

POSITIVE AND NEGATIVE FACTORS IN THE ADOPTION OF PUBLIC PRIVATE PARTNERSHIPS IN KOSOVO

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Abstract

Partnership is a worldwide term defined in different forms. According to the World English Dictionary, "partnership" is defined as a contractual relationship between two or more parties who cooperate in a joint venture for profit, dividing the benefits and obligations to respond to losses. Public Private Partnership (PPP) is a relatively new concept, offered to Kosovo as a successful practice in European and wider countries. PPP brings a new multi-dimensional approach to infrastructure developments, reforming the economic, financial, legislative, organizational, and techniques and technologies used in infrastructure projects and beyond. This research specifically examines whether Public Private Partnerships should be used to provide public works projects in Kosovo by studying attractive and negative factors for the adoption of PPPs. A questionnaire survey was conducted with industry practitioners in Kosovo. Respondents were asked to list the importance of 15 attractive factors and 13 negative factors for adopting PPPs. By identifying attractive and negative PPP factors, these can be identified as a checklist for assessing the suitability/ feasibility of using PPPs.

Keywords: Partnership, public, private, factors, attractive, negative, Kosovo

INTRODUCTION

Partnerships can be of different forms depending on the parties involved: public-private, private-private, or public-private. It is the latter that arouses a greater interest, given the fact that the private sector has always played an important role in providing public infrastructure. The involvement of the private sector in public infrastructure procurement takes different forms and

varies among states. In this regard, both developed and developing countries have made constant efforts to increase private sector participation in infrastructure developments.

The European Union has the following definition of "institutionalized PPPs": PPPs are a form of co-operation between public authorities and businesses, for the purpose of carrying out infrastructure projects or providing the service to the public. These arrangements, which typically involve complex legal and financial arrangements, have been developed in several areas of the public sector and are widely used within the EU, particularly in the areas of transport, public health, public safety, waste management and water distribution (the Union European, 2004).

Most of the definitions acknowledge that public-private partnership is a contractual agreement between a public (federal, state or local) agency and a private sector entity. Through this agreement, the capabilities and assets of each sector (public and private) are divided into the service or facility for use by the general public. In addition to allocating resources, each party shares the risk and potential benefits of service delivery and/ or facility (NCPMP, 2006). This definition by the US body responsible for PPP promotion can be seen to favor private investors when referring to risk sharing instead of "risk transfer". The issue of PPP risk is also addressed by the World Bank (2008) when it argues that PPPs should promote individual interests of each partner: in general, returning investment to the private partner and net profit for society and the economy as a whole (through achieving specific goals, such as improving access or reducing costs).

In general, however, Public-Private Partnerships refer to forms of cooperation between public authorities and the private sector, which aims to provide funding, construction, refurbishment, management, operation and / or maintenance of infrastructure and / or provision of a service. In essence, all Public-Private Partnerships involve the form of risk-sharing between the public and the private sector in providing infrastructure or service. Risk allocation for the private partner is the main determinant in the distinction between PPP and the traditional model of public service delivery.

Giving a unique definition of PPPs is difficult by the fact that their nature is determined and is closely related to the level of involvement of the private sector and the nature of partnership responsibilities. According to Li and Akintoye (Li and Akintoye, 2003), academic researchers as well as practitioners in the industry have different views on PPP: some consider it as an attachment to privatization, while others argue that PPP is totally different from the privatization initiative.

The aims of the work are to identify: i). what is Kosovo's experience with PPP; ii). what is the legal framework in Kosovo for PPPs; iii). How many transactions has Kosovo managed to

develop for PPPs; and iv). Which is the ranking of attractive and negative factors for the adoption of PPP by empirical research respondents.

LITERATURE REVIEW

The European Investment Bank (EIB) 2004 defines PPP as an investment that shares the risk of offering public goods and services considered by the government as a way of launching investments whose realization would have been impossible under the terms of a limited budget and time.

Akintoye (Akintoye, 2006) describes his PPP as a joint contractual property agreement, where the public and private sector pool resources and share the risks and benefits to create efficiency in providing public and private services. Considering also the definitions of other researchers such as Li and Akintoye (Li and Akintoye, 2003), they note that despite differences and discrepancies in attitudes they share some similarities which Peter (Peter, 1998) summed up as the main features of the projects of public private partnership:

- 1) Involvement of two or more parties (at least one in the public and one in the private sector);
- 2) There is a lack of a primary authority structure. This implies that each party is primary on its own, without referring to other authoritarian sources;
- 3) Creating a long-lasting relationship between parties;
- 4) Offering and transferring resources from both parties (material, financial, human resources).
- 5) Each party brings something to the partnership, no matter how small;
- 6) Joint responsibility for project outcomes, which is translated into dividing responsibilities, authority, investment, risk, as well as benefits. These are in the essence of partnership.

By examining different definitions of PPPs in existing literature, it is important to place emphasis on the nature and characteristics of contractual arrangements between the public and private parties. Different researchers have introduced a large number of public private partnership models that vary among them from the degree of government control and the degree of private sector involvement in project risk. Based on the European Commission's studies (Green Paper, 2004), PPPs can be classified in a general plan in two forms:

1. Contractual PPP: these approaches are based on contractual links between the parties and are more widely applied in construction and management projects.
2. Institutional PPP: means that a new legal person is established by a private and public partner for the purpose of realizing public services.

The Canadian Council for PPPs (CCPPP, 2001) identifies five major models used in Canada:

- a. Design-Build-Finance-Maintain-Operate (DBFMO)
- b. Project-Build-Finance-Ownership-Maintain-Operate-Transfer(PBFOMOT)

- c. Project-Build-Finance-Maintain (PBFM)
- d. Project-Build-Finance (PBF)
- e. Build-Finance (BF) and Build-Finance-Maintain (BFM).

According to Merna and Smith (Merna and Smith, 1994), the use of public private partnerships in Europe is widespread. In particular, the Build-Operate-Transfer (BOT) model finds extensive use for financing, building, operating and maintaining infrastructure projects. Literature indicates that this model has been found to be used in small projects. Member States consider PPPs as appropriate structures for undertaking infrastructure projects, such as transport, public health, education and national security; they provide opportunities to boost the trans-European transport system (TETS), whose development lags behind due to lack of funds (Kraja, 2013). However, many European countries have already established a legal framework on PPPs, always based on the principles of the Treaty of Rome, 1957, such as:

Greece- PPP Law (3389/2005, September 2005); France- Partnership Contract (L'Ordonance n°2004-559 dt. 17.6.2004), concessions contracts (Sapin law) Portugal- PPP contracts (Decree-law86/2003); Croatia- The Act of Public-Private Partnerships, Zagreb, 30 October 2008 (Official Gazette 129/08) Class: 011-01/08-01/142; Reg. No.: 71-05-03/1-08-2.

Slovenia- Law on Public-Private Partnerships (Public-Private Partnerships ACT (ZJZP)); No310-01/06-8/1; Ljubljana, 23 November 2006; EPA868-IV;Polonia- Act of 17.6.2005 on Public-Private Partnership; Germany- PPP Acceleration Act of 2005; Romania- PPP law (GEO No. 34/2006); etc. Reijniers (Reijniers, 1994) in his publication reported that the parliamentary coalition in the Netherlands first mentioned PPP in 1986, in the context of rationalization and planning of public services.

EXPERIENCE OF PPPs IN KOSOVO

The history of PPPs in Kosovo is relatively new. The first law regulating private finance in public infrastructure was the Law on Concession Grant Procedure, which entered into force in October 2005. This law was primarily used by municipalities to implement concession projects that focused mainly on immovable property concessions and of the land. Given Kosovo's need for significant investments in public infrastructure and to provide efficient and quality public services, the Government of Kosovo sought to promote the development of PPPs. Government support for the implementation of PPP projects was identified through the PPP Policy Directive adopted in July 2008.¹ The Directive also required public authorities to implement PPP projects only through competitive, fair and transparent procedures. This political support also prompted the Ministry of Finance to engage in the preparation of a new PPP law that was prepared in accordance with UNCITRAL², EBRD guidelines as well as EU directives and best international

practices. This law was prepared with the technical assistance provided by the United States Agency for International Development (USAID). As a result, the Law on PPPs and Concessions in Infrastructure and the Granting Procedures came into force in August 2009 (No.03 / L-090). The first PPP in accordance with this law was design contract-construction-financing-operation-transfer of Pristina International Airport. This project is now in action phase. The efforts of the Government of Kosovo to further align the country's legislation with European Union public procurement policies made changes to the PPP law in 2011. In December 2011, the Law on Public Private Partnership (No. 04 / L-045) was voted and entered into force.

Main developments in the legal framework for PPP in Kosovo:

- ✓ October 2005 –Law on Procedures for Granting Concessions
- ✓ March 2008 – Law on Public Financial Management and Accountability
- ✓ July 2008 –Government Policy Directive
- ✓ 2008 – Establishment of the Central PPP Department
- ✓ August 2009 – Law on PPPs and Concessions in Infrastructure and Procedure for their Award
- ✓ December 2011 – Law on Public-Private Partnership
- ✓ November 2011 – Directive on Procedures for Review and Approval of PPP

As defined by PPP law, public-private partnerships or PPPs, mean a contract or institutional cooperation between one or more public authorities and one or more private partners where the private partner:

- provides a public service or a public infrastructure on behalf of public authority;
- assumes financial, technical, construction and operational risks, including the risks to availability or not on demand, with regard to public service or public infrastructure provided;
- takes advantage of the provision of public service or public infrastructure in the form of payment made by the public authority from its budget, payments or fees to be collected by the private partner from the users or customers of the public service or infrastructure offered to them or a combination of payments and such fees.

Since then, Kosovo has managed to develop and link two relevant PPP transactions:

1.The complex transaction for Pristina International Airport (2011), which includes a 20-year design-build-finance-operate-transfer agreement, according to which the private partner agrees to build a new terminal building, air traffic control facilities and the new apron. This project led to a foreign direct investment in Kosovo of over 100 million euros, the largest foreign investment since the country's independence. This investment will allow Pristina International Airport to accommodate more than 2 million passengers a year. In exchange for the right to obtain a

concession, the private partner will pay an annual concession fee of approximately 40% of the annual gross annual income of the airport for 20 years.

2. At the municipal level, the first transport project for the public transport service in the Municipality of Peja - with a combined capital of 1.7% of GDP by the end of 2014. Other local projects are mainly implemented as concessions in real estate. However, many of them have not been formally registered as PPPs under the previous PPP law, municipal projects have not been subject to approval before tendering.

Table 1 Current and future PPP Projects in Kosovo

Transaction	Type	Size	Status
Prishtina International Airport	Concession (20 years)	100 million euros	Implementing
Urban Transport Peja	Concession (10 years)	2 - 5 million euros	Implementing
Waste Management Suhareka	Concession (10 years)	2 - 5 million euros	Granting phase
Rt 7 Motorway Service Areas	Concession (20 years)	-	Submission of documents to the Draft Tender
Underground Parking Prishtina	Concession (30 years)	5 - 10 million euros	Preparing for re-tendering
The Urban Bus Service, Gjilan	Concession (10 years)	-	Feasibility study
The Urban Bus Service Prishtine	Concession (10 years)	10 - 50 million euros	Feasibility study
VitiaGreen Market	Concession (30 years)	Less than 1 million euros	Feasibility study
City Square, Lipjan	Concession (5 years)	5 - 10 million euros	Feasibility study
Facility in school support, Gjilan	Concession (10 years)	Less than 1 million euros	Transaction design phase
Business Park, Mitrovica	Concession	2 - 5 million euros	Under planning
Prizren Commercial Center,	Concession	-	Perspective
Prizren Cemeteries	Concession	-	Perspective
Road 7 O&M	Concession	-	Perspective

STRATEGIC OBJECTIVES BASED ON THE NEEDS IDENTIFIED FOR THE DEVELOPMENT OF PPPS

The PPP Department of Kosovo based on the problems and the progress so far has developed the SWOT analysis of these developments in Kosovo which is presented in table 2.

Table 2 SWOT analysis of the developments in Kosovo

Strengths	Weaknesses
<p>Modern legislation in line with EU and EBRD requirements</p> <p>The central PPP department - is the focal point for promotion, guidance and review of PPP transactions</p> <p>Experts with experience in the Central PPP Department</p> <p>Successful transactions have been concluded and others are under development at central and municipal level</p> <p>Some transactions are expected to take place in the near future (SAA, urban transport Pristina, underground parking Pristina, urban transport Gjilan)</p>	<p>Relatively high cost of transactions for the development and implementation of PPPs hampers sustainable development of PPPs</p> <p>Low capacity at the level of the contracting authority to develop PPP transactions without the consultative assistance provided by donors, DQPPP or contracted advisory services.</p> <p>Low level of PPP recognition within public authorities and the private sector</p> <p>Lack of a publicly available list of future PPP transactions that would enable potential investors the necessary planning</p> <p>There is no clear link between the PPP planning process and the MTPP</p>
Opportunities	Threats
<p>Providing effective infrastructure and public services.</p> <p>Reducing the infrastructure gap</p> <p>Restructuring the economy through the participation of the private sector in infrastructure and public services</p> <p>Possibility of attracting foreign investments in PPP transactions</p> <p>Successful transactions bring more investors.</p> <p>Possibility of strengthening local SMEs through PPPs</p> <p>Creation of PPP Project Development Fund (PPPDF) with donor and government support</p> <p>Extending PPP practice to encourage IFPs development opportunities</p>	<p>The difficult global economic situation affects Kosovo in terms of attracting foreign direct investment</p> <p>The failure of any successful high-profile project can affect the alienation of private investment</p> <p>Transactions that are not adequately linked to the policy and spending framework may result in unplanned liabilities.</p>

Particularly on the basis of this analysis, are identified the strategic objectives and actions that are needed to be undertaken around this strategy, as follows:

- Build PPP planning capacities by linking the planning to the Mid-Term Expenditure Framework and the Mid-Term Priority Policy Framework
- Establish Sustainable Capacity for Project Development and Implementation in Kosovo by Planning and Establishing a Project Development Entity
- Capacity Development for the Private Financing Initiative (PFI) by expanding awareness of VET as a PPP option
- Increase communication with the private sector by developing and publishing the list of future planned PPP transactions.
- Strengthen the management of PPP contracts by creating a risk-based supervision system.

RESEARCH METHODOLOGY

An empirical survey using structured questionnaire was conducted in Kosovo from October 2017 to January 2018 to analyze the attractive and negative PPP adoption factors. The survey respondents included all industry practitioners from the public, private and other sectors. These respondents were asked to evaluate their degree of agreement on each of the attracting and negative factors identified on a Likert scale with five points (1 = least important and 5 = most important). The information gathered about attracting and negative factors will help achieve Objective 1 "Identifying the Benefits, Difficulties and Critical Criteria of PPP Success" and Objective 6 "Evaluating Findings Collectively to Determine a Framework of Practice good for PPP implementation in Kosovo "of this research study.

Targeted respondents were selected on the basis of two criteria: 1) They should have adequate knowledge in the area of PPP; and 2) They should have practical experience with PPP projects, experience in conducting PPP research, or have closely followed PPP development. Poll questionnaires were sent to 95 respondents. It is anticipated that some of these respondents will have colleagues and personal links with knowledge in the area of PPP to participate in this research study as well; therefore some of the interviewees were sent out three or four blank copies of the survey form. A total of 45 completed questionnaires were returned, representing respectively response rates of 47.36%.

It should be noted that the number of responses to Kendall's harmonized analysis may not always be 45 as these respondents may not have all factors listed. Therefore in some cases not all responses may be appropriate for subsequent statistical analyzes.

The respondents in the questionnaire consisted of experienced practitioners from the industry. As shown in figures 6.1, nearly half of the respondents owned twenty years or more industrial experience. Figure 6.2 provides a division of questionnaire respondents who have been involved in PPP projects.

Given several PPP projects conducted in Kosovo, it was a surprise to find that 34% of respondents gained previous experience. Certainly some of these may have had experience with local PPP projects or overseas projects but still the experience of these respondents confirmed the quality of responses from the survey conducted. In addition, among those respondents who have gained experience in PPP projects, 10% previously were involved with at least 5 projects.

ANALYSIS AND RESULTS

Attractive and negative factors for the adoption of PPPs were evaluated from different perspectives in Kosovo. The assets for this administrative system were counted and ranked in descending order of importance as shown in Table 3.

Attracting factors for PPP adoption

Fifteen attractive factors for adopting PPPs are estimated by respondents see (Table 3).

The findings showed that the three main attractive factors were:

- (1) Encouraging creative and innovative approaches; and
- (2) Provide an integrated solution (for infrastructure / public services);
- (3) Solve the problem of public sector budget constraints.

The first attractive factor ranked by respondents was "Encouraging Creative and Innovative Accessibility". This attractive factor was rated as the first among fifteen attractive PPP factors. This observation shows that Kosovo has a great demand for creativity and innovation in PPP projects compared to developed countries. Practitioners in Kosovo have expressed in public the need and importance of creativity and innovation in PPP projects.

Kosovar Respondents "Providing an Integrated Solution (for Infrastructure / Public Services)" is ranked as the second most important factor among the fifteen attractive factors.

PPP is an integrated solution to that a private consortium is responsible for all design, construction, financing, operation, and maintenance functions. This link can allow partners to benefit from a number of efficiencies and increase economies of scale and scope (European Commission Directorate, 2003). For example, the contractor's detailed knowledge of project design and used materials allows him to develop an adequate maintenance plan during project life that anticipates and addresses needs as they occur, thereby reducing the risk of issues being passed without observe or observe and then worsen into much more costly problems.

The third attractive factor estimated by respondents, "Solving the Public Sector Budget Restriction Problem". This administrative system perceived this attractive factor as very important for the launch of PPP projects.

Financing of public sector projects has been recognized as one of the basic initial forces for the implementation of PPP schemes at the international level. Many experienced PPP experts believe that PPP brings a lot of attractiveness other than funding and that financial motives should not be taken as the only reason for adopting PPPs. However, financial reasons are often the initial appealing factors for administrative systems that adopt PPPs. This attractive financial factor is undoubtedly very appealing to governments around the world especially when public money needs to be spent among the competitive needs. Therefore, it is not surprising that the respondents considered this factor to be very attractive.

Average values for attractive factors as estimated by Kosovo respondents ranged from 2.92 to 3.81. This observation has reflected that the difference in their responses is relatively small, only 0.84. This finding shows that respondents who praised the fifteen appealing factors were very consistent in their responses.

Whereas respondents were asked to evaluate the 15 attractive factors on the Likert scale from 1 to 5 (1 = the least important and 5 = the most important), a value above "3" would represent the attractive factor of importance. Among the attracting factors only one was listed below "3". This attractive factor was "Risk Transfer to Private Partner", which scored "2.92" and was ranked at the bottom. This is probably because the immediate results of this appealing factor cannot be seen and therefore, fourteen attractive factors were relatively more favorable. Fourteen attractive factors in the rank were evaluated with a score between "3" and "4". In addition, at the end of these factors, respondents were given the opportunity to add another attractive factor they considered important, but they did not do so.

Table 3 Average Points and Rankings for Attractive PPP Factors

Attractive factors	Kosovo		
	N	Average	Ranking
a. Choose the problem of public sector budget constraints	45	3.65	3
b. Provide an integrated solution (for infrastructure/ public services)	44	3.74	2
c. Reduction of public money related to capital investments	44	3.57	5
d. Capture the final service cost	44	3.24	11
e. Encouraging creative and innovative approaches	45	3.80	1
f. Reduce the total cost of the project	44	3.21	13
g. Save time on project delivery	45	3.09	14
h. The risk of transfer to a private partner	45	3.65	4
i. Reducing administration spending in the public sector	44	3.39	8
j. Benefit from local economic development	45	3.48	6
k. Building improvement	44	3.26	10
l. Improve maintenance	45	3.32	9
m. Technology transfer to local enterprises	45	2.92	15
n. No support or limited support for public funding	45	3.22	12
o. Accelerating project development	45	3.47	7

* N = Number of respondents in the survey

As shown in Table 4, Kendall's compliance coefficient (W) for attracting factor rankings was 0.082. Calculated Ws were significant with $p = 0.008$. Since the number of attributes considered was over seven, as previously mentioned, the Chi-square value would be more than the W

value. According to the degree of freedom, the critical value of the Chi-square was 24,682 the Chi-square values were all about the critical value of Chi-square (29,988). Therefore, the assessment by respondents in their ranking of attractive factors has been proven to be consistent. This finding ensures that the completed questionnaires were valid for further analysis.

Table 4 The results of Kendall's Concordance Analysis of Attractive PPP Factors

Kosovo	
Number of respondents in the survey	41
Kendall's compliance coefficient (W)	0.082
Chi-square value	29.988
Critical value of Chi-square	24.682
Degree of freedom	15
Asymptotic importance	0.008

Note: Only 41 out of 45 responses were suitable for analysis

Rankings of negative factors for PPPs adoption

Thirteen negative factors for adopting PPPs were evaluated by survey respondents (Table 5).

The three main factors listed by the respondents included:

Long delays due to political debate;

Very few schemes have reached the stage of contract (failed before the contract); and

Long delays in negotiations.

In Kosovo, public works projects are often delayed and complicated by the need for public consultations; so it is not surprising that "long delays due to political debate" was the highest negative factor ranked by the respondents. This problem is known because of project prohibition.

The second negative factor ranked by respondents was "Very few schemes have actually reached the contract stage (failure before the contract)". The high ranking of this factor coincides with the previous argument about the political debate in Kosovo. As a result, some projects had to fail due to political disagreements.

Ranked as third among respondents in Kosovo was "Long Delays in Negotiations". This finding has shown that "long delays in negotiations" are typical for PPP projects. Due to the size and complexity of PPP projects, the procurement process has been known to be long. This can be said to be a typical feature of PPP projects, so only projects that have a proper value need to consider PPP.

Another observation showed that "Reduced Project Accountability" and "Less Jobs" were both ranked in the end. The respondents shared the same views on the negative factors they

believed were less threatening. The main purpose of introducing PPP projects is not to "reduce the accountability of the project"; so it was logical that all respondents perceived that this negative factor was less important. The low ranking of "Lower Employment Positions" has shown that employment has not been affected despite procurement procedures. Therefore, these two adverse factors were common for PPP projects.

For the negative factors estimated by respondents in Kosovo, the average values ranged from 2.80 to 3.94. Changes in response were 1.04. It was also found that in general, these negative factors were highly rated by respondents so it can be interpreted that respondents found that these negative factors were very challenging for Kosovo.

Similarly to the estimation of attractive factors, respondents were also asked to estimate the thirteen negative factors on the Likert scale from 1 to 5 (1 = the least important and 5 = the most important), therefore a value above "3" that the negative factor is important. The results show that there were two negative factors in Kosovo under a score of "3". The two negative factors listed below "3" were those discussed earlier, which were finally ranked by the group of respondents.

These negative factors were "Less employment places" and "Reduction of project accountability", both of which marked only 2.80.

In addition, at the top of these factors, respondents were asked to evaluate, they were also given the opportunity to add more that would be important, but they did not do so.

Table 5 Points and average ranking for PPP negative factors

Negative factors	Kosovo		
	N	Average	Ranking
a. Reduce project accountability	45	2.80	12
b. High risk by relying on the private sector	45	3.07	10
c. Very few schemes have reached the stage of contract (aborted before the contract)	45	3.55	2
d. Long delays due to political debate	45	3.94	1
e. The highest load for direct users	45	3.24	9
f. Less jobs	45	2.80	13
g. High participation costs	45	3.37	5
h. High project expenditures	45	3.03	11
i. Much of the management time spent on the contract transaction	45	3.30	6
j. Lack of proper experience and skills	44	3.27	8
k. Confusion over government objectives and evaluation criteria	45	3.40	4
l. Extreme participation restrictions	45	3.29	7
m. Long delays in negotiations	44	3.44	3

* N = Number of interviewees in the study

Table 6 shows the analysis of Kendall's concordance on the negative factors of PPP. W was 0.085. The number of attributes was also over seven so that the Chi-square value was referred to. The critical value of Chi-square was 21,035. The estimated value of Chi-square was 34,966. Hence the assessment by the respondents within the group in their rankings of negative factors has proved to be consistent. And this finding also ensures that the completed questionnaires were valid for further analysis.

Table 6 Results of Kendall Concordance Analysis for Negative PPP Factors

Kosovo	
Number of interviewees in the study	42
Kendall's compliance coefficient (W)	0.085
Chi-square value	34.966
Critical value of Chi-square	21.035
Degree of freedom	13
Asymptotic importance	0.000

Note: Only 42 out of 45 responses were suitable for analysis

CONCLUSION

Since 2008, Kosovo has set four policy objectives for PPPs:

1. Support for the implementation of public-private partnerships as a tool for promoting investment in public infrastructure and the provision of public services. This objective makes it clear that Kosovo recognizes the fact that PPPs provide a tool for private sector engagement and risk allocation to stimulate investment and optimize capital investments and public services. Also, PPP concessions can alleviate the pressure on government investment and debt investment. This support for the PPP environment was achieved through PPPC and DQPPP.
2. Encouraging and supporting private sector participation in providing infrastructure and public services at central and municipal level whenever PPP use will create better value for money. In support of this objective that PPPs should not be used to circumvent current budget constraints, the PPP Law, Article 23 and the PPP Regulation, Article 9 determine that the par value analysis is one of the key aspects of the feasibility analysis required for the preparation and evaluation of any PPP transaction.
3. Implement PPPs in a systematic and orderly manner, in accordance with best international practices. This objective suggests the need for prior planning in the implementation of PPP which should include consideration as infrastructure or service delivery to suit the country's economic development and budget policies as a whole. In other words, PPPs should not only be implemented when it is possible but when they serve the country's policies. So if the planning process is carried out systematically, it offers the public sector the opportunity to

critically evaluate how it is suited to the country's economic development policies and budget plans. It also provides the private sector with the team of potential partners and advisers who support the transaction with prior notice to prepare and plan resources for future futures transactions. This prior notice will be critical to the country's reliability in infrastructure transactions and capacity planning of potential partners. Access to this objective has been addressed through the procedures outlined in the PPP Law and its directives.

4. Implementation of PPPs through competitive, fair and transparent procedures.

This objective addresses the "how" at transaction level. Transactions must be implemented in a competitive, fair and transparent manner and must ensure compliance with the rights and obligations created under the project. Kosovo Legislation in pursuance of this objective (PPP Law and Public Procurement Law) has set out detailed competitive tender procedures for the selection of private partners, a centralized process for reviewing and approving transactions and for monitoring the closure of the transaction.

Kosovo is equipped with the PPP Policy Directive, according to which public authorities should carry out PPP projects only through transparent, impartial and competitive procedures. The development of the PPP system is guided and ensured by the main institutional bodies: - Public Private Partnership Committee (PPP Committee), an inter-ministerial body chaired by the Minister of Finance with Authorities on PPP Transactions and PPP Policies in Kosovo, and - PPP Central Department (PPP Department), depending on the Ministry of Finance.

By identifying attractive and negative PPP factors, these can be identified as a checklist for assessing the suitability/ feasibility of using PPPs. If attractive factors are prevailing in a particular project scenario, the use of PPPs will be more positive. On the other hand, if negative factors are dominant PPP can be considered inappropriate.

The financial benefits of PPP projects are often considered by governments as an attractive factor. In many jurisdictions that first started adopting PPP projects, this was often seen to be the main driver.

Of course, private funding is attractive to the public sector for a number of other reasons. Firstly, government pressure to provide public services can be reduced by introducing private sector funding. For governments that have no financial distress, they still often welcome private funding so they can use their resources for other tools such as medical and educational services. Although some may argue that the government may borrow cheaper than the private sector, reducing government borrowing would increase their credit ratings. Often, PPP projects tend to be large-scale projects that are complex and costly to offer, without presenting private funding these projects may not be possible. For some jurisdictions they may also be interested in providing these projects to enhance their image, tourism, and international status.

Cost-benefit is also something that has been demonstrated by the private sector to be more accessible. The public sector on the other hand are not trained businessmen so they tend to be less capable than the private sector in the project economy. In addition, for public works projects to be provided by PPP, more business opportunities for the private sector can be introduced. In PPP projects, the private sector participation rate tends to be much more in comparison to traditional projects.

Improving services and products were also found to be attractive PPP factors from the literature review. The private sector can introduce more efficiency, skills, technology, expertise, innovation, long-term maintenance, and knowledge of the project in order to provide better public services. The public sector is not trained for these types of jobs, while the private sector therefore tend to perform better. The public sector on the other hand is trained to deal with the administration and public offering of PPP, the public sector can focus on their work tasks.

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