

**PPP in Georgia**



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PPPA Georgia**

**Speaker of Round table «Developing professional competencies in the field of PPP»**

**Online Forum PPP**

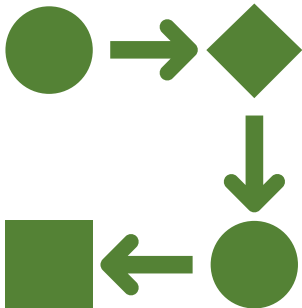


**II INVESTMENT PPP FORUM**  
**«PPP IN THE FACE OF THE PANDEMIC: CHALLENGES  
AND OPPORTUNITIES»**

# Framework



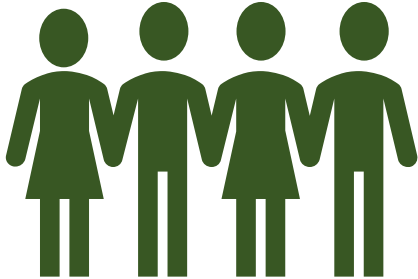
Reform



Process



Projects



PPP  
Professionals  
Network



Agency



# Reform

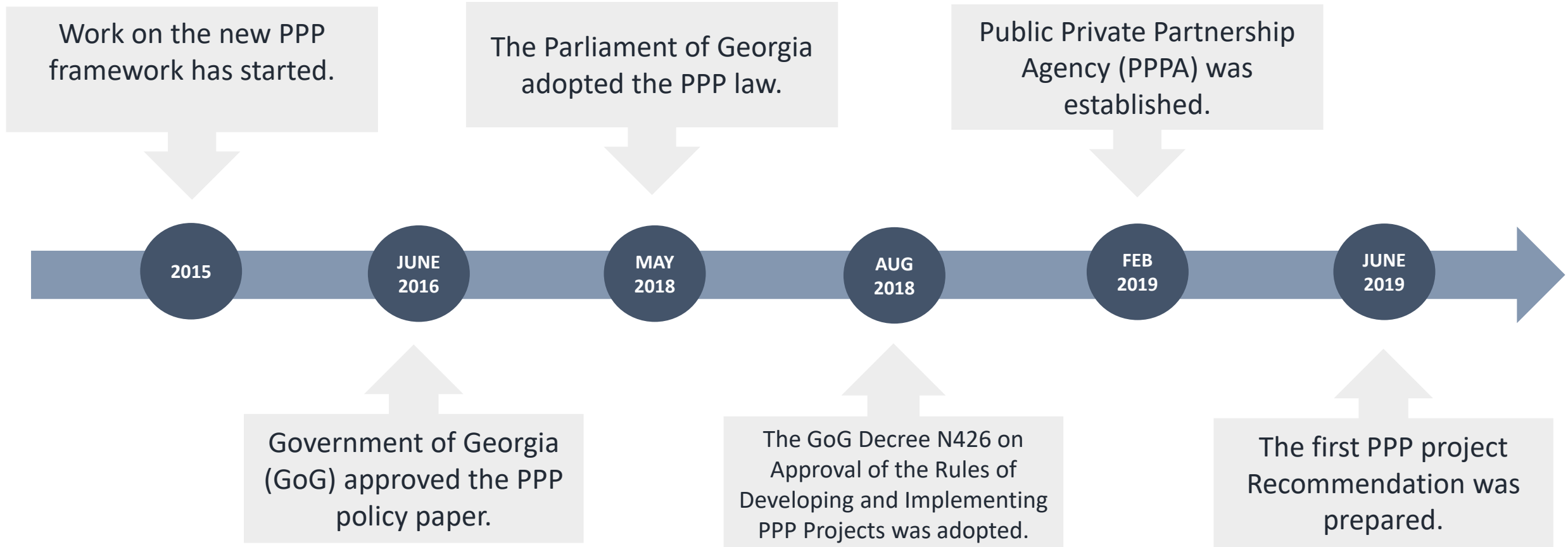
# Goals and Principles

Achieve and sustain inclusive growth and reduce poverty

- Structured
- Transparent
- Fiscally Sustainable
- Fair Risk Allocation
- Know-how/Innovative projects
- Environmentally and Socially cautious
- People first PPP (PfPPP)
- Based on International Best Practices



# History



# Sectors

## Transport

Roads, tunnels, and bridges  
Rail  
Mass transit systems  
Ports  
Airports

## Water and waste

Bulk water treatment  
Water distribution and sewerage systems  
Solid waste management services

## Power

Generation assets  
Distribution systems

## Social and government infrastructure

Education—school facilities and services  
Health—hospitals and other health facilities and services  
Prisons  
Urban regeneration and social housing projects

All Sectors Except Defense and Mining



# How we do it

Smart Regulation



One-stop-shop for both  
Private and Public Sectors

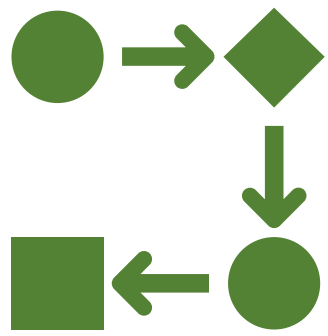


Institution Building



Network of Government  
PPP professionals





# Process



# PPP Project Phases



## PHASE 5 –EX-POST EVALUATION

- Monitoring of the pre-agreed indicators
- Providing update to GoG



## PHASE 4 –PROJECT IMPLEMENTATION

- Regular data collection
- Annual Report



## PHASE 1 - PPP PROJECT IDENTIFICATION AND INITIATION



- PCN
- Ministry of Finance – Opinion/Conclusion
- Public Private Partnership Agency – Recommendations



## PHASE 2 - PROJECT PREPARATION



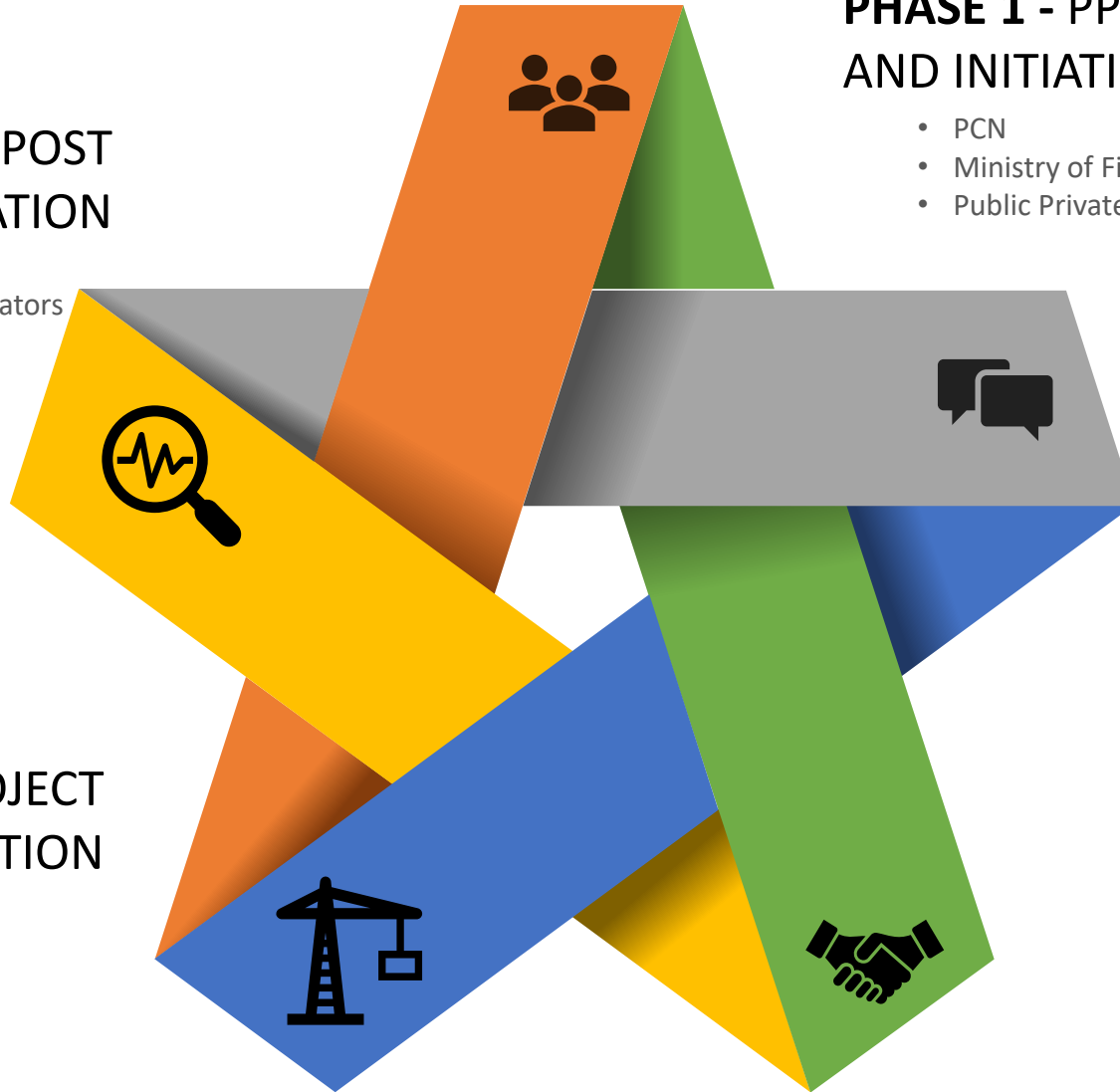
- Economic, financial and Technical analyses
- Fiscal Risk Assessment
- Value for Money



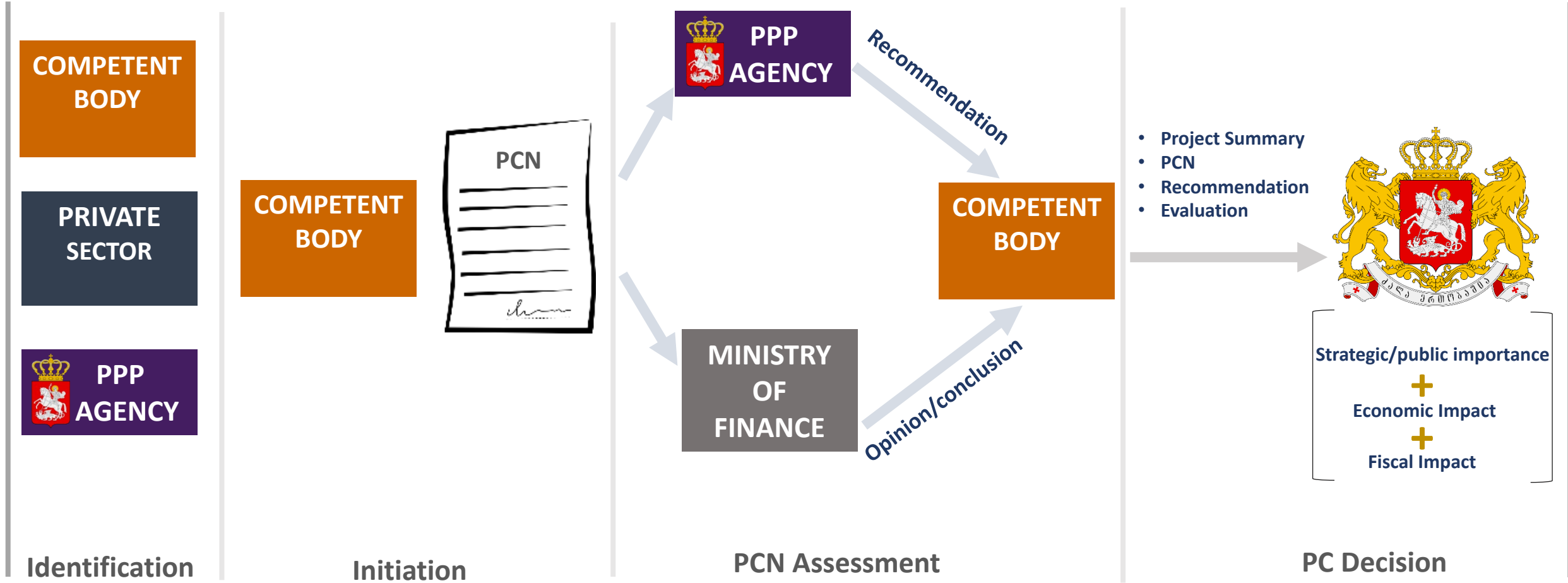
## PHASE 3 – SELECTION OF PRIVATE PARTNER



- Tender / Direct negotiation\*
- Identification of the private partner
- Cost recovery scheme



# PHASE 1 - PPP PROJECT IDENTIFICATION AND INITIATION



# PPP Project Criteria

At least  
**5 years**

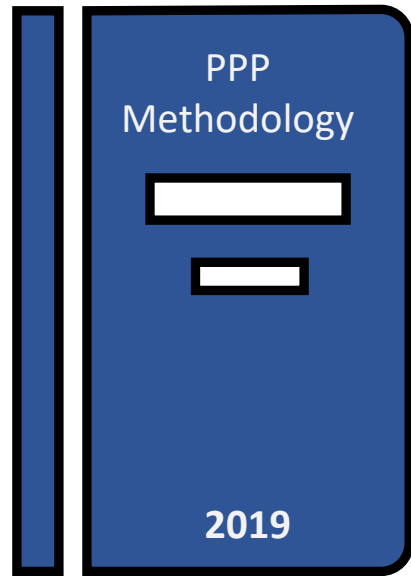
Provision/Creation of a public service/**infrastructure** by the private partner

No less than  
**GEL 5 m\***

Full / partial  
**private financing**

**Risk sharing**

# The new Methodology and Guidelines

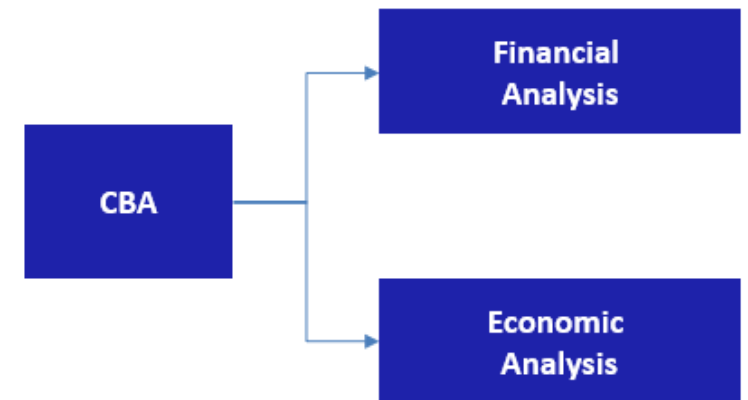
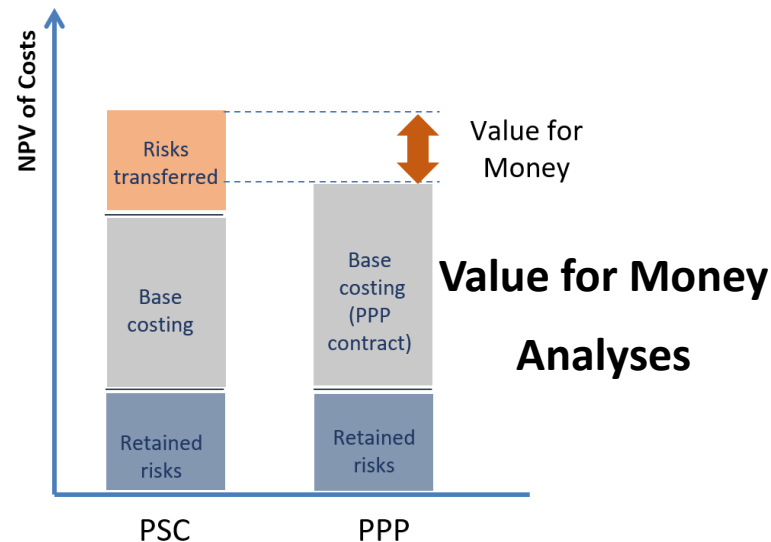


- Based on best international practices that are adjusted to Georgian reality
- The document is developed together with the MoF and the PPP Agency, with the assistance of international partners.



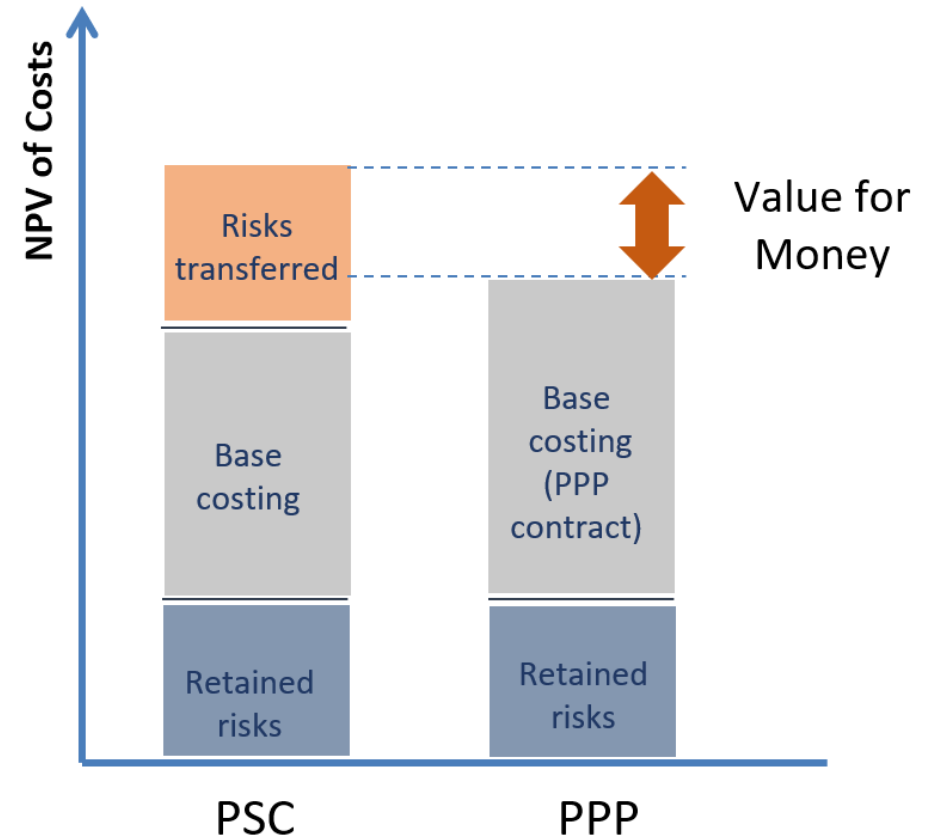
## Fiscal Affordability and Risk Assessment

PUBLIC PRIVATE PARTNERSHIPS FISCAL RISK ASSESSMENT MODEL USER GUIDE



# Value for Money

- VfM Analysis incorporates values gained from improved efficiency, lower risks, and other qualitative considerations.
- VfM compares the value of a project developed by the government vs. a project developed through a PPP. *(Nathan Associates)*



The “value for money” assessment of a PPP should include traditional notions of generated net economic benefit for the public in terms of quantity, quality of the service or facility, cost and risk transfer over the project life, but also outcome-based performance that brings the greatest benefit to the people the project aims to serve including achievements of the SDGs. *(UNECE)*

# Fiscal Sustainability

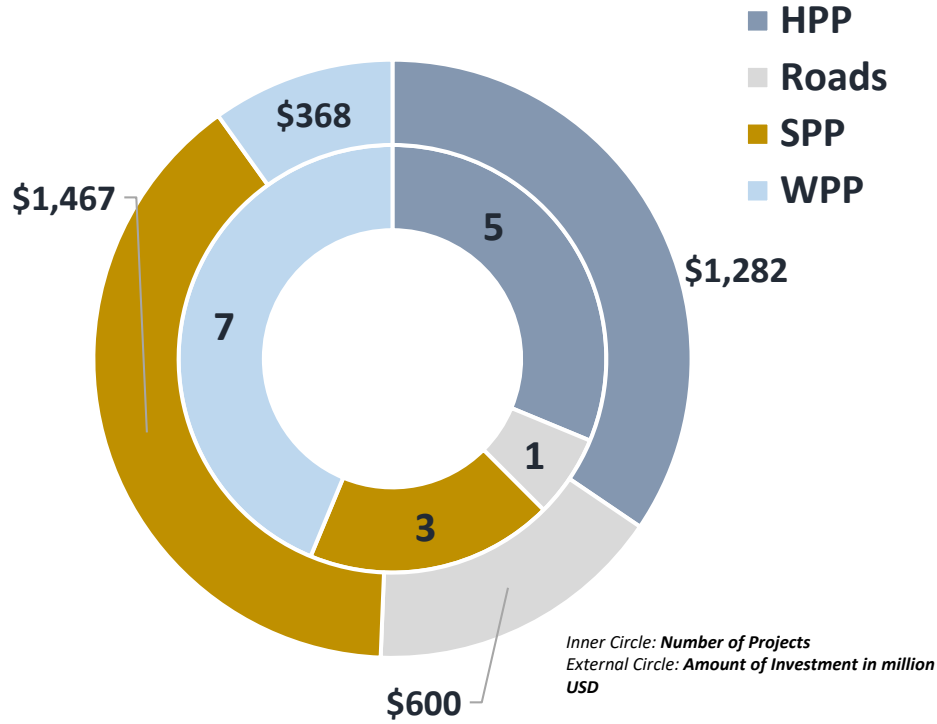
- Economic Liberty Act - **(Debt + PPP Liabilities)/GDP < 60%**
- MoF adopts : **IPSAS 32** (BOT) + **IPSAS 19** (contingent liabilities)
- Fiscal Risk assessment: PFRAM (IMF&WB)
  
- **Current IMF arrangements:**
  - *6 USD cents*
  - *8 months (winter months)*
  - *10 years*



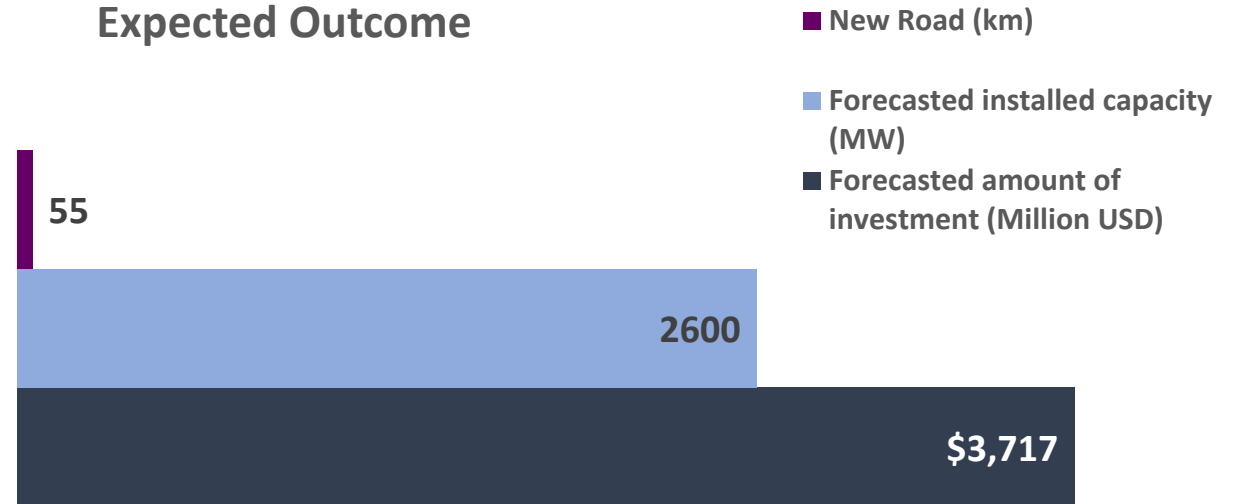


# Projects

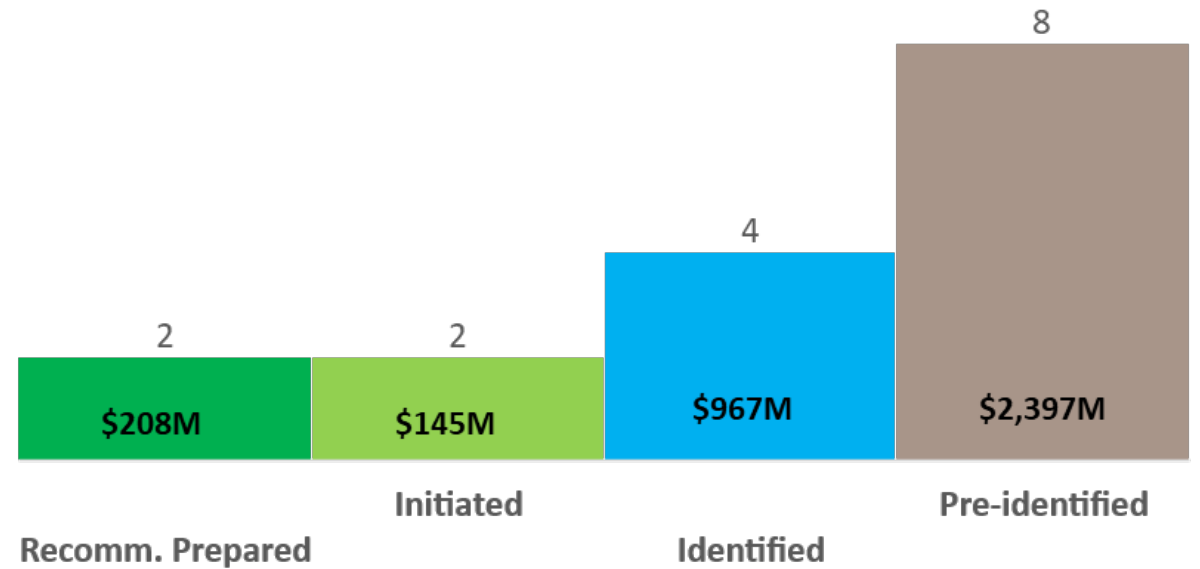
# Projects Reviewed by the Agency 2019



## Expected Outcome

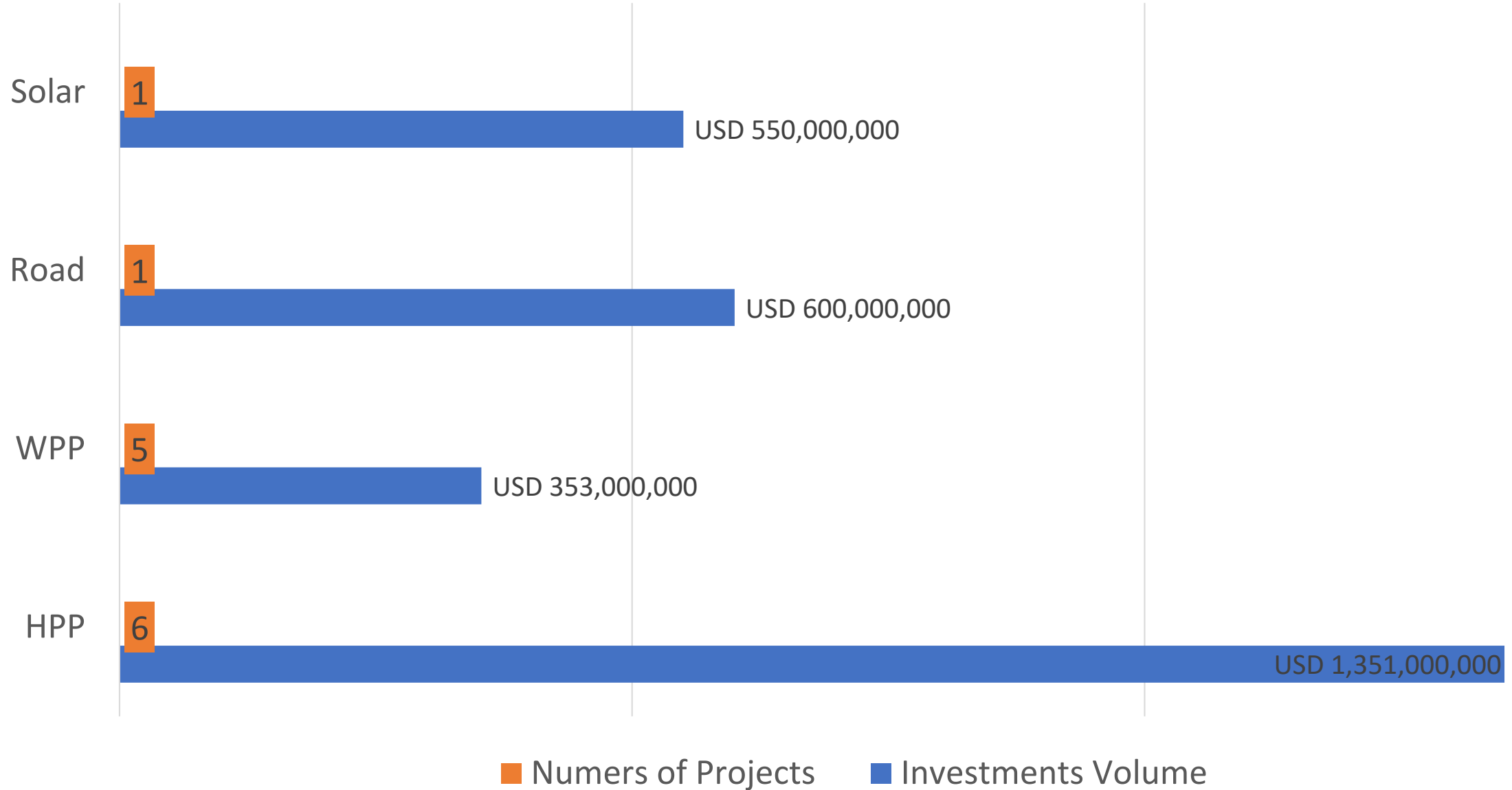


## Project Development Stages





# PPP PROJECTS UNDER REVIEW 2020





# Government PPP Professionals

# Network of Government

## PPP Professionals




90 Representatives

40 State agencies











Central Government  
(10)

Municipalities  
(20)

Governors/Autonomous Republic  
(10)

-  Ministry of Regional Development and Infrastructure
-  Ministry of Economy and Sustainable Development
-  Ministry of Finance
-  Ministry of Education, Science, Culture and Sport
-  Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs
-  Ministry of Environmental Protection and Agriculture
-  Ministry of Foreign Affairs
-  United Water Supply Company of Georgia
-  Georgian National Energy and Water Supply Regulatory Commission
-  GEDF Georgian Energy Development Fund

-  Tbilisi City Hall
-  Rustavi Municipality
-  Batumi City hall
-  City Hall of Zugdidi Municipality
-  Kutaisi City Hall
-  City Hall of Ambrolauri Municipality
-  City Hall of Tsalenjikha Municipality
- + 13 other municipalities**

-  Government of Autonomous Republic of Adjara
-  Administration of State Representative in Kakheti
-  Administration of State Representative in Dusheti, Tianeti, Mtskheta and Kazbegi Municipalities
-  Administration of State Representative in Kvemo Kartli
-  Administration of State Representative in Shida Kartli
-  Administration of State Representative in Samtskhe-Javakheti
-  Administration of State Representative in Guria
-  Administration of State Representative in Samegrelo-Zemo Svaneti
-  Administration of State Representative in Racha-Lechkhumi-Kvemo Svaneti
-  Administration of State Representative in Imereti

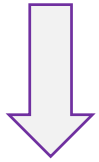


# Agency

# Structure Team Philosophy

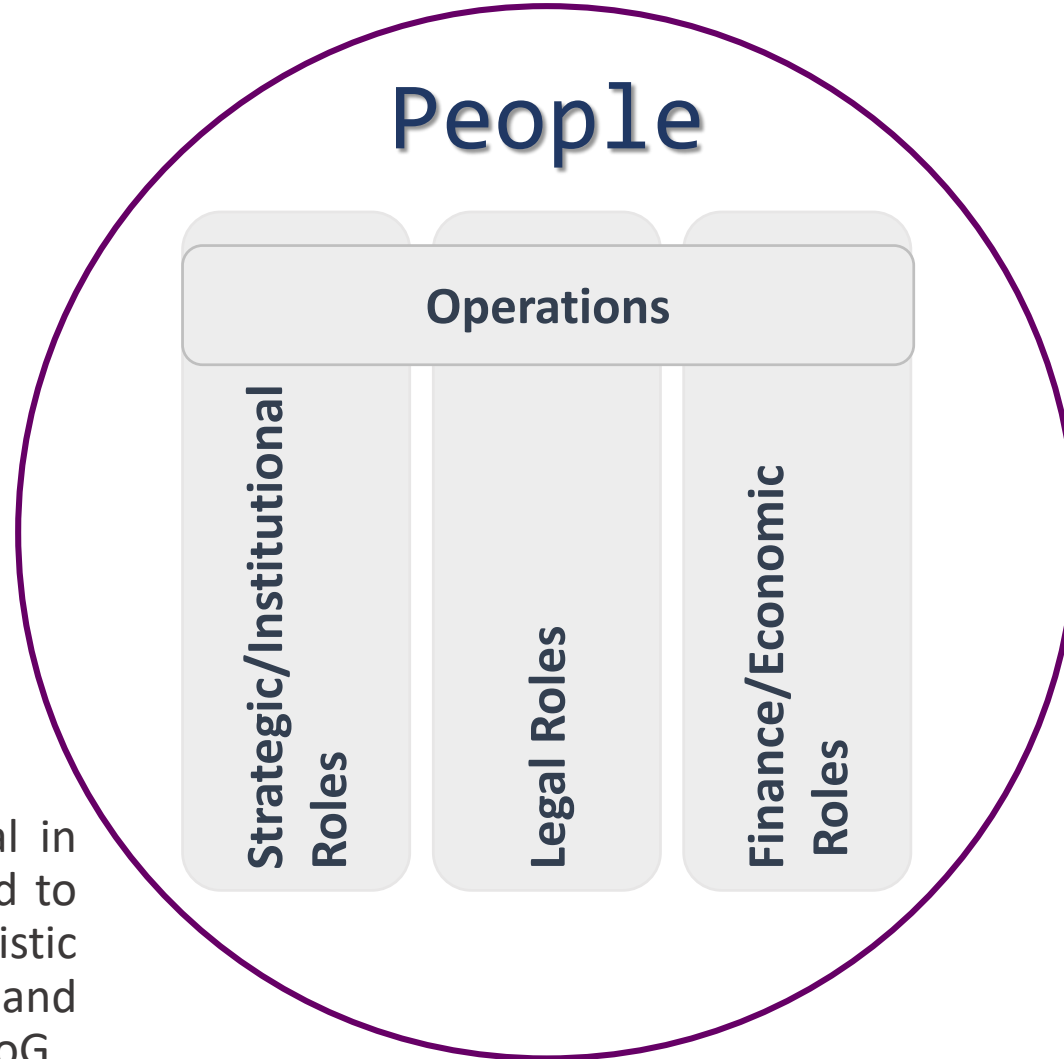


Prime Minister



PPP Agency

The Agency became operational in February 2019; and is mandated to provide independent and wholistic evaluation of PPP projects and prepare recommendations for GoG.



- Small
- Efficient
- Open & Friendly
- Agile
- Innovative
- Digital first

# Main functions

## PROJECT PREPARATION

- Identify potential PPP projects, sectoral pipelines, and propose them to a competent body (CB);
- Assist CBs in identifying potential PPP projects;
- Assist in managing small scale PPP projects;
- Recruit consultants at any stage of the PPP process;
- Assist the private sector partners with the PPP related issues;
- Assist CBs in preparing relevant documentations for the PPP project;
- Participate in tender committees.

## ANALYTICS & POLICY

- Assess project concept notes submitted by CBs and prepare recommendations;
- Study relevant documentations related to PPP projects for preparing comprehensive recommendations;
- Review information related to implementation of PPP projects;
- Draft standard articles and templates for PPP contracts;
- Develop amendments to the PPP regulatory framework;
- Develop PPP project prep. guidelines (with the MoF);
- Create and manage a detailed database of PPP projects.

## COORDINATION/ CAPACITY BUILDING

- Create mechanisms of efficient coordination and information exchange between relevant stakeholders;
- Organize trainings, workshops, study trips and conferences on PPP related topics.

# Thank you for your attention

სსიპ საჯარო და კერძო თანამშრომლობის სააგენტო  
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