

**Ministry of Economy and Commerce of the Republic of Moldova,**

**Ministry of Health of the Republic of Moldova,**

**United Nations Development Programme,**

**United Nations Population Fund,**

**Intreprinderea Mixta Orange Moldova S.A.,**

**Orange Moldova Foundation,**

**Public-Private Partnership Development Project ("PPP project")**

PPP Project is designed as a complementary facility to the many existing initiatives and institutions, and works with a variety of partners at national and local levels with the purpose to increase the capacity of central and local governments to promote, develop, operate and manage public-private partnership projects for infrastructure development, the provision of basic services and support for Corporate Social Responsibility Initiatives.

This project promotes new public-private investment opportunities in Moldova by helping to improve the local regulatory and legal frameworks, and by building the capacities of local institutions for public-private participation. This type of intervention requires that the project engage at different levels involving a spectrum of partners with diverging interests and opinions. Local ownership and the ability to create win-win situations is the key for success for the project.

The PPP Project seeks to introduce the PPP idea into ongoing local and regional development, environment, social and health care programmes in the country. This combination allows other UNDP programmes to access and integrate PPP expertise, while PPP Project can build on established relationships and concentrate on PPP issues themselves. In addition, UNDP facilitate an effective co-ordination with other bilateral and multilateral donors to ensure harmonization with donor programmes and the pooling of resources through joint programming and cost-sharing.



Country: Moldova

UNDAF Outcome(s)/Indicator(s)<sup>1</sup>:  
 (Link to UNDAF outcome., If no UNDAF, leave blank) By 2011, vulnerable groups in poor rural and urban areas take advantage of sustainable socio-economic development opportunities through adequate regional and local policies implemented by LPA and partners.

Expected Outcome(s)/Indicator (s)<sup>2</sup>: Increased employment opportunities in selected poor rural and urban areas  
 (CP outcomes linked to the SRF/MYFF goal and service line)

Expected Output(s)/Annual Targets<sup>3</sup>: Private public partnerships (PPPs) are created in poor rural and urban areas for infrastructure development and service provision  
 (CP outputs linked to the above CP outcome)

Implementing partner: Ministry of Economy and Commerce  
 (designated institution/ executing entity)

Responsible parties:  
 (implementing entities)

Programme Period:	2007 - 2011
Project Title:	Public-Private Partnership Development Project
Project ID:	00045255
Project Duration:	2007 - 2009
Management Arrangement:	Support to NEX

Budget	
General Management Support Fee	
Total budget:	<u>430,000.00 USD</u>
Allocated resources:	
• Government	
• Regular	<u>430,000.00 USD</u>
• Other:	
Orange Moldova Foundation	
In kind contributions (by the Implementing Partner):	
<b>Office space for the project team</b>	

<sup>1</sup> For global/regional projects, this is not required

<sup>2</sup> For global/regional projects, these are outcomes identified in GP/RP

<sup>3</sup> For global/regional projects, these are outputs identified in GP/RP

## Part I. Situation Analysis

The growth of public-private partnerships worldwide has in many countries increased the availability of resources and the efficiency and sustainability of public services in the fields of transport, energy, water, telecommunications, health and education.

The importance of the public-private partnership concept is reflected in the outcome of United Nations summits and such United Nations initiatives as the Global Compact. The public-private partnership is one of the UNDAF for the Republic of Moldova outcome.

## Part II. Strategy

The private sector and Government should work together increasingly on projects that are noticeably improving the position of the poor, weak and vulnerable groups in Moldova. However, the public-private partnership approach has not always been successful, and an understanding of the causes of "failed partnerships" would be useful in shaping future efforts. The knowledge and skills required for developing and implementing public-private partnership projects are often lacking in the public sector, and the private sector is unaware of the potential of the public-private partnership relationship.

One means of developing the knowledge and skills needed for developing the public-private partnership modality is the creation of a dedicated public-private partnership project in Moldova.

PPP Project is designed as a complementary facility to the many existing initiatives and institutions, and works with a variety of partners at national and local levels. PPP Project offers numerous opportunities for partners, and invites interested parties to join the facility. This project promotes new public-private investment opportunities in Moldova by helping to improve the local regulatory and legal frameworks, and by building the capacities of local institutions for public-private participation. This type of intervention requires that the project engage at different levels involving a spectrum of partners with diverging interests and opinions. Local ownership and the ability to create win-win situations are the key for success for the project.

The PPP Project has not been planned as stand alone initiatives but rather seek to introduce the PPP idea into ongoing local and regional development, environment programs in the country. This combination allows other UNDP programs to access and integrate PPP expertise, while PPP Project can build on established relationships and concentrate on PPP issues themselves. In addition, UNDP facilitate an effective co-ordination with other bilateral and multilateral donors to ensure harmonization with donor programs and the pooling of resources through joint programming and cost-sharing.

**The aim of the project is** to increase the capacity of central and local governments to promote, develop, operate and manage public-private partnership projects for infrastructure development and the provision of basic services.

### Objectives:

- Support to central and local governments to remove political, institutional, financial and regulatory barriers for private sector participation at the local level and to create innovative policies, institutional set-ups and legislation which encourage the development of tripartite partnerships in basic services and creation of national and regional network of investors and operating companies in investment projects in the Republic of Moldova.
- Building capacity of national/central and local governments to develop and implement PPP projects, promote partnership arrangements, and leverage private sector investments;
- Identification of investment opportunities, and mobilization of stakeholder support for services and infrastructure improvement projects and establishment of PPP

arrangements for the development, financing and long-term implementation and management of infrastructure and services; and

- Support for Corporate Social Responsibility initiatives in the area of health care and social assistance.

The PPP initiative will focus on the following infrastructure and services projects:

- Solid waste management, agricultural waste management, integrated waste management facilities and services addressing two or more of the above issues
- Water supply and sewerage
- Public transport
- Gas supply
- Health Care
- Social services, etc
- **Establishing adequate Policy, Legal and Institutional Frameworks for Public Private Partnership Development at the Local Level**

This area includes support to local governments to remove political, institutional, financial and regulatory barriers for private sector participation at the local level and to create innovative policies, institutional set-ups and legislation which encourage the development of tripartite partnerships in basic services.

- **Building Local Capacity for Public Private Partnerships**

This area includes innovative approaches and activities to develop the institutional and individual capacities of all local level stakeholders (local governments, business and communities) to create a conducive environment for PPP and to identify, plan, design and implement tripartite partnerships for urban services.

- **Designing and implementing Innovative Partnership Arrangements**

This area includes support to local level stakeholders engaged in the design and implementation of innovative partnerships to provide basic services to the poor. Specific activities may cover advisory inputs into project identification, evaluation and financing; local legal frameworks, contractual arrangements and business plan development.

- **Support for Corporate Social Responsibility Initiatives**

This area includes support to private companies and NGOs engaged in the design and implementation of innovative Corporate Social Responsibility Initiatives to improve health care and social services for the poor. Specific activities may cover technical advice, implementation support and public awareness to other partners.

#### **Project Deliverables Outline**

##### **1. Establishing adequate Policy, Legal and Institutional Frameworks for Public Private Partnership Development at the Local Level**

- 1.1. Analysis of the current PPP legal, policy and institutional framework
- 1.2. Elaboration of PPP legal, policy and institutional framework
- 1.3. Design the regulatory institutions and their financial instruments
- 1.4. Elaboration of regulatory rules, processes, and procedures
- 1.5. Elaboration of public awareness and customer relations programs

- 1.6. Tariff structuring and subsidy analysis design/options
- 1.7. Round table discussions
- 1.8. Study visits

## **2. Building Local Capacity for Public Private Partnerships**

### **National**

- 2.1.1. Provide training
- 2.1.2. Provide scholarship
- 2.1.3. Study visit
- 2.1.4. Undertake workshops at the national level to address constraints and review policy options, incentives and economic instruments that may be employed for leveraging private sector investments.

### **Local**

- 2.2.1. Provide training at the local government level on the preparation and development of PPP investment projects;
- 2.2.2. Assist the local government with the preparation of necessary documents, ordinances, and institutional arrangements;
- 2.2.3. Organize and facilitate an Investors Roundtable, or similar event, to bring interested private companies and investors to the site, and to evaluate the proposed investment;
- 2.2.4. Assist with the implementation of a process for selecting a private partner, and for developing and negotiating a partnership agreement between the local parties and the selected private partner; and

### **Private**

- 2.3.1. Provide training on:
  - Corporate governance planning and implementation
  - Utility financial management, budgeting and investment planning
  - Customer service and communication strategies
  - Employee redeployment and workforce productivity
  - Mergers and acquisition planning

## **3. Designing and implementing Innovative Partnership Arrangements**

- 3.1. Project identification, screening and selection
- 3.2. Feasibility analyses (technical, economic, tariff, and project financing)
- 3.3. Public awareness and stakeholder consultation
- 3.4. Transaction structuring, financing and procurement strategies
- 3.5. Transaction bid and tender preparation, tendering/procurement assistance, and negotiation
- 3.6. Bid evaluation, award, and negotiation
- 3.7. Contract and performance monitoring, contract compliance and dispute resolution
- 3.8. PPP service delivery

## **4. Support Corporate Social Responsibility Initiatives**

- 4.1. provide expertise for definition of the technical specifications of medical equipment and approve such specifications;
- 4.2. provide technical assistance for the implementation of the Corporate Social Responsibility Initiative;
- 4.3. organize and conduct an international tender for selecting the supplier of the medical equipment, including, but not limited to designation of the winner of such tender in accordance with UNDP rules and procedures.

- 4.4. contract the company for supply of the medical equipment and for maintenance and repair of the medical equipment during the warranty period. The contract shall provide for the obligation of the supplier to install the medical equipment at the Beneficiary's location, to train the Beneficiary's personnel to use the medical equipment, the warranties of the supplier regarding the characteristics of the medical equipment, its obligation to provide post warranty maintenance and the material terms thereof as well as the right of the persons that will use the equipment to exercise directly all rights of the purchaser under the above contracts;
- 4.5. verify the conformity of the supplied equipment with technical specifications in accordance with UNDP rules and procedures.

### Part III. Results & Resources Framework (Annex 1.)

#### Part IV. Management Arrangements

This project will be coordinated by the Ministry of Economy and Commerce the project's implementing (coordination) agency, and will be funded by UNDP with potential extension and contribution from other donors. UNDP Moldova will support the implementation of the project through services (according to the Agreement between the Government of Moldova and UNDP for provision of support services for National Execution Modality from May 27, 2003) and more specifically, services of personnel recruitment, including project personnel and local and international consultancy and procurement of goods, according to UNDP rules and procedures. UNDP will provide narrative and financial reporting to project donors on a regular basis as determined by specific cost-sharing agreements. UNDP follows international standards in the implementation of project and programmes according to the UNDP results Management Guide (<http://content.undp.org/go/userguide/results>). The Implementing agency will provide office space for the project team.

#### Management Structures

**PPP Project Board:** The focal point of the PPP project management architecture is the PPP Project Board. The Board is the overall authority for PPP Project and is responsible for its initiation, direction, review and eventual closure. Within the confines of PPP Project, the Board is the highest authority. The PPP Project Board represents at managerial level the interests of UNDP, PPP Project partners (such as CIDA, DFID, USAID, EC) and stakeholders (relevant Government ministries, local Governments, CSOs and private sector). Board members will be senior managers and will have authority and responsibility for the commitment of resources to the project, such as personnel, cash and equipment. The PPP Project Board will 'manage by exception', meaning Board members will be regularly informed of PPP Project progress but will only be asked for joint decision making at key points in PPP Project implementation.

While joint decision making is required at key points in PPP Project implementation, it is important to note the PPP Project Board is not a democracy controlled by votes. The PPP Project Executive – a UNDP Senior Manager – is the key decision maker because he/she is ultimately responsible for PPP Project's effective and efficient implementation. The PPP Project Board is appointed by UNDP programme management to provide overall direction and management of PPP Project. It is responsible for ensuring that the project remains on course to deliver products of the required quality to meet the expected outcomes defined in the PPP Project Strategy/ProDoc. Furthermore, the Board is accountable for the success of the PPP Project and has responsibility and authority for the Project within the instructions set by UNDP programme management.

The PPP Project Board approves all major plans and authorizes any major deviation from agreed PPP Project work plans. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and any parties beyond the scope of the project. In addition, it approves the appointment and responsibilities of the PPP Project Manager.

**PPP Project Manager:** It is the responsibility of the PPP Project Manager to plan, oversee and ensure that PPP Project is producing the right outputs, at the right time, to the right standards of quality and within the allotted budget. The main tasks of the PPP Project Manager include:

- Overall planning for the whole project
- Motivation and leadership of PPP Project staff
- Supervise the PPP Project
- Liaison with UNDP Programme Management
- Fund management, allocation, coordination
- Reporting progress to the PPP Project
- PPP Project quality management

**PPP Project Assurance:** Assurance is a key element of the PRINCE2 management method, upon which the PPP Project Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the PPP Project Board are able to monitor progress against agreed work plans. Though project managers provide regular progress updates to PPP Project Coordination Unit, which in turn provides progress reports to the PPP Project Board, it is in the PPP Project Board's interest to have an independent Assurance function to verify progress reports and monitor actual progress.

PPP Project Assurance is the responsibility of each PPP Project Board member, however due to the fact that Board members are Senior Managers – and as a result very busy – will likely result in the delegation of the assurance function. PPP Project Assurance work cannot be delegated to the PPP Project managers. It is the responsibility of the PPP Project Board to determine who will fulfil the PPP Project Assurance role, and also to provide guidance on the method by which the PPP Project Assurance will gauge actual progress against PPP Project work plans.

A participatory approach will be used in the implementation of this project. Experts from relevant sector ministries and departments, private companies, NGOs, local communities and key actors from the donor community will be involved in the implementation of the project. Such an approach will provide the basis for reaching consensus amongst all stakeholders and mobilizing all social efforts and available resources to foster the proper implementation of actions envisaged and hence the mitigation of development gaps. Special attention will be given to implementing the partnership principle in the formulation of PPP legal framework, objectives setting and prioritising and to promoting public-private partnerships through specific projects.

Close cooperation between the UN and other donor agencies will help to avoid duplication, reduce transaction costs and maximize synergies. UNDP and donors that will participate in the project will ensure that all necessary arrangements for co-ordination are made in a timely manner to ensure prompt implementation. This will include an agreement on the division of responsibilities among participating agencies and national partners for the implementation of the activities, management of funds, co-ordination and review of programme results.

## **Part V. Monitoring and Evaluation**

Monitoring and evaluation will follow the UNDP guidelines on Monitoring and Evaluating for Results. A monitoring and evaluation plan will be developed during the inception phase.

In order to ensure the efficient monitoring and evaluation of project results, maintain continuous cooperation between all project's partners at all stages of Project implementation, the Project Board will meet every three months. The members of the Project Board will provide feedback on lessons learned, propose corrective actions to solve problems, ensure accountability, and make recommendations how to improve the quality of current and future interventions (as per the terms of reference annexed to the project document)

The Project Manager, under the direction of the National Project Coordinator and UNDP Moldova programme representatives, will prepare and submit to the members of the Project Board quarterly work plans and quarterly reports prepared according to UNDP standards.

The project will be subject to the Annual Review. The Project Manager, in consultation with the National Project Coordinator and the Project stakeholders, will be responsible for preparing and submitting to the Annual Review meeting the annual Project Progress Report in UNDP format. It shall be prepared in draft sufficiently in advance to allow review and technical clearance by the Project partners, at least one month prior to the Annual Review meeting.

The implementation of the Project will be coordinated with UNDP. The Project team is encouraged to seek support from other donors active in the field. During the Project implementation, the Project team will continuously assess the risks and seek solutions for their mitigation.

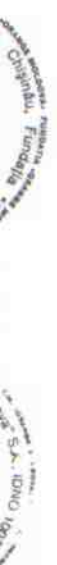
**Part VI. Budget (Annex 2.)**

**Part VII. Legal Context**

This Programme document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Moldova and the United Nations Development Programme, signed by the parties on October 2, 1992. The host country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that Agreement.

The following types of revisions may be made to this Programme document with the signature of the UNDP Resident Representative only; provided that he/she is assured that the signatories of the Programme Document have no objections to the proposed changes:

- (a) Revisions in, or addition of, any of the annexes to the Programme document,
- (b) Revisions which do not involve significant changes in the results of the Programme, but are caused by the re-arrangement of inputs already agreed to or by increases in costs due to inflation, and
- (c) Mandatory annual revisions which re-phase the delivery of agreed inputs, increase experts cost and other costs due to inflation, or take into account expenditure flexibility.



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