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THE THIRTY-NINTH MEETING OF THE ECONOMIC, COMMERCIAL, TECHNOLOGICAL AND
ENVIRONMENTAL AFFAIRS COMMITTEE

REPORT*

**«The role of public-private partnership for sustainable economic development in BSEC
member states»**

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I. INTRODUCTION

1. Despite the rapid development of market relations in the BSEC countries, mass privatization and denationalization of the economy, the participation of government in the management of enterprises remains significant. The forms of state participation in the activities of enterprises in the last years have changed considerably. At a given moment of the accents has shifted toward the second-statehood participation in the management shareholder-societies through the ownership of the package actions in the authorized capital, which often depended from the need for public policy in the management of social or country strategically important enterprises.
2. In the transformation of the state's role housekeeper increases the importance of finding alternative to direct regulation of economic process. One of them is the institution of public-private partnership (PPP) which allows the economy to attract additional resources, redistribute risks between government and business sector, direct the efforts of employers towards solving the socio-economic issues and goals which is important for the community, while maintaining behind the state of its inherent powers and functions. International experience shows that implementation projects under the PPP provide a significant budget savings.
3. Taking into account the importance and interest to the public-private partnership relations in the BSEC region for the last years the Thirty Ninth Meeting of the Economic, Commercial, Technological and Environmental Affairs Committee in Novi Sad (Serbia) on 18 April 2012 decided to address the issue on **“The role of public-private partnership for sustainable economic development in BSEC member states”**. The public-private partnerships (PPPs) are an effective tool in operationalizing sustainable development goals, but countries most in need of achieving these goals are often unable to procure PPPs effectively. Increasing access to developing and transition economies by building the core competences for PPP procurement can scale up both the use of public-private partnerships and increase investment into vital sustainable development projects.
4. This report has benefited from contributions by the national delegations of Azerbaijan, Greece, Moldova, Romania, Russia and Ukraine, as well as reference material obtained by the PABSEC International Secretariat through the related Internet resources and publications.

II. PPPs IN THE DEVELOPMENT CONTEXT

5. The term “Public Private Partnership” (“PPP”) refers to a long-term, contractual partnership between public and private sector agencies (“Partner”), specially targeted towards financing, designing, implementing and operating infrastructure facility services that were traditionally provided by the public sector. The first systematic programme aimed at encouraging PPPs was introduced in the United Kingdom, with the establishment of the “PFI-Private Finance Initiative” in 1992. In a PPP, each Partner agrees to share responsibilities related to implementation and/or operation and management of a project. This collaboration or partnership is built upon the areas of expertise of each Partner, based on the allocation of: resources, risks, rewards and responsibilities.
6. PPP investment models were first implemented in motorways, roads and other infrastructure projects. More recently, these models have been implemented in school and hospital constructions. The global volume and number of PPPs have increased significantly since the 1990s and many countries such as the UK, Spain and Italy have started to implement PPP models for project financing. As of the end of 2006, the investment volumes of private sector entities in public projects reached EUR 63.7 billion in the UK, EUR 6.5 billion in Italy and EUR 2.5 billion in Spain. PPP models vary from short-term simple management contracts (with or without investment requirements) to long-term and complex BOT projects.
7. Most scholars and practitioners in the opinion that public-private partnership representing the institutional and organizational alliance between the state and business for realization of important

public projects and programmes in different fields. However, it is clear enough and clearly highlights the partnership of sides. Terminology of public-private partnership refers to the mutually beneficial cooperation between public authorities and legal or private persons during the process of combining them in a general purpose prop-substantially, financial, managerial and tech-technologically resources for investment projects in building, reconstruction, repair and (or) the operation of capital construction, with the protection the interests of the parties involved to the project.

8. PPPs refer to contractual arrangements between government and the private sector to build, finance and manage public infrastructure. As the projects are not backed by sovereign guarantees, the risk in the projects is mainly borne by the private sector. Developing and transition economies often experience inadequate housing, poor transportation facilities and roads, lack of access to safe drinking water and dangerous levels of emissions from industries (eg. mining, manufacturing, etc.). PPPs effectively increase investment in necessary infrastructure as well as improving the delivery of social services such as health and education projects. Therefore, it is important to think of PPPs not only as bricks and mortar for development, but also as impacting on real people, communities and vulnerable groups.
9. Historically, development has relied on either aid or economic growth to provide necessary resources and services to populations in need. A number of problems arise with such an approach. First of all, relying on economic growth to create the necessary institutions can take too much time to meet the requirement for essential public services (eg. safe drinking water, hospitals, transport infrastructure, etc). Secondly, aid and contract work does not build local capacity to provide services and infrastructure. And finally, a lack of public sector involvement can result in disastrous long-term effects on health, security and the environment. By supporting the medium to long-term development of infrastructure and public services, a prerequisite to increasing economic and social development goals, PPPs prove effective in reaching development goals. The long-term nature of PPP contracts encourages governments to look at the effects on social aspects such as health and the environment. Moreover, PPPs can transfer knowledge and skills from the public sector, thus building local capacity in various sectors of society. Their performance to date is rather positive. PPPs offer governments assets on time and to budget and increase efficiency. For developing countries and transition economies trying to respond to growth in demand for services, they can be an effective rapid response tool.

The most common PPP models are as follows:

10. **Build-Operate-Transfer** (“BOT”): BOT is a PPP model where a construction is built, financed and operated by the private sector and then transferred to the relevant public authority after a specific period of time determined under the BOT agreement between the Parties. The BOT model is more commonly implemented in complicated long-term projects such as highway constructions, power plant and water treatment facilities.
11. **Build-Operate** (“BO”): In BOs, the construction is built and operated by the private sector. Differing from the BOT model, in BOs the facility’s ownership is not transferred to the relevant public authority. This model is commonly implemented in power plant facilities.
12. **Transfer of Operational Rights** (“ToR”): This is a PPP model where the relevant public authority transfers its operating rights to the private sector for a certain period and under certain conditions. The proprietary rights are not transferred. Only the operating rights of a certain facility are granted to the private sector.
13. **Build-Lease Model** (“BL”): In a BL, the private sector finances and builds a facility on a land and subsequently leases this facility to the relevant public authority. This model is more commonly used in healthcare facilities.

Types of PPPs

14. PPP projects are divided into concession type projects based on user fees and social infrastructure projects with availability payments.
15. Concession Type Projects Based on User Fees is projects for which private organizations, undertake the finance, design, construction and maintenance of the work as well as their commercial exploitation. These are works or services for the use of which there may be relevant fees paid directly by the consumer / user (e.g. highways, airports, shopping centers, convention centers, tourist infrastructure, energy projects, waste management etc.).
16. Social Infrastructure Projects with Availability Payments are projects for which there is no element of commercial exploitation by private organizations. The private body entrusted with the implementation of the projects is repaid directly from the public sector over time, after completion of the works, on fixed output specification (e.g. schools, hospitals, public buildings, police departments, fire stations, providing telecommunications and computer services, sports facilities, irrigation projects etc).

Benefits of PPP

17. Amongst the benefits of realizing public infrastructure through PPP are: Clear legal framework and the important role of the public sector. In a PPP the public sector has a powerful role over the contractor. Procuring PPP projects opens up the possibility for the public sector to utilize the experience and expertise that exists in the private sector, while at the same time maintaining a strong oversight role on the project, setting the standards and monitoring its implementation. The public sector is responsible for monitoring the fulfillment of contractual obligations by the contractor throughout the contract period, thus ensuring the public interest.
18. Single contract for design, construction and operation under the responsibility of a single contractor. The public sector procures not only infrastructure, but rather complete services. Synergies are achieved by integrating design, construction, operation and maintenance of the project in one single long-term contract with a private contractor, who is totally responsible towards the public sector. In these projects, the final goal is to have works and services that operate efficiently, under a contractor who has sole responsibility, thus avoiding fragmentation of responsibilities.
19. Linking contractor repayment to the quality of service provided. The contractor is repaid based on a detailed payment mechanism, which evaluates the quality of work and services provided throughout the project's lifespan. Low quality of service leads to a reduction in payment, thus ensuring a strong incentive for long term preservation of a technically sound project and high quality services.
20. Long term project repayment. There is no requirement for immediate disbursement of public funds in order to pay off the project upon completion and delivery of the final product. The project is repaid gradually over time.
21. Leveraging private funds for the implementation and provision of public services and infrastructure works. Private funds complement public resources and are utilized for the provision and implementation of public infrastructure works and services.
22. Ensuring a predetermined time and cost for the implementation of the projects. Payment of the contractor for the works is carried out only after a project has been delivered, which constitutes a strong incentive to comply with the timetable set. Also, public sector payments are fixed for the duration of the contract and are not amenable to adjustments for events such as cost overruns and failures.

III. DEIFFERENCE BETWEEN PPP AND PRIVATIZATION

23. PPPs are not privatization. A privatized business is one that was formerly owned by the public sector and is now owned by the private sector. A privatized business can operate in highly competitive markets or it may hold a monopoly position and so require active regulation once it is transferred to the private sector. In either case, the public sector is disengaged from the business. In contrast, PPPs operate on the basis of a contract between a public sector client and a private sector contractor that obliges the private sector to deliver services; and the public sector to articulate its long-term service needs, to establish effective regulations, and to ensure that the private sector will not put its capital at risk in delivering these services.
24. Another difference between PPP and privatization is that the scope of PPP business (and hence it's potential for profit) is constrained contractually, rather than by market forces alone. Normal private incentives still apply in the management of a PPP, such as the need to earn an adequate return on capital, but the business risk is, in effect, partly regulated by virtue of the constraints defined in the terms of the contract. In addition, with a PPP, the public sector pays for services on behalf of the general public and retains ultimate responsibility for their delivery, whereas the private sector's role is limited to that of providing an improved delivery mechanism. In the case of privatized utilities, ultimate responsibility for service delivery is transferred to the private sector. Thus, PPPs require a different and stronger role from government.
25. Significant investments from the private sector and new collaboration between the public and private sector can improve both public services and the environment. Many cities are addressing climate change by devising public service projects with significant economic, environmental and social benefits. For example, the City of Vancouver, Canada, decided to bring in the private sector in an agreement to transform a landfill site producing gases (including methane, a greenhouse gas that contributes to global climate change) into beneficial commercial uses. Under the PPP structure, the private partner designed, financed and constructed a cogeneration plant, which uses landfill gas as fuel to generate electricity, then sold by the private partner to a local utility. Projects such as the Vancouver Landfill not only utilize private sector expertise and technology but also contribute to the sustainability of the city.
26. The private sector has the knowledge and technology, often lacking in the public sector, to transform waste into energy on a commercial basis. Social and economic benefits: the project helps support approximately 300 jobs; Vancouver will receive about US\$300,000 a year in revenues from the project that will be used to help offset operating costs; The PPP has transformed an expensive environmental programme into both a more effective environmental programme and a net revenue generation for the City;
27. There was big environmental benefits from this project as well: reduction of greenhouse gas emissions by approximately 200,000 tons per year of carbon dioxide equivalents (the emission of about 40,000 automobiles); capture of about 500,000 GJ of energy a year, the energy requirement for 3,000 to 4,000 households; reduction of CanAgro's annual natural gas use by about 20 per cent
28. Sustainable development does not just refer to the environmental aspect, but also to the reinforcing of other structures. In other words, governments need to be able to continue to provide essential services and goods to the public on their own. The engagement of local citizenry, governments and the local markets in a public-private partnership builds human capital within a country. Furthermore, when groups of citizens become stakeholders in the process, they create an incentive for change and system stability.
29. Countries without developed markets and institutions are susceptible to corruption and opaque decision-making. In a PPP arrangement, the real cost of infrastructure is made clear; it cannot be cut into pieces. The result of transparency is accountability of public-sector officials. Moreover, the PPP

process can also increase government capacity through the development of procurement and management skills.

30. Despite cases of success, the growth of PPPs in sustainable development is currently constrained. Many international operators, for example, are not motivated to make investments in developing regions where the need for social services is greatest. Various negative factors are responsible for this, such as opposition from local populations, contractual disputes between governments and private partners and unclear legal, regulatory and institutional frameworks. In short, private partners perceive their involvement as carrying increased risk and have become more cautious in entering into PPP arrangements.
31. Moreover, there is a significant lack of expertise within governments to design, develop, finance and implement such projects. PPPs are complex to do and require a new set of skills, which typically are found in the private not the public sector. The implications for the private sector of weakness in the public sector include excessive bid costs, increased risks and delays. For the public sector, lack of capacity to procure PPP projects effectively has resulted in ill-conceived projects, termination of projects and eventual public disillusion.
32. Governments can, however, employ better project management skills with the appropriate assistance. For example, the United Nations Economic Commission for Europe (UNECE), in cooperation with other international organisations, is working on building these skills via training programmes. Recognizing the need for local delivery of knowledge in the culture and languages of the practitioners and governmental officials, UNECE has developed a training toolkit targeted at local trainers, who will in turn train staff in government departments and emerging PPP units. This toolkit comprises modules that establish the core competencies from within – such as building the necessary legal and regulatory framework, financing a project, monitoring and evaluation, and sector-specific training. Among such toolkits should be noted, «Guidebook on Promoting Good Governance in Public-Private Partnerships» prepared by the UNECE in 2008, which may be considered an important instrument for the development of PPPs. UNECE has also responded to this challenge by encouraging the establishment of national PPP units within governments. Such bodies, which are fully empowered to act for the financing arm of the government, can manage and prioritise the project pipeline. Combining a ‘training the trainer’ programme in conjunction with a national PPP unit provides a sustainable procurement model.

IV. PPPs in BSEC STATES

33. The **Albanian** Government is eager to increase investments in utilities and public infrastructure through PPP projects in order to meet the pronounced demand for investments in the rehabilitation of public infrastructure. However, practical experience gained so far is very limited. The Government has shown an impressive determination to create an enabling environment for PPP investments through the decentralization of utilities and the privatisation of former public assets. The efforts are guided by the intention to increase PPP for investments and management in privatized utilities placed under the decentralized authority of cities, regions and communities.
34. In these efforts to establish an enabling environment, the Albanian Government is supported by the World Bank and the European Commission. The Albanian efforts for privatization and for preparing the ground for increased PPP are guided by the understanding that private investments and management support will be required to improve the disastrous situation in a sector where functioning water and sewage services are still rather the exception to the rule.
35. However, until now only limited practical experience has been gained with the implementation of PPP projects in Albania. At present, two PPP projects in the water sector under preparation by the Kreditanstalt für Wiederaufbau (KfW) form part of German financial co-operation with Albania. Both projects involve the water works of two medium-sized cities. KfW is following a different kind

of PPP approach for each of the projects. For the city of Elbasan, a German water works company, Berlinwasser International, has signed the very first concession agreement in Albania to run the privately-owned water utilities infrastructure for the next 25 years. KfW is co-funding investments with a 70% contribution.

36. Public Private Partnership (PPP) in **Armenia** in the early stages of formation. In 2008, the Yerevan office of the UN Development Programme (UNDP) developed adapted to the conditions of the Armenian concept of PPP. In January 2009, this document has been approved by the Government of the Republic of Armenia.
37. The concept of the general form defines PPP as a legally registered relationship of state and local governments of Armenia with business entities in respect of facilities and activities under the jurisdiction of state and local communities, based on the mandatory sharing of risks, taking into account the interests and coordinate the efforts of the parties, carried out for the implementation of most efficient social and public projects.
38. The main purpose of the PPP in Armenia is to expand mutually beneficial cooperation and long-term interaction between government and business for the solutions socially-oriented and socially significant problems. The concept identified the main areas of cooperation between the state and the private sector. Particularly in the field of energy, transport, communication, communications, information technology, finance, utilities, as well as the fields of science, education, health and tourism. The main types of partnership in the field of PPP in Armenia are asset management, lease (leasing), concession, privatization of assets and transfer, co-financing infrastructure projects.
39. It is envisaged that the introduction and development of the PPP should occur not only at national but also on the territorial and community levels. Anticipate the implementation of the training programs for the government officials and representatives of the municipalities. According to developers the implementation of the concept, should lead to a reduction in government spending, reduce business risk, long-term economic growth, will involve the partners in the distribution of profits, and help implement the projects selected by experts in the field of PPP.
40. The first step in implementing the concept is to create a working group under the Ministry of Economy of Armenia (or inter-departmental working group under the Government of the Republic of Armenia), which should take the primary steps in the implementation of PPP in Armenia. In the next step requires the creation of a specialized agency responsible for implementation of the PPP, as well as changes and amendments into national legislation.
41. The main regulations affecting the implementation of the concept of cooperation between the government and the private sector, the concepts are defined: the legislation on taxes, the Law on Procurement, the Law on Budget System, the Law on Privatization, Foreign Investment Law, Energy Law, Law on Water and etc.
42. The reforms implemented in the **Azerbaijan** for the last years became more widespread and they founded completely new stage of socio-economic development-transition to the sustainable development. The main goal of the new stage is to ensure the sustainability of the dynamic socio-economic development obtained by the country in the long-term perspective based on increasing the competitiveness of the national economy and effective integration to the world economy system by guided the principles for economic efficiency, social justice and ecological security.
43. To improve constantly the business environment and legislative base in this area, to allure domestic and foreign investments, modern technologies, management experience for the purpose of development of entrepreneurship in the country and to produce high qualified, competitive products are one of the priorities of the economic development strategy.
44. Today the main target is to guarantee the sustainability of dynamic development obtained by the country on the basis of improvement of competitiveness of national economy and effective integration to the world economy system, accelerating of non-oil sector and entrepreneurship development.

45. Systematically implementation of state protection to entrepreneurship, increasing the efficiency of measures in support of entrepreneurs created significant conditions for achievements in this area. State-entrepreneurs relation was improved and important steps were taken to improve the system of state regulation of entrepreneurship. An efficient mechanism of entrepreneur rights protection was established and by the result of their application, the cases of intervention have decreased. Measures related to strengthen of consultation, information supply of entrepreneurship and enlarging of business relation is constantly being implemented. Meanwhile, mechanism of state financial assistance for entrepreneurship was created and is considered a real source to provide the financial needs of small and medium entrepreneurs.
46. Normative-legal documents adopted for the development of entrepreneurship, further improvement of state finance mechanism for entrepreneurs has increased complacency sense of businessmen simulated the enlarging of entrepreneurship activity, particularly starting of new business activity in regions. Entrepreneurship subjects operating in the country has already joined the social initiatives.
47. Simultaneously, rules for the use of funds of National Fund for Entrepreneurship Support were changed to positive points. Thus, in accordance with the Decree of the Presidents regulations on the “The Entrepreneurship Support Fund of the Republic of Azerbaijan” and Procedures for the use of funds of the Azerbaijan National Fund for Entrepreneurship Support were affirmed. Due to these resolutions the amount of the preferential credits provided to the entrepreneurs were increased, level of the percentage reduced from 7 to 6 and time of consideration of appeals defined as 25 days. Therefore, the opportunity of the entrepreneurs to take credits was further increased.
48. According to the requirements of market relations, development procedure of small entrepreneurs in the country’s economy is continued. Determination of new criteria limits of the small entrepreneurship subjects on types of economic activity was affirmed be the relevant Resolution of Cabinet of Ministers of the Republic of Azerbaijan. Tasks for establishing of “electron trade” web portal and economic map of the country to support the producers of agriculture products for using of modern methods and technologies of trade were implemented.
49. On 1 January 2007 **Bulgaria** joined the European Union which presented the country with new funding opportunities with respect to the utilization of the EU Structural and Cohesion funds. This aspect of the Bulgarian membership in the EU is particularly significant in terms of the successful implementation of large-scale infrastructural projects where the public sector not always has the necessary financial resources. With a view to this new opportunity important legal amendments were introduced in the Bulgarian legislation some of which specifically aimed at creating a legal environment that would provide for the involvement of the private sector in such projects. The practical dimension of these legislative changes is the implementation PPPs as an effective tool for the public and private sector to work together. The good international practices show that the PPP is amongst the most successful instruments for investments in infrastructure and delivery of public services.
50. The main guiding principle with respect to PPP projects is that EU funds are managed by the public sector and cannot be awarded directly to private investors. The relevant public authorities delegate the realization of a project to a private investor who undertakes to secure the required capital for the project. Upon completion, the public authorities provide refinancing of the invested private funds, where in some cases the private investor might get reimbursed for as much as 100% of the invested funds.
51. In 2006 a new Bulgarian Concession Act (the “CA”) was adopted in compliance with the EU law and implementing the requirements of Procurement Directives 2004/18/EC and 2004/17/EC (“Procurement directives”). The principles of the two Procurement directives were also transposed in the significant amendments to the Public Procurement Act (the “PPA”) introduced in 2006.

52. Although the Procurement directives are already part of the Bulgarian legislation, when forming PPPs the public authorities should consider the principles stipulated in the Treaty establishing the European Community ("EC Treaty"), namely:
- Equal treatment;
 - Compliance with the competition and state aids rules;
 - Non-discrimination of foreign investors;
 - Mutual recognition and proportionality.
53. Although the regulation of PPPs is not very detailed, a degree of flexibility necessary for every single PPP project has been created. The legal framework in Bulgaria is in compliance with EU law, securing the appropriate legal environment for the involvement of foreign investors in Bulgarian PPP deals. Moreover, the current trend set by the Bulgarian public sector of actively focusing on infrastructure and the delivery of related public services, signals for the further developments in using the PPP model in Bulgaria as a successful investment vehicle.
54. The following institutions facilitate public private partnerships in **Georgia**: The Municipal Development Fund was established by the Georgian government under Presidential Decree No.294 of June 7, 1997. Its main objectives are to make funds available to local governments and self-governments for investment into municipal infrastructure and services, and to assist local governments and self-governments in management optimization and introducing international experience into the local self-government field.
55. The Georgia Enterprise Growth Initiative is assisting PPPs in order to support increased excise tax collections and draft new commercial legislation.
56. The Anti-corruption Coordination Council and the Anti-corruption Bureau were established in 2001. A set of recommendations has since been developed by the Council in order to achieve systemic and sustainable changes. The recommendations propose changes to the legislation for the civil service, for public access to information and for public procurement and other legislative proposals.
57. Georgia has made notable reforms to its legal system in recent years. However, the country continues to face considerable challenges in terms of establishing the legislation, institutions and culture upon which its successful transition to a market-oriented economy will depend. The challenges that remain exist partly because of how these new laws are put into practice and enforced, placing an emphasis on the need for further institution and capacity building reforms. Selected PPP-related ministries and agencies in Georgia is follows: Ministry of Environmental and Natural Resources Protection; Ministry of Economic Development; Ministry of Power Engineering; Ministry of Agriculture; Ministry of Labour, Health and Social Affairs; Ministry of Transport; The Georgia Public Service Commission; The Municipal Development Fund; The Georgia Enterprise Growth Initiative; The Georgian Union of Public Utility Workers.
58. In March 2012 the World Bank Board of Executive Directors approved a loan in the amount of US\$60 million to Georgia for the Regional Development Project. The project objective is to improve infrastructure services and institutional capacity to support the development of tourism-based economy and cultural heritage circuits in the Kakheti region. At same time one of the main goals of this RDP is to attract private investments, promote public-private partnerships, revitalize local business activity and develop regional tourism circuits.
59. The Special Secretariat for Public Private Partnerships (PPPs) in **Greece** contributes actively and substantially to the strategic objectives of the Ministry of Development, Competitiveness, Infrastructure, Transport and Networks, aiming to help introduce the country into a new growth model which mainly focuses on supporting entrepreneurship and boosting employment. PPPs deliver multiple benefits for the economy and healthy entrepreneurship, boosting investment activity, attracting private capital and ensuring support for employment and growth.

60. The Public Private Partnerships (PPPs) are governed by Law 3389/2005, which is a clear and efficient framework for project and/or services contract implementation, whilst providing the necessary environment of credibility and transparency for the widespread use of PPPs. Law 3389/2005 is a legal framework that is internationally recognized as probably the most suitable framework overall for public works and provision of services.
61. The projects implemented through PPP are approved by the Interministerial PPP Committee (IPPPC), while the role of the Special Secretariat for PPP of the Ministry of Development, Competitiveness, Infrastructure, Transport and Networks, is to coordinate and support public institutions in implementing PPP projects. The Interministerial PPP Committee is the collective government body that decides on PPP projects.
62. The ministers of the following Ministries participate in IPPPC: Ministry for Development, Competitiveness, Infrastructure, Transport and Networks (as president), Ministry of Finance, Ministry for Environment, Energy and Climate Change. While as temporary member(s) the Ministry(ies) that supervise each of the Public Entities that examines the implementation of PPP projects in their area of responsibility.
63. Within the responsibilities of IPPPC fall the approval and withdrawal of projects to be implemented under Law 3389/2005, the decision to include in the Public Investment Program (PIP) the payable contractual consideration to the private partner and the decision for the State to participate in the financing of a PPP project.
64. The Ministry of Development, Competitiveness, Infrastructure, Transport and Networks and the Special Secretariat for PPPs have designed a clear strategy for selecting and promoting PPP projects with high necessity, development potential and social value. The Special Secretariat for Public Private Partnerships (SSPPP) is under the responsibility of the Ministry of Development, Competitiveness, Infrastructure, Transport and Networks and its main remit amongst other is to:
 - Identify projects and / or services that may be implemented through PPP;
 - Assess proposals from Public Bodies for inclusion as a PPP;
 - Make recommendations to the Ministerial PPP Committee;
 - Support the Public Sector in tendering procedures;
 - Monitor PPP contracts;
65. In the context of the Greek economic crisis, project funding is a real challenge. As a result of the crisis, access to bank financing is reduced while a significant deterioration is observed in financial conditions offered by lenders for infrastructure projects. Important initiatives have been undertaken to offset the adverse conditions in financial markets and enhance the inflow of foreign investment capital in the Greek economy.
66. The Special Secretariat for PPPs has achieved the activation of the European Investment Bank (EIB) in financing the majority of PPP projects and seeks to continue this effort with all eligible projects. Moreover, we focus our efforts on further exploiting EU Funds in PPP projects, utilizing European resources, for the first time, both in ICT projects, through the Operational Program ‘Digital Convergence’, as well as waste management and social infrastructure projects, through the respective Regional Operational Programs. With the simultaneous use of both EU funds and private financing, Greece is achieving leverage of EU and private funds for each project implementation. Furthermore, the JESSICA initiative will promote usage of revolving funds for urban regeneration projects.
67. Up until September 2011, the Special Secretariat for PPPs was involved in the Twinning Project titled “Strengthening the management capacity of the Ministry of Finance of the Republic of Croatia to implement the new law on concessions and PPP.” The Special Secretariat for PPPs was part of the Greek team that was selected as an advisor to the Ministry of Finance of Croatia following an international tender in which countries such as Germany and Spain participated. It is noted that the Special Secretariat was also involved last year in a similar program announced by the Central PPP Unit of the Government of Croatia.
68. In scope of the Twinning Light Projects, the Special Secretariat’s experts:

- developed methodological tools;
 - delivered Practical Manuals and Guidelines for the assessment, promotion and implementation of PPPs;
 - drafted Standardized Documentation;
 - enhanced the administrative capacity of the Croatian public administration and other relevant stakeholders for implementation of concessions and PPPs in Croatia;
 - developed and implemented comprehensive training programs on PPP project implementation and management to relevant parties;
69. Moreover, delegations from countries around the world visit Greece in order to gain expertise and competence from the Special Secretariat for PPPs. It's necessary to highlight the Special Secretariat's close collaboration with the European Public-Private Partnership (PPP) Expertise Centre (EPEC), along with the European Investment Bank and the European Commission.
70. The Special Secretariat participates in the Team of PPP Specialists of the United Nations Economic Commission for Europe (UNECE), the Team of PPP Specialists of the Organization for Economic Co-operation and Development (OECD) and the Regional Co-operation Council (RCC).
71. Finally, the Special Secretariat is working in close partnership with the World Bank Institute for the establishment and operation of the South-East European and Mediterranean PPP Network. The Network aims at building administrative capacity of PPP practitioners in the member states through exchange of knowledge and expertise. The Network is also supported by the Black Sea Trade and Development Bank (BSTDB), making Greece a focal point in PPP practice.
72. Since 2007 the Government of the **Republic of Moldova** has turned to the private sector and promoted the Public Private Partnership (PPP) concept to provide a wide range of public services previously delivered solely by the public sector. The public services and infrastructure in the Republic of Moldova are underdeveloped, while public financial resources for their rehabilitation and modernization are insufficient. The Government is eager to join its efforts with the ideas, projects and resources of the private sector to increase the quality and efficiency of public services and provide the value that consumers and public at large are expecting.
73. The Government is keen to develop the public services and infrastructure at the national level and facilitate the development of public services and infrastructure at local level by involving the private sector and under conditions mutually benefiting all partners involved. Government expects that the public sector will benefit of the private partners bringing in high-performance management, technological know-how, financial resources and highly-skilled human resources. The sectors that Government identified as high-priority for projects under Public-Private Partnerships are energy, transport, health, business infrastructure and municipal utilities.
74. The Government understands that successful PPPs require an effective regulatory and institutional environment providing for the best use of partners' resources. A range of measures have been adopted so far to streamline the regulatory and institutional framework.
75. **Regulatory environment:** In 2008 the Law on Public-Private Partnerships has been adopted establishing basic principles and possible forms of relationship between public and private sectors. In order to bring the existing legal framework in accordance with the provisions of the Law on Public-Private Partnerships, the Government has promoted amendments to a dozen of other laws including, on entrepreneurship and enterprises, concession, local public finance, public procurement, to name only the most important. The current regulatory environment eliminates administrative barriers, expands autonomy of the local public authorities, and simplifies the access of private investment to the public sector.
76. **Institutional set-up:** Ministry of Economy – elaborates policy documents regarding development of public-private partnership and proposed necessary regulatory amendments. Public Property Agency - coordinates the initiation and implementation of PPPs at national level and promotes their proper implementation.

77. All partners involved in relations of Public-Private Partnerships benefit of a clear and long-term regulatory framework. In case of changing national and local regulations, the private partners are entitled to be compensated for any damages incurred. Private sector benefits of necessary advisory and promotion services.
78. The concept of public administration in **Romania** implies the idea of organizing and developing certain activities to respond to a community's general interests. This activity of the public administration authorities presents multiple variations, such as the public-private partnership which is nowadays the most proper manner of attracting and involving private capital in achieving certain public investment. The legal formula of the public and private cooperation is the public-private partnership contract. The public—private partnership contract is precisely a public contract and not a public purchase.
79. The public-private partnership is presently regulated thanks to an initiative of the Romanian senators and deputies, leading to promoting and passing Law no.178/2010 on the public-private partnership (PPP), modified and completed by Government Emergency Ordinance no.39/2011 and Government Emergency Ordinance no.86/2011.
80. The public partner – during the selection procedure of a private partner – has the duty to observe the following fundamental principles:
- non-discrimination: any private competitor, disregarding nationality or citizenship, is able to attend the selection procedure and is given a fair chance to become a contractor;
 - equal treatment: identical criteria are imposed to all private investors in order to be also given equal opportunities to participate in the selection procedures;
 - transparency: every piece of information is available to public;
 - proportionality: assuring a fair correlation between the public partner's goal, the object of the PPP contract and the requirements to be observed;
 - efficient use of funds: a manner of keeping balance between the projected result and the effects on the social and environmental areas;
 - accountability: the clear specification of the duties and responsibilities of the public and private partners.
81. The steps taken by the Government in order to strengthen the role of public-private partnership:
- The law enforcement norms were adopted through the Government Decision no.1239/2010 modified and completed by Government Decision no.1000/2011.
 - After the talks between the Government of Romania and the European Commission, presently, the public-private partnership legislation observes the relevant European norms, precisely Directive 2004/17/EC, Directive 2004/18/EC, Directive 2007/66/EC and Regulation No. 1177/2009/EC.
 - The prompt implementation of the public-private partnership projects can be a means of attracting private fund to the strategic development of the country.
 - Law no.178/2010 on the public-private partnership (published by the Monitory Official no.676 on October 5, 2010) establishes a General Division for Public-Private Partnership submitted to the Government of Romania.
82. The role of the General Division for Public-Private Partnership is to coordinate, provide consulting and supervise public partners as well as private investors interested in activities of organizing and performing public-private partnership projects.
83. The role and goals of the public-private partnership are the following: finalizing the unfinished objectives or those that are in conservation (without having the necessary financial resources to go on financing only by public means); identifying new investment opportunities for public-private partnerships at central and local level, taking into account the possibility of obtaining increased

finances for the Romanian infrastructure projects for which the sole public partner cannot support the entire financing).

84. Thus, the Romanian Government through its General Division for Public-Private Partnership ensures that this division is: checking and reporting periodically to the Government the way and stage of implementation of the public-private partnership projects; updating and insuring the maintenance and operation of the information procession, collecting an management system as well as the statistic data on the development of the public-private partnership contracts at central and local level; ensuring the promotion of the public-private partnership concept and projects; making up, in the basis of its own analyses and checks, summary documentary on the development process of the public-private partnership projects; representing the Government of Romania at the national or international meetings on the PPP topics; issuing recommendations on the public-private partnership structure aiming and ensuring the necessary conditions so that the investment value not to influence on the budget deficit in accordance to legal stipulations; monitoring together with other public partners the evolvement of the process of implementation of the public-private partnership projects; granting specialized assistance to public partners and private investors interested in all stages of developing a PPP project; providing the necessary specialized consulting to establish and operate the inner units for the coordination of the PPP projects, in the fame of certain public authorities and etc.
85. In **Russia** the main directions of development and use of public-private partnership (PPP) as a tool to improve the socio-economic level of regions and the country as a whole are contained in the “Concept of Socio-Economic Development of the Russian Federation until 2020”, approved the Federal Government on November 17, 2008, which is a fundamental, strategic document of the development of the Russian Federation.
86. According to this concept, the PPP will be used, including, as a mechanism for infrastructure development, health facilities, education, etc., as well as to modernize the Russian economy and the removal of infrastructure constraints. In addition, the development and use of PPPs is enshrined in a number of federal programs and state programs of the Russian Federation, which are the basic software tools of the Government of the Russian Federation.
87. Currently, the Russian government as priority areas for PPP, consider:
- Development of production and transport infrastructure;
 - Housing and communal services;
 - Funding research, with the prospects of commercialization;
 - Development of innovation infrastructure.
88. Increased development of PPP in Russia began in 2005 with the adoption of the federal law on July 21, 2005 “On Concession Agreements”, the creation of the Investment Fund of the Russian Federation, as well, given the federal structure of the Russian Federation, with the development of regional legislation concerning the PPP, which is now accepted in 63 constituent territories of the Russian Federation.
89. Currently, PPP is used mainly as a mechanism to attract extra-budgetary resources and competencies of business to create and manage the infrastructure necessary for socio-economic development. One of the major PPP mechanisms is concession agreements. According to the statistic organization of the Russia as of October 2011 in the Russian Federation at the municipal level were about 170, at the regional level - 9 concession agreements. Concession agreement signed for the objects of water supply, sewerage, sewage treatment systems and buildings, production facilities, transmission and distribution of electricity and heat, as well as to health facilities, education, recreation, etc. At the federal level were four concession agreements in the construction of transport infrastructure. Another effective mechanism for the PPP is the Investment Fund of the Russian Federation.

90. Issues of public-private partnerships are managed by the Ministry of Economic Development of the Russian Federation and the Ministry of Regional Development of the Russian Federation. The main objective of Economic Development of Russia towards the development of PPP is to improvement of the regulatory framework governing PPPs.
91. Currently, in response to the instruction of the Government of the Russian Federation of December 23, 2011, Ministry of the Economic Development of Russia, together with interested federal executive authorities developed a draft of the federal law “On public-private partnership” aimed at the same time the removal of existing limitations and extends the possible forms of realization of projects on the principles of PPP. The bill introduces a uniform terminology, defines the concept of “public-private partnership” principles, forms and features of the relationship between public and private partners. After consultation with interested federal executive authorities the draft federal law will be submitted to the Government of the Russian Federation.
- Analysis and preparation of proposals to adapt the world applied experience in organizing activities for the preparation and implementation of PPP projects;
 - Analysis of existing PPP models and their adaptation to the needs of PPP projects in the sectors of the Russian Federation;
 - The formation of an integrated approach to planning the development of PPP in the Russian Federation in the framework of program-oriented planning.
92. Ministry of Regional Development of Russia from own side monitors regional economic policy, the implementation of federal and regional economic development programs and projects.
93. The “Strategy for Encouraging and Developing Foreign Investment”, adopted in 2006 by the Government of the **Republic of Serbia** recognizes public private partnership as a good mechanism to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service traditionally considered as public activities, through the cooperation with private sector finance and utilization of private management expertise.
94. The first PPP projects (however, not under that name) originate from granting of the concessions by the Republic of Serbia to the foreign investors for exploration and exploitation of certain mining wealth, construction, use and maintenance of highways and joint participation of the public enterprises and private sector in the field of utility activities (gas distribution, public transport, waste management, etc.).
95. Before the adoption of the Law on Public Private Partnership and Concession, the issue of the PPP was regulated and governed by various acts such as:
- Law on Concessions;
 - Law on Public Companies and Performing Activities of Public Interest;
 - Law on Communal Activities;
 - Public Procurement Law;
 - Energy Law, Law on Mining, Law on Gaming Activities, and other laws and bylaws.
96. The Law on Public Private Partnership and Concession has been adopted by the Parliament on 22nd November 2011. The purpose of this Law is to create a favorable framework for promoting and facilitating the implementation of privately financed concession/PPP projects enhancing transparency, fairness, efficiency and long-term sustainability, in development of infrastructure and public service projects in the Republic of Serbia.
97. It aims at further developing the general principles in the award of contracts by public authorities through the establishment of specific procedures for the award of concessions and of PPP projects. This Law sets forth the conditions under which local and foreign legal or natural persons may be awarded a concession or a PPP contract in all the sectors that are under the jurisdiction of Serbia,

pursuant to the Constitution and laws of Serbia and EU Community law. For the first time in Serbian Legal System the legal definition of PPP as a legal instrument is introduced.

98. This law regulates the conditions and manner for preparing, proposing and approving project proposals for public-private partnership, public bodies and parties in charge of proposing and implementing public-private partnership projects, the rights and obligations of public and private partners, PPP contracts with or without concession elements (hereinafter: public contract), the scope of concessions, the authorities and parties in charge of the concession approval procedure, the termination of concessions, legal protection in the public contract award procedures, protection of the rights of parties participating in the procedure, the establishment and the competences of the PPP Commission, and other issues relevant to PPP with or without elements of concession.
99. Historically, in **Turkey** concessions given to the private sector date back to the “Law on Concessions Related to Public Services” enacted in 1910, which is the still primary legislation for PPP projects in the country. This law provides only a very general, non-detailed framework applicable to PPP projects. During the 1980s, PPP projects became more prominent. Since the late 1980s and early 1990s, several pieces of legislation have been enacted with regard to PPPs. Among them is possible to mention the
- Law No. 4283 on the Establishment and Operation of Electricity Generation Plants and Energy Sales under the Build-Operate (BO) Model, enacted on 19 July 1997;
 - Law No. 5396 on the Health Sector under the Build-Lease (BL) Model, enacted on 15 July 2005.
100. Although Turkish authorities already have experience in several aspects of PPPs, thanks to the several BOT and BO projects realized since the early 1990s, there still remain some risks between the public and private sectors. Apart from energy and airport terminal projects, participation of the private sector has not increased as much as it had been expected to increase.
101. As mentioned above, the BOT model has been commonly used in several projects in Turkey. The most well-known BOT projects can be listed as the Marmaray Bosphorus Tunnel, the Zafer Airport in Kütahya, Istanbul - Izmir Motorway Project, the Göcek Tunnel Motorway Service Stations the Çeşme Marina in İzmir, the Yuvacık power plant in Kocaeli, the Birecik power plant in Şanlıurfa, the Suçatı power plant in Kahramanmaraş, and the Yamula power plant in Kayseri.
102. As a result of the search for alternative PPP models, Law No. 5396 on the Health Sector under the BL model, was enacted on 15 July 2005. Law No. 5396 sets forth the principles on construction and renovation of health facilities under the BL model. Subsequent to Law No. 5396, the Regulation on the Health Facilities to be Constructed in Return for Lease and Renovation of Health Facilities in Return for Operation of the Services and Areas Other than the Medical Service Areas, entered into force in 2006. The İkitelli Integrated Health Campus, Kayseri Integrated Health Campus and Ankara Bilkent Integrated Health Campus are some of the recent healthcare projects that will be financed under the BL model.
103. Among the problems with the current framework surrounding PPP projects is the lack of a specific responsible state authority to govern PPP projects and a systematic general legislation to regulate these projects. After years of discussion, the Draft Law on Fulfillment of Investments and Services through Public and Private Partnerships (“Draft Law”) was prepared with an aim to create a stable legal base for PPP projects in Turkey. The Draft Law proposes to revoke all of the existing laws and regulations mentioned above, and to standardize the provisions applicable to all models (i.e., BOT, BO, ToR), by improving them in line with international best practices and in appreciation of the public and private sectors' roles as equal partners. It also proposes to establish a central state authority to supervise and promote PPP projects. The main novelties proposed under the Draft Law are as follows:
- The Draft Law defines PPP models as investment models where public and private sectors share the cost, risk and rewards in delivering a service or facility for the public.

- The scope of the Draft Law includes agriculture, irrigation, mining, manufacturing, energy, transportation, communication, information technology, tourism, real estate, municipal services, health, security, general administration infrastructure investments and services etc.
- The Draft Law combines all PPP related legislation. Accordingly, all of the legislation mentioned above will be abolished when the Draft Law becomes effective. As a result, the Draft Law will be the only law governing PPP Model projects.
- The Draft Law defines the available PPP models as the following: Build-Operate-Transfer (BOT); Build-Operate (BO); Build-Lease; and Transfer of Operation Rights (ToR).
- The Draft Law provides that public interest and economic and social prosperity are the main principles of a PPP model. According to the Draft Law, public administrations can only execute PPP models that fall within their fields of activity.
- Public administrations that intend to carry out a PPP project must apply to the State Planning Organization with a preliminary study and a tender strategy. Following the affirmative approval of the State Planning Organization, in order to receive a tender authorization with respect to the planned PPP model, the administrations will have to apply to the High Planning Council.
- The Draft Law proposes the establishment of a central authority responsible for monitoring PPP projects. The name of this authority is proposed as the “Public and Private Partnership General Directorate”, which will be established within the State Planning Organization.

104. Turkey is already well endowed with high-quality infrastructure compared with other emerging economies. But it will need to further develop its infrastructure to catch up with the EU member countries and EU standards. Businesses can be held back by costly, low-quality infrastructure services. For example, the transport sector faces congestion and deteriorating road quality. The cost of telecommunication services and energy is extremely high. Other problems include water quality, the lack of operating wastewater treatments and safe disposal of solid waste, and air pollution—fixing all of these involves very large financial costs, running into the billions of Liras and for which private sector participation is needed.

105. The challenge is to move from state entities providing infrastructure and social services toward the mix of private and state enterprises that characterizes efficient higher-income economies. Turkey has been a world leader in this regard, enacting more than twenty years ago legislation allowing private sector participation in the power industry. This was followed in 1994 with a broader law allowing Build-Operate-Transfer rights (called BOTs) in general infrastructure.

106. Turkey already has experience with several aspects of PPPs through BOTs, such as power projects and airport construction. But PPPs can come in many forms. For the future, one option for Turkey is to introduce PPPs through management contracts or leases, often used when full privatization is not feasible or the public interest requires continued Government ownership. Under a management contract, a public authority makes a private company responsible for managing and delivering a service, typically for a period of three to five years. The public authority retains financial responsibility for the service, thus limiting risk for the contractor. The contractor is paid a flat fee, usually with additional performance-related payments (and penalties). Using management contracts in utility commercialization is a reasonably new phenomenon.

107. Examples of the management contract approach in Turkey include a World Bank-financed project, the Antalya Water and Sewerage Project, to provide water and sewerage services in Antalya. The operator managed the Antalya system until June 2002. Further, in the towns of Alacati and Cesme, a private operator was selected in June 2003 to provide water and sewerage services under the Bank-financed Alacati-Cesme Water Supply and Sewerage Project.

108. Turkey’s approach to private participation in the power sector provides a solid environment for PPPs. The Turkish reform program has included unbundling of the vertically integrated state-owned power company into separately owned generation, transmission and distribution entities. It

has included the establishment of an independent energy regulator for each of these, following passage of a new energy law in 2001.

109. Some transition economies experienced a surplus of power generation capacity following the decline in power demand at the end of socialism. In Turkey, a need arose during the 1990s for additional power capacity to support economic growth. This capacity has been provided by the private sector, which has mobilized about \$7 billion and constructed 8,500 megawatts of generating capacity under BOTs.
110. The Turkish experience is important in the context of wider power industry privatization in the ECA region because the private sector has demonstrated both a willingness to invest in power generation in the region and an ability to construct and operate power plants efficiently. Turkey also stands out in Southeastern Europe for its progress in power sector regulatory reform and the extent of private sector participation in power generation.
111. In addition to its progress in a key sector such as power, Turkey has made substantial progress in designing important changes to its general legal and regulatory structures. Even though much work remains to be done, Turkey is fully aware of its internal market liberalization and fully understands the key role of integrating with international markets.
112. As a result, a Turkey that is liberalizing and moving faster than many EU countries demonstrates that the enabling environment is present and should be attractive for private investment. Turkey can easily and successfully implement many PPP models throughout its economy. Based on assessments of infrastructure and Turkey's favorable investment climate, there is significant opportunity for PPPs in all of the infrastructure sub-sectors—energy, water and wastewater companies and rail freight companies, as well as in some of the service sectors, including at the municipal level. Finally, Turkey's experience can set an example for both other emerging markets and the EU accession and pre-accession countries. PPPs are not the cure for all investment needs in Turkey or in other countries but they are a workable and successful model which have and can bring great benefits to the economy and to the population.
113. The Draft Law, which was drafted by the State Planning Organization in November 2007, is at a relatively early and premature state. It has not been brought to the Parliament's agenda yet. It is envisaged that this Draft Law will take some time to finalize. No timescale has been set. Anticipated that soon the Draft Law will bring to the Parliament's agenda for any discussion and agreement.
114. In 2012 **Ukraine** launched about fifty projects on public-private partnerships, particularly in the Autonomous Republic of Crimea, Vinnitsa, Dnepropetrovsk, Donetsk, Zhitomir, Zaporozhe, Ivano-Frankovsk, Kyiv, Kirovograd, Lugansk, Lvov, Rovenski , Sumy, Kharkov, Khmelnytsky regions.
115. Most of the projects that are implemented on public-private partnership aimed at achieving the following objectives:
 - Recycling of waste;
 - Improvement of the technical condition of water supply and sanitation;
 - Creation of modern diagnostic, perinatal centers, and other health facilities for tuberculosis and cancer diseases;
 - Modernization of thermal management;
 - Production of electricity;
 - Reconstruction and improvement of transport infrastructure;
 - Restoration of historical monuments.
116. At the regional level identified more than 100 objects of communal property, which can be applied to the mechanism of public-private partnership (hereinafter - PPP). In order to ensure the implementation of projects regional executive authorities shall, according to the lists of measures such objects, the definition of the economic and social feasibility of providing them in the use of the private partner, and attracting investors interested in cooperation with the territorial communities.

117. In the Kyiv region to the objects of state and communal property, which are used on the principles of PPP, belongs to a private joint stock company. With the assistance of the Irpen City Council was established a specialized environmental company "Parliament", which is more than 16 years successfully working in this district. The subject of activity is the collection, processing and disposal of waste. With the support of small private enterprises, "Rada" in 2012-2013 in the area is planned to introduce a system of separate collection of municipal solid waste in settlements Irpen, Kyivo-Sviatoshynsky areas, in the cities of Slavutych, Ukrainian, and the village Borodyanka.
118. Continually management of the cities taking measures for the creation of non-state enterprises for home services. Thus, in Slavutych successfully operating a single customer service, in the near future such a service will be created in city White Church. Established management company servicing 12 residential homes in city Rzhyshev. As of 01.06.2012, in the area are 49 private companies that serve 645 houses.
119. However, the state administration has produced a series of pilot projects which are expected with the use of public-private partnerships:
- Creation on the basis of regional municipal enterprise "International Airport Rovno" which is the largest in Western Ukraine Regional cargo customs terminal with modern infrastructure and aircraft maintenance base for repair and maintenance of commercial aircraft;
 - Construction of physical infrastructure of Rovno industrial park, followed by construction of objects of industrial areas;
 - Construction of the regional wholesale market for agricultural products in the format of a multifunctional logistics complex, followed by the location of warehouse, industrial and office space intended for storage, processing and marketing of agricultural products and foodstuffs;
 - Construction of the regional business center with the organization in its regional and local centers for issuing documents allowing character in the area of economic activity, the regional center providing administrative services, investment promotion agencies and tracking investment.
120. With regard to these projects, negotiations with potential partners about participation in the implementation and co-financing of PPP. However, in the II quarter of 2012 for the implementation of PPP transactions were made.
121. In Carpatho-Ukraine priority areas for implementation of PPP is the development of human standards of living increase in social, spatial harmony and environmental protection. For efficient use of state-owned facilities in the health sector in implementing a number of PPP projects, namely: health food, which is a compulsory part of the treatment should be applied in modern scientific level in all branches of hospital health care facilities, introduction of functional tests and interpretation medical images and diagrams (entered service computed tomography in private institutions, thus improving the provision of quality health care to the population in the region and to provide cost savings for the purchase of expensive computer tomography).
122. However, in Carpatho-Ukraine Regional State Administration proposed to implementation in the framework of PPP three pilot projects, namely: "Reconstruction of the sewage treatment works in Uzhgorod", "Reconstruction of water supply, sewerage, sewage, cleaning facilities in Mukachevo and grounds for water intake in Chinadievo", "Construction of waste sorting complex with a capacity of up to 100 tons per year in the city of Uzhgorod".
123. In order to improve the tourist appeal of the Carpatho-Ukraine region within the PPP proposed to implement the following projects: "Development of concepts and programs for development of the territory of the tourist complex "Sinyak" in Mukachevo district", "Ski resort "Petros" and the investment project "Uzhgorod - Polonyna Runa", which is included State target social development programs in sports and tourism infrastructure in Ukraine, 2011-2022, respectively.

124. In the Kharkov region the public corporation “FED” claimed the proposal to implement a regional pilot project on the use of PPPs in the field of engineering, facilities which are state-owned enterprises “Kharkov Machine-Building Plant “FED” and “Kharkov aggregate design bureau”.
125. Mykolayiv Regional State Administration has identified a list of the most important national projects for the region, which is transmitted to the “Derzhinvestproekti” in order to build and maintain a database of strategic innovation and infrastructure investment projects. This list contains project proposals that will be implemented with the use of PPPs in the following areas:
- Health (medical-establishment of stroke centers, based on which will operate the receiving-ray department, the center will be equipped with nuclear magnetic resonance imaging)
 - Housing and Public Utilities (the reconstruction of water supply and sanitation in human settlements field, complex processing of municipal solid waste);
 - Energy efficiency (reconstruction of heating systems);
 - Alternative energy (construction of industrial wind power plant in Ochakov area);
 - Transport (modernization of the municipal enterprise “International Airport Mykolaiv”) and more.
126. Work continues on improving the regulatory framework of PPPs, in particular by amending some laws of Ukraine, which govern the implementation of the PPP. Thus, in the II quarter of this year, was adopted the Law of Ukraine “On peculiarities of the privatization of coal mines enterprises”. According to this law was amended the Law of Ukraine “On Concessions” under which is possible to privatize of the object of concession after the permission of concessionaire.

V. CONCLUSIONS

127. It has become apparent that risk management is crucial to securing public as well as private investments. This also includes the need for intensive involvement in institutional development and capacity building. Partners in the PPP have to understand that in its initial stage a PPP project constitutes a process of common learning, which requires a high level of trust and the creation of a solid basis for respecting each other’s interests.
128. Making PPPs a more accessible tool and building the capacities for procurement within developing BSEC countries can increase investment in vital infrastructure and services. This investment should be targeted at what local communities and beneficiaries actually need, and should consider the broader social implications of projects (eg. health, environment, etc). The scaling up of investments in projects that are sustainable has broad implications for both developing countries and the global community. However, to achieve these benefits, organisations, developed countries and private sector operators must commit to building what can be termed the ‘PPP edifice’ consisting of three elements:
- First, there must be political commitment, which will be the bulwark on which all else rests;
 - Second, PPP-enabling institutions must be established, such as PPP Units, as well as transparent and competitive procurement procedures;
 - Third, there is a need to put into place a strong legal framework, consisting of a concession law and other important legal components such as an effective dispute resolution system, and underpinned by a system where the rule of law is respected.
129. To build the edifice and make it work, the same governments and private sector operations must commit to strengthen the capacities within developing countries and transition economies through training and transfer of knowledge. Only then will PPPs be accessible and effective on a larger scale.