

PPPS ON THE AFRICAN CONTINENT

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A significant number of government and business leaders across Africa have come to accept the benefits of **Public Private Partnerships as a strategic option**, an alternative procurement and financial structuring methodology. An increasing number of African countries are developing PPP policies supported by a PPP framework that typically reflects on the required institutions, procedures, and rules stating how PPPs will be implemented in that country. PPP Units are being established whilst staff dealing with the regulatory and or technical advisory services are being appointed and upskilled.

International, Regional and National Development Finance Institutions are gearing up to support country governments in developing significant pipelines. The African private sector seemingly is slow in tracking these new developments whilst detractors, government and or private sector sceptics are sitting on the side-line.

What will it take to enhance infrastructure and services on the African Continent and can PPPs significantly contribute to address the infrastructure and service delivery backlogs? The NEPAD Business Foundation (NBF) a Johannesburg based NGO and an APMG Accredited Training Organisation suggest that:

- Governments should at least use the relevant **PPP principles** i.e. life cycle cost consideration to improve its decision making regarding major project procurement. Using these principles will enhance the governments long term integrated financial planning and budget processes required as well as highlight the significant contingent liabilities should the PPP option be utilised.
- Government project teams should be aware of the conditions of **project preparation** funds that may favour traditional procurement methodologies. These benefactors also typically negotiate/require that they provide a significant portion if not 100% of the required balance sheet based finance. It should also be noted that the World Bank in a recent publication “Easing the Transition to Commercial Finance for Sustainable Water and Sanitation” August 2017 paved the way for increased participation by commercial financiers.

- Consideration and application of **sustainability** imperatives starting at the pre-feasibility and options analysis phases and incorporating it across the entire life cycle of the project to deliver optimal results. We are specifically referring to the exceptional work done by the UK water utility company, Anglian Water in successfully managing its significant carbon footprint and correlating operational costs. “HM Treasury Infrastructure Carbon Review, November 2013”.
- Government departments and or its utilities should **empower their decision makers** and the key project team members to be able to;
 - Find and contract, if required, with a suitable project preparation facility
 - Procure an external transaction advisory (TA), team
 - Properly interact and instruct the TAs from a position of strength
 - Appoint a winning bidder through a regulated and competitive process with the support of the TA
 - Monitor and manage the construction- and the operations up to hand back phase.

African governments cannot afford utilising the well-meant TA support from IFIs whilst the project team is not fully empowered. This capacity building need to take place well in advance and probably represent a very first step once the decision to consider PPPs as an alternative procurement methodology has been taken.

The NBF since its accreditation during February 2017 successfully trained government and private sector PPP practitioners thereby supporting the development and structuring of viable and sustainable infrastructure and service delivery projects in Africa. Andre Kruger reports that the NBF has trained:

1. Government PPP practitioners from National, Regional and local governments, State Owned Companies. A great focus was placed on electricity generation, transmission and distribution PPPs whilst water and sanitation PPP focus was probably the second most requested topic
2. Private sector PPP practitioners represented construction, consulting engineering companies, lawyers and bankers.

The NBF is planning its next general PPP training event in Johannesburg on 24-25 October 2017. November 2017 will see the NBF presenting a training event in Tanzania and from February 2018, monthly training events across Africa.

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