

This project highlights the following:

- Service parameters should be clearly defined and included among the key performance indicators (KPI) of the private partner. In the case of a bus terminal, the private operator's service parameters may include, for example, the frequency with which toilets must be cleaned and maintained. Likewise, the municipality may assume an obligation to ensure adequate access to basic infrastructure services, such as piped water and sewerage. These obligations should be plainly defined and delineated in the PPP agreement, to ensure both parties' responsibilities are clear.

- It is also important to have robust monitoring, communication, and enforcement mechanisms to ensure both partners' obligations are met and that the private partner meets its service delivery standards. These mechanisms should be designed to promote effective communication between the two parties to the PPP, so that any disputes over compliance are proactively identified and resolved.

9. Challenging Case: Urban Transport Services, Peja, Kosovo



Photo Credit¹⁸

Background

In the municipality of Peja, Kosovo, the population's transportation needs were served by a mixture of numerous private buses and taxis, which was contributing to increased congestion and air pollution. This led the municipality to consider ways of designing and implementing a more efficient urban transit system, to ease congestion and encourage people to use public transport.

Project Structure

Following a tendering process that took about 15 months, the municipality awarded a PPP contract for bus services to a private partner on 17 April 2012. The deal had an estimated value of EUR 4 million (USD 4.6 million) and a term of ten years. Under the PPP contract, the private partner undertook exclusive responsibility for providing bus transportation services and designing, constructing, and maintaining bus stops on land provided by the municipality. At the end of the term, the bus stops would transfer to the municipality, but the buses would remain the property of the private partner.

The private partner would derive revenue from the ticket fares charged to passengers and by selling advertising space near bus stops and on buses. The municipality agreed to give exclusive bus operation rights to the private partner to help ensure the realization of demand for the bus services.

Lessons Learned

After the PPP agreement entered into effect, the municipality reportedly failed to comply with the exclusivity provision, as it struggled to end the operations of illegal bus and taxi services. Consequently, the private partner had to compete with these other transport service providers, which significantly impacted the revenues of the private partner. The private partner and the municipality had discussions to address the problem but could not agree on a viable solution. As a result, the PPP agreement has been suspended. No further publicly available information has been found following the suspension of the PPP agreement.¹⁹

This project illustrates the importance of establishing and maintaining robust monitoring and enforcement mechanisms to ensure compliance with contractual obligations, including those assumed by the municipality. Where the municipality agrees to the inclusion of a non-compete provision in the PPP agreement, for example, it must carefully consider in advance how it will ensure compliance with this provision through the life of the PPP.

¹⁷ Ministry of Urban Development Government of India, Confederation of Indian Industry. n.d. *Compendium on Public Private Partnership in Urban Infrastructure - Case Studies*. Accessed November 27, 2019. https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/documents/India_urban-infrastructure.pdf.

¹⁸ Shkurte ramushi (https://commons.wikimedia.org/wiki/File:A_street_in_the_center_of_Peja.jpg), <https://creativecommons.org/licenses/by-sa/4.0/legalcode>

¹⁹ Dinarama, Vesa. *Analysis on Public-Private Partnership Kosovo*. Balkan Monitoring Public Finances, 2017. Accessed January 29, 2019. <http://wings-of-hope.ba/wp-content/uploads/2016/12/D3.4.4.3.-Analysis-on-Public-Private-Partnerships-Kosovo.pdf>;

Bregant, Ljerka G., and Dalia Dubovske. *Comparative Analysis of Lessons Learned from Recent Development in the Implementation of PPP Program in the Western Balkan Region*. Montenegro: ReSPA, 2015. Accessed January 29, 2019. <https://www.respaweb.eu/download/doc/ReSPA+PPP+Working+Paper.pdf/303a4782ecd38f039d270ac39dba69ee.pdf>.

²⁰ Felipe Restrepo Acosta (https://commons.wikimedia.org/wiki/File:Bogotá_biarticulado_de_TransMilenio_por_la_av._Caracas.JPG), „Bogotá biarticulado de TransMilenio por la av. Caracas“, <https://creativecommons.org/licenses/by-sa/3.0/legalcode>