

PPPs in Romania

– guideline and practice –



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- **Context**
- **Legal framework and guideline**
- **Projects**
- **Plans for the future**



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- **Financial crisis at international level**
 - Tighter lending conditions
 - A decrease in consumer and investor confidence
 - Weaker external demand,
- **Mobilizing finance for infrastructure determines competition among CEE states,**
- **Romania: new plan of economic measures.**

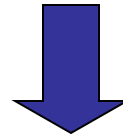


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Legal framework
(no piece of legislation dedicated only to PPPs)



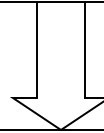
- Primary legislation – consolidated law, harmonized with the acquis (i.e. Directives 17/2004/EC, 18/2004/EC, 89/665/EEC și 92/13/EEC)
- Secondary legislation – published in 2007
- Tertiary legislation (guidance) – no. 1517 / 9574 / 2009 – common order of the Minister of public finance and the President of the National Authority for Regulating and Monitoring Public Procurement



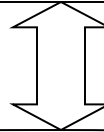
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PUBLIC-PRIVATE PARTNERSHIP



**WORKS CONCESSIONS
SERVICE CONCESSIONS**



**- particular forms of the PPP concept, defined in the acquis
- not covering all modalities of a partnership between a public and a private entity**



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- **PPP Concept** remains available for representing every transaction transferring to a private party the general responsibility for providing a public service or for an investment with commercial purpose, while the public authority retains political responsibility, becoming partner to profit and loss
- Possible PPP schemes:
 - Public works concessions
 - Services concessions
 - Joint ventures
 - Leasing contracts
 - Other structures



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- The legal framework on concessions was completed in 2009 with a set of guidelines,
- General interest of public authorities to initiate public works concessions and services concessions
 - to deliver quality public services.
 - to ensure subsequent O&M for certain outputs created under EU financing,
 - to promote off-balance sheet projects for investments that are considered national priorities,
- Still limited experience of the public sector in Romania,
- The Romanian Government's main objective in order to stimulate economic growth " increase dynamics of private investments in public interest projects.



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Purpose of the guideline

- Creating a toolkit ensured correct application and in compliance with best practices of the provisions of legislation in force
- Detailing economic and financial elements related to these complex projects and which were not sufficiently addressed in the legislation in force
- Ensuring quality preparation and awarding of works concessions and services concessions contracts in Romania



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- Common order MPF-NARMPP → was published in the Romanian Official Journal in July 2009.
- 2000 hardcopies → the guide was distributed to the contracting authorities and all interest parties.
- 500 CD copies →
- The document can be downloaded in the electronic form (.pdf format) from the MPF website, www.mfinante.ro, Public-Private Partnership section.
- The guideline will be periodically revised, pending on modifications of the legislation in the field and the feedback from users.



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- Five distinct titles, covering not only preparation of projects, but also awarding of works and services concession contracts
 - Preparation of concession projects (FS, SSCD, SCB)
 - Awarding process for works and services concession contracts (legal requirements, recommendations for choosing the appropriate awarding procedure, characteristics of each awarding procedure)
 - VfM and PSC analysis (key to establish the feasibility of the project)
 - Financial model (main characteristics, scope, results)
 - Payment mechanisms



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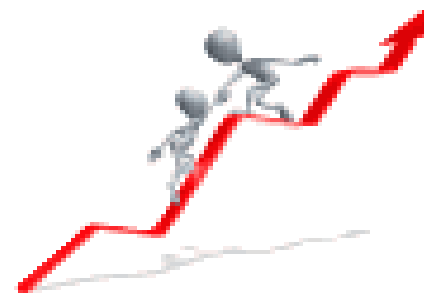
Projects

- 5 service concession contracts for 10 gas stations on the A2 Motorway " completed 2008
- National training program for more than 200 experts at central and local level " completed 2008
- First pilot project in the road sector – the Comarnic-Brasov Motorway
 - the contract was signed on 15th of January and we are expecting the financial close and the design to be ready up to the end of this year.
- 6 solid waste management projects with works on different stages of execution under ISPA " up to the end of 2010
 - Piatra-Neamt, Dambovita, Teleorman, Galati, Bacau, Arges
- Continuous update of a PPP database (posted on the MPF website).



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- A PPP national strategy (in cooperation with EPEC)
 - the main purpose - launch of a PPP national programme
 - to prioritize PPP initiatives in order to add VfM in delivering public infrastructure projects,
 - off-balance sheet projects for investments that are considered national priorities
 - call for proposals in three different sectors:
 - Transport (motorway and, probably, road maintenance)
 - Health (hospital)
 - Justice (penitentiary)
 - selection and development of priority PPP projects based on a quality control mechanism
 - quality preparation: selection of international consultancy – specific budget managed by the MPF and the line ministry



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- Big infrastructure projects are under preparation by MTI, NCMNR (Romanian National Road Agency) and MPF
 - Bucharest Ring-Road,
 - Sibiu-Pitesti Motorway,
 - Ploiesti-Buzau-Focsani Motorway
- Implementing a first pilot project for blending PPPs with EU funds (in cooperation with Jaspers).



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- **Encouraging the implementation of feasible PPPs is one of the priorities of the Romanian Government's anti-crisis programme for 2010,**
- **The legislation in force and the institutional framework are prerequisites for encouraging the private companies to develop investment projects in a competitive and transparent environment.**



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Ministry of Public Finance
Mircea-Vodă Bvd. no. 44, C Entrance
Tel.: +4021 302 52 94, Fax: +4021 302 52 44

BOGDAN ALEXANDRU DRAGOI, Coordinating Secretary of State

Ciprian GORIȚĂ, Head of Unit, email: ciprian.gorita@mfinante.ro
Livia STAN, Counsellor, email: livia.stan@mfinante.ro
Gelu GUTMAN, Counsellor, email: gelu.gutman@mfinante.ro
Alin MIHAI, Counsellor, email: alin.mihai@mfinante.ro
Daniela RUSU, Counsellor, email: daniela.rusu@mfinante.ro
Sorin BOLCHIS, Counsellor, email: sorin.bolchis@mfinante.ro

Thank you!



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