

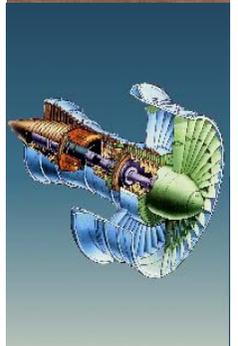
## Brief Presentation to the Syrian PPP Conference 30<sup>th</sup> October – 1<sup>st</sup> November 2009

On

# The Syrian PPP: *Success Elements* Learning from the International Experience

By:

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# Cham Holding Co.

- Cham Holding Co. is the largest private corporate in Syria with an initial capital of USD365M contributed by 70 leading Syrian businesspersons and investment funds.
- Cham Holding Co. is currently developing 10 projects with a total cost of USD2.0B in the areas of real estates, industry, utilities, transportation and financial services.
- Cham Holding Co. is currently developing the following PPP projects: -
  1. Syrian Pearl Air in a partnership with the Syrian Airlines Co.
  2. Nasserieh IPP Project on BOO basis.
  3. Two Wastewater Treatment Plants on DFBOOT / BOOT basis.
  4. Two Real Estate Schemes on BOT basis.
  5. Upgrading a Public Industrial Complex on ROT basis.
- Cham Holding Co. has 3 PPP project development & investment arms, staffed with highly qualified professionals, and have partnerships with top international and regional project developers.



# Why PPP ??

- Speedy, efficient and cost-effective delivery of projects;
- Value for money for public resources through optimal risk transfer and risk management;
- Efficiencies from integrating design and construction of public infrastructure with financing, operation and maintenance/upgrading;
- Creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross-transfer of public and private sector skills, knowledge and expertise;
- Alleviation of capacity constraints and bottlenecks in the economy through higher productivity of labour and capital resources in the delivery of projects;
- Competition and greater construction capacity (including the participation of overseas firms – especially in joint ventures and partnering arrangements);
- Accountability for the provision and delivery of quality public services through an incentivized performance management/regulatory regime;
- Innovation and diversity in the provision of public services; and
- Effective utilization of state assets to the benefit of all users of public services

**Reference:** Irish PPP Central Unit, Framework For Public Private Partnerships: *Working together for quality public service*, 2001



# Institutional Structure

- A Central PPP Authority in Syria should be established by a decree and be attached to the Prime Minister Office to lead the entire PPP process in the country.
- The formation, functions, responsibilities and structure of the PPP Authority should be determined by the national socio-economic development needs and regulatory frameworks.
- PPP Nods or ministerial level units must be established to manage the sectoral PPP projects, i.e.: -
  1. IPP Unit at the Ministry of Electricity or PEEGT.
  2. Investment Projects Unit at the Ministry of Transport.
  3. Private Projects Unit at the Ministry of Housing & Construction.
  4. BOT Projects Unit at the Ministry of Tourism.
- A massive training and capacity building program for the PPP Authority and ministerial PPP units (nods) must be launched ASAP to enable effective management of the PPP projects from inception till operation.



# Integrity ... Fair Play

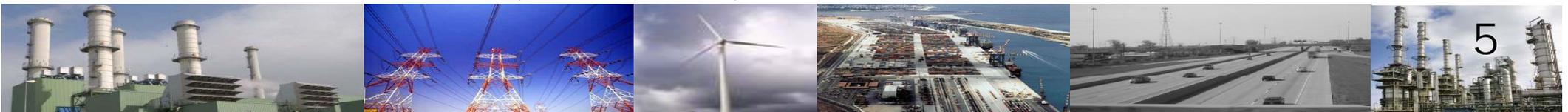
- In order for the PPP process to succeed in Syria and achieve its developmental goals, it has to be structured right from the beginning and be based on the highest standards of integrity and fair play.
- The Government should treat all developers and investors equally and **NO** privileges or special treatment should be granted to joint governmental holding companies and governmental developers entering the market based on economic cooperation protocols between governments.
- The Government should build the PPP process on the following pillars: -
  1. Shared responsibility with the private sector towards the economic and social development of Syria and the development of better infrastructure and utilities all over Syria.
  2. Long-term commitment by the government to the provisions of quality public services to consumers through fair contractual arrangements with the private sector.
  3. Willingness of the Government to share risks with private developers in a fair and balanced manner.



The PPP Authority is encouraged to prepare a national PPP Manual that will help in standardize the PPP process and ensure high quality PPP projects. Such a manual would include the following sections: -

1. **The regulatory framework for PPP**
2. **Code of good practice in the development PPP Projects**
3. **PPP Inception and Project Pipeline Development + Marketing**
4. **PPP Feasibility Study**
  - ❖ Needs analysis
  - ❖ Options analysis
  - ❖ Project due diligence
  - ❖ Value assessment (VfM)
  - ❖ Economic valuation
  - ❖ Procurement plan
5. **PPP Procurement**
  - ❖ Pre-qualification (RFQ)
  - ❖ Request for proposals (RFP)
  - ❖ Best and final offer, where appropriate
  - ❖ Negotiations
  - ❖ Financial closure.
6. **Managing the PPP Agreements [including standard agreement templates]**
7. **Auditing PPP**
8. **Accounting Treatment for PPP Investments**
9. **Financing PPP projects**

**Reference:** South Africa PPP Unit, National PPP Manual, 2008



# Service Providers ...

- The PPP Authority, national developers and local investors & financiers must attract the following international service providers to establish bases in Syria: -
  1. Financial advisors.
  2. Project financiers. (Merchant Banks, MFIs, BFIs, NDFIs)
  3. Legal advisors. [*Need for a National ICC Arbitration Center in Syria*]
  4. Technical advisors and specialized consulting firms.
  5. Insurance advisors.
  6. International contractors.
  7. Certification and quality assurance professionals.
- The presence of those service providers will ensure the proper preparation, structuring, negotiation, financing and implementation of the PPP projects.
- Cooperation and alliances between local service providers and international counterparts will add great value to the PPP process as the local knowledge will be integrated with the international experience.



# Marketing ... Awareness

- Public **awareness campaigns** and **stakeholder dialogues** are crucial to the success of the PPP in Syria. They aim at explaining to the general public, labor unions, civil society organizations, skeptics, and academia the nature, benefits, processes and outcomes of the PPP.
- The PPP Authority will need to establish a **Marketing & Outreach Department** entrusted with the responsibility of marketing the PPP process and projects and keep all PPP stakeholders informed of all steps taken in the development of every PPP project as well as the development of PPP regulations and administrative frameworks.
- It is advised that a **National PPP Forum** is established in Syria to strengthen communication and dialogue between all PPP stakeholders and act as an advisory body for the PPP Authority.
- A periodic **PPP news bulletin** and dynamic **website** are important tools for the marketing of PPP and raising public awareness.



# Closing Remarks .....

- **In conclusion ....** PPP success will largely depend on the following: -
  1. Strong political commitment and belief in the importance of PPP in the economic and social development of Syria.
  2. Stabilized regulatory and institutional frameworks with strong leadership on the top of the PPP Authority.
  3. PPP process integrity and adherence to announced timeframes.
  4. Increased capacity of the private sector to play a significant role in the PPP project development.
  5. Quality of offered PPP projects.
  6. Support of local, regional and international financiers.
  7. Support of labor unions, civil society organizations, and general public .
- **Furthermore,** Syria has a golden opportunity to benefit from the experiences of so many countries around the World where PPP processes have matured over the past 20 years from Philippines to Chile, and South Africa to Ireland.
- **Finally .....** PPP will be the main driver of economic growth in Syria during the coming 2 decades.



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