Grim(m) Fairytale of Public Private Partnerships in Bosnia and Herzegovina - Focus on the Healthcare Sector

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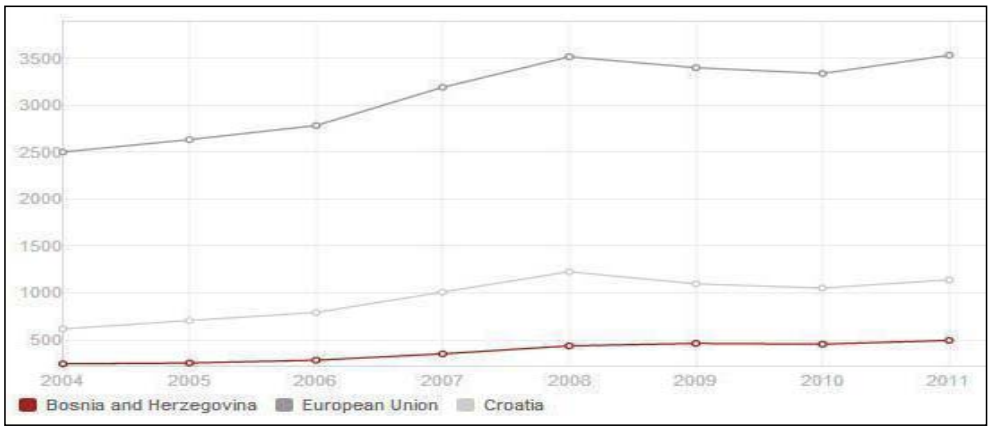
Summary

This policy study came out of Open Society Fund's Policy Development Fellowship Program in Bosnia and Herzegovina in 2013/14. Given the financial constraints of the country's budget, Public Private Partnerships (PPPs) are popping up as one of the possibilities which the government could use in order to provide and improve much needed services (or infrastructure projects) for the citizens. Our policy paper focuses on the health sector in BiH, which is in dire need of improvement, and where PPPs, in different forms, have been implemented in both entities - Republika Srpska (RS) as well as the Federation of BiH (FBiH). It looks into current challenges for efficient health sector PPPs in the country's two entities, focusing on policy and legislative framework, institutional capacities and external factors, such as PPP awareness, private sector involvement and civil society support. Our policy recommendations tackle the biggest myth surrounding PPPs by developing a PPP strategy and consequently creating PPP Units within entity and cantonal ministries of finance, in order to ensure long-term feasibility through adequate cost-benefit analysis. Recommendations also involve monitoring and evaluation provisions through multi-sector project teams, as well as recommendations for raising general level of understanding of PPPs in the private sector and civil society organizations representing the end users.

Rationale

Bosnia and Herzegovina (BiH) has been confronted with serious fiscal constraints and given the increase in the levels of public debt, will continue to be so even on the larger scale in the upcoming years. This prioritisation and reduction of public expenditures also affects spending on health care. Ever since the war ended in BiH, the country has been facing financial challenges for meeting the health needs of citizens. Burdened by a socialist legacy and faced with chronically outdated facilities and budgetary shortages, the healthcare system in BiH is not only financially unsustainable, but hence as such no longer able to provide adequate and timely treatment to many BiH citizens. There is an astounding difference between the level of health care expenditure in BiH during the past decade when compared not only to the EU average, but also to the neighbouring Croatia (see Graph 1) and there are no clear indicators on how the government plans to bridge the gap. Situations such as this one are an ideal background for the government to look for ways to involve private investors in the field. The use of private finance has grown almost five-fold over the last decade (PWC, 2010), which makes the question of whether similar arrangements would work in Bosnia and Herzegovina (BiH) timely and relevant.



Graph 1.
Healthcare expenditure, WHO, 2013.

Private sector engagement has been obtained through public-private partnerships (PPPs), broadly referred to as long-term cooperation between public authorities and the world of business which aims to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service (EC, 2004) that is traditionally provided by the public sector (Kamau, 2013) in which the private party bears significant risk and management responsibility (WB, 2012). Despite concerns over the effectiveness of some forms of PPP, especially their value for money and financial sustainability, PPPs are increasingly seen as an acceptable option (Coelho, Burger, Tyson and Karpowicz, 2009), not only globally, but in BiH as well.

Implementing PPPs (and not just in the health sector) is a difficult task. It entails identifying and appraising PPP projects, structuring them (identifying and allocating risks), designing PPP contracts, managing PPP transactions and contracts, which include monitoring and managing PPP delivery and risk (World Bank, 2012). In order to rightfully implement all of the mentioned, a clear PPP policy must be formulated, supported by a comprehensive legislative framework and coupled with adequate institutional capacities. This policy paper and corresponding research looks into all of the above, in order to give out recommendations to improve current PPP implementation.

Policy Problem and Research Objective

The graph below shows the positioning of BiH, amongst other countries, on the operational maturity curve when it comes to their PPP management - in terms of sophistication of the PPP model and level of activity in PPP projects. BiH is in the so-called "turtles" group (Amović, 2013), where there is high activity in PPPs with very low sophistication of PPP models. (Given that the graph dates back to 2009, high activity levels reflect PPP Contracts being signed in the health sector in RS.) This is by far the riskiest group to be in, compared to "new giants", "leaders", "specialists", "fast followers and "young lions" (Amović, 2013). The graph also illustrates three main stages of PPP development, where BiH is in Stage 1, which is characterized by defining policy and legislative frameworks, initiating a central PPP policy, developing a public sector comparator model and beginning to build a marketplace (Deloitte, 2008). This sets the stage to ideally reach Stages Two and Three, which are characterized by establishing PPP Units, developing new hybrid deliveries models, leveraging funds from capital markets and using PPPs to drive service innovations; and finally by using more creative and sophisticated risk models, providing a greater focus on the lifecycle of a project and leveraging under-utilised assets into financial assets respectively (Deloitte, 2008).

Graph 2.
PPP maturity curve, Delloite, 2008, Amović, 2013.

Since in FBiH alone there is over 9,6 billion KM in public capital that could be privatised or partnered up with the private sector (42% of it, or 4 billion KM, is located in the energy/water/gas sector; 21%, or 2 billion KM, is placed in the infrastructure sector (TI, 2008)), the potential for PPPs, and not just in the health sector, is obvious.

One of the underlying purposes of this policy paper is to demonstrate that BiH needs to move up the PPP žmaturity curve' gradually and resist the temptation to take on projects in areas where it is not ready. While PPPs hold benefits, they also present formidable challenges, and there is a risk that too fast a turnover of assets to the private partner, without the public sector providing the necessary scrutiny, may put in jeopardy the delivery of essential services to the general public (UNECE, 2008). The attraction of off-balance sheet accounting for PPP investment is understandable, particularly in the context of a fiscal crisis or where fiscal targets apply. Nevertheless, while accounting rules can permit such treatment of expenditure under PPP, the underlying economic position does not necessarily change as what is bought now must be paid for later (Reeves, 2013).

Below is a table that provides an overview of roles of the most important stakeholders - political decision makers, private partners, public, investors, as well as strategic consultants. All the stakeholders mentioned are involved in the implementation of Public Private Partnerships, and although each stakeholder in the process needs to be fully aware of their own responsibilities, at the moment in BiH it seems they are not.

Role	Stakeholder
Establish and prioritize goals and objectives of PPP and communicate these to the public. Approve decision criteria for selecting preferred PPP option. Approve recommended PPP option. Approve regulatory and legal framework.	Political decision makers
Identify company specific needs and goals of PPP. Provide company-specific data. Assist in marketing and due diligence process. Implement change.	Company MGMT and staff
Communicate ability and willingness to pay for service. Express priorities for quality and level of service. Identify existing strengths and weakness in service.	Consumers / public
Provide feedback on attractiveness of various PPP options. Follow rules and procedures of competitive bidding process. Perform thorough due diligence resulting in competitive and realistic bidding.	Investors
Provide unbiased evaluation of options for PPP Review existing framework and propose reforms Act as facilitator for cooperation among stakeholders	Strategic consultant

Source: Healther Skilling and Kathleen Booth, 2007.

Whatever the level of PPP activities, transferring responsibility and risk to the private sector creates new challenges within contract management (Jutting, 1999) and this is especially true in the context of countries such as BiH where institutions lack capacity to adequately implement such arrangements. The demand for PPP calls for innovative approaches and provisions of regulatory frameworks that have direct links with the private sector (Itka et al., 2011).

Like all PPPs, health PPPs also face challenges during their implementation, that are often related to unforeseen increases in demand as well as cost-shifting (where the provider could shift higher-cost patients to other facilities) (IFC, 2011). Also, it is crucial to bear in mind at all times in healthcare, outcomes are harder to measure and public-interest objectives can clash with the cost-saving behaviour of a private party (Roerich, et al., 2013). In view of poor public service provisions in many low/middle income countries, BiH being one such example, a move to partner with the private sector is often advocated as a simple and obvious solution. However, research in this field is scarce and lacking evidence, health policy is increasingly dependent on rhetoric or single case studies showing success in specific contexts (Prashnatsh, 2011). This is precisely the gap this policy paper aims to fill. Indeed, BiH needs to be very careful about jumping on board of projects without a full understanding of what could go wrong and what precautions should be taken to minimize the risk of failure, not only in the health sector, but also in general.

Given the grim realities in the healthcare sector in BiH, this study seeks to examine the capacity of the present legislative framework to regulate the PPP set-up, as well as the

institutional capacity to oversee these PPPs. The research will thus highlight the opportunities, challenges and policy options of decision makers in the PPP as well as in the healthcare sector in BiH. The timing of the research is also important, as health care reform is a topic that is being increasingly discussed in both entities, while PPPs are becoming a new "hot" topic for many international donor agencies. It is hence crucial to identify the factors that impede PPP implementation, as well as to offer policy recommendations for their improvement and oversight.

Specific objectives could hence be grouped into three groups:

- Development of recommendations for strengthening institutional capacities for PPP arrangements containing achievable suggestions/plans.
- Development of recommendations for the improvements of the policy and legislative framework regulating PPPs.
- Development of recommendations tackling external factors covering the involvement of the private sector, civil society organisations (CSOs), general public and international donor agencies.

Methodology and Research Limitations

This study tackles the sensitive subject of PPPs, and focuses on the healthcare sector, one of the most complicated fields in BiH for conducting research and obtaining data. If the freedom of access to information and transparency of work in the entire public sector were rated, it would be safe to say that the health sector is the most difficult to gain access to, as well as the least transparent one (CCI, 2009). Hence, the methodology relies both on the primary as well secondary research data. The topic that this paper focuses on calls for a suitable methodology to be deployed, bearing in mind that the access to data remains an important factor in determining the methodological approach. When collecting primary data, mixed methods research was utilized, combining both quantitative and qualitative research. Semi-structured interviews as a qualitative research method were conducted to gain insights into the setting of the issue, as well as to uncover prevalent trends in thought and opinion about the PPP implementation in BiH, thus generating ideas for subsequent quantitative research.

While conducting semi-structured interviews, many respondents avoided answering some of the questions, which is why we decided to send out anonymous questionnaires hoping to increase respondent rates. For the purpose of obtaining answers to certain questions, it was necessary to ensure collecting anonymous opinions of healthcare and PPP professionals on several topics, which allowed the respondents to state their opinion as objectively as possible. Therefore, as a quantitative research method, self-completion questionnaires that the respondent answered without the aid of an interviewer were conducted in order to quantify the data and measure the incidence of various views and opinions in the sample. The form used was e-mail questionnaires, with fewer open questions (since closed ones tend to be easier to answer) and an easy-to-follow design. It was kept as short as possible to reduce the risk of "respondent fatigue", utilizing multiple choice questions and a Likert scale, while covering all the relevant aspects for the study. Questionnaires are particularly helpful in maintaining participants' privacy because participants' responses can be anonymous or confidential. Two

different questionnaires with different objectives were shared with the relevant stakeholders in the country's health sector (see Appendix 4 and 5 for Questionnaires):

- Evaluation Questionnaire for PPPs in health care in BiH
- Evaluation Questionnaire for the institutional capacities of public institutions for the PPP area

When it comes to sampling and the selection of a representative sample, considering the specific topic of analyzing the PPP implementation in BiH, non-probability sampling was used - judgment sampling to be more precise (Bryman, 2008), through which relevant PPP experts and practitioners that are active in the field, were selected. The judgment sampling was used, because there are a limited number of people that have expertise in the area being researched. It includes representatives of government institutions that focus on health (ministries of health, health insurance funds, public health institutes, doctors' associations), government institutions that are connected to PPP evaluation and oversight (Ministries of Finance, Ministry of Transport and Communication of FBiH, Public Administration Reform Coordinator's Office - PARCO, commissions for concessions, etc.), along with international organizations in BiH also focused on the topic (International Finance Corporation - IFC, World Health Organization - WHO, Regional Cooperation Council - RCC, United Nations Development Program - UNDP) as well as medical and non-medical professionals working on health-related PPP activities. Private sector health companies are also very important stakeholders in the process.

Secondary research includes the collection of relevant research reports, newspaper, magazine and journal content, and government and NGO statistics, along with academic articles. Primarily, this relates to reports published by the relevant public and international organizations. Extensive secondary research was conducted using evidence from BiH, neighboring countries, as well as EU member states in order to identify the policy options, institutional necessities and future directions for an enhanced role of private sector participation in the provision of public health services.

This applied research is faced with several constraints that influence the results and corresponding recommendations; the most significant being the fact that this is a very sensitive topic. While conducting the research, it was observed that the respondents were very careful when discussing the topic, and rather tried to avoid the topic of corruption in the health sector, as well as that related to PPPs. Another challenge is certainly the missing data - specific questionnaires (1 out of 2 was anonymous) were sent out in order to collect data, but in many cases, no responses were received back. Finally, when it comes to the sampling process and the selected method of judgment sampling, there is a limitation of the approach and that is the potential existence of a bias, since no randomization was used in obtaining the sample.

Could PPPs be the Right Option for BiH Health?

The function of the public sector is to provide for and satisfy public needs, benefiting the community as a whole. It is the role of the government to establish goals and choose which of these collective needs will be a priority and which of them will not, as explained by the opportunity cost theory. Lack of resources generates a stagnation of investments and a gap in the fulfillment of public needs. In this context, PPPs come as an alternative to overcome obstacles

(UNECE, 2012) and innovative healthcare PPPs can play a vital role in quickly upgrading health infrastructure and services in regions scarred by war (IFC, 2011), which is another reason why they might be interesting for BiH.

There is a strong focus on Public Private Partnerships (PPPs), globally as well as regionally, as one of the ways to address the issue of a lack of financial resources and as one of the ways to increase the quality of service. Those advocating for PPPs argue that such partnerships take the best of both worlds - stable governance and citizens' support from the public sector, and operational efficiency, innovative technology, managerial effectiveness from the private sector - so as to deliver a higher standard of service to citizens for a better value for money (World Bank, 2012). For both governments and healthcare organizations, PPPs are also often seen, correctly or not, as a potential solution for funding shortages due to budget constraints or other factors (Roehrich, et al., 2013).

Table 1.
Types of PPPs in health, World Bank, 2014.

As can be seen from the graph above, there are many different PPP models that could be implemented in the health sector. The design-and-construction and the "accommodation-only" model lie at the one end of the spectrum, and assume the form of a contract covering design, construction and finance for infrastructure and related services, such as maintenance for the life of the building (WB, 2014). The financial structure is based on long-term payments by a public hospital authority to a private partner (Roehrich et al., 2013). An extension of the model involves services ranging from non-medical services (such as food, laundry, cleaning) to primary care and clinical support services (WB, 2014). The key contractual relationships are between the Ministry of Health, the hospital authority, and the private partner (Roehrich et al., 2013). Other types of PPPs can include everything from clinical support services, such as lab analysis and diagnostic tests, to more specialized clinical services such as dialysis and radio-therapy (WB, 2014). Finally, PPPs can involve full-service provision, where a private company offers both hospital services and primary care for a geographical area from its own facilities (Roehrich et al., 2013), in the form of hospital management.

A recent survey found that more than 1,300 PPP contracts were signed in the EU over the period between 1990 and 2009 (Reeves, 2013). This represented a capital value of more than €250 billion (Ibid). The number and value of PPP deals peaked in 2007 and declined thereafter (Ibid). In Europe, the UK has led the way in adopting the PPP models. Over the same period, the UK accounted for two thirds of the total PPP market, Spain remains the second biggest PPP market and France, Germany, Italy, and Portugal all represent 2-5% of the total number of projects respectively. Focusing on the UK as the biggest PPP market, health and education sectors account for the largest percentage of projects (35 and 34% respectively). However, the evidence that its hospital program has delivered timely projects with high quality and low

operating costs is, at best, unproven (Roehrich, et al., 2013). Regarding the experience of other European countries with healthcare PPPs, Portugal's program was partly stimulated by concerns over below-standard performance and cost overruns in public hospitals procured using traditional contracts, which prompted the government to introduce competing clinical providers and new procurement models, believing that operational efficiency gains from PPPs would subsequently spread to other hospitals (Ibid). Between 2004 and 2008, four new PPP hospital projects were launched, which included a private delivery of clinical services in addition to the buildings. However, the complexity of these contracts, and the unwillingness of international and national banks to take clinical performance risks, led the government to revert to an accommodation-only model for PPPs initiated in 2008 (Costa, 2009). Moreover, the UK, which is the world leader in PPP procurement, has recently announced a major re-vamp of its Private Finance Initiative due to a "widespread concern that the public sector has not been getting value for money and taxpayers have not been getting a fair deal now and over the longer term" (Reeves, 2013).

Due to the sensitivity of PPPs in the health sector, some countries have defined certain sectors, or services within sectors, for which PPPs will not be used. These "core" services should be provided exclusively by the government, and this definition should come out of PPP policy. For example, in the UK, PPPs have been used to construct hospitals and provide ancillary services, but the "core" medical services remain publicly run. Other countries, such as Lesotho, have implemented pioneering PPP hospital projects, which included a full range of health services (IFC, 2011). Neither of the two entities in BiH has defined a PPP strategy, nor these „core" services (in health or any other sector).

In addition, the fact that PPPs in health have been realized in both BiH entities in various forms without any prerequisites in place, makes the question regarding PPPs go more along the lines of "how can they be improved?" rather than "should they be happening?" There is very limited, both field as well as policy research about the implementation and applicability of PPPs in BiH, in general or in any specific field, so in order to avoid the trap of purely mirroring certain PPP arrangements and practices from other countries, without fully understanding the implications of these policies for PPPs in the current BiH context, the need for this policy research becomes evident.

Healthcare Sector in BiH

Before proceeding with a further evaluation of PPPs in the health sector in the country, here is an overview of the healthcare sector in BiH in general. According to experts, a high fragmentation of health systems in BiH is the root cause of its high cost and poor performance (World Bank, 2012). Healthcare finance, management, organization and provision in BiH are the responsibility of each entity, while Brčko District runs a healthcare system over which neither entity has authority. The country therefore has a total 13 Ministries of Health, 13 Health Insurance Funds, and 13 Institutes of Public Health for its 3.6-3.9 million population. These ministries include one for Republika Srpska (RS), one for Brčko District, one at the level of Federation of BiH (FBiH), and ten more cantonal ministries in FBiH (European Observatory on Health Care Systems, 2002). (See Appendix 1, 2 and 3 for a graphical representation of the organizational structure.) In RS, the authority over the health system is centralized, with planning, regulation and management functions held by the Ministry of Health and Social Welfare. In FBiH, health system administration is decentralized, with each of the ten cantonal administrations having responsibility for the provision of primary and secondary healthcare through its

own ministry (Ibid). The Ministry of Health of FBiH coordinates cantonal health administrations at the Federation level (Ibid). The centralized structure of RS healthcare administration is one the reasons why it was much easier to initiate and implement PPPs and why this entity leads the way when it comes to the number and scope of such partnerships, in comparison to the ones in FBiH. Though there has been a steady increase in health expenditures since 2000 (see Table 2), this has not impacted quality of life (which includes healthcare indicators) as Bosnia and Herzegovina ranks very low on quality of healthcare system (World Health Organization, 2013), positioned at the 90th place (out of 190 countries).[1]

[1] http://thepatientfactor.com/canadian-health-care-information/world-health-organizations-ranking-of-the-worlds-health-systems/, accessed 14.05.2014.

Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BiH	7.1	7.22	7.08	8.04	9.16	9.12	9.36	9.78	10.32	10.94
Croatia	7.82	7.3	6.3	6.5	6.7	7.06	7.16	7.64	7.84	7.84
Estonia	5.3	4.86	4.86	5	5	5	5.02	5.24	6.12	7
Montenegro	7.9	8.86	8.98	9.56	9.08	8.74	8.58	8.12	8.38	9.26
Serbia	7.4	7.58	8.86	8.8	8.66	9	9.32	10.12	10.04	9.92
Slovenia	8.32	8.62	8.64	8.64	8.4	8.42	8.24	7.8	8.3	9.06
EU-15	8.67	8.86	9.08	9.41	9.48	9.57	9.57	9.53	9.78	10.5
EU-12	5.89	6.17	6.53	6.57	6.48	6.53	638	6.4	6.76	6.94
CIS	5.4	5.54	5.8	5.77	5.51	5.58	5.58	5.55	5.22	5.76

Table 2.
Health expenditure as a % of GDP, WHO, 2010.

Public health sector in BiH is plagued by a number of weaknesses in terms of the inefficiency of service provision, poorly motivated staff, prevalent dual practice of public employees and the overall poor working conditions (Slipičević et al., 2012). Financial problems of public healthcare provision are mainly related to the underfunding of both running costs as well as financing of services and capital investments problems. Besides this, there is a long-term sustainability problem owing to rising costs of modern medical diagnoses and treatments, as well as socio-demographic pressures. Healthcare spending is further expected to rise due to economic growth (which increases demand for treatment), changing demographics and epidemiological trends (aging populations and more chronic diseases) and advances in medical technology (leading to more expensive equipment and tests) (IFC, 2011). The increasing burden on the public healthcare system calls for the government to abandon its passive role and take action to direct growth and utilize the potential of the private sector (Slipičević et al, 2012), which is another reason why it is crucial to improve understanding of PPP arrangements in healthcare.

The extension of PPPs into a wider range of healthcare services is by no means straightforward. The alignment of contractual incentives becomes harder the greater the complexity of the PPP; and managing private and public boundaries over extended periods is very demanding (Roehrich, et al., 2013). Secondly, identifying *ex ante* and monitoring *ex post* the level of "quality" or "flexibility" that PPP parties are required to achieve in performing their contractual obligations, is necessary but difficult when either quality or flexibility is non-contractible and difficult to observe (Ibid), as is the case in the healthcare field in particular. Effective mechanisms are hence paramount in order to ensure that the private operator actually delivers the expected output, irrespective of the PPP model. In any PPP model - from PFI through to full franchising - there will be a need for tight regulation, particularly on quality standards. And that is one of the weakest links when it comes to the BiH implementation of PPPs in healthcare.

Importantly, PPP are about appropriate risk allocation and reducing the risk premium, accomplished by bundling activities to achieve optimum outcomes and by using the payment mechanisms between the contracting parties to incentivize appropriate behaviour (Roehrich, et al., 2013). Public private partnership will not always be the best option - the risk of being locked into an inefficiently designed contractual arrangement is high. But it appears that for the immediate future, PPPs will remain a feature of healthcare provision in RS, and from what can be observed at the moment, a very big probability in FBiH (especially in dialysis). A more robust understanding of their limits and possibilities is therefore vital. Below is a snapshot of PPPs in the health sector in both entities, which will be used to argue for certain policy recommendations.

Tale of PPPs in Dialysis and Radiotherapy in Republika Srpska

60% of all PPP projects in Republika Srpska so far have been in the health sector - dialysis and radiotherapy (Mihić, 2013). In both of these cases, the initiative came from a private partner, the Euromedic Healthcare Group (at the time, known as the International Dialysis Center (IDC)). In 2000, in the absence of a PPP law, the private partner signed an eight-page contract with the Health Insurance Fund of Republika Srpska, the Prime Minister, the Minister of Health and Social Welfare, the Minister of Foreign and Economic Affairs, and the hospital director in Banja Luka (Kerschbaumer, 2007) to deliver dialysis through PPP to dialysis patients in Banja Luka and Bijeljina, later on expanding to other cities throughout the entity.

From a legal standpoint, the outsourcing of dialysis services was undertaken without the need to pass new laws or use other legal instruments (Kerschbaumer, 2007). This was achieved through a contract with the services provider, supported by laws governing companies with limited liability and foreign companies (Ibid). The RS Health Insurance Fund conducted a feasibility study, which found that treatment could be obtained at a lower price in the private sector (Kerschbaumer, 2007). The basic idea was for the entity of RS to collaborate with private healthcare institutions, being mindful of the usual objectives governing any PPP - improvements in the quality of the healthcare system, increased access to high quality medical services, and cost reduction within a self-sustaining health system.

The total investment made by IDC for construction, reconstruction and all medical and non-medical equipment amounted to €4 million (Kerschbaumer, 2007) at the time. Multilateral Investment Guarantee Agency (MIGA) provided two guarantees, totaling $1.28 million. The first guarantee was for an equity investment in IDC, covering the risks of expropriation, war and civil disturbance, while the second one covered the obligations of the Health Insurance Fund and Republika Srpska for the provision of dialysis services, protecting the investor against a breach of contract.[2] The price for one IDC treatment was fixed and was in fact the only figure written in the contract (Kerschbaumer, 2007). The contract bound IDC to a number of obligations, including the core functions of establishing and managing the dialysis center for the period of the contract duration - purchasing and installing new equipment, providing patients with one meal during every treatment, having complete responsibility for training local medical personnel, and guaranteeing to increase their salaries (Ibid). The fulfillment of the terms of the contract was agreed to be overseen by the RS Ministry of Health and Social Protection, the Health Insurance Fund and the two host hospitals (Ibid).

[2] http://www.miga.org/projects/index.cfm?pid=431, accessed on 30.12.2013.

Initially, the IDC Banja Luka and Bijeljina contracts were awarded for seven and nine years respectively, but the RS Ministry of Health and Social Welfare and the Ministry of Economic Affairs and Regional Cooperation have in 2007 renewed the contracts for an additional fifteen years (Kerschbaumer, 2007). Euromedic pulled out from dialysis and handed IDC over to another company in 2009. The RS Law on PPPs (adopted in 2009) contains provisions that include the RS State Auditor in the process; however, no audit has ever been conducted. Dialysis is currently administered to ca 950 patients in Republika Srpska and in the table below there are estimations of how much this particular PPP will end up costing the RS taxpayers, once the partnership is realized.

Table 3. PPPs in RS, Authors' table

Approx. no. of patients	900
Yearly number of dialysis treatments per patient	156
Min. cost per standard dialysis (EUR)	110
Number of years of contract	22
TOTAL COST (EUR)	**339.768.000,00**

Dialysis patients in RS raised their concern over hemodialyzers running at much above 15,000 hours (maximum defined by law), as well as a centralized dialysis solution. Even though the private partner was obligated under the Contract to replace all machinery upon the expiration of the Contract, this was not done. They also raised concerns that the monitoring done by the public partner was not objective, taking the patients a very long time to actually lobby for a dismissal of the person in charge, which happened only recently. According to patients' representatives, one of the biggest weaknesses of PPP arrangements is that, through the legislative framework, the end users (patients) are not in any way consulted when it comes to the monitoring and evaluation process of service provision.

The PPP for Radiotherapy, on the other hand, involved offering a service that had not been available in the health system of Republika Srpska before. This Contract was signed for the duration of 15 years, and the total investment by the private partner amounted to EUR 20 million, which included building a total of four new floors of the medical ward at the Clinical Center in Banja Luka, bringing radiotherapy specialists from neighboring countries who would transfer the know-how and skills to the local staff, and partnering with Methodist International in Houston, Texas as a quality assurance. Table 2 thus gives an overview of the two main PPPs in this entity.

Table 4. PPPs in RS, Authors' table.

PPPs in RS	Initial private investment (EUR)	Contract duration	Expected Gov't expenditure for PPP Contract (EUR)
Int'l Dialysis Center	4 mil* (Kerschbaumer, 2007)	22 (7+15) years	339.768.000,00
Radiotherapy Center	20 mil	15 years	Information not made publicly available

According to Zdenka Gojković, a consultant for the public procurement of cytostatics in RS, there are between 4.700 and 4.900 new cancer patients in RS every year. The Center for Radiotherapy treats between 100 and 120 patients per day, and the maximum capacity is between 150 and 180 a day.[3] However, the only available information regarding the financial

[3] http://trebinjelive.info/2013/09/09/godisnje-oko-4-900-novooboljelih-od-karcinoma-u-srpskoj/, accessed on 31.12.2013.

aspects of this Contract was very general information found on the website of the RS Health Insurance Fund, showing that, out of the total 663.837.937,00 KM spent in 2012 on healthcare, 309.136.321,00 KM were allocated towards secondary and tertiary healthcare[4], which includes radiotherapy, among other services.

[4] http://www.zdravstvo-srpske.org/files/dokumenti/Troskovi_2012.pdf, accessed on 10.01.2014.

Not a lot can be said about PPP Contracts signed in RS, simply because they are not available to the general public. However, theory argues that poorly negotiated contractual arrangements may be a result of a lack of commercial realism by the bureaucracy, the miscalculation of project risks by the private sector, corruption or incompetence, or political interference (Govt of Sindh, 2008). When the contract is going to end and the contractor knows it will not reap the benefit of further maintenance, certain contract provisions are not respected (as was the case of transfer between IDC and Fresenius), which highlights the importance of effective contract management. Poor contract management is usually caused by a lack of experience within the government, a lack of resources used for contract management, and a lack of formal structure within the government for monitoring PPP contracts (Govt of Sidh, 2008), thus highlighting the need for institutional capacity building.

Tale of the Attempts at PPPs in Health in FBiH

An attempt at PPPs in the Federation of BiH has resulted in fewer and much smaller contracting out partnerships, focusing on clinical support services. In Sarajevo and Tuzla Cantons, contracts for clinics are renewed on a yearly basis. Because of vague approval and monitoring procedures, one clinic in particular benefited by being awarded the Contract for all pathohistology diagnostics from the University of Sarajevo Clinical Center.

Table 5.
PPPs in FBiH,
Authors' table.

PPPs in FBiH	Approx. gov't expenditure in 2013 (in EUR)
Moja Klinika - pathohistology diagnostics for the University of Sarajevo Clinical Center	400.000,00 (Slobodna Bosna, 2014)
Other 11 clinics - PPPs for diagnostics, radiology.	75.000,00 (Slobodna Bosna, 2014)
BH Heart Center Tuzla	3 mil

When it comes to case studies of PPPs in health, there are few small partnerships in the Sarajevo Canton which mainly focus on private radiology checkups, as well as certain pathological diagnostics services, which the Cantonal government established in order to reduce long waiting lists at the public healthcare providers. One of the Contract provisions is that only private clinics whose doctors work full time in the private health sector could sign up for this.[5] More information on these contracts was not available and there are no further clarifications as to why a certain private clinic gets to sign a contract with the Cantonal Health Insurance Fund. Considering that we did not get a reply to our request to have informative interviews with important stakeholders for the matter at hand, we hereby refer to the information that was available in the media. There were 12 private clinics that signed this agreement, but it was one clinic (Moja Klinika) in particular that benefited by having all the pathohistology diagnostics outsourced to it from the University of Sarajevo Clinical Center (USCC), even though the Clinical Center at the time employed five doctors specialized in pathology, two sub-specialists and three doctors-in-training, who on average used to perform 14,000 biopsies annually (Slobodna

[5] http://www.slobodnaevropa.org/content/napravljeni_znacajni_koraci_u_zdravstvu_bih/2144539.html, accessed on 06.01.2014.

Bosna, 2014). In 2012, the Contract with Moja Klinika included 1,150 patients and this number was increased to 2,000 in 2013, while the Contract also expanded to 100 cytology examinations (Ibid). As a result, in 2013, Moja Klinika charged the Cantonal Health Insurance Fund with ca EUR 400,000. This would perhaps not have been particularly astounding, if the Fund had not allocated to the other 11 clinics in the Sarajevo Canton a total amount of ca EUR 75.000. Besides the regular Contract between Moja Klinika and the Cantonal Health Insurance Fund, Moja Klinika additionally charged ca EUR 200.000 for 685 patients that were not covered by the Contract (Ibid). In October 2013, the USCC Management Board froze all PPP Contracts with all 12 clinics, but in January 2014, only the Contract with Moja Klinika was renewed, with ca 300.000 EUR being approved for it from the budget (Ibid). Again, according to the media reports, an internal audit of the Sarajevo Canton Health Insurance Fund discovered numerous irregularities within contract provisions: medical prescriptions for patients who are not covered by health insurance of the Sarajevo Canton, a large number of prescriptions without a signature and a stamp, certain diagnostic procedures performed contrary to contract provisions, and also many medical reports signed by pathologists other than the designated one. Apart from this, there are certain insinuations that the prices agreed upon in the Contract are higher than market prices, and hypothetically, if such Contracts continue throughout 2014, it is estimated that the Sarajevo Canton Health Insurance Fund will end up paying 5 million KM (EUR 2.5 million) for them this year (Slobodna Bosna, 2014).

Arising out of the complexity of medical intervention, the most serious attempt at PPPs in specialized clinical services takes place in BH Heart Center, a private cardiovascular surgery clinic carrying out secondary- and tertiary-level healthcare, funded by the FBiH Health Insurance Fund. The Center also carries out priority healthcare, thus encompassing the most complex types of healthcare funded by the Solidarity Fund through the vertical program of the FBiH Health Insurance Fund, which on an annual basis amounts to approximately EUR 3 million. When it comes to the standards and regulations, they are defined by the Law on healthcare provision, but there are no legal provisions within the Contract that focus on monitoring and evaluation of services provided by the Center.

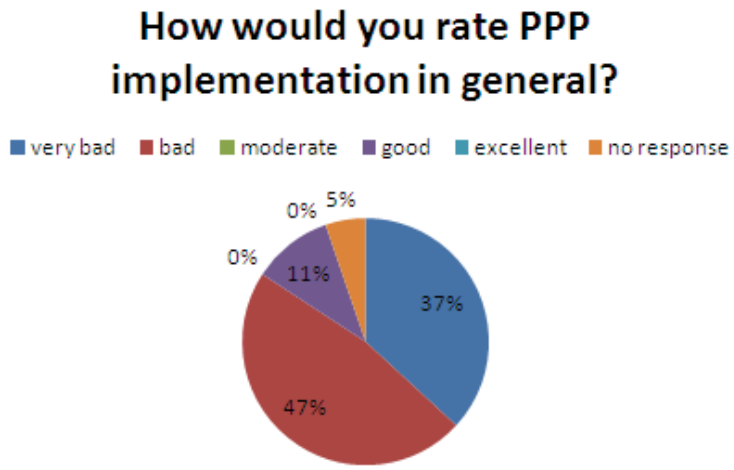
According to Novka Agić, Head of the Health Insurance Fund of the Federation of BiH, there are sporadic cases of public private partnerships in this entity, but more requirements need to be fulfilled in order to make these partnerships truly successful. [6] Emil Kabil, M.D., head of the BH Heart Center, believes it is politics that hinders the development of public private partnerships in FBiH, because the public sector does not want to compete for public funds with the private sector.

Poorly negotiated contractual arrangements in FBiH have one thing in common with the PPPs in RS, though with (so far) lesser financial implications. After a round of semi -structured interviews with the main FBiH stakeholders in this field, it can be concluded that, so far, there is: a lack of political willingness to define the PPP policy framework, no strategic decision making for establishing them, no awareness about the relevance of the monitoring of PPPs by the healthcare professionals in the public sector, and there is a lack of willingness displayed by all the PPP partners in health to take responsibility for PPP monitoring.

[6] http://www.slobodnaevropa.org/content/napravljeni_znacajni_koraci_u_zdravstvu_bih/2144539.html, accessed 09.01.2014.

Problem Description

Overall, major obstacles for adequate PPP implementation in health are translated from the underlying problems of the healthcare sector in BiH. However, they also lay in the clear absence of a PPP policy, as well as inappropriate legislation and poor institutional capacity, along with a general lack of in-country knowledge and expertise about the benefits and dangers of PPP arrangements. However, moving up the maturity curve is not automatic and PPPs have proved difficult to implement in many countries (UNECE, 2008).



Graph 3.
PPP implementation, Authors' research, 2014

It is true that dialysis through PPP is administered in newly renovated and equipped premises, thus resulting in improved patient satisfaction (decreased number of hepatitis infections, more comfortable environment etc). Moreover, with Radiotherapy PPP, patients do have an option of receiving treatment closer to home; and waiting lines in the Sarajevo Canton have been reduced for radiology checkups - but at what cost? Looking at the figures in the previous tables, it is evident that the myth of PPPs bringing additional private finance needs to be busted - because the public will always pay, and pay dearly. The attraction of off-balance sheet accounting for PPP investment is understandable, particularly in the context of a fiscal crisis or where fiscal targets apply. Nevertheless, while accounting rules can permit such treatment of expenditure under PPPs, the underlying economic position does not necessarily change as what is bought now must be paid for later (Reeves, 2013). If the public sector cannot afford to pay directly for infrastructure/service, then it cannot afford PPPs (Gallop, 2013).

Another concern arising from the above-mentioned cases of PPPs in health is that PPPs could, paradoxically, result in limiting or failing to produce incentives for improving maintenance. This happens because healthcare PPPs are implemented so that a PPP company in RS becomes a provider having monopoly on the service, and because quality and safety standards are not carefully specified, monitored, and enforced, which is applicable to both entities. This highlights the importance of effective monitoring for achieving the potential benefit of improved maintenance (UNECE, 2011). Finally, PPPs can provide an opportunity for corruption. This is significant in the case of BiH, since the 2013 Transparency International Corruption Perception Index ranked BiH 72nd out of 175 countries, with a score of 42 (the lower the score, the higher the corruption perception)[7]. Where project selection in general is not based on analysis, where corruption or pursuit of political gain tends to dominate project selection, PPPs are likely to be affected (UNECE, 2011). Thus, PPPs in healthcare in BiH risk getting easily get stuck in a

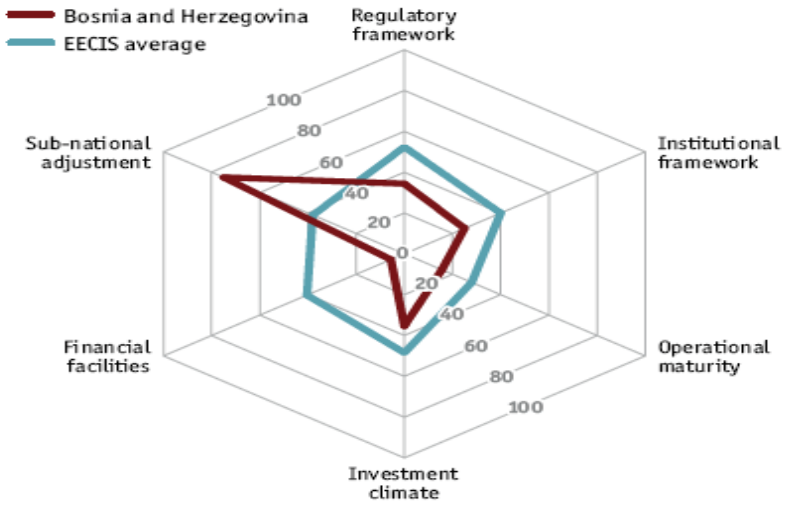
[7] http://cpi.transparency.org/cpi2013/results/, accessed on 14.03.2014.

viscous circle of weak institutions, a lack of transparency in deals, obvious conflicts of interest, corruption, etc.

PPPs demand a strong public sector, which means that asking private partners to deliver government services places more, not less, responsibility on public officials (UNECE, 2008). The graph below illustrates BiH's position when it comes to the main variables impacting PPP implementation - regulatory framework, institutional framework, operational maturity, investment climate, financial facilities and sub-national adjustments (Economist Intelligence Unit, 2012). As can be seen, BiH performs well below the Eastern Europe and the Commonwealth of Independent States average, regionally ranking 20th out of 25 places, and internationally 45th out of 58 countries (Economist Intelligence Unit, 2012).

Key data	
Regional rank (out of 25 countries)	20
International rank (out of 58 countries)	45
Market size	
Population (m, 2012)	3.8
GDP (US$ bn, 2012)	17.1
EIU Sovereign rating (November 2012)	CCC
Number of concessions*	0
Concessions and greenfield project investment (USD, millions)*	0

*According to World Bank PPI database (2001-11)

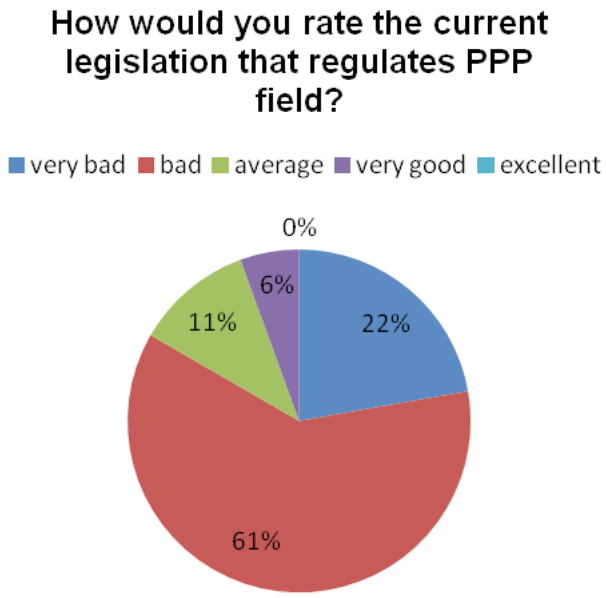


Graph 4.
BiH PPP Framework, Economist Intelligence Unit, 2011.

The legislative framework, which will be explained in detail in the following section, is one of the many fields where "Europeanization" takes place on paper, but where a big diversion from the EU standards persists in practice. The institutional capacity of the implementing institutions is also an important policy area, which requires improvement, along with the "external" factors, which include both political will and broader public support, but also private sector engagement.

PPP Legislative Framework in BiH

BiH PPP policy is a policy failure. There is no PPP strategy on any level in BiH, nor is there a state-level PPP framework, while the two entities have very different PPP legislation. In line with several layers of BiH public administration, the laws that govern PPP establishment and management in Bosnia and Herzegovina are as follows: the 2004 Law on Public Procurement ("Official Gazette of BiH", no. 49/04), the 2009 Law on PPPs of RS ("Official Gazette of RS", no. 59/09), the 2007 Law on PPPs of Brčko District ("Official Gazette of BD", no. 7/10), the 2002 Law on Concessions of BiH ("Official Gazette of BiH", no. 32/02), the 2002 Law on Concessions of FBiH ("Official Gazette of FBiH", no. 40/02), the 2002 Law on Concessions of RS ("Official Gazette of RS", no. 25/02), the Guidebook on PPPs in RS ("Official Gazette of RS", no. 104/09), the Law on Concessions of Brčko District ("Official Gazette of BD", no. 41/06), as well as cantonal laws on concessions and cantonal laws on PPPs.



Graph 5.
PPP legislation, Authors' research, 2014.

RS has adopted the Law on PPPs of RS ("Official Gazette of RS", no. 59/09), and introduced its amendments in 2011, but its weakest link remains the monitoring and risk sharing provisions. FBiH has had a draft version of the Law on PPPs since 2009 (proposed by the Federal Ministry of Transport and Communications), which was adopted in April 2014 by the House of Peoples of the Parliament of FBiH, and is now awaiting public hearing. The FBiH-level Law on PPPs has been initiated mainly with Corridor Vc projects in mind, which not only explains why the above-mentioned Ministry proposed it, but also why it is politically such a difficult, but nonetheless important law to pass. The cantons, on the other hand, were quicker to jump on the PPP board, and 8 out of 10 cantons have already adopted PPP laws, mainly through ministries of finance or economy. All the regulations and laws define the process of concession awarding only in principle, without clearly defining the roles of institutions involved at different levels. The fact that a part of the jurisdiction is at the cantonal level just additionally complicates the matter. The laws do define the mechanisms and the bodies involved, but due to the complexity of constitutional structure, the responsibilities of the institutions involved are intertwined (Economist Intelligence Unit, 2012). The existence of several similar, yet separate legal regimes for concessions/PPPs in the country, as well as their inevitable overlap, thus discourages cross-entity and inter-entity concessions/PPPs (Economist Intelligence Unit, 2012). In addition, the framework defines numerous untested steps in order to finalize the process of PPP awarding (Ibid). All the above-mentioned is also confirmed by the findings of the *Questionnaire about the assessment of PPPs in healthcare in BiH,* which reveal that 83% of the respondents (PPP experts and professionals) find that the current (or proposed) legislation governing PPPs is bad and very bad, which identifies the need for improvement. (See Questionnaire details in Appendix 4)

On the other hand, EU's legal framework does not include a law on public private partnerships. From the standpoint of the European Commission (EC), PPPs are public contracts, which is why PPPs should be in accordance with the provisions of transparency, equal treatment, non-discrimination, proportionality and mutual recognition (Sigma, 2009). Considering that BiH has taken a different approach, by which entities and cantons have adopted or drafted PPP laws, and given the fact that public private partnerships are very much linked to the public procurement as well as the concessions field, it is also important to consider PPP legislation at the

state level in order to have a harmonized legal structure for avoiding overlaps, inconsistencies and loopholes and to ease future interactions with the EU-level financial institutions. It is fundamentally important to ensure there is a clear and harmonized legal framework in the field of concessions and public private partnerships in the country. Such legal framework would include secondary legislation in this area.

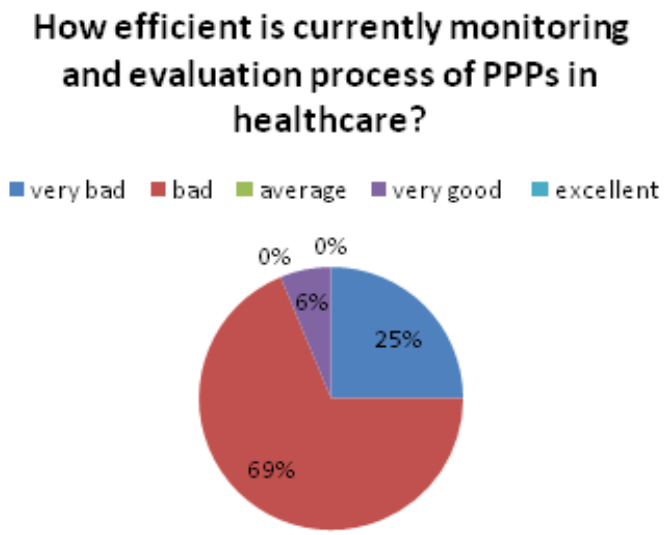
Last but not the least (f)actor to consider within the legislative framework is the establishment of effective and independent appeal mechanisms for reviewing a decision made in the procedures related to the granting of PPPs. One of the solutions is a system that was developed through the BiH Law on Public Procurement. As far as service contracts, the system of legal remedies in the Law on Public Procurement can also be used (although, this is not a prerequisite based on the public procurement Law in the EU), other appropriate legal remedies should be made available. Appeals should be heard by the tribunal that is impartial and does not have prejudice, in accordance with Article 234 of the EC Treaty (Sigma, 2009).

Institutional (In)capacity for PPP Implementation/Monitoring

The previously mentioned PPPs raise crucial questions of institutional capacity for their implementation and management - especially in the sector where literally one's life is at stake. There is no national, dedicated PPP agency to promote and develop projects, though each entity has its own commission for concessions, but no official body for PPPs (Economist Intelligence Unit, 2012). Despite a more favorable environment at entity level, institutional responsibilities are not sufficiently defined, and the commissions and line ministries involved in project planning and oversight do not possess the necessary technical expertise on project financing, risk evaluation and contract design (Ibid). In RS, within the Ministry of Finance, the Public Investment Department oversees PPP projects, but there is no official department nor are there employees with job descriptions which focus on PPPs alone. Given the longevity of PPP contracts in RS, it is natural to assume a higher monitoring capacity. Draft FBiH Law on PPPs stipulates transferring PPP responsibility to the Commissions for Concessions on the federal/cantonal level. Even though Commissions are staffed with highly educated employees, taking into consideration the current implementation of concessions, it is unlikely that PPP implementation would go much differently.

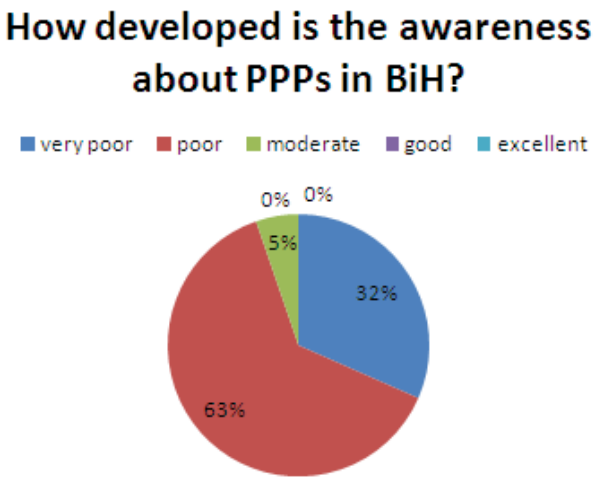
The question of PPP monitoring capacities is a crucial one, including the positioning of monitoring responsibilities within a certain institution or working group. Currently, the overall notion is that evaluation and monitoring of PPPs in BiH is largely missing. In RS, a public partner is responsible for contract management of PPPs, and the line ministry (Ministry of Health) submits a technical and financial report for each PPP to the Government on an annual basis. The government then annually submits a report on the effects of PPP Law implementation to the National Assembly of Republika Srpska. Also important to point out is that, starting from 2001, when the dialysis PPP started, the RS State Auditor has never conducted an official audit, even though it is included in the Law on PPPs. Dialysis patients in RS believe that the monitoring done by the public partner was not objective, and it took them a very long time to lobby for a change of the responsible person. None of the monitoring reports were made available to the public. When it comes to FBiH, the draft Law on PPPs nominates Commissions for Concessions as bodies that perform oversight over PPPs and annually deliver their reports to the FBiH/Cantonal governments. The public partner nominates its own representative as a member of the

Commission for Oversight of that particular PPP. Monitoring over PPP contracts will be defined by the Rules of Monitoring of Public Private Partnership projects, which will also be written by the Commission for Concessions and adopted by the Federal government. The draft Law does not obligate the Federal Auditor to audit the partnership and almost unbelievably calls for the private partner to pay a commission fee to the Commission for this service.



Graph 6.
PPP monitoring, Authors' research, 2014.

When gathering the responses for the Institutional Capacity questionnaire that was sent to both entity and cantonal-level ministries of finance, as well as to ministries of health, health insurance funds, public health institutes, commissions for concessions and other relevant stakeholders in PPPs in health, there was a resounding response that institutional capacities are not developed, or not even present in many cases, and that there needs to be a serious effort undertaken in order to build up such capacities. On the cantonal level, there was an overwhelming response that there is no one trained for PPPs, and so far no international co-operation has been established in order to learn best practices, nor is the staff attending any workshops on the topic.



Graph 7.
PPP awareness, Authors' research, 2014.

The questionnaire that was distributed to relevant public institutions for PPPs revealed that 84% of respondent institutions do not have anyone employed for PPP projects, and that 80% of

institutions never had their staff attend any PPP-related education. (See Questionnaire details in Appendix 5). That the level of PPP understanding is very low confirms the recent statement by the Minister of Transport and Communications of FBiH, Enver Bijedić, who said that "The Law on PPPs will bring foreign investors to the country, the citizens of FBiH will profit the most out of this arrangement, because we will get infrastructure (roads) without taking out loans"[8]. This shows that the key decision makers in BiH still do not understand the concept that PPPs indeed do not bring additional private finance, but rather are an off-balance sheet debt. If PPPs are to be applied for the benefit of the BiH society, significant efforts need to be devoted to strengthening institutional capacity. This was again confirmed by our survey, with 95% of respondents saying that awareness of the PPP concept is very low.

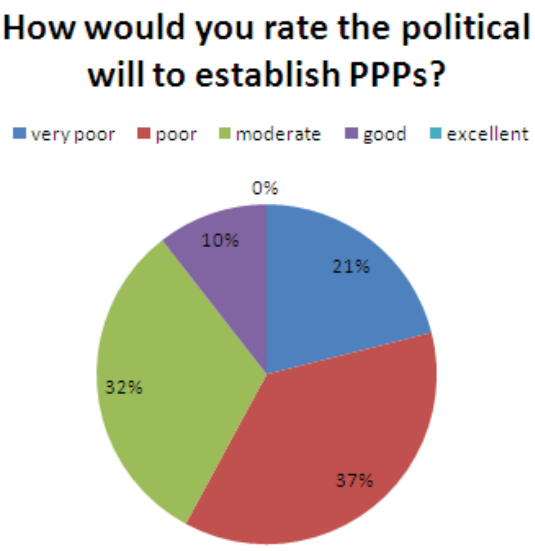
[8] http://www.sdp.ba/novost/21714/nacrt-zakona-o-javno-privatnom-partnerstvu-trebao-bi-omoguciti-da-se-ne-zaduzujemo, accessed on 30.04.2014.

(Lack of) Will among External factors for PPP implementation

External factors for PPP implementation include political willingness, but also the will and understanding of other stakeholders is crucial to the PPP process - the private sector, the community, and civil society organizations.

At the state level, the political will to implement national-level PPPs is low, if not non-existent. National-level planning processes are slow and cross-entity interactions are further complicated by the country's administrative divisions and, given the current political climate in the country, it is highly unlikely that any proposed state-level institution would not be politically blocked. The political will exhibited at entity levels is significantly better, again more so in RS than in FBiH. As an answer to the question: "How would you rate the political will to establish PPPs?", 58% of respondents said there is very low or low political will to do so.

Graph 8. PPP Political will, Authors' research, 2014.



Private sector involvement is crucial if PPPs are to develop appropriately, but many feel disheartened by the current concessions and public procurement implementation, which is why their suspicion towards further PPP development is only logical to expect. Besides this, civil society organizations, such as patient representative organizations particular to PPPs in healthcare, need to also develop further capacities to become relevant stakeholder in the PPP dialogue, which is very much absent in the country.

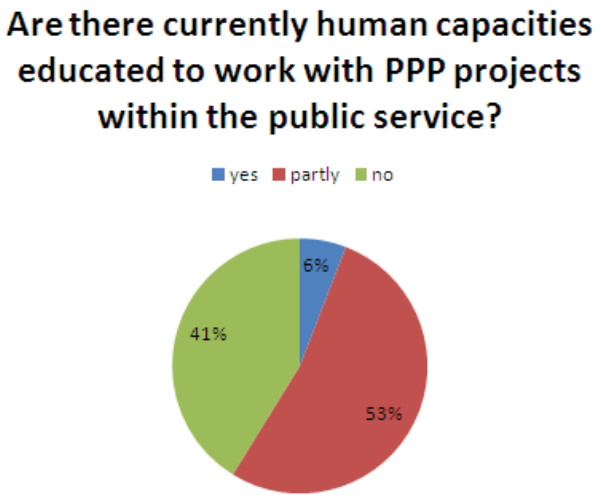
Last, but not the least (f)actor in this fairy tale is the international donor community. Given their extensive experience in both legislative reforms as well as institutional capacity building, it could have a lot to offer in terms of strengthening the PPP field. It is clear that they are pursuing different strategies to enhance PPP development in BiH at the moment, which is why it would be very useful if their approach were more focused.

Policy Options

Universal principles of good governance in PPPs relate to a coherent PPP policy, strong enabling institutions, "fewer, better, simpler" legal framework, cooperative risk sharing and mutual support, transparency in the partner section, focus on the end user and achieving sustainable development (UNECE, 2008). These are the basic principles that BiH should follow on its path of PPP establishment.

In order to fully take advantage of good quality, sustainable, well-structured PPP projects in order to provide public services, governments may consider one or all of the following policy options:

- Develop a clear PPP Policy
- Establish a dedicated PPP unit
- Create a legislative framework for PPP field
- Adopt procedures and define responsibilities for developing and implementing PPPs
- Establish a mechanism for evaluating the PPP framework (PPIAF, 2008)



Graph 9.
HR capacities in PPP, Authors' research, 2014.

Establishing PPP Units is recommended because the country lacks capacity and experience in developing PPP projects. A PPP Unit should be formally created to bring together policy and delivery expertise, help ensure good value for money and provide a focal point for investors and industry. There could be other institutional options for implementing the PPP program besides establishing a PPP unit - PPP development could be placed within line ministries or contracting entities, guided by sector working groups. This could be especially interesting if there is a specific sector that is very attractive for PPP projects (PPIAF, 2008). In BiH, it is safe to say that health; infrastructure and energy sectors are the main fields where PPP capacities should be strengthened sector wise. The reason we decided not to pursue this approach is because

BiH is already facing a lack of PPP institutional capacity, and the sector-wise approach would dilute it even further. Another option could be a central independent PPP unit overseeing and supporting PPP development in all sectors. When it comes to the central PPP Units, referring back to the organizational structure of the healthcare sector in BiH, it is evident that such an approach would be inefficient in terms of the number of Units that would eventually need to be established. An example of a central PPP Unit/Agency can be seen in Croatia. Croatia set up the PPP process through the establishment of a PPP Agency. In 2008, the PPP Act that was adopted established the Croatian PPP Agency in order to provide an assessment and approval of projects under the public-private partnership proposed by the contracting authorities. The PPP Act regulates (a) procedures for the preparation, nomination and acceptance of PPP projects, (b) the rights and obligations of public-private partners as well as (c) the establishment and competencies of the PPP Agency.[9] Today however, many consider it as yet another government agency about which very little is known regarding the concrete outcomes it produced (i.e. not many PPP projects were initiated), while it annually spends almost 800,000 EUR of the budget of Croatia. The activities of the Agency are often perceived as secretive and non-transparent, even acknowledged by its director.[10]

[9] http://www.ajpp.hr/naslovnica/agencija.aspx, accessed 10.12.2013.

[10] http://www.jutarnji.hr/agencija-za-javno-privatno-partnerstvo--trose-milijune--a-obradili-tek-dva-projekta-za-500-dana/787087/, accessed 20.01.2014.

Our first policy recommendation is centered on creating a PPP Policy in order to identify public sectors that could enter into a PPP agreement. It is difficult for the government to switch from the status quo where it acquires an asset through traditional procurement to managing a network of different agencies involved in the building of and the design of a project over a long period of time (UNECE, 2008) and that is why the PPP strategy is needed to steer this transition.

However, even if there were certain improvements to the PPP policy, the legislative framework, as well as the institutional capacities in both entities (and cantons), our concern remains that this will not solve the biggest problem with PPPs - the accumulation of off-balance-sheet debts and the impossibility of truly transferring risk to the private sector when essential public services are at stake (Reeves, 2013). This is why the focus of our policy options remains exactly on this issue. We focus on policy options of establishing PPP Units through Commissions for Concessions (as proposed in the draft Law on PPPs in FBiH) as opposed to forming a PPP Unit within the ministries of finance (similar to RS).

Framework of Analysis

It is important to acknowledge that our analysis is, at the moment, focused on the entity and cantonal levels only, since from the beginning of the research it was evident that political will at the state level would not allow for any options to go through. However, the current status quo envisages completely different institutional and legislative settings in the two entities, which is why it is important to harmonize the PPP setting, similar to how the public procurement and concession fields were harmonized. This will ease future projects, especially in the infrastructure and energy fields, which require inter-entity cooperation. Also, as our analysis focuses on the healthcare sector, which is primarily at the entity and cantonal levels, we did not go into any municipal level PPP arrangements.

Comprehensive approach in analyzing different policy options had to be applied because of the complexity of the PPP field which spans over a number of different phases, involves a network

of relevant institutions, entails different levels of political will, etc. Therefore, in this policy study we analyze the following aspects of PPPs: the PPP policy, PPP units, PPP cost-benefit analysis, PPP contract management and monitoring, and PPP awareness. Each of the PPP aspects that are put in focus of this paper are assessed according to the criteria of institutional capacity (referring to the institutional availability of the required resources, including personnel, material resources), legislative framework (referring to the amendments that would have to be adopted), cost (cost incurred by the government in implementing the policy, which can be a one-time or recurring cost, immediate or deferred costs, short- or long-term investments), political feasibility (a measure of how well a solution to a policy problem will be accepted by a set of decision makers) and public acceptability (acceptability refers to how the proposed public policy is judged by other stakeholders - the private sector, civil society, etc.). This approach allows for the comparative analysis of two policy options that are put forward, keeping the frame of different PPP aspects. Suitable conclusions are therefore drawn for each PPP option, and for each PPP stage.

Option 1: Commissions for Concessions

Our first policy option focuses on utilizing opportunities that the current entity and cantonal Commissions for Concessions provide, given the complementarities between concessions and public-private partnerships. This policy option entails the Commissions for Concessions on the entity level (and cantonal level in FBiH) being responsible for PPP projects, and cooperating with line ministries as well as ministries of finance, along with other relevant public institutions, public and private partners. They would also take ownership of PPP policy creation, conduct PPP promotion, advisory and consultations, PPP cost-benefit analysis, and contract management, in consultation and close cooperation with line ministries.

In order to introduce this policy option, significant legal amendments of the Law on PPPs in RS and minor changes to the draft Law in FBiH (and cantonal laws) are needed. RS has already taken significant steps towards strengthening the role of the RS Ministry of Finance, as a key institution for PPPs, so it is highly unlikely that there could be any political will to change this current strategy. In the Federation of BiH, the current draft FBiH Law already envisages that the Federal Commission for Concessions takes over a significant role in the whole PPP process in FBiH, but having in mind that the Law on PPPs in the Federation has not been adopted yet, the political feasibility of this option is moderate.

Table 6.
Cantonal Commissions for Concessions, FBiH Auditor, 2011.

Cantons	Professional Commissions	Professional Commission as working body of Assembly	Full time Commissions within line ministry	Ad hoc Commissions	Regulatory role	No regulatory role
Tuzla Canton	yes				yes	
Una-Sana Canton	yes				yes	
Central Bosnia Canton			yes			No
Herzegovina-Neretva Canton		yes			yes	
Sarajevo Canton				yes		No
Zenica-Doboj Canton			yes			No

West Herzegovina Canton				yes		No
Canton 10 - Livno			yes			No
Bosnian Podrinje Canton			yes			No
Posavina Canton		yes			yes	
Total	2	2	4	2	4	6

This policy option looks cost-efficient at first, as it would build upon existing capacities. Based on more than 10 years of existence of commissions for concessions (on the state, entity and cantonal levels), the capacities of its staff for contract management are supposed to be developed, but PPPs can require a different set of skills than the ones connected to concessions. The table above gives an overview of Commissions for Concessions on the cantonal level in FBiH, where the difference in not only their institutional set-ups, but also their roles and responsibilities, is clearly demonstrated. Out of the ten commissions, only two are professional, two are ad hoc, and seven have no regulatory role. Expanding these competencies would require an increase in the number of employees, so the cost of this policy option thus significantly increases.

For a number of years, questions about forming numerous commissions, units and agencies have been the topic of public debate in BiH. The issue with commissions, as the experience of many countries shows, is that they can be very inefficient, and are usually not tied to specific and measurable goals (Audit Office of the Institutions of BiH, 2013). They are thus formed without deadlines for completing their duties, with already agreed upon reimbursements, regardless of the results (or lack thereof) (Ibid). These commissions are usually not given any other pointers when it comes to fulfilling their tasks and there is no monitoring and evaluation of their work (Ibid). In addition, when it comes to the experience in BiH, Commissions for Concessions have gained, without it being a fault of their own but more due to a lack of political will, a notorious reputation when it comes to the number of projects approved and the efficiency of their work, compared to the costs they are incurring (i.e. high salaries their members receive). Their perceived bad reputation has significantly decreased the trust of both public and private partners. It is hard to expect that after many years of poor performance, the commissions would be able to act as adequate, effective and efficient PPP units. Also, it is important to carefully tackle the matter of financing Commissions for Concessions, since the provisions of the current draft Law on PPPs in FBiH call for the private partner to pay a one-time fee for the services of the Commissions, which would, in what is perceived as a corrupt environment, have very negative connotations.

From the performance perspective, the ability of the commissions for concessions to appraise and allocate risks connected to PPPs brings to light the problems with this option. In particular, a commission or even a municipality-level institution, may reason fallaciously that, since in most cases a private operator is responsible for the initial capital outlay, government spending is reduced (Fourie et al., 2001). Even when a commission could fully appreciate the budgetary implications of PPPs, there may be a danger of a principal-agent and free-rider problem between an individual department, only responsible for its own budget, and the cantonal/entity levels that are responsible for the overall budget. An individual department knows that the government as a whole is ultimately responsible for any agreement that the department may conclude, including the payment obligations emanating from such an agreement (Akintoye et al., 2009). Cantonal-level bodies for concessions, similar to national authorities, lack adequate

capacities for project planning and oversight (Economist, 2012). Commission for Concessions of RS has been the most active in including private participation in infrastructure, and has developed capacity and experience as a result (Ibid) but that does not make it equipped to manage PPPs. As for the FBiH Commission for Concessions, there are no signed contracts for concessions, there is an inadequate level of planning and a lack of coordination in concession management (FBiH Public Auditor, 2009). There is a lack of transparency in the concession-awarding procedures, and policies and procedures are rather unharmonized (Ibid). Also, the Commission lacked developed evaluation methods and there was a lack of activity on improving concession management (Ibid). At the cantonal level, an audit concluded that the concession-awarding procedure is inefficient and takes a very long time (Ibid). Given such realities on the ground, it is hard to anticipate much more efficient PPP implementation. Finally, even if a Ministry of Finance (entity and cantonal) was incorporated into this option as a financial decision-making stop, we are still questioning the unnecessary duplication of responsibilities.

Policy 2: Ministries of Finance

Our second policy option proposes creating PPP Units within the ministries of finance (entity, cantonal level) in order to help develop and support PPP policy, its implementation as well as the management of PPPs. A PPP unit's location is crucial, because of the importance of interagency coordination and political support for a PPP unit's objectives. International best practices suggests that a PPP Unit will be effective if located within a ministry of finance (e.g. the UK, South Africa) (World Bank, 2007), especially where there is low political will for supporting Agencies/Commissions to tackle this problem, which is exactly the case in BiH. A ministry of finance is a powerful central ministry that could be able to spread best practices across different line ministries, creating greater consistency across the program as a whole, enabling lessons learned in one sector to be reapplied to another one, and thus providing credibility and legitimacy to the whole process (WB, 2007). The biggest advantage of this option is exercising spending control, consistency and approval role more effectively than an independent commission.

The PPP Unit within the ministry of finance should approve PPP tender documents before they can be published, including any changes made during the tender process, and any changes made through the lifetime of the contract (UNECE, 2008). The PPP Unit would review all projects in detail prior to their financial approval, and calculate the value of the government's liabilities initially and throughout the contract. The minister of finance should sign the decree that officially awards the PPP contract to the winning bidder (Ibid).

Since this policy option is already halfway established in RS, political will for its implementation is much higher than in FBiH, though it would represent a financially safer option for taxpayers, as it would allow for the legal possibility leaning on the Law on Debt, Borrowing and Guarantees in FBiH ("Official Gazette of FBiH", no. 86/07, 24/09 and 45/10) to allow for a procedural arrangement in which the cantonal ministries of finance would submit all PPP evaluations to the Federal Ministry of Finance in order to obtain a final approval before the project is passed on to the government for deliberation.

Contract Management and Monitoring proposed by this option involve the PPP Unit, representatives of the line ministry (in our case the Ministry of Health), other public bodies where

appropriate (e.g. health insurance funds or public health institutes in the case of the health sector), a public partner (e.g. a hospital) and a member from the civil society/end user (e.g. patient representatives). Such a Project team, headed by the ministry of finance, would be taken much more seriously, especially when the law would require annual public audits (both financial as well as performance) to be available online.

In both FBiH as well as RS, this option will involve additional staffing. RS has the political will to establish the above-mentioned Multisectoral Body (Project Team), so this willingness should be embraced in order to put forward the PPP monitoring agenda that is missing in the current RS legislation. In FBiH, it will be more difficult to garner political support for the proposed policy option, but ultimately, given the perceived inefficiencies of the current Commissions for Concessions, ministries of finance should eventually be recognized as a better focal point for PPP projects. This is especially so because of the current dissatisfaction with the shady privatization deals, and since PPPs share many similarities with privatization, there is a general agreement that a more central and strict control over public finance needs to be implemented. As the PPP field develops in the country, the Contract monitoring competencies could be shifted to line ministries, through the creation of PPP Monitoring Units that would ensure effective management, but BiH is still far away from reaching this step.

The purpose of creating a PPP unit is to build a center of experience and expertise in PPPs - requiring appropriate financial and human resources, which would focus on developing the PPP policy and program, supporting line ministries in developing and implementing PPP projects and disseminating information on the PPP program to the private sector, as well as the community as a whole. Lastly, the PPP Unit within the ministry of finance will send a reassuring signal to all the potential investors and as such the Unit may be established in order to create a center of knowledge and expertise that can provide individual departments with technical assistance during the PPP creation process and keep a watchful eye on departments through its regulatory approval mechanism.

The end users are not included in the current PPP consultations or monitoring, neither in RS nor in FBiH. According to the patient representatives of dialysis patients in RS, they are not given adequate media space either, so complaints about the level of service are hard to address. Legal amendments in this policy option would make it obligatory for end users (e.g. patient representative organizations) to be included in both PPP consultations as well as regular monitoring procedures. This would entail strengthening civil society capacities in order to take a more active role in the PPP process.

The main drawback of establishing a PPP Unit as a department within a government ministry is the limitations this sets on remuneration, and hence on the Unit's ability to compete with the private sector to attract relevant skills. Particularly in the early stages of the PPP program, the Unit will rely on consultants and external advisors to bridge this skill gap. Also, as is the case in any policy option, additional funding required for PPP Units will face a political feasibility problem, especially since this is an election year.

RELEVANT PPP ASPECT	POLICY VARIABLE	Policy 1: Commissions for Concessions	Policy 2: Ministries of Finance
PPP policy	**Institutional Capacity**	FBiH and RS: Policy/strategy developed by the commissions for concessions, supported by external consultants	FBiH and RS: Policy/strategy developed by the ministries of finance, supported by external consultants
	Cost	FBiH and RS: Moderate	FBiH and RS: Moderate
	Political Feasibility	FBiH: Moderate RS: Low	FBiH: Low RS: Moderate
	Public Acceptability	FBiH and RS: Low	FBiH and RS: Moderate
PPP UNIT	**Institutional Capacity**	FBiH and RS: Commissions for concessions on entity (and cantonal) level act as PPP Units	FBiH and RS: PPP Units within ministries of finance (entity, cantonal)
	PPP Unit Legislation	FBiH: minor amendments to the draft Law on PPPs (and cantonal laws) RS: major legal amendments of the PPP Law	FBiH: major amendments of the draft Law on PPPs (and PPP laws in cantons) RS: moderate changes to the Law on PPPs
	Cost	FBiH and RS: Moderate to significant increase	FBiH and RS: Moderate to significant increase
	Political Feasibility	FBiH: Moderate RS: Low	FBiH: Low RS: Moderate/High
	Public Acceptability	FBiH and RS: Low public support.	FBiH and RS: Moderate to high
PPP COST BENEFIT ANALYSIS	**Institutional Capacity**	FBiH: Low, additional staffing required RS: Low, additional staffing required	FBiH: Moderate, additional staffing required RS: Moderate, additional staffing required
	Cost	FBiH and RS: Significant increase	FBiH and RS: Moderate increase
	Political Feasibility	FBiH: Difficult to achieve RS: Difficult to achieve	FBiH: Difficult to achieve RS: Realistic change
PPP CONTRACT MANAGEMENT AND MONITORING	**Institutional Capacity**	Done by the Commission for Concessions, line ministry, public partner and end users (where appropriate) FBiH: Realistic change RS: Moderate	Done by the Multisectoral body, headed by the PPP Unit and involving a relevant line ministry or Government entity, public partner and end user representatives (where appropriate) FBiH: Moderate RS: Realistic change
	Cost	FBiH: Moderate increase RS: Moderate increase	FBiH: Moderate increase RS: Minor increase
	Political Feasibility	FBiH: Moderate political will RS: Low political will	FBiH: Low to moderate political will RS: Moderate to high political will
PPP AWARENESS (focused on private sector; educational campaign for NGOs and society)	**Institutional Capacity**	FBiH and RS: Campaign implemented by the commissions for concessions, supported by external consultants. FBiH and RS: Low, additional staffing required	FBiH and RS: Campaign developed by the ministries of inance, supported by external consultants FBiH and RS: Moderate, additional staffing required
	Cost	FBiH and RS: Significant increase	FBiH and RS: Significant increase
	Political feasibility	FBiH and RS: N/A	FBiH and RS: N/A
	Public acceptability	FBiH and RS: Moderate	FBiH and RS: Moderate to High

Policy Recommendations

Policy implications proposed as research results will require a long-term commitment of primarily the government, but also the public, as well as private sectors on all levels. A lack of awareness and capacities related to PPPs may hinder the proposed policies that affect the institutional capacity, improve the legislative framework and enhance PPP sustainability. Furthermore, a lack of institutional memory due to frequent political, disruptive changes poses a challenge for ensuring devotion to tackling the issue and putting the proposed policy changes into practice (Avdić, 2010).

In order to implement Policy Option 2, the following policy recommendations are given, grouped into recommendations for the legislative framework, institutional capacities and finally for external factors involving all relevant stakeholders in the PPP process:

Legal framework:

- Develop a clear PPP Policy and adopt PPP Strategy that will define areas for PPP involvement and then propose incremental introduction of PPPs in sectors - starting with simpler arrangements in the utility sector, before moving on to more complex sectors such as health.
- Harmonize PPP laws with laws on public procurement as well as laws on concessions, so that any overlaps or irregularities are avoided.
- Amend the draft Law on PPPs in FBiH in line with Policy 2, adopt it and harmonize all cantonal laws.
- Make changes in the legislative framework in RS to implement Policy 2 and ensure that the law governing PPPs is clear and comprehensive.
- Develop secondary legislation and comprehensive guidance for each specific field of PPPs - with health sector specifics focusing on monitoring, as well as patient satisfaction.
- Provide efficient and clear dispute resolution procedures for project contracts.
- Ensure that the public auditor of each entity audits PPPs on an annual basis.
- Ensure that, by law, all PPP contracts and monitoring reports are available on the website of the PPP Unit.

Institutional capacity:

- Form PPP Units in entity ministries of finance (and in the cantons interested in pursuing PPPs).
- Civil service agencies (entity) organize comprehensive and specialized trainings and workshops for PPP Unit staff at the MFs on the entity and cantonal level. Comprehensive training on the topic of PPP needs to be delivered also to the line ministries and other public institutions involved in the PPP process.
- Ensure that PPP Units become centers of excellence and knowledge houses, establishing cooperation with the European Investment Bank and its PPP Excellence Center.

External factors:

- Strengthen the understanding of the private sector about the possibilities that PPP projects offer.
- Strengthen capacities of civil society organizations (e.g. patient representative organizations), in order to ensure their participation in the monitoring and evaluation of PPPs (especially relevant for the health sector).

- Public promotion of the societal benefits to be reached through efficient PPPs.
- Ensure coherence among international donor agencies with an interest in further advancing the PPP field in BiH.

Conclusion

As our concluding remarks, we cannot stress enough that Public Private Partnerships in Bosnia and Herzegovina need to be approached very carefully. What needs to be acknowledged by the decision makers is that involving the private sector in any kind of public goods or service provision will only increase the government's responsibility towards its citizens. Dialogue and discussion on PPPs need to be initiated in the country, involving all relevant stakeholders, in order to deepen both the understanding, as well as the ownership of this concept, which is especially relevant for a country with a socialist legacy such as BiH. The PPP policy needs to be clearly formulated, followed by the legislative framework and enhanced institutional capacities. As previously mentioned, many policy options were taken into consideration, but the most feasible and rational one at the moment is PPP Units creation and strengthening within ministries of finance. However, this is only the first step in the PPP fairytale - the rest is still unwritten, and the development of this concept in BiH is going to very much depend on the engagement of all stakeholders, though primary responsibility lies within the government.

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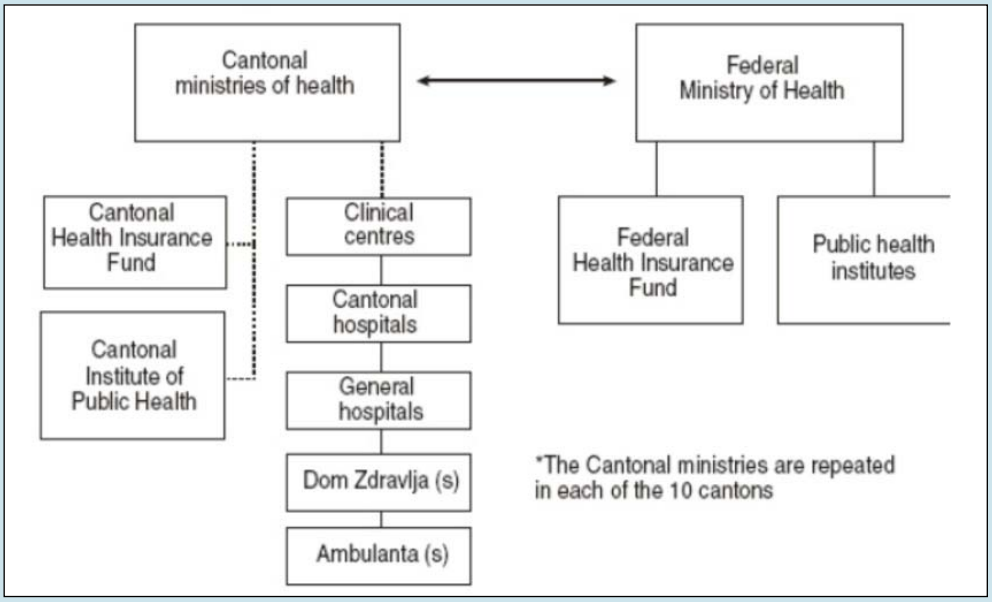
Appendix

Appendix 1

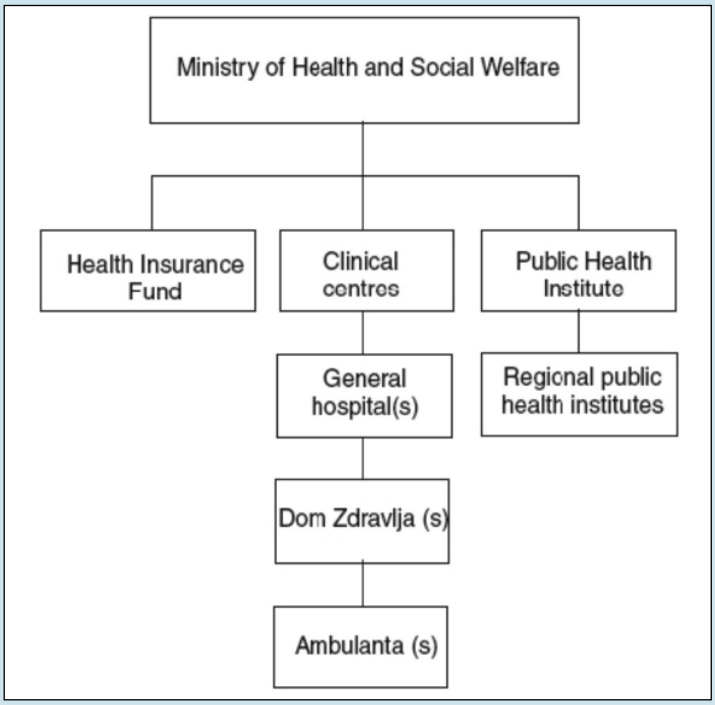
Organizational structure of the healthcare system in FBiH.



Source: Cain, J. et al. In Cain, J. and Jakubowski, E., eds. Heath care systems in transition: Bosnia and Herzegovina. Copenhagen, European Observatory on Health Care Systems, 4(7) (2002).

Appendix 2

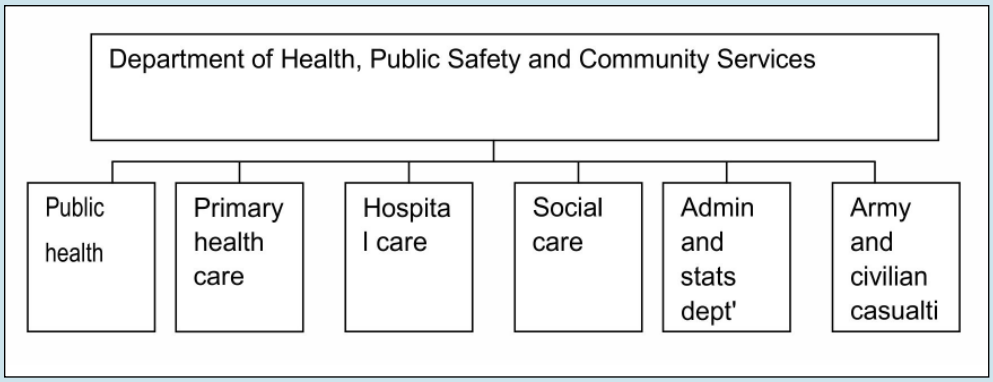
Organizational structure of the healthcare system in RS



Source: Cain, J. et al. In Cain, J. and Jakubowski, E., eds. Heath care systems in transition: Bosnia and Herzegovina. Copenhagen, European Observatory on Health Care Systems, 4(7) (2002).

Appendix 3

Organizacional structure of health system of Brčko district



Appendix 4

Questionnaire - Evaluation of public-private partnerships in the health sector in BiH

1.How long have you been involved in the field of public-private partnerships (PPPs)?

- ☐ Less than 1 year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ Over 6 years

2. Your work experience comes from:

- ☐ Government bodies (Ministry , Health Insurance Fund, etc.)
- ☐ Health Institution (Hospital, etc.)
- ☐ Private company (Pharmacy , a private health clinic etc.)
- ☐ Civil Society Organization
- ☐ Academia / independent expert
- ☐ Other :

3. According to your own expert opinion, please what scope of answers will relate to your answers:

- ☐ Federation
- ☐ RS
- ☐ Brcko district
- ☐ The entire BiH

4. Do you think that the awareness of PPP is well developed?
(1 - very poorly developed ; 2 - poorly developed ; 3 - moderately developed ; 4 - well developed ; 5 - very well developed)

Very poorly developed 1 2 3 4 5 Very well developed

5. How would you rate the political will to establish public-private partnerships ?

Very poor 1 2 3 4 5 Excellent

6. Do you know if there is a strategic program for the development of public-private partnerships?

- ☐ Yes
- ☐ No

7. In your own opinion, what are the main reasons why there has not been a large number of PPP activities in health care?
You can specify more than one answer

- ☐ Political instability in the region repels private investors
- ☐ Weak legislative framework for PPP
- ☐ Lack of institutional capacity to coordinate the activities of the PPP
- ☐ Lack of reform of the health system
- ☐ Obstacles to the Law on Public Procurement - opportunity to challenge the decision of the appeals
- ☐ Dispute settlement mechanisms are bad
- ☐ Complicated administrative regulation of public administration
- ☐ Corruption in the health system
- ☐ Other:

8. Do public authorities carry out consultations with relevant stakeholders prior to embarking on a PPP project?

- ☐ Yes
- ☐ Partially
- ☐ No

9. From your experience, did the relevant public authorities include patient representatives as well as local private sector representatives in the consultation process?

- ☐ Yes
- ☐ Partially
- ☐ No

10. How often are these PPP consultations implemented (with the private sector, foreign investors, PPP experts, non-governmental organizations , etc.) ?

- ☐ Continuously
- ☐ Ad hoc / as needed
- ☐ Other:

11. How would you rate the current legislation governing the area of PPP?

Very bad 1 2 3 4 5 Excellent

12. What do you think are the main shortcomings of the PPP legislative framework in FBiH?
(If you did not indicate answering questions for FBiH, please skip this question.)
** You can specify more than one answer

- ☐ PPP Act proposed by the Federal Ministry of Transport and Communications, and therefore is focused on infrastructure
- ☐ Ministry of Finance not adequately involved in the approval of public-private partnerships
- ☐ Unclear procedures for monitoring and evaluation
- ☐ Lack of specific objectives in the Contract
- ☐ Supervision of the PPP is assigned to the Commission for Concessions
- ☐ Significant part of the jurisdiction of the PPP project is the cantonal agencies for concessions
- ☐ The lack of involvement of end users (patients) in the process of evaluation services
- ☐ Inadequate contractual provisions of the law
- ☐ Inadequate risk sharing provisions
- ☐ Other:

13. What do you think are the main shortcomings of the PPP legislative framework in RS?
(If you did not indicate answering questions for RS, please skip this question.)
** You can specify more than one answer

- ☐ Unclear procedures for monitoring and evaluation
- ☐ Lack of specific objectives in the Contract
- ☐ The lack of involvement of end users (patients) in the process of evaluation services
- ☐ Inadequate risk sharing provisions
- ☐ Other:

14. What do you think are the main disadvantages of a legislative framework for the field of PPP in Brčko district ?
(If you did not indicate answering questions for Brčko District, please skip this question.)
** You can specify more than one answer.

- ☐ Unclear procedures for monitoring and evaluation
- ☐ Lack of specific objectives in the Contract
- ☐ The lack of involvement of end users (patients) in the process of evaluation services
- ☐ Inadequate risk sharing provisions
- ☐ Other:

15. Do you think it is more efficient for the legislative framework for Public Private Partnerships in Health to:

- ☐ Include specific sectoral legislation for PPPs in health
- ☐ Allow for bylaws to define details of PPP framework law in health on the entity (and cantonal level in FBiH)
- ☐ Other:

16. In your opinion, does the legal and regulatory framework covering the area of PPPs, clearly define the roles and responsibilities of all actors involved in a PPP project?

- ☐ Yes
- ☐ Partially
- ☐ No

17. Do you think that it is necessary to create an independent body (e.g. PPP Agency) for the promotion, preparation, implementing and monitoring of PPPs?

- ☐ Yes
- ☐ No

18. If you do not consider it necessary to establish a separate PPP Agency, what other institution should be responsible for the promotion, preparation, implementing and monitoring of PPPs?

- ☐ Ministry of Civil Affairs
- ☐ Entity line ministries
- ☐ Entity Ministries of Finance
- ☐ Entity Concession Commission (cantonal in FBiH)
- ☐ Public institutions at the entity level (cantonal in FBiH)

19. Do you think that in any case it is necessary to extensively involve Ministry of Finance (entity, cantonal) especially in the initial phase of the PPP approval?

- ☐ Yes
- ☐ No

20. How often are PPPs monitored and evaluated?

- ☐ Quarterly
- ☐ Bi-annually
- ☐ Annually
- ☐ Other:

21. Are you satisfied with the frequency of evaluation and monitoring of PPPs?

Very unsatisfied 1 2 3 4 5 Very satisfied

22. Do public authorities carry out cost-benefit analysis for PPP projects?

- ☐ Yes
- ☐ Partially
- ☐ No

23. Do you think there is trained personnel to work on projects in the field of PPP within the public administration?

- ☐ Yes
- ☐ Partially
- ☐ No

24 As part of the monitoring process, which aspects of PPP project should be monitored? You can specify more than one answer

- ☐ Financial
- ☐ Technical
- ☐ Satisfaction of end users (patients)
- ☐ Employee satisfaction
- ☐ Other:

25. How effective is the current monitoring process for PPPs in the health sector?

Very ineffective 1 2 3 4 5 Very effective

26. In addition to the financial aspects of the analysis, does the analysis of the impact of PPPs include impacts on the society and the community?

- ☐ Yes
- ☐ Partially
- ☐ No

27. Are there specialist courses in the field of PPPs available at the universities and colleges in BiH? If yes, please list them.

_____

28. Are there any organized training programs in the field of PPP for government officials and other stakeholders ?

- ☐ Yes
- ☐ Sporadically
- ☐ No

29. How would you generally assess the implementation of PPPs in health care ?

Very bad 1 2 3 4 5 Excellent

Appendix 5
Questionnaire
Institutional capacity of government bodies to administer Public Private Partnerships (PPPs)

1. Please state on behalf of which institution you are filling out this questionnaire.

_____

2. Is there a separate department focusing on PPPs within your respected institution?

☐ Yes
☐ No
☐ Other :

3. If not, which department deals with PPPs?

_____

4. How many people at your institution are employed to work on PPP transactions in accordance with their job description?

_____

5. How many people at your institution, among other responsibilities, are working on PPPs?

_____

6. What is the educational background of employees engaged on PPPs?

☐ Lawyer
☐ Economic Analyst
☐ Specialist of the relevant area for PPP (infrastructure, health care, energy etc.)
☐ Other: _____

7. Employees who work on PPPs, have attended education or training :

☐ In the past 6 months
☐ In the past year
☐ In the past three years
☐ Never
☐ Other: _____

8. Where were these trainings held?

_____

9. Have you established cooperation with of the regional agencies for PPPs (e.g. PPP Agency of the Republic of Croatia, etc.)

☐ Yes
☐ No
☐ We are trying to initiate cooperation.

Nadja Azra Uzunović was born in 1986 in Zenica. She lived and studied in Pakistan, Northern Cyprus and Norway. After completing MSc in Political Economy at the Norwegian School of Management BI, she returned to BiH and started lecturing Business Studies at the First Bosniak High School and was involved in consultancy projects for ACIPS. Nadja also worked for the Pakistani Embassy as a Trade Promotion and Communications Officer. Today she works for the Development Bank of the FBiH, within the Funds Management Department. Nadja is one of the founders of an NGO "PORT" (www.port.org.ba) - which helps cancer patients in BiH through PORT Online Community, focuses on the prevention and improving health policy dialogue in BiH.

Zana Karkin was born in 1984 in Sarajevo. She obtained her bachelors diploma in Information Systems, with minor in Economics at Sarajevo School of Science and Technology, and she continued further education at the same institution, having obtained MSc in Economic Sciences. She is passionate about the development of BiH and pursues her career in academia and with international organizations such as UNDP, OSCE, currently serving as Country Representative of HOPE'87 in BiH, Austrian INGO. She is co-founder of NGO doIT, which aims to contribute to the development of the information society in BiH

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A *"Policy Development Fellowship Program"* has been launched by the Open Society Fund BiH in early 2004 with the aim to improve BiH policy research and dialogue and to contribute to the development of a sound policy-making culture based on informative and empirically grounded policy options.
The program provides an opportunity for selected fellows to collaborate with the Open Society Fund in conducting policy research and writing a policy study with the support of mentors and trainers during the whole process. Over hundred fellowship have been granted since the starting of the Program.