



HOW WE ATTRACT PRIVATE CAPITAL TOWARDS ACHIEVING PUBLIC OBJECTIVES?

Chisinau 8-9 november, 2012

TOOLS FOR ATTRACTING PRIVATE CAPITAL IN PUBLIC SECTOR

- ▶ **Public-Private Partnership** – the most adequate formula of attracting and orientation of the private capital in public investments, advantages of such a tool are risk sharing between the partners, access to private investment and know-how, including management.
- ▶ **Privatization** – activity which includes public property transfer to a private, activity orientated to decrease state participation to a property administration;



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PPP POLICY DEVELOPMENT

Public-Private Partnerships has become the main tool in realizing public policy's. Development and valuation of the PPP mechanism is one of the objectives included in **Activity program of the Moldova's Government: EU integration, Liberty, Democracy, Welfare**. This objective is going to be realized using the following actions:

- ▶ **PPP promotion through regional project implementation, economical, social, and infrastructure, in reconstruction, modernization, construction and transport infrastructure maintenance, alternative energy resources and energy efficiency, in creation of industrial parks.**
- ▶ **Establishing Governmental PPP network, which will allow a proper coordination of the PPP activity, between central Governmental institutions.**
- ▶ **PPP implementation for e-transform and attraction of the local and foreign investments, etc.**



Actions taken by the Government for implementing PPP Law

- ▶ Establishing National Council for Public-Private Partnership.
- ▶ Approving list of public property and the list of public works and services of public national interest proposed for public-private partnership.
- ▶ Approving the Regulation for standard procedures and general conditions for selecting the private partner.



PPP INSTITUTIONALIZATION BY CREATING NATIONAL COUNCIL FOR PPPs

Government Decision nr.245 from 19 April 2012 on **National Council for Public-Private Partnership** regulates:

- ▶ **Nominal compound** of National Council for Public-Private Partnership ;
- ▶ **Regulation for** National Council for Public-Private Partnership.

National Council for Public-Private Partnership is a functional structure with general competence, without juridical registration, established to evaluate and to consult Government on state PPP policy, for defining priorities and strategies for PPP implementation in the Republic of Moldova.



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Regulating standard procedures and general conditions for selecting the private partner

Government Decision nr. 476 from 04.07.2012 on Regulation on standard procedures and general conditions for selecting the private partner

General provisions of Regulation:

- ▶ General principles for selection of private partners in the competition procedure.
- ▶ Commission regulation of private partner selection.
- ▶ Procedures for awarding PPP contracts.
- ▶ General conditions for the application of competition for selection of the private partner through competition with prequalification.
- ▶ Monitoring, control and tracking partnerships projects initiated at the Government level.



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HIGHLIGHTING SECTORS AND PUBLIC INFRASTRUCTURE PROJECTS OF NATIONAL INTEREST PROPOSED FOR DEVELOPMENT THROUGH PPP

Government Decision on the list of public property and the list of public works and services of public national interest proposed for public-private partnership reveal sectors and public infrastructure projects of national interest proposed for development through public-private partnership.

In two separate lists:

- ▶ **List of state-owned assets proposed for public-private partnership.**
- ▶ **List of public works and services of national interests proposed for public-private partnership.**



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CONDITIONS FOR SUCCESSFUL IMPLEMENTATION OF PPPs

- ▶ Developing a sectorial strategy/policy for public - private partnership, at country level, implementation of pilot projects in each sector (economic / social) of the national economy;
- ▶ identify projects based on public needs, promote projects for intensive infrastructure financing;
- ▶ Ensuring a well balanced dialogue with financial institutions from Moldova to develop lending tools for the PPP projects;
- ▶ Respect the conditions for the implementation of public private partnership project described in PPP legislation, ensuring a competitive dialogue, ensuring an open and transparent tender;
- ▶ Developing feasibility studies that are able to propose the most advantageous form of financing in benefit for the public consumer, to ensure the profitability and bankability of PPP project;
- ▶ Harmonization of legislation related to public-private partnerships with international best practice for including the concept of public - private partnership in the purposes of international understanding, particular connection and adoption of the legislation of the Republic of Moldova with the European Union one;





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PPP projects in progress

“MOLDOVA HEALTH PPP PROJECT ”

Project initiated by the Ministry of Health based on Government Decision no. 1116 dated 06.12.2010. Which provides:

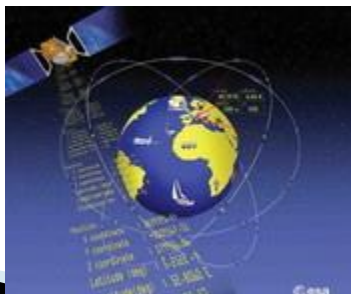
- The construction, financing, equipping and operation of a new radiotherapy center (“Radiotherapy Center”)
- The equipping and operation of a diagnostic imaging center (“Diagnostic Imaging Center”) in Republican Hospital
- Duration of concession 12 years
- Purpose of medical imaging and radiology service in the Republican Hospital
- The objective modernization of medical imaging and radiology services to Republican Hospital
- The investment 61,542,327 MDL
- Fee 5%
- Year 2011 to initiate investment
- Year of completion of investment in 2013
- Note: On 24.11.2011 was signed the public-private partnership in the Republican Hospital Radiology and Diagnostic Imaging Services between Republican Hospital and Ministry of Health in their capacity as public partners and LLC “Magnific” as to the investor and LLC “EUROMED diagnosis” as a private partner.



PPP projects in progress

Public-private partnership project for the implementation of tachograph cards in Moldova

- Project initiated by the Ministry of Transport and Road Infrastructure
- Duration of concession 5 years
- Purpose: tachograph card implementation in road transport of passengers and goods in RM
- The objective: to improve transport market by providing and maintaining free competition, improving quality and compliance with transport safety and welfare of drivers of vehicles carrying out road transport to ensure compatibility with control structures of the European Union.
- The investment 8,289,254 MDL
- Year to initiate investment 2010
- Year of completion investment 2015
- On 20 October 2010 was signed a PPP contract. Contracting parties are Ministry of Transport and Road Infrastructure, TC "Certsign" and JSC "MD-CIA" AND SE "Gărilor și Stațiile Auto".



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Law nr. 121/04.05.2007 on administration and privatization of public property

Privatization is carried out through the following ways :

- ▶ Stock Exchange sale;
- ▶ Sale at auction;
- ▶ Sale by commercial competition or investment, including individual project basis.



Public Property Agency is organizing a new round of privatization of state public property, during November-December 2012, in the manner provided by law

Between 20 to 23 November 2012 will be held:

- **"outcry" auctions on the Stock Market** for the sale of publicly owned shares of 38 joint stock companies. In 16 stock companies with state share participation higher than 51%, including "Armo-beton" (100%) of "Farmaco" (94.614%), JSC "Floare-Carpet" (59.486%), etc..

The total amount of funds, relative to the initial sales price, is **615 789 779 MDL**.

In the period October 26 to December 6, 2012 will be exposed to:

- **investment contest** for theaters in cities Glodeni, Stefan Voda Telenesti Rezina Leova and Vulcanesti.

The total amount of funds, related to the initial sale price is 2,967,000 MDL, minimum investment - 9,800,000 MDL, with their realization within 3 years.

- **commercial contest** for 10 state enterprises (single property complex), including state enterprise "Fabrica de sticla Chisinau" provided to maintain mandatory profile, SE "Sovhoz ul apicol de reproducere", or. Edinet is exposed for the first time; foreign-affiliated company 100% "Sanatoriul - Sanatate" in Ukraine, Belgorod-Dniester district, or. Sergheevka and a distinct good (aircraft YAK-40).

The total amount of exposure to commercial competition is **610 500 000 MDL**.

The deadline for submission of bids for participation in competitions – **06 decembrie 2012**.



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Public Property Agency is organizing a new round of privatization of state public property, during November-December 2012, in the manner provided by law

On November 22, 2012 will be held :

- ▶ **"outcry" auction** for the privatization of 10 unfinished buildings, 11 complex of immovable property under the management of the State Road Administration, the state social in a limited liability company or other immovable state property.

Initial sales price of unfinished constructions are— **83 764 300 MDL.**

- ▶ **"discount" auction** for the privatization of five rural unfinished buildings.

Expected amount of funds, relative to the initial sales price, is **2 265 000 MDL.**

According to p.24 of Regulation discount auction and approved by Government Decision no. 136 of 10 February 2009 initial price reduction goes up to 50 percent of the price of exposure, so the total price - minimum sale can be estimated at 1,132,500 MDL.

Overall, the initial sales price of state-owned property offered for sale in November-December 2012 is estimated at 1, 3 billion MDL.



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Expected revenue forecast as a result of exposure to privatize state-owned assets in the period October-December 2012, reported on the initial sale price

<i>Exposure form</i>	<i>Price exposure / volume of investments</i>
Stock Market auctions, from 20 to 23 November 2012 - Public owned state securities of 38 joint stock companies, including: <i>> 51% - 16 joint stock companies</i> <i>< 51% - 22 joint stock companies</i>	615 789 779 481 003 584 134 786 195
Investment contest, between 26.10 - 06.12.2012 cinemas in cities, Glodeni, St Voda ,Telenesti, Rezina, Leova, Vulcanesti Minimal investment / deadline	2 967 000 MDL <i>9 800 000 MDL / 3 years</i>
Commercial competition, from 26.10 - 06.12.2012 (10 single property complex and distinct good)	610 500 000 MDL
“Outcry” auction, November 22, 2012 (10 unfinished buildings, 11 real estate complexes, a state enterprise (unique property complex), the social state participation of a limited liability company)	83 764 300 MDL
* Discount Auction, November 22, 2012 (5 unfinished buildings located in rural areas) * Note: (under Regulation of “outcry” auction and “discounted” auction, price can be reduced up to 50 percent of the exposure price)	<i>Initial sales price / up to 50%</i> 2 265 000 MDL/ 1 132 500 MDL
Total: <i>Investments:</i>	1 315 286 079/ 1 314 153 579 9 800 000 MDL



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