



**USAID Business Enabling Project in Serbia
Invites Eligible Candidates to Apply for the Position:**

**Consultant
to Assist the Commission for Public-Private Partnership
in developing Value-for-Money Methodology**

Background

USAID's Business Enabling Project, implemented by Cardno Emerging Markets USA, is a five year initiative launched in January 2011. The purpose of the Project is to help the Government of Serbia improve the competitiveness of the Serbian economy and its private sector businesses. The Project will provide technical assistance, training, and other support to improve the business enabling environment, maintain macroeconomic stability, and further develop financial markets. The Project is demand driven: all activities are based on the priorities of the private sector and Government. The Project's activities are described in more details on the Project's website: www.bep.rs.

The Business Enabling Project's Component 1, Business Regulation and Economic Governance, has a goal to streamline laws, regulations, and institutions, to improve regulators' capacity to implement laws and improve analysis and public-private dialogue.

The project's approach to achieving reforms is to help the Government work closely with the private sector and outside experts to make reforms that improve business competitiveness. The steps in this collaborative reform process include:

- Determine priorities by engaging with businesses, including surveys of businesses, and using regulatory impact assessment and other tools to measure the benefits of reforms
- Build demand for reforms through outreach and education
- Partner with the Government to plan and implement various priority reforms
- Build Government and private sector capacity to properly implement and sustain reforms
- Help the Government and private sector to monitor reform efforts.

These activities will reduce the time and money spent by Serbian businesses to comply with laws and regulations and will help the Government to be more efficient. The activities will also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses will be able to aggressively compete in the global economy. This will lead to export-led economic growth and increased employment.

New Framework for PPPs and Concessions and Value-for-Money Methodology

The Project plans to work with the private sector and Government of Serbia to implement the new legal framework for PPPs and concessions, particularly the Law on PPPs and Concessions, enacted in 2011. Both national and local governments struggle to find funding for infrastructure and other projects, and Serbia's fiscal situation is unlikely to improve in the short term. In surveys, studies, roundtables and other forums, businesses and public officials consistently state the necessity for more PPP arrangements, which should especially increase the size of private investments, contribute to infrastructure development, and decrease the level



of public debt. Responding to this need of the public sector and to the request for assistance from the Ministry of Economy and Regional Development, as a line ministry for PPPs, the Project has taken on tasks that include support for finalization of framework for PPPs and building interest of public and private partners to engage in PPPs.

PPP, encompassing institutional and contractual PPPs and concessions, is a model that has potential to contribute to solving of some of the most important problems that Serbian economy faces today. PPPs have helped national and local governments in countries throughout Europe to attract billions of Euros in investment for infrastructure and public services. Until recently, the Republic of Serbia had no effective general and/or special laws governing PPPs, and PPPs and concessions were only partially and indirectly regulated, dispersed within the large number of laws. As a result there were no true PPPs in Serbia, and very few concessions: under the Concession Law only five concessions were awarded in the eight years of implementation, and four of those have failed.

In order to attract the new private investments, the Law on PPP and Concessions was enacted in late 2011 (after the Law on Public Property, and in parallel with the new Law on Communal Utility Activities). BEP helped facilitate public private dialogue on the Law. This Law regulates PPPs and concessions, establishes models for PPPs and concessions and decrees the establishment, status and authorities, as well as composition, of the inter-ministerial Commission for Public Private Partnership. As a follow-up, the Resolution on Formation of Commission for PPP, including appointment of the Commission's members, was enacted by the Government in February 2012. The Commission, formed by the Government, is consisted of 9 members, appointed at proposal on the Prime-Minister, the Ministry in charge of economy and regional development, the Ministry in charge of finance, the Ministry in charge of infrastructure, the Ministry in charge of mining, the Ministry in charge of utility activities, the Ministry in charge of environment, the Autonomous Province and the City of Belgrade. The Commission has a Chairman (representative of the Ministry in charge of economy and regional development), Deputy Chairman (representative of the Ministry in charge of finance) and 7 regular members.

The new legal framework envisages consultative, informative, expert and educational roles for the Commission for PPP, as a separate public body that shall issue opinions, assessments, information and advices related to preparation and execution of PPP projects. The Commission is empowered to prepare methodological documents in the area of PPP, including the Value-for-Money Methodology (hereinafter: VfMM), as the most important.

The Ministry of Economy and Regional Development (MoERD) shall provide staff, premises and other work requirements for the Commission for PPP, performing the role of the Commission's Secretariat. The abovementioned leads to the problem of lack of human resources (understaffing) within the Ministry, as a threat to successful performance of administrative and technical support.

Enactment of the laws governing PPPs and concessions, and communal utility activities represents a major breakthrough, and implementation of PPPs will benefit from other relevant laws recently adopted or drafted: public property, capital market and public debt, and public procurements. These new regulations offer better guaranties for private investors and more checks and balances for the protection of the public interest. Implementation of the new PPP legal framework will largely depend on proper drafting, adoption and implementation of the



methodological documents in the area of PPP, with VfMM playing a key role in ensuring proper implementation.

Scope of Work

This assignment will be part of the BEP project's Component 1 (Business Regulation and Economic Governance) activities. It is incorporated in BEP's Objective 4 (Create Enabling Environment for PPPs), Task 1 (Finalize Legal Framework for PPS), during year 2012.

1. Development of VfMM

The Project intends to engage consultants, with significant PPP background and practical experience, to assist the Commission for PPPs in developing VfMM in a process that will be as participatory as possible.

The VfMM should contain economic, financial and non-financial guidelines for sound and high-quality preparation and implementation of the PPP projects, serving as set of tools for provision of information for decision-making purposes in order to implement best practices.

The VfMM should be structured as product of Public Sector Comparator (hereinafter: PSC), and will include risk allocation and risk quantification within PSC.

In terms of this SoW, PSC represents comparison of Net Present Value (hereinafter: NPV) of whole life-cycle project costs in contracted period of project under traditional (budget) funding model to the same kind of project costs under PPP model. PSC includes calculation of pecuniary compensation needed for settlement of total project costs, expenses and losses, and risk allocation between contractual parties, as well as risk quantification of allocated risks.

In terms of this SoW, Value-for-Money represents positive difference between NPV of whole life-cycle costs of project under traditional (budget) funding model during total contractual period, expressed in PSC, and NPV of whole life-cycle costs in the same contractual period for the same kind of project under PPP model.

2. Tasks

The Consultant should review the best international and comparative documents and practices in the area of PPP and concessions and their methodologies, primarily related to Value-for-Money methodologies. The Consultant should identify the VfMM methodologies that fit the best in Serbia's current and developing legal and economic contexts and its financial framework for PPPs and concessions. This implies analysis, examination and good understanding of Serbian legal, economic and financial framework for PPPs and concessions, as well as the factual state of affairs in the field, and investment and development perspectives. The Consultant should also discuss several case studies when presenting the concept of the VfMM methodology to illustrate different options for Serbia and help stakeholders chose one that fits the best in Serbia's framework.

Furthermore, the Consultant is expected to prepare Draft VfMM in accordance with the best practices, documents, consultations and determinants explained above. The VfMM and other



deliverables will be developed in cooperation with the Commission and MoERD and Serbian legal and financial experts.

The Consultant will consult with the members of the Commission for PPP, and supporting staff from the MoERD, as well as with other relevant stakeholders, in terms of preparation of VfMM. The consultations will include information sharing, questions and answers, roundtable and presentation, extensive discussions, brainstorming and feedback on solutions and content of the VfMM, as well as on the best practices, documents and methodologies in the area of PPP, and legal, economic and financial framework for PPPs and concessions in Serbia.

3. Level of Effort

The Consultant will have up to 45 days of engagement for completion of the tasks.

4. Period of Performance

Period of performance of this SoW is June 1, 2012, to October 31, 2012.
Maximum number of days under this LOE cannot exceed 45 days.

5. Deliverables

Specific work products to be developed by Consultant include:

- 1) Development of the Concept of the VfMM, including overview of the best international and comparative practices in the area of PSC and VfMM related with PPPs and concessions that fit the best in Serbia's legal and economic contexts for PPPs and concessions; the Concept of the VfMM will include key points for the VfMM and decisions to be made by the Commission regarding the VfMM (end of August, 2012);
- 2) Workshop to discuss Concept of the VfMM with the members of the Commission for PPP, and supporting staff from the MoERD, other public bodies, relevant stakeholders, and interested parties (mid-September, 2012);
- 3) Production of final version of the Draft VfMM taking into consideration the responses and feedback of participants of the roundtable, who will have 10 days to respond to the concept of the Draft VfMM in writing (end of September, 2012);
- 4) Final report, summarizing results of the consultants' engagement;
- 5) Participation in outreach activities, if needed.

All materials must be prepared in Serbian unless expressly authorized otherwise in writing by the Cardno Emerging Markets representative. Final report must be delivered in English.

Applications including CV clearly showing adequate technical background and relevant work experience, along with references should be sent by e-mail to: info@bep.rs, by June 22, 2012. Only short-listed candidates will be contacted.