1. **Basic Information**
   1.1 CRIS Number: 2005/017/518.02.04
   1.2 Title: Implementation of Public Private Partnership (PPP) policy in the Czech Republic
   1.3 Sector: Internal Market
   1.4 Location: Czech Republic

2. **Objectives**

   2.1 **Overall Objective:**
   Fully functioning market economy, ability to face competitive pressure and market forces within EU

   2.2 **Project purpose:**
   - To increase the efficiency of public investments in the infrastructure and the operation and management of public services as part of the Czech Republic public finance reform
   - To develop the PPP methodology and standards; supporting the introduction and implementation of PPP policy as a part of legal business environment in the Czech Republic

   2.3 **Justification:**


   **EC requirements on the Czech Republic** – the Czech Prime Minister received a letter from the EC invoking the development of the PPP concession schemes and transparency enhancement in public procurement. EC requires the incorporation of the Directive 2004/18/EC and the Directive 2004/17/EC in the Czech legislation. Commission interpretative communication on concessions under Community law Official Journal C 121, 29/04/2000


   **CR other legal acts:** Government Resolution No.7 of 7 January 2004 adopting PPP policy in the Czech Republic; Gov. Resolution No. 791 of 25 August 2004 on legislative changes related to PPP implementation;

3. **Description**

   3.1 **Background and justification:**
The Czech Republic has amongst its top priorities, the development of PPP market in order to increase the efficiency of public investments in the infrastructure and public services, as recognised by the Government decision no. 624/2003 related to the Program on the reform of the public budgets. The PPP policy aims at transferring of qualifications and efficiency of private sector into the public services. In compliance with the Plan of Legislative Actions of the Czech Government the law on PPP is being prepared and discussed with wide range of stakeholders. The Plan requires that the Ministry of Regional Development in conjunction with the Ministry of Finance should present a draft law on PPP (concession law) and necessary amendments to other relevant legislative Acts (such as Act No 250, 218 and 219) to the Czech Government by the end of April 2005. All these amendments and the Act on PPP should enter into force as of 1 January 2006. Further the Czech Government has approved by its Decision no. 7/2004 of 7 January 2004 policy paper on PPP in the Czech Republic with the aim to introduce the PPP policy as a standardised instrument for ensuring the public services and public infrastructure.

The mission of the World Bank (WB) responded to a request of the Czech Government, in particular the Ministry of Finance to assist and advise in designing the institutional framework for PPPs in the Czech Republic. The WB representatives visited Prague in November 2003 and in the first half of 2004 to review jointly with the Czech authorities the progress and status of preparations. The team had meetings with representatives from Ministry of Finance as the lead ministry for PPP policies, the National Property Fund, and several of the line ministries preparing specific PPP proposal. The World Bank has been assisting the Czech Government in all these areas, and in particular provided support in the selection of suitable pilot projects. The Czech Ministry of Finance and the World Bank group organised Regional Forum on Governance for Public-Private Partnerships held in Prague on February 27-28, 2004. The participants came from 13 Eastern and Central European countries and from international institutions. The Czech Government by its Decision of 7 January 2004 approved a PPP policy, which, amongst other things will entail a process leading to the amendment of constraining provisions in various pieces of legislation, and the development of a manageable number of potential pilot PPP projects. The government had embraced in its recent PPP policy the establishment of PPP Centre and Department for Regulation of PPP Projects within the MoF to better coordinate and facilitate the various PPP approaches pursued by line ministries and municipalities. The PPP Centrum has been established with the aim to advise the MoF on key PPP decisions and to coordinate the preparation and implementation of the PPP projects.

The twinning part of the project (starts 1Q 2006) shall focus on the introduction of the PPP policy in the Czech Republic, within different phases of the PPP process implementation; using the experience of the EU member states and best practice. It is necessary to start sooner than technical assistance because methodology focused on Advisor selection methodology. Analysis of the staff issues, Manual of procedures have to effect then TA will work on the further methodology. Twinning have to provide total introduction of the PPP policy in the Czech Republic.

The technical assistance (starts 4Q/2006) is needed in specific areas of the implementation of the PPP where the twinning could not supply the inputs due to highly technical aspects, in particular those related to legal provisions (such as legal advice on contract standardization), development of necessary methodology and techniques; training of the staff entrusted with the PPP tasks; consultations to private sector organizations and key private actors.

The project teams (TW + TA) will help the Ministry of Finance provide the following support in the field of concession projects:
- Advisory services to contracting entities in the preparation and realization of concession projects
- preparation of methodology, recommendations of techniques and standard contracts
- monitoring of concession projects

The issues of the PPP are interlinked to such an extent that a proper and continuous coordination of the project will be required, in order to ensure an efficient project implementation and a high synergy of the assistance. The close coordination of project activities under the Twinning and the TA shall be ensured by the beneficiary via the steering structure and project teams set up both under the Twinning and TA.

3.2 Linked activities:

- Cooperation with World Bank on strengthening the institutional arrangements for successful PPP in the Czech Republic in 2004 the mission was to continue to assist and advise in designing the institutional framework for PPPs in the Czech Republic and to review the preparations for the World Bank – Czech Republic Regional Forum on Governance for Public – Private Partnership held in Prague in February 2004. Funding had two components: expertise provided by WB and technical support provided by MoF (financed from MoF budgetary chapter – 312). Cooperation with WB ended in 2004. It resulted among others in the establishment of the institutional framework by setting up the specific MoF unit and the PPP Center.
- Participation in the 5th Annual PPP Global Summit in Prague – held in November 2004. The event was financially covered by Prague Municipality and external financial grants and organized together with the World Bank. This meeting was focused on the transfer of PPP experience from abroad to the Czech Republic.
- Cooperation with EBRD on the preparation of the PPP environment – as a result of existing cooperation with EBRD it is expected to be produced: 1) a set of references to best internationally accepted standards and practices of PPP implementation including relevant case studies; 2) a commentary on the draft Concessions/PPP law with references to best international standards and practices. This cooperation is financed by EBRD and will be finalized by the end of
2005. All these documents are of rather general nature and must be further developed under the presented TF 2005 project.

- The outputs of the Phare CZ2003/004-338.02.06 project “Strengthening Public Procurement Enforcement” will be taken into account during the course of preparation of the respective contracts under this project and their subsequent implementation
- The TWL project which is at present under preparation at the MoF, should support the PPP Regulator (the Ministry of Finance) in individual phases of the PPP projects preparation. At the beginning of 2005 the Government approved two PPP pilot projects and it is expected that in August 2005 the Government will approve other five PPP pilot projects. The preparation of the projects should start as soon as possible. The PPP Regulator needs experts to assist them in the projects preparation with regard to a low practical experience of the Czech side.

3.3 Results:

1) Twinning

(1) Recommendations related to the PPP in the CR prepared, mainly:
Suggestions, where appropriate, related to PPP legal, institutional and operational framework and the PPP implementation – presented, discussed and (where appropriate), adopted and passed through the relevant approval process within the MoF or the Government, if necessary.

(2) Methodological documentation / manuals in the Czech language consistent with the Czech legislation: Methodological documentation will be approved by the MoF or the Government in cases, where it concerns legal regulations. Methodological documentations / manuals will be used by all entities from a public sector in the Czech Republic and the PPP Centre.

- Administration of PPP projects (PPP Governance) - manual ready
- Advisors selection methodology – manual ready
- Results of the analysis of the staff issues (analysis of the number of PPP staff and their sufficient qualification in PPP field and consulting, how to improve this situation) at the Dptm. for Regulation of PPP Projects and the PPP Centre available; general recommendation of the issue in other Ministries with regard to their expected involvement in the area ready
- Manual of procedures (Process manual) ready
- Manual about control mechanisms – ready
- Methodological documentation available on the Internet
- Web application available including project database

(3) Transfer of know-how / Human resources development:

- 150 – 200 officials from the central, regional and local levels of public administration - trained on general and specific sector issues
- Study visits: 5 participants from the Department for Regulation of PPP projects and the PPP Centre trained in management of the PPP projects and methods of accounting of PPP projects abroad

2) Technical Assistance

(1) Documents related to the PPP in the CR:

- Suggestions, where appropriate, related to PPP legal, institutional and operational framework and the PPP implementation – presented, discussed and (where appropriate) approved and applied.

(2) Methodological documentation / manuals in the Czech language consistent with the Czech legislation:

- PPP investment manual ready
- Public Sector Comparator methodology (methods of comparison which is the best way of the preparation/implementation/financing of the project; if to use the PPP model or other way) – manual ready
- Risk management in PPP – manual ready
- Standardized contract for different segments – manual ready
- EU funds and PPP manual ready

(3) Transfer of know-how / Human resources development:

- Approx. 100 officials from the central, regional and local levels of public administration trained (on project management, risk management, public procurement, public sector comparator and EU funding)

3.4 Activities:
(1) Twinning:

Resident twinning advisor (RTA) – 18 months- Economist – experienced in PPP methodology, procedures and PPP manuals drafting; key responsibility: together with the project leaders to coordinate the twinning project and cooperate with the technical assistance, manage and participate in the preparation of manuals for PPP complete procedure based on gateway1) approvals according to best practice,

RTA – shall be thoroughly familiar with the PPP policy. He/She will be responsible for day-to-day activities

STEs, with expertise relevant to the tasks assigned (economic, legal and IT expertise) – approximately 12 experts (the overall estimate is approximately 150 man/days). Dividing of STEs: part of them will cooperate on the methodology and the rest of them on the transfer of know-how.

(1) Preparation of documents related to the PPP in the CR

• Suggestions, where appropriate, related to legal, institutional and operational framework aimed to ensure the coherence of PPP concept/policy and its implementation – presented and processed

(2) Methodology – assistance with the assessment and development of the existing PPP methodology and procedures based on best practice: :

• Administration of PPP projects (Governance) preparation – preparation of a manual
• Financial, legal and technical advisors selection process – preparation of a manual
• Analysis of the staff issues at the Dptm. for Regulation of PPP Projects (MF) and the PPP Centre and general recommendation of the issue in other Ministries with regard to their expected involvement in the PPP projects area
• Process manual preparation – for all public sectors’ entities, which have no experience with PPP. Process manual will be published on the Ministry of Finance web site.
• Manual about control mechanisms processed – Gateways
• Assistance with strategies creation in different segments provided
• Translations of these documents into the Czech language
• Design of web application including project database under preparation

(3) Transfer of know-how / Human resources development:

• For representatives in PPP:
• Training of public sector representatives in PPP concept: line ministries – involved in PPP, regions and municipalities, PPP Centre – 50 – 60 participants, 2 days
• Training on administration of PPP projects: line ministries, regions and municipalities, PPP Centre – 50 – 60 participants; 2 days
• Specialized workshop for relevant ministries:
• Specialized workshops for relevant ministries – 1 workshop per 1 ministry, 15 – 20 participants; 9 workshops in total; , - focused on problems in each Ministry. Ministry of the Interior, Ministry of Justice, Ministry of Industry and Commerce, Ministry of Transport; Ministry of Health, Ministry of Education; Ministry of Environment; Ministry of Regional Development as all these Ministries could be providers of the PPP projects
• Study visits:
The aim is to obtain knowledge on PPP policy and practical experience from the country, where PPP projects are functioning and where is the possibility to gain the experience which could be used in PPP pilot and other projects in the Czech Republic. The study visits should especially focus on the fields:
1) management of the PPP projects,
2) methods of accounting (national account, database of the PPP projects)
4 study visits for 5 participants from Department for Regulation of PPP Projects and the PPP Centre – 2 weeks each

(4) Assistance with Pilot projects preparation, assessment and implementation.

N.B.:
If the tasks mentioned above cannot be provided only by the Twinning partner, they will be undertaken in cooperation with Technical Assistance to ensure compatibility with the Czech legislation. Consultations with lawyer's familiar with the Czech legal environment will be necessary in many cases. It is expected that a lot of work will be proceeded in a team cooperation. The same applies to the training activities, which will have to be complemented by specialised training courses under the TA in issues related notably to public procurement and management techniques. The RTA will review the ToR for TA within the inception period, in order to better identify the division of possible inputs under the Twinning and TA, avoid overlapping of activities and ensure appropriate sequencing.

1) Gateways are specific standards which are defined before the project preparation and assess if the project implements certain parameters and therefore can continue
(2) Technical Assistance

Short term assistance from private sector or nongovernmental organizations in specialized areas addressing key issues in the Czech PPP environment:

(1) Preparation of documents related to the PPP in the CR
- Assessment of the present legal environment
  Commenting and suggesting, where appropriate, the existing general decrees versus individual sector decrees/norms with the aim to ensure compatibility with the Act on PPP (to be in force as of 1 January 2006).

(2) Methodology - assistance with commenting and improving of existing methodology; if necessary, drafting of missing documentation:
- PPP investment methodology – PPP investment manual under preparation
- Public Sector Comparator methodology under preparation - comparison of convenience make project by method of PPP or classic way by state
- PPP standard agreement being drafted
- Risk management manual in PPP drafted
- Standardized contract for different segments (transport, defence, etc.) under preparation
- Combination of PPP issues with EU funds discussed

(3) Transfer of know-how/Human resources development:
- For Ministries and PPP Centre:
  - Training on project management in PPP (incl. risk management): for ministries and PPP Centre, 40 – 50 participants, 2 days; other for regions and municipalities: 40 – 50 participants, 2 days
- For Ministries, Municipalities, PPP Centre:
  - Training on PPP issues related to EU funds: ministries, municipalities, PPP Centre; 30 participants; 2 days
  - Training on public procurement issues: ministries, PPP Centre, regions and municipalities; 30 participants; 2 days
  - Training on application of public sector comparator methodology: ministries, PPP Centre, regions and municipalities; 30 participants; 1 day
- The overall time estimate is approximately 210 man/days; the TA experts (economists and lawyers) should be familiar with the Czech socio-economic and legal environment in the CR and experienced in concession contracts and PPP structures, PPP methodology, procedures and PPP manuals drafting (the final requirements will depend on the capacity of the Twinning team).

3.5 Lessons learned:
Experience and know-how gained with respect to PPP, from the assistance provided to date by the multilateral institutions (see point 3.2), proves that the responsible officials of the Public Administration will have to be thoroughly familiar with the general and/or sector government socio-economic policies, legal environment related to PPP implementation, structural interventions at national and regional levels, as well as the methods and techniques used. These issues should be discussed in depth within the Twinning and TA parts of the project with the aim to acquire well targeted assistance to the responsible staff in charge of the PPP management and control structures.

4. Institutional Framework
Ministry of Finance Department for Regulation of PPP Projects is responsible for approving PPP projects methodology and is also authorized to approve the initiation of preparatory work on concrete PPP projects.
MoF established PPP Centre for PPP implementation support. PPP Centre is responsible for standardization of processes of project preparation and realization phases and methodology support of individual procurers.
- Successful PPP development should lead to staff enhancement at different ministries or municipalities in PPP field. Expert practice will be supported by professional project managers, who will join PPP Centre soon in connection with the PPP projects development.
- The main beneficiary of the project will be the MoF. The involvement and close cooperation with PPP Centrum will be ensured. The cooperation with other ministries involved in PPP is foreseen and will be supported. The Twinning a TA experts should train participants from Ministry of the Interior, Ministry of Justice, Ministry of Industry and Commerce, Ministry of Transport; Ministry of Health, Ministry of Education; Ministry of Environment; Ministry of Regional Development. These trained participants should co-operate with Twinning and TA teams, MoF and PPP Centre.
Ministry of Regional Development (MoRD) is responsible for PPP legislation (in compliance with the Decision of the Government no. 2/2004 of 7 January 2004). In compliance with the Decision of the Government no. 791 of 25 August 2004, the MoRD is responsible - in cooperation with the Ministry of Finance – for submission of the draft law on PPP, by 30 April 2005. In terms of the organizational chart the responsibility for PPP rests with the Dpt. of Public Investments. This Ministry and other relevant line ministries; such as Ministry of Transport, Ministry of Environment, Ministry of Industry and Trade, etc., as well as other relevant selected bodies of public administration will participate in the project. All relevant aspects related to or having impact on legislative provisions in area of PPP will be consulted with the Ministry of Regional Development.

The Steering Committee including main partners of the project (the Dptm. for Regulation of PPP Projects at the MF, PPP Centre, representatives of the nine Ministries) will be set up and will meet every three months to supervise the project implementation. A representative of the CFA will also be a member of the SC.

5. Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>€M</th>
<th>Transition Facility support</th>
<th>Co-financing</th>
<th>Total cost (TF plus cofinancing)</th>
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<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Transition Facility (=I+IB)</td>
</tr>
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<td>year 2005</td>
<td>Twinning Contract</td>
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<td></td>
<td>Technical Assistance TA</td>
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<tr>
<td>Total</td>
<td>-</td>
<td>0,800</td>
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6. Implementation Arrangements

6.1. Implementing Agency

The CFCU is the Implementing Agency responsible for administrative and financial implementation of the project (tendering, contracting, payments). The post address is Letenská 15, Prague 1.

The contact person is Mr. Jan Slavícek, Programme Authoring Officer (PAO), phone +420-2-5704-4551, fax +420-2-5704-4550, e-mail: jan.slavicek@mfcr.cz Responsibility for preparation, technical implementation and coordination of the project rests with the Ministry of Finance.

The contact person is Ms Jana Stará, Senior Programme Officer (SPO) of the MoF and Finance Sector, Ministry of Finance, Letenská 15, Prague, tel. +4202587042612, fax +4257049236, e-mail: jana.stara@mfcr.cz

The CFA (the post address is Letenská 15, Prague 1) is fully responsible for overall monitoring and evaluation of project implementation. The main contact: Ms. Jana Hendrichová, Director of the CFA, Ph. 420-257-044-559, e-mail: jana.hendrichova@mfcr.cz

6.2. Twinning

The Twinning shall focus on the assistance related to the implementation of PPP concept in the Czech Republic, benefitting from the experience of the selected EU countries and best international practice. Special attention will be paid to the PPP methodology and standards development ensured in the co-operation the TA team due to highly extensive character of the problems; this co-operation will bring the best PPP know-how to the CR. The Twinning team will also provide complemented specialised training. The Residential Twinning Advisor (RTA) will be assigned to the MoF for 18 months.

Contact person: Ms Katerina Helikarová
Ph:+420 25704 3443 - E-mail:katerina.helikarova@mfcr.cz
Ministry of Finance, Address:Letenská 15, P.O.Box 77, 118 010 Praha 1

6.3. Non-standard aspects

N/A

6.4. Contracts

Contract 1 - Twinning      0,500 M€
Contract 2 - Technical Assistance 0,300 M€
7. Implementation Schedule

7.1. Start of tendering/call for proposals
(1) Twinning Contract 3Q/2005
(2) Technical Assistance Contract 2Q/2006

7.2. Start of project activity
(1) Twinning Contract 1Q/2006
(2) Technical Assistance Contract 4Q/2006

7.3. Project Completion
(1) Twinning Contract 3Q/2007
(2) Technical Assistance Contract 3Q/2007

8. Sustainability

The beneficiary will ensure that sufficient professional staff in MoF and PPP Centrum and other necessary resources shall be available both for the project implementation and for the ensuring the sustainability of the project results. It is expected that up to 6 new experts should be employed in the PPP Centrum till the end of 2006 to strengthen the support of MoF.

9. Conditionality and sequencing

It is expected that the PPP law / concession will be in force at the time of the signature of the Twinning Contract. Currently the PPP law/concession law is passing through the legislative process with the aim to be in effect as of 1 January 2006. Although this legislative measure should constitute a desirable framework for PPP introduction and implementation, the absence of the PPP concession law does not pose obstacle to the conclusion of PPP contracts. Furthermore, appropriate amendments to the Act No. 40/2004 Coll., on Public procurement, are foreseen, which should strengthen the compliance with the EC acquis.

Other legislative amendments, are required to be passed: Act No. 219/2000 Coll., on the State property – MoF responsible; Act No. 218/2000 Coll., on State budget law – the MoF responsible; Act No. 250/2000 Coll., on Municipal budget law - MoF responsible; All these amendments are expected to be effective from 1.1.2006.

ANNEXES TO PROJECT FICHE

1. Logframe planning matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
4. List of relevant Laws and Regulations
# LOGFRAME PLANNING MATRIX

**ANNEX 1**

**Programme name: and number:** TF CZ 2005  
**Contracting period expires:** 15.12.2007  
**Disbursement period expires:** 15.12.2008  
**Total Budget:** 0,800 M€  
**TF contribution:** 0,800 M€

## Project Title: Implementation of Public Private Partnership (PPP) policy in the Czech Republic

### Overall Objective
- Fully functioning market economy, ability to face competitive pressure and market forces within EU

### Project Purpose
- To increase the efficiency of public investments in the infrastructure and the operation and management of public services as part of the Czech Republic public finance reform
- To develop the PPP methodology and standards in line with a new Act on PPP; supporting the introduction and implementation of PPP concept as a part of legal business environment in the Czech Republic

### Objectively verifiable indicators*
- EC recognition

### Sources of verification
- Country Summary Evaluation Report  
- Reports issued by the IFI

### Objectively verifiable indicators
- Government actions aimed at the consolidation public finances  
- Effective utilization of private capital and know-how in providing public services  
- New operational method of public procurement functioning  
- Centralized functional system of PPP structures  
- 0,5 – 1 billion Euro of private capital is expected to start being procured into the public procurement in the next 2 years in the Czech Republic via pilot infrastructural projects (submitted in 2006 – 2007)  
- up to 1,6 billion Euro of private capital is expected to start being procured into the public procurement once the municipalities will be involved  
- 10 – 15 % of all public procurement is expected to be realized by PPP methods when the system is fully functional  
- Increased confidence of investors in public services, impact on public services quality

### Sources of verification
- Official Journal (sborník zákonů)  
- Public procurement data and statistics  
- Ministry of Finance, Ministry of Regional Development and other line ministries and relevant central institutions  
- Regional self-governing bodies and municipalities

### Assumptions
- Relevant legislation and corresponding implementing arrangements in force  
- PPP concept applied in practice
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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<tr>
<td><strong>Twinning</strong></td>
<td>1. Documents related to the PPP in the CR:</td>
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<tr>
<td></td>
<td>• Suggestions, where appropriate, related to PPP legal, institutional and operational framework and the PPP implementation – presented, discussed and (where appropriate) adopted and passed through the relevant approval process</td>
<td>• Manuals available at the department of Methodology of PPP – MoF and PPP Centrum</td>
<td>• Appropriate legislative amendments will be adopted</td>
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<td>2. Methodological documentation /manuals in the Czech language consistent with the Czech legislation:</td>
<td>• Ministries and municipalities involved in PPP projects</td>
<td>• Government Programme is being fulfilled</td>
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<td></td>
<td>• Administration of PPP projects (PPP Governance) – manual ready</td>
<td>• Ministry of Finance (internal reports and interviews)</td>
<td>• Changes in the Czech legislation in compliance with the EU requirements (Directive 2004/18/EC and the Directive 2004/17/EC)</td>
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<td>• Advisors selection methodology – manual ready</td>
<td>• TW Covenant</td>
<td>• New regulations will enhance the transparency of state and municipal PPP liabilities record</td>
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<td></td>
<td>• Results of the analysis of the staff issues at the Dptm. for Regulation of PPP Projects and the PPP Centre available; general recommendation of the issue in other Ministries with regard to their expected involvement in the area ready</td>
<td>• Monitoring Report</td>
<td>• Know-how and expertise about the PPP processes will be transferred to the country</td>
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<td></td>
<td>• Manual of procedures (Process manual) ready</td>
<td>• Quarterly Report</td>
<td>• Appropriate IT support will be designed and implemented</td>
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<td></td>
<td>• Manual about control mechanisms – Gateways ready</td>
<td>• ISR – Implementation Summary Report</td>
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<td></td>
<td>• Methodological documentation available on the internet</td>
<td>• Final report of this project at the MoF and PPP Centrum</td>
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<td>• Web application available including project database</td>
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<td><strong>Technical assistance</strong></td>
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<td><strong>(1) Documents related to the PPP in the CR:</strong></td>
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<td><strong>(2) Methodological documentation / manuals in the Czech language consistent with the Czech legislation:</strong></td>
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</table>
- PPP investment manual ready
- Public Sector Comparator methodology (with respect to the selection between the public, private or PPP possible solutions) – manual ready
- Risk management in PPP – manual ready
- Standardized contract for different segments – manual ready

EU funds and PPP manual ready

(3) Transfer of know-how / Human resources development:
Approx. 100 officials from the central, regional and local levels of public administration trained (on project management, risk management, public procurement, public sector comparator and EU funding)
1. **Preparation of documents related to the PPP in the CR**

   - Suggestions, where appropriate, related to legal, institutional and operational framework aimed to ensure the coherence of PPP concept and its implementation – presented and processed

2. **Methodology** - assistance with the assessment and development of the existing PPP methodology and procedures based on best practice: Governance of PPP projects preparation – preparation of manual

   - Financial, legal and technical advisors selection process - preparation of manual

   - Analysis of the staff issues at the Dptm. for Regulation of PPP Projects (MF) and the PPP Centre and general recommendation of the issue in other Ministries with regard to their expected involvement in the area under preparation

   - Process manual preparation

   - Manual about control mechanisms – Gateways

   - Assistance with strategies creation in different segments

   - Translations of these documents into the Czezech language

   - Design of web application including project database

3. **Transfer of know-how/Human resources development:**

   - Training of public sector representatives in PPP concept: line ministries, regions and municipalities, PPP centre – 50-60 participants, 2 days

   - Training on Governance of PPP projects: line ministries, regions and municipalities, PPP centre – 50-60 participants, 2 days

   - Specialized workshops for individual - ministries - 1 workshop per 1 ministry, 15-20 participants, 9 workshops in total

   - Study visits:

     - 5 participants from Department for Regulation of PPP projects and PPP Centre trained in management of the PPP projects and methods of account of PPP projects in abroad

4. **Assistance with Pilot projects preparation, assessment and implementation**

1) **Twinning Covenant: 0,500 M€**

   - RTA – 18 months

   - ECONOMIST – experienced in PPP methodology, procedures and PPP manuals drafting; key responsibility: manage and coordinate twinning project for 18 months plus manage and coach the preparation of manuals for PPP complete procedure based on gateway approvals according to best practice.

   - STEs with expertise relevant to the tasks assigned (economic, legal and IT expertise) – approximately 12 experts (the overall estimate is approximately 150 man/days) Training and workshops (see the 1st column)

2) **TA/Service contracts: 0,300 M€**

   - TA – approximately 210 days

   - A team of experts (economists and lawyers) familiar with the Czech socio-economic and legal environment in the Czech Republic (see note under the Technical Assistance Activities).

   - Training and workshops – see the 1st column

   - Study visits – see the project fiche 3.3. Results and 3.4. Activities

- Close cooperation between MoF and MRD on conceptual and legal issues

- Involvement of relevant bodies of Public Administration in project

- The following legislative modalities will be taken into account:

- PPP law/concession law shall be submitted to the Government by 30 April 2005 and subsequently passed on through legislative process, along with the draft amendments to other key legislative acts; expected to take effect as of 1 January 2006. This legislation change represents an important issue, but current non-existence of PPP/concession law does not mean an actual obstacle for PPP contract conclusion. Nevertheless a “small amendment” of the Act No. 40/2004 Coll., on Public procurement has already been passed to strengthen compatibility with EU law.

- Other legislative amendments, which are expected to be passed:

  - Act No. 219/2000 Coll., on the State property – MoF responsible

  - Act No. 218/2000 Coll., on State budget law - MoF responsible

  - Act No. 250/2000 Coll., on Municipal budget law - MoF responsible

  - New Act on Public procurement, which will replace existing Act No. 40/2004 Coll., on Public procurement – MoRD responsible

- All these amendments and new legislation is expected to be effective from 1.1.2006.
N.B.: If the tasks mentioned above cannot be provided only by the Twinning partner, they will be undertaken in cooperation with Technical Assistance to ensure compatibility with the Czech legislation. Consultations with lawyer/s familiar with the Czech legal environment will be necessary in many cases. It is expected that lot of work will be proceeded in a team cooperation. The same apply to the training activities which will have to be complemented by specialised training courses under the TA in issues related notably to public procurement and management techniques. The RTA will review the ToR for TA, in order to better identify the division of possible inputs under the Twinning and TA, avoid overlapping of activities and ensure appropriate sequencing and coherence of the assistance.

Technical Assistance:
Short term assistance from private sector or non-governmental organizations in specialized areas addressing key issues in Czech PPP environment:

1) Preparation of documents related to the PPP in the CR
   - Assessment of legal environment
     Commenting and suggesting, where appropriate, the existing Czech legislation with the aim to ensure compatibility with the Act on PPP (to be in force as of 1 January 2006).

2) Methodology - assistance with commenting and improving of existing methodology, eventually drafting of missing documentation:
   PPP investment methodology – PPP investment manual under preparation
   - Public Sector Comparator methodology under preparation
   - PPP standard agreement being drafted
   - Risk management in PPP – manual under preparation
   - Standardized contract for different segments (transport, defence, etc.) under preparation
   - Combination of PPP issues with EU funds discussed

3) Transfer of know-how-training:
- Training on project management in PPP (incl. risk management): for ministries and PPP Centre, 40 – 50 participants, 2 days; for regions and municipalities: 40 – 50 participants, 2 days
- Training on PPP issues related to EU funds: ministries, municipalities, PPP Centre; 30 participants; 2 days
- Training on public procurement issues: ministries, PPP Centre, regions and municipalities; 30 participants; 2 days
- Training on application of public sector comparator methodology: ministries, PPP Centre, regions and municipalities; 30 participants; 1 day

**Preconditions**

N/a
### Detailed Implementation Chart

**Project:** Implementation of Public Private Partnership (PPP) policy in the Czech Republic

<table>
<thead>
<tr>
<th>Year</th>
<th>Action</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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**Twinning Covenant**
- Start of tendering: x
- Start of project activity: x
- Project completion: x

**TA / Service contract**
- Start of tendering: x
- Start of project activity: x
- Project completion: x
## CONTRACTING AND DISBURSEMENT SCHEDULE

### Cumulative Quarterly Contracting Schedule (M €)

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<th>Project Title</th>
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<th>2Q/05</th>
<th>3Q/05</th>
<th>4Q/05</th>
<th>1Q/06</th>
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### Cumulative Quarterly Disbursement Schedule (M €)

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LIST OF RELEVANT LAWS AND REGULATIONS

Decision of the Czech Government to develop PPP market was incorporated in the following legal provisions:

1. Resolution No. 7 of the Czech Government of 7 January 2004 adopting PPP policy in the Czech Republic
2. Resolution No. 791 of the Czech Government of 25 August 2004 adopting:
   - Legislative changes necessary for systematic PPP implementation
   - Time schedule for pilot PPP projects management
   - Criteria for pilot PPP project draft submission and pilot PPP project draft outline
   - Establishment of multi-departmental team for pilot PPP projects assessment and list of agencies, whose representatives will be the members of the multi-departmental team for systematic PPP implementation in the Czech Republic

EU legislation related to the PPP structure:

5. Directorate-General Regional policy – Resource Book on PPP Case Studies of June 2004
6. Green Paper on public-private partnerships and Community law on public contracts and concessions COM/2004/0327 final


Adoption of the new Act on concession/Act on PPP will bring necessary amendments in these following legal provisions of the existing Czech legislative:

20. Act No. 40/1964 Coll., civil code
22. Act No. 219/2000 Coll., on assets of the Czech Republic and their presence in legal relations
23. Act No. 218/2000 Coll., on budgetary rules
27. Act No. 129/2000 Coll., on regions
28. Act No. 248/2000 Coll., on regional development support
29. Act No. 77/1997 Coll., on state-owned company
30. Act No. 13/1997 Coll., on ground communications
32. Act No. 72/2000 Coll., on investment incentives
33. Act No. 215/2004 Coll., on amendment of some relations in public support issue and on amendment of the Act on research and development support
34. Act No. 50/1976 Coll., on regional planning and construction order (Construction Act)
35. Act No. 71/1967 Coll., on administrative proceedings (proceedings order) (since 1.1.2006 will be effective Act No. c. 500/2004 Coll.)
37. Act No. 320/2001 Coll., on financial audit in public administration and on amendments of some acts (Act on financial audit)
38. Act No. 586/1992 Coll., on income tax
40. Act No. 235/2004 Coll. on value added tax