



Concessions and PPPs in Bosnia and Herzegovina

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Bosnia and Herzegovina is a small Balkan country with 4.5 million people and it composed of two entities (RS and FBiH)



Concessions and PPPs in Bosnia and Herzegovina

content:

- Legal framework for concessions and PPPs
- Our experience
- Next steps

Legal framework for concessions and PPPs

In year 2002 we have adopted following LAWS:

- BiH Law on Concessions
(state level)**
- FBiH Law on Concessions
+ 10 cantonal laws**
- RS Law on Concessions**

**in Republic of Srpska in 2009 adapted the Law on PPPs,
but, FBiH and BiH (state level) have no such law on PPPs**

When adopted, the laws were very similar

But, over the time they have changed

Now, they are quite different!!!

In Bosnia we have a three regulatory Commission for Concessions as a regulatory bodies

- Commission for Concessions of BiH
- Commission for Concessions of RS
- Commission for Concessions of FBiH
(Some cantons also have the Commission)

All these tell us about the high fragmentation of legislations in BiH (15 laws, many commissions...)

This is of course reflected in the practice of awarding contracts

Our experience

According to legislation we have two procedures for awarding contracts:

- awarding by tender procedures
- awarding by initiative of the private sector

(unsolicited proposal)

What this means ??

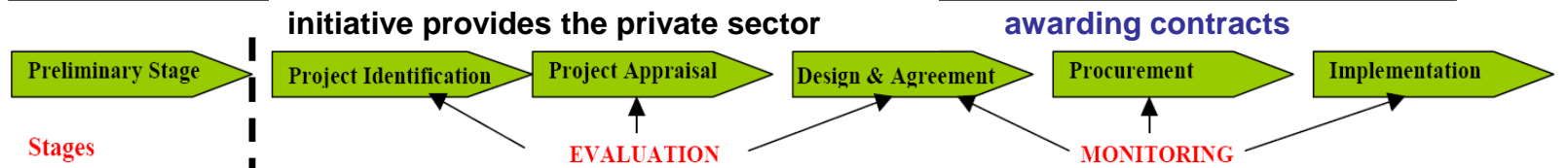
- awarding contracts by of the tender procedures -
it is generally known

The public sector is preparing feasibility studies,
project designs and publishes tender

- awarding contracts by initiative of the private
sector (unsolicited proposal), initiative provides
the private sector (preparing feasibility studies,
project designs..)

PPP Project Cycle

Time Line



<ul style="list-style-type: none"> • Preparation of National and local legislative and regulatory structures 	<ul style="list-style-type: none"> • Suitability Assessment 	<ul style="list-style-type: none"> • Selection of PPP type • Define PPP structure 	<ul style="list-style-type: none"> • PPP Design • Procurement process selection and design • Agreement of National Authorities and funders 	<ul style="list-style-type: none"> • Tender • Evaluation • Negotiation • Contracting 	<ul style="list-style-type: none"> • Construction • Operation • Monitoring • Contract management • Evaluation
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Requirements

<ul style="list-style-type: none"> • Legal context • Institutional capacity • National policy • Integration of projects into EU harmonisation and priority funding strategies 	<ul style="list-style-type: none"> • Desired gains • Obstacles and constraints • Private sector interest • True cost of services • Cost and benefits of PPP 	<ul style="list-style-type: none"> • Needs assessment • Risk allocation • PPP components • Budgeting • Expectations of a PPP 	<ul style="list-style-type: none"> • Integration of PPP into design • Procurement procedure selection & design • Funders requirements • Financial and socio-economic appraisal 	<ul style="list-style-type: none"> • Open and transparent process • Detailed recordings 	<ul style="list-style-type: none"> • Effective implementation structures • Effective working relationship
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Previous experience in BiH says that mostly applied procedure woz unsolicited proposal

In the Republic of Srpska were granted more than
200 concession contracts:

- More than 100 contracts in the energy sector
- 66 contracts in the mining and minerals sector
- 50 contracts in the agricultural sector
- 1 contract for the construction of roads (400km),
and it is the most important one

Unfortunately, some contracts have been cancelled because they were not well prepared

- The most contracts in the energy sector is not realized (only two implemented)
- Agreement on the construction of roads not yet started
- There are huge problems with banks regarding financing

PPP project network of roads-motorway



In the Federation of BiH,
cantons generally awarded
contracts

And here the situation is similar, but
unfortunately there is no precise data on
contracts awarded

Bosnia is certainly below the curve
in this diagram
This is a very, very dangerous

Figure 2. PPP Market Maturity Curve



So we have the results:

- Many contracts have been canceled
- Many contracts are still waiting
- The contract for the construction of roads has not started yet
- There are no data about contracts made in cantons (of FBiH)

In cooperation with SIGMA-OECD, we have prepared a report on the situation in the concessions and PPPs in BiH

We also provided recommendations for improving the system of concessions and PPPs

Next steps

- First, we must develop the legal framework according with the EU and UN practice and legislation
- We need to build institutional capacities capable to implement procedures and contracts
- We must build a strong center of knowledge that will be a "department store" for all actors in the PPP

This is hard to do
This is a long-term job

For this we need assistance
in knowledge and skills
in techniques
and financial assistance

Because of this we are very interested to participate in the work of team of specialist

We also participate in the activities of regional initiatives

Our goal is to establish a regional body and regional network for PPP projects

We talked about this three days ago in Sarajevo

In fact we have a great support from the RCC (Regional Council for Cooperation)

And other countries in the region (Serbia, Macedonia, Montenegro, Albania) have a similar situation as Bosnia and Herzegovina



I hope that we will have your support in this

So, I suggest next joint meeting to be held in BiH (Banja Luka or Sarajevo)

END

Thank you for attention

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