



INVESTMENT SECURITY IN THE MEDITERRANEAN SUPPORT PROGRAMME



With the financial assistance of  
the European Union

**16-17 SEPTEMBER**

**TRAINING SESSION ON PUBLIC-PRIVATE PARTNERSHIPS**



## **Agenda**

Marriott Hotel Zamalek  
Cairo, Egypt

**MENA-OECD  
INVESTMENT  
PROGRAMME**

## Background

While infrastructure is a key element of the business environment and a generator of employment, increasing demand for infrastructure in the Southern Mediterranean region is obstructed by declining private investment in major projects due to global economic conditions and regional political uncertainty. Key levers available to MENA governments as they attempt to secure private investment in difficult conditions include improved legal frameworks for infrastructure projects and a range of risk mitigation instruments that can at least partially offset investor apprehensions.

## About the ISMED Support Programme

The **Investment Security in the Mediterranean (ISMED)** Support Programme, implemented by the MENA-OECD Investment Programme with financial support from the European Union, seeks to increase private infrastructure investment in the Southern Mediterranean Region by providing advisory services to governments on reducing the legal framework risk of specific projects and by conducting public-private policy dialogue on broader legal framework improvements.

## The Nile River Ports Project

The **Nile River Ports Project**, developed by the River Transport Authority (RTA) of Egypt, involves the construction of four pilot river transport ports in Qena, Sohag, Meet Ghamr and Assuit, under Public-Private Partnerships (PPPs). The goal is to transport 20% of all cargo by river and rail within the next five years, thereby reducing road congestion, pollution, and expenditure on fuel subsidies. In 2009-2010, a BOT (Build-Operate-Transfer) tender for one port was not successful in attracting bids, with investors indicating that the concession period was too short, that a project built around a single port in a network of multiple ports was not an attractive opportunity, and that too much risk was being placed on the private party.

## The ISMED Support Programme in Egypt

In October 2013, the **River Transport Authority (RTA)** of Egypt has sought ISMED Support Programme assistance on legal framework and risk-sharing issues for the river ports PPP project. Hence, the ISMED Support Programme has sought to identify, in collaboration with the competent authorities, the short and longer term actions required to strengthen the legal and regulatory environment of the river ports PPP, identify investment climate shortcomings, and prioritise the implementation of appropriate policy remedies. Specifically, ISMED Support Programme assistance to the RTA focused on:

- a) A proper delineation of risk sharing between public and private sector actors, via a series of meetings with key stakeholders at which initial data, analysis and findings were tested and refined, leading to a full Assessment Report;
- b) The drafting of template tender documents and terms of reference for a feasibility study, the completion of which will allow the RTA to inject the river ports project into the Government PPP pipeline by raising its profile and highlighting the recommended legal framework improvements;
- c) Advice on other aspects of the PPP and/or sectoral legal framework that are critical for private investors and may constitute obstacles to private sector participation in river transport infrastructure projects.

## Objective of the Public-Private Dialogue

This **Training Session on Public-Private Partnerships** aims at helping Egypt's River Transport Authority (RTA) as well as other interested public entities to better understand the key elements of a successful PPP river port project, and build capacity at the RTA so that the authority is in a better position to advance the project.

## Background Documents

- Assessment Report on the Nile River Ports Project (full version available in English ; excerpt available in Arabic)
- OECD Principles for Public Governance of Public-Private Partnerships (2012)
- OECD Principles for Private Sector Participation in Infrastructure (2007)
- OECD/ITF (2013), *Better Regulation of Public-Private Partnerships for Transport Infrastructure*

# Training Session on Public-Private Partnerships

## Agenda

DAY 1		TUESDAY 16 SEPTEMBER 2014
8:30 - 9:00	Registration	Conference Room "The View"
9:00 - 9:30	Welcoming Address	
	<b>Admiral Mostafa Ibrahim Amer</b> , Chairman, River Transport Authority <b>Ms Nicola Ehlermann-Cache</b> , Acting Head, MENA Division, Global Relations, OECD	
9:30 - 10:30	Session 1: Overview of River Transport in Egypt	
	<b>Dr Abdel Kader Lashine</b> , Lead Consultant and Chairman, TCB Trans <ul style="list-style-type: none"><li>• Importance of River Transport in Egypt</li><li>• Potential for River Transport in Egypt and existing obstacles</li><li>• Future Development Strategy</li></ul> <b>Dr Hisham Fouad</b> , Technical Assistant for Transport Sector Reform, Ministry of Transportation <ul style="list-style-type: none"><li>• On-Going Reform in Transport Sector</li><li>• Dredging Programme</li><li>• Potential Solutions to River Transport Challenges</li></ul>	
10:30 - 11:00	Coffee Break	
11:00 - 12:30	Session 2: Evaluation of PPPs by the PPP Central Unit	
	<b>Dr Atter Hannoura</b> , Director, PPP Central Unit, Ministry of Finance <ul style="list-style-type: none"><li>• What happens after PPPCU receives all required materials?</li><li>• How does the PPPCU review and consider the information submitted?</li><li>• Best practices and common mistakes made by procuring authorities.</li><li>• How to maximise the chance that your project is accepted by PPPCU to go forward</li></ul>	
12:30 - 14:00	Lunch	Roy's Country Kitchen Restaurant
14:00 - 15:30	Session 3: Assessing the PPP Option	
	<b>Ms Malak Draz</b> , Investment Officer, International Finance Corporation <ul style="list-style-type: none"><li>• Why this project, why now?</li><li>• Good reasons to do a PPP vs Bad reasons to do a PPP</li><li>• Traditional public procurement vs. PPP</li><li>• Value for Money</li><li>• Is this project feasible and bankable by way of PPP?</li></ul>	
15:30 - 17:00	Session 4: The View from the Private Sector	
	<p><i>The purpose of this session is to exchange views and experiences of the Egyptian PPP market by private sector operators and investors – particularly as regards the river transport infrastructure sector. Key issues to be discussed:</i></p> <ul style="list-style-type: none"><li>• <i>What makes a river port project attractive to the private sector?</i></li><li>• <i>Challenges faced in Egypt – particularly in river transport?</i></li><li>• <i>The way forward: potential solutions to existing challenges.</i></li></ul>	

Moderator: **Ms Nicola Ehlermann-Cache**, Acting Head, MENA Division, Global Relations, OECD

Panellists:

- **Mr Hamdy Barghout**, Business Development, Egytrans
- **Ms Maha Diwan**, Projects Manager, Integrated Solutions for Ports
- **Mr Didier Bacon**, Chief of operations, Director Africa, Touax River Barges
- **Mr Saad Alsukhon**, Project Finance and Infrastructure, Ernst & Young MENA

## DAY 2 WEDNESDAY 17 SEPTEMBER 2014

### 9:00 - 10:30 Session 5: PPP Fundamentals

**Mr Andrew Fitzpatrick**, Coordinator, ISMED Support Programme

- Typical PPP Transaction Structure and Contractual Relationships
- Optimal Allocation of Risks
- User Pay vs. Availability Payments
- Fiscal consequences

### 10:30 - 12:00 Session 6: Egypt's PPP Legal Framework

**Ms Dina Kadry**, Egyptian Legal Counsel

- Review of road map provided by PPP Law
- Responsibilities of RTA
- Next steps to be taken by RTA to advance river ports project under PPP Law
- Broader legal issues, contracts and dispute resolution

### 12:00 - 12:30 Coffee Break

### 12:30 - 14:00 Session 7: Roundtable Discussion with international financial institutions

*The purpose of this session is to provide the views and experiences of multilateral donors in PPP deals in Egypt. Key issues to be discussed:*

- *Experiences with PPP deals in Egypt and Egypt-specific challenges*
- *Useful analogous experiences in similar jurisdictions*
- *Typical challenges faced by PPPs in the MENA region and solutions*
- *Key factors and criteria for investment decision*

Moderator: **Ms Nicola Ehlermann-Cache**, Acting Head, MENA Division, Global Relations, OECD

Panellists:

- **Mr Aymen Ali**, Chief Transport Engineer, African Development Bank
- **Ms Malak Draz**, Investment Officer, International Finance Corporation
- **Ms Maria Rica**, Resident Loan Officer, European Investment Bank
- **Mr Philip Ter Woort**, Director, Cairo Resident Office, European Bank Reconstruction and Development

### 14:00 - 14:30 Summary and Conclusions

**Mr Andrew Fitzpatrick**, Coordinator, ISMED Support Programme

**End of the meeting**

## About the OECD and the MENA-OECD Investment Programme



The **Organisation for Economic Co-operation and Development** (OECD) is a unique forum where 34 member governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and help governments address emerging policy issues such as finding new sources of growth, building skills, and restoring public trust in government and business. The OECD provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies. It increasingly engages with a number of non-members who have become important actors in today's global economy.



The **MENA-OECD Investment Programme** was launched in 2005 at the request of Middle East and North African (MENA) governments to support investment policy reforms for growth and employment in the region. Today, the Programme convenes representatives of these 18 MENA governments (Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen), OECD member countries and emerging economies to exchange good practices in a wide range of policy areas, leveraging the OECD model of policy dialogue and peer learning. It provides a platform for dialogue with civil society, the business community and academia to collectively identify priority business climate reforms and support their implementation.

## Key Contacts

### **Ms Nicola EHLERMANN-CACHE**

Acting Head  
MENA Division, Global Relations  
OECD  
M: +33 6 21 82 04 56  
T : +33 1 45 24 17 48  
E: Nicola.Ehlermann-Cache@oecd.org

### **Mr Andrew FITZPATRICK**

Coordinator  
ISMED Support Programme  
OECD  
M: +33 6 73 80 72 68  
T : +33 1 45 24 16 06  
E: Andrew.Fitzpatrick@oecd.org

### **Mr Sabri DRAIA**

Junior Policy Analyst  
ISMED Support Programme  
OECD  
M: +33 6 59 43 86 87  
T : +33 1 45 24 92 59  
E : Sabri.Draia@oecd.org

For more information, visit [www.oecd.org/investment/psd/ismed.htm](http://www.oecd.org/investment/psd/ismed.htm)

## OECD Publications

- [Budgeting Practices and Procedures in OECD Countries \(OECD, 2014\)](#)

The OECD Budget Practices and Procedures Database provides detailed data on how budgets are made in OECD countries from formulation, to approval, execution and reporting based on surveys conducted every four to five years. This publication presents the results of the latest survey, conducted in 2012, and compares this with the previous survey, conducted in 2007. It finds that fiscal sustainability is a key issue for countries today. It also highlights the growing use of medium-term expenditure frameworks, capital budgeting and top-down budgeting, and it examines transparency of budgeting as well as budgeting flexibility.

- [Better Regulation of Public-Private Partnerships for Transport Infrastructure \(OECD/ITF, 2013\)](#)

Many governments seek to attract private finance for infrastructure through public-private partnerships (PPPs) in order to maintain investment at the same time as limiting public spending. Experience with PPPs has, however, been mixed. Some transport PPP projects have delivered major cost savings but many more have exceeded their budgets. PPPs are prone to overestimating revenues and when projects run into financial difficulty, risks have a tendency to revert to the taxpayer.

The report examines the nature of risks and uncertainty associated with different types of PPP project and the practical consequences of transferring risks to private partners. It assesses the fiscal impact of PPPs and discusses budget procedures and accounting rules to limit the public liabilities they can create. The report also reviews the relative merits of tolls, availability payments and regulated asset base models for attracting finance for public infrastructure from private investors on a sustainable basis.

- [OECD Principles for Public Governance of Public-Private Partnerships \(OECD, 2012\)](#)

These OECD Principles provide concrete guidance to policy makers on how to make sure that Public-Private Partnerships (PPP) represent value for money for the public sector. In concrete terms, the Principles will help ensure new projects add value and stop bad projects going forward. They provide guidance on when a PPP is relevant – e.g. not for projects with rapidly changing technology such as IT, but possibly for well-known generic technology such as roads. They focus on how you need to get public sector areas aligned for this to work: institutional design, regulation, competition, budgetary transparency, fiscal policy and integrity at all levels of government.

- [Reviews of Regulatory Reform: Indonesia \(OECD, 2012\)](#)  
[Public-Private Partnership Governance: Policy, Process and Structure](#)

This chapter is a summary of the background report Governance of Public-Private Partnerships (PPPs) in Indonesia. The background report is available at [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports). While the government of Indonesia has taken significant steps to define the legal and administrative framework for PPPs and identify a pipeline of projects, further measures are required if Indonesia is to meet its goals for private sector infrastructure investment. These include integrating the selection of PPP projects in the budget process, developing a public sector comparator for evaluating alternative bids, and strengthening the role of the Ministry of Finance to support government contracting agencies and act as a gateway on infrastructure investment decisions.

- [How To Attain Value for Money: Comparing PPP and Traditional Infrastructure Public Procurement \(OECD, 2011\)](#)

Governments increasingly use public-private partnerships (PPPs) to pursue value for money. However, value for money is (or at least, should be) the driving force behind traditional infrastructure procurement. Therefore, any project, whether it is a PPP or a traditionally procured project, should be undertaken only if it creates value for money. It seems that the choice between using a PPP or traditional procurement should be simple: governments should prefer the method that creates the most value for money. However, in practice the value-for-money objective is very often blurred, and the choice between using a PPP and traditional infrastructure procurement may be skewed by factors other than value for money. Some factors skew choice towards traditional procurement, while others skew it towards PPPs.

- [Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures \(OECD, 2010\)](#)

Dedicated public-private partnership (PPP) units are organisations set up with full or partial aid of the government to ensure that the skills needed to handle third-party provision of goods and services are made available and clustered together within government. Such units enhance the capacity of government to successfully manage the risks

associated with a growing number and value of PPPs. Although a relatively recent phenomenon, in 2009 more than half of all OECD countries reported the existence of a dedicated unit of some kind.

This book provides an overview of dedicated PPP units in OECD countries, including case studies covering: the State of Victoria (Australia), Germany, Korea, South Africa (an OECD enhanced engagement country), and the United Kingdom. It examines the functions and locations of dedicated PPP units, the role they play in the procurement process and the lessons learned for other countries that have already established or are considering establishing a dedicated PPP unit.

- **Progress in Public Management in the Middle East and North Africa. Case Studies on Policy Reform (OECD, 2010)**  
[\*Ensuring the Efficient Use of Public-private Partnerships in MENA Countries\*](#)

Public-private partnerships represent a real opportunity for the countries of the MENA region, which often have high infrastructure requirements but low quality public service performance. The growing trend towards public-private partnering is being driven by citizens' demands for better quality services. An efficient use of PPPs in MENA countries would help governments to balance the budget and to improve the effectiveness of public service delivery. Given that PPPs are usually complex long-term contracts of high value, they will influence public services in the MENA region for the foreseeable future. Through the case studies of Tunisia and Jordan, this chapter shows how governments in the region are implementing ambitious PPP policies, focusing on public decision-making, adaptation of PPP legal frameworks and strategies to strengthen administrative capacities for PPP contract design, negotiation and implementation. These two cases demonstrate that PPPs can accelerate improvements to public infrastructure, better service quality, and economic growth.

- [\*\*Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money \(OECD, 2008\)\*\*](#)

The debate about how to achieve value for money in the delivery of government services is ongoing. Increasingly, public services are being produced, procured and delivered to citizens by public-private partnerships. This book highlights ten good practices, summarising what countries should consider before entering into public-private partnerships (PPPs). These include affordability, value for money, budget scoring and accounting treatment, dealing with liabilities (contingent or explicit), and regulatory and institutional governance issues. The book also discusses the important questions of risk – both financial and political – and of how to measure the performance of a public-private partnership to ensure its continued value to society. Drawing upon country examples within and outside the OECD area, this book will help governments and the public to come to grips with this complex mechanism and its impact on public finances as well as on the definition of the boundaries between the state and the market.

- **Making Reforms Succeed: Moving Forward with the MENA Investment Policy Agenda (OECD, 2008)**  
[\*Regulatory Frameworks for Successful PPPs in MENA Countries: Emerging Good Practice\*](#)

Effective regulatory frameworks for public-private partnerships (PPPs) in infrastructure development have become an important comparative advantage for countries' ability to attract international investors in infrastructure services. According to estimates MENA governments plan to spend around USD 100 billion by 2015 only in the water sector.<sup>1</sup> Given these estimates, regulators will have to use available resources including technical and material implementation capacity and private investment prepared to engage in long term risks in the most efficient way. This provides a strong argument for the provision of a transparent and predictable regulatory environment to make PPPs work without wasting resources. Experience from OECD and non-OECD countries laid out in the 2006 OECD Policy Framework for Investment and the 2007 OECD Principles for Private Sector Participation in Infrastructure underscores the fact that private investors' interest in PPP projects requires not only clear guidance on financial arrangements of a potential project, but also a reliable political, administrative, and regulatory framework to be in place.

- [\*\*OECD Principles for Private Sector Participation in Infrastructure \(OECD, 2007\)\*\*](#)

These OECD Principles aim to help governments work with private sector partners to finance and bring to fruition infrastructure projects in areas of vital economic importance such as transport, water and power supply and telecommunications. They offer governments a checklist of policy issues to consider in ensuring that citizens get the services they need at a fair cost and with viable returns to private sector partners.