

# PPPs in Serbia

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PROMOTING PPP INVESTMENTS IN CEE

29, 30 OCTOBER 2007

# Summary

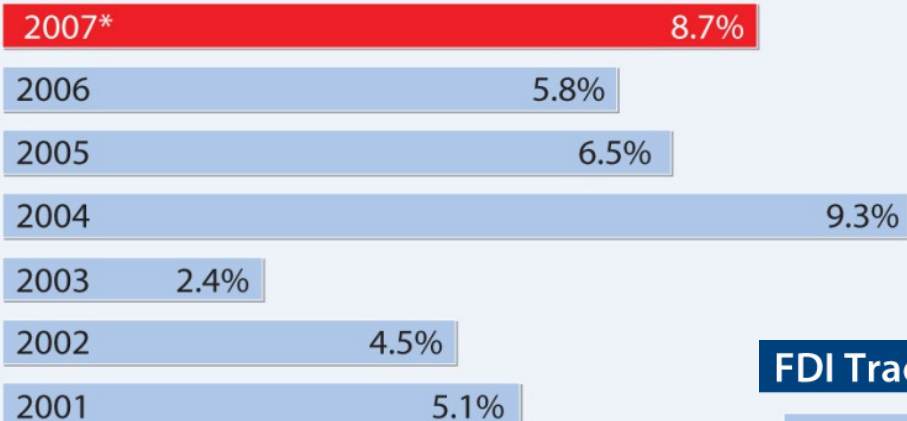
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- Since 2001, Serbia has achieved macroeconomic stability and rapid economic growth
- Serbia has significant investment needs in public infrastructure and services
- Legal and institutional framework for PPPs in Serbia has room for improvement
- Reforms are underway to improve the PPP framework in Serbia and pilot projects will be launched

# Macroeconomic stability and growth

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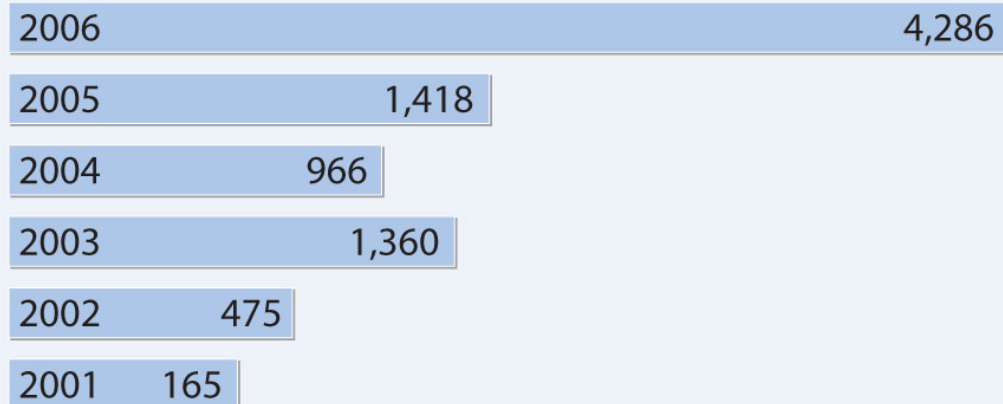
## GDP Growth Rate



\*i-VI 2007

Source: Statistical Office of the Republic of Serbia

## FDI Track Record



Source: National Bank of Serbia

# Macroeconomic stability and growth

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## Annual Inflation

2006	6.6%
2005	17.7%
2004	13.7%
2003	7.8%
2002	14.8%
2001	40.1%
2001	111.9%

Source: National Bank of Serbia

Foreign currency reserves amounting to \$13 billion

Public debt of 30% of GDP

Foreign debt of 61 % of GDP

# Public infrastructure and services needs

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- 3 to 5 billion Euros per year needed for investment in the public sector, mostly infrastructure
  - National Investment Plan for 2007 provides for a sum of around 550 million euros (137,5 for investments in infrastructure). Infrastructure investments are priority
  - credits from international financial institutions
  - grants
  - privatization, greenfield investments

But also PPPs

# Legal and institutional framework for PPPs

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- The Serbian Concession Law of 2003 contains a number of positive elements, but can be improved in many respects
  - Covers concessions and BOT arrangements
  - Requires the preparation and adoption of several ministerial and government decisions and formation of a Tender Committee and Negotiation Committee for each concession
  - Does not regulate clearly certain issues (e.g. prequalification)

# Legal and institutional framework for PPPs

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- **Other relevant laws for PPP implementation**
  - Public Company Law of 2000
  - Municipal Activities Law of 1997 and the Local Self-Government Law of 2002

# Legal and institutional framework for PPPs

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- Impact of the legal framework regulating public property and public companies restructuring-privatization
  - Since 1995: centralized approach to public property
  - Municipal Activities Law allows the sale of the state capital in municipal company to a private company up to 49% (different from the general approach of sale to the strategic investor under the Privatization Law)
  - Case by case approach for major public companies restructuring-privatization

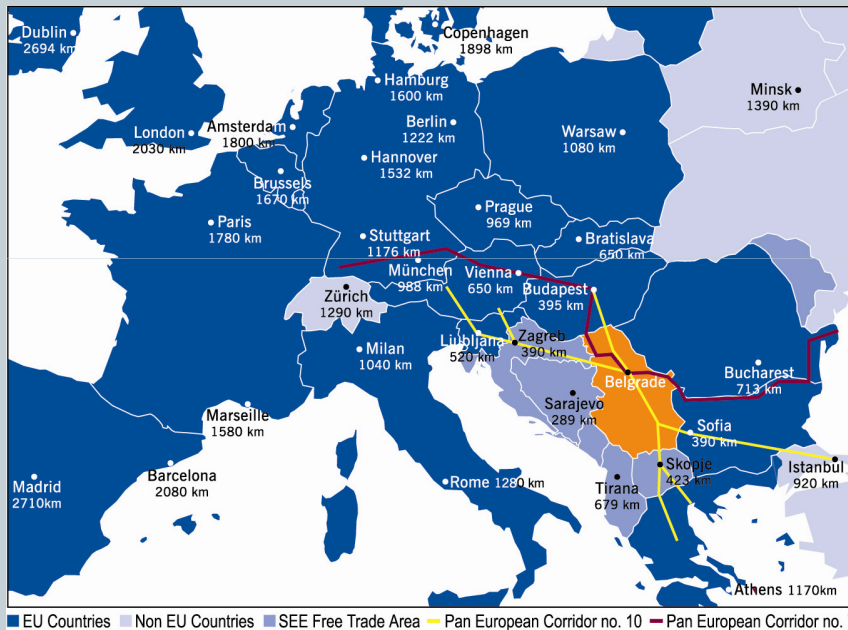
# PPP projects implemented to date

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- Horgoš-Požega concession contract signed, financial close expected in March 2008
- Concession for Vinča landfill is ongoing, tender should be published in november 2007
- Municipal PPPs imlemented on the basis of the Municipal Activities Law

# Reforms and opportunities

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- The Government has established working groups for the reform of the PPP legal framework and property regime to ease and secure the implementation of such projects, both on the national and municipal level
- Construction of a cargo terminal in Belgrade
- Construction and rehabilitation of power plants (Kolubara B, TENT, Novi Sad)
- Mining
- Municipal solid waste, water and wastewater, district heating
- Eventual other highway concessions/PPPs

# Thank you

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