



PPPS IN ZAMBIA, STATE OF THE ART AND LESSONS LEARNED

FEBRUARYS 2024

OUTLINE OF THE PRESENTATION

PART I :

✓ INTRODUCTION

- ❖ UNDERSTANDING PUBLIC PRIVATE PARTNERSHIP
- ❖ PPP LEGAL AND INSTITUTIONAL FRAMEWORK
- ❖ PPP PROCESSES

PART II:

✓ STATUS OF PPPS IN ZAMBIA

PART III:

✓ LESSONS LEARNED FROM PREVIOUS EXPERIENCE

✓ **PART IV**

✓ CONCLUSION



PART I: INTRODUCTION

✓ PUBLIC-PRIVATE PARTNERSHIPS (PPPS) HAVE EMERGED AS A CRITICAL STRATEGY FOR INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY IN ZAMBIA

❑ WHAT IS PUBLIC PRIVATE PARTNERSHIP?

✓ AN INVESTMENT THROUGH PRIVATE SECTOR PARTICIPATION IN AN INFRASTRUCTURE PROJECT OR EFFECTIVE SOCIAL SERVICE DELIVERY

❑ A PPP AGREEMENT

✓ A **CONTRACT** BETWEEN A **PRIVATE PARTY** AND **PUBLIC PARTY** IN WHICH THE PRIVATE OBTAINS

- ❖ UNDERTAKES TO PERFORM OR UNDERTAKE ANY INFRASTRUCTURE PROJECT OR INFRASTRUCTURE FACILITY;
- ❖ UNDERTAKES TO PROVIDE OR PROVIDES SUCH SOCIAL SECTOR SERVICES;
- ❖ ASSUMES SUBSTANTIAL FINANCIAL, TECHNICAL AND OPERATIONAL RISKS



PPP LEGAL FRAMEWORK

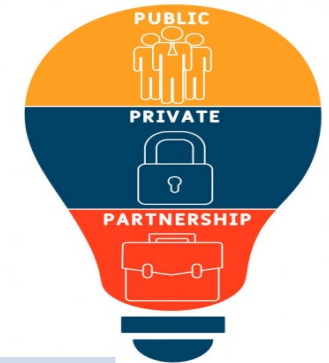
THE IMPLEMENTATION OF PUBLIC PRIVATE PARTNERSHIP (PPP) IN ZAMBIA IS ANCHORED ON THE PPP LEGAL FRAMEWORK

- ✓ PPP POLICY -2008 – SET OUT GOVERNMENT GOALS AND OBJECTIVES;
- ✓ PPP ACT NO. 14 OF 2009 AS AMENDED – REPEALED AND REPLACED; AND
- ✓ PPP ACT NO. 18 OF 2023

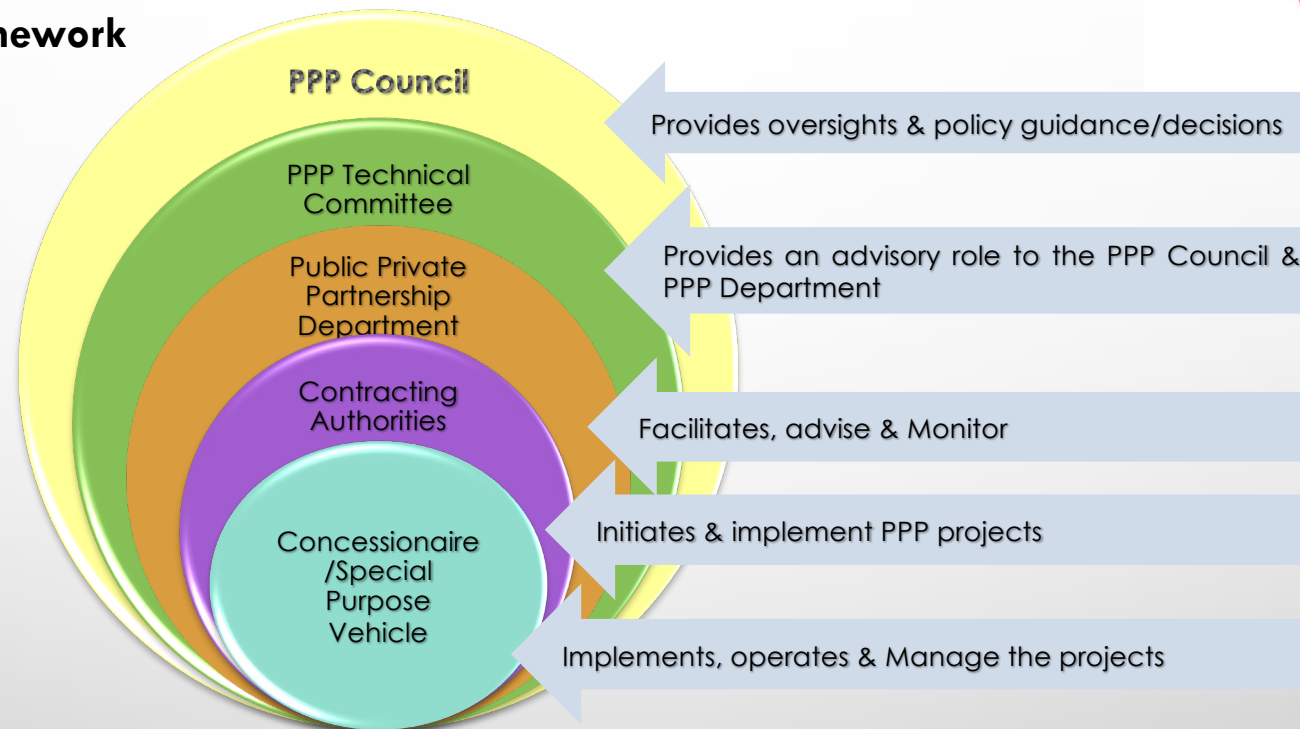
DEFINES HOW AND WHEN PPPS CAN BE USED TO DELIVER PUBLIC SERVICES. IT INCLUDES THE INSTITUTIONAL RESPONSIBILITIES, RULES AND PROCEDURES FOR DEVELOPING AND IMPLEMENTING PPPS.



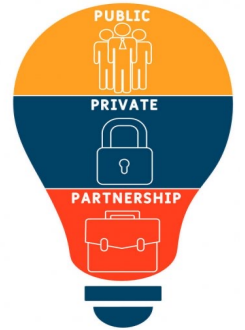
PPP INSTITUTIONAL FRAMEWORK



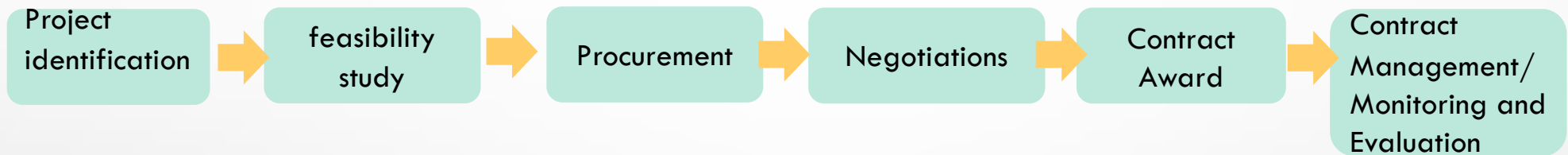
PPP Institutional framework



PPP PROCESSES



PPP Project Cycle



- ✓ Identification/ selection of a project.

- ✓ Critical for assessing the viability of the project.

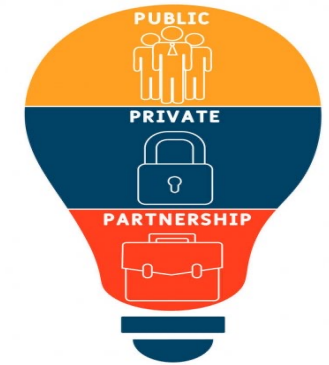
- ✓ Tendering stage for the project partners

- ✓ Negotiating of the contract
- ✓ (terms and conditions for implementation of project,

- ✓ Contract Agreement is approved by PPP council,
- ✓ Clearance obtained from attorney general by CA
- ✓ CA signed
- ✓ Notice of contract

- ✓ Monitoring of performance
- ✓ Preparation of exit plan

PPP PROCESSES



❑ **PPP path and Process:** Two pathway for Private Sector participation in PPPs.

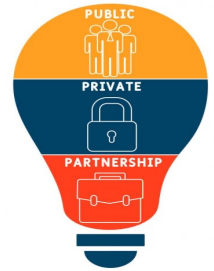
✓ **Solicited way** : projects are initiated by public or government entity.

✓ **Unsolicited way** : initiated by the private sector.

- ❖ MAY BE A COMPANY, COOPERATIVE, CONSORTIUM OR AN INDIVIDUAL.
- ❖ THE PRIVATE PARTY MUST SUBMIT A PROPOSAL WITHOUT SUPERVISION FROM THE CONTRACTING AUTHORITY AND THE PPP OFFICE



PART II: STATUS OF PPP IN ZAMBIA



✓ ZAMBIA HAS SIGNED 20 CONCESSION AGREEMENTS

- ❖ FROM 2022 TO DATE, SIX (06) CONCESSION AGREEMENTS HAVE BEEN SIGNED,
- ❖ 17 CONCESSION AGREEMENTS ACTIVE,
- ❖ THREE (3) CONCESSION AGREEMENTS TERMINATED

✓ 38 PROJECTS ARE IN THE PIPELINE AT DIFFERENT STAGES

- ❖ SIXTEEN (16) PROJECTS ARE AT CONCEPT STAGE,
- ❖ FIFTEEN (15) PROJECTS ARE IN THE PROCESS OF ENGAGING CONSULTANTS TO UNDERTAKE FEASIBILITY STUDIES,
- ❖ SEVEN (07) PROJECTS ARE UNDER PROCUREMENT STAGE.

❑ KEY SECTORS: TRANSPORT, ENERGY, COMMERCIAL AND RETAIL, HEALTH, EDUCATION, TRADE FACILITATION (BORDER POSTS)

SUMMARY OF SIGNED PROJECTS



Description	Number
Projects Handed Back	2
Projects in Operation	4
Projects under Implementation	5
Projects on Commercial Close	6
Terminated Concession Agreement	3
Total Project Portfolio	20

PPP PROJECT HANDED BACK TO GOVERNMENT

Hand-back: 6th March, 2023

12 years

Financial Close: Yes

Model: Build Operate
and Transfer
Sector: Trade

Party: Zambia (IP)
Border Crossing
Company Limited

Contracting Authority:
MoFNP/ZRA

Project: Kasumbalesa One-
Stop Border Post,
Chililabombwe District,
Copperbelt Province.

Deliverables: To reduce
costs of transport and
trade along regional roads
and corridors in SADC,
COMESA and EAC.

Signed: 4th March, 2009

PPP PROJECT AT COMMERCIAL CLOSE

Hand-back: 31th October, 2047

Financial Close: No

Model: Build, Operate,
and Transfer
Sector: Real Estate

Party: Trans
Engineering
Construction Ltd
Investment: \$52 M

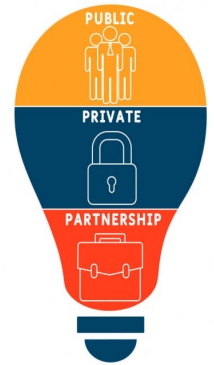
Contract Authority:
Kalumbila Town
Council-MLGRD

Project: Kalumbila Town Council
Mixed Use Project, Kalumbila,
North – Western Province

Deliverables: 583 low,
medium and high cost
housing units, filling station,
shopping mall, modern bus
terminus and market

**25
years**

Signed: 31st October, 2022



□ CHALLENGES

- ✓ LIMITED CAPACITIES IN PPPS
- ✓ LACK OF FEASIBILITY STUDIES FOR THE PROJECTS
- ✓ HIGH STAFF TURN OVER IN CONTRACTING AUTHORITIES
- ✓ LIMITED RESOURCES TO SUPPORT INITIAL PROJECT DEVELOPMENT
- ✓ FAILURE BY THE PRIVATE PARTY TO REACH FINANCIAL CLOSE

PART III: LESSONS LEARNED



✓ **LEGAL AND REGULATORY FRAMEWORK:**

- ❖ STRENGTHENING THE LEGAL AND REGULATORY FRAMEWORK FOR PPPS IS ESSENTIAL TO PROVIDE CLARITY, TRANSPARENCY, AND LEGAL CERTAINTY FOR INVESTORS

✓ **CAPACITY BUILDING:**

- ❖ BUILDING INSTITUTIONAL CAPACITY WITHIN CONTRACTING AUTHORITIES(CA) IS CRUCIAL FOR EFFECTIVE PPP IMPLEMENTATION AND MANAGEMENT.
- ❖ CAPACITY BUILDING WILL ENHANCE CA'S CAPACITY TO DESIGN, NEGOTIATE, AND OVERSEE PPP PROJECTS

✓ **RISK ALLOCATION AND MANAGEMENT:**

- ❖ PROPER RISK ALLOCATION AND MANAGEMENT ARE ESSENTIAL FOR THE SUCCESS OF PPP PROJECTS.
- ❖ THE IMPORTANCE OF IDENTIFYING, ASSESSING, AND MITIGATING RISKS THROUGH CLEAR CONTRACTUAL ARRANGEMENTS, RISK-SHARING MECHANISMS, AND CONTINGENCY PLANS

LESSONS LEARNED

✓ **TRANSPARENCY AND ACCOUNTABILITY:**

- ❖ ENSURING TRANSPARENCY AND ACCOUNTABILITY THROUGHOUT THE PPP LIFECYCLE IS CRITICAL TO BUILDING PUBLIC TRUST AND CONFIDENCE.

✓ **FINANCIAL VIABILITY:**

- ❖ ENSURING THE FINANCIAL VIABILITY OF PPP PROJECTS REQUIRING CAREFUL FINANCIAL PLANNING, COST-BENEFIT ANALYSIS, AND REALISTIC REVENUE PROJECTIONS.
- ❖ CONDUCTING THOROUGH FEASIBILITY STUDIES, ASSESSING MARKET DEMAND, AND SECURING SUSTAINABLE FINANCING ARRANGEMENTS TO MITIGATE FINANCIAL RISKS AND ENSURE PROJECT SUSTAINABILITY



LESSONS LEARNED

✓ **FINANCIAL CLOSE/FINANCING MECHANISMS:**

- ❖ ACCESSING FINANCING REMAINS A CHALLENGE FOR SOME PROJECTS, PARTICULARLY THOSE PROJECT BEING UNDERTAKEN BY LOCAL INVESTORS

✓ **STAKEHOLDER ENGAGEMENT, SUPPORT AND ADVOCACY :**

- ❖ MEANINGFUL ENGAGEMENT WITH STAKEHOLDERS IS VITAL FOR IDENTIFYING NEEDS, ADDRESSING CONCERNS, AND FOSTERING OWNERSHIP OF PPP PROJECTS,
- ❖ POLITICAL CHAMPIONING CAN PROVIDE CRUCIAL SUPPORT AND ADVOCACY FOR PPP PROJECTS.



LESSONS LEARNED



✓ **ALL PROJECTS DIFFER; ONE PROJECT DOES NOT SUIT ALL. NO COPY AND PASTE**

FOR EXAMPLE, A PROJECT IN THE WATER SECTOR CANNOT DEPEND ON THE SUCCESS OF A PROJECT IN THE ROAD. A WATER SECTOR PROJECT MIGHT NEED GOVERNMENT SUPPORT TO MAKE IT AFFORD AND BANKABLE. .

✓ **LACK OF FEASIBILITY:**

- ❖ NOT WELL STRUCTURED PPP PROJECTS; AND
- ❖ FREQUENT AMENDMENTS OF CONCESSION AGREEMENTS

✓ **MARKET SOUND:**

- ❖ TESTING OF THE MARKET BEFORE ENTERING INTO PROCUREMENT PROCESS TO AVOID NO RESPONSE AT EXPRESSION OF INTEREST AND REQUEST FOR PROPOSAL STAGE.

PART IV: CONCLUSION

✓ PPPS IN ZAMBIA HOLD SIGNIFICANT POTENTIAL:

- ❖ TO DRIVE INFRASTRUCTURE DEVELOPMENT; AND
- ❖ IMPROVE SERVICE DELIVERY, AND FOSTER ECONOMIC GROWTH.

✓ BY LEARNING FROM PAST EXPERIENCES AND ADDRESSING CHALLENGES:

- ❖ ZAMBIA CAN ENHANCE THE EFFECTIVENESS AND SUSTAINABILITY OF FUTURE PPP INITIATIVES,
- ❖ UNLOCKING OPPORTUNITIES FOR PRIVATE SECTOR INVESTMENT, INNOVATION, AND PARTNERSHIP IN ADVANCING THE COUNTRY'S DEVELOPMENT GOALS.





Thank you
for your
attention.

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