

**United Nations Economic  
Commission for Africa**



**Regional Capacity Building Workshop on the Management of PPP  
Programmes and on the NEPAD Spatial Development Programme**

**Randburg, 23-25 July 2008**

**Outcome Document (Draft)**

**I. Introduction**

The African regional capacity building workshop on the management of Public-Private Partnership (PPP) programmes in infrastructure development and on the NEPAD Spatial Development Programme was held at MINTEK premises in Randburg, South Africa, from 23-25 July 2008. The workshop was organized by the United Nations Economic Commission for Africa (UNECA) in collaboration with MINTEK (South Africa based specialists in mineral and metallurgical technology) and the PPP Unit of the National Treasury of the Republic of South Africa, within the framework of the UN Development Account project entitled “PPP Alliance Programme for Capacity Building in Infrastructure Development and Provision of Basic Services”.

The workshop contributed in raising the awareness of participants on the strategic management of PPP programmes, and provided a platform for exchange of views and sharing of experiences on PPP developments. In particular, it provided an opportunity for participants to learn from African and Asian experience in the implementation of PPP projects. Furthermore, the event offered a platform for establishing PPP alliances and networks at the African regional level and to forge cooperation between the private sector, academic and training institutions and governments.

The workshop was attended by over 50 participants, including senior officials representing African ministries responsible for infrastructure development (transport, energy, water resources), and finance. The workshop also benefited from the participation of GIS experts and representatives of regional institutions including Regional Economic Communities (RECs), development banks; private sector; and the academic community.

## II. Issues Raised

The following key issues were raised during the workshop;

- The domestic (local) private sector in Africa is weak and as a result marginalized in PPP projects. Early PPP experiences in Africa did not meet expected results because governments were ill prepared. Several PPP initiatives were part of the conditionalities imposed by financial institutions. Overall the poor do not benefit from PPP initiatives in most African countries;
- A strong domestic private sector strengthens the position of a country when negotiating with foreign companies on PPP projects;
- It is worthwhile considering unsolicited bids as some of them could be viable PPP projects;
- Projects that are perceived not to be economical such as rural infrastructure development, are unlikely to attract the interest of the private sector and thus appear to be unsuitable for PPPs;
- In some African countries, PPPs resulted in the creation of new monopolies, with few companies controlling services previously controlled by the State;
- It is important to ensure objectivity of feasibility studies for PPP projects. Local expertise should also be associated with advisory support to governments for PPPs in order to safeguard against the possibility of international advisers promoting their interests;
- PPPs are not a panacea. There are successful as well as failed cases. Lack of transparency raises questions about the credibility of PPPs and has a negative impact on the view of the public on PPPs;
- Misunderstanding /different understanding of the PPP concept contributes to the lack of consensus in the general public of its merits. Some stakeholders confuse PPPs with privatization;
- Although the concern of low absorptive capacity of African countries, as raised by financial institutions is well noted, it remains unclear why these countries have not scaled up their ability to use existing funds by preparing bankable projects;
- Other African RECs could benefit from the experience of the SADC region on issues related to PPPs. This calls for close collaboration between the different regions of Africa;
- Some concessions are perceived to have failed because they are input rather than output (performance) based;
- Strong political will, stable political and economic environments as well as sound legal and regulatory frameworks are essential for successful PPPs;
- The absence of harmonized regulations in countries involved in regional projects may affect the performance of PPP projects; and
- Governments can not effectively play the role of regulators if they have weak capacities vis a vis concessionaires. Experience from Asian countries indicate that weak government capacity could be a bigger problem than lack of finance.

## **II. Recommendations**

In view of the opportunities that exist for peer learning on PPP related issues, participants agreed to be part of an African regional PPP Alliance, and to the extent possible the Global Alliance, and made the following recommendations:

- Lack of experience should not deter countries from implementing PPP projects;
- Promoters of PPP projects in Africa need to scale up efforts to identify reputable sponsors;
- Governments need sustained efforts to build their capacity to manage the PPP process. In this regard, they are encouraged to take advantage of training opportunities and advisory services offered by the National Treasury of the Republic of South Africa and institutions such as the SADC Banking Association and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP);
- Governments need to ensure that SMEs and national private sector/ indigenous people play important roles in PPPs. In this regard, efforts need to be made to strengthen the capacity of the local private sector. A good example is the Black Economic Empowerment (BEE) initiative implemented in South Africa. Other ways of building the capacity of the local private sector is by including skills transfer in PPP arrangements in which case foreign companies are expected to mentor their local counterparts, and implementing targeted procurement whereby certain percentages of contract across the project cycle are reserved for local companies;
- Where the public interest calls for it, Governments need to provide incentives for the private sector to invest in projects that are perceived to be non-profitable;
- African countries need to scale up efforts to improve their absorptive capacity. In this regard, they should take advantage of project development support offered by institutions such as the DBSA and other development banks;
- There is a need to promote dialogue between the different RECs with the view to ensure exchange of views and sharing of experiences on PPPs;
- Governments are encouraged to put in place frameworks for considering unsolicited PPP bids, as is the case in South Africa;
- African countries need to develop their capital markets to ensure that domestic funds are available for infrastructure development;