



PUBLIC PRIVATE PARTNERSHIPS AND PUBLIC ADMINISTRATION IN AFRICA: PRACTICE AND POLICY LESSONS FOR RESILIENT BUILDING FOR SUSTAINABLE DEVELOPMENT

By
Dr. Ivan Kiiza Twinomuhwezi
Uganda Management Institute

Outline of Presentation

- Overview of PPPs for Public Administration
- **Rise and Popularity of PPPs in Africa**
- Drivers for PPPs [**Why PPPs**] in Public Administration
- Preferred PPP models for Sustainable for agile and resilient Public Administration in Africa.
- Best Practice and policy lessons

Overview of PPPs for Public Administration

Public-Private Partnership



Public



Came into a collaboration



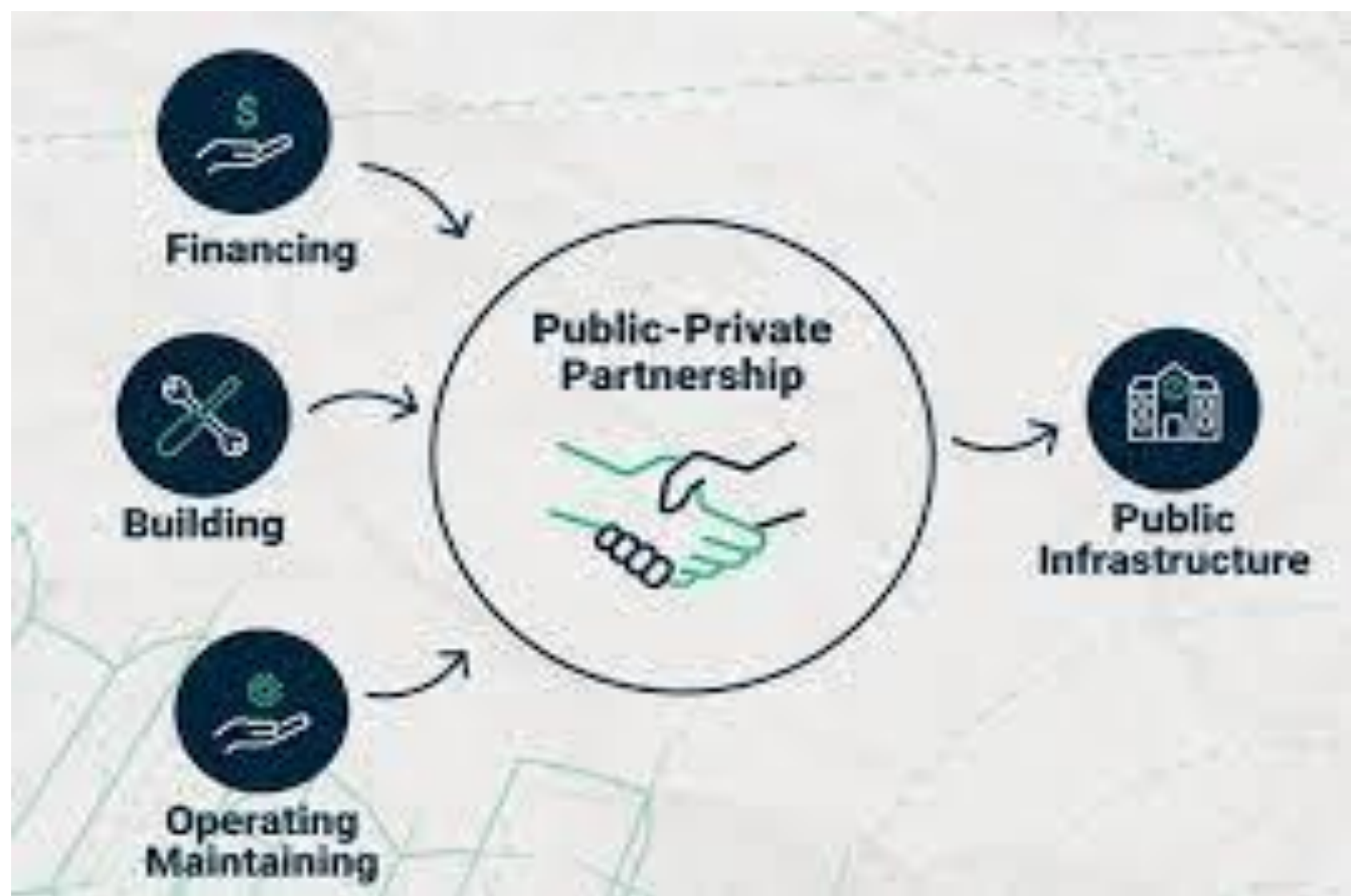
Private

Public Private Partnership (PPP)

- PPP is a **long term contract** between public & private sectors, designed for **development and management of a public asset** [or **delivery of a public services**] by the private party on behalf of the government.
- In a PPP contract, the private sector bears **significant risks and management responsibilities**, which significantly reduces the financial burden on the public sector budget.
- Thus, PPP is an alternative **public procurement method** of public assets/infrastructure[new assets or upgrade of existing assets] and delivery of public services.

PPP as a method for procuring public assets & provision of public services involves:

- ❑ Governments PPP contracts undertaken to *develop & manage new public assets/infrastructure* called **greenfield PPP projects**,
- ❑ PPP contracts undertaken to *do significant upgrades & renovations of existing* public assets/infrastructure in operation called **brown field PPP projects**.
- ❑ **PPPs for effective public administration in various sectors:** transport sector (roads, railway, air, water, bridges), power/energy sector, education sector, Health sector, water and sanitation, police and prisons, public housing and tourism among others.
- ❑ Selection of the best Private sector company with **adequate capacity** [to finance, build, operate/maintain] a given PPP project.



Rise and Popularity of PPPs in Africa

- The rise in PPP adoption is partly associated with the **reduction in multilateral and bilateral grants and donations** to Africa.
- **Fiscal shocks:** High debt burden and public revenue challenges that cannot adequately finance national budgets for effective public administration in Africa
- Too constrained public sector (**fiscally & technically**) to provide needs of its growing population.
- The 1980s/90s SAPs by Bretton Woods Institutions—IMF & World Bank,
- This triggered adoption of ideologies of New Public management(NPM) and later New Public Governance (NPG).

Rise and Popularity of PPPs in Africa...

- NPM & NPG emphasize private-sector participation in public service delivery for efficiency and effectiveness in Public administration
- That public sector should focus more on control and regulation,
- Adoption of PPPs to reinforce efficiency, effectiveness and synergy through sustainable access to private sector resources, innovations, expertise and technology for sustainability in development of supportive modern public infrastructure for effective PA.
- With PPP uptake, synergies between public and private sector actors are strengthened for resilient and sustainable public administration.

In Modern Public Administration Practices:

Governments (MDAs & LGs) use PPPs as a mechanism for:

- Attracting private sector participation** in management and financing,
- Crowding-in private investments and expertise** for sustainable development
- Overcoming fiscal pressure** on limited traditional domestic public sources
- Delivering a better service than what either the public sector or the private sector could do alone.

NOTE: The central philosophy behind PPPs is that all organisations have strengths, but no single organisation has all the strengths required to do everything alone (Rotter & Özbek, 2010).

PPP-Drivers in Public Administration(PA) in Africa

- **Great need** for inevitable and adequate public infrastructural assets and services amidst **persistent fiscal constraints** for PA
- **Persistent public debts and debt servicing burden-** Yet most PPP models attract **private sector finance/funding** for PA.
- Some PPP projects (e.g DBF) are **private sector financed** and **deferred payments by government** are made as project progresses.
- Long term **incentivised PPPs** are **more innovative, efficient and effective**. Hence, means for resilience building for sustainable provision of **quality** public services/assets with **VfM**
- **Significant risks and management responsibilities** transferred to private sector by the contracting public authority.
- Private investors have a growing interest in Africa, with enormous financial and technical capacity relative to Africa's needs.

Methodology

- Systematic and extensive literature review of extant literature from PPP documents and PPP peer-reviewed studies
- Underpinned by the interpretive lens through content analysis

Results and Discussion

- Comparative analysis of empirical evidences on various forms of PPPs in public infrastructure and services in Africa.
- Similarities and differences in the drivers of PPPs in Africa for public administration.
- Best practices for successful PPP implementation for agility and resilience/sustainable quality public service delivery.

Preferred PPP models for Sustainable PA

According to Private Sector financing sources for PPP

- **DBF** (design-build-finance), **DBFOM** (design-build-finance-operate and maintain), **BOT**(Build-operate and transfer)

According to payment mechanism

- **User-pays PPPs** (PPP concessions)-use/demand driven.
- **Government-pays PPPs** (Payments made on completion or availability of asset or infrastructure, or via deferred payments as the PPP project progresses)
- **Mixed** (User-pays with elements of co-financing by gov't)

Success and sustainability of PPPs in PA will depend on:

- A **strong PPP unit** with a **good PPP framework**,
- Strong enforcement mechanisms for **Transparency & accountability** in PPP transactions,
- **Trustworthiness** of PPP partners
- **Political will/support**
- **Selection of Private sector company with adequate capacity**,
- **Availability of sufficient financing sources for affordability**,
- **Mutual commitment** to responsibilities by parties to PPP roles,
- **Oversight Role**: Ability of public sector to **monitor & control** the quality of public assets/services provided by private sector.
- **Effective PPP communication strategy**
- **Quality of public administration** (competent & corrupt free)

Conclusion

- In a resource constrained African economies, uptake of PPPs will enable development and management of large-scale public projects with private funding.
- Because PPPs work well when private-sector technology and innovation combine with public-sector incentives to complete PPP project work on time and within budget.
- Despite their advantages of high transaction costs, PPPs remain with power to deliver public assets and services with efficiency, effectiveness and VfM sustainably.
- Without build appropriate PPP frameworks as means of building agile, resilient and future-ready public administration systems for sustainable development, Africa will hardly achieve the multiple objectives of UN SDGs 2030 and Agenda 2063.