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## Kosovo: An unlikely candidate for PPP?

- Post-conflict society
- Nascent institutions with little to no track record
- No reputation as a contracting party
- Ethnic fragmentation
- New and untested legal regime
- Minimal economies of scale
- Continued Uncertainties





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## Kosovo at a glance:

- The world's newest country
- GDP: € 3,223 million
- GDP Growth Rate: 2.6%
- Population: 2.063 million
- Per Capita GDP: € 1,562
- Remittances: € 343 million
- Foreign Assistance: € 366 million
- Government's projected capital expenditures:
  - €1.2 billion in next 3 years
  - Government's proven investment capacity is approximately €175 million per year





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## Kosovo's Complex Needs

- Urgent Infrastructure Expansion
  - Inability to implement capital expenditures
  - Need for additional resources
- Expanded coverage and quality of services (across all sectors)
- Improved management and economic efficiency
- Transparency in the delivery of public services
- Public Sector Development
- Private Sector Opportunities
- Decentralization





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## Kosovo: PPP as an Engine for Growth

PPP can meet Kosovo's needs by offering:

- Quicker infrastructure delivery
- Access to additional capital
- Improved efficiency and quality of service
- Greater transparency in service delivery
- Private sector opportunities (private sector development)
- Greater autonomy at the municipal level
- Long-term strategic interest in Kosovo's future





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## The challenges of PPP in Kosovo

- Kosovo as the Public Partner
  - Political / Legal Status
  - Kosovo has no credit rating
  - Kosovo has no reputation as a contracting party
- No membership yet in international institutions and organizations (guarantees, risk mitigation tools, etc.)
- Institutional coordination / controls
- Other





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## Mitigating PPP Challenges

- Organizing for PPP within the broader framework of economic management for stability and growth:
  - Establishment of a centralized PPP Unit
  - Legal, regulatory, and institutional framework review
  - Capacity-building
  - Development of best practices and standardized processes
  - Project review / project pipeline development
  - Stakeholder consultations / Outreach

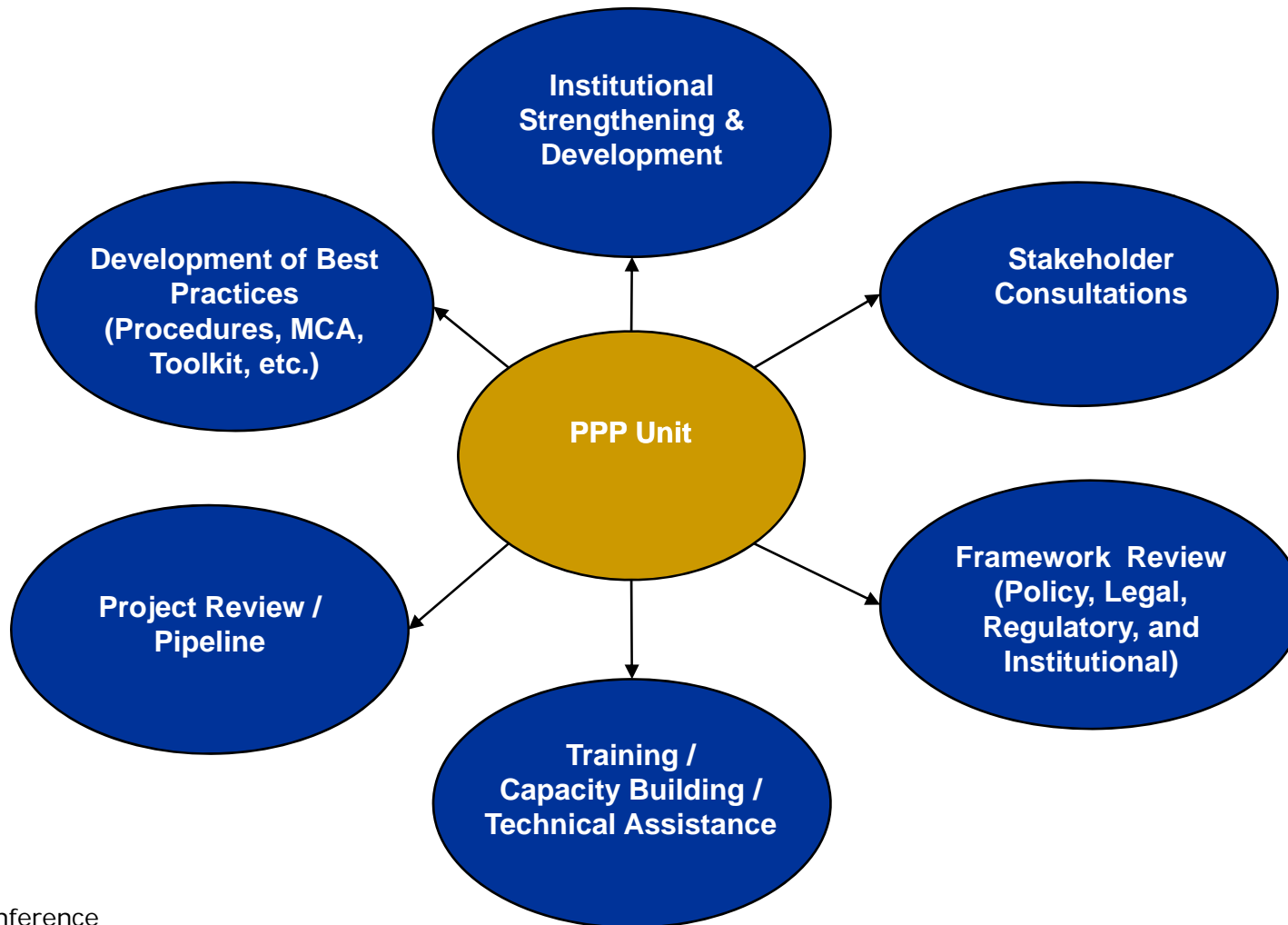


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# Organizing for PPP







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## Pipeline of Projects

- Pilot projects are being developed in virtually all economic and social sectors:
  - Energy
  - Transport
  - Education
  - Health
  - Municipalities
  - Other





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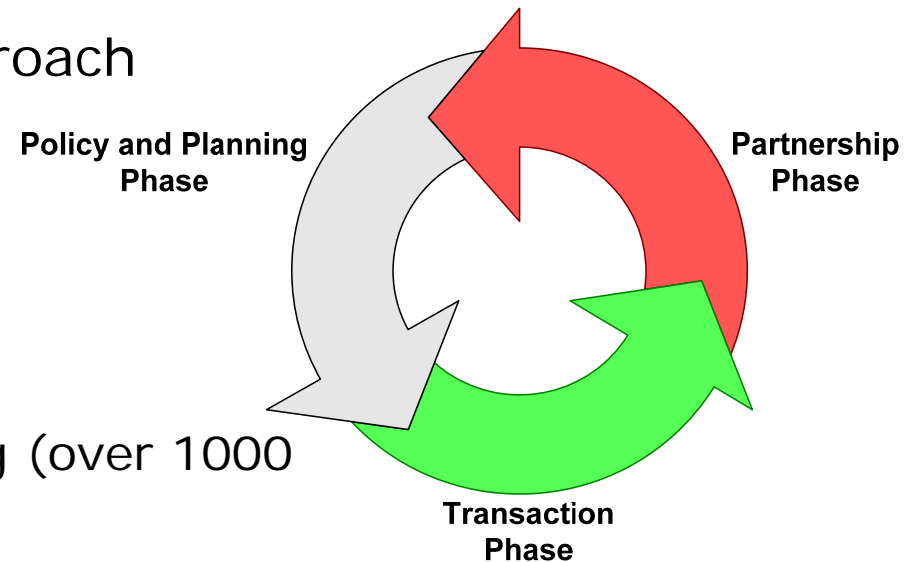


	PROJECT DESCRIPTION	STATUS
ROAD INFRASTRUCTURE	<p>Route 7 (117km) : € 1.15 billion PPP</p> <p>Route 6 (165 km): € 800 million</p>	<ul style="list-style-type: none"> <li>Request for EOI for Route 7 has been issued.</li> <li>Route 6 tender planned for 2009.</li> </ul>
PRISTINA INTERNATIONAL AIRPORT	<ul style="list-style-type: none"> <li>Concession / BOT</li> <li>€80-€100 million Capex investment</li> <li>+1 million pax per year</li> </ul>	<ul style="list-style-type: none"> <li>Authority to hire transaction advisers</li> <li>Expected tender in 2008.</li> </ul>
ENERGY SECTOR	<ul style="list-style-type: none"> <li>Zhur Hydro (300 MW) Greenfield – estimated inv. €200 million.</li> <li>Kosovo C (up to 2100MWh), mining, etc. (€3.5 Billion)</li> <li>Combined Heat and Power (Termokos) / District Heating in Prishtina (€40 million)</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility Study under way.</li> <li>Short-listed / RFP pending.</li> <li>Feasibility study completed / transaction structuring under way.</li> </ul>
EDUCATION	<ul style="list-style-type: none"> <li>20 School PFI</li> </ul>	<ul style="list-style-type: none"> <li>Project development stage</li> </ul>
MUNICIPAL / URBAN REGENERATION/	<ul style="list-style-type: none"> <li>Public Parking / Transport</li> <li>Public Buildings</li> <li>Recycling / Waste</li> <li>Sports &amp; Leisure</li> <li>Others</li> </ul>	<ul style="list-style-type: none"> <li>Project Development Stage</li> </ul>



## Achievements to Date

- PPP has become a policy priority of the Government of Kosovo
- Focus on the PPP-Life Cycle Approach
- Policy and Planning Phase
  - New PPP Law
  - Pro-PPP Policy Directive
  - PPP Unit
  - Training and Capacity building (over 1000 trained in only 5 months)
  - Development of best practices and standardized procedures
- Transaction Phase
  - Pilot projects under way





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## Remaining Challenges

- Managing Expectations
- Ensuring value-for-money
- Controlling initiatives
- Ensuring Transparency
- Developing guarantee mechanisms
- Continuous capacity-building to institutionalize best practices





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## Conclusions / Lessons Learned

- PPP *can* work in a post-conflict society
- PPP *can* speed up economic recovery
- A life-cycle approach is needed
- Capacity-building is critical
- PPP can be applied in all sector and can generate greater “buy-in” at the local levels



# Public-Private-Partnerships

## The Case for PPP in Kosovo



Thank You!