

# An analysis of Public Private Partnership in Sub-Saharan Africa

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## ABSTRACT

*A full understanding of the implementation of Public Private Partnerships (PPPs) in Sub-Saharan Africa (SSA) is essential. PPPs should be considered in sectors where there is need for improvement of infrastructure and service delivery. Every government should have legislation and a regulatory framework on PPPs to facilitate local and foreign investors to implement new projects. The absence of a legal and regulatory framework on PPPs hinders close collaboration between the public and private sectors.*

*This article argues that the Build-Operate-Transfer (BOT) project is an excellent model for governments in SSA where there is lack of infrastructure to provide better service delivery. Most BOT projects require sizeable financial investment. Many governments prefer to use BOT for construction of specific infrastructure such as new electricity power plants, toll roads, prisons, dams and water plants. Experience shows that BOT agreements tend to reduce market and credit risk for the private sector because in most cases government is the only customer, thus reducing the risk associated with insufficient demand and the inability to pay.*

## INTRODUCTION

Observation shows that most countries in Sub-Saharan Africa (SSA) still face difficulties in terms of service delivery. The lack of service delivery differs from one country to another and is evident in different sectors such as access to water, electricity, sanitation and roads. According to Farlam (2005:3) the SSA faces a lack of infrastructure and there are many service backlogs. Almost 400 million people in the region lack access to electricity; 300 million have no clean water; and there are just eight telephones on average per 100 inhabitants.



Due to scarce state resources to finance the development of infrastructure has forced the governments to turn to the private sector to ask for their participation through PPP arrangements (Emirullah and Azam 2014:69). The aim is to generate greater efficiency and synergies; to increase financial revenues; and to reduce deficits. Quicker market development, faster foreign investments, and increased competition are also on the development agenda.

The introduction of this model in the SSA is evident in many different regions. Some African governments have opted for the implementation of PPPs in an effort to improve delivery of services to their communities. According to the World Bank (2010) there is a huge gap in the SSA in terms of infrastructure development with an infrastructure financing gap of almost US\$ 34 billion.

In an increasingly competitive and globalised world, governments continue developing new ways of financing projects and building infrastructure. To bridge the gap between available resources and the cost of urgently needed infrastructure and services; and to ensure that these are delivered as efficiently and cost effectively as possible, public authorities are now turning to PPPs (Partnerships Kosovo 2009:3). The SSA is no exception in this regard.

## **DEFINITION OF PUBLIC PRIVATE PARTNERSHIPS**

A PPP implies the participation of a private sector undertaking a project on behalf of a government. After completion, the government is entitled to retain the asset. The contract between the host country and private investor usually takes between 10 and 30 years and thereafter the government can take over the asset from the private investors (Seader 2004). There is also the possibility of the private company negotiating again with government to continue managing the asset. In this context it remains the exclusive authority of the government or local authority to decide whether it wants to retain its links with the same company.

## **METHODOLOGY**

The method applied in this article is solely of a qualitative nature which will help to understand the applicability of public private partnership in Sub-Saharan Africa. The researchers focus primarily on secondary data which discusses the development of PPPs. A qualitative research method provides a comprehensive interpretation of concepts, constructs and opportunities which brings the research nearer to *social reality* (Bless and Higson 2004). Qualitative research is exploratory and is frequently used in an investigation of a subject area in which there is only limited knowledge. This method of investigation will explain the different PPPs in the Sub-Saharan Africa countries. The researchers used different sources to understand the applicability of PPP in different countries in the Africa continent.

## **INTERNATIONAL EXPERIENCE ON PPPS**

In the United Kingdom (UK), PPPs were introduced in 1992 during the recession period. One of the reasons for this was the *off-balance sheet* public accounting treatment. Thereafter

the UK economy recovered and the implementation of PPPs turned out to be more a matter of searching for value for money (VFM). This then became the primary reason for PPPs in the UK (Vicker 2004). The poor condition of infrastructure was also a contributing factor, particularly after a decade-long *under-investment* period when the Conservative government was in power. The UK government was about to sign the Maastricht Treaty to restrict public sector borrowing (Clark and Root 1999). From 1992 until 2004 the financial figure on PPPs in the UK was approximately £GB50 billion; more than 600 PPP projects were signed with private companies.

At the time, the Conservative government explained that PPPs (or private financial initiatives, PFIs) were introduced for several reasons. The first was improved VFM for government through economic efficiency. The second was to reduce public sector borrowing and to increase investment in public services (HM Treasury 1993). However, not all PPP and PFI projects in the UK were successful. Challenges were experienced with some projects. According to the World Bank (2010), between 2008 and 2009 it was difficult to raise finance for PPPs and PFI schemes. The number of active lenders in the market was significantly reduced, and those that remained toughened their positions. A number of projects had difficulty achieving financial closure and those that did so found that previously offered terms were no longer available. This was because of the financial crunch which affected most financial institutions worldwide (World Bank 2010).

According to the World Bank Institute (2010) in March 2009, the British Treasury established the Infrastructure Finance Unit (TIFU) with the objective of lending to PFI projects on the same terms as commercial banks in the event of inadequate private sector loans. Moreover, the banks were encouraged to continue their loans if they were in a position to do so, thereby assisting companies to complete projects and reach financial closure. For example the British government used PPP projects to build schools, hospitals, airports, bridges and prisons. Importantly, they also improved waste management services and water provision facilities. Indeed, as shown by Li and Akintoye (2003), private sector investment in the UK has always been active in the transport, health, defence and education sectors.

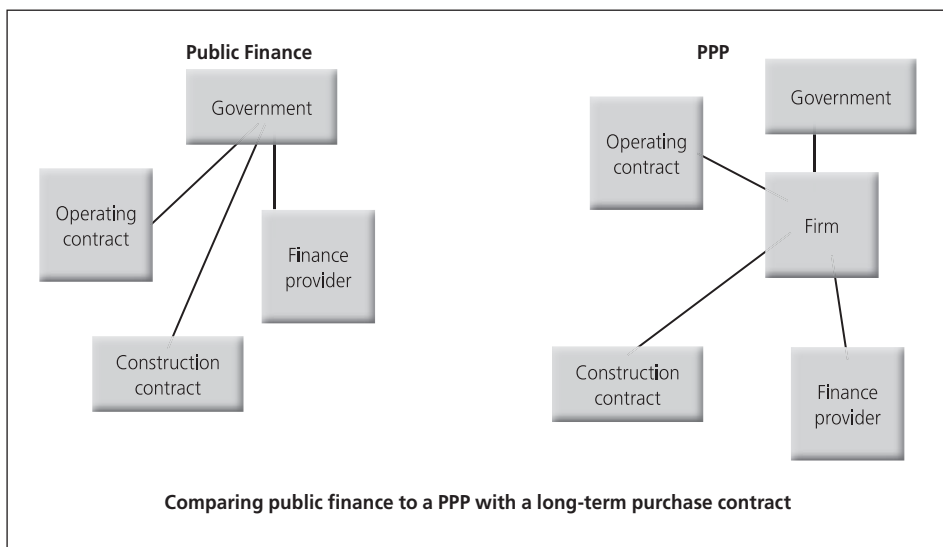
The Australian experience shows that PPPs are divided into two generations. The first generation principally involved the Build-Own-Operate (BOO) Build-Own Operate-Transfer (BOOT) or Build-Operate-Transfer (BOT) (Duffield 2004:1). The Sydney Harbour Tunnel was the first of these projects and was completed in 1988 (Muhammad & Low 2006:10). The first generation of PPPs in Australia also gave access to private capital and the transfer of full risk to the private sector. This so-called Victoria policy has now been implemented across Australia (Yates and Sashegyi 2001).

In the post-2000 period Australia now witnessed a more structured approach towards PPP development and implementation with, for example, specific policies, procedures, guidelines, the establishment of government bodies and steering mechanisms (Taseska 2008:80)

As substantiated by Partnerships Kosovo (2009:4) all PPPs involve some form of risk-sharing between the public and private sectors. The allocation of risk to the private partner is the key determinant in distinguishing between PPP and the more traditional public sector model of public service delivery. Li and Akintoye (2003) agree and maintain that PPPs are particularly beneficial in infrastructure development and public service delivery in developing economies. The World Bank (1995) adds that improved infrastructure can support economic growth and make development environmentally sustainable. An



**Figure 1: Public finance to PPPs**



Source: World Bank (2007)

increasing number of countries are now demanding alternative solutions, especially options involving the private sector.

Considering the Asian experience on PPPs, China introduced the model two decades ago. Prior to this, most projects were undertaken by Chinese public enterprise companies. According to Xie and Stough (2002:16) the rapid growth of private and non-private sectors in China is well suited to the application of the PPP model. Fiscal decentralisation provides strong incentives for local governments to obtain cooperation with private and other non-state sectors in urban economic development.

Budina, Brixi and Irwin (2007:10) show that when a private company takes the risk, project costs will be lower and this reduces the cost to government. However, they claim that the “advantages of contracting out construction, operations and maintenance do not immediately create an argument for private financing of a project”. The state can also contract out these functions in publicly financed investment. PPPs should only be used when the cost of construction is less when compared to government investment.

Figure 1 shows the structure of public finance and PPPs in terms of long term contracts with government.

## **PUBLIC PRIVATE PARTNERSHIPS IN SUB-SAHARAN AFRICA**

In SSA PPPs are still in a developmental phase although there are indications that their uses are increasing. It is evident that the majority of countries in the region need technical expertise in this regard. Although a survey of PPP implementation in the continent is beyond the scope of this study, some examples in different regions of Africa will be given. According to Panteleo, Rwelamila, Chege, Tjiamogale and Manchidi (2003:313) PPPs have been introduced in the construction industry in South Africa, such as for the construction of major national

roadways, the N1, and N2; and in the building of a prison in the Free State Province. PPP projects have also been initiated to facilitate water distribution and waste collection in the Eastern Cape and KwaZulu-Natal. The South African experience demonstrates the feasibility of implementing PPPs in SSA. In these projects however, certain problems were encountered by the Republic of South Africa (RSA).

Today, a number of African governments are unable to deliver services such as water, telecommunication and electricity. Private companies, however, have successfully delivered such services on behalf of the state. PPPs appear to be much more than a simple budget tool – they have become a real instrument for co-operation and are making an operational contribution to socio-economic growth. In the view of Rao and Voldolkova (2006:2, 3) PPPs in Africa, if implemented well, would accelerate implementation of projects with new approaches and better management techniques.

When a PPP project is first conceived it optimises the satisfaction of the three fundamental actors involved, namely the state, citizens and private operators (SEFFI, 2001:4). This can be related to a PPP project in the Eastern Cape province of South Africa where the municipality was unable to deliver water to the community. It signed a contract with a private company to supply water to its residents.

According to Niekerk, Ruiters, Mcwabeni, Kruger and Gringer (1999:55), the successful application of a PPP “demands a relatively high level of administrative capacity from the structure which assumes overall contractual control of the process”. They also argue that “partnerships that have been most successful in Africa have been characterised by thorough planning, good communication, clear policies, strong commitment from parties and effective monitoring, regulation and enforcement by government” (Farlam 05:2). A PPP project in the electricity sector in Tanzania proved to be one of the unsuccessful PPP projects in the SSA. In 1995 the state-owned public enterprise called Tanesco signed a power purchasing agreement with Independent Power Tanzania Limited (IPTL). This company was a joint venture between local investors and a Malaysian company. The contract was to supply 100 MW to Tanesco for 20 years. The entire process was flawed and became a massive burden for the Tanzanian government as only three officials signed the contract. The project was riddled with corruption by senior government representatives (Farlam 2005:28) and demonstrated a clear lack of transparency as due process was not followed.

In the Central African region in 1997, more specifically in Gabon, a French international company called Vivendi Water signed a concession contract for 20 years with the Gabonese government for the provision of water and electricity in Libreville and Port-Gentil (Farlam 2005:25). This initiative can be classified as a success because of the strong political commitment by the Gabonese government.

Considering the West African region, notably Ghana, an assessment shows that a PPP project in the water sector met with many hassles and ended in failure. Haffner and Fuest (2007:183) reveal that civil society and non-governmental organisations (NGOs) levelled criticism against the Ghana Government (GoG) because of flaws in the process of stakeholder participation; the role of the regulator; and at shortcomings in the design of the policy.

They argued that the implementation of the Ghana Water Sector Restructuring project launched in 1995 might negatively affect the poor and other Ghanaian stakeholders. Furthermore, the government was heavily criticised because the consultation process did not include the Public Utilities Workers’ Union or the Trade Union Congress of Ghana.



An analysis of the contract shows that there was no umbrella legislation in terms of PPPs in Ghana so the implementation of a PPP remained an administrative document without legislative support (Brocke 2008). Another PPP project which is under construction in Ghana is the BOT trunk road development in Accra and Kumasi.

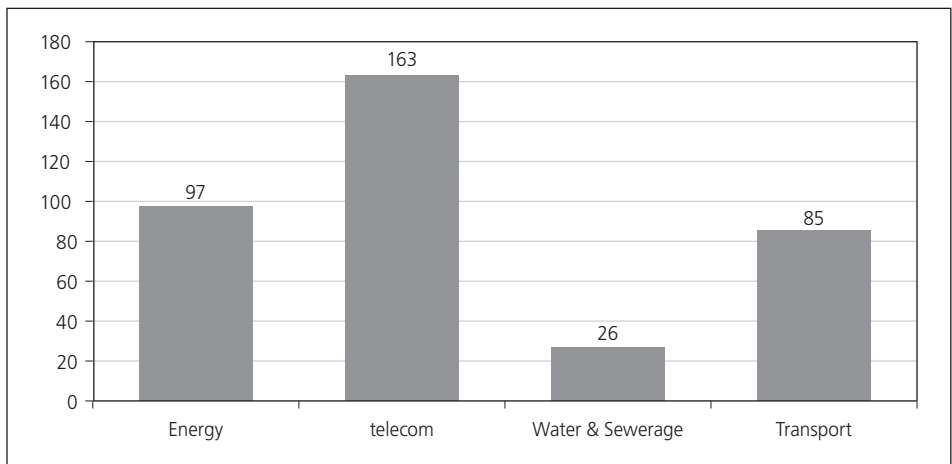
In its successes and failures, the Western and Central African experience offers lessons for other developing countries on how to improve the quality of urban water supply services; increase the efficiency of operations; and establish the financial credibility of the sector. The countries of the region have experimented with a range of contractual arrangements:

- Long-term concessions transfer the technical, operational, commercial and financing risks and responsibilities to private operators and are primarily for combined power and water supply utilities.
- Medium-term concessions combine private operation of the service with shared commercial risk and public financing for developing infrastructure, notably for water supply services.
- Short-term contracts are most often for combined power and water supply.
- Performance-based service contracts aim to improve the commercial and financial operations of a public water supply utility (World Bank 2009:1).

Further analysis of PPPs in SSA by Izaguire (2000:2) shows that SSA was the only region where private activity increased “Investment flows rose from \$3.4 billion in 2000 to 4.6 billion in 2001, almost reaching the all-time high of 4.8 billion in 1997”. Most of this activity was in the energy sector. Izaguire (2002:3) points out that in SSA investment flows fell, but only to \$3.5 billion, becoming the third highest level for SSA between 1990 and 2001. Most of this investment was on the gas pipeline between Mozambique and South Africa by Sasol (SA). The exploitation of gas in Mozambique by Sasol has a life expectancy of 25 years.

Figure 2 illustrates the number of projects in different sectors in Sub-Saharan Africa. These projects were spread over 45 countries in the continent and include management or lease contracts, concessions, Greenfield projects, and divestitures.

**Figure 2: Number of PPP Projects in Sub-Saharan Africa 1990 to 2008**



Source: World Bank (2009)

Figure 2 shows that there were 163 telecommunication projects (the highest tally) in SSA followed by the energy sector with 97 projects across 45 countries. The transport sector is in third position with 85 projects, including construction of roads, airports and seaports. The sector with the lowest number of projects is water and sewerage with just 26 projects for the entire SSA. The table illustrates the different types of PPP models.

There are different types of PPP models which governments can apply. A distinction must be drawn between PPPs and privatisation. According to Hughes (1998:116) privatisation is largely seen as involving liberalising the market and the sale of state assets. Initiatives such as denationalisation, contracting out, self-management and de-regulation, form part of privatisation (Turner and Hulme 1997: 190–191). A similar definition is one by Cartlidge (2006:31) that “privatization is the partial sale or complete sale or transfer of existing enterprises, assets or rights from public ownership to the private sector”. Seader (2004:4) maintains that “partnership refers to an entire spectrum of relationships where private sector resources are used in the delivery of services or facilities for public use”.

Seader (2004:4) notes that the private sector contractor or a consortium of contractors finances a project, accomplishes the construction and operates the new facility for a specified period of time, after which it is expected to transfer ownership to the government – often at no cost. The prospective transfer to the host government takes place at the end of

**Table 1: PPP models**

Types of model	Modality
Service contracts	The private company procures, operates and maintains an asset for a short period of time. The public sector bears financial and management risks.
Operation and management contracts	The private sector operates and manages a publicly owned asset. Revenues for the private party are linked to performance targets. The public sector bears financial and investment risks.
Leasing-type contracts <ul style="list-style-type: none"> <li>• Buy-build-operate (BBO)</li> <li>• Lease-develop-operate (LDO)</li> <li>• Wrap-around addition (WAA)</li> </ul>	The private sector buys or leases an existing asset from the government, renovates, modernises, and/or expands it, and then operates the assets. Where the asset is bought by the private party, usually there is no obligation to transfer ownership back to government
Build-operate-transfer (BOT) <ul style="list-style-type: none"> <li>• Build-own-operate-transfer(BOOT)</li> <li>• Build-rent-own-transfer(BROT)</li> <li>• Build-lease-operate-transfer (BLOT)</li> <li>• Build-transfer-operate (BTO)</li> </ul>	The private sector designs and builds an asset, operates it, and then transfers it to the government when the operating contract ends, or at some other pre-specified time. The private partner may subsequently rent or lease the asset from the government.
Design-build-finance-operate (DBFO) <ul style="list-style-type: none"> <li>• Build-own-operate (BOO)</li> <li>• Build-develop-operate (BDO)</li> <li>• Design-construct-manage-finance (DCMF)</li> </ul>	The private company designs, builds, owns, develops, operates and manages an asset with no obligation (in some cases) to transfer ownership to the government.

Source: International Monetary Fund (IMF): 2004

the contract. For example, African countries could use the BOT model for building roads and other infrastructure. The BOT model is suitable because it provides the host country with:

- capacity to reduce capital costs while still implementing a project at a time when it cannot meet the requisite funds, or could use its funds for other projects and;
- a chance to encourage outside investment and to introduce new or improved technology (Seader 2004).

This article discusses the BOT model as being ideal for PPP implementation by African governments.

## BUILD-OPERATE-TRANSFER

Financing is one of the most significant issues in the build-operate-transfer (BOT) contract delivery system (Chang and Chen 2001:214). Only with sufficient capital can a BOT project be successfully carried out (Tiong 1995). The private sector “finances, builds and operates a new infrastructure facility or system according to performance standards set by the government” (Bennett, Peter and Brad 1999:2). Shalakany (1996:174) notes that when a host government grants a concession to a private company, the company is known as the concessionaire and is responsible for financing, construction, operation and maintenance of the facility over the concession period before transferring the fully operational facility to the government at no cost. The control of operations by a private company typically spans 10 to 25 years. When the contract expires the government becomes the owner of the infrastructure facilities and the regulator of the services (World Bank 2001). Governments often use BOT for large projects such as new electricity power plants, prison facilities or water purification plants. Table 2 highlights the different agreements in BOT projects for power supply contracts.

Experience shows that BOT agreements reduce market and credit risk for the private sector because the government is usually the only customer, thus reducing the risk of inability to pay. Some private sector partners avoid BOT arrangements where a government is unwilling to provide assurances that private sector investment will be paid back (Bennett,

**Table 2: Different BOT agreements for power plant projects**

Number	Parties of agreement	Agreement description
1	Host government	Concession agreement
2	Project company	Investment agreement
3	Construction contractors	Construction contract
4	Bank and lending institutions	Financing agreement
5	Equipment manufacturer	Supply agreement
6	Operator	Operating agreement
7	Developer	Power supply contract

Source: Askar and Gab-Allah 2002:174



Peter and Brad 1999:3). This model has been used in developing countries in SSA and has shown great success in Francophone regions.

A large number of Asian countries have benefited from infrastructure development through implementation of BOT schemes. One example is Hong Kong where it has been used since the late 1960s, the first being in September 1969 (Mak and Mo 2005). The Cross Harbour Tunnel (CHT) is a two-lane tunnel in each direction. It took only 36 months to complete and was eleven months ahead of schedule. The CHT was an instant success when it came into operation in August 1972. In a mere three years the tunnel paid back its construction cost and is probably the most successful BOT project undertaken in Hong Kong (Cheung *et. al.* 2009).

BOT projects in ports, power stations and roads in India, Pakistan, and Sri Lanka, among others, have attracted the increasing attention of investors (Kumaraswamy and Morris 2002:97). Comparable studies illustrate that Asian governments have had difficulty in financing infrastructure projects and have encouraged private investment in their countries. In the Asian electricity sector, the typical cost of building a new power plant is about \$1 million per megawatt, making it virtually prohibitive to finance a new 1000 MW power station, especially in cases where the public sector is subject to tight credit constraints such as in Vietnam or Pakistan (Robert and Anderson 2003:226). The same is true of countries such as Thailand, Indonesia and the Philippines. Most PPPs in Asian countries were financed on a build-own-operate; build-own-transfer or an operating concession for a fixed period.

## Advantages and disadvantages of BOT

Like any model, BOT has advantages and disadvantages which vary in scope and magnitude.

Advantages of BOT include:

- technology transfer, training of local personnel and the development of national capital markets;
- the utilisation of private financing provides new sources of capital, reduces loans from the World Bank and IMF and improves the host government's credit rating;
- project risk and the financial burden are transferred to the private sector;
- in contrast to privatisation, the government keeps its strategic control over the project (Askar and Gab-Allah 2002:174);
- long term income stream for private consortia;
- project design can be tailored to construction equipment and materials; and
- tailored maintenance, attention to whole life costs and smoother operations (Cartlidge 2006:31).

BOT has a number of disadvantages. Tiong (1996:207) contends that projects face both problems and risk. The following are some of the difficulties encountered in BOT projects:

- lack of consistency and poor governmental management;
- unclear government criteria for awarding projects;
- legal constraints in applying evaluation criteria; and
- problems of contract drafting.

Most of these disadvantages occur when a government does not have experience in managing a BOT project. In developing countries, especially in SSA, governments do not



have strong managerial experience and these calls for the need to hire consulting experts when implementing projects.

## **Government's role in BOT**

The lack of government funds to finance new projects and the rehabilitation of existing facilities, coupled with the increased demand for capital from traditional alternative sources (e.g. World Bank, IMF and Club de Paris.) prompted the need for alternative forms of financing and many governments now resort to private finance (Zayed and Chang 2002:7). The role of government in private financing of public projects under the BOT arrangement has become that of a "facilitator for the private sector-led economic development and growth" (Ngowi 2006:3, 4). Under PPPs, resources, skills benefits and risks are shared between both the public and private partners. The aim is "improved delivery of publicly funded goods and services" (Dutz and Harris 2006:1).

## **Legal and regulatory framework**

It is critical for the success of any PPP project that a government have adequate legal and regulatory frameworks. The South African government has put in place a legal document to meet this requirement. The same can be said about the government of Botswana which introduced its Public Private Partnership Policy and Implementation Framework in 2009.

The legal, financial and regulatory framework provide an environment that is conducive for private companies to participate in PPPs (Zhang and Kumaraswamy (2001:356). A strong legislative framework provides a sound foundation upon which developers can structure a contractual vehicle compatible with the country's laws. Many countries now have PPP legislation, or at least an official guideline. For example, the South African government has a set of guidelines on PPPs such as the National Treasury PPP Practice Note Number 02 of 2004 and the Public Private Partnerships Manual which are implemented by the National Treasury (Republic of South Africa 2014) While Botswana has the Public Private Partnerships Policy and Implementation Framework (Republic of Botswana 2009).

## **Political stability**

Political stability is a key element that attracts private investors and in SSA political instability is often a deterrent. Stability gives the host an opportunity to develop a sound platform for investment across the country in different sectors. It is also advisable for states to implement a policy acceptable to both parties involved. A good policy implemented by a strong institution should bring positive results. As the World Bank (1997:19) puts it, "where policy and programs are implemented more efficiently, citizens and investors have greater certainty about government's future actions. Thus, good policies such as those pursued more recently by many countries in Latin America and Africa increase growth in income per capita by around 4% a year". It is, therefore, a prerogative of governments in SSA to maintain disciplined policies geared at attaining political and economic stability, because this will attract investors. Some Southern Africa Development Community (SADC) nations have already proved this to be true (World Bank 1997:19).

## Risks of BOT

PFI and PPPs are predicated on the principle that significant risk should be transferred from the public sector to the private sector. Indeed this transfer of risk is one of the key PFI criteria. Appropriate allocation of risk between the parties in accordance with ability to manage them, and thereby minimise cost, is one of the main ways to achieve value for money (Arrowsmith 2000:7). Zayed and Chang (2002:8) argue that the classification of possible sources of risk is an essential area in the risk management process because it allows project parties to identify the risk factor in the project and analyse its potential impact. They can then also consider an appropriate strategy to alleviate its effect.

When governments undertake BOT projects they do so to transfer the risk to the private partner, but occasionally governments and the private sector share the risk. A variety of risks may be associated with the implementation of BOT but this study will only discuss a few of these and focuses on the SSA sub-region. To this end, the following risks will be discussed:

- political risk; and
- regulatory risk.

## Political risk

Farlam (2005:41) views political risk as “unforeseeable conduct by a government institution that materially and adversely affects the expected return on equity, debt service or costs of the project”. This includes expropriation and nationalisation. Politically speaking, most governments should avoid placing any project at risk. However, according to Askar and Gab-Allah (2002:176) the average relative weight of BOT political risk factors are:

- Termination of concession by government

In this kind of situation there is no positive collaboration with the host government. There is a possibility that a government can end a project or take over from the investors. Political change in the country can also impact negatively, perhaps causing a new government to terminate a contract. This situation can arise when there is evidence of corruption, particularly at the tendering stage of the project.

- Increase in taxation

According to Shen, Lee and Zhang (1996:320) the Chinese government enforced comprehensive taxation reform in 1996. New taxes were introduced, including value added tax, business tax, enterprise income tax, individual income tax and land value-added tax. These various taxes bring investment into the country. However, this could cause an investor to withdraw from the project during the negotiation of the project. If the government does not specify the increase in taxes during project negotiations, other parties might not accept the changes.

- Changes in the law

If there is a change in government the new dispensation may bring a change or amendment to the law. This is important because the host government should ensure that a private partner is protected. In the case of Brazil, according to Grilo, Hardcastle, Akintoye, Silva, Meldho and Edwards (2005:9) there is need for a legal framework to provide judicial security for investors.



## Regulatory risk

Regulatory risk refers to consents required from government authorities or an independent regulatory agency. According to Zhang and Kumaraswamy (2001:356) government should establish a regulatory board to protect private investors. The absence of strong regulations often leads to high risk for investors. Regulation frameworks should offer protection for long-term investors and local consumers.

## LESSONS TO BE LEARNT

A full understanding of the implications of PPP projects in SSA is essential, particularly for senior officials in government who are charged with designing and negotiating such projects. The implementation of PPPs must be in a sector where there is need for improved service delivery. It is crucial for every government to have legislation and a regulatory framework on PPPs; this will encourage local and foreign investors to enter into these agreements. Government officials must also understand the need for close collaboration between the public and private sectors. When government does have the finance and expertise to provide new infrastructure, then there is no real need for PPP application.

One of the key elements an official in government should understand is that PPPs cannot be implemented in the same manner for every project. For example, a set of key deliverables leading to the success of a PPP project in South Africa may not necessarily be the same for a project in the Democratic Republic of Congo. The political, socio-economic and institutional context must be taken into consideration when analysing and implementing PPPs in SSA.

The BOT arrangement of PPPs is considered as a viable means through which governments can provide infrastructure without necessarily funding a total project. This places a relief on governments as the private party will in most cases finance the project and carry the larger part of the risk.

## CONCLUSION

This study has demonstrated that there are currently many PPP projects in SSA, largely because of the growing demand for improved infrastructure in the sub-region and to address inadequate service delivery. The increase of infrastructure in any country contributes significantly to economic growth and sustainable development. Many governments are now considering alternative solutions to infrastructure provision, especially by way of involving the private sector.

The West African experience illustrates that Ghana's 1995 PPP water project was unsuccessful and marred with irregularities. It was found that the community, non-governmental organisations and the Ghanaian trade union were not consulted.

This study shows that in the 18 years (1990–2008) of private participation in SSA, the telecommunication sector benefited by 163 PPP projects while in the energy sector there were 97 projects across 45 countries in different regions. The transport sector was in third

position with 85 projects some of which were on road, airport and harbour construction. Only 26 water and sewerage projects were undertaken in the entire SSA. The study revealed that the application of BOT will be the suitable model for many African countries to follow. This model will assist governments to develop their infrastructure where there is a lack of funding to implement the project. This places a relief on governments as the private party will in most cases finance the project and carry the larger part of the risk.

The subject of PPPs remains a critical area of learning, particularly by senior officials in government. The implementation of PPPs is most appropriate in sectors where there is need for improvement by the host government. Every government should ensure that legislation and a regulatory framework are in place to facilitate the participation of local and foreign investors in new PPP projects.

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