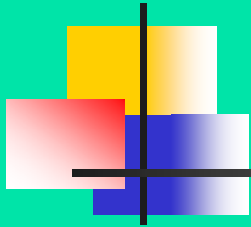


# SEETO - PPP Workshop

Ohrid, 22 March 2007



## Public Private Partnership Project Cycle Management

**Izet Bajrambašić**

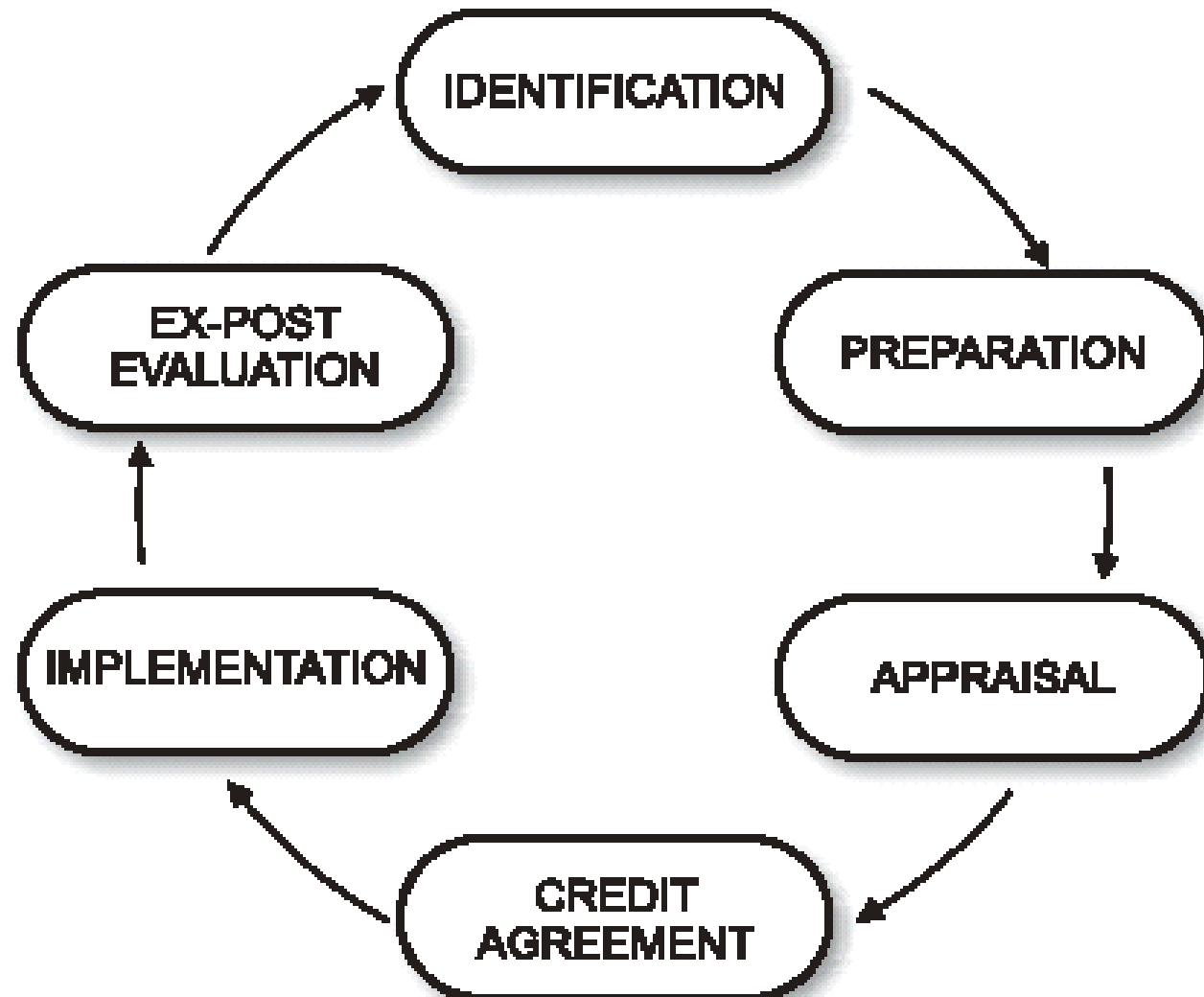
E mail: [i.bajrambasic@mkt.gov.ba](mailto:i.bajrambasic@mkt.gov.ba)

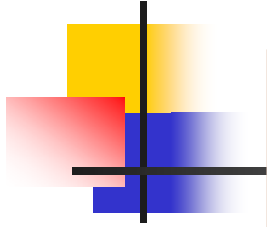
# Contens of Presentation

- 1.PPP Project Cycle
- 2.Project Financing

# Project Cycle Management

/public sector only/

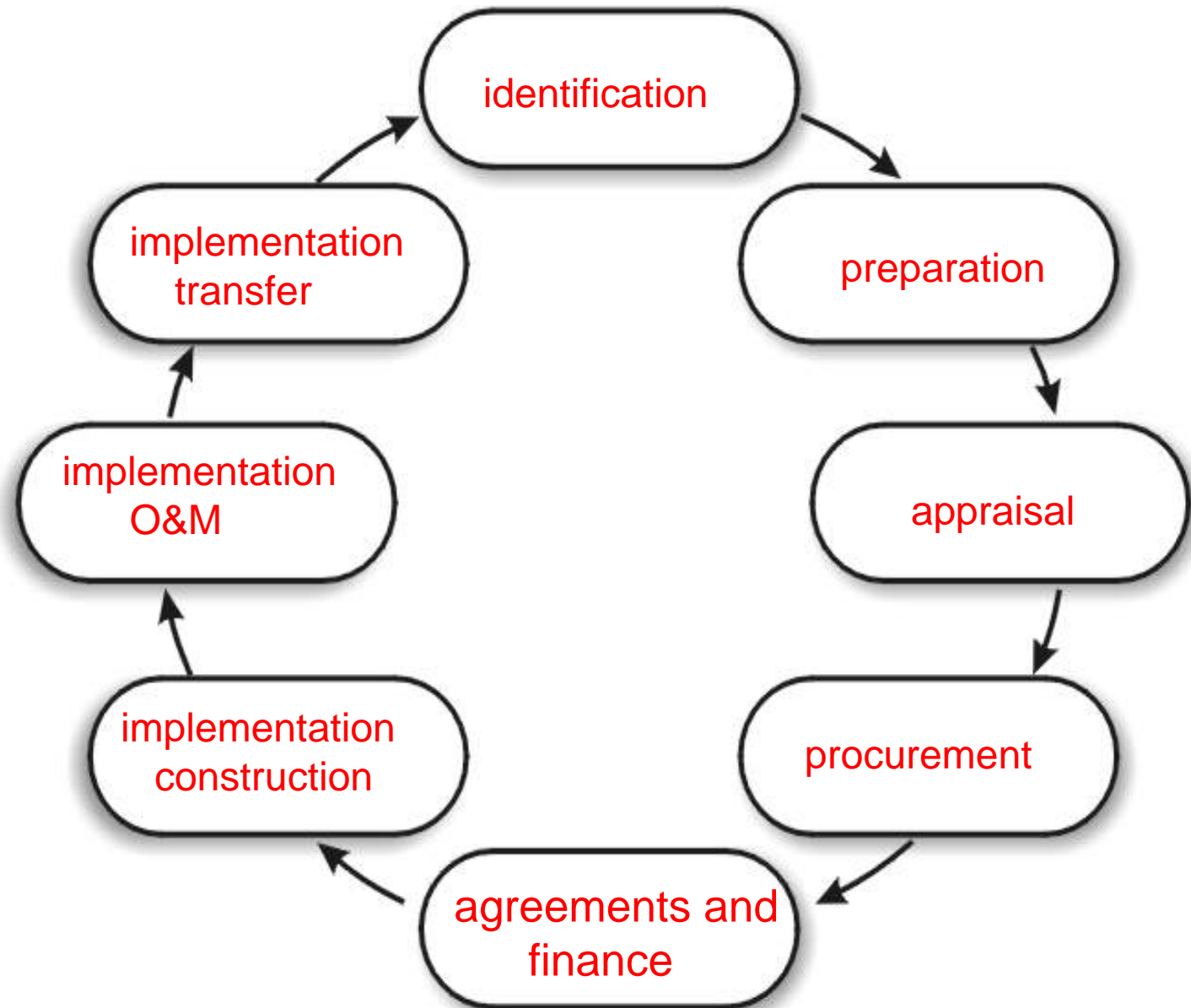
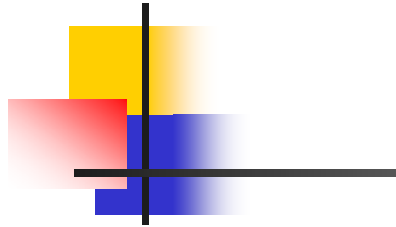




## Public Private Partnership is

Work together (or *introducing*)  
**p r i v a t e** sector in financing and  
manging of **p u b l i c** sector  
/infrastructure/

# PPP Project Cycle





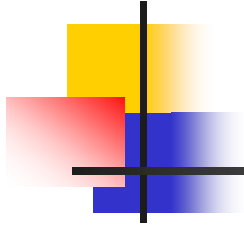
## Main differences Traditional and PPP Project Cycle

- In phase of project identification we must know that we look for project for both public and private sectors
- Different approach to design of project
- There are different interest public and private sector for komercial aspect, risks, cash flow, guarantee etc.
- Private sector prefer financial than economic appraisal. Public sector gives preferance to economic appraisal.
- If some project isn't attractive for goverment it could be attractive for private sector.
- Special Purpose Vehicel ( SPV )
- Three subphases of project implementation



## How to make attractive transportation project for Public Private Partnership **Government's measures**

- donation of the existing property
- direct payment /equity, soft loans, grant/
- participation of government in project (construction some of facilities)
- giving exclusive rights /shopping, restaurant, hotels.../
- shadow toll
- extension of concession period
- facilitate in taxes, interest, influence..



- Allocation some risks from private sector to public sector
- Improve monetary policy
- Improve legislation for competition
- reducing the traffic non-safety /level of traffic/
- guarantees
- advantages that reduce the costs of the project.



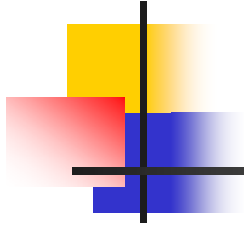


# Project Financing

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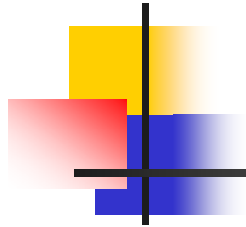
The term "project financing" is generally used to refer to a non-recourse or limited recourse financing structure (debt and equity)

Project finance is unique approach to "off balance sheet, non-recourse" financing



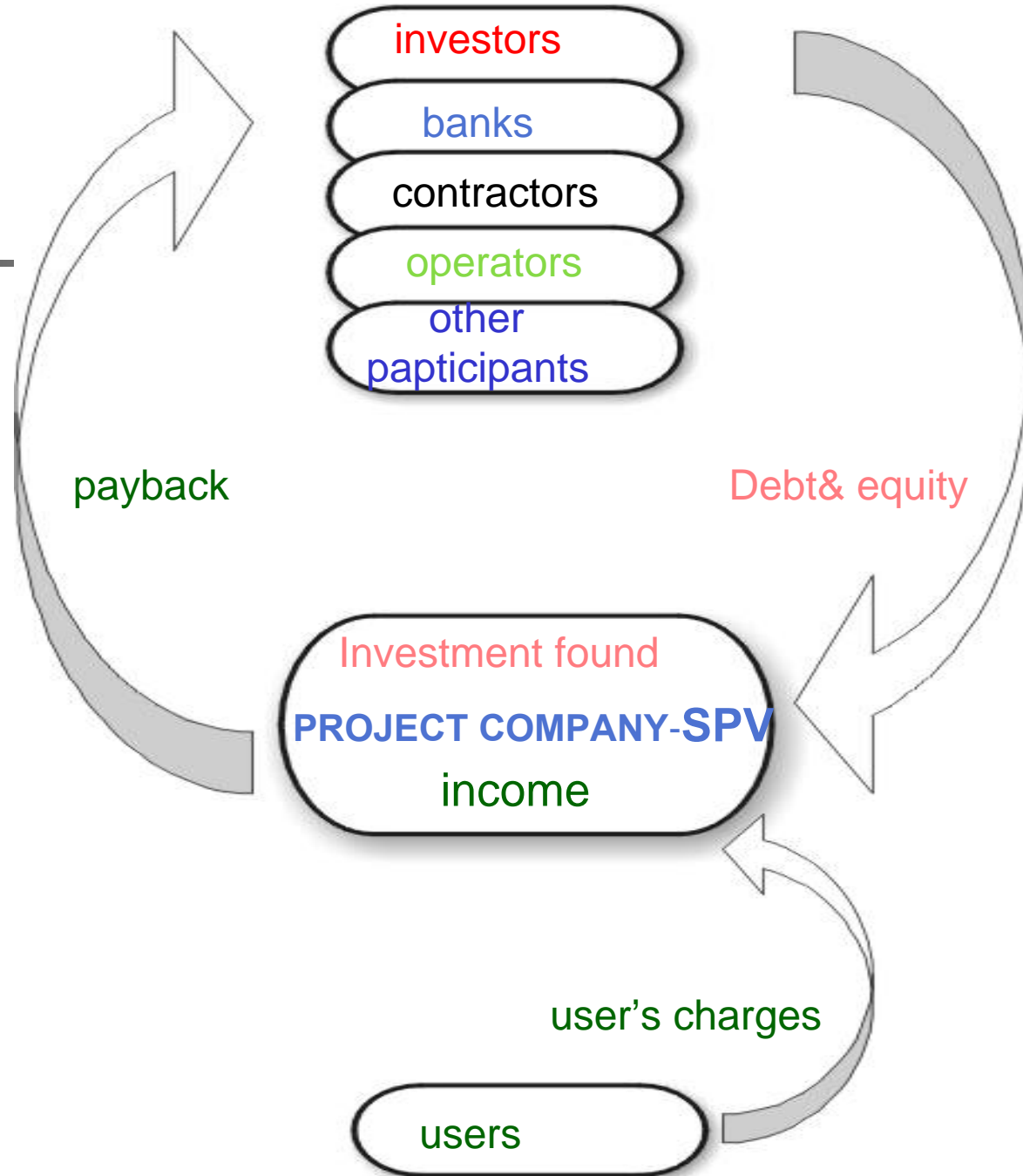
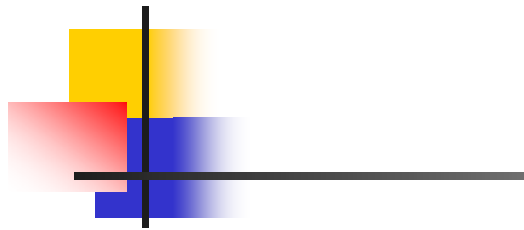
## **TWO BASIC TYPES OF PROJECT FINANCING:**

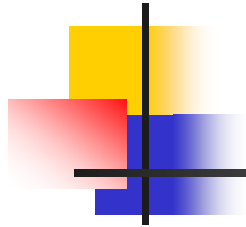
- **non-recourse project financing**
- **limited-recourse project financing**



## CONCESSION COMPANY Special Purpose Vehicle – **SPV**

- the heart of the project financing
- independent legal entity
- off balance sheet
- consist of consortium shareholders
- build, finance and operate the facility for fixed period





## **Project financing as business philosophy is oriented to market**

- Financial and commercial criteria for decision to invest in infrastructure project

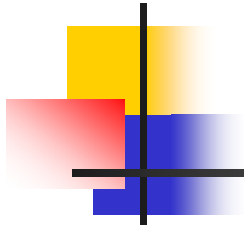


# Project financial structure

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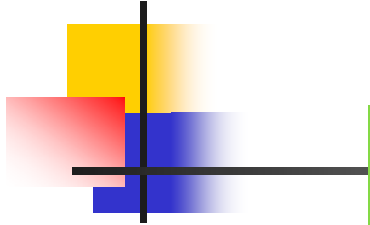
The three basic of project capital:

- Equity
- Debt
- Mezzanine



## ADVANTAGES OF PROJECT FINANCING

1. Increase the availability of finance
2. Reduce the overall risk for major project participants, bringing it down to an acceptable level



## **ALL TRADITIONALLY AND PPP PROJECT MUST TO BE GUIDED BY PCM**

- **FEASIBILITY PROJECT**
- **SUSTAINBILITY PROJECT**



**Thank you very much**

