

Foreign Investment Guide

Public-Private Partnership

Moldova – Looking for Public Private Partnerships

Since 2007 the Government of the Republic of Moldova has turned to the private sector and promoted the Public Private Partnership (PPP) concept to provide a wide range of public services previously delivered solely by the public sector. The public services and infrastructure in the Republic of Moldova are underdeveloped, while public financial resources for their rehabilitation and modernization are insufficient. The Government is eager to join its efforts with the ideas, projects and resources of the private sector to increase the quality and efficiency of public services and provide the value that consumers and public at large are expecting.

What does Government expect from PPP?

The Government is keen to develop the public services and infrastructure at the national level and facilitate the development of public services and infrastructure at local level by involving the private sector and under conditions mutually benefiting all partners involved.

Government expects that the public sector will benefit of the private partners bringing in high-performance management, technological know-how, financial resources and highly-skilled human resources.

The sectors that Government identified as high-priority for projects under Public-Private Partnerships are energy, transport, health, business infrastructure and municipal utilities.

Steps undertaken by the Government for PPP promotion

The Government understands that successful PPPs require an effective regulatory and institutional environment providing for the best use of partners' resources. A range of measures have been adopted so far to streamline the regulatory and institutional framework.

a) Regulatory environment

In 2008 the Law on Public-Private Partnerships has been adopted establishing basic principles and possible forms of relationship between public and private sectors. In order to bring the existing legal framework in accordance with the provisions of the Law on Public-Private Partnerships, the Government has promoted amendments to a dozen of other laws including, on entrepreneurship and enterprises, concession, local public finance, public procurement, to name only the most important. The current regulatory environment eliminates administrative barriers, expands autonomy of the local public authorities, and simplifies the access of private investment to the public sector.

Principles of PPP in the Republic of Moldova:

- a) equal treatment, impartiality and non-discrimination;
- b) transparency
- c) equilibrium;
- d) provision of competition;
- e) freedom of contract;
- f) cooperation.

PPP priorities by sectors

Energy:
- upgrade power-generating facilities
- develop alternative energy sources

Transport:
- roads rehabilitation and maintenance
- public transport

Municipal utilities:
- construct/modernize municipal water and sewerage systems
- waste management

Business infrastructure:
- industrial parks

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Main forms of PPP:

- a) contractor/service agreement;
- b) agreement on fiduciary management;
- c) lease/rental agreement;
- d) service concession agreement;
- e) simple partnership agreement.

b) Institutional set-up

Ministry of Economy – elaborates policy documents regarding development of public-private partnership and proposed necessary regulatory amendments.

Public Property Agency - coordinates the initiation and implementation of PPPs at national level and promotes their proper implementation.

Partners' Benefits

All partners involved in relations of Public-Private Partnerships benefit of a clear and long-term regulatory framework.

In case of changing national and local regulations, the private partners are entitled to be compensated for any damages incurred.

Private sector benefits of necessary advisory and promotion services.

How PPPs are initiated in Moldova?

1. Relevant central or local public authority sets projects' objectives and general conditions;
2. A project feasibility study is developed to be further endorsed by Public Property Agency;
3. A decision on organization of tender for private partner selection is adopted;
4. The tender is organized and private partner selected; appeals and petitions are accepted during 15 days;
5. The contract draft is prepared within 30 days since the tender decision was taken;
6. Negotiating and signing the contract with the private partner within a maximum period of 30 days.

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