seeking to establish or reform a PPP Unit:

- Ensure that there is strong and continuing high level **political support** for PPPs and the PPP Unit;
- Carry out a **comprehensive analysis** of the PPP policy drivers and expected nature and gaps in the processes and capacity of government to deliver PPPs in order to determine the functions, staffing and governance of the PPP Unit;
- Ensure that the **quality of staff**, and in particular the head of the PPP Unit, is properly matched to the functions of the PPP Unit;
- Ensure that the **location of the Unit within the administration** will enable it to report into senior levels of policy-making in Government and engage with relevant issues across the PPP programme;
- Determine the **functions and coverage** of the PPP Unit (see Section 3) taking into account the sectors and market constraints that are likely to be the main focus of the Unit to ensure that the right skills are identified and that the design of the PPP Unit is proportionate to the task;
- Identify the most appropriate **funding model** to support the activities of the Unit, bearing in mind the need to ensure sufficient levels of funding to attract and retain high quality staff. A fully funded model is recommended, but if

<sup>14</sup> The analysis, based on a study of PPP Units over 3 years, and its main findings are reported together in a recent EPEC report "Analysis of EPEC Member PPP Units and Lessons Learnt", which is expected to be made available on EPEC's public website soon - <http://www.eib.org/epec/index.htm>.

users are to be charged for all or part of the Unit's services, ensure that those who need to access support from the PPP Unit are able and willing to do so and that there is no detrimental impact on the credibility of the PPP Unit or conflict with its mission;

- Identify the appropriate **governance structure** of the PPP Unit, including the operational flexibility required to attract the right skills and to work with other entities across government, as well as who will have oversight of the PPP Unit's activities and how the oversight bodies may be supported with senior level expertise on public and commercial sector issues;
- Identify the **PPP Unit's stakeholders and how they will be managed**, in particular how the PPP Unit will best interact with line ministries, procuring authorities, oversight bodies and, more widely, the communications activities and skills required; and
- Identify how the PPP Unit will **assess its performance and continuously monitor changes** in its operating environment and how it can best be equipped to respond flexibly to any changes in policy, infrastructure investment need and market conditions.

## 5.2. PPP Project-related Know-how

Although the fundamental PPP legal and institutional frameworks required to implement PPPs are in place in the various countries of the Region, in most places, these frameworks remain largely untested – with no or few PPP projects implemented (as illustrated in Section 2). Countries of the Region face challenges in managing the preparation, procurement and implementation of PPPs as demonstrated by high project mortality rates. Many staff responsible for supporting the development of PPPs in the Region inevitably therefore have a relatively theoretical understanding of PPPs.

To be more instrumental in helping the Region to deliver sound PPPs institutional frameworks, PPP Units and the main procuring authorities (e.g. ministries of transport, major cities) need to be able to access practical knowledge and experience of the design and implementation of PPP projects. PPP Units and key procuring authorities (particularly national and line ministry) would undoubtedly benefit from more practical exposure to PPP projects and the availability of tools to help procure and implement projects.

EPEC therefore recommends the following activities are undertaken to further strengthen the project-related capacities of the public sector in the Region:

- Subject to information disclosure limitations<sup>15</sup>, **review PPP projects that have been implemented in the Region, as well as those that have failed, to identify their strengths, weaknesses and lessons learned.** The findings of these exercises would be usefully shared with relevant public sector

<sup>15</sup> For example, industrial property rights, business/commercial confidentiality.

- participants at the national and regional levels to help overcome common hurdles when preparing, implementing and monitoring PPPs;
- **A limited number of key public officials from the Region are offered the opportunity to learn from the implementation of PPP projects** in more PPP-experienced countries, as a result of time-limited secondments to PPP-experienced procuring authorities, twinning arrangements and/or dedicated knowledge-sharing events;
  - **Practical guidelines, tools and training are provided to procuring authorities at all levels**, particularly on how to:
    - prepare guidance on the development of realistic project pipelines, underlying project preparation etc. prior to a PPP decision (or not);
    - assess the viability of the PPP option for a specific project;
    - assess the Value for Money of the PPP option when compared to other procurement options for a specific project;
    - plan and manage PPP project preparation and tender procedures;
    - manage issues arising from combining grant funds (particularly, EU IPA funds) with PPPs; and
    - prepare PPP tender documentation, including risk matrices and/or draft contract; and
  - **Establish PPP project preparatory teams** to identify, prepare and present projects to the market. If and when established, such teams would help procuring authorities to design PPP projects in accordance with international good practice. These teams could be located within the existing PPP Units or in new bodies established at national or regional levels.

### **5.3. PPP Unit Collaboration at the Regional level**

To implement the various capacity building activities described above, wherever possible, EPEC recommends **these activities are undertaken on a Regional scale in order to share the development costs of guidance, tools and templates, spread lessons learned from past projects to a wider audience and foster homogeneity of practice across the Region**. Strengthening the emerging regional network of PPP Units could be useful to stimulate regional cooperation. EPEC and other entities, such as the Regional School of Public Administration, could potentially play a role in this respect.

**Recording and monitoring PPP projects at the regional level could also be a valuable initiative**. Individually, each country in the Region does not have the critical size (number, size of projects) to enable it to launch and maintain an active PPP pipeline and thereby encourage the creation of a national PPP market. Soundly-prepared major infrastructure projects (above EUR 100 million) are sufficiently appealing to attract foreign investors, whereas the companies that participate in small to medium size tenders are likely to be local (or local subsidiaries of international groups). Providing the market with a clear view of upcoming PPP projects will help



support the decision of potential private sector players (e.g. contractors, advisers) to invest time and resources in developing their capacity (e.g. technical skills, financial means, etc.) to be active on the market.

## ANNEX 1 – Closed and potential PPP projects

Data included in the following tables (Tables 7-10) are an EPEC aggregation of information collected from commercial databases specialised in infrastructure projects and (where available) material provided by the Region's national PPP-related institutions (authority and user pay, including so-called institutional PPPs). Whether closed or potential future projects, wherever possible the PPPs included in these tables have been reviewed by national PPP bodies. As highlighted in Section 2.2, this dataset cannot be assumed to be comprehensive as closed projects may have been missed, particularly smaller projects not registered at a national level, and potential future projects cannot be known or predicted with any certainty. As a consequence, the data should be treated with caution.

**Table 7 – Closed projects 1998-2013**

| Project  | Year of FC | Sector               | Value (EUR million) |
|--|------------|----------------------|---------------------|
| <b>Albania</b>   |            |                      |                     |
| Mother Teresa Airport Terminal (Tirana)  | 2005       | Transport            | 34                  |
| <b>Croatia</b>   |            |                      |                     |
| Istrian Motorway Phase 1a  | 1998       | Transport            | 199                 |
| Zagreb Sewerage Plant  | 2001       | Environment          | 300                 |
| Istrian Motorway Phase 1b  | 2003       | Transport            | 296                 |
| Koprivnica High School and Sports Hall   | 2006       | Education            | 9                   |
| Reconstruction of the County Hall Varazdin                                     | 2006       | Government Buildings | 1                   |
| Extension of schools in Varazdin county - II express of interest - group 4     | 2006       | Education            | 2                   |
| Extension of schools in Varazdin county - II express of interest - group 5     | 2006       | Education            | 5                   |
| Zagreb to Macelj Toll Motorway   | 2007       | Transport            | 371                 |
| Central Bus Station Osijek   | 2007       | Transport            | 16                  |
| Varazdin City Sports Hall  | 2007       | Social & Community   | 24                  |
| Split City Sport and Business Complex  | 2007       | Social & Community   | 67                  |
| Extension of schools in Varazdin county - I express of interest - group 1      | 2007       | Education            | 7                   |
| Extension of schools in Varazdin county - I express of interest - group 2      | 2007       | Education            | 2                   |
| Extension of schools in Varazdin county - I express of interest - group 3 & 4  | 2007       | Education            | 5                   |
| Extension of schools in Varazdin county - II express of interest - group 1 & 2 | 2007       | Education            | 4                   |
| Extension of schools in Varazdin county - II express of interest - group 3     | 2007       | Education            | 2                   |
| Extension of schools in Varazdin county - III express of interest - group 1    | 2007       | Education            | 4                   |
| Zagreb Airport PPP Project   | 2013       | Transport            | 189                 |

| Project  | Year of FC | Sector               | Value (EUR million) |
|--|------------|----------------------|---------------------|
| Gerovo Home for Elderly                                  | 2013       | Social & Community   | 3                   |
| <b>FYROM</b>   |            |                      |                     |
| Airport Project – Skopje                                 | 2010       | Transport            | 100                 |
| Sports complex – Skopje                                  | 2013       | Social & Community   | 8                   |
| Collection and transportation of waste - Goce Petrov     | 2010       | Environment          | <1                  |
| Hydropower plants  | 2012       | Energy               | 1                   |
| Public lighting systems – Skopje                         | 2012       | Social & Community   | 2                   |
| Zonal system of parking – Bitola                         | 2013       | Transport            | 0                   |
| Technological Development Zone - Tetovo                  | 2013       | Government Buildings | 3                   |
| Administrative office building and parking – Goce Petrov | 2013       | Government Buildings | 13                  |
| Administrative office building – Kriva Palanka           | 2012       | Government Buildings | <1                  |
| <b>Kosovo*</b>   |            |                      |                     |
| Pristina International Airport Privatisation             | 2010       | Transport            | 100                 |
| Peja Urban Bus   | 2013       | Transport            | 4                   |
| <b>Montenegro</b>  |            |                      |                     |
| Wireless Montenegro                                      | 2013       | Telecommunications   | 12                  |
| Student Accomodation Podgorica                           | 2012       | Social & Community   | 8                   |
| Podgorica urban development                              | 2012       | Social & Community   | 53                  |
| Meljine - Putijevci road project                         | 2011       | Transport            | 18                  |
| Lipska Cave speleological site                           | 2012       | Social & Community   | 1                   |
| <b>Serbia</b>  |            |                      |                     |
| Novi Sad FTTH network reconstruction and building        | 2012       | Telecommunications   | 47                  |

**Table 8 – Projects in tender phase and potential future PPPs**

| Project  | Status    | Sector               | Estimated Value (EUR million) <sup>16</sup> |
|--|-----------|----------------------|---|
| <b>Albania</b>                                   |           |                      |   |
| Bratle Hydropower Plant                          | In tender | Energy               | 70  |
| TGK Hydropower Plant                             | In tender | Energy               | 600   |
| Ashta Hydro-Electric Power Project               | In tender | Energy               | 160   |
| Devoll Valley Hydropower Project                 | In tender | Energy               | n.a.  |
| Milot - Morine Highway                           | In tender | Transport            | 100   |
| Tirana Public Transport Terminal                 | In tender | Transport            | n.a.  |
| Albania solid waste management PPP               | In tender | Environment          | n.a.  |
| <b>Bosnia &amp; Herzegovina</b>                  |           |                      |   |
| Banja Luka-Doboj Motorway PPP                    | In tender | Transport            | 468   |
| Corridor 5c Highway Project                      | In tender | Transport            | 2,500                                       |
| Srpska Motorway PPP Project                      | In tender | Transport            | 2,907                                       |
| Ulog Hydro Power Plant PPP                       | Potential | Energy               | 100   |
| Doboj -Vukosavkje Motorway PPP Phase 1           | Potential | Transport            | n.a.  |
| Doboj -Vukosavkje Motorway PPP Phase 2           | Potential | Transport            | n.a.  |
| <b>Croatia</b>                                   |           |                      |   |
| Neuropsychiatric Hospital Popovaca               | In tender | Health               | 17  |
| Square of Justice in Zagreb                      | In tender | Government Buildings | 180   |
| Zagreb Klaićeva Street Parking Garage PPP        | Potential | Transport            | 47  |
| Construction of Zapadna Zabica Transport Complex | Potential | Transport            | 50  |
| Schools in the Town of Dubrovnik                 | Potential | Education            | 14  |
| Schools in the Varazdin County                   | Potential | Education            | 23  |
| Schools in Istrian County and Town of Porec      | Potential | Education            | 20  |
| Croatian State Archive in Zagreb                 | Potential | Government Buildings | 18  |
| Croatian History Museum, Zagreb                  | Potential | Government Buildings | 17  |
| City of Koprivnica – schools                     | Potential | Education            | 13  |
| KBC Hospital Rijeka                              | Potential | Health               | 343   |
| General Hospital in Varazdin                     | Potential | Health               | 32  |
| <b>FYROM</b>                                     |           |                      |   |
| PPP Toll Road Project                            | In tender | Transport            | 2,400                                       |
| Hydropower PPP                                   | In tender | Energy               | 20  |

<sup>16</sup> n.a. = not available.

| Project  | Status    | Sector               | Estimated Value (EUR million) <sup>16</sup> |
|--|-----------|----------------------|---|
| Kicevo waste PPP                                 | In tender | Environment          | n.a.  |
| Skopje Tram PPP                                  | In tender | Transport            | n.a.  |
| Administrative facility and parking              | In tender | Government Buildings | n.a.  |
| Pan European Corridor 8 (FYROM)                  | Potential | Transport            | n.a.  |
| <b>Kosovo*</b>                                   |           |                      |   |
| Suhareka Waste Management                        | In tender | Environment          | 2-5   |
| Rt 7 Motorway Service Areas                      | In tender | Transport            | n.a.  |
| Pristina Underground Parking                     | In tender | Transport            | 5-10  |
| Gjilan Urban Bus                                 | Potential | Transport            | n.a.  |
| Pristina Urban Bus                               | Potential | Transport            | 10-50                                       |
| Viti Green Market                                | Potential | Social & Community   | 1   |
| Lipjan City Square                               | Potential | Social & Community   | 5-10  |
| Gjilan School Support Facility                   | Potential | Education            | 1   |
| Mitrovica Business Park                          | Potential | Social & Community   | 2-5   |
| Prizren Commercial Center                        | Potential | Social & Community   | n.a.  |
| Prizren Cemetery                                 | Potential | Social & Community   | n.a.  |
| Route 7 O&M                                      | Potential | Transport            | n.a.  |
| <b>Montenegro</b>                                |           |                      |   |
| Moraca River Hydropower PPP                      | Potential | Energy               | n.a.  |
| Bar to Boljare highway corridor                  | Potential | Transport            | 2,000                                       |
| Kotor-Cetinje cable car                          | Potential | Transport            | 42  |
| <b>Serbia</b>                                    |           |                      |   |
| Sabac Public Garage DBFMO                        | In tender | Transport            | n.a.  |
| Zrenjanin Biogas Heat and Electricity Production | In tender | Energy               | n.a.  |
| Belgrade Water                                   | Potential | Environment          | 850   |
| Apatin port facilities on the Danube river       | Potential | Transport            | n.a.  |
| Loznica Urban-Suburban Passenger Transport       | Potential | Transport            | n.a.  |
| Srbobran Suburban Passenger Transportation       | Potential | Transport            | n.a.  |
| Topola Suburban Passenger Transportation         | Potential | Transport            | n.a.  |
| Novi Sad - Ruma motorway                         | Potential | Transport            | 180   |

**Table 9 – Project procuring authorities, sponsors, contractors and advisers<sup>17</sup>**

| Country | Project name                               | Concession awarder              |                    |                          | Sponsor  | Contractor                             |                     |                            |                       |
|---------|--|---------------------------------|--------------------|--------------------------|--|--|---------------------|----------------------------|-----------------------|
|         |  | Body                            | Financial advisers | Legal advisers           |  | Company/SPV                            | Financial advisers  | Legal advisers             | Technical advisers    |
| Albania | Mother Teresa Airport Terminal (Tirana)    | Republic of Albania             | n.a.               | n.a.                     | Hochtief AG<br>Deutsche Investitions- und Entwicklungsgesellschaft mbH<br>Albanian-American Enterprise Fund - AAEF | Tirana Airport Partners Shpk - TAP     | n.a.                | n.a.                       | n.a.                  |
| Croatia | Istrian Motorway Phase 1a                  | Republic of Croatia             | n.a.               | n.a.                     | INA Industrija Nafte dd<br>Istarska Autocesta<br>Bouygues SA<br>Hrvatske Uprave Cesta                              | Bouygues SA                            | Warburg Dillon Read | Freshfields Bocket & Mafet | n.a.                  |
| Croatia | Zagreb Sewerage Plant                      | n.a.                            | n.a.               | n.a.                     | SHW Hoelter Wassertechnik GmbH<br>RWE Aqua GmbH<br>Vodoprivreda doo  | n.a.                                   | n.a.                | Lovells                    | n.a.                  |
| Croatia | Istrian Motorway Phase 1b                  | Republic of Croatia             | n.a.               | Dewey Ballantine LLP     | BINA-Istra dd  | BINA-Istra dd                          | UBS Warburg         | n.a.                       | WS Atkins Consultants |
| Croatia | Koprivnica High School and Sports Hall     | Koprivničko-križevačka županija | n.a.               | PPP Centar Ltd. (Zagreb) | n.a.   | TEHNIKA SPV d.o.o.                     | n.a.                | n.a.                       | n.a.                  |
| Croatia | Reconstruction of the County Hall Varazdin | Varaždinska županija            | n.a.               | PPP Centar Ltd. (Zagreb) | n.a.   | Meteor-Privatno Partnerstvo d.o.o.     | n.a.                | n.a.                       | n.a.                  |
| Croatia | Zagreb to Macelj Toll Motorway             | n.a.                            | n.a.               | n.a.                     | Walter Bau AG<br>Strabag International   | Walter Bau AG<br>Strabag International | n.a.                | Freshfields                | n.a.                  |
| Croatia | Central Bus Station Osijek                 | Grad Osijek                     | n.a.               | PPP Centar Ltd. (Zagreb) | n.a.   | OSIJEK-KOTEKS d.d.                     | n.a.                | n.a.                       | n.a.                  |
| Croatia | Varazdin City Sports Hall                  | Grad Varaždin                   | n.a.               | PPP Centar Ltd. (Zagreb) | n.a.   | T.P.N. DRAVA d.o.o.                    | n.a.                | n.a.                       | n.a.                  |
| Croatia | Split City Sport and Business Complex      | Grad Split                      | n.a.               | PPP Centar Ltd. (Zagreb) | Konstruktor Inzenjering D.D.<br>Split<br>Dalekovod d.d.<br>Institut Gradevinarstva Hrvatske d.d. (IGH d.d.)        | SPORTSKI GRAD TPN d.o.o.               | n.a.                | n.a.                       | n.a.                  |

<sup>17</sup> n.a. = not available.

| Country | Project name   | Concession awarder                              |                          |                          | Sponsor   | Contractor                                |                                |   |                    |
|---------|--|---|--------------------------|--------------------------|---|---|--------------------------------|---|--------------------|
|         |  | Body  | Financial advisers       | Legal advisers           |   | Company/SPV                               | Financial advisers             | Legal advisers  | Technical advisers |
| Croatia | Zagreb Airport PPP Project   | Ministry of the Sea, Transport & Infrastructure | n.a.                     | n.a.                     | Bouygues SA<br>Aeroports de Paris SA - ADP<br>Marguerite Fund<br>International Finance Corp - IFC<br>Tav Havalimanlari Holding AS<br>Viadukt dd<br>Houston Airport System<br>Development Corp<br>Unique Zurich Airport -<br>Flughafen Zurich AG<br>Flughafen Munchen GmbH -<br>FMG<br>J&P-AVAX SA<br>Changi Airport Group<br>(Singapore) Pte Ltd (CAG)<br>Copenhagen Airports A/S<br>MAn Airports International Ltd | Bouygues SA                               | PwC LLP<br>Deutsche<br>Bank AG | Pinsent<br>Masons LLP<br>Porobija &<br>Porobija<br>(Zagreb) | n.a.               |
| Croatia | Gerovo Home for Elderly  | n.a.  | n.a.                     | n.a.                     | n.a.  | n.a.                                      | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 1      | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | METEOR PARTNERSTVO d.o.o.                 | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 2      | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | Meteor-Privatno Partnerstvo d.o.o.        | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 3 & 4  | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | Meteor Privatno Partnerstvo - ALFA d.o.o. | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - II express of interest - group 1 & 2 | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | Meteor Privatno Partnerstvo - ALFA d.o.o. | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - II express of interest - group 3     | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | T.P.N. VARAŽDIN d.o.o.                    | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - II express of interest - group 4     | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | T.P.N. VARAŽDIN d.o.o.                    | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - II express of interest - group 5     | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | T.P.N. GRABERJE d.o.o.                    | n.a.                           | n.a.  | n.a.               |
| Croatia | Extension of schools in Varazdin county - III express of interest - group 1    | Varaždinska županija                            | PPP Centar Ltd. (Zagreb) | PPP Centar Ltd. (Zagreb) | n.a.  | T.P.N. VARAŽDIN d.o.o.                    | n.a.                           | n.a.  | n.a.               |

| Country    | Project name   | Concession awarder                       |   |                | Sponsor   | Contractor  |                    |                    |                          |
|------------|--|--|---|----------------|---|---|--------------------|--------------------|--------------------------|
|            |  | Body                                     | Financial advisers                                    | Legal advisers |   | Company/SPV   | Financial advisers | Legal advisers     | Technical advisers       |
| Kosovo*    | Pristina International Airport Privatisation             | The Government of Kosovo*                | Netherlands Airport Consultants Deloitte & Touche LLP | White & Case   | n.a.  | Limak Kosovo International Airport JSC  | n.a.               | n.a.               | n.a.                     |
| Kosovo*    | Peja Urban Bus   | n.a.                                     | n.a.  | n.a.           | n.a.  | n.a.  | n.a.               | n.a.               | n.a.                     |
| FYROM      | Airport Project - Skopje                                 | Ministry of Transport and Communications | n.a.  | n.a.           | Tav Havalimanlari Holding AS<br>Egis SA<br>HOCHTIEF AirPort GmbH<br>Flughafen Wien AG | n.a.  | n.a.               | Chadbourne & Parke | Mott MacDonald Group Ltd |
| FYROM      | Sports complex - Skopje                                  | Skopje Municipality                      | n.a.  | n.a.           | n.a.  | Association for Sport and Recreation Sports Center Jane Sandanski Ltd Skopje. | n.a.               | n.a.               | n.a.                     |
| FYROM      | Collection and transportation of waste – Goce Petrov     | Skopje Municipality                      | n.a.  | n.a.           | n.a.  | Flor Eco Company Ltd. Skopje  | n.a.               | n.a.               | n.a.                     |
| FYROM      | Hydropower plants  | The utility company Palanka UI           | n.a.  | n.a.           | n.a.  | Osogovo Hydro LLC   | n.a.               | n.a.               | n.a.                     |
| FYROM      | Public lighting systems - Skopje                         | Municipality of the City of Skopje       | n.a.  | n.a.           | n.a.  | KMG GUE Quasar Ltd  | n.a.               | n.a.               | n.a.                     |
| FYROM      | Zonal system of parking - Bitola                         | Bitola Municipality                      | n.a.  | n.a.           | n.a.  | Stanton Construction LLC  | n.a.               | n.a.               | n.a.                     |
| FYROM      | Technological Development Zone - Tetovo                  | Government                               | n.a.  | n.a.           | n.a.  | NORMAK INVESTMENT GROUP   | n.a.               | n.a.               | n.a.                     |
| FYROM      | Administrative office building and parking – Goce Petrov | Municipality Gorce Petrov                | n.a.  | n.a.           | n.a.  | TRANSMET LLC  | n.a.               | n.a.               | n.a.                     |
| FYROM      | Administrative office building – Kriva Palanka           | Municipality Kriva Palanka               | n.a.  | n.a.           | n.a.  | TDGITU Mijoli DOO   | n.a.               | n.a.               | n.a.                     |
| Montenegro | Wireless Montenegro                                      | Government                               | n.a.  | n.a.           | n.a.  | EOSS Industries Holding   | n.a.               | n.a.               | n.a.                     |
| Montenegro | Student Accommodation Podgorica                          | Ministry of Education                    | n.a.  | n.a.           | n.a.  | Kroling   | n.a.               | n.a.               | n.a.                     |
| Montenegro | Podgorica urban development                              | City of Podgorica                        | n.a.  | n.a.           | n.a.  | Celebic Company<br>Gintas Company   | n.a.               | n.a.               | n.a.                     |
| Montenegro | Meljine - Putijevci road project                         | Municipality of Herceg Novi              | n.a.  | n.a.           | n.a.  | Univerzal Holding   | n.a.               | n.a.               | n.a.                     |
| Montenegro | Lipska Cave speleological site                           | City of Cetinje                          | n.a.  | n.a.           | n.a.  | Lipska Cave Ltd.  | n.a.               | n.a.               | n.a.                     |
| Serbia     | Novi Sad FTTH network reconstruction and building        | n.a.                                     | n.a.  | n.a.           | n.a.  | n.a.  | n.a.               | n.a.               | n.a.                     |



**Table 10 – Project lenders, equity providers, borrowers and advisers<sup>18</sup>**

| Country | Project name                                      | D/E ratio | Lenders   |                               | Equity providers   | Borrower                           |                                     |
|---------|---|-----------|---|-------------------------------|--|------------------------------------|-------------------------------------|
|         |   |           | Institution(s)  | Adviser(s)                    |  | Borrower                           | Borrower adviser                    |
| Albania | <b>Mother Teresa Airport Terminal (Tirana)</b>    | 68/32     | Deutsche Investitions- und Entwicklungsgesellschaft mbH - DEG<br>American Bank of Albania<br>EBRD   | Studio Legale Tonucci (Italy) | Hochtief AG<br>Deutsche Investitions- und Entwicklungsgesellschaft mbH - DEG<br>Albanian-American Enterprise Fund - AAEF | Tirana Airport Partners Shpk - TAP | Deloitte & Touche LLP<br>Linklaters |
| Croatia | <b>Istrian Motorway Phase 1a</b>                  | 88/12     | Bank Austria AG<br>Bayerische Vereinsbank AG<br>Caisse Centrale des Banques Populaires SA - CCBP<br>Caisse des Depots et Consignations<br>Oesterreichische Investitionskredit AG<br>Dai-Ichi Kangyo Bank Ltd<br>Westdeutsche Landesbank<br>Girozentrale - WestLB<br>Zagrebacka Banka dd | Allen & Overy                 | Bouygues SA<br>Istarska Autocesta<br>Hrvatske Uprave Cesta<br>INA Industrija Nafta dd                                    | BINA-Istra dd                      | n.a.                                |
| Croatia | <b>Zagreb Sewerage Plant</b>                      | 57/43     | EBRD<br>Kreditanstalt fuer Wiederaufbau - KfW   | White & Case LLP              | SHW Hoelter Wassertechnik GmbH<br>RWE Aqua GmbH<br>Vodoprivreda doo  | Zagrebacke Otpadne Vode doo - ZOV  | n.a.                                |
| Croatia | <b>Istrian Motorway Phase 1b</b>                  | 84/16     | Alpha Bank AE<br>DePfa-Deutsche Pfandbrief AG<br>Zagrebacka Banka dd<br>Deutsche Bank AG  | Allen & Overy                 | BINA-Istra dd  | BINA-Istra dd                      | n.a.                                |
| Croatia | <b>Koprivnica High School and Sports Hall</b>     | n.a.      | n.a.  | n.a.                          | n.a.   | TEHNIKA SPV d.o.o.                 | n.a.                                |
| Croatia | <b>Reconstruction of the County Hall Varazdin</b> | n.a.      | n.a.  | n.a.                          | n.a.   | Meteor-Privatno Partnerstvo d.o.o. | n.a.                                |

<sup>18</sup> n.a. = not available.

| Country | Project name   | D/E ratio | Lenders  |  | Equity providers  | Borrower                                  |  |
|---------|--|-----------|--|--|---|---|--|
|         |  |           | Institution(s)   | Adviser(s)   |   | Borrower                                  | Borrower adviser   |
| Croatia | Zagreb to Macelj Toll Motorway   | 85/15     | Bank Austria Creditanstalt AG<br>Bayerische Hypo- und Vereinsbank AG - HVB Group<br>HSH Nordbank AG<br>Kreditanstalt fuer Wiederaufbau - KfW<br>KBC Bank NV<br>NordLB<br>Banca OPI SpA<br>Calyon<br>DePfa Investment Bank Ltd<br>Erste Bank AG (Germany)<br>Fortis Bank SA/NV<br>Natexis Banques Populaires SA<br>Oesterreichische Kontrollbank AG - OeKB<br>Zagrebacka Banka dd<br>Kommunalkredit Austria AG<br>Dexia Credit Local de France SA | Clifford Chance LLP                                  | Strabag International<br>Walter Bau AG  | Autocesta Zagreb-Macelj                   | Bankgesellschaft Berlin AG<br>Fortis Bank SA/NV (financial)<br>Allen & Overy (legal) |
| Croatia | Central Bus Station Osijek   | n.a.      | n.a.   | n.a.   | n.a.  | OSIJEK-KOTEKS d.d.                        | n.a.   |
| Croatia | Varazdin City Sports Hall  | n.a.      | n.a.   | n.a.   | n.a.  | T.P.N. DRAVA d.o.o.                       | n.a.   |
| Croatia | Split City Sport and Business Complex  | n.a.      | n.a.   | n.a.   | n.a.  | SPORTSKI GRAD TPN d.o.o.                  | n.a.   |
| Croatia | Zagreb Airport PPP Project   | 70/30     | Deutsche Bank AG<br>Bank Austria AG<br>Zagrebacka Banka<br>IFC<br>EIB  | Madirazza & Partneri<br>Norton Rose<br>Fulbright LLP | Bouygues SA<br>Aeroports de Paris SA - ADP<br>Marguerite Fund<br>International Finance Corp - IFC<br>Tav Havalimanlari Holding AS<br>Viadukt dd | Medunarodna Zracna Luka Zagreb dd         | White & Case LLP   |
| Croatia | Gerovo Home for Elderly  | n.a.      | n.a.   | n.a.   | n.a.  | n.a.                                      | n.a.   |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 1      | n.a.      | n.a.   | n.a.   | n.a.  | METEOR PARTNERSTVO d.o.o.                 | n.a.   |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 2      | n.a.      | n.a.   | n.a.   | n.a.  | Meteor-Privatno Partnerstvo d.o.o.        | n.a.   |
| Croatia | Extension of schools in Varazdin county - I express of interest - group 3 & 4  | n.a.      | n.a.   | n.a.   | n.a.  | Meteor Privatno Partnerstvo - ALFA d.o.o. | n.a.   |
| Croatia | Extension of schools in Varazdin county - II express of interest - group 1 & 2 | n.a.      | n.a.   | n.a.   | n.a.  | Meteor Privatno Partnerstvo - ALFA d.o.o. | n.a.   |

| Country    | Project name  | D/E ratio | Lenders   |               | Equity providers             | Borrower                                |                  |
|------------|---|-----------|---|---------------|------------------------------|---|------------------|
|            |   |           | Institution(s)  | Adviser(s)    |                              | Borrower                                | Borrower adviser |
| Croatia    | Extension of schools in Varazdin county - II express of interest - group 3  | n.a.      | n.a.  | n.a.          | n.a.                         | T.P.N. VARAŽDIN d.o.o.                  | n.a.             |
| Croatia    | Extension of schools in Varazdin county - II express of interest - group 4  | n.a.      | n.a.  | n.a.          | n.a.                         | T.P.N. VARAŽDIN d.o.o.                  | n.a.             |
| Croatia    | Extension of schools in Varazdin county - II express of interest - group 5  | n.a.      | n.a.  | n.a.          | n.a.                         | T.P.N. GRABERJE d.o.o.                  | n.a.             |
| Croatia    | Extension of schools in Varazdin county - III express of interest - group 1 | n.a.      | n.a.  | n.a.          | n.a.                         | T.P.N. VARAŽDIN d.o.o.                  | n.a.             |
| Kosovo*    | Pristina International Airport Privatisation                                | 80/20     | Vakifbank   | n.a.          | Limak Aeroport de Lyon       | Limak Kosovo* International Airport JSC | n.a.             |
| Kosovo*    | Peja Urban Bus  | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Airport Project - Skopje  | 70/30     | Standard Bank Group Ltd<br>Turkiye Halk Bankasi AS - Halkbank<br>OPEC Fund for International Development - OFID<br>Demir-Halk Bank (Nederland) NV | Allen & Overy | Tav Havalimanlari Holding AS | n.a.                                    | n.a.             |
| FYROM      | Sports complex - Skopje   | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Collection and transportation of waste – Goce Petrov                        | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Hydropower plants   | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Public lighting systems - Skopje  | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Zonal system of parking - Bitola  | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Technological Development Zone - Tetovo                                     | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Administrative office building and parking – Goce Petrov                    | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| FYROM      | Administrative office building – Kriva Palanka                              | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |
| Montenegro | Wireless Montenegro   | n.a.      | n.a.  | n.a.          | n.a.                         | EOSS Industries Holding                 | n.a.             |
| Montenegro | Student Accomodation Podgorica  | n.a.      | n.a.  | n.a.          | n.a.                         | Kroling                                 | n.a.             |
| Montenegro | Podgorica urban development   | n.a.      | n.a.  | n.a.          | n.a.                         | Celebic Company<br>Gintas Company       | n.a.             |
| Montenegro | Meljine - Putijevci road project  | n.a.      | n.a.  | n.a.          | n.a.                         | Univerzal Holding                       | n.a.             |
| Montenegro | Lipska Cave speleological site  | n.a.      | n.a.  | n.a.          | n.a.                         | Lipska Cave Ltd.                        | n.a.             |
| Serbia     | Novi Sad FTTH network reconstruction and building                           | n.a.      | n.a.  | n.a.          | n.a.                         | n.a.                                    | n.a.             |

## ANNEX 2 – Secondary legislation supporting PPP legal frameworks

| Country              | Regulations   | Entry into force | Link                 |
|----------------------|---|------------------|----------------------|
| <b>Croatia</b>       | Regulation on Implementation of PPP Projects  | 2012             | <a href="#">link</a> |
|                      | Ordinance on the organisation and Management of the Register of PPP Contracts   | 2012             | <a href="#">link</a> |
| <b>B&amp;H - RoS</b> | Regulation on the Implementation of PPP Projects  | 2009             | n.a.                 |
|                      | Rulebook on the Contents and Manner of keeping of the Registry of PPP   | 2010             | <a href="#">link</a> |
| <b>FYROM</b>         | Ordinance for the Content of the Feasibility Study for the Justification of the Concession for Goods of General Interest or of the Public Private Partnership   | 2012             | <a href="#">link</a> |
|                      | Ordinance on the form and Content of the Report for the started, but not completed Procedure for Granting of the agreement for Establishment of Public Private Partnership  | 2012             | <a href="#">link</a> |
|                      | Ordinance on the form and Content of the form for the Intention of the Private Partner to Grant agreement for the Works to Third Parties  | 2012             | <a href="#">link</a> |
|                      | Ordinance for the form and the Content of the announcement for awarding an Agreement for Establishment of Public Private Partnership That is Realized as a Concession for Public Work or as a Concession for Public Service   | 2012             | <a href="#">link</a> |
|                      | Ordinance on the form, Content and Manner of Keeping the Register of Granted Agreements for Establishment of Public Private Partnership and for the form and Content of the form of Data for the Granted agreements for Establishment of Public Private Partnership | 2012             | <a href="#">link</a> |
|                      | Ordinance on the Content of the agreement for Establishment of Public Private Partnership and the agreement for Concession of Goods of Common Interest  | 2012             | <a href="#">link</a> |
| <b>Kosovo*</b>       | Directive on Procedures for the Review and approval of PPP Projects   | 2011             | <a href="#">link</a> |
|                      | Directive on Project Management Teams   | 2011             | <a href="#">link</a> |
|                      | Directive on the Review and approval of Municipal PPP   | 2011             | <a href="#">link</a> |
|                      | Directive for Publications of PPP Notices   | 2012             | <a href="#">link</a> |
| <b>Serbia</b>        | Regulation on the Supervision of Implementation of the PPP Public Contracts   | 2013             | <a href="#">link</a> |
|                      | Ordinance on Keeping and the Content of the Public Contracts Registry   | 2013             | <a href="#">link</a> |





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