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Annex 1 P3DP Y5Q2 Performance Monitoring Report



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Kyiv School of Economics P3DP Monitoring Report Y5Q2

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P3DP Performance Monitoring Report Y5Q2 (January-March 2015)

The Kyiv Economics Institute prepared this report to assist the PPP project development team in evaluation of its performance, identification of the possible delays and risks in the implementation of the Program objectives.

During Y5Q2, P3DP staff implemented almost all activities as planned. A considerable progress was achieved under Objective 1 (three draft laws were adopted in the first reading). On the other side, ministries and the Cabinet are slow in adopting the drafts of GOU Decrees needed for PPP promotion, and MoEDT is currently more busy with its reorganization than with PPP issues.

No awareness events were implemented in Y5Q2, but a substantial amount of preparatory work for events scheduled for Y5Q3 was performed. Target indicators for the first three Objectives are likely to be met. The greatest risk of underimplementation is for POI 2.5 (project ideas submitted by local governments to MoEDT) – because of local elections.

The same factor creates the greatest risk for achievement of Objective 4 performance indicators. There was some progress with pilot projects implementation, although only Ivano-Frankivsk project is likely to reach final stage by the end of the Year 5.

The rest of this report is structured as follows. For each of the four objectives of the Program, activities foreseen by this objective for the entire Year 5 (Y5) and their implementation are described and then the relevant performance indicators, their targets and actual values are presented. For the ease of perception, activities that were fully and timely implemented are marked with **green**, activities that are either delayed or implemented partially marked with **yellow**, and activities that are not implemented are marked with **red**. The report ends with some concluding remarks.

List of abbreviations

AMC – Anti-Monopoly Committee of Ukraine

AmCham – American Chamber of Commerce

ARC – Autonomous Republic of Crimea

CLC – Commercial Law Centre

CMU – Cabinet of Ministers of Ukraine

EEF – Eastern European Foundation

GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH

GOU – Government of Ukraine

IBSER – Institute for Budgetary and Socio-Economic Research

IFC – International Financial Corporation

KSCA – Kyiv State City Administration

MEP – Ministry of Environmental Protection of Ukraine

MoEDT – Ministry of Economic Development and Trade

MRDCH – Ministry of Regional Development, Construction and Housing

NCCSR – National Commission of Communal Services Regulation

NCMSR – National Commission on Municipal Services Regulation
NPA – National Project Agency
PIEC - Public-Private Partnerships & Infrastructure Expert Centre
PPP – Public-Private Partnership
P3DP – Public-Private Partnership Development Project
RT – Round Table
SIP – [PPP development] Strategy Implementation Plan
SPA – State Property Agency
SWM – Solid Waste Management
TA – Technical Assistance
VR – Verkhovna Rada (the Parliament) of Ukraine
WG – Working Group

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Objective 1. Legal Framework Enhancement.

To achieve this Objective, P3DP works closely with Ukrainian officials, representatives of the private sector and international investors to make legal environment in Ukraine more favourable for PPP development.

In Y5Q2, the following activities were planned and performed within this Objective.

Activity 1.1.1 – a year-round monitoring of legal environment. Within this activity, P3DP team continued to issue Weekly Highlights on new developments in PPP legislation and Monthly Legislation Assessment (this also refers to **Activity 1.1.4** – tracking of new developments in tariff regulation).

In addition:

On **2015-01-15**, P3DP provided to the VR committee proposals to the Draft Law #1566 “On Energy Efficiency of Buildings” regarding compliance to EU directives and improving legal terminology (this law is intended to facilitate the private investment into energy efficiency, including PPPs).

On **2015-01-22**, P3DP provided to KSCA proposals and recommendations to the Draft PPP Development Policy of Kyiv, and later, on **2015-02-23**, P3DP submitted another set of recommendations to this Draft Policy.

On **2015-02-02**, P3DP submitted to the Deputy Prime-minister H. Zubko the recommendations for the CMU comments to the Draft Law #1058 (on PPP laws)

Draft Law “On Amendments to Some Laws on PPPs” (**Activity 1.1.2**)

During Y5Q2, P3DP achieved a considerable progress regarding Draft law #1058 “On Amendments to Specific Laws of Ukraine” (regarding elimination of regulatory barriers for ppp development in ukraine and investment promotion).

During January-February of 2015, P3DP participated in several meetings with peoples deputies lobbying the adoption of this Draft Law. Namely,

- on **2015-01-30**, P3DP submitted the Letter of Support for this Draft Law to the Parliamentary Speaker;
- on **2015-02-04**, P3DP submitted the Letter of Support to the Head of the Presidential Administration;
- on **2015-02-06**, P3DP submitted the Letter of Support to the Head of the Anticorruption Committee of the Parliament.

As a result, on **2015-02-12**, the Draft Law #1058 was adopted by the parliament in the first reading. On **2015-03-04**, P3DP submitted to the Parliamentary Committee on Industrial Policy, responsible for the Draft Law, the finalized version of the Draft for the second reading, based on stakeholders and experts feedback received upon discussions at PIEC (see Table 1).

Under **Activity 1.1.4**, P3DP intends to assist the MoEDT in development, processing and

further adopting of the Draft CMU Decrees on amendments to Decrees #279 and #81 during the first three quarters of the Year 5.

Amendments to the Decree #279 will be developed upon adoption of the Draft Law #1058, which is expected rather soon.

On **2015-03-30**, P3DP developed and submitted to MOEDT the Draft CMU Decree on amendments to the Decree #81 on PPP contracts performance monitoring. The amendments provide sound regulations, eliminate current contradictions in the legislation and provide flexibility for the parties in identifying the form and essence of contract performance monitoring. Development of this Draft falls in line with the GOU Action Plan for 2015 developed together with P3DP.

Activity 1.2.2 foresees supporting of SWM Tariff Calculation Methodology adoption by the CMU by the end of Y5Q2. In Y5Q2 P3DP resubmitted this Calculation Methodology but the methodology will be amended after adoption of the SWM law.

Activity 1.2.3 foresees providing support to some draft laws on amendments to SWM laws during Y5Q1-Y5Q2.

Under this activity, P3DP participated in the SWM Strategy Group meetings to support developments in SWM area. As a result, on **2015-02-03**, the Draft Law #2010 “On Amendments to Some Laws On Competitiveness Conditions for Electricity Production from Alternative Resources of Energy” was submitted to VR by peoples’ deputies and registered in the parliament. The Draft Law is based on the Draft Law developed with P3DP participation in April 2014, when P3DP submitted the legal recommendations on green tariff mechanisms in SWM (alternative energy produced from biogas). The draft law amends existing legislation by improving methods of energy payment calculations for enterprises. If passed by the Parliament, the law will facilitate launching of PPP projects in solid waste management. It will greatly support efforts of P3DP in the sector and PPP pilots development. P3DP will track and support processing and adoption of this Draft Law.

Under **Activities 1.2.4** and **1.2.5** P3DP intended to provide support to the Draft Laws on amendments to the Budget Code (on energy efficiency and long-term budget commitments), developed in 2013-2014 with the help of P3DP. In Y5Q2, P3DP submitted a letter of support for the Draft Laws #1313 and #1409 on ESCO implementation and Budget Code amendments providing reasoning for the necessity of adoption of these Drafts.

As a result, on **2015-02-05**, these Draft Laws were adopted by the parliament in the first reading. These Drafts introduce incentives for energy modernization through Energy Performance Contracts and Long-Term Budget commitments implementation. P3DP tracks and supports further developments on the drafts.

During Y5Q2, P3DP drafted proposals and amendments to the laws on motorway concessions and industrial parks (**activities 1.2.6.1** and **1.2.7.1**) and plans to submit these proposals to VR in Y5Q3.

On the **Activity 1.3.1** (a year-round participation in conferences, round tables, workshops and other events) please see Table 1.

<i>Table 1. P3DP participation in events during Y5Q1 (Activity 1.3.1)</i>			
<i>Date</i>	<i>Event</i>	<i>Participants</i>	<i>Topic&results</i>
2015-01-13	Working group meeting at the VRU Committee on Construction, Urban Development, Housing and Communal Services	GOU Agencies, Experts, NGOs, Business, Peoples' deputies	The Draft Law #1566 discussed, on 2015-01-15, the P3DP submitted recommendations to this Draft Law as a result of discussion
2015-01-30	Meeting with Kyiv City Administration officials	Experts, Municipality officials	Kyiv Policy on PPP Development discussed, later on P3DP submitted recommendations for the Policy (see Activity 1.1.1)
2015-02-26	Working Meeting at the Ministry of Agriculture	GOU Agency officials, P3DP	P3DP provided consultations to the deputy minister on the applicability of PPP to the state support to farmers and agricultural enterprises. P3DP and the ministry agreed to support PPP-related initiatives
2015-03-03	Meeting with COWI (a consulting firm) Technical experts of EBRD regarding PPP in heating supply sector in Ukraine	Experts, P3DP	Discussion of PPP Legal Framework in Ukraine, providing information to the foreign donors regarding critical issues of PPP Development to share efforts and support to PPP
2015-03-10	AmCham Public-Private Partnership & Infrastructure Expert Center meeting regarding Draft Law on amendments to PPP Laws #1058	Experts, NGOs, P3DP	Participants of the meeting addressed the key issues and stakeholders' concerns in the PPP development area, and shared opinions regarding recommendations to the Draft Law which should be provided to the Parliamentary Committee responsible for the Draft. Based on the meeting results, P3DP developed recommendations to improve the Draft Law for the second reading and bring it in compliance with the best practice and EU legislation.
2015-03-31	Myrhorod Round Table re PPP in biogas Projects	Donors, Experts, NGOs, Business	P3DP presented different forms of PPP (concession, etc.) that can be used in biogas projects

Performance indicators for Objective 1 are presented in the Table 2.

#	Definition	Y5Q1 actual	Y5Q2 actual	Y5 target	% of target implementation
POI 1.1	<i>Achieved in Y3</i>	-	-	-	-
POI 1.2	# of actions implemented under PPP Strategy Implementation Plan	0	0	TBD	-
POI 1.3	# of policy reforms/regulations/ administrative procedures drafted and presented for public/ stakeholder consultations to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance (F 4.4.1-13)	3*	1*	3	133
POI 1.4	# of P3DP legal reforms (based in part on the GIDE review) that are submitted in final recommendation form to the relevant GOU (state) entity	0	0	4	0
POI 1.5	Number of policy reforms/regulations/administrative procedures drafted by/with support of P3DP and adopted by public stakeholder to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	2**	0	3	67
POI 1.6	Number of laws, policies, strategies, plans, agreements or regulations addressing climate change officially proposed/adopted/implemented as a result of USG assistance	0	0	2	0
* see Table 3					
** (1) Decree of CMU #585 On Amendments to Decree #384 and (2) CMU program					

Quarter	Document (POI 1.3)	Legal reform (POI 1.4)
Y5Q1	Draft Resolution of Verkhovna Rada On Cabinet of Ministers of Ukraine Program of Activities (also POI 1.5)	
Y5Q1	Draft Resolution of the Kyiv City Council on PPP Development Procedure in Kyiv	
Y5Q1	Recommendations to the Draft Law “On Single System of Electronic Cooperation”	

Y5Q2	Draft CMU Decree on amendments to the Decree #81 on PPP Contracts Performance Monitoring	
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The implementation of Objective 1 activities mostly proceeds as planned, and one of the indicators (POI 1.3) is already overfulfilled. The rest of the indicators will be met if the laws adopted by the parliament in the first reading (1058 on PPPs, and laws on ESCO and long-term budget commitments) are adopted in general.

Objective 2. PPP Unit(s) Establishment.

Within this Objective, P3DP assists the development of a national PPP Unit within the MoEDT, which could coordinate PPPs on the national level and promote PPP-friendly policies.

In Y5Q2, the following activities were planned and performed under Objective 2:

Activity 2.1.1 foresees a year-round participation of P3DP team members in Working Groups organized under different GOU bodies. In the Y5Q2, P3DP held the following meetings with the government working groups:

Date	WG name and GOU body	Topic of WG discussion	# of GOU participants (M/F)
2015-02-17	State Agency of E-Government in Ukraine	PPP in Ukrainian E-Government sector. Potential approaches to PPP projects development	12 (M8/ F4)
2015-02-19	Department of communal Utilities, Kharkiv Mayor's Office;	Using PPPs and other approaches to solve Increasing Social and Economic Needs in Ukraine (related to Internally Displaced Persons)	24 (M14/ F10)
2015-02-20	Kharkiv Regional Council IDP Support Working Group	Technical Assistance to Support IDP Social and Economic Needs in Kharkiv Region	54 (M19/ F35)

Under **Activity 2.1.2** (Guide development and actions of Public Private Partnership and Infrastructure Expert Center). On **2015-03-10**, there was a discussion at PIEC on the Draft Law #1058 on amendments to PPP Laws. There were 19 Parliament representatives (M13/F6) at the meeting.

Activity 2.2.2 foresees drafting of PPP Unit institutional development Action Plan in Y5Q1. The first draft Action Plan was completed on **2014-12-18**. During Y5Q2, the draft PPP Unit Action plan was completed and submitted to MoEDT. However, PPP Unit has not identified its interest in discussing the document, perhaps due to internal reorganization – it is not yet clear how much staff would remain in the Ministry and who will be responsible for PPP development.

Activity 2.2.3 foresees that during Year 5 P3DP will support the implementation of the National PPP Development Concept for 2013-2018. During Y5Q1 and Y5Q2, no activities were initiated in this respect because amendments to CMU Decrees #232 and #639 remain unapproved by the Cabinet of Ministers.

Activity 2.2.4 foresaw publication during Y5Q2 of a number of articles on the role of PPP Unit and public perceptions of this role. Since MoEDT is now reorganizing itself and

redefining its functions, no articles have been published. P3DP still plans to publish a few articles in addition to the Guidance Notes that were submitted to MOEDT during Year 4. However, due to reorganizations and other urgent issues MOEDT so far has not responded to any of P3DP ideas regarding joint drafting of the articles.

Under **Activity 2.2.5.1** (Project Identification, Evaluation and Tendering) P3DP intended to provide MoEDT with guidance tools and develop its capacity to support municipalities developing PPPs during Y5Q2-Y5Q3. On **2015-03-25**, P3DP provided to MoEDT its comments on the Feasibility Study development for modernization of one of the Motor Sich plants (Zaporizhzhia region).

Currently, P3DP together with EEF, is working on creation of the PPP projects pipeline, which would allow following and check on project ideas at various stages of development submitted to P3DP for technical advice/assessment.

P3DP has been working on this collection of project ideas and their descriptions for a while, although not as intensely as on pilot projects. These project ideas have been submitted to P3DP by local governments and municipalities to receive P3DP expert opinion. P3DP managers did their best to provide help and advice to municipalities. Later this collection of ideas will be submitted to the MoEDT.

Under **Activity 2.2.6**, P3DP plans to develop PPP General Guidance Tools for Municipalities by the end of Y5Q3. P3DP has started working on the document, plans to complete its draft by the end of April and finalize it as scheduled.

Activities rescheduled for Y5 from the Year 4:

Neither **Appraisal Methodology**, nor **Practical Guide** were updated due to pending approval of CMU Decree #232 (another crucial Decree #384 has already been adopted). However, P3DP plans to update these documents by the end of Y5.

Table 4 presents the performance indicators for the Objective 2 for Y5Q2.

#	Definition	Y5Q1 actual	Y5Q1 actual	Y5 target	% target implementation
POI 2.1	# of top level participants in familiarization study tours re: PPP Unit(s) implementation and operations	0	0	0	-
POI 2.2	# of drafted legislative acts/regulations specifying PPP Unit(s) activities	1*	1*	5	40
POI 2.3	# of analytical documents related to PPP transaction design, implementation and monitoring drafted together with the PPP Unit(s)	1*	3*	2	200
POI 2.4	# of desired Operational Polices drafted for the PPP Unit(s)	0	0	2	0
POI 2.5	# project ideas submitted by public bodies (line ministries/municipalities) to the designated responsible GOU PPP entity (MoEDT/NPA)	0	0	10	0
DC 2.1	# of stakeholders (lawmakers, public officials) attending consultations, conferences annually re: regulatory operations/implementation of the designated responsible PPP GOU entity and PPP Strategy Implementation Plan or modification	265 M154/F111	109 M54/F55	N/A	-

* see Table 5

Documents related to POI 2.2, 2.3 and 2.4 are presented in the Table 4 below:

Submission/ completion date	Name of the document	POI
2014-10-30	Cabinet of Ministers Resolution #585 from October 30, 2014 (Amendments to CMU Decree #384, On Efficiency Analysis and Tender Procedures of Public-Private Partnerships) was approved	2.2
2014-12-03 (submitted)	Guidance Note #3 “Dispute Resolution and Municipal Public Private Partnerships in Ukraine”	2.3
2015-03-30	Suggested Amendments to CMU Resolution #81 (of 2011-02-09) “On approval of the order of submission by a private partner PPP agreement implementation data to a public partner”	2.2
2015-02-23	“PPPs in E-Government Training Activities Deliverables Report”	2.3
2015-02-25	“Use of PPPs and Other Approaches to Solve Increasing Social and	2.3

	Economic Needs in Ukraine” Activity Deliverables report	
20015-03-18	“PPPs in E-government Follow-up Survey Analytical Report”	2.3

The pace of implementation of performance indicators is acceptable – POI 2.2 is fulfilled by 40%, and POI 2.3 is already overfulfilled. POI 2.4 is also likely to be met, as indicated under the description of Activity 2.2.4 above. POI 2.5 will probably be underfulfilled because ministries are currently busy with reorganization, and municipalities – with local elections scheduled for autumn 2015.

Objective 3. Awareness and Capacity-Development.

P3DP conducts capacity development and awareness events to provide representatives of selected pilot municipalities with knowledge and skills needed to identify, launch and manage successful PPP projects, while also inviting representatives of private and NGO organizations to join.

For the Y5Q2, the following activities were planned under this Objective.

Activity 3.1.3 – Development of e-learning course during Y5. The e-learning course was developed and posted on <http://moodle.ppp-ukraine.org/>. In Y5Q1 it was tested internally by P3DP staff, in Y5Q2 it was launched but not yet publicized.

Activity 3.3.1 foresees the conduct of PPP Awareness, Attitudes and Needs Survey during Y5Q2-Y5Q4. In Y5Q2 the Survey Questionnaire was developed and submitted to the FHI360 Office for approval. The Survey will start in April 2015.

Activity 3.3.2 foresees filming PPP awareness video series during January-June 2015. In Y5Q2, P3DP has selected a Video production consultant and started working on the video development. The first video is expected in mid April-2015.

Besides, in Y5Q2 P3DP team made necessary preparations for Activities 3.1.1 and 3.1.2 scheduled for Y5Q3-Y5Q4.

Namely, for **Activity 3.1.1** P3DP has selected trainer and developed materials for the PPP Stakeholders Communication Workshop for 15 representatives of local governments in eight cities. The workshops are scheduled as follows: **2015-04-02** – Vinnytsia, **2015-04-08** – Lviv, **2015-04-09** – Ivano-Frankivsk, **2015-04-15** – Zaporizhzhia, **2015-04-16** – Dnipropetrovsk, **2015-04-22** – Kharkiv, **2015-04-24** – Kyiv, **2015-04-29** – Odessa.

For **Activity 3.2.2** (PPP Media Trainings), P3DP has selected a trainer and developed materials for the Role of Media in PPPs for 15 representatives of mass media in eight cities. The schedule of trainings is the same as the schedule of workshops above.

Performance indicators for Objective 3 are presented in the Table 6.

Table 6. Performance indicators for Objective 3					
#	Definition	Y5Q1 actual	Y5Q2 actual	Y5 target	% target implementation
POI 3.1	# of individual events held to promote PPP understanding	2	0	19	11
POI 3.2	# of persons attending major events held to promote PPP understanding	171 M101/F7 0 U96/R25 /N50	0	650	26
POI	# of targeted government trainees	0	0	100	0

3.3	completing PPP training sessions during the reporting period				
POI 3.4	# of targeted non-government trainees completing PPP training sessions during the reporting period	21 M7/F14 N21	0	70	30
POI 3.5	# of individuals who received USG-assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization (F - 2.2.3-1)	21 M7/F14	0	100	21
POI 3.6	# of sub-national government entities receiving USG assistance to improve their performance (F 2.2.3-5)	8	0	8*	100
DC 3.1	Index of development in capacity of the public sector representatives to prepare and implement PPP projects. Survey based data	-	-	-	-
DC 3.2	Index of raised awareness about PPPs among key stakeholders. Survey based data	-	-	-	-
*- only pilot municipalities are included into this indicator. But in SWM conference there were participants from 40 local government units					

During Y5Q2, P3DP did not organize any events, so the indicators are unchanged from the previous quarter. However, P3DP has performed much preparatory work for the future events (workshops and trainings), which will be recorded in Y5Q3.

Objective 4. Pilot Project Transactions.

Within this Objective, P3DP helps Municipal governments to implement PPP projects to improve local business climate and attract investment to rehabilitate depreciated assets and create new infrastructure using the PPP model.

As of beginning of the Year 5, P3DP is moving into two main directions:

- 1) implementation of the last stages of prospective PPP Pilots that could be taken to market in 2015 (Ivano-Frankivsk SWM, Zaporizhzhya Healthcare, Kyiv Education)
- 2) capturing lessons learned to share and ensure replication of the PPPs.

During Y5Q2, the following developments with pilot projects were observed.

Malyn municipal heating with biofuel project.

As already reported, to share the success story of Malyn project, P3DP held an event at the PIEC during Y5Q1, and during Y5Q2 has been accumulating information about interested regions and Municipalities that could use lessons learned from this project and implement such typical PPPs in their communities. Information about 25-30 prospective locations was obtained during Y5Q2 with the help of EEF.

Zaporizhzhya Healthcare PPP project is expected to progress to approval of the PPP appraisal opinion by local City Executive Committee in Y5Q3. During Y5Q2, P3DP team visited the site and held negotiations with Mayor's office and Deputy Mayor, resulting in an agreement to ensure consideration of PPP package in the closest months. The next stage after such decision would be proceeding with PPP tender drafting. However, due to political situation in the region (recent change of governor and some accusations against the mayor), a progress with this project is unlikely.

Ivano-Frankivsk SWM LFG treatment and electricity production project is at the stage of drafting the first political decision for it – the approval of the PPP project by the City Executive Committee and the City Council. Preparation of this decision was discussed with the city during Y5Q2. The decision will be adopted in Y5Q3 as agreed with Mayor's office and the Deputy Mayor. During Y5Q3, P3DP has been drafting the tender documents (POI 4.8), which will be provided to the city after political decisions are made.

Lviv parking management. P3DP provided all the PPP Project documents to local City Council deputies and is expecting feedback in Y5Q3. However, given the size and technical complexity of the project, the PPP tender is unlikely to be issued within the next 3-6 months because of local elections scheduled for late 2015 (the City Council deputies will be busy with election campaigns and will not launch a large-scale project just before the elections).

Kyiv Education PPP Pilot Project: P3DP has scrutinized Kyiv 2015 budgetary expenditures and identified that PPP Pilot Project of kindergartens maintenance would be financially unfeasible. However, after KSCA recently adopted the decision to lease depreciated kindergarten buildings for 1 UAH, P3DP updated the financial model for the project. P3DP thinks the initial version of the Education PPP (the one developed in 2012 which implied reconstruction of kindergarten buildings) may become viable under such lease rates. However, it is not clear what will be the gains for investors from reconstruction

of kindergartens – thus, P3DP does not expect many investors showing interest in this project.

Vinnitsa SWM LFG (landfill gas) treatment and electricity production project is being implemented. However, the municipality did not conduct a proper tender, which would ensure transparency of awarding the contract. P3DP plans to capture lessons learned but does not intend to widely promote Vinnytsia case as a successful PPP example for other municipalities.

The performance indicators for Objective 4 are presented in the Table 7.

The most promising pilot project is Ivano-Frankivsk SWM – it is the most likely to be completed during Y5. The greatest impediment for pilot projects implementation is early local elections scheduled for the fall of 2015: local authorities are preparing for elections, and therefore, their planning horizon is very close right now.

Table 7. Performance indicators for Objective 4

	POI	Sector	Healthcare	Kyiv sports & recreation	Altern. energy	Education	Solid waste management		Transport				
							Vinnitsya biogas treatment	Ivano-Frank.		Y5Q 1	Y5Q 2	Y5 plan	% plan impl.
Stage 2	4.4.	Environmental review prepared	Y3Q1	Y4Q3	Y3Q4	Planned	Y3Q4	Y5Q1	Planned	1	0	1	100
	4.5.	Feasibility study initiated	Y3Q1	Y3Q2	Y3Q3	Planned	Y3Q4	Y4Q2	Y4Q2	0	0	1	0
	4.6.	Feasibility study completed	Y3Q3	Y3Q3	Y3Q4	Planned	Y4Q1	Y4Q4	Y4Q4	0	0	1	0
Stage 3	4.8.	Tender package is being drafted	Y5Q1	Y3Q3	Y3Q3	Exp. in Y5	Y4Q2	Y5Q2	Exp. in Y5	1	1	1	200
	4.9.	Tender issued by Municipality	Exp. in Y5Q2	Y3Q3	Y4Q2	Exp. in Y5	Planned	Exp. in Y5	Exp. in Y5	0	0	2	0
	4.10	PPP contract executed	Exp. in Y5	Y4Q1	Y4Q4	Exp. in Y5	Planned	Exp. in Y5	Exp. in Y5	0	0	2	0
	4.11	Project under P3DP monitoring		Y4Q4 - 1st monitoring visit	Y5Q1 - 1st monitoring visit					1	0	3	33
Stage 4	4.12	# of days of USG funded technical assistance in climate change provided to stakeholders								0	0	2	0
	DC 4.1	# of jobs created			2					2	0	40	5
	DC 4.2	Investment, \$ equivalent, million		4.5	0.28					4.78	0	10	47.8

Annex 2 Legislation Development Meetings conducted during Y5Q2

Legislation Development Meetings conducted during Y5Q2

<i>Legislation Development Meetings in Y5Q2</i>			
<i>Date</i>	<i>Event</i>	<i>Participants</i>	<i>Topic & Results</i>
2015-01-13	Working group meeting at the VRU Committee on Construction, Urban Development, Housing and Communal Services	GOU Agencies, Experts, NGOs, Business, Peoples' deputies	The Draft Law #1566 discussed, on 2015-01-15, the P3DP submitted recommendations to this Draft Law as a result of discussion
2015-01-30	Meeting with Kyiv City Administration officials	Experts, Municipality officials	Kyiv Policy on PPP Development discussed, later on P3DP submitted recommendations for the Policy (see Activity 1.1.1)
2015-02-26	Working Meeting at the Ministry of Agriculture	GOU Agency officials, P3DP	P3DP provided consultations to the deputy minister on the applicability of PPP to the state support to farmers and agricultural enterprises. P3DP and the ministry agreed to support PPP-related initiatives
2015-03-03	Meeting with COWI Technical experts of EBRD regarding PPP in heating supply sector in Ukraine	Experts, P3DP	Discussion of PPP Legal Framework in Ukraine, providing information to the foreign donors regarding critical issues of PPP Development to share efforts and support to PPP
2015-03-10	AmCham Public-Private Partnership & Infrastructure Expert Center meeting regarding Draft Law on amendments to PPP Laws #1058	Experts, NGOs, P3DP	Participants of the meeting addressed the key issues and stakeholders' concerns in the PPP development area, and shared opinions regarding recommendations to the Draft Law which should be provided to the Parliamentary Committee responsible for the Draft. Based on the meeting results, P3DP developed recommendations to improve the Draft Law for the second reading and bring it in compliance with the best practice and EU legislation.
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Public-Private Partnerships in e-GOVERNMENT GUIDE

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PPP in e-Government Trainer & Advisor, FHI 360

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INTRODUCTION

This document deals with the Guide for PPPs in e-Government” presented during the two day workshop “PPPs in e-Government” held in Kyiv, Ukraine on 17 – 18 February 2015.

This Guide is mainly based on desk researches, above all on the infoDev (World Bank)’s “PPP in e-Government: handbook” [1] and “PPPs in e-Government: Knowledge Map” [2], use case literature and on the pluri-annual e-Gov practitioner experience of the author of this Guide.

As such, after considering basic definitions of PPPs, it presents the main motivations for e-Government PPPs. In order to properly cope with all the aspects of e-Government the European Union Service Maturity Model is introduced along with the Life Event approach and its consequences in terms of Service Interoperability and Re-engineering of the public administration processes.

The Guide then goes through the main aspects of the e-Gov PPPs, including the main contract models, the Key Policy objectives, the Key Regulatory Pre-requisites, Challenges, Risks and Constraints.

An entire section is devoted to describe all the steps involved in the e-Government PPPs Life Cycle, namely, identifying/selecting the best candidate for PPPs, analysing/structuring projects in viable PPPs, feasibility analysis, Tendering/Procuring and Project Managing.

Finally, relevant e-Gov PPPs case studies have been included.

DEFINITION OF PUBLIC PRIVATE PARTNERSHIP IN e-GOV AND ITS MOTIVATION

A Public-Private Partnership in e-Government may be defined as a **legally enforceable contract between a private sector entity and a government body that requires the private partner to deliver a desired electronic public service, for which the private sector must invest some of its own resources (financial, technological, time, corporate reputation, etc.), and must become responsible for some of the risks of service delivery, and for which payments to the private partner are made only in exchange for actual performance delivered.**

Generally, the operating risks are allocated to the private sector partner (generally the “commercial” risks) while the “political” risks are allocated to the public sector partner. In practice, there are many kinds of risks that do not fall neatly into the categories of “commercial” or “political”, and those risks are allocated between the parties based on negotiations.

The goals of PPPs in e-government are:

- To mobilize new private sector investment in order to leverage public funds required in the development of e-government networks, including both underlying information and communications technology infrastructure and equipment, as well as the public services being delivered on these networks;
- To attract private sector experience, technology, and innovation in the design of electronic networks and services, and to benefit from private sector creativeness and ingenuity; and
- To utilize private sector marketing channels and customer service expertise in the commercial delivery of services to customers of the e-government system.

The potential benefits of PPPs in e-government are:

- Increased pace of rolling out e-government services, applications, and infrastructure, due to the financial participation of the private sector through both investment and profit-sharing;
- Use of more advanced technologies in the engineering design and availability of more custom-tailored engineering systems, made available by the private sector;
- Increased focus on outcomes resulting in better quality of service delivery and increased client satisfaction; and
- Downstream effects in terms of a more capable domestic private sector

There are a number of PPP models; however, some of the key models (see section below) in e-government include:

- contracting for electronic services and ICT facilities management;
- JV co-ownership and financing of projects;
- BOT arrangements.

contracting for electronic services and ICT facilities management

Contracting or outsourcing involves the provision of services and infrastructure that have previously been provided by government. Contracting enables government to provide the specifications. Service contracts enable government to procure service provisions for a specified period of time. The three popular PPP contracting mechanisms are service, management, and leasing.

JV co-ownership and financing of projects

PPP policies in many countries either require or allow the government to retain some share of the stock in profitable or strategic companies making them, in effect, joint ventures

BOT arrangements

Governments around the world use turnkey projects with consortia of private companies to build ICT, telecommunication, and other large, infrastructure facilities and networks. Governments in both advanced and developing countries often use build-operate-transfer (BOT) agreements, in which they buy or lease completed facilities constructed by private investors after the companies have recouped their investment and a reasonable return by operating the facilities for an agreed period of time.

TRENDS OF e-GOVERNMENT IN THE EUROPEAN UNION

We define e-Government as “the use of information and communication technologies in public administration combined with organisational change and new skills in order to improve public services and democratic processes and to strengthen support to public policies”

As such, e-Government covers/integrates findings from different disciplines/sectors: public administration sciences, ICT, economics and public governance, jurisprudence, social and socio-technological sciences, etc. Indeed, *public administrations are made up of people (the social system) using tools, techniques and knowledge (the technical system) to produce public services valued by the governments’ constituency (external to the public administration).*

The European Union has proposed an e-Service Maturity Model [4]:

Stage 0	The service provider or the administrative responsible level does not have a publicly accessible website or the publicly accessible website managed by the service provider or by the administrative responsible level does not qualify for any of the criteria for the stages 1 to 4
Stage 1	<i>Information:</i> online information about the public service - The information necessary to start the procedure to obtain an environment-related permit is available on a publicly accessible website managed by the service provider or by the administrative responsible level.
Stage 2	<i>One-way interaction:</i> downloading of forms - The publicly accessible website managed by the service provider or by the administrative responsible level offers the possibility
Stage 3	<i>Two-way interaction:</i> processing of forms, including authentication. The publicly accessible website managed by the service provider or by the administrative responsible level offers the possibility of an electronic intake with an official electronic form to start the procedure to obtain an environment-related permit.
Stage 4	<i>Transaction:</i> full case handling, decision and delivery/payment. The publicly accessible website managed by the service provider or by the administrative responsible level offers the possibility to completely treat the delivery of environment-related permit via the website. Case handling, decision and delivery of a standard procedure to obtain an environment-related permit can be treated via the web. No other formal procedure is necessary for the applicant via “paperwork”.

Stage 5	<i>Personalization: pro-active service delivery, automatic service delivery.</i> The proactive service delivery means that the government pro-actively performs actions to enhance the service delivery quality and the user friendliness. Examples of pro-activity are: the government warns the user that action could be required, the government pre-fills data in the application forms that it already contains in governmental databases to the extent permitted by law. The automatic service delivery means that the government automatically provides specific services being social and economic rights for citizens (and business), linked to a certain condition of the user. There is no need for the user to request the service.
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In the EU model, 20 basic services are considered, 12 focusing on citizens, 8 on business:

Public services for citizens	Maximum stage
Income taxes	5
Job search services	4
Social security benefits	5
Personal documents (passports / driver's license)	5
Car registration	4
Application for building permission	4
Declaration to police	3
Public libraries	5
Certificates	4
Enrolment in higher education	4

Announcement of moving	4
Health-related services	4

Public services for businesses	Maximum stage
Social contributions for employees	4
Corporate tax	4
VAT	4
Registration of a new company	4
Submission of data to statistical offices	5
Customs declaration	4
Environment-related permits	5
Public procurement	4

The 9th EU Service Benchmark [4] states that service presence has reached almost 90% in the EU (10 years to reach such level was needed). However take up of e-Service among citizens between the age of 15 – 65 is less than 40%!

As a response to this challenge more natural citizens' interactions have been proposed and the **Life Event approach** (e. g., [3], [5]) is one of the most important. According to this paradigm:

- Services that are directly related to the solution of a particular problem should be linked or integrated in such a way that the customers gain quick and convenient access to all the services

they need in one place, regardless of the distribution of competences between different public agencies and businesses

- Such approach is called a life-event approach since it integrates services, which are specifically designed around nodes that directly correspond to a particular life-event (e.g. moving a house, starting a business, getting married, etc.).

The need for such more natural citizen interaction coupled with the need of mobility across the member states has led to the definition of the European Integration Framework, inspired by the Service Oriented Architecture principles, a conceptual model for integration of e-Services across the Union.

In parallel, new organisational and technological models for delivering services both online and via complementing, more traditional channels are taking hold, including Re-engineering of public administration processes.

THE MAIN ASPECTS OF PPPs IN e-GOVERNMENT

The Main PPPs in e-Government Models

Types of PPP Contracts				
Type of Contract	Duration (years)	What the private contractors receives	Nature of Private contractor Performance	Examples
<i>Service Contract (outsourcing)</i>	1-3	Fee from government for performing a non-core services	Definitive, often technical type of service	Website design and management, ICT Capacity Building
<i>Management Contract</i>	3-8	Fee from government for the service and a performance-bases incentive	Manage the operation of a government service	Call center staffing; Management and operation of a new records management project
<i>Lease</i>	8 - 15	All revenues, fees or charges from consumers for the provision of the service; the service provider rents the facility from government	Manage, operate, repair, and maintain (and maybe invest in) a service to specified standards and outputs	Equipment and ICT facilities for delivering a new electronic service, Existing Govt. office space, interconnections, kiosks, etc.
<i>BOO & BOT</i>	15 - 25	The government mostly pays the service provider on a unit basis	Design, finance (long-term) construct/install and operate, to specified standards, the facilities necessary for service provision	ICT Infrastructure; e-procurement systems; e-business portals; Network of public kiosks
<i>Concession</i>	15 - 30	All revenues from the end-users of the e-government service; the service provider may pay a concession fee to the government and may assume existing debt	Manage, operate, as well as invest in and expand, maintain and operate an ICT facility/network or e-government services to specified standards	Telecom operations and expansion, New ICT networks for the delivery of e-government services

❑ **Service Contracts or Outsourcing**

- Service contracts are legally binding agreements between a government authority and a private partner to perform specific, usually non-core tasks. Examples include government agencies such as, utilities, ministries, and municipal offices that contract out for website design and management, capacity building, janitorial services, billing and tariff collection, or security services. These are usually short-term contracts and avail government of private sector expertise. They save time and money spent on non-core services.

❑ **Management Contracts**

- Management contracts transfer responsibility for the operation and maintenance of government-owned entities to the private sector. Asset ownership and commercial risk remains with the government, while management control and authority are transferred to a private partner, which applies its expertise to improve management systems and practices. Compensation may be in the form of a fixed fee, as in the case of a fixed fee management contract, or may be linked to performance indicators.

❑ **BOT and Variants**

- Build-operate-transfer (BOT), build-own-operate (BOO), build-own-operate-transfer (BOOT), design-building-finance-operate (DBFO) and similar arrangements are contracts specifically designed for new projects or investments in facilities that require extensive rehabilitation. Under such arrangements, the private partner typically designs, constructs and operates facilities for a limited period from 15 to 30 years, after which all rights or title to the assets are relinquished to the government. Under a build-operate-own (BOO) contract, the assets remain indefinitely with the private partner. The government will typically pay the BOT partner at a price calculated over the life of the contract to cover its construction and operating costs, and provide a reasonable return.

❑ **Concessions**

- Under a concession, the private partner, or "Concessionaire", bears the overall responsibility for the services, including operation, maintenance, and management, as well as capital investments. The fixed assets either remain the property of the public authority or revert to public ownership at the end of the concession period. The main advantage of a concession is that it passes full responsibility for operations, maintenance, rehabilitation, renewal, and service expansion to the private partner and creates incentives for efficiency in all activities. Therefore, concessions are an attractive option where large investments are required.

Potential applications of e-Gov PPP

National

At the national level, a range of e-government PPPs are possible including national undertaking by national agencies such as the Defense department (IT systems), Internal Revenue Agencies, (e-filing and computerization), Procurement Agencies, (e-Procurement), and the like. It is estimated that governments can save billions of dollars at the national level by outsourcing or divesting certain national agency functions or services to the private sector via PPP's.

Sub-national

At the sub-national level, including state, regional, local, a number of PPP projects are viable in the ICT and e-government field. In fact, many innovative projects have been undertaken at the local level which have "liberated" funding from traditional tax sources and moved the financing of municipal services "off balance sheet" whilst improving efficiency. Examples include local issuance of drivers' licenses and other motor

vehicle services, voting, property registration, utility services, emissions controls, education, and parks and recreation. In countries where service delivery is delegated substantially down to the local level, there are literally billions of dollars of potential transactions and cost savings, if the capacity existed, to implement e-government and ICT projects effectively.

Key Policy Objectives and Issues in PPP

PPPs can realize these objectives best when they are part of an overall policy framework of reform in the delivery of public services and the management of governmental administrative procedures. Key elements of these policy frameworks should include:

- Government ministries that focus on policymaking and planning, but that delegate operational decision-making to public contracting agencies, their Boards and their managers;
- Regulation & performance monitoring of these public contracting agencies and any private service providers (PPPs) that is done by an independent regulatory body, or by a dedicated contract compliance office (CCO);
- Ownership of a sector's underlying, long-term assets by a public contracting agency, utility, parastatal, or asset holding company, which is responsible for service delivery or contracting delivery of these services;
- Operation of public assets and networks, and the delivery of public services by private contractors through transparent, competitively-procured

The policy objectives of PPPs in e-Government could include:

- Improved efficiency in the delivery of public services or the performance of public administrative procedures;
- Expanded access to public services and to public information;
- Greater transparency & reduced corruption through improved access to public information;
- Improved quality of service by both measuring and achieving key performance indicators;
- Reduced costs in the delivery of public services or the execution of public administrative procedures;
- The transfer of key risks away from the public sector's limited resources and onto the private party that can best manage them;
- Maximizing Value for Money through reduced costs and lower risks to the public sector;
- Improved competitiveness of the overall governance and economic framework
- Improved commercial performance in the delivery of public services and execution of public administration, such as achieving levels of cost-recovery specific performance indicators;
- Transfer of technology and improved capacity of the public sector to better manage public services and administrative procedures

The Key Legal and Regulatory Pre-requisites for PPP in E-Government

□ PPP Laws

- All forms of PPP, from the most capital intensive to the least capital intensive are usually covered under a "Law on Concessions" or "PPP Law" (depending on the country). While it used to be common that each sector would have its own law on PPP or concessions, most countries are

increasingly establishing multi-sector concession laws or “umbrella” legislation to harmonize the key legal issues in PPP across sectors. At a minimum, a concession or PPP law will clearly establish what sectors are eligible for PPP, the form of eligibility, eligible PPP approaches, the rights and obligations of the parties, how projects are approved, limits to ownership, financial requirements, public roles and responsibilities, and dispute resolution responsibilities.

❑ **PPP Central Body**

- Many PPP frameworks include a coordinating body, often created by law, to manage PPP transactions. The PPP Central Body or “PPP Unit” generally serves as the focal point to spearhead the PPP process either across sectors or even within a specific sector or city

❑ **PPP Guidelines**

- Establishing guidelines on how PPP arrangements are planned, approved, and awarded creates a predictable environment in which private partners are willing to engage. Ukraine has established a PPP unit within the Ministry of Economic Development and Trade. Technical assistance provided by USAID through the “Public-Private Partnership Development Program (P3DP) has assisted the PPP unit in improving the PPP legal and regulatory framework and creating development tools for agencies and municipalities working to create PPPs. PPP units in Kosovo and Moldova are other examples of how PPPs are being enabled through clearly established guidelines. Below are some of the fundamental areas where standardized guidelines:

- ❖ *Project Identification* – Potential e-government PPP projects are best identified by the government agency that will be responsible for implementation. For example, if the department of Transportation needs an electronic system for managing its employee payroll, the department itself must express this need rather than rely on any central PPP body for project identification.
- ❖ *Project Prioritization* – Given that there will likely be needs for more than one e-government PPP project, there must be a process for determining which are priorities vis-à-vis available government resources and already established government policies.
- ❖ *Project Feasibility Studies* – Once potential projects have been identified and prioritized, there should be clear guidelines for carrying out project feasibility analysis.
- ❖ *Project Approval* – Once a project has been determined to be financially and technically feasible, there must be clear guidelines that determine which government department or agency will approve the project’s readiness for the procurement stage.
- *Project Procurement Guidelines* – These guidelines must include standardized bidding documents, procedures for announcing the project for public tender, transparent procedures for evaluating private sector bids, and methods for contract award, including specified time frames for project mobilization

❑ **Financial Instruments**

- *Public Sector Comparator (PSC)* – The PSC is a method used to calculate the “in house” costs to government of preparing and delivering a service. Knowledge of such costs is essential when determining whether or not to pursue a PPP project, and determine if the project represents a good value for money. The PSC is used to varying degrees by PPP units worldwide.
- *Value for Money Framework* – The Value for Money Framework, employed by the Government of Queensland in Australia, applies to all infrastructure projects over \$100 million over the life of the asset. It encourages discipline such as focusing on outputs, understanding whole of life costing, identifying risks and appropriately allocating these risks to the party best able to manage them. It provides a rigorous and transparent analytical framework to ensure the government obtains the best value for money

- ❑ **Sovereign Guarantees** – this is given to reduce public sector financial support and ensure payment to the private operator or lender in a PPP project, in case of government default on contractual obligations or in case of a natural disaster, or a financial crisis such as a severe currency devaluation
- ❑ **Contract Compliance and Dispute Resolution Procedures**
 - From the moment a contract is awarded, it is vital that the government and the appropriate regulatory bodies ensure compliance with the terms of the contract and the prevailing laws and regulations. This can be done in two ways: regulation by contract, meaning the contract is the dominant document that states the key terms and conditions, or regulation by decree or statute, often done under a regulatory body. The contract or regulatory decrees must also state what the dispute resolution procedures will be.
- ❑ **Asset Ownership**
 - Typically with PPP public and private sectors join to design, build or rehabilitate, finance and operate new or improved facilities, such as schools, hospitals, toll roads and power generation plants. Over the life of the project, usually 25–30 years, the private financier owns the asset and the private operator receives periodic payments for asset operation. At the end of the contract, the assets revert to public ownership.
 - In the case of e-government, where assets are likely to be ICT infrastructure or systems with great potential for roll-out to clients other than government, there are needs for some allowance for asset ownership by the private partner during and after the end of its contract with the private sector.
- ❑ **Labour Laws**
 - They should mitigate the potential problems raised by PPP when, for example, a displacement of civil servant is needed. They should encompass, e. g., retaining the same position, salary, seniority and pension fund.
- ❑ **Tax Law**
 - Tax laws can be drafted or amended to create an incentive based enabling environment for PPP. In the e-government sector, tax laws can be amended to reduce import and duty taxes on computer, server, and other Internet-based hardware as well as encourage greater investments in technology based solutions for improved service delivery and “partnerships” with government.
- ❑ **Digital Signature Law**
 - Some e-government PPP projects will require the use of digital signatures (define), while others will not. In this case, the government must have a digital signature law on record that gives digital signatures the same level of trust and assurance as the handwritten ones.
- ❑ **Sector Regulation**
 - Each sector is governed by its own regulations, rules, and procedures. Most countries are moving either to sector specific or multi-sector regulation. No need for a specialised e-Gov PPP Unit if a capable PPP Unit already exists.
- ❑ **Independent Regulator**

The key elements of a regulatory framework are:

 - *Independence*: In order for any regulatory body to be truly effective, it must be free to make decisions without undue interference from outside parties. Processes and rules governing the selection of regulators must be transparent and demonstrate the body’s independence from special interest groups.
 - *Transparency*: The mandate of the regulatory body and its processes should be clearly specified in all pertinent legislation. Additionally, there should be clear procedures for the publication and explanation of all decisions made by the regulators

- *Accountability*: A well-established and publicized public participation process and an accessible appeals process will provide a system of checks and balances ensuring that the regulatory body fulfils its mandate. It is especially important that the courts have the authority to determine the merits of appeals so that the regulatory body will not be bogged down with unnecessary litigation.
- *Consistency*: All regulatory decisions should be consistent with the regulatory body’s goals and purposes and applied in a consistent fashion to clearly demonstrate its goals and principles. This consistency will reduce regulatory uncertainty and ensure that, when any change in method is required, it can be accomplished in a manner that is acceptable to all parties
- ❑ **Competition Law**
 - Competition Laws drive market structure. Most ICT and e-government PPP’s are either a result of competition law or policy that “unbundled” the market for services or they are a result of an inadequate existing ICT or governance sector where e-government PPP’s are in response to customer demand.
- ❑ **Stakeholder Consultation**
 - Stakeholder consultation is a particularly important element of any PPP program, and the following often results from good consultation programs:
 - ❖ Increased demand responsiveness of public services.
 - ❖ Growing support for reform among key constituents.
 - ❖ Improved coordination between various branches of the public sector.
 - ❖ Stakeholders who are prepared for the changes that will come about as a result of PPP.

The Institutional Roles and Responsibilities in PPP Projects

Function of PPP Units

While individual operating policies in PPP units varies from country to country, they typically serve to answer three main questions:

- Is the project affordable?
- Is the project a priority for the government?
- How can the project be implemented?

Project Affordability

The PPP Unit, either through its staff or through independent contractors will conduct financial pre-feasibility analysis, and financial feasibility studies to determine if the project is economically viable.

Project Prioritization

Once a government department proposes a PPP project, the PPP Unit will liaise with other departments and/or the Ministry of Finance to determine if the project is an overall priority for government. For example, the department of Transportation may see a need for a highway investment project, but the PPP Unit has the responsibility of evaluating that need along with other investment needs in the department of Health or Education. The PPP Unit has the benefit of an “arms length” perspective.

Project Support

The PPP Unit serves as a center of expertise for all government departments in identifying, structuring, and implementing viable PPP projects, including deal flow, capacity building.

The Major Political Constraints and Challenges to PPP

The following are several of the most common constraints or challenges to PPP.

- *Perceived Misuse of Taxpayer Money* – When a private operator is introduced into public services, there is often the risk that the public will perceive that tax-payer money is transferred to profit-driven enterprises.
- *Private Profits in Exchange for Service Quality* – Often the public perception is that the only way the private operator can make a profit in PPP projects is by cutting corners in service quality. Past failures in large-scale PPP infrastructure projects cast a shadow on current PPP initiatives in other sectors.
- *Past Failures in Technology Investments* – Past public expenditures in technology have not always yielded expected results. In these cases, the public criticizes the waste of money, and become wary of supporting other major investments in ICT or e-government.
- *Political Elections Cycle* – If PPP projects are proposed and debated during an election year, the changes that a PPP project is likely to bring to the lives of different stakeholder groups might be exaggerated, or downplayed, by political candidates seeking to garner support for their campaign.
- *Lack of capacity to develop and manage PPP* – It is possible to have political will to support PPP, but no skills in government to further them. In this situation, it is extremely useful to establish a designated PPP Unit within government, and invest in the training of its staff.
- *Lack of a Public Spokesperson* – e-government PPPs do not have the ‘champions’ that more traditional PPPs have had. There is not always an easily identified stakeholder group, such as utility customers, doctors, or parents of school children, to work with in the early planning stages of a PPP initiative.
- *Lack of local private ICT industry* – Many emerging market countries lack private ICT industries that are sufficiently developed to partner with the government on e-government PPP projects.

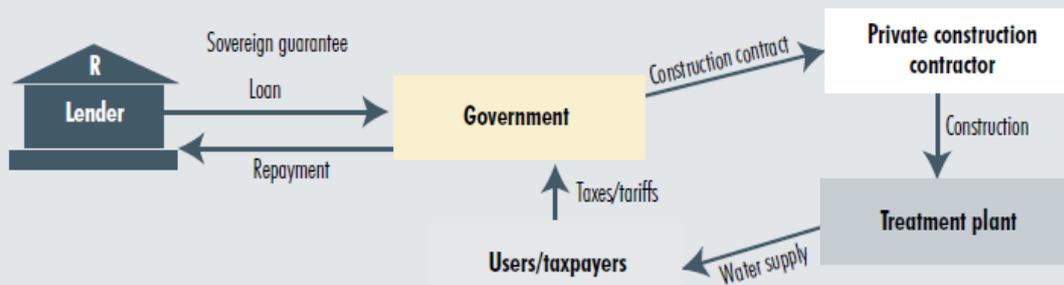
The Financial Challenges and Constraints in PPP Projects

PPP financing are the combination of public finance, corporate finance; and project finance.

Public Finance

- Characterised by a direct lending to the project, or by a government guarantee provided to the private sector lenders, or a combination of the two.

- A government borrows funds to finance an infrastructure project and gives a sovereign guarantee to lenders to repay all funds. Government its own equity in addition to the borrowed funds.
- Lenders analyse Government's total ability to raise funds through taxation and general public enterprise revenues, including new tariff revenue from the project.
- The sovereign guarantee shows up as a liability on Government's list of financial obligations.



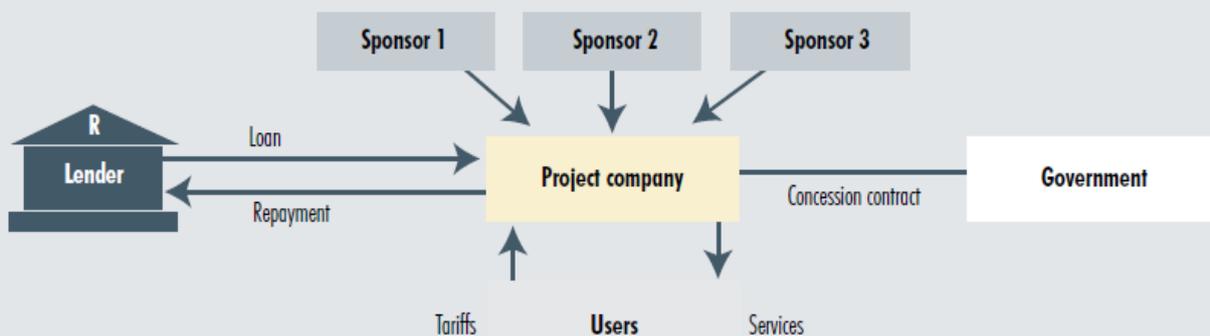
❑ Corporate Finance

- It involves providing the lender(s) with recourse to the Borrower's, or if the Borrower is a new Special Purpose Vehicle (SPV) company that has been established to become the operator then, both the Borrower's and the Borrower's Parent Company's, assets to secure loan repayment

❑ Project Finance

- It can be either "non recourse" or "limited recourse" financing, which means the lender's access to the assets and revenue streams of the borrower and/or its parent company is entirely or partially limited. Funds to repay the loan are supposed to come entirely or partially from the project.

- A team or consortium of private firms establish a new project company to build, own and operate a specific infrastructure project. The new project company is capitalised with equity contributions from each of the sponsors.
- The project company borrows funds from lenders. The lenders look to the projected future revenue stream generated by the project and the project company's assets to repay all loans.
- The host country government does not provide a financial guarantee to lenders; sponsoring firms provide limited guarantees. "Off-Balance-Sheet" financing.



❑ Payment Mechanisms

- There are a wide variety of payment mechanisms in PPP Project Finance. Loans can be either senior debt, in which the loan payments must be made regardless of the financial performance of the project, or they can be subordinated debt, in which case, the loan payments have to be made to the extent that the project earnings and profits are realized.

❑ Incentives for Investors

- Traditionally, governments have offered “investment incentive” schemes that focused on tax holidays, tax exemptions, labour training grants, import duties exemptions, subsidized land and/or buildings provision.

❑ PPP Funding Facilities

- It can be in the form of a *project development facility (PDF)*, which is a pool of money, usually donor grant funded with possibly some contribution from the government. Otherwise it can be *PPP project finance facility (PFF)*.

The Major Risks in PPP Projects and How are they Managed

❑ Risk Sharing

- The **price and quantity of services** that are projected over the concession period are essential inputs to the financial projections are good starting point for this analysis.
 - ❖ **Price:** determined by market conditions but governments can offer the private partner some kind of monopoly over the provided services in order to recover the investments
 - ❖ **Quantity** is estimated by demand projections and as such it represents a commercial risk for the private partner. However, the public partner do not have to adversely impacts the quantity of demand

❑ Categories of Risks

- **Construction Period Risk** is allocated to the private party, which is usually required to provide a bond to ensure that, if it experiences delays and/or cost overruns in construction beyond a certain point, then the government can liquidate the bond to cover its costs associated with such delays and/or cost overruns.
- **Operations and Maintenance (O&M) Risk.** The private partner must conduct a sufficient O&M to enable the facilities to deliver the required levels of quantity and quality of service.
- **Quality of service** risk is covered to some degree by O&M requirements, to the extent that quality of service is dependent on the quality of the facilities. But in PPP projects, it is essential to keep the focus on the outputs. How the Concessionaire delivers the outputs is its responsibility. Output Specifications are a key component to any PPP Project

Roles and Responsibilities

The roles and responsibilities of the parties to a PPP contract are:

- *Bidder* – this is the private legal entity or consortium that submitted a bid and was awarded the concession;
- *Contracting Authority (CA)* – this is the government body that has the legal authority to execute the concession agreement on behalf of the government;
- *Executing Agency (EA)* – this is the government body that is tasked with performing all of the obligations of the government under the Agreement;
- *Regulator* – there always has to be a regulator that will oversee the contract and protect the interests of all parties to the contract as well as consumers; and
- *Third Parties* – if any third parties are bound by any provisions of the contract then those parties should execute the agreement.

Care must be taken in confirming that the contracting authority may legally bind other government agencies that might be involved in the contract and service provision. This is a weak area in many PPP Contracts, for example a ministry of public works agrees to acquire all land necessary for the project, but in

practice the funds for such purchases have to come from the ministry of finance. If the ministry of finance is not going to be a signatory to the agreement, then the contracting agency should be required to produce a letter of commitment from the ministry of finance for the land purchases.

Key Issues and Challenges

- Because PPP projects are essentially business joint ventures, and government officials are more familiar with traditional procurement than with business, it can be difficult for the government to assemble a contract negotiations team that will be able to handle the virtual “army” of lawyers, accountants, and highly skilled negotiators that the private sector will mobilize for large projects. This creates a necessity for extensive consultant assistance to protect the government’s interests.
- To protect the public interest, ownership of the “backbone” or “basic assets” or “platform” is often kept with the government, such as telecoms fiber optic backbone, airport runways and taxiways, and internet-based platform for e-gov. Although the focus of PPP is on service delivery and not ownership, the government might want to retain ownership, or have a transfer of ownership at the end of the concession period, to protect the public interest.
- Tariff regulation is a recurring area of complexity in PPP projects. The mandate of the government is to protect the consumer, but this may be in conflict with the private sector operator’s need who wants to have prices to fluctuate and respond in accordance with market forces. This dichotomy makes the presence of a politically and financially independent regulator particularly important in PPP projects. Unless tariff regulation is conducted by an independent regulator, future disputes between the parties regarding tariffs and tariff adjustments are likely to occur.
- Subsidies are an area of concern in PPP projects. The government’s mandate is to protect the consumer by ensuring the availability of “basic services” for low-income groups, and this mandate conflicts with the PPP project’s goal of profitability. Subsidies are required when the government requires the operator to provide such services to low-income groups, like railway passenger traffic. Yet governments often find that they are unable to make such subsidy payments and then disputes arise.
- There is a continuing issue of **response time** in PPP projects. While the private operator can respond quickly to changes, the government is usually less able to be responsive in a timely manner. Because of this, disputes often arise in PPP projects over a government delay in making a tariff adjustment or in issuing a permit, while the market forces necessitating such acts have already occurred.

The Best Practices in Tendering, Evaluating, and Negotiating PPP Transactions

Affordability: (a) Conduct consumer demand, affordability, and willingness to pay surveys to determine whether the tariff rates required for the project to be financially viable are acceptable and affordable to people who will be the consumers of the services provided by the project; and (b) perform a review of budget resources for government’s projected share of costs in the project; if there are not sufficient resources in the current budget, determine whether the required amount can be put into the next fiscal budget.

Risk Allocation: Does the proposed PPP project appropriately transfer risk to the private sector, and does the resulting risk allocation matrix appropriately match each category of risk with the partner best able to manage that kind of risk? The general principle is that the public sector partner manages political risks while the private sector partner manages commercial risks. In practice, there are always a few categories of

risk that the partners must share, like tariff risk, which fluctuates based on both commercial demand/supply factors and political factors.

Value for Money: The proposed PPP project must give the government more value for money than it would get if it did the project without a private sector partner. It will be necessary to develop a “base case” scenario, in which the cost of doing the project with no private partner is estimated. Then, a “public sector comparator” is calculated to give a figure that can be compared to the cost of doing the project with a private sector partner. In the final stage of selecting which partner to accept, the financial proposals will be evaluated and ranked based largely on this value for money criterion.

As the PPP project moves through the tender/bid process, the 3-stage appraisal criteria described above are applied in the following manner:

1. *Request for Qualifications (RFQ):* The tender/ bid process begins with the RFQ, unless the requirement is consulting services, in which case the process begins with a Request for Expressions of Interest, and within the RFQ information about the project must be presented. At this stage, the pre-feasibility study must have been completed, so that such information can be provided, and the affordability test must have been passed. Usually, a PPP Unit performs this test, and provides guidance to the project sponsor regarding the tender/bid process.
2. *Request for Proposals:* While the submissions in response to the RFQ are being received and evaluated, the project sponsor, the government body proposing the PPP project, should develop the pre-feasibility study into a full feasibility study. At the same time, the PPP unit should be completing its risk allocation review, the result of which should be a draft contract, or Draft Concession Agreement, revealing the proposed allocation of contractual obligations between the partners. The results of the feasibility study should be included, in summary form, in the Request for Proposals (RFP) along with a disclaimer that the project sponsor, or the Contracting Authority that will execute the Contract, does not represent or warrant that any of the information is accurate, and that proposed private partners must conduct their own due diligence.
3. *Bidder Selection:* After the technical proposals have been evaluated and scored the financial proposals will be opened. The information contained in the financial proposals will enable the tender committee to make its selection, and will also enable the PPP unit to determine which proposal offers the government the best value for money, for the amount of financial resources project, and which bidder offers the most benefits in return for such contribution. The interpretation of “benefits” can include both financial and economic benefits, usually expressed in terms of service delivery.
4. *Negotiation begins* after the preferred bidder is selected via the process described above. The focus is the draft contract, or Concession Agreement, that was included in the RFP. The government should take care to ensure that members of the negotiation committee have experience in PPP transactions and understand the business aspects of the project. This requires skills that are not usually found in negotiation committees for standard project procurement. Non-PPP projects do not carry the complex business partnership aspects of a PPP project, in particular the risk allocation that is a cornerstone of PPP transactions.

The focus of the contract negotiations for PPP projects is Service Delivery Standards, in terms of both quantity and quality of service, which represent an essential part of the contract. In traditional procurement, the focus is on getting what the government wants to buy, at the lowest price and the least risk necessary. In PPP procurement, the focus is on getting the highest quantity and quality of service for consumers, within the budget that the government has allocated for the project. Value for money, rather than cost savings, should be the primary objective of contract negotiations.

The Lessons Learned in Monitoring PPP Agreements

A government considering PPP models for e-government projects should bear in mind the following:

- *Contract design is the most important part of contract compliance.* A poorly designed contract will be difficult to enforce, leaving the government, consumers, and the private partner open to unnecessary risk. Clearly established guidelines for PPP arrangements are a critical component to the legal framework.
- *Contracts must contain the necessary contract monitoring clauses.* Specifically, the contract should clearly articulate: how the technical performance of the private partner will be evaluated; procedures for collecting, managing, and reporting data for internal and external (like media, constituents) use; scenarios under which tariffs, if applicable, may be raised.
- *Contracts should clearly specify who is responsible for monitoring.* A good e-government PPP contract identifies the individual, department, or agency with oversight responsibilities so that the private partner...knows who to talk to...about when any issues or challenges in project implementation arise. Many governments choose to set up a contract-monitoring unit (CMU) for large-scale PPP projects.
- *Contracts must include dispute resolution procedures.* Dispute resolution procedures define the context under which contracts can be renegotiated, under which the government or private sector can default on the agreement, such as “force majeure”, and what third party body will arbitrate, in the event that disputes cannot be resolved between the private partner and the government contracting agency

The Gaps in our Knowledge of PPP in E-Government

Knowledge Gaps

- Case Studies are not well documented: E-Government is relatively new, and the use of PPP for e-government is even newer, leaving inadequate time to assess whether or not the e-government PPP initiatives have been “successful.” For example, the useful website, E-government News (www.egovnews.org), which includes reports on e-government projects launched through PPP models, has only been operational since January 2006.
- PPP and E-Government Dialogue is not Harmonized – There are a growing number of initiatives and websites that attempt to document best practices and lessons learned in PPP and also in e-government. There is not a specific source that discusses highlights in the application of PPP to e-government.
- Didactic material on PPP in E-Government is sparse: While there are countless articles, websites, and projects dedicated to dispersing excellent didactic material on public-private partnerships, their application is largely confined to the physical infrastructure sectors.
- Many officials and specialists involved in the e-government and ICT sectors are unfamiliar with the potential role of the private sector in general, and the use of PPP as a risk-sharing tool in particular. Most of these individuals have limited experience with the economic and financial aspects of “unbundling” a public service via private investment, management, and technology.

What Has Worked

- *Citizen Service Centers* – In areas where the Internet coverage in households is low, government service centers or kiosks have been successful e-government PPP applications. Here, citizens have been able to

access the Internet to carry out several citizens to government transactions such as vehicle registration, utility bills, business licensing, from a centrally located service center staffed by professional ICT specialists.

- *E-Portals* – *Online portals* that offer access to government services, as well as private sector commercial services, in one location have been successful in markets where the Internet coverage is high, and widely available. Success of these portals is also dependent on a high-level of Internet security and the user comfort with online financial transactions, as well as a history of contracting out key government functions to the private sector.
- *ICT Infrastructure Development PPPs* – PPPs that involve a transfer of government physical land or infrastructure to the private sector for the purpose of building or improving ICT assets like IT parks, telephony, have been successful in developed and emerging market, where a significant portion of the population is technologically literate and where the country can support large influxes of ICT businesses.

Moreover, these types of e-government PPPs are only possible if the government is already experienced in PPP selection, procurement, and monitoring.

THE LIFE CYCLE OF PPPs in e-GOVERNMENT

Identifying and Selecting Appropriate Candidate Projects for PPPs in E-Government

Assemble All Available Information about the Project

Assess:

- **Need**
Is there a clear need (e.g., government priority) for the project?
- **Technical scope**
Can the project be accurately and clearly described in terms of minimum output and performance standards that it must meet
- **Stakeholders**
Identify all of them and clearly understand their stake
- **Leadership**
To support the preparation, the transaction, and the on-going operation of the new project

Initial project risk identification,

Typical PPP Risks in e-Government		
Risk	Description	Examples
Technology/ Design Risk	The technology for a given project does not perform in practice as well as planned	A project proposes to interconnect different public agencies to allow each to access each other's databases. However, when the project

	for the project	is built, the communications technology does not function to the desired level
Construction and Completion Risk	The cost of constructing a project is more than was originally planned, or the project was completed later than planned	A new e-government initiative requires that new high-speed connections be made between different government agencies. However, the private contractor is unable to complete these interconnections on time due to installation cost overruns
Operating Risk	The costs of operating and maintaining a project is more than was originally planned	A proposed e-government project assumes that it will require US\$100,000 per year to operate the system. However, in practice, the private operator's annual costs are US\$200,000.
Market/ Demand Risk	The demand for the project from users and customers is less than what was originally planned	A new project installs a new electronic collection network for motor vehicle drivers' licenses, and proposes to recover the new investment and operating costs through user fees. However, in practice, the number of new license applicants is less than was originally anticipated, and fees collected do not allow the operator to recover its full costs
Economic Risk	If the local economy goes through a recession, demand for the project could fall as incomes and growth decline	A new electronic tax collection system is launched just as the economy begins a recession. As a consequence of lower local incomes, the amount of revenues collected decreases
Collection Risks	Users may consume the project's service but not actually make payments for them	A new, electronic Automated Remote Metering (ARM) system is installed to both read and issue bills to electricity consumers. However, many consumers make their own illegal connections, and consume electricity without being billed and without paying for it.
Political and Regulatory Risks	New laws or regulations may be passed that raise a project's costs or reduce its ability to perform as anticipated	Due to rising inflation, the operating costs of an e-government project also rise, prompting the private contractor to seek a reasonable and justified increase in its user fees. However, the government blocks the request, because it finds the increase to be politically unpopular and untimely.
Foreign Exchange Risks	The value of the local currency depreciates significantly relative to the value of hard currencies such as US dollars, Euros, and Yen.	An e-government project collects its user fees from consumers or from a Govt. agency in the local currency. However, the construction and installation costs of the project were financed using a foreign, hard currency. The value of the local currency suddenly depreciates. When the local currency depreciates against hard currencies, the local revenues are no longer adequate to cover the debt service

		payments required by the project's banks and lenders
Force Majeure Risks	"Acts of God" such as storms, floods, earthquakes, and even strikes and riots	An e-government project, relying on the Internet, is suddenly struck by an external computer virus, which forces the entire project to shut down for a period of two weeks, during which it is unable to operate.
Environmental Risks	Consequences from the project that cause damage to the surrounding environment and its natural resources	An e-government project is launched to electronically and remotely monitor and record water quality and pollution levels around a crowded city, and to signal when environmental alerts and other preventive actions should be taken. If the project fails to perform as expected, part of the costs of the project's failure is the additional damage to water resources and to public health, which may become the liability of the private operator of the project.

- **Initial VFM Assessment**

Has the private sector the proper expertise and offers better VFM than the public one?

- **Deciding whether to Proceed to Full Feasibility Analysis and PPP Project Preparation**

Prioritize Candidate E-Government PPP Projects

- **Gather up all available documents and reports on the given e-government candidate project.**
- **Prepare a Multi-Criteria Analysis (MCA) matrix,**
- **Evaluate each Candidate E-Government PPP Project**
- **Select the weighting for each criterion**

Common Selection Criteria for e-Government PPP projects		
1	Likely financial viability and fiscal support needed by the Project	How likely is the project to be financially viable (i.e., offering an attractive financial rate of return to the private operator)? How likely is the project to need public fiscal support, such as long-term fixed payments from the government, in order to become viable?
2	The Project's "Readiness" and Initial Risk Profile	Compared to other projects, how susceptible is this project's viability to major risks (demand, technology, legal and institutional, etc.)? Given these risks, how likely is that the project will be

		deemed “ready” to proceed to Feasibility Analysis and PPP Structuring?
3	Socio-economic benefits from the Project	What is the likely Economic Internal Rate of Return that the project can offer to the local economy and the public? What are the likely benefits from the project’s cost savings, time-savings, poverty alleviation, and investments in human resource development
4	Regional development Impacts and Benefits	What is the likely size of the project’s contribution’s to local GDP and to developing the regional economy? Is this project a priority for the relevant affected regional and local governments, and is it supported by them?
5	Sector network role importance in sector plan	How important is this project to its sector’s current development plans and its existing network or procedures?
6	National integration and security	How well does the project assist with and contribute to the goals of national integration and security?
7	Environment	How large are the impacts the project will likely impose on the environment? How large are the planned environmental benefits from the project (reduced pollution, better pollution monitoring and licensing)? How large is the land area needed by the project (if any) and would any inhabitants need to be resettled?
8	Impact on economic growth and export earnings	How much is the project likely to contribute to national or local economic growth? Will the project help expand exports, through goods (agriculture or manufactured products) or through services (tourism or Business Process Outsourcing)?
9	Safety Impacts	How large are the benefits the project is likely to provide, in terms of any improved public safety? (better emergency management, safer roads, etc.)
10	Project costs	What is the likely cost of the project, and will it require new building and construction?
11	Demand for the Project	How strong is the demand for the new project’s services, in terms of recent history of demand, current levels, and projected trends?

Multi-Criteria Analysis Matrix for Prioritizing e-Government PPP projects				
N.	MCA Criteria	Higher Score	Moderate Score	Lower Score
1	Likely financial viability and fiscal support	Viable: FIRR > 20% No Govt. fiscal Support needed	Marginal: FIRR > 14–20% Limited fiscal Support needed	Not viable: FIRR < 14% High fiscal Support needed
2	Readiness and Risk	Few major issues Risks and Project is generally “Ready”	Identified risks, but appear to be able to be “mitigated” and made “Ready”	Many risks, few can be mitigated sufficiently and project not “Ready”
3	Socio-economic benefits	EIRR > 15% Major Macro Impact	EIRR 12–15% Moderate Macro	EIRR < 12% Minor Macro Impact

			Impact	
4	Regional development	Provides positive impacts on low-income Provinces and/or High poverty alleviation benefits	Provides positive impact on Low-Medium income Provinces and/or Medium poverty alleviation benefits	Provides positive impacts on High income Provinces and/or Low poverty alleviation benefits
5	Sector network role importance in sector plan	Forms integral part and already included in sector plans	Project is part of sector plan	Ad hoc project—but not in conflict with sector plan
6	National integration and security	Strengthens National security/ integration	Medium impact	Low Impact
7	Environmental Impacts	Few Issues: Low Environmental Impacts	Some Issues: Medium Environmental Impacts	Many Issues: Severe Environmental Impacts
8	Impact on Economic Growth and Exports	Major economic growth benefits and trade/tourism impacts	Limited economic growth impacts and trade/tourism impacts	Little or no economic growth and trade/tourism impacts
9	Safety	High Safety Focus	Moderate Safety Focus	Low Safety Focus
10	Project type/cost	Primary infrastructure construction costs estimated at > \$50 million	New equipment installation projects with costs estimated at \$50 m–\$25 million	Operational-based projects (e.g. Limited new equipment, new software, labour/staff, etc.) < \$25 million
11	Demand Growth	Project Demand Growth rate > 15% per annum	Projected Demand Growth rate of 15–5% per annum	Projected Demand Growth rate <5% per annum

E-Government PPP Identification Report

To consider need, technical scope, stakeholders, initial project risk identification, initial value for money assessment.

Analysing and Structuring E-Government Projects to be Viable PPPs

How to Analyse Technical Feasibility

The analysis of a proposed e-government PPP project's technical feasibility is the procedure that:

- estimates and analyses the size the project;
- proposes the minimum technical and operational performance standards; and
- Proposes the key technical components the project will require in order to be deemed feasible.

This procedure includes:

- providing technical descriptions and plans for alternative technical solutions for the project;
- identifying relevant engineering and non-engineering components;
- Estimating capacity and performance standards;
- Providing preliminary design options; and
- providing a preliminary cost estimate for the project to a range of within +/- 20%

gather data needed to answer the following requirements:

- **Technical Rationale**
- **Scope**
- **Demand**
- **Timeliness**
- **Reliability**
- **Technical Components**
- **Output standards**

Outputs:

- **Summarized technical description of the project, including a technical description of the project's overall goals and objectives;**
- **Scope of the project;**
- **Size and nature of the demand for the project;**
- **Description the timeliness standards that the project should meet;**
- **Description of the reliability standards that the project should meet;**
- **Description of the overall technical components and functions of the project;**
- **List and description of clear, measurable minimum output performance standards**

How to Analyse the E-Government PPPs Legal and Institutional Feasibility

This task should consist of a review of all existing relevant laws and regulations within the country and within the specific sector in question. It should be checked:

- **If PPP regulations and laws exists and are enforced**
- **Property of technology used**
- **Ownership of data,**
- **Existence of privacy/secret data**
- **If government has proper resources to monitor projects.**

Conducting PPP Financial and Economic Feasibility Analysis

The goal of this procedure is to estimate a realistic range of prices or tariffs that the PPP contractor would have to earn in order to cover all of the costs of the new project, including a reasonable level of profit. A simple financial model:

1. A PPP project earns its revenues (collected either by government agency or from individual retail consumers and users.
2. The project must pay its operating and maintenance expenses (includes wages and labour benefits, any consumable used up by the project, as well as taxes on sales or gross revenues)
3. The project must repay its debt service obligations. BOTs and concession-type PPPs feature significant new investments in long-term assets and facilities. Therefore, debt service obligations include both interest payments and principal repayments.
4. Taxes on income or profits must be paid to the government.

5. Any remaining positive cash flow is classified as either “profits”—if it is a private project—or as “net surplus”—if it is a public sector project.

Designing a PPP Financial Feasibility Model

All cash flow systems have in common the following components

- Key Inputs and Results:
- Financing Structure:
- Income Statement
- Cash Flow Analysis
- Balance Sheet

Listing the Key Input Data to Gather

- The next step is to list the key data that will be needed
- as inputs for the model. This will serve two important functions

Project Technical Data

- Minimum required performance standards of the new project/facility, expressed in terms of outputs.
- Background data on demand and growth projections from existing official master plans for the sector (20–30 years).
- Class identity of users (i.e., retail, institutional, etc.)
- Background data on existing network: size and age of existing facilities and assets.
- Proposed or possible location for the facility

Capital and Operating Cost Data

Preliminary Capital Expenditure estimates of project construction and start-up. Sub-categories of these costs could include:

- Any Civil works or major preparations;
- Installation, broken down by sub-project and project phase;
- Equipment, broken down by category;
- Interconnection costs;
- Other capital expenditures;
- Periodic rehabilitation

Project Technical Data

Operating and maintenance cost estimates for major cost categories including:

- Wages;
- Overheads;
- Utilities and electricity;
- Any consumables required;
- Other operating and maintenance costs

Financing Data

Debt:

- List potential commercial lending sources;

- Estimates of Debt/Equity leverage acceptable;
- Lending periods available;
- Currencies and estimated ranges of interest rates and spreads;
- Terms of any grace periods available;
- Terms for any subordinated debt available;
- Minimum coverage ratios required; interest and debt service.

Equity:

- Estimates of Debt/Equity leverage acceptable;
- Estimates of expected return on equity by likely investors

How to Identify Relevant PPP Risks

Identifying Risk in e-Government PPP projects			
N.	Risk name	Risk description	How this Risk Impacts the Specific PPP Project
1	Land or Interconnection Availability and Acquisition	<ul style="list-style-type: none"> • Land needed for the project is not available or has not been acquired. • There is uncertainty over how much it would cost to acquire needed land and when it could be acquired 	<ul style="list-style-type: none"> • This could increase the construction costs of the project beyond what is planned. • This could significantly delay construction, adding interest costs during construction, and delaying when the project could earn its first revenues
2	Health, Safety and Permits/Licenses	<ul style="list-style-type: none"> • Absence of compliance with regulations and standards on health, safety, permitting, licenses, etc. 	<ul style="list-style-type: none"> • Workers or neighbouring residents could suffer poor health, injuries, or other safety consequences. • The project might have to pay significant new large sums to mitigate or correct these health/safety damages. • The project might have to pay significant new large sums in fines, penalties, or punitive damages. • The project might have to cease operations altogether, or until it has successfully corrected these violations
3	Currency Availability and Transferability	<ul style="list-style-type: none"> • Foreign currency is not available to transfer funds from local to hard currency. • Profits earned by the PPP project inside the country cannot be repatriated to its 	<ul style="list-style-type: none"> • If this risk is present during the tendering phase, then international bidders will not bid on the project, and the tender may fail. • If this risk is present during the operating phase, investors will not be able to earn their projected financial returns, and may seek disputes, termination or damages.

		owners outside the country	
4	Operating Costs	<ul style="list-style-type: none"> The costs of operating the project are higher than expected 	<ul style="list-style-type: none"> This would reduce the profitability of the project for its owners, and the creditworthiness or coverage ratio for its lenders Lenders may require more investments, such as reserve accounts, from owners. Investors may try to request price or tariff increases from the government or its contracting agency
5	Interest Rate	Interest rates on the loans used to construct the project increase.	<ul style="list-style-type: none"> This would reduce the profitability of the projects for its owners, and the creditworthiness or coverage ratio for its lenders. Lenders may require more investments, such as reserve accounts, from owners. Investors may try to request price or tariff increases from the government or its contracting agency.
6	Exchange Rate	<ul style="list-style-type: none"> The local currency depreciates in value relative to the hard currencies in which the PPP project's loans and equity investments are denominated. 	<ul style="list-style-type: none"> This would reduce the profitability of the projects for its owners, and the creditworthiness or coverage ratio for its lenders. Lenders may require more investments, such as reserve accounts, from owners. Investors may require price or tariff increases from the government or its contracting agency to be able to pay these higher debt service return on equity costs.
7	Market	<ul style="list-style-type: none"> The actual quantity of outputs or services demanded by users or the off-taker is less than anticipated. The project's tariffs or prices are not adjusted according to the escalation formula agreed upon 	<ul style="list-style-type: none"> This would reduce revenue and therefore also the profitability of the project for its owners, and the creditworthiness or coverage ratio for its lenders. Lenders may require more investments, such as reserve accounts, from owners. Investors may view this as a contract violation and thus seek disputes, termination or damages.
8	Responsibility of Design	<ul style="list-style-type: none"> The government has provided a faulty or inappropriate design (If the government is responsible for providing the project's design) 	<ul style="list-style-type: none"> This could increase construction costs, because new, more expensive designs would have to be completed and built. This could increase operating costs more than anticipated, as a result of having followed a faulty or inappropriate design. This could significantly delay construction,

			<p>adding interest costs during construction, and delaying when the project could earn its first revenues.</p> <ul style="list-style-type: none"> Investors may require price or tariff increases from the government or its contracting agency to be able to pay these higher construction and operating costs.
9	Detailed Design, Specifications and Standards	<ul style="list-style-type: none"> The project's performance standards and design specifications are inappropriate for the project's needs 	<ul style="list-style-type: none"> This could increase construction costs, because new designs may have to be completed and built. This could increase operating costs more than anticipated, as a result of having followed an inappropriate design. This could significantly delay construction, adding interest costs during construction, and delaying when the project could earn its first revenues. The private developer may have to pay penalties to the contracting agency, if it is not able to meet the project's minimum contracted performance standards.
10	Design Data	<ul style="list-style-type: none"> Wrong or inaccurate data was used during the project's construction. 	<ul style="list-style-type: none"> This could increase construction costs as new designs may have to be completed and built. This could increase operating costs more than anticipated as a result of having to follow an inappropriate design. This could significantly delay construction, adding interest costs during construction and delaying when the project can earn its first revenues. The private developer may have to pay penalties to the contracting agency, if it is not able to meet the project's minimum contracted performance standards.
11	Procurement and Construction	<ul style="list-style-type: none"> Completion of the project construction was delayed 	<ul style="list-style-type: none"> This could increase construction costs through higher interest-during-construction costs. This could delay when the project could earn its first revenues. The private developer may have to pay penalties to the contracting agency, if it is not able to start-up operations by the contracted deadline.
12	Construction Cost	<ul style="list-style-type: none"> Total construction costs were more than anticipated 	<ul style="list-style-type: none"> This would reduce the profitability of the projects for its owners, and the creditworthiness or coverage ratio for its lenders.

			<ul style="list-style-type: none"> • Lenders may require more investments, such as reserve accounts, from owners. • Investors may try to request price or tariff increases from the government • or its contracting agency
13	Program	<ul style="list-style-type: none"> • The completion of the project is delayed or there is a cost over-run, due to faulty work scheduling. 	<ul style="list-style-type: none"> • This could increase construction costs through higher interest-during-construction costs. • This could delay when the project could earn its first revenues. • The private developer may have to pay penalties to the contracting agency, if it is not able to start-up operations by the contracted deadline.
14	Operation	<ul style="list-style-type: none"> • The project is not able to function and operate as fully as had been anticipated 	<ul style="list-style-type: none"> • This could reduce the project's revenues, if its outputs are lower than anticipated. • This could increase operating costs, if more capital needs to be spent on operating costs to achieve higher levels of output. • This could significantly delay construction, if a new, corrected design must be completed and built. • The private developer may have to pay penalties to the contracting agency, if it is not able to meet the project's minimum contracted output or performance standards
15	Maintenance	<ul style="list-style-type: none"> • The project and its assets are not properly maintained 	<ul style="list-style-type: none"> • The project could face unscheduled outages, reducing its revenues, creditworthiness, and profits. • The project may face higher and sooner than anticipated asset rehabilitation, renewal, and replacement costs on its un-maintained assets. • If the project is not able to meet its minimum contracted availability standards, it may need to pay penalties to the contracting agency
16	Ancillary Features	<ul style="list-style-type: none"> • Ancillary infrastructure services that the project needs, such as approach-roads, interconnection facilities, etc., are not provided and completed on time. 	<ul style="list-style-type: none"> • This could delay the date when the project could earn its first revenues, reducing its creditworthiness for lenders and profitability for investors. • The developer may seek either price increases or damages from the contracting agency or government body responsible for completing and delivering the ancillary services on time
17	Transfer	<ul style="list-style-type: none"> • The condition of the 	<ul style="list-style-type: none"> • This could increase the costs to the

		project's assets at the end of the contract term, when they are transferred back to the government, is not in compliance with the PPP contract's maintenance and performance standards	government and its contracting agency, of renewing and rehabilitating the transferred assets in order to keep them operational
18	Regulatory	<ul style="list-style-type: none"> The terms and conditions of the PPP contract regarding the private operator's ability to collect revenues and to seek reasonable tariff increase in accordance with the contract's price escalation formula are not fulfilled; or New laws or regulations are passed which increase the costs or reduce the revenue of the PPP contractor, without fair compensation 	<ul style="list-style-type: none"> This would reduce the profitability of the projects for its owners, and the creditworthiness, or coverage ratios, for its lenders. Lenders may require more investments, such as reserve accounts, from owners. The developer may claim a dispute or seek compensation damages from the contracting agencies for the lost revenue, increased costs, or lost profits from the regulatory action
19	Political/Sovereign	The government nationalizes the project	<ul style="list-style-type: none"> The private developer may seek damages for breach of contract. The government may compensate the private developer at a level that is below its costs, making it unable to repay the balances of the loans it owes to lenders, and unable to meet expected level of profits for owners. If there is political risk insurance (such as from MIGA or OPIC) or a Partial Risk Guarantee (such as from the WB or ADB), then these may be called and the government may end up owing these multilaterals
20	Force Majeure	<ul style="list-style-type: none"> The project is unable to perform due to terrorism, riots, war, or natural 	<ul style="list-style-type: none"> If the damage is fatal or complete, the project may be terminated. If the damage is partial, the project may have a time limit within which to return to

		catastrophes, such as earthquakes, fire, or flooding.	operation. • If the project has applicable insurance, it may file a claim
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Assessing the Risks in Proposed E-Government PPP Projects

Using the risks identified through the previous technique's Risk Identification Matrix for each risk, estimate the most likely cost of each risk event, as well as the probability of the risk event actually occurring. To assist the completion of this process, a risk analysis template can be used that proposes several scenarios for each risk event, such as:

- Catastrophic Scenario: The maximum possible cost from the risk event occurring.
- Critical Scenario: The costs from a large impact from the risk event occurring.
- Serious Scenario: The costs from a medium-sized impact from the risk event occurring.
- The Planned Scenario: The original, planned cost of the project (i.e., no change)
- Favourable Scenario: The cost savings from a favourable risk event occurring (i.e., the project is completed under-budget)

Next, estimate the probability, expressed as a percentage, of each of the five risk scenarios identified by the above matrix occurring.

Risk Allocation			
N.	Risk name	Risk description	Risk Allocation
1	Land or Interconnection Availability and Acquisition	<ul style="list-style-type: none"> • Land needed for the project is not available or has not been acquired. • There is uncertainty over how much it would cost to acquire needed land and when it could be acquired 	Government
2	Environmental	<ul style="list-style-type: none"> • The project causes major environmental impacts on its surrounding natural resources 	Private
3	Health, Safety and Permits/Licenses	<ul style="list-style-type: none"> • Absence of compliance with regulations and standards on health, safety, permitting, licenses, etc. 	Private
4	Currency Availability and Transferability	<ul style="list-style-type: none"> • Foreign currency is not available to transfer funds from local to hard currency. • Profits earned by the PPP project inside the country cannot be repatriated to its owners outside the country 	Government
5	Operating Costs	<ul style="list-style-type: none"> • The costs of operating the project are higher than expected 	Private
6	Interest Rate	Interest rates on the loans used to construct the project increase.	Private
7	Exchange Rate	<ul style="list-style-type: none"> • The local currency depreciates in value relative to the hard currencies in which the PPP project's loans and equity investments are denominated. 	Government Private

8	Market	<ul style="list-style-type: none"> The actual quantity of outputs or services demanded by users or the off-taker is less than anticipated. The project's tariffs or prices are not adjusted according to the escalation formula agreed upon 	Shared
9	Responsibility of Design	<ul style="list-style-type: none"> The government has provided a faulty or inappropriate design (If the government is responsible for providing the project's design) 	Government
10	Detailed Design, Specifications and Standards	<ul style="list-style-type: none"> The project's performance standards and design specifications are inappropriate for the project's needs 	Private
11	Design Data	<ul style="list-style-type: none"> Wrong or inaccurate data was used during the project's construction. 	Private
12	Procurement and Construction	<ul style="list-style-type: none"> Completion of the project construction was delayed 	Private
13	Installation Cost	<ul style="list-style-type: none"> Total installation costs were more than anticipated 	Private
14	Completion	<ul style="list-style-type: none"> The completion of the project is delayed or there is a cost over-run, due to faulty work scheduling. 	Private
15	Operation	<ul style="list-style-type: none"> The project is not able to function and operate as fully as had been anticipated 	Private
16	Maintenance	<ul style="list-style-type: none"> The project and its assets are not properly maintained 	Private
17	Ancillary Features	<ul style="list-style-type: none"> Ancillary infrastructure services that the project needs, such as approach-roads, interconnection facilities, etc., are not provided and completed on time. 	Government
18	Transfer	<ul style="list-style-type: none"> The condition of the project's assets at the end of the contract term, when they are transferred back to the government, is not in compliance with the PPP contract's maintenance and performance standards 	Private
19	Regulatory	<ul style="list-style-type: none"> The terms and conditions of the PPP contract regarding the private operator's ability to collect revenues and to seek reasonable tariff increase in accordance with the contract's price escalation formula are not fulfilled; or New laws or regulations are passed which increase the costs or reduce the revenue of the PPP contractor, without fair compensation 	Government

20	Political/Sovereign	The government nationalizes the project	Government
21	Force Majeure	<ul style="list-style-type: none">• The project is unable to perform due to terrorism, riots, war, or natural catastrophes, such as earthquakes, fire, or flooding.	Government

Tendering and Procuring PPP Projects in E-Government

How to Set Up and Manage a PPP Procurement Committee for E-Government Projects

- **Establish the PPP Evaluation Committee and Provide it with its Official Responsibilities and Authorities**

To be officially appointed and given clear authority (gov. representation, hire/fire, issue/evaluate bids, etc.)

- **Select the Members of the PPP Procurement Committee**

It should be led by a senior knowledgeable person, available full time

Representation of key ministries and agencies, observers (consumers, monitoring staff, etc.)

Team knowledgeable of PPP evaluation (tendering, risk analysis, etc.)

- **Finalizing Establishment of the PPP Procurement Committee**

Issue a report on goals/priorities, official docs, list of members and their CVs, timetable

- **Utilizing Transaction Advisors for Procuring E-Government PPP Contracts**

Expert supporting the Committee activities

- **Preparing the Terms of Reference for PPP Transaction Advisors**

Prepare TORs according to the needed project evaluation skills

- **Tendering for PPP Transaction Advisors**

- **Selecting the PPP Transaction Advisors**

- **Selecting the Appropriate Procurement Technique**

- **Identify and Complete Required Reforms Before the Procurement Begins**

- ❖ Retail tariffs for certain services may need to be raised from their current levels to a new baseline level that is at or near cost-recovery, before a PPP in the sector could become viable and sustainable.

- ❖ The government may have to confirm its intent to provide minimum levels of public supports to PPP projects, such as assuming some contingent liabilities or pledging to provide fixed unitary payments prior to the release of a PPP tender.

- ❖ Land, buildings or office space required for the installation of the new project may need to be acquired prior to tender.

Debts owed to a client government agency may need to be paid-up or written-off, such as long-standing accounts receivable owed to it by other public sector customers who have consumed the public utility's services but not paid-up

Selecting the Appropriate Procurement Technique

- **Identify and Complete Required Reforms Before the Procurement Begins**

- ❖ The status of the sector's current workforce may need to be clarified—this may involve reduction in staff, confirmation of severance packages, quantification of pension liabilities, etc.

- ❖ Issues about the legal ownership of individual assets and equipment related to the new PPP project may need to be resolved. In some cases, existing assets, equipment, and public facilities are co-owned by mixtures of local governments and public enterprises

- ❑ **Select the Appropriate Procurement Technique**
 - ***Open Competitive Tendering***
required for most larger-sized PPP projects
 - ***Limited Competition and Short-listing***
 - ***Competitive Negotiations***
 - ***Direct Awards and Sole Sourcing***
 - ***Unsolicited Bids***

Prepare Bid Documents and Conduct Bidding for e-Government PPP Projects

- ❑ **Issues to be detailed:**
 - ❖ The minimum output performance requirements of the Project
 - ❖ the allocation of key risks between the parties
 - ❖ the rules by which bidders must present and submit their bids
 - ❖ the evaluation criteria against which those bids will be reviewed
- ❑ **Tasks**
 - Preparing Bid Documents
 - Distributing Requests for Proposals, Managing the Tender Process, and Receiving Bids
 - Evaluating PPP Bids
 - Preparing a PPP Bid Management Report
- ❑ **Prepare, Conduct, Manage and Finalize Contract Negotiations**
 - **A Checklist of Items to Ensure are Included in the PPP Contract and Addressed in Negotiations:**
 - ❖ **Scope of Work and Output Standards Contracting**
 - ❖ **Technology Escrow Account**
 - ❖ **Reporting**
 - ❖ **Records**
 - ❖ **System Maintenance**
 - ❖ **Ownership**
 - ❖ **Collusion and Conflicts of Interest**
 - ❖ **Termination**
 - ❖ **Insurance**
 - ❖ **Indemnification**
 - ❖ **Legal Compliance**

Ensuring That Signed PPP Contracts Reach Financial Closure And Implementation

- ❑ **Understanding the Requirements of Project-Backed Financing for PPPs**

- In “Project Finance” the new project’s own revenues are relied upon to repay all loans and investments, rather than these loans simply being guaranteed by a host government or guaranteed by being carried directly on the balance sheets of the private sponsors.
- ❑ **Understanding the Need to Strengthen PPP Bankability: Credit Enhancements**
 - Once PPP contracts have been awarded and signed, a very important negotiating process begins between the private developers and their selected lenders

Performance Monitoring and Contract Monitoring for E-Government PPPs

As a general recommendation we should consider:

How to Design and Manage PPP Contract Performance Monitoring Institutions/Units

- **Regulation by Contract: The Contract Compliance Office**
Regulation by contract means that nearly all of the decisions about the issues of whether or by how much tariffs and prices should be adjusted are contained within the specific terms and conditions of the contract itself
- **Regulation by Commission: The Infrastructure/Utility Regulatory Commission**
When a PPP creates a private *monopoly* (one single seller) selling to individual retail consumers, then a regulatory mechanism is needed to protect the legitimate interests of consumers and private investors

❑ How to Manage Requests for Adjustments in PPP Contract Prices and Costs

It is practically impossible to write a single PPP contract that can foresee with certainty all material changes to a contract’s conditions for 10 years.

- **Rate of Return Regulation**
In rate of return regulation, the regulator must first review all of the assets in which the PPP project company has invested, and determine whether they are “used and useful.” Second, the regulator reviews the operating expenses of the PPP project, and determines whether they are all “prudent and necessary.”
- **Price-Cap Regulation**
Price-cap regulators set the prices that private contractors may charge during a given test period—say five years or longer—and allow the company to earn and keep whatever returns they achieve for that period

❑ How to Measure and Monitor E-Government Contractor Performance

PPP contractor performance monitoring is the function carried out by the regulatory body:

- to determine what level of service the PPP contractor is actually providing; and
- to devise a system of rewards and penalties to incentivize the contractor to meet and to exceed these performance levels

Examples of KPI:

- The number and timing of new interconnections made (if relevant);
- The volume of transactions provided or records processed;

- The percentage of time that the project is available for users;
- The availability of the project to provide service;
- The proven ability of a new project or service, through commissioning tests, to operate at its intended and contracted capacity;
- The number of proven and justified complaints received from consumers for inadequate service

How to Manage Contract Revisions, Renegotiations, and Dispute Resolution

- **Project Oversight Committees**

The Oversight Committees should represent the senior managers and owners of the various parties, who should be given a chance to review disputes within the context of the overall partnership relationship of the project.

- **Mediation of PPP Disputes**

Mediation requires both sides to agree to appoint a qualified official—independent of either of the two parties—who is knowledgeable about PPPs in general, and about the given infrastructure sector in particular.

□ How to Manage Contract Revisions, Renegotiations, and Dispute Resolution

- **Arbitration and Binding Arbitration**

Under arbitration procedures, both sides agree to appoint a single arbitrator or a panel of arbitrators to hear their case.

- **Litigation**

PPP disputes may also be resolved through formal litigation in courts of law. However, this tends to be the most costly and to take the longest time to resolve, which imposes significant expenses on all parties, including the “winner.”

- **Contract Termination**

The final option available to end a PPP dispute is to seek the termination of the PPP contract. All contracts should specify in detail the procedures for contract termination.

CASE STUDIES

Mobile Signatures – Moldova

The mobile signature service was launched in September 2012 [6], in partnership with Moldcell and Orange mobile operators. The government entered into PPP with mobile operators deliberately, relying on their commitment to innovate, quality customer service and capacity to issue mobile signature to citizens all over the country.

Both the Legislation/Regulation context, with laws on e-signed documents and mobile electronic ID and on PPP already established and the Consumer environment (mobile market penetration is 120%).

After consulting mobile operators, a mobile device client-based solution was adopted, considering:

- Implementation costs
- Maintenance costs
- Implementation timeframe
- Usability
- Costs for end users
- Administrative usability
- Technical support

The Technical Solution

In the client-side meID solution, the cryptographic material is stored on the client and the mobile subscriber is provided with a special SIM card, which contains the PKI functionality.



Public and Private actors Roles in the PPP

	Government	Mobile Operators
Enrolment	CA Role Issue qualified signature certificates	RA Role Ensure large coverage through distribution network
Operation	Validation Time stamping	Provides end-user operation and secure data exchange with CA: Signature on handset End user charging Customer support

Public and Private actors Roles in the PPP

The major part of the investment required in infrastructure procurement was provided by the private partners. The government built on existing PKI infrastructure and let the private select & procure the most appropriate meID platform.

Key success factors in effective deployment of MeID service:

- Strong championship of the Government and sustained capacity development efforts within government agencies
- Knowledge sharing activities facilitated by the World Bank 1 (IDM Experts Group) and other development partners
- Reuse of existing government PKI infrastructures
- Use of proven technologies and standards
- Existing enable legal regulatory framework

Lessons Learned

- Past experience in comparable contexts has demonstrated that low adoption of the traditional digital signature solutions is mainly due to the:
- lack/limited number of e-services provided to citizen
- high costs associated with the deployment and usage of infrastructure
- insufficient mobility – card readers needed to be carried and additional client side software needed to be installed on client computer
- insufficient portability – classic digital signature kits on smartcards were impractical on new platform such as tablets
- insufficient outreach – single registration authority in the capital city

- insufficient client support – lack of capacity to offer acceptable quality client support

The Government of Moldova developed a sustainable model to address these challenges and to ensure:

- ❖ **financial sustainability of the deployment and operations**
- ❖ **large scale deployment capability**
- ❖ **multi-dimensional adoption of services (both governmental and commercial)**
- ❖ **collaborative promotion and client support**

Regional Broadband Initiatives - Italy

Regional broadband projects have been initiated by public stakeholders over the last ten years in Europe mostly to convey private funding into forms of PPP with the scope of reducing digital divide or supporting economic development.

We consider three regional broadband initiatives in Italy [7]:

- High Bandwidth – Lombardy
- Trentino Network - Trentino
- Digital Divide Emilia Romagna – Emilia Romagna

While launching a Broadband Initiative we distinguish 4 main stages:

- initiatives' targets (Stage 1)
- governance mechanism (Stage 2),
- network structure (Stage 3)
- provision of services (Stage 4)

Stage 1 identifies social and economic targets, which inspire the entire project and provide a rationale to public stakeholders to intervene in the market. At this stage, the level of expected residential and business demand for broadband-based services will be examined. Such market analysis can be accompanied by demand stimulation initiatives in the form of subsidies or policies to incentivize the use of trans-sectoral services (e.g. in the case of e-government or e-health). Decisions on ownership structures are taken at this stage depending on the degree of public commitment and the expected risk exposure. In addition, the location and capacity of existing (broadband) infrastructure is investigated at this stage in order to verify the expected benefits (and limits) of upgrading and avoid duplication of networks

At Stage 2 resources and competences by partner investors are matched and the different fields of activities of partners are defined. These activities of stakeholders are embedded in particular governance and business models defining the roles of players at different layers of the network

At Stage 3 the main features of network deployment are developed. The project rationales are at this stage transformed into business actions. As a consequence, funding mechanisms are developed – also depending on the technology adopted to estimate the duration of the project as a whole. Projections about payback periods are done on the basis of estimated costs for connected households and expected average revenue per user

Stage 4 looks at broadband-based services to be provided once the network (or even parts of it) is deployed. These services can be alternatively provided by private or public stakeholders depending on a variety of factors such as the degree of competitive supply, the expected demand from residential and/or business users, and the extent of trans-sectoral services provided (e.g. healthcare services, e-business etc.).

Initiative N. 1 - Ultra Wide Band – Lombardy

- Area: Lombardia (167 towns)
- Period: 2010 – ongoing
- Investment: €1.2 billion
- Technologies: NGA; new e-services (e.g. e-health, e-government)
- ❑ Stage 1: Stimulation and aggregation of demand; attracting new investments and developing e-services for business and residential customers (off-set digital divide justifications)
- ❑ Stage 2: Ownership and risk sharing: local government 49%, private investors 51%. Governance: BOOT PPP with Special Purpose Vehicle to operate passive layer
- ❑ Stage 3: Implementation by regional government
- ❑ Stage 4: Open access: yes. Critical aspects: Geographical extension of the project with diverging public and private interests, potential cannibalization fixed-mobile services, undefined governance structure of the project (i.e. ownership of the infrastructure)

Initiative N. 2 - Network Trentino

- Area: Provincia Autonoma di Trento
- Period: 2003–2018
- Investment: €210 million
- Technologies: NGA (optical and wireless) network and new e-services (e.g. e-health)
- ❑ **Stage 1:** Reduction of digital divide, support to new investments and development of e-services for business and residential customers
- ❑ **Stage 2:** Ownership and risk sharing: Trentino Network 70% and Trentino NGN 30%. Governance: Trentino NGN plans, builds and manages the passive layer,
 - providing access to operators; Trentino Network provides services to local administrations
- ❑ **Stage 3:** Implementation by regional government
- ❑ **Stage 4:** Open access: yes, Critical aspects: private stakeholders' low propensity to invest, uncertainty of regulation affecting longterm financial sustainability of the initiative

Initiative N. 3 - Digital Divide Emilia Romagna

- Area: Emilia Romagna
- Period: 2007–2011
- Investment: €28 million
- Technologies: Broadband infrastructure and e-government services
- ❑ **Stage 1:** Reduction of digital divide, promotion of social cohesion and correction of market failure
- ❑ **Stage 2:** Ownership and risk sharing: Ministry of economic development (via Infratel) 60%, Region Emilia Romagna 15%, multiservice companies 13%, local administrations 12%. Governance: Public stakeholders finance, build and operate the network at wholesale and retail level; private partners operate the active layer and provide services in collaboration with public institutions
- ❑ **Stage 3:** Implementation by regional government
- ❑ **Stage 4:** Open access: yes, Critical aspects: low incentives for private operators to invest; high dependence from public investments

The Lombardy initiative is somewhat different from the others:

- It has a greater geographical extension of the project (stage 1);
- The governance is not specified (stage 2)

- a radical migration from copper to fiber (Stage 3);
- that there is a greater risk of cannibalizing fixed-mobile services (and infrastructure) (Stage 4)

This created the following problems:

1. The large area created a divergence of interests among private and public actors caused a delay of the project kick- and a lack of convergence in terms of medium and long-term goals.
2. The governance offered a large participation to private companies which were reluctant to share. A success was most likely if private investment has been limited to the active network and the provision of services.
3. The migration from copper to fiber was too radical : a converge of different private business strategies was needed
4. Investment of mobile operator in LTE were under risks

Building an e-Service Ecosystem - Sweden

This case study [8] investigates an e-Gov PPP in one Local Municipality (Sweden) targeting the development of an e-Service ecosystem. The drive for such a research was that PPPs have mainly been employed in the *infrastructure* and *software layer* of e-government not so many in the Service layer.

This study has been able to identify these main barriers:

The bureaucratic barrier

- While acknowledging the important role that bureaucracy play as a value creator in the delivery of eservices, the current organizational mode serve as an efficient barrier towards establishing a platform based partnerships, or symbiotic ecosystems.
- Whereas procurement laws serve a noble cause, to enable more efficient partnership-forms laws may need to be revised and reconsidered as they are often found to do more harm than good. Rather than preventing foul play, in this particular area they rather seem to be working as an effective inhibitor of innovation and competition

The interface barrier:

- lack of shared API are affecting the creation of new services

The business barrier

- Estimating demand and establishing prices (especially when gov servicea are free) is difficult for private actors

LIST OF ABBREVIATIONS

BOO:	Build-Own-Operate
BOOT:	Build-Own-Operate- Transfer
BOT:	Build-Operate-Transfer
BPM:	Business Process Management
BPR:	Business Process Re-engineering
CAPEX:	Capital Expenditure
CEN:	Comité Européen de Normalisation (French: European Committee for Standardization)
CCO:	Contract Compliance Office
CIO:	Chief Information Officer
CMU:	Contract Monitoring Unit
DSCR:	Debt Service Coverage Ratio
EBIDTA:	Earnings Before Interest Depreciation Taxes and Amortization
e-Gov:	Electronic-Government
EIRR:	Economic Internal Rate of Return
EU:	European Union
FIRR:	Financial Internal Rate of Return
FOREX:	Foreign Exchange
FS:	Feasibility Study
G2B:	Government to Business
G2C:	Government to Citizen
G2G:	Government to Government
HL7:	Health Level Seven International (HL7) is a not-for-profit, ANSI-accredited standards
HW:	Hardware
ICB:	International Competitive Bidding
ICT:	Information and Communications Technology
IFC:	International Finance Corporation
IT:	Information Technology
JV:	Joint Venture
KPI:	Key Performance Indicator
meID:	mobile electronic Identification
MCA:	Multi-Criteria Analysis
PPIAF:	Public-Private Infrastructure Advisory Facility
PPIFF:	Public-Private Infrastructure Financing Facility
PPP:	Public-Private Partnership
ROI:	Return on Investment
SOA:	service Oriented Architecture
SoE:	State-Owned Enterprise
SPV:	Special Purpose Vehicle
VAT:	Value-Added-Tax
VfM:	Value for Money
XML:	Extensible Markup Language
WB:	World Bank

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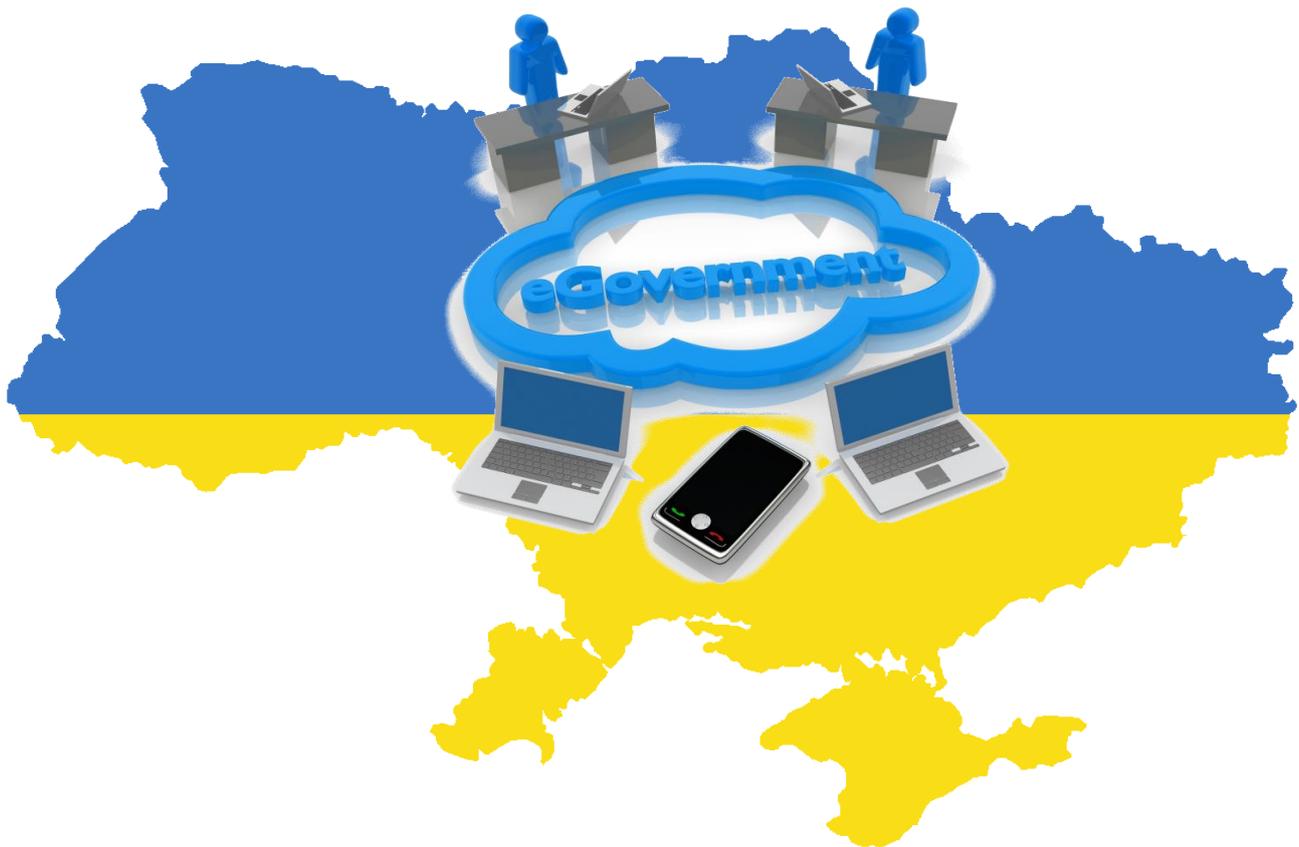
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Annex 4 E-Government Workshop Report



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PPPs in e-Government Public Lecture, February 16, 2015

PPPs in e-Government Workshop, February 17-18, 2015

REPORT

Kyiv, Ukraine

Training Delivered by:

Emilio Bugli Innocenti, E-Government Trainer and Advisor

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1. Summary

In the vast majority of nations there are strong motivations to implement e-Government services. Indeed, (national regional, municipal) governments need modernization, new technologies, better efficiency, and improved services for citizens and customers.

This requires tools and capabilities such as intensive capital, updated technical skills, and the capacity to manage complex projects which not always are in the scope of governments. By having the private sector perform an e-Government or ICT service, on behalf of, the government, a potential “win-win” solution can be realized where the private sector financed and operates a system, the government is in a better position to “ensure” effective delivery of the service, and the customer/citizen is receiving a higher quality service and is engaged more constructively in customer interfaces with the public sector.

On February 16, 2015 USAID Public-Private Partnership Development Program (P3DP) together with the State Agency on e-Government in Ukraine organized a **Public Lecture on PPPs in e-Government**. During the lecture, P3DP’s e-Government Trainer and Advisor – Emilio Bugli Innocenti shared general information about PPP in general, PPP mechanisms and approaches of PPP that could be used in e-Government in Ukraine, how e-Governance is being introduced in Central and Eastern Europe countries, the opportunities for PPPs in e-Government in Ukraine, and highlighted some of the major challenges to engaging private business in this area.

Here is a link to video from the public lecture <https://www.youtube.com/watch?v=tbSjt9O4TK4>

The audience was a broad range of stakeholders interested in improving governance in general, including experts of the Working Group on development of state policy in e-government under the Deputy Prime-Minister of Ukraine, the State Agency on e-Government in Ukraine, representatives of Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine, State Service of Special Communication and Information Protection of Ukraine, National Academy for Public Administration under the President of Ukraine, public experts, and business representatives.

The lecture was followed by a **two day practical workshop**, which was organized and carried out by P3DP on request of the State Agency on e-Government in Ukraine and USAID. **PPPs in e-Government Workshop (17-18 February 2015)** has gathered management and staff members of the State Agency for e-Government and other stakeholder organizations who will be implementing e-government in Ukraine. Among them were: experts of the State Agency on e-government in Ukraine, experts of Working Group on development of state policy in the sphere of e-government under Vice-Prime-Minister of Ukraine, representatives of the Administration of the President of Ukraine, representatives of City Councils (Vinnytsya, Lviv).

The above mentioned e-Government PPPs 2-day workshop was organized to introduce to key stakeholders the guiding principles, various approaches, “best practices” and experiences of governments introducing e-government through public-private partnerships.

The key areas of PPPs in e-Government targeted by the workshop included:

- a reviews of the main e-Government PPP Models;
- their key Legal and Regulatory pre-requisites;
- the key PPP Policy Objectives;
- the main political constraints, risks and challenges.

2. Objectives

Increase the capacity of the State Agency for e-Government and other key stakeholder organizations to apply PPP methods

The objectives to conduct the workshop designed to instill the knowledge and skills necessary to:

- ✓ Identify needed policy reforms necessary to broaden the use of PPPs in e-government;
- ✓ Understand the various PPP approaches that can be applied in e-government (Note: cases and examples of PPPs in e-Government in Central and Eastern European Countries are of special interest);
- ✓ Build relationships with potential private sector firms and manage the process of their involvement.

Both **Public Lecture on PPPs in e-Government (16 February 2015)** and **PPPs in e-Government Workshop (17-18 February 2015)** had the following **tasks**:

- to present to the general public the state of the art in e-Government PPPs developments in the European Union, candidate and associated states with particular attention to case studies of neighbouring countries;
- to help workshop participants to build skills and learn methodologies for designing and developing e-Government PPPs based on consolidated methodologies and best practices;
- to strengthen capacities of workshop participants in e-Gov PPP development and strategic approach;
- to help workshop participants in obtaining a common understanding of the role PPPs can play in e-Government with references to the EU Model, the Life Event approach and Business Processes;
- to help workshop participants getting acquainted with the main e-Government PPP Models, Key Legal and Regulatory pre-requisites;
- to increase familiarity with the key PPP Policy Objectives and their main political constraints, risks and challenges;
- to help in obtaining a common understanding of the Life cycle of e-Government PPPs;
- to help building relationships with potential private sector firms and manage the process of their involvement

3. Methodology

The session was conducted by Emilio Bugli Innocenti, PPP e-Government Trainer and Advisor, who has almost 30 year experience in the ICT domain and over 20 in the e-Governance. As Senior ICT /e-Governance Consultant, he has been working with assignments in transition and developing countries in the Balkans, Caucasus, Middle East, South America and South & South-East Asia. The introductory note was provided by **Oleksander Ryzhenko**, Head of the State Agency on e-government in Ukraine, **Timothy Dubel**, eGovernance Advisor, USAID Mission for Ukraine, Belarus, Moldova, and Cyprus, and P3DP's Chief of Party **Mick Mullay**.

The training combined theory, best practices, and case studies from Europe and specifically from Central and Eastern Europe.

4. Created Teaching Tools and Guidance Materials

Emilio Bugli Innocenti, PPP e-Government Trainer and Advisor, has elaborated thorough and detailed presentations for each day of the workshop and other relevant materials for participants, among them were the following:

- **Power Point Presentation for workshop day #1:** PPP in e-Government – Understanding e-Government and the role PPPs can play;
- **Power Point Presentation for workshop day #2:** Life cycle of PPPs in e-Government;
- **Power Point Presentation e-Government PPP use cases:** presents examples and best practices of implementation PPP in e-Government in different countries (Moldova, Italy, Sweden, Latvia);
- **PPP in e-Government Guide**, which considers basic definitions of PPPs, presents the main motivations for e-Government PPPs. The Guide then goes through the main aspects of the e-Gov PPPs, including the main contract models, the Key Policy objectives, the Key Regulatory Pre-requisites, Challenges, Risks and Constraints. An entire section is devoted to describe all the steps involved in the e-Government PPPs Life Cycle, namely, identifying/selecting the best candidate for PPPs, analysing/structuring projects in viable PPPs, feasibility analysis, Tendering/Procuring and Project Managing. Finally, relevant e-Gov PPPs case studies have been included.

In brief, **PPP in e-Government Guide** includes the following aspects to be used in work:

- ✓ Definition of PPP in e-Gov and its motivation,
- ✓ Trends of e-Gov in the European Union,
- ✓ The main aspects of PPPs in e-Government,
- ✓ The life cycle of PPPs in e-Government,
- ✓ Case studies.

Above mentioned materials were disseminated among participants during the 2-day Workshop in hardcopies. Also, during the workshop it was agreed to distribute workshop materials to all participants in electronic format and to place them on the site of the State Agency for e-Government as a resource for other interested parties.

5. Conclusions

After the Workshop and debriefing meeting with USAID and P3DP (February 18, 2015), PPP e-Government Trainer and Advisor has formulated the following recommendations and observations:

- There is an overall interest in considering and launching e-Gov PPP projects, especially at municipal level (for example, some workshop attendees mentioned potential projects on bus e-ticketing over mobile phones and ICT outsourcing). However, these “good intentions” do not seem to be backed by a sufficient capacity and skills to make these endeavours feasible;
- It is recommended that the interested government entities should follow a structured approach to plan/select potential e-Gov PPP projects as the one proposed in the workshop. We should consider to ask them to describe their initiatives in a form and send this to the State Agency for revision;
- It is recommended that the State Agency for e-Government should play a “Control and Planning Room” role of the possible e-Gov PPP projects in the country;
- In order to implement the suggested “Control and Planning Room” role, a Roadmap of e-Gov PPP initiatives over an agreed timeframe (3 - 5 years) should be drafted. This will help in planning the support to give to interested governmental actors and build adequate capacity inside the State Agency.

Photo Report, PPPs in e-Government Public Lecture, 16 February 2015



List of Participants, PPPs in e-Government Public Lecture, 16 February 2015

№	Name	Position, Organization
1	Ryzhenko Oleksander	Head, State Agency on e-government in Ukraine
2	Khizhnyak Alexander	Private entrepreneur
3	Antonenko Sergiy	Member of public council under State Agency on e-government
4	Bachyns'kyi Artur	IRST Ukraine
5	Belov Sergiy	Nadra Bank
6	Boychun Oleg	State Agency for Investment and National Projects of Ukraine
7	Bondar Andriy	PJSC "Infrastructure of open keys"
8	Bondarchuk Andriy	"Medirent"
9	Bonislavs'kyi Yuriy	Medirent
10	Vizer Lyudmyla	
11	Gerasymovych Viktoria	Ministry of Economic Development and Trade of Ukraine
12	Gladun Anna	representative of E-gov Academy of Estonia
13	Glukhov Maksym	Kyiv City Council
14	Gorbachuk Vasyl'	Institute of cybernetics
15	Gryshchenko Oleg	Lan Service
16	Solovyov Denys	Assistant-consultant to people's deputy of Ukraine
17	Dryzhynin Oleksiy	EPAM Systems

18	Dumenko Tetyana	State Expert Center of the Ministry of HealthCare of Ukraine
19	Dumenko Viktor	KMKL#12
20	Zhylin Artem	State Service of Special Communication and Information Protection of Ukraine
21	Zhylyayev Igor	Kyiv Politechnic Institute
22	Zadorozhnyi Oleksiy	Duglas alliance
23	Ivanova Olena	"GRIS"
24	Ignatusha Vitaliy	Association of internet-business of Ukraine
25	Kapustin Maksym	KASH Global
26	Kasyanenko Oleksiy	PwC
27	Kvita Gennadiy	Private entrepreneur
28	Kovalenko Igor	Institute for innovative technologies
29	Kravtsiv Mykhailo	NGO "Ukraine 21"
30	Kruts' Andriy	Ministry of Justice of Ukraine
31	Kufterin Sergiy	Miratech
32	Lakhno Nina	SocialBoost
33	Lysenko Anastasiya	Ukrinform
34	Lytvynenko Oleksiy	State Administration of Ukraine on medicinal products
35	Lotots'kyi Ivan	KMPNL
36	Lugova Olga	freelancer
37	Lubars'kyi Volodymyr	Policy paper group
38	Lyashko Viktor	NGO
39	Malyutyn Viktor	Verkhovna Rada of Ukraine
40	Matskyl Glib	Microsoft Ukraine
41	Mykytenko Olena	DISGU
42	Mohor Volodymyr	Institute of special communication & Information Security
43	Myrin Dmytro	Assistant to people's deputy
44	Obykhivska Tamara	Security Services of Ukraine
45	Opyr Myroslav	Quintagroup
46	Osetrov Maksym	Contact center, city of Kyiv
47	Okhrimenko Vadym	Institute of special communication & Information Security
48	Pasichnyk Sergiy	Institute of special communication & Information Security
49	Prikhod'ko Oksana	European Media Platform
50	Radchenko Pavlo	State Agency on e-government in Ukraine
51	Roenko Mykola	Miratech
52	Roshalova Natalia	Contact center, city of Kyiv
53	Rudnytskyi Oleg	Ukrainian Natural Water
54	Savchenko Oleksander	BMS Consulting
55	Samar Mykola	National Academy for Public Administration under the President of Ukraine
56	Sarakhn Yevgenia	NGO "Youth organization of scientists of Ukraine"
57	Semenchenko Andriy	National Academy for Public Administration under the President of Ukraine
58	Sergeev Sergiy	State Service of Special Communication and Information Protection of Ukraine
59	Skopnenko Yulia	Kyiv City State Administration
60	Stefanovych Yegor	Ministry of Economic Development and Trade of Ukraine
61	Steshenko Grigoriy	Kyiv National University, faculty for information technologies, deputy dean
62	Tarasenko Olesya	All-ukrainian Union of organizations of employers of sanatoria and health resorts and recreation facilities
63	Tyrkalo Viktor	National State Tax Service University of Ukraine
64	Tytarchuk Iryna	National University of Life and Environmental Sciences of Ukraine
65	Tomlyak Kyrylo	KT-Energy
66	Shtaneva Anastasia	Center for innovatives development
67	Yurchenko Kateryna	The National Institute for Strategic Studies
68	Yaskevych Andriy	National Academy for Public Administration under the President of Ukraine
69	Innocenti Emilio Bugli	PPP in e-Gov Trainer & Advisor
70	Mullay Mick	USAID Public Private Partnership Development Program (P3DP), Program Director

71	Shugart Chris	USAID Public Private Partnership Development Program (P3DP), Consultant
72	Dubel Timothy	eGovernance Advisor USAID Mission for Ukraine, Belarus, Moldova, and Cyprus
73	Khrypkov Sergiy	Translator

Photo Report, PPPs in e-Government Workshop, 17-18 February 2015



List of Participants, PPPs in e-Government Workshop, 17-18 February 2015

Workshop Opening

RYZHENKO Oleksander
Head
State Agency on e-government in Ukraine

DUBEL Timothy
eGovernance Advisor
USAID Mission for Ukraine, Belarus, Moldova, and Cyprus

MULLAY Mick
Program Director
USAID Public Private Partnership Development Program (P3DP)

Participants of 2-day Workshop

OLIYNYK Taras
First Deputy Head
State Agency on e-government in Ukraine

VYSKUB Oleksiy
Director, Municipal Enterprise "Main information, communication, research and production center"
Dnipropetrovs'k regional council
Expert of the Working Group

LEVCHENKO Oleg
Co-Head of Working Group on development of state policy in the sphere of e-government under
Vice-Prime-Minister of Ukraine
Head of NGO "Podil Agency of regional development"
Head of "Municipal public center of e-governance"

SKIPAL'SKYI Andriy
Expert of Working Group on development of state policy in the sphere of e-government under Vice-
Prime-Minister of Ukraine

KOZLOV Yuriy
Head of the Unit of State Enterprise "Informational center of the Ministry of Justice of Ukraine"

CHAYKIVSKYI Andriy
Deputy Head of the Unit for computer and software support
Executive Committee of Ivano-Frankivs'k City Council

ROMANENKO Volodymyr
Director of IT Department
Vinnytsya City Council

SHYSHKIN Anton
Specialist, Interagency coordination, Department for Development
Lviv City Council

SHKIL' Yuriy
Adviser
Administration of the President of Ukraine

KYLYMNYK Yevgen
Chief Consultant, Unit for reforms of state management and systems of e-governance, Department
of expert and analytical securing of reforms, Main Department on reforms implementation issues
Administration of the President of Ukraine

NETREBA Vita
Chief Consultant, Unit for coordination of reforms implementation and reforming of the
Administration of the President of Ukraine, Main Department for reforming of the Administration
of the President of Ukraine
Administration of the President of Ukraine

GURS'KYI Denis
CEO, SocialBoost

SAMAR Mykola
Head of the Unit for e-government development

YASYNEVYCH Yaryna
Independent Expert
Working Group on development of state policy in the sphere of e-government

SHEVTSOV Oleksandr
Head of the Unit for development of information-oriented society
State Agency on e-government in Ukraine

MAKOV'S'KYI Dmytro
Deputy Head of Department for informatization and development of information-oriented society
State Agency on e-government in Ukraine

GORNOSTAYI Mariya
Coordinator, Coordination Center on economic reforms implementation

KOBETS Roman
Independent Expert

KUSPLYAK Igor
Executive Director
Association "Cities of e-government in Ukraine"

PIKOVSK'KYI Igor

Head of the Standing Commission of Kyiv City Council on transport and communication

NAZAROV Yuriy

Advisor to the Head of the Kyiv City Administration

SERENOK Artem

Candidate of science of state management

Professor, faculty of information technologies and systems of management

Kharkiv Regional Institute of State Management under National Academy of State Management

KONOVAL Vadym

Head of the Department for e-government and information protection

Kyiv City State Administration

HNATYUK Mariya

Administrator of Working Group on development of state policy in the sphere of e-government



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З ПИТАНЬ ЕЛЕКТРОННОГО
УРЯДУВАННЯ УКРАЇНИ



PPPs in e-Government Workshop Agenda, 17 – 18 February 2015

PPP e-Government Trainer and Advisor: Emilio Bugli Innocenti

Venue GreenWell Conference and Coaching Centre (V. Vasylkivska 72, 1st entrance, 8th floor Kyiv, Ukraine)

Timelines Beginning – 09:15; Coffee breaks – 11.00 - 11.15, 16.00 - 16.15; Lunch – 13:00-14:00

Day 1 - 17 February, 2015

09:15 – 09:30 Registration – administrative matters

WORKSHOP OPENING

09:30 – 10:00 Oleksander Ryzhenko, Head, State Agency on e-government in Ukraine
Timothy Dubel, eGovernance Advisor, USAID Mission for Ukraine, Belarus, Moldova, and Cyprus
Presentation of the P3DP Program, Mick Mullay, Program Director, USAID Public Private Partnership Development Program
✓ Presentation of the P3DP Program, current status and activities

UNDERSTANDING e-GOVERNMENT AND THE ROLE PPPs CAN PLAY (1)

10:00 – 13:00

- ✓ PPP Definition and its motivation
- ✓ e-Government: the EU Model, the Life Event Approach and Business Processes
- ✓ Review of the main e-Government PPP Models
- ✓ Potential applications of e-Government PPPs
- ✓ Examples and case studies
- ✓ Discussion

UNDERSTANDING e-GOVERNMENT AND THE ROLE PPPs CAN PLAY (2)

14:00 – 16:15

- ✓ Review of the Key Policy Objectives and Issues in PPP
- ✓ the Key Legal and Regulatory Pre-requisites for PPP in e-Government
- ✓ the Institutional Roles and Responsibilities in PPP Projects
- ✓ the Major Political Constraints and Challenges to PPPs
- ✓ Examples and case studies
- ✓ Discussion

16:30 – 17:15 Questions/Answers on previous presentations

✓ Discussion

17:15 – 17:30 Closing of the 1st Day workshop



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Day 2 - 18 February, 2015

LIFE CYCLE OF PPPs IN e-GOVERNMENT (1)

09:15 – 13:00

- ✓ Identification and Selection of the Appropriate Candidate Projects
- ✓ Analysis and Structure of e-Government projects to be viable PPPs
- ✓ Examples and case studies
- ✓ Discussion

LIFE CYCLE OF PPPs IN e-GOVERNMENT (2)

14:00 – 15:00

- ✓ Tendering and Procuring PPP projects in e-Government
- ✓ The EU Model for Procurement and Contract Management
- ✓ Examples and case studies
- ✓ Discussion

LIFE CYCLE OF PPPs IN e-GOVERNMENT (3)

15:00 – 16:45

- ✓ Negotiating Contracts and Financing PPP e-Government projects
- ✓ Performance Monitoring and Contract Monitoring for e-Government PPPs
- ✓ Examples and case studies
- ✓ Discussions

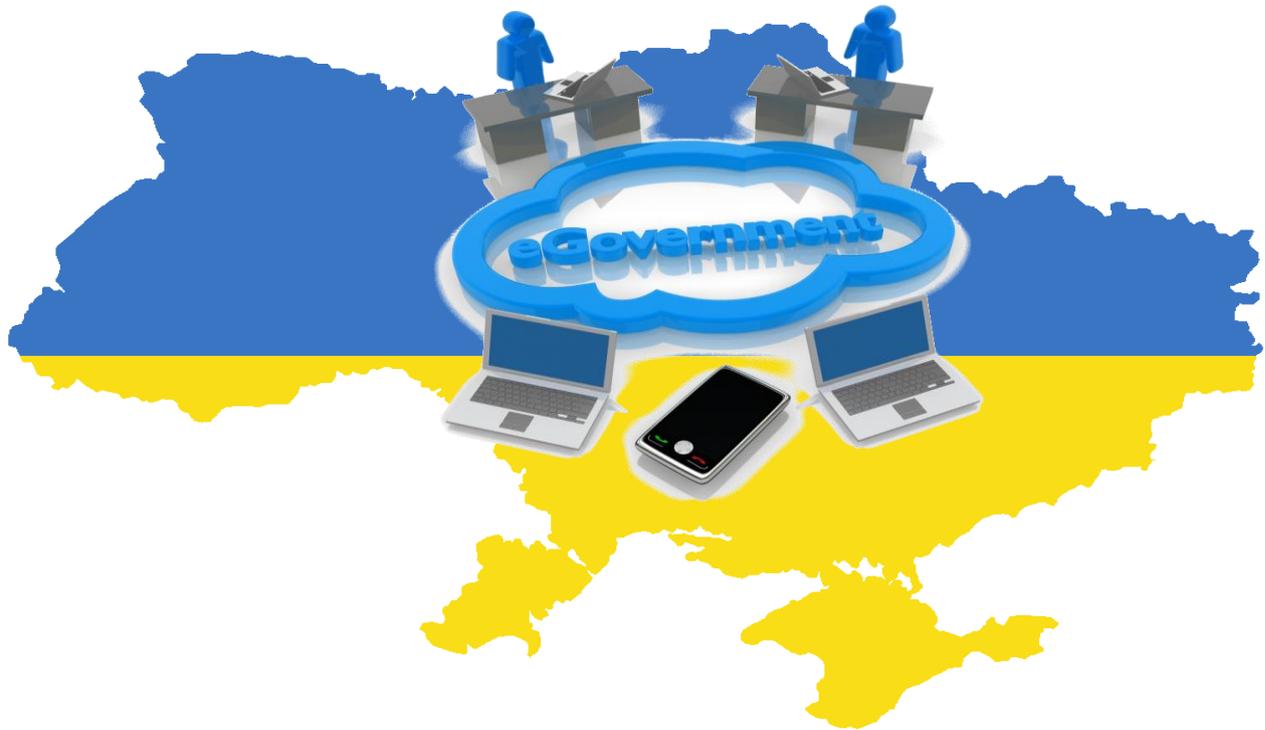
16:45 – 17:00

Wrap up – Closing of Workshop

Annex 5 E-Government Workshop Survey



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REPORT

Results of Conducted Survey

**Follow-up of 2-day Workshop “PPPs in e-Government”
(February 17-18, 2015)**

Kyiv, Ukraine

Prepared by Irina Davydova, Technical Consultant
USAID Public-Private Partnership Development Program (P3DP)

Public Private Partnership Development Program - P3DP

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3. Methodology	3
4. Results of Conducted Survey	3
5. Conclusions	4
6. List of Survey Participants (follow-up of PPPs in e-Government Workshop, 17-18 February 2015)..	5

1. Background information

Two day practical workshop – **PPPs in e-Government Workshop (17-18 February 2015)** was organized and carried out by USAID Public-Private Partnership Development Program (P3DP) on request of the State Agency on e-Government in Ukraine and USAID. PPPs in e-Government Workshop has gathered management and staff members of the State Agency for e-Government and other stakeholder organizations who will be implementing e-government in Ukraine. Among them were: experts of the State Agency on e-government in Ukraine, experts of Working Group on development of state policy in the sphere of e-government under Vice-Prime-Minister of Ukraine, representatives of the Administration of the President of Ukraine, representatives of City Councils.

The purpose of this practical workshop was to introduce to key stakeholders the guiding principles, various approaches, and “best practices” and experiences of governments introducing e-government through public-private partnership. Participants learned the importance of policies, programs, services, and instruments that may facilitate the engagement of the private sector in areas that were hitherto the domain of the government. The workshop had to help participants to identify and evaluate barriers that need to be addressed when considering the introduction of expansion of e-government and which PPP structure and approach may be most appropriate to overcome those barriers.

The course has been designed to introduce the participants to a broad range of practices and examples of PPP implementation models for e-Governance projects and how the expertise, finance, and technology of the private sector can be leveraged into e-Governance to:

1. Increase private sector participation and leverage their strength in government transformation and e-Governance;
2. Minimize the project risks and maximize the benefits to the stakeholders; and
3. Finance the e-governance projects with a reduced financial burden on the government.

Survey (questionnaire) was conducted as a follow-up activity after 2-day workshop “PPP in e-Government” held in February 17-18, 2015. The survey was addressed to participants of the workshop.

2. Objectives and Goals

The objectives to conduct the survey were the following:

- ✓ Find out participants’ opinion about 2-day workshop held in February 17-18, 2015;
- ✓ Receive feedback from participants and hear their suggestions, comments, requests for additional information, and request for additional support.

The goal was to collect the participants' answers to evaluate needs for additional information, best practices of PPP in e-Government of other countries, etc and enable P3DP in developing a practical workshop tentatively scheduled for May-June 2015 that shares examples/case studies of PPPs in e-Government and provides specific guidance for engaging the private sector through PPPs to introduce e-Government services in Ukraine.

3. Methodology

The survey (questionnaire) was prepared in the form of preliminary agreed questions using free web tool "surveymonkey".

Separate private emails were sent personally to each of 22 workshop participants along with the link to survey (<https://ru.surveymonkey.com/s/V6J5RBS>) and agenda of the conducted workshop for their convenience. The participants were suggested to take part in the survey during the period of March 16-22, 2015.

4. Results of Conducted Survey

There were received three answers from participants of the above mentioned survey.

Questions	Participant #1	Participant #2	Participant #3
Which of the workshop topics was the most useful for you? Why?	Preparation and carrying out of tenders; selection of winner in PPP sphere	The most interesting to me were proposed examples and possible alternatives of involving business on PPP conditions for implementation of e-services, as well as structuring of e-Government projects. This subject is rather actual for Ukraine's current situation - lack of state financing and need in transformation	1. Increase private sector participation; 2. Finance the e-governance projects with a reduced financial burden on the government
Which of the workshop topics was the least useful for you? Why?	All topics were useful	Hard to answer	Topics were rather interesting
Which of the topics in your opinion is worth of studying in details or additionally?	Practical issues of PPP implementation	Questions of possible terms of PPP projects implementation in e-services: how to conclude a contract to make business return money back, but not to discredit e-services direction, how to involve broad range of citizens to use e-services	More concrete and precise examples of e-Government using PPP models
Do you have any suggestions and /or comments?	No	There is a suggestion to have more practical examples ("case studies") with detailed analysis of both positive and negative results	Everything was fine

5. Conclusions

Based on conducted survey and received answers from participants who took part in proposed survey, the following observations could be made:

- In General participants were satisfied with proposed topics during the 2-day workshop (February 17-18, 2015) and found them useful and interesting;
- Among the most useful topics were mentioned the following:
 - Tendering and Procuring PPP projects in e-Government;
 - Identification and Selection of winner;
 - Increase private sector participation;
 - Examples and possible alternatives of involving business on PPP terms for implementation of e-services;
 - Structure of e-Government projects with PPP mechanism;
 - Finance the e-governance projects with a reduced financial burden on the government.
- **In participants opinion additional and detailed attention should be paid to the following topics:**
 - Practical issues of PPP implementation in e-Government;
 - Possible terms of PPP projects implementation in e-services: (1) negotiating Contracts and Financing, (2) obtaining guarantees for returning money back, (3) involving broad range of citizens in using e-services;
 - More concrete and precise examples of e-Government using PPP models.
- **As a valuable suggestion / recommendation** could be considered received request from one of the participants to have more practical examples ("case studies") of PPP in e-Government with detailed analysis of both positive and negative results.

6. List of Survey Participants (follow-up of PPPs in e-Government Workshop, 17-18 February 2015)

№	Name	Position, organization
1	Vyskub Oleksiy	Director of Municipal Enterprise "Main information, communication, research and production center", Dnipropetrovs'k regional council, Expert of the Working Group
2	Levchenko Oleg	Co-Head of Working Group on development of state policy in the sphere of e-government under Vice-Prime-Minister of Ukraine; Head of NGO "Podil Agency of regional development"; Head of "Municipal public center of e-governance"
3	Skopal'skyi Andriy	Expert of Working Group on development of state policy in the sphere of e-government under Vice-Prime-Minister of Ukraine
4	Eskina Viktoriya	Deputy Head, Department for informatization, Kyiv City Council
5	Chaykivskyi Andriy	Deputy Head of the Unit for computer and software support, Executive Committee of Ivano-Frankivs'k City Council
6	Romanenko Volodymyr	Director of IT Department, Vinnytsya City Council
7	Shyshkin Anton	Specialist, Interagency coordination, Department for Development, Lviv City Council
8	Shkil' Yuriy	Adviser, Administration of the President of Ukraine
9	Kylymnyk Yevgen	Chief Consultant, Unit for reforms of state management and systems of e-governance, Department of expert and analytical securing of reforms, Main Department on reforms implementation issues, Administration of the President of Ukraine
10	Netreba Vita	Chief Consultant, Unit for coordination of reforms implementation and reforming of the Administration of the President of Ukraine, Main Department for reforming of the Administration of the President of Ukraine; Administration of the President of Ukraine
11	Gurs'kyi Denis	CEO, SocialBoost
12	Samar Mykola	Head of the Unit for e-government development
13	Gluhov Maksym	Kyiv City Council
14	Vasylec Olena	Kyiv City State Administration
15	Shevtsov Oleksandr	Head of the Unit for development of information-oriented society, State Agency on e-government in Ukraine
16	Makovs'kyi Dmytro	Deputy Head of Department for informatization and development of information-oriented society, State Agency on e-government in Ukraine
17	Gornostayi Mariya	Coordinator, Coordination Center on economic reforms implementation
18	Kobets Roman	Independent Expert
19	Kusplyak Igor	Executive Director, Association "Cities of e-government in Ukraine"
20	Nazarov Yuriy	Advisor to the Head of the Kyiv city administration
21	Serenok Artem	Candidate of science on state management, professor, faculty for information technologies and systems of management, Kharkiv Regional Institute of State Management, under National Academy of State Management.
22	Hnatyuk Mariya	Administrator of Working Group on development of state policy in the sphere of e-government