Information Notice

on PPP projects (selected countries)

Business Forum

23 February 2012
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Please note: This information has been reproduced in its complete form from submissions of countries presenting at the Business Forum of PPP Days 2012.
JAPAN

1. PPP Policy Programme

- The Act on Promotion of Private Finance Initiative (“PFI”)
- Amendment of Local Autonomy Act in 2003 (“Designated manager system”)
- Act on Reform of Public Services by Introduction of Market Testing (“Market testing”)
- Special Measures for Urban Renewal Law (“Urban development”)

2. Experience to date with PPPs

- There has been a long history of practices of outsourcing and privatization. In the infancy of “utilizing private sector” regime, Japan implemented the “third sector,” public and private joint ventures in 1980’s. The third sector turned out to be failures in most cases. The concept of the third sector was largely applied to resorts, railroads and residential developments in order to bring private sectors’ money and experiences into local economy as Japan’s economy and land price were booming in late 80’s. However, because of its inadequate structured contract, which resulted from poor risk assessment and allocation, many third sectors went bankruptcy and have left a lot of financial burden on public sectors.

- The introduction of **Private Finance Initiative (PFI)** was in 1999. PFI brought more transparent procurements, value for money concept, advance risk allocation and structured contractual relationship between public and private sectors. With 12 years of practice, there have been almost 400 projects are implemented.

- The PFI Law was amended in 2011. With this amendment, the government targeted the total project cost of PFIs to reach 10trillion JPY by 2020, which is twice as much as past 10 years of practice. Concession system was newly introduced. And there are many infrastructures (i.e. airports, waters, sewers etc) to be contracted out. It also clarified the procedures which public sectors should take upon receiving unsolicited proposals.

- The **“Designated Manager System”** is a newly introduced contracting system in the field of management and service delivery of local government-owned facilities. And even with less than 10 years of experience, it is most widely used PPPs in Japan, with more than 70,000 projects. Introduction of this system opened the opportunities of public facility operation and management to private entities.

- One of the latest PPP systems implemented is **Market testing**. More than 30 public services were market tested, including local government’s window clerks and public employment security office.

- The Special Measures for Urban Renewal Law was enacted in 2002. This law was intended to promote private involvement in **redevelopment of deteriorated metropolitan areas** by giving economic incentives and deregulations. The law was renewed and incentives were added: tax breaks, financial supports, and government guarantees.
PFI experience: about 400 projects have been implemented across wide variety of sectors and government levels

<table>
<thead>
<tr>
<th>Public administration buildings</th>
<th>Central Government Building No.7, Morioka National Government Office Building No.2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospitals</strong></td>
<td>Tokyo Metropolitan Cancer and Infectious diseases Center Komagome Hospital</td>
</tr>
<tr>
<td><strong>Prisons</strong></td>
<td>Mine Rehabilitation Program Ctr, Shimane-Asahi Rehabilitation Program Ctr</td>
</tr>
<tr>
<td><strong>Schools</strong></td>
<td>Yokkaichi elementary and junior high schools, University of Tokyo, Kyoto City Elementary School Air Conditioning</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>Airport(Passenger and freight terminal buildings), sports facilities, satellite, school meal service centers, museums, public housings,</td>
</tr>
</tbody>
</table>

3. Project proposals planned in the short term

- **Concession of Airports**: Sendai Airport, Kansai and Itami Airport
- **Creation of the public and private infrastructure fund**: National PFI Promotion fund (starting up with 25 billion JPY, 50 billion is funded by the government and the rest by private sectors), Tokyo metropolitan government (for small power generation plants and green energy infrastructures)
- ** Redevelopment/Rehabilitation of infrastructures**: at least 8.1 trillion JPY needed to redevelop buildings, water/sewer pipes, roads, bridges (i.e. Metropolitan Expressway in Tokyo)

4. Key investment incentives and government supports available for PFI

- Maximum length of debt burden of the national government was extended from 5 years to 30 years (Article 11)
- Lending of government property (Article 11 section 2 and 3)
- Free use of government-owned properties (Article 12)
- Interest-free lending (Article 13)
- Consideration on the issuing of local government bonds and securing funds (Article 14)
- Consideration for the acquisition of land (Article 15)
- Supports (Article 16) or deregulation (Article 17)
- Use of estate in vadio (gage) (Article 20)

5. For more information

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Fax: +81 (0)3 3231 1610
E-mail: ml-ppp@toyo.jp
1. PPP policy programme

The Program for the development of Public-Private Partnerships in Kazakhstan for 2011-2015 was adopted by the Government of Kazakhstan in June 2011. The Program aims to strengthen the legislative and institutional framework in order to accelerate implementation of infrastructure investment projects through PPP. According to the Program, the Government of Kazakhstan plans to implement at least 15 PPP projects with a total investment value in excess of US$6 billion by 2015. The country’s PPP program is being implemented at both the central and regional level, with a wide variety of projects being developed across multiple sectors. This broad portfolio of potential projects, coupled with the country’s ability to offer a broad variety innovative state-sponsored financial support mechanisms, makes Kazakhstan a uniquely attractive investment opportunity for public-private-partnerships.

2. Experience to date with PPPs, including some notable PPP successes

<table>
<thead>
<tr>
<th>№</th>
<th>Name of the project</th>
<th>The cost of construction of the facility (USD)</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Construction and operation of Aktau International Airport passenger terminal</td>
<td>$27 million</td>
<td>Operations phase.</td>
</tr>
<tr>
<td>3</td>
<td>Construction and operation of a complex of 11 kindergartens in Karaganda region.</td>
<td>$39,58 million</td>
<td>Financial close achieved. Construction underway.</td>
</tr>
</tbody>
</table>
3. Project proposals planned in the short term

<table>
<thead>
<tr>
<th></th>
<th><strong>TRANSPORT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Reconstruction and operation of motor way «Astana-Karaganda»</strong> <em>(current status: feasibility study is under reconsideration)</em></td>
</tr>
<tr>
<td></td>
<td><strong>Main characteristics</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Planned costs of construction (USD)</strong> 1</td>
</tr>
<tr>
<td></td>
<td><strong>Financial compensation / State supports</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Capacity/ intensity</strong></td>
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<tr>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Reconstruction of «Almaty-Kapshagay» highway</strong> <em>(current status: feasibility study is being amended. Economic examination is scheduled for late 2012.)</em></td>
</tr>
<tr>
<td></td>
<td><strong>Main characteristics</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Planned costs of construction (USD)</strong> 1</td>
</tr>
<tr>
<td></td>
<td><strong>Financial compensation / State supports</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Capacity/ intensity</strong></td>
</tr>
</tbody>
</table>

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1 The planned costs of construction (which are originally in KZT) are converted into US dollars using the official exchange rate of the National Bank of Kazakhstan of 1 USD = 148.3 KZT correct as of 15.02.2012
### 3. The introduction of intellectual-transport and payment system (ITPS) and operation of the «Astana-Schuchinsk» motor way (current status – feasibility studies are underway)

<table>
<thead>
<tr>
<th>Main characteristics</th>
<th>Total length «Astana -Petropavlovsk» - 237 km, number of lanes - 6.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession period</td>
<td>20 years</td>
</tr>
<tr>
<td>Planned costs of construction (USD)</td>
<td>138.8 million</td>
</tr>
<tr>
<td>Financial compensation / State supports</td>
<td>Investor compensated through user payments (tolls). State financial supports are not envisioned at this time.</td>
</tr>
<tr>
<td>Capacity/ intensity</td>
<td>Designated speed – 150 km/hour  \nPlanned capacity of one payment point of ITPS on “closed” system - 1600 automobiles an hour. \nPlanned number of ITPS on “closed” system – 4 points, on “open” system -2 points.</td>
</tr>
</tbody>
</table>

### 4. Construction and operation of the bus station in the city of Aktau (current status – feasibility study is underway. Economic examination is scheduled for March – April 2012)

<table>
<thead>
<tr>
<th>Main characteristics</th>
<th>On 4.28 ha, the concessionaire is expected to design, build, finance, operate and maintain a three story bus terminal in accordance with specified service requirements, including the following facilities: Bus station terminal (1814.7 m²)\nRepair center with car wash (851 m²)\nHeating room (108 m²); Technical building (56 m²).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession period</td>
<td>30 years, including a 3 year construction period</td>
</tr>
<tr>
<td>Planned costs of construction (USD)</td>
<td>10.1 million (1498.1 million tenge)</td>
</tr>
<tr>
<td>Financial compensation / State supports</td>
<td>TBD. It is envisioned that compensation will be comprised principally of user payments, with the possibility of certain state supports, if so required.</td>
</tr>
<tr>
<td>Capacity/ intensity</td>
<td>Planned capacity – 1200 passengers per day, growing eventually to a maximum of 3900 passengers per day.</td>
</tr>
</tbody>
</table>

### 5. Construction and operation of the railway station at Mangyshlak (Tamak) Mangistau region (current status – feasibility study is under way)

<table>
<thead>
<tr>
<th>Main characteristics</th>
<th>Three story railway station building with a capacity of 1700 passengers per day. Minimum area requirement is 9 878 m², including: - Terminal building (7614 m²); Hotel (1 560 m²); Luggage department (540 m²); Heating room (108 m²); Technical building (56 m²).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession period</td>
<td>30 years</td>
</tr>
<tr>
<td>Planned costs of construction (USD)</td>
<td>30.7 million (4546.9 million tenge)</td>
</tr>
<tr>
<td>Financial compensation / State supports</td>
<td>TBD. It is envisioned that compensation will be comprised principally of user payments, with the possibility of certain state supports, if so required.</td>
</tr>
<tr>
<td>Capacity/ intensity</td>
<td>Capacity of the station – up to 3900 passengers per day</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td><strong>Expansion of Aktau international sea trade port. Dry-cargo mooring and related infrastructure</strong> <em>(current status – feasibility study is underway)</em></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Main characteristics</strong></td>
<td>Dry-cargo mooring and related infrastructure, including port facilities, power generation; etc.</td>
</tr>
<tr>
<td><strong>Concession period</strong></td>
<td>30 years, including construction period (2013-2015)</td>
</tr>
<tr>
<td><strong>Planned costs of construction (USD)</strong></td>
<td>120 million</td>
</tr>
<tr>
<td><strong>Financial compensation / State supports</strong></td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Capacity/ intensity</strong></td>
<td>TBD</td>
</tr>
</tbody>
</table>

**EDUCATION**

<table>
<thead>
<tr>
<th><strong>7</strong></th>
<th><strong>Construction and operation of the Temirtau kindergarten complex</strong> <em>(current status: bidding procedures. Finalization of bids and start of examination of the bids is scheduled for 27.02.2012)</em></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main characteristics</strong></td>
<td>4 kindergartens, 3 with capacity to serve 320 children, 1 with capacity to serve 280 children.</td>
</tr>
<tr>
<td><strong>Concession period</strong></td>
<td>20 years, including: a two year construction period.</td>
</tr>
<tr>
<td><strong>Planned costs of construction (USD)</strong></td>
<td>13.8 million</td>
</tr>
<tr>
<td><strong>Financial compensation / State supports</strong></td>
<td>Investor compensated through a combination of availability payments, user payments, and commercial revenues. Compensation for investment expenses of concessionaire with the value of up to 1980 million tenge (approx. <strong>US$13.35 million</strong>).</td>
</tr>
<tr>
<td><strong>Capacity/ intensity</strong></td>
<td>Total capacity: 1240 spaces</td>
</tr>
</tbody>
</table>

**POWER/ELECTRICITY SECTOR**

<table>
<thead>
<tr>
<th><strong>8</strong></th>
<th><strong>Construction and Operation of New Combined Heat-and-Power station in Karaganda (HPS-4)</strong> <em>(current status - feasibility study is underway. Economic examination is scheduled for 4th quarter of 2012)</em></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main characteristics</strong></td>
<td>Greenfield project</td>
</tr>
<tr>
<td><strong>Concession period</strong></td>
<td>30 years, including an 8-year construction period</td>
</tr>
<tr>
<td><strong>Planned costs of construction (USD)</strong></td>
<td>1.283 billion</td>
</tr>
<tr>
<td><strong>Financial compensation / State supports</strong></td>
<td>As currently envisioned, investment will be compensated through off-take agreements and user payments.</td>
</tr>
<tr>
<td><strong>Capacity/ intensity</strong></td>
<td><strong>Heating – 863 Gcal/hour</strong> (planned as of January 2012); <strong>Power – 900 MWatt</strong> (planned as of January 2012)</td>
</tr>
</tbody>
</table>
4. **Key investment incentives and government supports available**

<table>
<thead>
<tr>
<th>The Law on concession (main PPP law) provides:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Guarantees on bonds</td>
</tr>
<tr>
<td>• Grants in kind (land, buildings &amp;</td>
</tr>
<tr>
<td>constructions, equipment, tools)</td>
</tr>
<tr>
<td>• Guarantees to purchase certain amount</td>
</tr>
<tr>
<td>of goods, services, works</td>
</tr>
<tr>
<td>• Compensation for investment costs</td>
</tr>
<tr>
<td>• Transfer of exclusive rights for</td>
</tr>
<tr>
<td>intellectual rights to intellectual</td>
</tr>
<tr>
<td>property</td>
</tr>
<tr>
<td>• State guarantees to back loans</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In addition, the legislation of Kazakhstan provides approved investment projects with the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Loans and subsidized interest rates, partial guarantee to back loans, state grants, budget</td>
</tr>
<tr>
<td>loans, leasing</td>
</tr>
<tr>
<td>• Clearing from customs duties</td>
</tr>
<tr>
<td>• Provision of lands, rights to use natural, resources</td>
</tr>
<tr>
<td>• Grants for innovation</td>
</tr>
<tr>
<td>• Investment into equity</td>
</tr>
<tr>
<td>• Provision of human resources</td>
</tr>
<tr>
<td>• Provision of essential physical infrastructure for business</td>
</tr>
<tr>
<td>• Support in the internal market</td>
</tr>
</tbody>
</table>

5. **Contact point for potential private sector investors**

*Kazakhstan Public-Private Partnership Center JSC* (under the Ministry of Economic Development and Trade of Kazakhstan)
Address: 65 Temirkazyk street, Astana, Kazakhstan 010000
Tel./fax +7 7172 701724
Website: [www.ppp-center.kz](http://www.ppp-center.kz)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhomart Abiyessov</td>
<td>Chairman</td>
<td>+77172701724</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Email: <a href="mailto:abiyessov@ppp-center.kz">abiyessov@ppp-center.kz</a></td>
</tr>
<tr>
<td>Kanat Ibrayev</td>
<td>Director of International cooperation department</td>
<td>+77172701727</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Email: <a href="mailto:k.ibrayev@ppp-center.kz">k.ibrayev@ppp-center.kz</a></td>
</tr>
<tr>
<td>Yernar Zharkeshov</td>
<td>Senior Expert of International cooperation department</td>
<td>+77172701724 (int. 140)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Email: <a href="mailto:y.zharkeshov@ppp-center.kz">y.zharkeshov@ppp-center.kz</a></td>
</tr>
</tbody>
</table>
1. PPP policy programme

The Philippines government recognizes the essential role of the private sector as the main engine for national growth and development. In accordance with this pertinent incentives will be provided to stimulate private resources for the purpose of financing the construction, operation and maintenance of infrastructure and development projects normally undertaken by the Government.

The government is willing, on a case-to-case basis, to protect investors from certain regulatory risk events such as court orders or decisions by regulatory agencies which prevent investors from adjusting tariffs to contractually agreed levels. Such regulatory risk insurance could take the form of make-up payments from the government to PPP investors, other guaranteed payments, and adjustments to contract terms. The specifics of the type of protection to be offered by the government, and the mechanisms through which such protection will be offered will be part of the contract terms for each project. Such protection will only be offered for solicited projects which undergo a competitive bidding process.

Private sector investors will be selected through open competition under fair and transparent terms. All interested investors will be given a level playing field with reasonable returns and appropriate sharing of risks without compromising the protection of public interests. Through this program, end-users will be provided with adequate, safe, efficient, reliable, and reasonably-priced infrastructure services.

The projects under the PPP Program were selected based on the following criteria:

1) **Project Readiness/Preparation**
   a. Completed Feasibility Study being reconfigured for PPP,
   b. Included in the PPP pipeline projects of the Implementing Agencies,
   c. Initial preparation on-going, i.e., concept stage, hiring of consultants for Feasibility Study preparation.

2) **Responsiveness to the sector’s needs** (e.g., part of the transport network system, water supply/sewerage, electric power capacity, etc); and

3) **High Implementability** (bankable, no major issues).

The Government is committed to facilitating the approval and implementation process for PPP projects. In accordance with this, solicited proposals will be processed within six (6) months. Qualified PPP proposals must complete all necessary documents to facilitate the approval process. While the BOT Law allows for the government to process unsolicited proposals, solicited proposals will be actively promoted.

The Aquino Administration’s Socio-economic Agenda

President Benigno S. Aquino III’s Social Contract with the Filipino People envisions a country that has achieved inclusive growth and is characterized by rapid, sustained, and broad-based economic growth that is focused on creating more jobs and new opportunities to achieve full employment, and on significantly reducing poverty. In order to attain this vision, the development strategies will be directed towards attaining a high and sustained economic growth, providing equal access to development opportunities and formulating effective social safety nets. To help achieve the high and sustained economic growth needed to generate productive employment opportunities, the government will provide an enabling environment for private sector investment through a stable macroeconomic environment and sound and consistent public
policies. Measures to increase the country’s competitiveness will be implemented by investing in infrastructure, and improving governance by reducing the cost of doing business, enforcing the rule of law, ensuring the effective and efficient delivery of public service, and improving the investment programming processes. To achieve a higher growth path over the medium term, the Government will focus on improving productivity and creating new opportunities for full employment and efficient allocation of resources. The levels of private investment and entrepreneurship, especially among micro, small and medium enterprises (MSME) will also be raised.

The government will ensure that different geographical areas, income levels and social spectra will be given equal access to development opportunities, so that the expansion of employment opportunities truly translates into poverty reduction. This will entail more quality investment in human capital, especially in education, primary health care and nutrition, and other basic social services. The government will also level the playing field through equal access to infrastructure, credit, land, technology, and other productive inputs. And the government will implement unbiased and facilitative policies that promote competition as it improves governance and strengthens institutions.

In gearing up for a high sustained growth, the government will provide effective and responsive social safety nets to protect and support those who are unable to immediately participate in this new economic growth process. These social safety nets will be formulated and implemented to effectively address the issue of poverty, as well as the devastating effects of climate change. To provide a long-term fund structure to sustain and further promote PPP in the country, the government together with various Multilateral Organizations (MOs) are working on establishing the Philippine Infrastructure Development Fund (PIDF).

2. Experience to date with PPPs

The Philippines boasts of a long experience of public-private partnership (PPP) initiative, which serves as a rich basis for future investments. With its aggressive PPP promotion, the government was and is able to attract private partners to invest not only in traditional infrastructure projects, such as power, transportation, and water sectors, but also in non-traditional infrastructure and development sectors, such as information and communications technology, health, and property development.

Through the partnership, the power crisis in the early 1990s was addressed. The partnership likewise helped improve road network quality, transport linkages and social services. To date, approximately US$ 19.5 billion in investment has already been generated since its inception.

Today, PPP can be credited in helping realize various development projects both at the national and local levels across various infrastructure sectors.

List of PPP Projects (as of February 2012):

- Automatic Fare Collection System
- Balara Water Hub
- CALA Expressway (Cavite and Laguna Side)
- Establishment of Cold Chain Systems Covering Strategic Areas in the Philippines
- Grains Central Project
- LRT Line 1 South Extension
- LRT Line 2 East Extension and O & M Privatization
• Mactan-Cebu International Airport Passenger Terminal Building
• Modernization of the Philippine Orthopedic Center
• New Bohol (Panglao) Airport
• New Water Supply Source Project
• NLEX-SLEX Connector Road
• Operation & Maintenance of Angat Hydro Electric Power Plant (AHEPP) Auxiliary Turbines 4 & 5
• Operation & Maintenance of the Laguindingan Airport
• Operation & Maintenance of the Puerto Princesa Airport
• PPP for School Infrastructure Project
• Vaccine Self-Sufficiency Project Phase II

3. Contact point for potential private sector investors

Office of the Secretary, Department of Finance
Tel.: (632) 523-9215 / 523-9219

Office of the Director General, National Economic Development Authority
Tel.: (632) 631-3716 / 3747

Office of the Executive Director, PPP Center of the Philippines
Tel.: (632) 929-8592/ 929-4968
1. PPP policy programme

- No official PPP policy programme.
- Russian legislation allows realization of PPP project on the basis of different PPP models (BTO, RTO, BOT, BOLT).
- Federal Law No. 115-FZ "On Concession Agreements" (2005).
- The bill of PPP Federal Law will be carried in 2012.
- 56 regional PPP laws are accepted.
- PPP Centre of Vnesheconombank provides investment consulting services, financial and nonfinancial support for PPP projects’ preparation that initiated by public authorities. PPP Centre of Vnesheconombank is the national centre of excellence in PPP sphere (support for development of PPP legislation, support for regional development institutions, informational support through the web-site www.pppinrussia.ru/en, preparation of PPP educational programs, methodological support while PPP projects’ implementation, PPP Projects Donor Fund, development of new PPP assistance instruments).

2. Experience to date with PPPs, including some notable PPP successes

Key facts about PPP projects in Russia:
- More than 500 concessions in public utilities and transport.
- More than 700 public authorities initiatives of PPP projects.
- Private companies provide water supply and water treatment services for more than 25 million people on PPP basis.
- PPP projects are implemented in transport, water, heating, education, industrial development spheres:
  - Water treatment plant in Yuzhnoe Butovo, Moscow
  - More than 30 PPP projects in water supply and water treatment
  - Moscow-St. Petersburg Toll Road (15-58 km)
  - The Odintsovo Bypass project, Moscow Region
  - Infrastructure Development of Industrial Parks in Kaluga Region
  - Western High-Speed Diameter, St. Petersburg
  - Pulkovo Airport Reconstruction and Expansion PPP Project, St. Petersburg
  - Solid Waste Management Facility in Yanino, Leningrad region
  - Construction of Schools and Kindergartens, St. Petersburg

3. Project proposals planned in the short term

- Moscow-St. Petersburg Toll Road (58-258, 334-684 km)
- Moscow-St. Petersburg High-Speed Rail
- Neva Water PPP Project, St. Petersburg
- Construction of Schools and Kindergartens, Khanty-Mansiysk Autonomous District
- Construction of Crossover Bridge on the Volga River in Podnovie, Nizhny Novgorod Region
- Construction of Kindergartens, Astrakhan Region
- Construction of Waste Water Treatment Plants, Karelia Region
- Construction of Perm East Bypass Road, Perm Region

4. Key investment incentives and government supports available

- Development of public infrastructure has become one of the main priorities for the Russian Government since multi-year underfunding of public utilities.
- Budget funding for the infrastructure development decreased.
- PPP is the main path for Russian public infrastructure development.
- Main PPP market players take part in Russian PPP projects.
- Russian public authorities ready for efficient risk allocation among the partners.
- Investment Fund of Russian Federation (federal subsidies for federal and regional projects preparation and construction).
- Federal, regional, municipal guarantees for private investors.
- IFIs, Vnesheconombank, banks with state participation, non-state pension funds co-financing PPP projects.
- Vnesheconombank program Financial Assistance for Regional and Municipal Project Development (FARMPD).

5. Contact point for potential private sector investors

Public-Private Partnership Centre
State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)”
Address: 9, Akademik Sakharov Ave., Moscow, 107996, Russia
Tel.: 7 (495) 721-93-32,
Fax: 7 (495) 604-67-18
pppinrussia@veb.ru
www.pppinrussia.ru
www.veb.ru
TURKEY

1. PPP Policy programme

In 1980s, Turkey started economic reforms to fully integrate with international markets and to increase the private sector’s role in the economy. In parallel with these reforms strengthening liberal market economy characteristics in the country, Turkey has followed a strong policy in favor of delegating public services to private sector since 1980s. This policy is officially reiterated in each five-year development plan prepared by the Ministry of Development which performs the macro planning and coordination of the public infrastructure investments in Turkey.

Although Turkey has a three-decades experience and well-functioning dynamic PPP market, there is no single central and coordinator PPP unit and no single PPP law or regulation. Line ministries, the Privatization Administration, public utility companies/organizations such as State Airports Authority and municipalities are authorized to develop their PPP program and projects under various models such as Build-Operate-Transfer (BOT) and Transfer of Operation Rights (TOR) etc.

2. Experience with PPPs: Experience to date with PPPs, including some notable PPP successes

Thanks to Turkey’s continuous commitment in delegating public services to private sector, Turkey keeps following a pro-PPP policy for the last 30 years. It is reported that the world’s first BOT Law, Law No. 3096 was issued by Turkey in 1984. Since then numerous laws and regulations have been issued and critical amendments made to reach the current mature status of the PPP market in Turkey.

As a result, Turkey now has a tremendous solid track record in PPPs with more than 130 medium and big size PPP projects having total cost of 28 Billion USD as of the end of 2011. This number does not include many uncounted small size projects which do not consist of major construction or investment requirement.

Experience in Key Sectors:

Electricity:
Turkey’s first PPP projects were power plants which entered into operation in 1990s. Until 2001, in less than ten years, 4 thermal, 18 hydro and 2 wind power plants under BOT model, 2 thermal power plants under TOR model and 5 thermal power plants under Build-Own-Operate (BOO) model were taken into operation. Total capacity of these PPP plants is approximately 10,000 MW – around 25% of the country’s then existing approximately 40,000 MW capacity. Today, following the liberal electricity market reform, the private sector has the liberty to construct, own and operate fully private power plants and no more PPP power plants are initiated by the Ministry of Energy. The total generation capacity has now reached to 50,000 MW and the public electricity company, once owning and operating all the power plants in the country, now manages only the 40% of the national capacity. Besides, transfer of existing state-owned power plants to private sector has been initiated by the Privatization Administration in 2011.

In addition, transfer of electricity distribution grids to private sector continues dynamically and 13 of 21 grids of the country are now operated by the private sector.
Airports:
All the major international airport terminals of Turkey, ten in total (two at construction stage), having total investment cost of approx. 3 billion USD have been realized with BOT method. Besides, four of the existing terminals are operated by the private sector under Lease/TOR method. Gaining strong experience and acknowledged success in Turkey, Turkish airport construction and operation companies quickly started to win PPP airport contracts in the region countries such as Georgia, Tunisia, Macedonia, Kosovo and Saudi Arabia besides many other non-PPP contracts.

Roads:
Currently there is one highway tunnel but many roadside facilities in operation under the BOT Model. However, Turkey’s biggest PPP project, Gebze-Izmir Highway Project, including a 3km over-sea bridge with a total length of 420 kms. and total cost of approx. 9 billion USD, has been awarded in 2009 and the construction has been started in 2010. Another sizable project is Istanbul Bosphorus Strait Underwater Tube Road Project which is at construction stage having one billion dollar estimated investment amount.

Harbors and Marinas:
Construction and operation of new marinas and transfer of operation rights of existing freight harbors are other key PPP sectors in Turkey. Several new-greenfield marinas have been constructed and operates under the BOT model. Some of the major freight harbors were already transferred to private sector under the TOR model requiring modernization and extension investments as well. The remaining big size harbors are in the short term pipeline.

Hospitals-Health Campuses:
PPP Hospital concept is a new phenomenon for Turkey. Because, in Turkey totally private health units and hospitals were always an active nearby option for patients especially after 1980s. Besides, in 2000s Turkish private healthcare sector experienced a real boom and numbers of private hospitals has increased tremendously. Yet, the Ministry of Health decided to start up an ambitious PPP Hospitals program via Leasing/BOT method to strengthen public hospitals network. The first projects have been tendered in late 2009 and the construction of the first PPP hospital campus, having total investment cost of 300 million Euro, started in 2011. There are 34 new PPP hospital projects in the pipeline. It is planned to realize 5 billion USD investment in the first five year period.

Telecommunication:
Turkey’s first mobile phone company started with a concession contract in 1994, is now the third biggest mobile phone operator in Europe in terms of subscribers, having 36 million subscribers in Turkey and 25 million abroad.

3. Short Term Project Pipeline
Total investment cost of the projects in the PPP Pipeline is estimated to be 50 billion USD.
Major greenfield BOT projects in the short term pipeline are below:

- 3rd Bosphorus Bridge and Connection Highways – est. 2.5 billion USD.
- İstanbul Galata Cruise Port and İzmir Cruise Port.
- PPP Hospitals Program.

Major brownfield TOR projects in the short term pipeline are below:

- 1st & 2nd Bosphorus Bridges and Connection Highways
- All the Toll Road Network (6 pieces) consisting approx. 2000kms
- Harbors and Marinas
- Electricity Distribution Grids (remaining 7)
- 18 thermoelectric power plants, 27 Hydro PP and 52 river HPP (1st stage)

* The upcoming tender details can be followed from the Privatization Administration’s below web site!

4. Key Investment Incentives & Government Supports

For supporting BOT type projects, the BOT Law No. 3996 introduced Treasury Guarantees concept, among others, for remuneration/fee payments to be made to project companies and for assumption of project loans in case of early cancellations. However, these guarantees were only rendered during 1990s for the very first BOT projects, 16 power plants and 1 water project in total. Although they are still potentially applicable in legal terms, the Treasury is unwilling to grant new Treasury Guarantees to avoid contingent liabilities that may be caused by non-bankable risky projects. Before the recent financial crisis, this policy has managed to avoid motivations for non-bankable projects not having strong feasibilities.

There is no other PPP specific incentive but under some conditions project implementing state entities may provide demand guarantees such as traffic guarantees for toll-roads to BOT project companies. Besides, there are some tax exemptions for BOT type projects.

However, Turkey has a detailed investment incentive scheme and it is also expected that a reform in the general investment incentive system would be announced in the coming months supporting new investments in this global crisis era.

Details of the Turkish investment incentive system can be viewed at Invest in Turkey web site hosted by the Prime Ministry Investment Support and Promotion Agency (ISPAT) at <http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/Incentives.aspx>.

5. Contact Points

There is no single central coordinator PPP unit in Turkey. Line ministries, the Privatization Administration, public utility companies/organizations such as the General Directorate of State Airports (DHMİ) and municipalities are authorized to develop their PPP program and projects under various models such as BOT and TOR.

Market developments can be followed and contacts can be reached from the below web
sites:

1) **Investment Support and Promotion Agency**: [www.invest.gov.tr](http://www.invest.gov.tr)
2) **Privatization Administration**: [www.oib.gov.tr](http://www.oib.gov.tr)
3) **Ministry of Health**: [www.ppp.gov.tr](http://www.ppp.gov.tr)
4) **General Directorate of Highways**: [www.kgm.gov.tr](http://www.kgm.gov.tr)
5) **Ministry of Transport**: [www.ulasirma.gov.tr](http://www.ulasirma.gov.tr)

Note: The information notice on Turkey has been prepared by Mr. Türker Yöndem (tyondem@yalti-yondem.av.tr), Member of UNECE Team of PPP Specialists and Partner at Yalti Yöndem Law Firm
1. PPP policy programme

In the frames of realization of economic reforms of President of Ukraine Viktor Yanukovych Ukraine pays particular attention to the development of public-private partnerships in Ukraine.

Law of Ukraine "On public-private partnership" adopted on October 31, 2010 establishes several important principles which are common to the European Union, namely:

- equality before the law of public and private partners;
- prohibition of any discrimination of rights of public or private partners;
- accommodation of interests of public and private partners in order to obtain mutual benefit;
- invariability for the full term of the contract;
- recognition of public and private partners’ rights and duties as provided by the legislation of Ukraine and defined by terms of the contract;
- equitable distribution of risks between public and private partners;
- definition of private partner on a competitive basis.

The legal basis for projects based on public-private partnership in Ukraine has been formed. In particular the following laws have been adopted:

- Law «On public-private partnership» d/d 27.07.2010 № 2404-VI;
- Law «On the peculiarities of transfer to the lease or concession of central heating, water supply and sanitation facilities of communal property».

Law of Ukraine "On public-private partnership" is a framework law that establishes the legal framework of public-private partnership, defines its scope (from the search and development of mineral deposits to property management) and the possible forms of public-private partnership in Ukraine (concessions, production sharing agreements, the contract of joint activity and other forms).

In execution of the Law of Ukraine “On public-private partnership” the Government of Ukraine passed:

- Resolution of the Cabinet of Ministers of Ukraine № 232 “On approval of Methodology for identifying types of risks of public-private partnership, their assessment and determination of the form of risk management", adopted by the Cabinet of Ministers of Ukraine on February 16, 2011;
Resolution of the Cabinet of Ministers of Ukraine № 81 "On approval of the order the private partner provides information to the state partner on the contract performance, concluded in the context of public-private partnerships", adopted by the Cabinet of Ministers of Ukraine on February 9, 2011;

Resolution of the Cabinet of Ministers of Ukraine “On the order of the state support of public-private partnership” adopted by the Cabinet of Ministers of Ukraine on March 17, 2011;

Resolution of the Cabinet of Ministers of Ukraine № 384 “Some aspects of the implementation of public-private partnership” adopted by the Cabinet of Ministers of Ukraine on April 11, 2011;

And other regulatory legal acts. Particularly, the President of Ukraine has appointed the Ministry of Economic Development and Trade of Ukraine as the specifically authorized body on issues of public-private partnership, and the State Agency for Investment and National Projects of Ukraine as the body to realize the government policy in the sphere of investment activity, public-private partnership and national projects implementation.

Currently the draft Law of Ukraine “On national projects”, which are implemented in the context of public-private partnership in the Ukrainian Parliament is considered.

2. Experience to date with PPPs, including some notable PPP successes

Ukraine has the experience of implementation of projects on the concession basis in housing and energy sectors, though it is worth mentioning that there is no experience in PPP projects implementation pursuant to the new Law of Ukraine.

3. Project proposals planned in the short term

Currently the State Agency for Investment and National Projects of Ukraine conducts the feasibility study stage for the implementation of national projects and their components on the basis of PPP. Particularly, the Agency works on the preparation of unique project of concession road in Kyiv region. Also the Agency continues the implementation of such National projects as “Clean City” – the creation of solid wastes procession industry, “Olympic Hope - 2022” – the construction of tourist and sport infrastructure in Western regions of Ukraine.

4. Key investment incentives and government supports available

Ukraine has

- adopted *fundamental laws* that mostly meet European principles of business regulation;

- established *the State Agency for Investments and National Projects of Ukraine* with the purpose of investment projects support through “one stop shop”;

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adopted the Law of Ukraine “On Public-Private Partnership”, which determines legal, economic and organizational principles of public-private partnership in Ukraine;

established the National and Foreign Investors Council;

Verkhovna Rada of Ukraine (parliament) adopted the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine” (concerning the rights of concessionaires) in terms of strengthening government guarantees of the right of concessionaries;

through the Tax Code of Ukraine introduced a range of incentive preferences for investors

measures under the Program of Economic Reforms “Rich Society, Competitive Economy, Effective Government” are being realized

adopted the Law of Ukraine “On Urban Planning Regulation (in terms of licensing procedures reduction in construction)”.

5. Contact point for potential private sector investors

The State Agency for Investment and National Projects of Ukraine
Address: 7, Tsytadelna St., Kyiv, Ukraine
Tel: +38 (044) 254 40 15, 254 40 11
Fax: +38 (044) 254 4017
http://www.ukrproject.gov.ua/en
1. Regulatory, Institutional and Policy Frameworks

Law No. 18.786, dated July 19th, 2011, establishes the regulatory framework applicable to the Public-Private Partnership Contract regime.

Public-Private Partnership Contracts – Definition:
It involves contracts in which a Public Administration requests the design, construction and the operation of infrastructure or any such services from a private party, for a given period and in addition to the financing.

Scope of Application
Many investment opportunities will be possible by this route since the Law allows contracts to be held in infrastructure areas such as roads, ports, airports, railways, waste treatments, prisons, health centres, educational centres and social dwelling.

Institutional Framework

Public-Private Partnership Project Unit: Operates within the Ministry of Economy and Finance. It is responsible for monitoring the economic and financial aspects, linked to the preliminary studies of projects. Furthermore, it is in charge of guaranteeing the performance of budgetary aspects, assessing associated risks, reviewing bidding documentation, adjusting received biddings and interim awards in relation to previously defined project model. Additionally, it is responsible for other analysis and registers that concern the Ministry of Economy and Finance.

Public Administration Contracting: Responsible for the design, structuring and execution of Public-Private contracts, as well as monitoring the appropriate execution and of compliance with the obligations undertaken by the contracting parties.

National Development Corporation: Responsible for the promotion of Public-Private projects and the elaboration of technical guidelines applicable to such projects. It also acts as an advisor on the identification, design, study, structuring, promotion, selection and contracting of these projects. Likewise, it strengthens the capacities of contracting Public Administrations in designing and implementing these projects.

Planning and Budget Office: Responsible for guaranteeing the adequate development of each project according to the key conditions and features of the PPP contract model. In addition, it is responsible for reviewing economic and financial calculations linked to preliminary studies and reviewing the consistency between technical, legal and financial aspects developed by the contractor and their advisers.
Contracting Procedure

A. Process Initiation
A Public-Private Partnership contract may be initiated by means of a public or private initiative that must be presented before the National Development Corporation (Corporación Nacional para el Desarrollo).

B. Preliminary Evaluation
Before contracting, a project assessment should be undertaken, in terms of feasibility and convenience, including technical, legal, economic and financial analysis.

C. Approval of Preliminary Evaluation Studies
The preliminary evaluation studies and the general terms and conditions must be presented to the Planning and Budget Office and the Ministry of Economy and Finance.

D. Public Call for Tender
The Public Administration will be able to stipulate any competitive method (including invitation to tender and bids) in order to carry out the public call for tender. It will also be able to apply a competitive dialogue process in case of more complex projects.

E. Submission of Biddings
All biddings should include the required and necessary elements in order to undertake the project.

F. Assessment of Biddings
The criteria for evaluation (e.g. quality, costs, deadline, warranties, etc) for biddings should be defined in the bid specifications.

G. Award of Biddings
The Technical Committee will classify by decreasing order the submitted biddings according to the assessed criteria. The contracting Public Administration will stipulate the interim award by sustainable resolution, which should notify all tenders and establish the final terms of the contract. The Court of Audit will stipulate 30 calendar days to issue the decision, effective as of the reception of the notification file. Once the due date expires without the Court of Audit issuing a decision, it shall be deemed as a favorable ruling. The Contracting Public Administration will stipulate the final award.

Warranties

- Bid Security
  It must be withheld as far as they proceed with the disposition of the performance security or in case all bids are rejected. It will be dominion of the contracting Public Administration in the event that the company withdraws without just cause its proposal prior to the award.

- Performance Security
  The awarded bidder may assign the amount of the bid security to the performance security or proceed to a new disposition. If the contract is modified, by means of price alteration, the warranty should be adjusted to maintain certain coherence. The contracting Public Administration will have priority over any other creditor.
Enforcement Regime

- Indemnities
  In the event of the non-compliance of the contractor, the latter will have to indemnify the Public Administration for any consequential damages. The indemnity must first become effective over the warranty.
- Provisional Measures
  Public Administration may request provisional measures to ensure the efficiency of the enforcement regime.
- Right of Retention
  Public Administration may retain, from payments entitled to perform, the necessary sums to proceed with the appropriate sanctions.

Contract Modifications
The Public Administration may modify the contract with a preliminary report from the Planning and Budget Office and the Ministry of Economy and Finance and with the intervention of the Court of Audit. Particularly, it may modify the characteristics or amount of works or hired services in order to improve or increase service standards or established technical standards, or for any other reasons of public interest duly substantiated. The contractor will be entitled to economic compensation which may correspond for any additional costs.

Contract Renegotiation
Either party may request from the other the renegotiation of the contract when:
- The Public Administration modifies the contract and the following is proved:
  - The modification was carried out after the signature of the contract and could not have been foreseen;
  - The modification significantly alters the economic-financial equation of the Project;
  - The modification is specifically relevant in the scope of the contract.
- Force Majeure.
- Compliance with any of the foreseen specifications in the contract allowing its revision and the parties not reaching an agreement upon contract modification.

Contract Termination
Contracts will be terminated based upon the following criteria:
- Compliance with the contract in accordance to the terms and conditions;
- Expiration of the stipulated due date;
- Unilateral and anticipated resolution due to non-compliance from the contractor;
- Recovery stipulated by the contracting Public Administration due to reasons of public interest;
- Impossibility of compliance due to measures adopted by the State;
- Impossibility of compliance due to contractor bankruptcy;
- Any grounds impeding the contractor compliance;
- Impossibility of compliance of the contractor due to Force Majeure or unforeseeable circumstances;
- Mutual agreement between the Public Administration and the contractor;
• Any other case expressly foreseen in the contract.

Public Administration Intervention
If a unilateral and anticipated resolution is stipulated due to non-compliance by the contractor, or if the contractor withdraws from the project, the Public Administration can take charge, for the necessary period of time, of the construction or exploitation of the facility. For all intent and purposes, the Public Administration will designate an auditor.

Settlement of Disputes
To settle any dispute that may arise, the interested parties will have to appeal to arbitration. The arbitrator will be designated by mutual agreement between the parties. The award of the arbitration court will be unappealable.

2. Project Portfolio
At present, the investment portfolio contains several projects that totals 2.000 million dollars for the following 5 years.

Roads, Railways, Ports and Airports
There is an ongoing increase in the amount of transported goods, given the development of the agricultural and forestry sectors. Therefore, it is necessary to provide adequate connections between export terminals and production units.

National Road Traffic
The existing portfolio contains a package of seven highway corridors totaling US$ 1.125 Billion, according to the following guidelines:

<table>
<thead>
<tr>
<th>Circuit</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route 3 North</td>
<td>100.000.000</td>
</tr>
<tr>
<td>Routes 31 &amp; 4</td>
<td>120.000.000</td>
</tr>
<tr>
<td>Route 26</td>
<td>300.000.000</td>
</tr>
<tr>
<td>Routes 6, 7 &amp; 8</td>
<td>270.000.000</td>
</tr>
<tr>
<td>Routes 13 &amp; 15</td>
<td>110.000.000</td>
</tr>
<tr>
<td>Route 14</td>
<td>100.000.000</td>
</tr>
<tr>
<td>Routes 21 &amp; 24</td>
<td>125.000.000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1.125.000.000</strong></td>
</tr>
</tbody>
</table>

Relevant Data
• Type of work: Brownfield
• Due date: 20 years
• Tender: international
• **Estimated due date for work execution:** 36 months
• **Terms of payment:** subject to service availability
• **Status:** Currently evaluating preliminary studies.

**Railway System**
Out of a railway system comprising approximately 3,000 km, slightly over half of it is currently in operation. During the 2005-2009 period, the State Railway Administration transported an average of 1,335,000 tons (5% of the total) over an average distance of about 220 km, resulting in approximately 300 million tons per km. Meanwhile, 600,000 passengers were mobilized yearly.

The railway system must be rehabilitated in order to improve its competitiveness in terms of freight transportation. To this end, we suggest:

- Restructure the system, in order to adapt it to new challenges;
- Improve rail conditions, permitting traffic at 40 km/h and 18 t/axis;
- Increase railway freight traffic from 1.3 million to 4 million t/year in 10 years;
- Increase the average distance of freight transported by railway from 210 to 270 km; and
- Improve system efficiency, reducing the cost of railway operation.

There is a Project, to be implemented in the medium term, for the construction of a railway system. It stipulates the construction of two railway branch circuits, and costing US$ 200 million. The estimated due date is 20 years.

<table>
<thead>
<tr>
<th>Circuit</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algorta-FrayBentos</td>
<td>100,000.000</td>
</tr>
<tr>
<td>Toledo-Nico Perez-Rio Branco</td>
<td>100,000.000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200,000.000</strong></td>
</tr>
</tbody>
</table>

**Social Infrastructure Works**

**Prison System**
There is an existing portfolio comprising the design, construction, equipment and financing of a new penal institution for 2,000 inmates and maintenance, cleaning, food, laundry and grocery store services.
The Ministry of Defense remains responsible for the security, healthcare and recreational activities for imprisoned individuals.

- **Initial estimated cost:** US$ 80 million
• **Total estimated investment** US$ 320 million, over 20 years
• **Tender**: International
• **Procurement variable**: Payment for availability weighed by technical bid and experience
• **Contract due date**: 22.5 years
• **Payment mechanism**: Payment for quarterly availability in Indexed Units
• **Terms of payment**: Subject to availability
• **Status**: Currently evaluating preliminary studies.

The penal institution will comprise an admission building prisoner’s classification building and a unit to accommodate medium security inmates. Both of them exclusively for adult males. It is estimated that the indoor space will exceed the 36,000 m², with 14,000 m² of open spaces (courtyards and sport fields). There will also be improvements to the road and transport system within the area.

3. **Key investment incentives**

The activities developed by public works concessionaires are promoted under Law No. 16.906, of January 7, 1998. The tax benefits—properly specified in the specifications of the tender—can be the following:

- Exemption from Corporate Income Tax for up to 100% of the amount invested, depending on the score of the project on a series of targets and indicators.
- Exemption of Wealth Tax on civil works, for 8 years in Montevideo and for 10 years in other regions, and on fixed assets throughout their life.
- Exemption of import taxes and fees on fixed assets declared non-competitive with the domestic industry.
- 100% refund of VAT, under the exporters regime, on the acquisition of materials and services for civil works in the domestic market.

4. **Contact point**

**Ministry of Economy and Finance** – PPP Unit – Ec. Silvina Panizza – silvina.panizza@mef.gub.uy

**Planning and Budget Office** – Investment Strategies and Policies – Ec. Julio Pivel – jpivel@opp.gub.uy

**National Development Corporation** – Infrastructure – Ec. Rafael Laureiro rlaureiro@cnd.org.uy / Ec. Marcelo Perez – mperez@cnd.org.uy