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PROJECT

**ESTABLISHING PUBLIC-PRIVATE PARTNERSHIP
AS A KEY PILLAR TO THE SUSTAINABLE DEVELOPMENT**

FINAL REPORT

Belgrade, February 2014

PREFACE

The purpose of this Final Report is to report on NALED's activities and deliverables in implementation of the project "Establishing Public-Private Partnerships as a Key Pillar to the Sustainable Development" carried out under the Grant Agreement No. 01IMCDSER01.

INTRODUCTION

General background

By realization of the Project NALED will assist USAID's Sustainable Local Development Project (**SLDP**) in identifying and supporting effective mechanisms that encourage private investments at local level.

Local governments (**LGs**) in Serbia have fairly limited or no success in developing and establishing economically feasible, environmentally safe and socially acceptable private-public partnerships (**PPP**). This also stands for municipalities and IMCs that participate in SLDP. This situation is caused by different circumstances such as lack of technical capacity, knowledge, experience and expertise, lack of proper assessment about the public value potential of a project, and lack of adequate understanding of the private investor's business needs.

On the other hand, private investors are not properly informed about possible opportunities and they usually do not have a comprehensive assessment of the PPP market, mainly because the means of promotion that are used in Serbia are rather limited.

Project summary

The overall goal of the Project was to create eight (8) PPP pilot projects which will demonstrate viability of PPP concept as a suitable model for sustainable local economic development.

LGs/IMCs were encouraged to generate PPP ideas, out of which 8 most viable and complete ideas (from different LGs/IMCs) were elected to receive NALED technical assistance (**TA**). The TA had resulted in developing action plans for realization of the 8 chosen PPP ideas. NALED had further extended its support in implementation of action plans in terms of communicating the PPP initiatives to relevant stakeholders, through organizing an international investors' conference. Finally, NALED has issued a publication summarizing the key lessons learned in project implementation with the aim of providing government authorities with a clear and easy-to-understand guide to the PPP process, at the same time additionally promoting the chosen 8 PPP ideas.

PROJECT IMPLEMENTATION

Project team

The Project was carried out by the NALED project team. At certain stages of the Project, as indicated below, assistance of the external consultants will be needed.

NALED project team consisted of the following personnel:

Position/Function	Name
Project Manager	Ana Sekulic Pribicevic
Marketing Specialist	Milica Stefanovic
Finance Specialist	Marko Stanojevic
Legal Advisor	Filip Filipovic

Due to personal changes in the NALED executive office, the project manager and the legal advisor were changed

Comment [AKB1]: OVO NAKNADNO DODATI

During the call for submission of PPP project ideas, NALED has started interviewing candidates for the expert team of external consultants. Their role was to participate in the selection of 8 PPP ideas, developing action plans and providing TA to the LGs/IMCs. External consultants were deployed in intervention teams to provide direct TA to each LG/IMC.

The team of experts was set up and approved by SLDP. It consisted of the following consultants:

Team leader and coordinator

Zvonko Brnjas, Ph.D (Economics), full professor, vice dean for international projects at Belgrade Banking Academy

Team members

Jovanka Manic, B.A (Economics), finance expert

Sladjana Sredojevic, Ph.D (Economics), head of Bank Training Center, special advisor for international cooperation, financial market and education at Association of Serbian Banks

Dragutin Nenezic, LL.M, attorney-at-law at Karanovic & Nikolic Law Office

Darko Jovanovic, LL.B, attorney-at-law at Karanovic & Nikolic Law Office

Project activities

The Project was carried out throughout the following activities:

Activity 1: Preparing supply and demand market assessment in eight IMCs

Kick-off meeting with IMC representatives

NALED had set-up a kick-off meeting with IMCs representatives, NALED companies members, other interested companies and prospective external consultants. The kick-off meeting was



organized on February 25, 2013 at the premises of Siemens Srbija d.o.o, Omladinskih brigada 21, Novi Beograd .

Head of the Serbian PPP Commission Edi Majstorovic emphasized that Serbia is at the very beginning when it comes to implementation of PPPs, also expressing his belief that such projects can be one of the keys of local development since the municipal budgets are becoming low. According to him, the public sector knows little about PPP, its benefits and opportunities, and how to initiate projects. Majstorovic pointed out that local governments are much more agile than the national government in their efforts to implement public-private partnerships, which makes connection of municipalities with private partners one of the key assignments.

State Secretary at the Ministry of Health Simo Vukovic said public-private partnerships could help in reducing waiting lists, reconstruction and development of health institutions, improving efficiency, reducing unemployment, better hospital management, increasing the profitability of health sector and fight against corruption. In his words, the problem with adopting PPP as an option for health sector development lies in previous negative experiences, resistance towards elimination of monopoly, lack of expert analyses of the needs and viability of resolving problems through PPP. He stated that the first area PPP could be initiated in are investments in 20 spa/health centers which are currently deteriorating and the state has no money to renovate them.

Milan Stefanovic from USAID Business Enabling Project informed the participating local government and companies' representatives about the „Value for money“ methodology, representing the basis for developing a quality PPP project. He showed how the PPP model brings savings compared to the traditional manner of construction, through an example of constructing a hospital in Croatia.

Mayor of Beocin Bogdan Cvejic presented an example of public-private partnership in this local government, which was realized in cooperation with Lafarge, cement factory operating locally.. Cvejic pointed out that Lafarge interest was corporate social responsibility towards local community, and later the cooperation was extended to establishment of a new industrial zone, for which the land was provided by the municipality.

1.1. Conducting basic demand assessment

As a part of project activity 1.1., in the end of February 2013, NALED has conducted a survey among prospective private partners. The survey has cover approx. 100 participants from the following target groups:

- Companies - members of NALED
- Non-member companies which already cooperate with NALED
- Companies recommended by law offices and consultants
- Companies which already cooperate with IMCs
- Companies recommended by embassies

The purpose of the survey was to identify the interest of companies in PPP arrangements with local communities in Serbia and to gather business-led PPP ideas. The time-limit for the submission of ideas for potential PPP projects was March 15, 2013. The questionnaire was sent to 400 addresses - 90% of which were NALED members from the private sector, whilst the remaining 10% were private partners which are not NALED members.

A total of 7 questionnaires which were filled in was collected, which testifies of the low level of interest and that additional education and outreach, based on examples of best practices, is necessary.

Survey results have shown that the following sectors show interest in the PPP projects: engineering, telecommunications, wholesale, recycling, construction, communal waste management. Both newly-established companies and companies that have been operational for longer periods have shown interest in PPP projects. The nominated projects ideas were the following:

1. Electric Energy Savings in the Public Lightning System
2. Capacity building in Public Utility Companies for Collecting and Transporting Electronic and Electric Waste
3. Recycling Electronic and Electric Waste
4. Partnering in Finalizing the Construction and Exploitation of a Sports' Hall
5. Transfer of Communal Waste Management
6. Joint Investment and Construction of a Facility for Trading Fresh Fruit and Vegetables
7. Establishing a Joint Company for Collecting and Transporting Waste

1.2 Presentation of business-led PPP ideas to LGs/ICMs

In accordance with the Project Sub-Activity 1.2, three regional round tables have been organized whereby business-led PPP project ideas have been presented to the Project municipalities. In addition to business, PPP ideas have also been presented by representative of the Ministry of Health and the city of Loznica.

Round table in Novi Sad

The first regional round table was organized in Novi Sad on 9th April, at Novi Sad Fair, for IMCs of the Vojvodina region.

Seven of ten invited local governments have taken part in the event, as follows:

Local governments invited			<input type="checkbox"/>
Local governments attended			<input checked="" type="checkbox"/>
Novi Sad	Subotica	Zrenjanin	
Beocin	Kanjiza	Kikinda	
Sremski Karlovci	Sombor	Novi Becej	
Temerin			

The following presentations have been made to the round table audience:

- Tanja Pavlovic Krizanic (USAID SLDP): explanation of the Project
- Filip Filipovic (NALED): presentation of the Project program of activities
- Simo Vukovic (Ministry of Health): PPP potentials in health care system
- Danijel Beronja (Brantner d.o.o.): practical experiences of PPP in managing communal waste

The presentations triggered a fruitful discussion and exchange of ideas among the attendees.

The event has been broadcasted at local media.

Round table in Kraljevo

The second regional round table was organized in Kraljevo on 11th April, at Kraljevo city hall, for IMCs of the Sumadija and Western Serbia region

Seven of thirteen invited local governments have taken part in the event, as follows:

Local governments invited		<input type="checkbox"/>
Local governments attended		<input checked="" type="checkbox"/>
Kraljevo	Uzice	Novi Pazar
Cacak	Cajetina	Sjenica
Gornji Milanovac	Nova Varos	Tutin
Raska	Priboj	
Vrnjacka Banja	Prijepolje	

Representatives of Special hospital "Merkur" from Vrnjacka Bnaja and utility company from Kraljevo also attended the round table.

The event was addressed by Milan Jovanovic, deputy mayor of Kraljevo.

The following presentations have been made to round table audience:

- Nebojsa Rancic (USAID SLDP): explanation of the Project
- Jovana Vlaskalin (Ministry of regional development and local government): importance of PPP concept for regional and local economic development
- Filip Filipovic (NALED): presentation of the Project program of activities
- Ana Jovanovic (Jugo-Impex E.E.R d.o.o.): PPP as an appropriate concept for recycling industry at communal level
- Milojka Smiljanic (City of Loznica): practical experiences in preparing PPP project in public transport services

The representatives of the local governments were interested in general issues concerning the PPP concept as well as in practical aspects of the presented cases.

The event was covered by the local media.

Round table in Nis

The third regional round table was organized in Nis on 16th April, at Cultural Centre of Nis, for IMCs of region of Southern and Eastern Serbia.

Four of nine invited local governments have taken part in the event, as follows:

Local governments invited		<input type="checkbox"/>
Local governments attended		<input checked="" type="checkbox"/>



Nis	Vranje
Doljevac	Bujanovac
Gadzin Han	Presevo
Leskovac	Vladicin Han
Merosina	

Representative of the Serbian Association of Recyclers also attended the round table.

The following presentations have been made to round table audience:

- Nebojsa Rancic (USAID SLDP): explanation of the Project
- Jovana Vlaskalin (Ministry of regional development and local government): importance of PPP concept for regional and local economic development
- Filip Filipovic (NALED): presentation of the Project program of activities
- Simo Vukovic (Ministry of Health): PPP potentials in health care system
- Ana Jovanovic (Jugo-Impex E.E.R d.o.o.): PPP as an appropriate concept for recycling industry at communal level
- Verica Tesic (City of Loznica): practical experiences in preparing PPP project in public transport services

The representatives of the local governments were interested in general issues concerning PPP concept as well as for practical aspects of the presented cases.

The event was covered by the local media.

In spite of a relatively modest response to call for participation at the round tables, the overall impression was very positive. The businesses had a good opportunity to present their ideas, experiences and future expectations of the PPP concept at local level.

In addition to the private partners, another potential stakeholder - Ministry of Health - also explained the PPP model in health care service with particular focus at special hospitals and spas.

An open discussion among the participants in the round tables showed significant interest of the local governments for broader use of this economic mechanism; however, local administrations evidently lack necessary capacities, knowledge and experience for successful application of PPP model.

1.3 Call for submission of PPP project ideas and selection of the best eight

In accordance with the Project schedule, Sub-Activity 1.3, upon completion of three regional round tables whereby business-led PPP project ideas have been presented to the Project municipalities, NALED had invited Project municipalities to submit their project idea applications and organized the selection of the best eight PPP project ideas.

The team of consultants, approved by USAID Sustainable Local Development Project (SLDP), had made consultative visits to all municipalities – beneficiaries of the Project.

The consultative visits have taken place in period from 31st May to 13th June 2013.

Each of the consultants has covered several municipalities, in separate visits, as follows:

Csilla Goli	Olivera Kostić	Edin Kalač	Dejan Jekić	Jovica Damnjanović
Novi Sad	Kraljevo	Novi Pazar	Zrenjanin	Vranje
Beočin	Čačak	Sjenica	Kikinda	Bujanovac
Sremski Karlovci	Gornji Milanovac	Tutin	Novi Bečej	Preševo
Temerin	Raška		Nova Varoš	Vladičin Han
Subotica	Vrnjačka Banja		Priboj	Niš
Kanjiža	Užice		Prijepolje	Doljevac
Sombor	Čajetina			Gadžin Han
				Leskovac
				Merošina

The consultants had meetings with relevant officials of each of the Project municipality. The purpose of the consultative visits was to explain the wider concept of the PPP, as envisaged under the Project and provide detailed information on call for submission of PPP project ideas applications, all with an aim to stimulate municipalities to conceptualize potential PPP project ideas. The consultants have also gathered relevant information on general business and economic condition in the municipalities, their potentials for economic growth, experience in any kind of business relations with private sector, availability of financing by the banks etc.

On 18th June 2013, all Project municipalities had been invited by a written call to submit their applications with PPP project ideas by 15th July 2013 at 5 p.m. (attached hereto).

The call has provided information on the election of best eight project ideas and minimum content of the project idea. The call was accompanied with the format of application.

The response of the Project municipalities was very good. By the deadline for submission, NALED had received applications for 29 project ideas.

Twenty municipalities submitted their applications, while a total of 23 municipalities were covered with project ideas (through inter-municipal projects). Five municipalities have submitted more than one project ideas.

The response per municipalities is as follows:

Municipalities that submitted application	
Municipalities covered by others application	

Novi Sad (2)	Beočin (1+1)	Sremski Karlovci	Temerin (0+1)	
Subotica (1)	Kanjiža (1)	Sombor		
Zrenjanin (1)	Kikinda (2)	Novi Bečej (1)		
Novi Pazar (1+1)	Sjenica (1+3)	Tutin (3)		
Kraljevo (1)	Čačak	Gornji Milanovac	Raška (1)	Vrnjačka Banja (3)

Užice	Čajetina	Nova Varoš (1+1)	Priboj (1+1)	Prijepolje (1+1)
Vranje	Bujanovac (1+1)	Preševo (1+1)	Vladičin Han	
Niš (4)	Doljevac (1+1)	Gadžin Han (0+1)	Leskovac	Merošina (0+1)

Evaluation criteria

In consultation with USAID Sustainable Local Development Project, the evaluation committee was established, consisting of experts as well as representatives of the organizations/institutions involved in the Project.

The members of the evaluation committee are:

1. Tatjana Pavlovic Krizanic (USAID Sustainable Local Development Project)
2. Andrijana Jovanovic (Ministry of Regional Development and Local Governments)
3. Filip Filipovic (NALED)
4. Prof. Dr. Branko Radulovic
5. Darko Jovanovic, attorney-at-law

The evaluation committee has adopted evaluation criteria consisting of three groups of criteria as follows:

Group 1

- a) PPP compatibleness (wide definition)
- b) fit for purpose test
- c) innovativeness of the proposal

Group 2

- a) quality of presentation/documentation/design
- b) preparatory activities
- c) risk allocation

Group 3

- a) direct and indirect effect on economy
- b) implementation period
- c) expressed interest of private sector
- d) availability of finance

The evaluation tool is attached hereto.

Selection of the Best Eight Project Ideas

Certain Project activities have been postponed due to non-availability of relevant consultants for consultative visits, the evaluation committee needed additional time for election of the best eight PPP project ideas.

In accordance with adopted evaluation criteria, among 29 received applications, the evaluation committee has selected the following best eight PPP project ideas:

	Project name	Municipality
1.	Recycling yard	Raska
2.	Production and educational viticulture center	Nis
3.	Collection and processing of forest fruits	Tutin
4.	Co-generative plant on biomass	Nova Varos
5.	Regional warehouse	Prijepolje
6.	Green market in Pukovac	Doljevac
7.	Agro-logistic hub	Kanjiza
8.	Terra Panonica	Zrenjanin

According to evaluation results, the following local governments shall receive technical assistance under this Project in realization of their PPP projects:

Novi Sad	Beočin	Sremski Karlovci	Temerin	
Subotica	Kanjiza	Sombor		
Zrenjanin	Kikinda	Novi Bečej		
Novi Pazar	Sjenica	Tutin		
Kraljevo	Čačak	Gornji Milanovac	Raška	Vrnjačka Banja
Užice	Čajetina	Nova Varoš	Priboj	Prijepolje
Vranje	Bujanovac	Preševo	Vladičin Han	
Niš	Doljevac	Gadžin Han	Leskovac	Merošina

Activity 2: Developing viable, innovative PPP ideas that enhance local economy

2.1 Develop PPP action plans

In accordance with the Project schedule, Sub-Activity 2.1, NALED had formed a team of experts, which have provided technical assistance to the LGs' project teams in developing action plans.

As explained above (see section Project Team), the expert team consisted of the following consultants:

Team leader and coordinator

Zvonko Brnjas, Ph.D (Economics), full professor, vice dean for international projects at Belgrade Banking Academy

Team members

Jovanka Manic, B.A (Economics), finance expert

Sladjana Sredojevic, Ph.D (Economics), head of Bank Training Center, special advisor for international cooperation, financial market and education at Association of Serbian Banks

Dragutin Nenezic, LL.M, attorney-at-law at Karanovic & Nikolić Law Office

Darko Jovanovic, LL.B, attorney-at-law at Karanovic & Nikolic Law Office

The key task of the expert team was to provide technical assistance to the project teams in developing action plans.

The technical assistance was provided using mentor's method. The idea was to avoid a situation where LGs would just receive ready-for-use documents prepared by the expert team, and rather to have LGs' staff directly and actively involved in creation of action plans.

The technical assistance started with plenary initial meeting - workshop on 6th September 2013, which gathered the coordinators of all project teams and the expert team. The project teams have been given details of the method and schedule of providing technical assistance, as well as concept of action plans.

Following the initial meeting, intervention teams of experts (consisting of at least one economist and one lawyer) have made visits to the project teams, as per the following schedule:

September 17

Municipality of Doljevac

Municipality staff:

1. Milena Stevanovic, LED office
2. Milan Djordjevic, LED office
3. Jovica Pesic, head of economy and finance department
4. Vlastimir Anafilovic, local administration

Intervention team:

1. Jovanka Manic
2. Darko Jovanovic

City of Nis

City staff:

1. Tatjana Balaban, head of sustainable rural development
2. Marina Karalic, agricultural and rural development

Intervention team:

1. Jovanka Manic
 2. Darko Jovanovic
-

September 18

Municipality of Nova Varos

Municipality staff:

1. Miroljub Saponic, head of municipal development agency
2. Nenad Todorovic, deputy mayor for LED

3. Jelenko Rosic, energy manager
4. Jelena Lekovic, head of the mayor office

Intervention team:

1. Zvonko Brnjas
2. Dragutin Nenezic

Municipality of Prijepolje

Municipality staff:

1. Dobro Lazarevic, department of economy and local development
2. Dragisa Rakonjac, head of the finance and budget department
3. Snezana Divac, agribusiness department
4. Selma Serdarevic, LED office

Intervention team:

1. Zvonko Brnjas
 2. Dragutin Nenezic
-

September 19

City of Zrenjanin

City staff:

1. Dusko Radisic, mayor assistant
2. Zdravko stojanov, LED office

Intervention team:

1. Zvonko Brnjas
 2. Dragutin Nenezic
-

September 20

Municipality of Raska

Municipality staff:

1. Vulic Pasajlic, head of LED office
2. Tijana Pajevic Stefanovic, mayor assistant for LED
3. Ljubisa Milovanovic, LED office

Intervention team:

1. Jovanka Manic
2. Darko Jovanovic

Municipality of Tutin

Municipality staff:

1. Bajram Aljovic, head of LED department
2. Mersudin Eleskovic, LED department

3. Boban Pantovic, project assistant

Intervention team:

1. Jovanka Manic
2. Darko Jovanovic

Municipality of Kanjiza

Municipality staff:

1. Monika Halas, municipal council
2. Jelena Djeri, municipal administration
3. Natalija Srdic, head of mayor office
4. Cila Guljas, municipal administration
5. Valerija Salkai Nemes, head deputy, department for economy

Intervention team:

1. Zvonko Brnjas
2. Dragutin Nenezic

On the basis of information received from the project teams, the expert team has prepared basic draft of the action plans. The action plans have been further developed in continuing communication and exchange of views and ideas between experts and project teams' members.

A total of 114 consultant-days of expert team have been spent in providing technical services to the project teams.

The action plans

The main purpose of the action plan was to provide the LG with a practical instruction as how to prepare a PPP project and elect an eligible private partner. However, the action plans were not be designed for a concrete project only, but were designed so as to provide useful direction to the local administration for realization of other similar projects with private partners.

Therefore the action plans have been structured through the following sections:

1. Summary of the project
2. Description of the project
3. Conditions for PPP in Serbia
4. Review of activities and timeline

Each of the action plans follows the above structure, adapted with specific issues associated with particular project's needs.

All the action plans have been developed simultaneously.

2.2 Providing TA to LGs in implementing action plans

The TA was rendered to all winning LGs in implementation of their respective action plans. This TA was focused on identifying stakeholders and advising on appropriate means and methods of interacting with them. The provision of this type of TA was also carried out after the investors' conference, until the submission of the final report.

Activity 3: Increase visibility of the PPP projects

3.1 Preparation of LGs/IMCs to present developed PPP project ideas at investors' conference

In accordance with the Project schedule, Sub-Activity 3.1, Preparation of public partners to introduce developed concepts at PPP investors' conference, NALED:

- a. Prepared action plans, Info Sheet (Serbian and English)s and supported LGs to prepare presentations for 8 PPP projects
- b. Organized PPP investors conference (Presented 8 projects)

a. Action plans transformed into Info Sheets (Serbian and English) and presentations

On the basis of information received from the project teams, the expert team has prepared the action plans. The action plans have been developed in continuing communication and exchange of views and ideas between experts and project teams' members. Based on the action plans, info sheets (teasers) have been developed, designed and printed. Additionally, all municipalities have been instructed to prepare the presentations to be used on the panel during the investors PPP conference "Top Public Private Partnerships In Serbia".

b. Investors Conference "Top Public Private Partnerships In Serbia" held on Monday, 18th November 2013, 09:30h – 14:30h

The IV Annual PPP Summit/ Investors Conference "Top Public Private Partnerships In Serbia" was held on November 18, 2013. The Conference announced and presented in detail the top eight project ideas in the field of PPP, selected within the project Public private partnership as development potential. Conference gathered high representatives of state and international institutions, business leaders, mayors and experts from the country and abroad, who discussed specific opportunities for funding and realization of projects of public interest in the fields of agriculture, energy, food industry and tourism developed by Niš, Nova Varoš, Raška, Doljevac, Prijepolje, Kanjiža, Tutin and Zrenjanin.

More than 100 guests attended, including high representatives of state institutions, businesses, investors, local governments, international organizations and donors, diplomatic corps and media.

PARTICIPANTS/SPEAKERS

<i>Introductory speeches</i>
<i>Vladan Atanasijević, President of NALED MB / Head of System Integration, Asseco SEE</i>
<i>Rebecca Krzywda, Senior Office Director , USAID Serbia</i>
<i>Nikola Ćorsović, State Secretary in the Ministry of Finance, Government of Serbia</i>
<i>Matteo Patrone, EBRD Director for Serbia</i>
<i>Opening panel: Support to PPP project implementation in Serbia</i>
<i>Moderator: Patricia Gannon, Partner, Law Office Karanović-Nikolić</i>
<i>Nenad Ilić, Vice President of PPP Commission</i>

<i>Apostolos Papadopoulos, Partner, Grant Thornton</i>
<i>Nenad Antić, Finance Director, Porr-Werner&Weber</i>
<i>William S. Infante, President, Breakthrough DOO</i>
<i>Announcing the top eight PPP projects in Serbia</i>
<i>Goran Ljubić Međarac, Mayor of Doljevac</i>
<i>Mihalj Njilaš, Mayor of Kanjiža</i>
<i>Jovan Stojković, Assistant Mayor of Niš</i>
<i>Dimitrije Paunović, Mayor of Nova Varoš</i>
<i>Dobro Lazarević, Assistant Mayor of Prijepolje</i>
<i>Jovan Čorbić, Mayor of Raška</i>
<i>Šemsudin Kučević, Mayor of Tutin</i>
<i>Ivan Bošnjak, Mayor of Zrenjanin</i>
<i>Parallel panel discussions: PPP investment opportunities</i>
<i>Panel 1: Agriculture / Prijepolje, Kanjiža, Doljevac, Tutin, Moderator: Dragan Pušara, Director, Belgrade Wholesale Market</i>
<i>Panel 2: RES, recycling and tourism / Raška, Nova Varoš, Zrenjanin, Moderator: Marko Obradović, Partner, Horwath HTL</i>
<i>Closing ceremony: Future of public private partnerships in Serbia</i>
<i>Saša Radulović, Minister of Economy, Government of Serbia</i>
<i>Dragan Stevanović, State Secretary, Ministry of Regional Development and Local Government</i>
<i>Dragan Pušara, Director, Belgrade Wholesale Market</i>
<i>Marko Obradović, Partner, Horwath HTL</i>

Giving the introductory remarks, the audience was addressed by Vladan Atanasijević, President of NALED MB, Rebecca Krzywda, Senior Office Director of USAID in Serbia, Nikola Ćorsović, State Secretary in the Ministry of Finance and Matteo Patrone, EBRD Director for Serbia.

Senior Office Director of USAID in Serbia Rebeka Krzywda said that there have been around 1,000 PPP projects realized in Europe, but there was no great interest for this investment model in Serbia, after the legislative framework for its implementation had been developed in 2011. As a reason for this situation, Mrs. Krzywda stated the lack of expert knowledge in municipalities to best utilize the resources they have.

The opening remarks were followed by a panel discussion on the support to PPP implementation in Serbia, and later on by the announcement of top eight PPP projects. The first panel involved speakers with different backgrounds, each of them presenting their own perspective: Nenad Ilić, Vice President of PPP Commission, Apostolos Papadopoulos, Partner, at Grant Thornton, Nenad Antić, Finance Director at Porr-Werner&Weber and William Infante, an expert in the field of PPP.

Mr. Nenad Ilić, Vice President of PPP Commission talked about regulatory framework and the state perspective on PPPs, the experiences of PPP Commission in approving PPP projects, the reasons for small number of PPP projects in Serbia. Mr. Apostolos Papadopoulos, Partner, Grant Thornton presented the importance of technical support for PPP project realization – what does it involve and why it is important for local governments and private partners, the best models and key steps for successful public private partnerships, experiences from Serbia and the region. Mr. Nenad Antić, Porr-Werner&Weber presented his company's experiences regarding PPP in Serbia, while Mr. Infante talked about mining and public private partnership. He addresses PPP in the capital structure, but focused on the roles of the respective stakeholders, and the need for rational expectations at each stage of the project cycle.

After the Panel, all 8 projects have been briefly presented by the mayors or high local government officials (in the form of the sales pitch):

1. **Doljevac and Kanjiža:** Goran Ljubić Međarac, Mayor of Doljevac and Mihalj Njilaš, Mayor of Kanjiža
2. **Niš and Nova Varoš:** Jovan Stojković, Assistant Mayor of Niš and Dimitrije Paunović, Mayor of Nova Varoš
3. **Prijepolje and Raška:** Dobro Lazarević, Deputy Mayor of Prijepolje and Jovan Čorbić, Mayor of Raška
4. **Tutin and Zrenjanin:** Šemsudin Kučević, Mayor of Tutin and Ivan Bošnjak, Mayor of Zrenjanin

Top eight public private partnership projects that were presented are:

Local government	Project	Investment value
Doljevac	Commercial-green center Pukovac	EUR 850,000
Kanjiža	Logistic-distribution center for agriculture	EUR 2,5 million
Nis	Production and education facility for grape producers	EUR 700,000
Nova Varos	Cogeneration biomass facility	EUR 10.5 million
Prijepolje	Regional cold store	EUR 1.6 million
Raska	Recycling yard	EUR 142,000
Tutin	Center for processing forest fruits and medicinal plants	EUR 263,000
Zrenjanin	Reconstruction of Rusanda spa	EUR 5.5 million

The key part of the event were parallel panel discussions: PPP investment opportunities presented during two parallel panels-Panel 1: Agriculture and Panel 2: RES, recycling, tourism.

Panel 1: Moderator - Dragan Pušara, Director, Belgrade Wholesale Market

Dragiša Rakonjac, Head of Department of Economy and Finance, Municipality of Prijepolje
Natalija Srdić, Chief of Cabinet, Municipality of Kanjiža
Milena Stevanović, Local Economic Development Office, Municipality of Doljevac
Bajram Aljović, Head of Department of Economy and LED, Municipality of Tutin
Ivan Pavlović, Department for Agriculture and Rural Development, City of Niš

Panel 2: Moderator - Marko Obradović, Partner, Horwath HTL

Tijana Pajević Stefanović, Assistant Mayor for LED, Municipality of Raška
Dimitrije Paunović, Mayor of Nova Varoš
Duško Radišić, Assistant Mayor for LED, City of Zrenjanin

The end of IV Annual PPP Summit was marked by closing addresses and conclusions by: Saša Radulović, Minister of Economy, Government of Serbia, Dragan Stevanović, State Secretary, Ministry of Regional Development and Local Government, Dragan Pušara, Director, Belgrade Wholesale Market and Marko Obradović, Partner, Horwath HTL.

Minister Radulović, confirmed that the Government of Serbia is committed to supporting the development of PPPs, stressing that the future lies in close cooperation between the state and private sector. The Minister added that the legislation related to PPPs still needed to be improved, and that there is a need of strengthening the capacities of national and local institutions in charge of project monitoring and implementation. He reminded that there is currently a lack of high-quality project, but the state opts not to play a decisive role in the

economy anymore, but encourage establishing of private investment funds which will make investments through public private partnerships.

3.2 *Publication of the lessons learned*

On January 17, 2014 a Modification of the Grant Agreement was made in order to extend the deadline for the submission of the last milestone – the distribution of the Publication and the submission of the Final Report – for a month, and set it for February 14, 2014. The Modification of the Grant Agreement is attached hereto.

During December, January and the first half of February 2014, NALED executive office and the pool of consultants on the projects and an additional PPP expert, Mr Milija Lazarevic, who is also employed in a Belgrade Public Utility Company (JKP Parking servis Beograd) had drafted a publication in Serbian on the lessons learned from the project. The publication is entitled “Kako do dobrog projekta JPP” (How to Create a Sound PPP Project). The full list of experts who contributed to the publication is the following:

1. Milija Lazarevic, Parking Servis, Beograd
2. Karanovic-Nikolic Law Office
3. Zvonko Brnjas, Ph.D.
4. Jovanka Manic
5. Sladjana Sredojevic, Ph.D.
6. Adis Berberovic, NALED Executive Office
7. Slobodan Krstovic, NALED Executive Office
8. Ana Knezevic Bojovic, Ph.D, NALED Executive Office

Mr Milija Lazarevic’s CV is attached heretho.

The aim of the publication was to provide local self-governments with concise and easy-to-understand instructions on what PPP is and what steps need to be taken in order to successfully identify such projects, enter into them and implement them. The objective was also to provide additional incentives to local self-governments in considering PPPs as a useful and feasible instrument for improving the quality of services provided to citizens.

The 8 Action plans developed in the course of the project are used as illustrative examples throughout the publication. In addition, all 8 teasers developed in the course of the project were used as graphic illustrations in the publication.

The concept of the publications and its final content was approved by USAID Sustainable Local Development Project. The observance of the rules of branding was confirmed by the USAID Sustainable Local Development Project.

The publication will be distributed to all municipalities and selected businesses in Serbia, both in hard copy and in electronic format. The publication was posted on NALED’s social media:

TWITTER - https://twitter.com/NALED_SERBIA



Facebook - <https://www.facebook.com/NALEDSerbia>

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Jelena Petrov and Džemil Husenović

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Prirucnik Kako do JPP projekta 76 views

An electronic copy of the publication is attached hereto.

Activity 4: Organize Study Tour to UK for 3 participants attending PPP Foundation Class

In accordance with the Project schedule, Milestone 05, NALED has organized a Study Tour to the UK for the following 3 participants who attended a 5-day training (PPP Foundation Class) in London, UK.

Tatjana Balaban – City of Niš
Natalija Srđić – Municipality of Kanjiža
Zdravko Stojanov – City of Zrenjanin

The group from Serbia participated in a five-days training together with the representatives from Peru, Uruguay and Vietnam. The training was held by skilled experts and it involved theoretical lectures and visits to facilities in London. For the delegation from Serbia, the strongest impressions regarding the implementation of public-private partnership were the visits to a hospital and schools.

In Great Britain, more than 900 projects were implemented through this method, and the total amount of invested capital is 75 billion pounds. This attracted international interest of the Governments wishing to learn about and apply Great Britain's PPP program. The workshop covered a wide range of practical issues, including the procurement process in PPP, standardization of agreement, Project evaluation and funding and the matters regarding establishment of a successful public-private partnership. The training involved the key issues in successful implementation of PPP program for the representatives of our local governments wishing to further develop and implement this model as development potential.

ANNEXES:

1. Publication – "Kako do dobrog projekta JPP"
2. Press clipping.
3. Grant Modification
4. CV – Milija Lazarevic
5. Links to



NALED Executive Office