

Evaluer les partenariats public-privé *Evaluating public-private partnerships*

Session 4 : Synthèse et débats

Session 4: Synthesis and research perspectives



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MACROECONOMIC CHARACTERISTICS
OF THE WESTERN BALKAN
COUNTRIES AS PRECONDITION FOR
THE QUALITY IN THE
IMPLEMENTATION OF THE PPPs

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Map of Western Balkan/Balkan



Western Balkan:

-Albania

-Bosnia and Herzegovina

-Serbia

-Montenegro

-FRY

Macedonia

World Bank database – Private Participation in Infrastructure

- 22 projects reached financial close since 1990:
 - Albania – 11
 - Bosnia and Herzegovina – 4
 - Serbia – 3
 - FYR Macedonia – 2
 - Montenegro - 2

Distribution between categories

- Divestiture – 7 projects
- Greenfield – 8 projects
- Management and Lease contracts – 3 projects
- Concessions – 4 projects

Breakdown by sector

- More than 50% of the PPI - energy sector and telecommunications
- Almost all investment in telecommunications through divestiture and Greenfield
- M&L contracts and concessions, as the closest to PPPs - in transport, water and sewerage

The findings

- Definition and understanding of PPPs differs
- Western Balkan countries are active toward implementation of PPP
- The level of this activity has not reached volume which is necessary for making some steps ahead towards analysis on quality of PPPs and its implementation

Why the macroeconomic environment is important?

- Various case studies on PPPs worldwide say: environment where PPPs are implemented is the crucial precondition for their quality
- Therefore...

Focus of the paper

- On the macroeconomic environment
- Characteristics of the national level Western Balkan countries, that define
- Circumstances as precondition for the qualitative implementation of PPPs

Macroeconomic characteristics of the Western Balkan countries in respect to the infrastructure financing

- Macroeconomic indicators
 - macroeconomic conditions are mixed
 - external imbalances improved
 - fiscal consolidation will need to be continued, limiting the scope for increasing public investments
- *Macroeconomic stability is a primus inter pares precondition*

Level of Development – WB Country Classification

- Upper Middle Income Countries
Serbia, Montenegro
- Lower Middle Income Countries
Albania, Bosnia and Herzegovina, FYR
Macedonia
- *Advantage/Dissadvantage: Development
needs as a business opportunity*

EU Membership

- EU Member Countries
 - Greece, Bulgaria, Romania, Slovenia
- EU candidate countries
 - Croatia, FRY Macedonia
- EU potential candidate countries
 - Western Balkan Countries
- *EU membership matters!*

Relation with IMF

- Every country in the Western Balkan has an arrangement with the IMF
- Three-year Poverty Reduction, Growth Facility (PRGF), or Extended Fund Facility (EEF) arrangement
- *Helping to achieve the confidence among foreign investors and to attract FDI*

Institutional aspects

- The role of institutions
- Organization: tasks and responsibilities, project organization, formal decision making process
- Legal aspects – laws, etc.
 - Legal framework for concession is in place
 - EBRD sector assesment:
 - 1 - medium compliance/generalaly confirms: Bosnia and Herzegovina, Macedonia, Serbia, Montenegro
 - 2 - low compliance/partly conforms: Albania
- *Institutional aspects in general – weak and embryonic*

Public investments under budgetary restrictions

- National level limitations
 - External sources of financing
 - IMF requirements
 - Budgetary surplus?
- Local self government limitations
- *The gap between needs and sources/conditions of financing is in place*

Financial and Debt Markets

- IFIs presence and involvement
- All worldwide major commercial banks are showing the interest to fund PPPs - syndication
- *Lack of mature and liquid debt markets in the region, as well as lack of more sophisticated and longer-term financial instruments*

Main conclusions

- Big development needs – infrastructure particularly
- Constraints in financing
- Privatization process, private sector involvement is at early stage
- PPPs development has an embryonic character...
- *Private sector initiatives* rather than analysis of already implemented PPPs
- *Process* rather than position of the PPPs

Main recommendations

- The role of institutions and public sector capacity
- Political will – policy framework
- Creating the harmony between public and private sector