

Public Private Partnership Development Program



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Public Private Partnership Development Program (P3DP) is a five-year USAID program, implemented by FHI Development 360 LLC, with the goal to accelerate the use of public-private partnerships (PPPs) as a method to improve the quality of communal services and infrastructure in Ukraine.

Public-Private Partnerships are long-term contractual arrangements between public-sector entities (e.g. municipalities, national governments) and private-sector companies / individual entrepreneurs for the delivery of services, often associated with public infrastructure. The focus is on the provision of services, not assets, although any acquired or created assets are typically transferred to the public partner at the end of the contract.

Public Private Partnership Development Program is helping to create a favorable enabling environment for public-private partnerships (PPP) in Ukraine by pursuing 5 interrelated objectives:

- 1 Create a legal and regulatory framework conducive to PPPs** by enhancing the framework of national level PPP laws, regulations, and resolutions that support PPP initiatives.
- 2 Enable the National PPP Unit** to support municipalities in their efforts to engage the private sector in a manner that enhances the efficiency and quality of public services and infrastructure.
- 3 Develop public awareness and municipal capacity** in P3DP pilot municipalities striving to design, implement and manage PPPs. This objective is being achieved through study tours, training seminars, conventions, as well as public awareness programs to educate consumers on the benefits of engaging the private sector in the delivery of infrastructure and communal services.
- 4 Implement pilot PPPs** in key sectors by providing technical assistance to pilot municipalities during all phases of taking a project from concept to tendering through transparent, fair and competitive tenders, while applying the experiences and lessons learned as valuable feedback to further improve the PPP environment and processes in Ukraine.
- 5 Mitigate Global Climate Change and support use of Clean Energy** through crosscutting measures that touch upon all P3DP activities. P3DP integrates climate change considerations into all its programming activities at the national and local levels, addressing climate change prevention and mitigating its impact on the broader development of Ukraine.

Public Private Partnership Development Program Results

➤ Promote a sound policy environment that fosters the development of PPPs:

- ✓ Supported the development of the National PPP Strategy and National Action Plan.
- ✓ Contributed to legislative and regulatory PPP reforms through active involvement in related Working Groups at several central government bodies.

➤ Support the National PPP Unit (Ministry of Economic Development and Trade of Ukraine):

- ✓ Defined the requirements and standards for PPP feasibility studies and transaction management.
- ✓ Assisted development of the PPP Appraisal Methodology adopted by Ministry of Economic Development and Trade of Ukraine (MOEDT) for evaluating and approving PPP projects in Ukraine.
- ✓ Assisted with defining governmental PPP Unit's functions.
- ✓ Built internal management capacity at MOEDT through tailored in-house trainings.
- ✓ Exposed central government staff to international best practices via three international study tours for Ukrainian officials to accumulate knowledge on international PPP best practices and PPP units functioning.

➤ Awareness and Capacity Development:

- ✓ Conducted training seminars in pilot PPP cities for over 200 hundred representatives from government and private sector to introduce the benefits of PPPs and teach skills necessary to design economically, politically, and socially practical PPPs.
- ✓ Organized PPP Forums for municipal and market leaders, including the first PPP Business Forum, which became a platform for discussing public-private cooperation under the PPP mechanism for the benefits of local economic development.
- ✓ Carried out two international and one local study tours for the municipal representatives to learn international and Ukrainian experience of private sector involvement into delivering services, which are traditionally supplied by the public sector.
- ✓ Organized a media study tour to familiarize mass media with PPPs.
- ✓ Providing assistance for public awareness programs to educate consumers on the benefits of engaging private sector players in the delivery of infrastructure and communal services.

Identify and Develop Pilot PPP Transactions:

P3DP portfolio includes ten pilot PPP projects on the different stages of development. They illustrate opportunities and mech-

anisms for the PPP use for involving private partners to the improvement of communal and infrastructure services in various of sectors: solid waste management, urban transportation, street parking, energy efficiency and city lighting, district heating, water supply and waste water treatment, management of cultural and infrastructure objects, renewal of city parks, healthcare, management of educational and other professional facilities, etc. P3DP technical assistance for the selected municipalities, with which it develops pilot PPP projects, include, but is not limited to the following:

- ✓ Establishing formal development plans for the PPP pilot cities.
- ✓ Developing PPP Concept Papers for discussion with respective municipalities.
- ✓ Creating financial models.
- ✓ Conducting market sounding events for potential investors and operators.
- ✓ Preparing Feasibility Studies.
- ✓ Drafting tender documents and PPP contract.
- ✓ Ensuring competitive bidding procedures.

Global Climate Change mitigation and support of Clean Energy:

- ✓ Introducing climate change component into all documents developed with the support of the P3DP.
- ✓ Calculating anticipated greenhouse gases emissions reductions in the pilot PPP projects.
- ✓ Conducting training seminars, which emphasize the need to include climate change prevention strategies and adaptation to the possible consequences into the decision making process.

To better meet its goals P3DP has prepared and published multiple reports, which analyze Ukrainian conditions and provide recommendations on the most effective and efficient ways to create an enabling environment for PPPs in Ukraine. Examples include:

- Analysis of the PPP legal framework in Ukraine.
- Most critical issues for PPP enabling legal reforms in Ukraine.
- Public-private partnerships and tariff regulation in the water, wastewater, and district heating sectors;
- PPP Appraisal Methodology.
- Baseline survey to gauge consumer attitudes about private sector delivery of communal services.

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