

# **Prospective look over PPPs in Romania**

# PPP CENTRAL UNIT / ROMANIA

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## Outline

- European Context
- Legislation
- Institutional structure
- Projects in development
- PPP Strategy

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## European context

- PPP success stories in Europe
- Eurostat treatment of PPPs
  - *how to maintain existing assets*
  - *brand new infrastructure*
- Infrastructure network = necessity
- Need for quality public services

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## PPPs under current Romanian legislation (1)

1. No piece of legislation dedicated only to PPPs or concessions

2. Primary legislation

○ Government Emergency Ordinance 34 of 2006 consolidating PP, service concessions and works concessions



*transposes into the Romanian legal system the provisions of 17/2004 and 18/2004 EU Directives*

Secondary legislation

○ Government Decision 71/2007 regulating the methodological norms for the award of services and works concession contracts

Tertiary rules / guidance materials are still in processing.

### PPPs under current Romanian legislation (2)

#### 3. Completely harmonized with the *acquis*

- the PPP concept was replaced with “service concessions” and “works concessions”
- special legislation on concession of goods

#### 4. Definition of the concession contract (for works)

- the contract through which the concessionaire receives the right of exploiting the result of the works executed as well as most of the risks related to construction and exploiting the respective works, is considered a public works concession contract

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## PPP Central Unit (1)

2005, the GD no. 208 – the establishment of the PPP Central Unit within the Ministry of Public Finance, MA for Infrastructure

2007, the GD no. 386 – transfer from the AM ex-ISPA to direct coordination of Secretary of State

### PPP Central Unit (2)

The responsibilities (according to the GD no. 386/2007):

- Elaboration of the Romanian Government policy concerning the promotion and the implementation of the PPP projects;
- The development, the promotion and the implementation of PPP guidelines;
- Ensuring technical, legal and financial assistance to the public administration authorities initiating PPP projects;
- The procedural verification in the programming stage.

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4. **Projects in development**
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## Projects in development

**Initial context:** EU financing through ISPA program

**Premise:** certain outputs financed under EU grants are not objectives *per se*

### How to ensure

- subsequent maintenance and operation

*as well as*

- adequate level of investment + asset management

**Need:** combining PPP projects with EU funds

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## Projects (1)

8 projects financed from the ISPA Programme with a PPP component in different stages of implementation:

- 2 projects on water and waste water treatment (Craiova and Arad)
- 6 projects on solid waste management (Piatra-Neamt, Bacau, Galati, Arges, Dambovita, Teleorman)



Service concessions

JASPERS support for blending EU grants in PPP project funding ⇒  
included in the Action Plan for 2008

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## Projects (1) - *continued*

### Cooperation with JASPERS

- identifying feasible areas under SOPs
- support in implementing pilot projects
- providing concept papers
  - water
  - solid waste
  - district heating
  - renewable energy
  - IT

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## Projects (2)

Technical Assistance for implementation of municipal Public-Private Partnership projects (*Phare 2004*)



**Consultant**



To assist the 5 authorities at local level in their endeavour to enter into a (PPP)

Slatina – Local and Regional Transport

Craiova – Rehabilitation of Tram Lines

Videle, Oradea, Brasov – District Heating

**Projects (3)**

Technical Assistance for preparing a feasibility study on  
establishing a Local Infrastructure Investment Fund in Romania  
(Dutch Grant, WB)



**Consultant**



**Creating an innovative vehicle for mobilizing institutional  
resources, both globally and regionally, toward infrastructure  
services improvement**

## Projects (4)

### The Motorway package

⇒ 13 motorways are under preparation by CNADNR (Romanian National Road Agency)

⇒ working group established:

⇒ CNADNR

⇒ Ministry of Transport

⇒ Ministry of Economy and Finance / PPP Central Unit

# PLOIESTI – BRASOV MOTORWAY

## Ploiesti- Comarnic

**Length:**

48,6 km

**Estimated Price:**

464,473 mil. EUR

## Comarnic - Predeal

**Length:**

36,2 km

**Estimated Price:**

785,853 mil. EUR

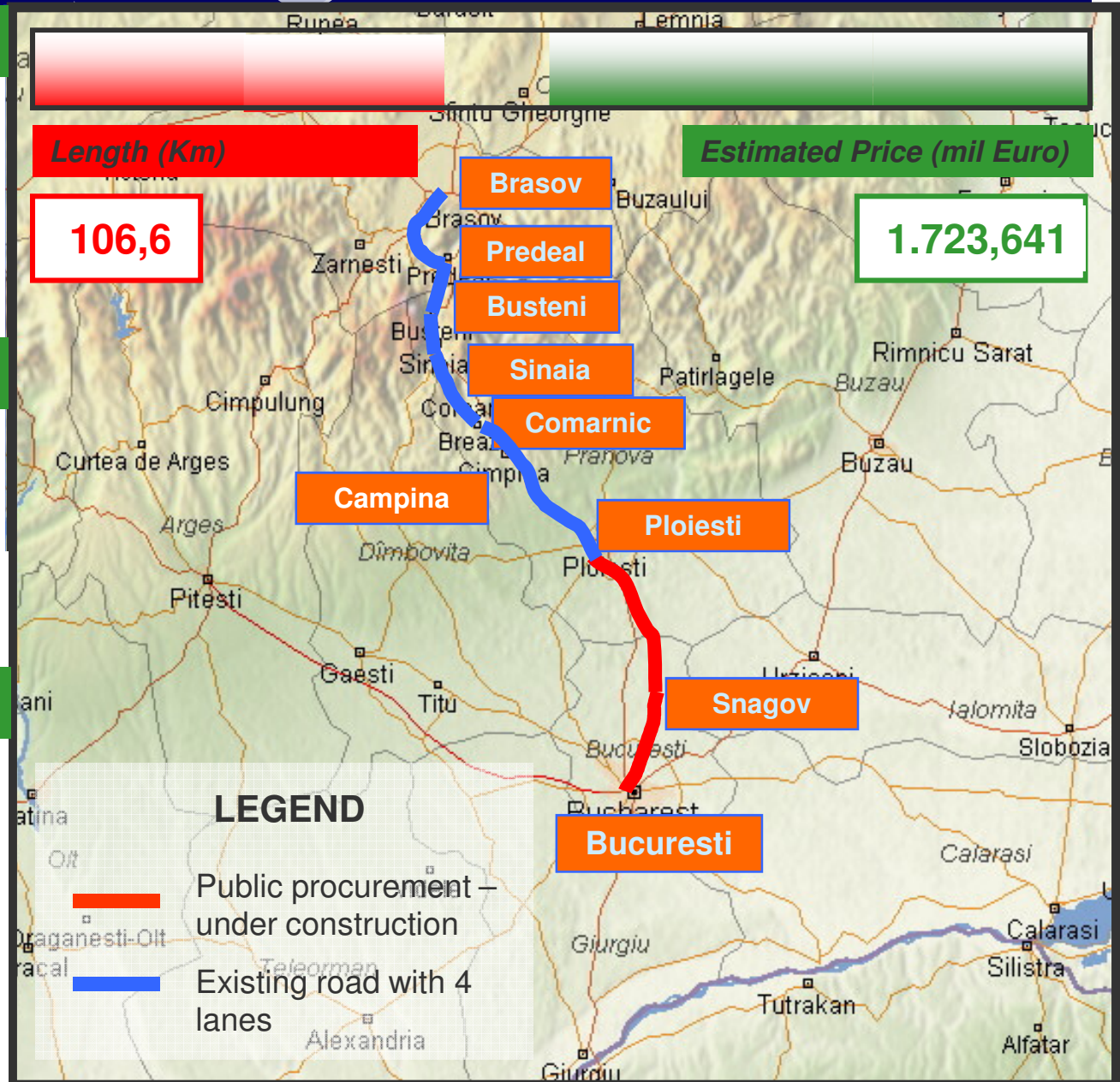
## Predeal - Brasov

**Length:**

21,8 km

**Estimated Price:**

473,315 mil. EUR



# BUCHAREST MOTORWAY RING

## Bucharest Motorway Ring

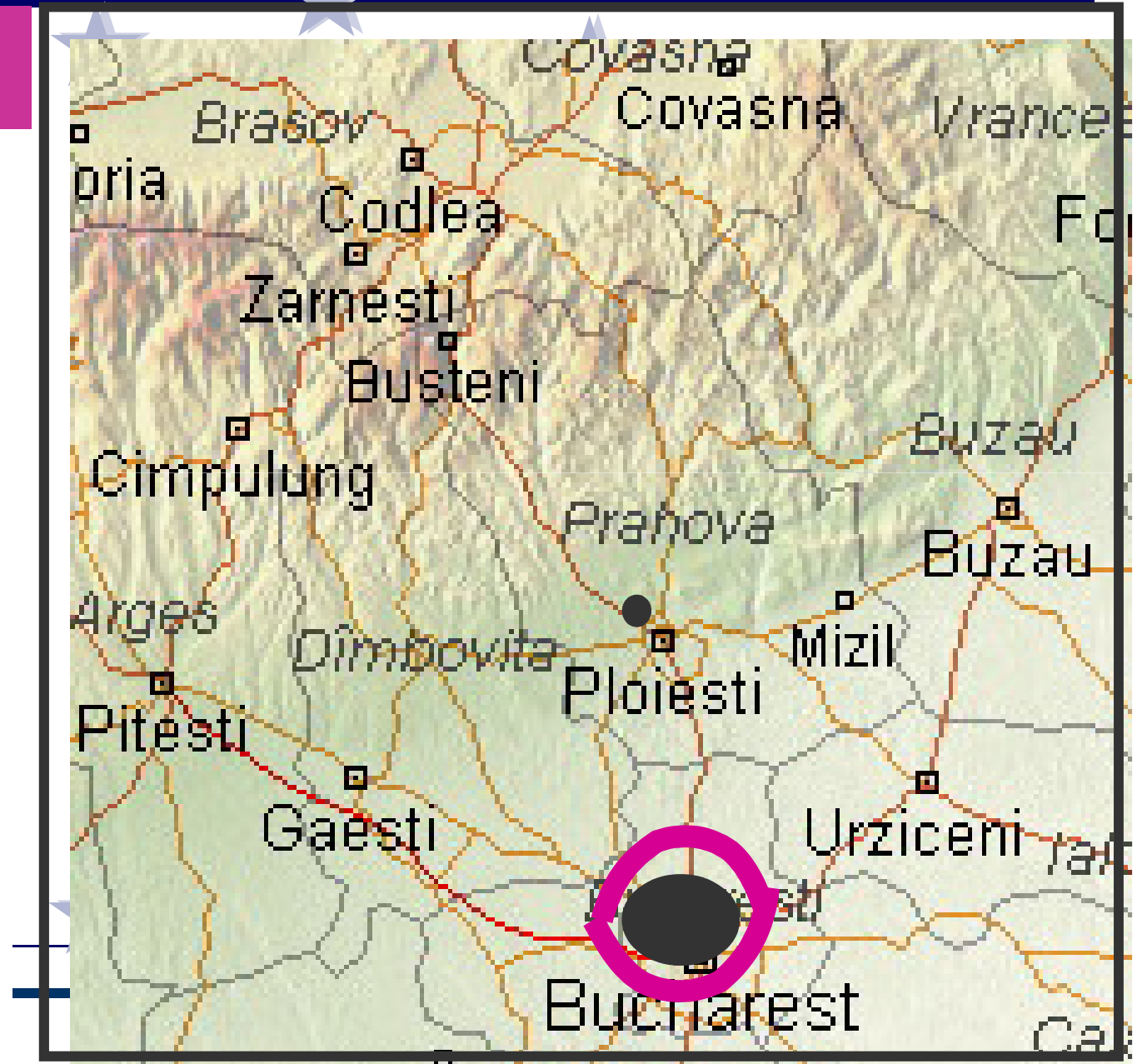


# BUCHAREST MOTORWAY RING

## *Bucharest Motorway RING*

**Length:**  
100,9 km

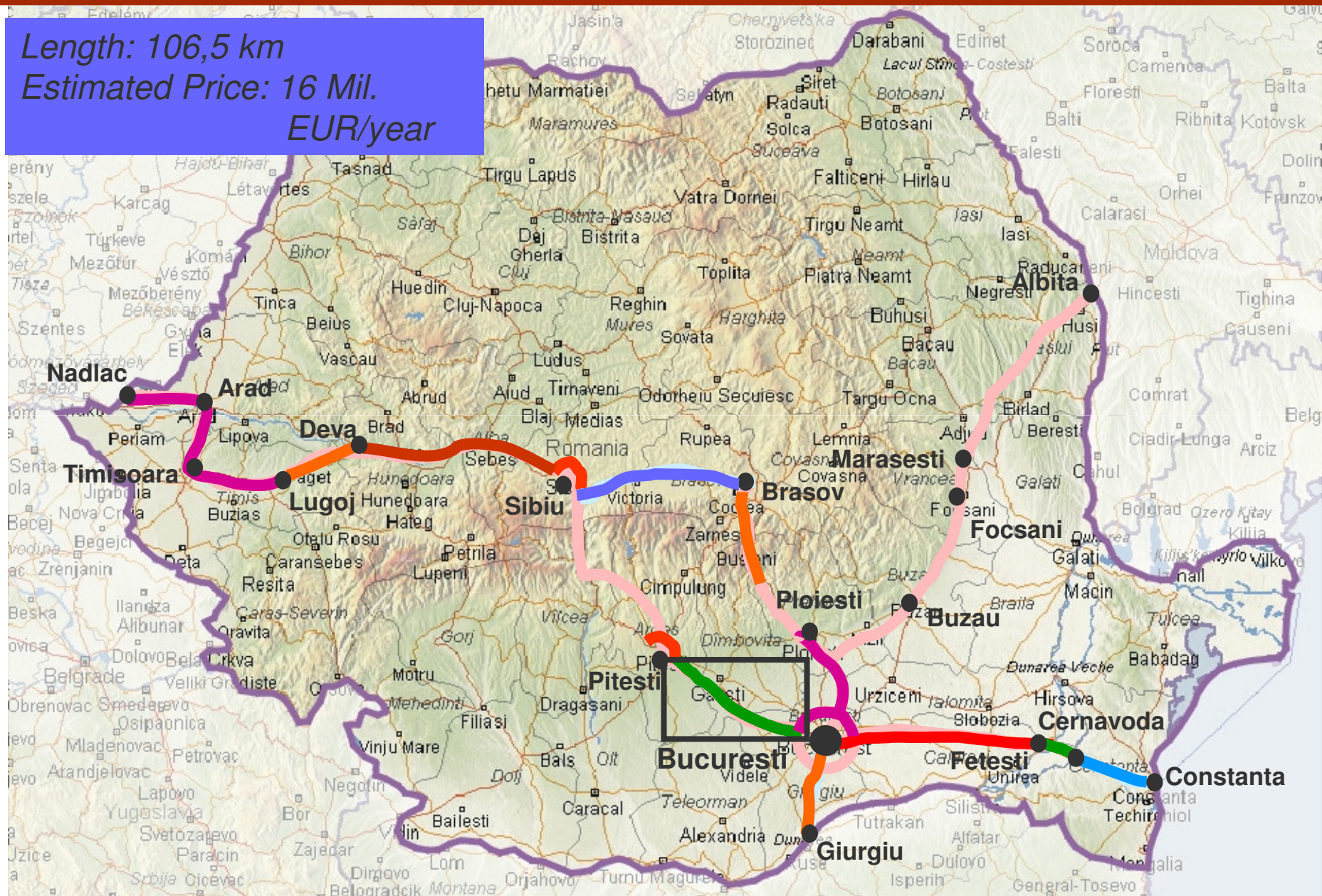
**Estimated Price:**  
566 mil. EUR



# Bucharest – Pitesti (A1) motorway - operation and maintenance services

Length: 106,5 km

Estimated Price: 16 Mil.  
EUR/year

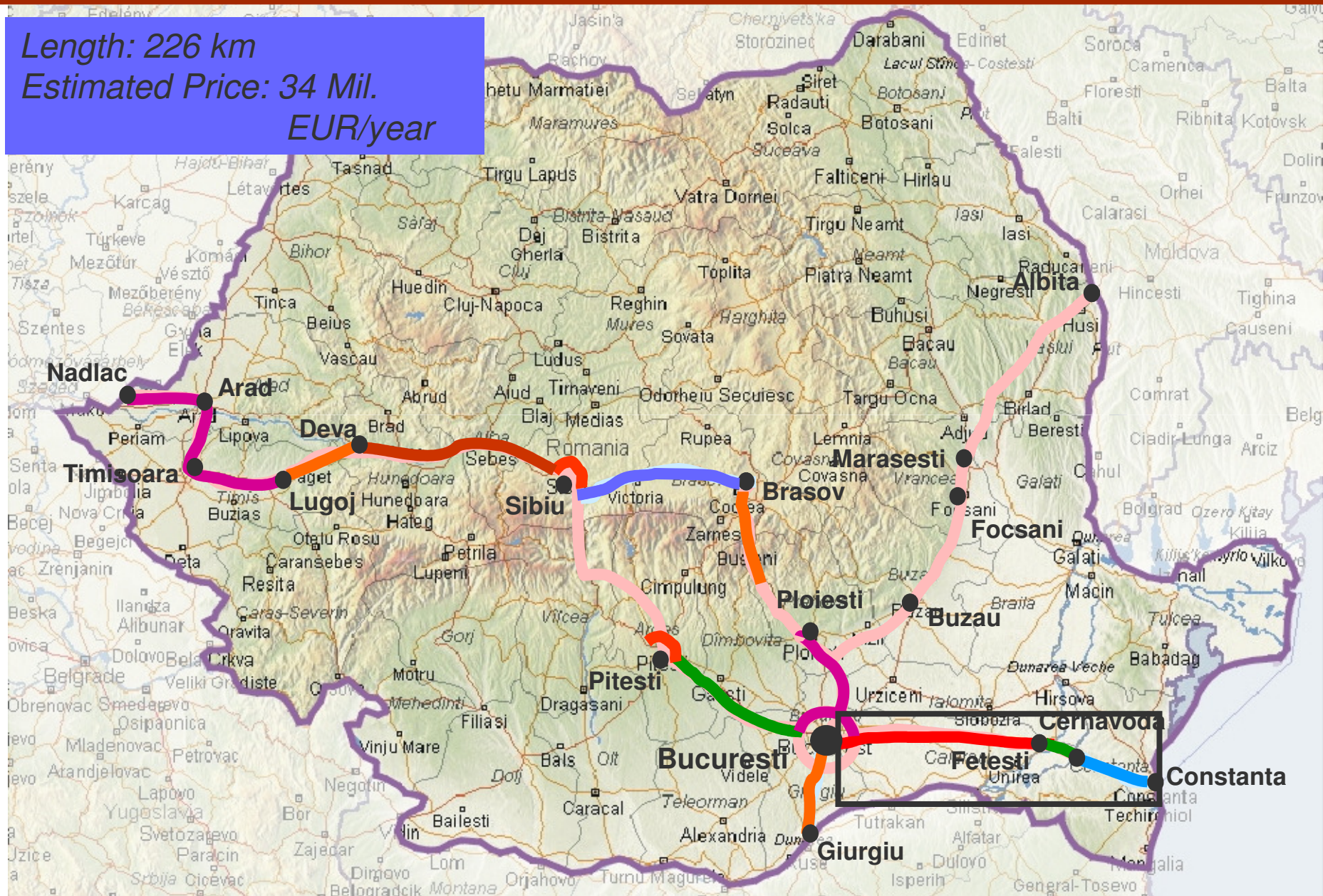


# Bucharest – Constanta (A2) motorway - operation and maintenance services

Length: 226 km

Estimated Price: 34 Mil.

EUR/year



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## Short description

### For all these projects:

- the selection of Consultant to assist public authority until financial close is underway
- signing the concession contract (services or works) is foreseen for April 2008

### For road section Comarnic-Brasov

- the expression of interest will be published soon

# PLOIESTI (DUMBRAVA) – BUZAU – FOCSANI MOTORWAY

## *PLOIESTI – FOCSANI*

*Length: 133 km*

*Estimated Price: 672,269 Mil. EUR*

*The consultant for the SF already contracted*



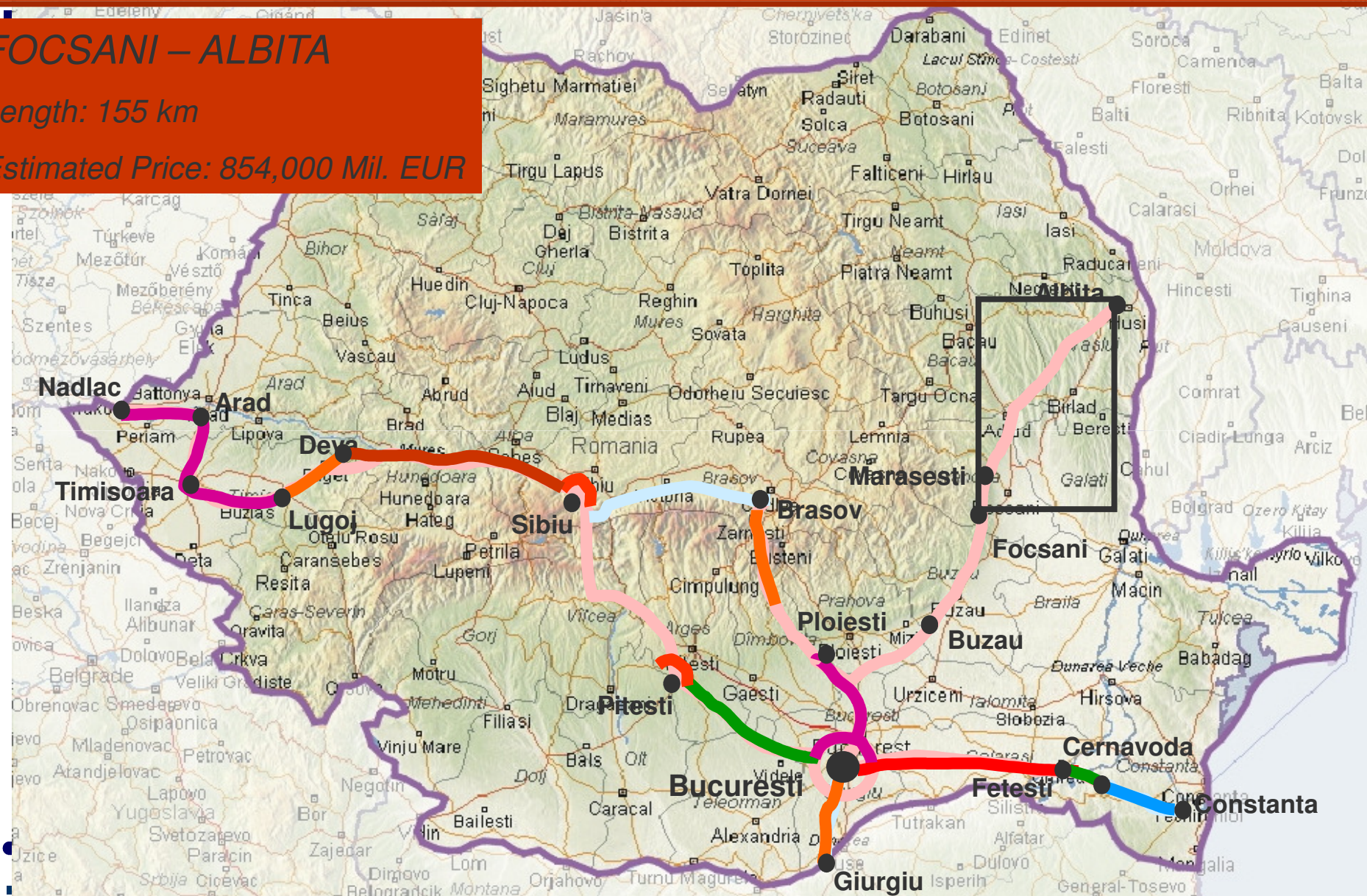
Budapest – 29 October 2007

# FOCSANI – ALBITA MOTORWAYS

## FOCSANI – ALBITA

Length: 155 km

Estimated Price: 854,000 Mil. EUR



Budapest – 29 October 2007

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## PPP strategy

Strategy for promoting PPPs in infrastructure

Support from JASPERS – potential areas for combining private finance with EU funds (after approval of SOPs)

Follow-up: inter-ministerial consultation

## Quo vadis, Romania

Focus on

- Training campaign
- PPP manual and PPP toolkit
- PPP strategy
- Monitoring PPP contracts – database
- Website: [www.mfinante.ro](http://www.mfinante.ro)

Motto

- *PPPs are not “Pool of Political Projects”*
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## Conclusions

Private capital is the key driver to value for money



Romania has established enabling environment for private finance

Finalization of a National Strategy for Implementing PPP Projects in Romania ⇒ supported by the Romanian Government.

The legislation now in place ⇒ suitable for preparing and implementing PPP projects in a totally competitive and transparent environment.

Ensuring a solid public administration that is responsible for preparing and implementing successful PPP projects

Experience in developing the first PPP pilot projects

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