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Fostering Public-Private Partnership (PPP) in Kenya as key for economic diversification, resilience building in the context of Covid19 and post-COVID policies and strategies

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PRESENTATION OUTLINE

1. What are Public – Private Partnerships [PPPs]?
2. Features of Public-Private Partnerships
3. Benefits of Public-Private Partnerships
4. Pros & Cons of Public-Private Partnerships
5. Major Risks Transferred in Public-Private Partnership Agreements
6. Governments' Role in Promoting Private Sector Involvement
7. The Concept of Diversification
8. Concentric Diversification
9. Conglomerate Diversification
10. The Concept of Resilience

WHAT ARE PUBLIC-PRIVATE PARTNERSHIPS (PPPs)?

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- ❑ Public-Private Partnerships are **Contractual Arrangements** entered into by the **Government with the Private Sector**. Under a PPP Scheme, the Private Sector can build, operate and maintain public infrastructure facilities and provide services traditionally provided by the Government. Examples of these are roads, airports, bridges, hospitals, schools, prisons, railways, and water and sanitation projects.

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FEATURES OF PUBLIC – PRIVATE PARTNERSHIPS

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- ❑ PPPs are concerned with services and not assets
- ❑ The Government does not need to own infrastructure to deliver services
- ❑ Private Partner investing in public infrastructure and providing related services to the government, Government retaining responsibility for the delivery of core processes/services
- ❑ Private Party and the Government working together to achieve certain standards

BENEFITS OF PUBLIC – PRIVATE PARNERSHIPS [PROS & CONS]

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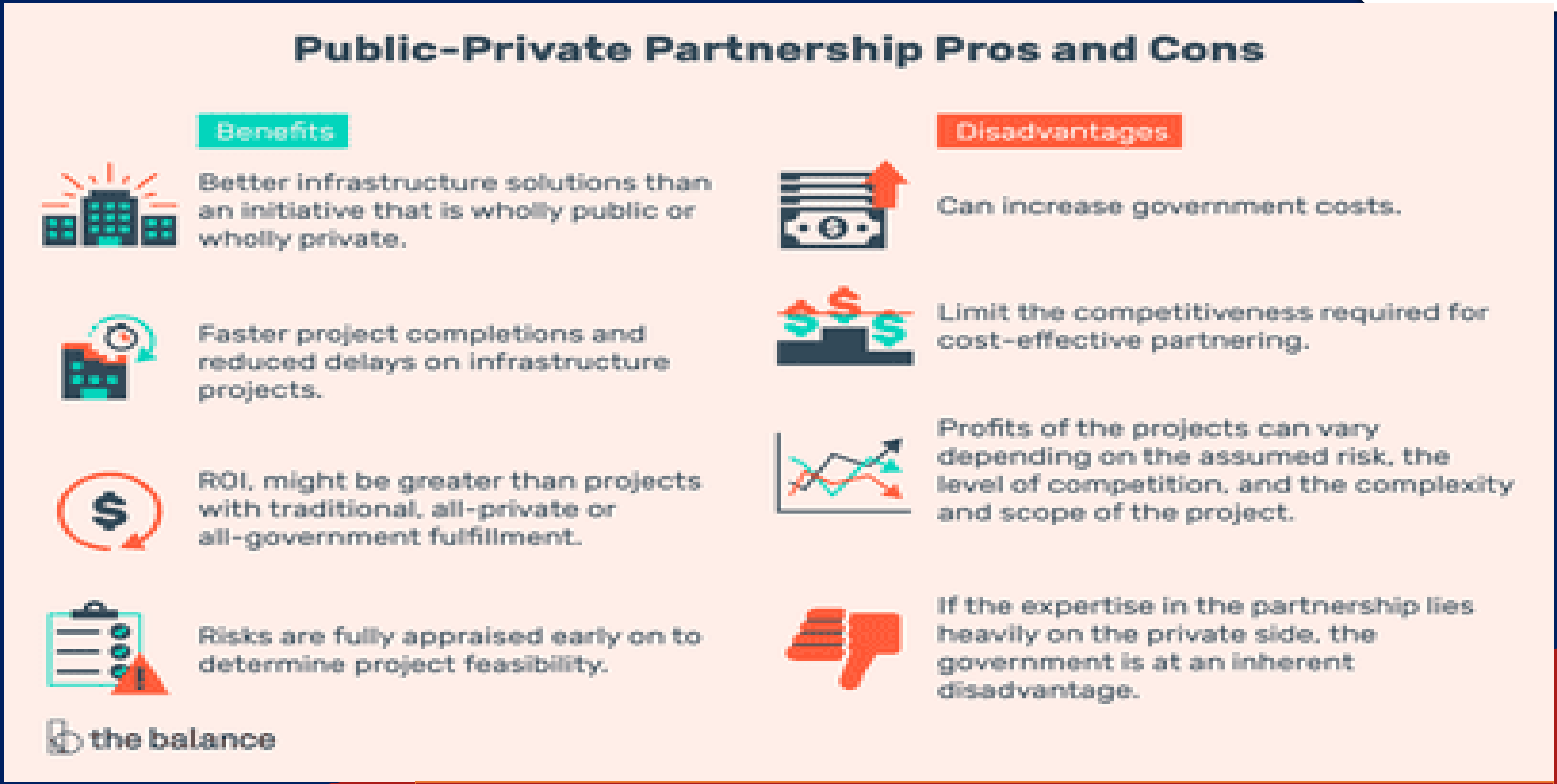
- Benefits from economies of scale regardless of the size of the government entity in mention.
- Allow Government to focus on functions where it has comparative advantage.
- Increase access, especially for groups that have been insufficiently served under traditional forms of service delivery.
- Increase transparency of government spending by making the cost of services more visible.

PUBLIC-PRIVATE PARTNERSHIPS – PROS & CONS



Government's Role in Promoting PPPs

1. Strong political will and leadership
2. Clear and supportive legal framework.;
3. Possible coordinating entity within the government to provide support for PPP
4. Certain priorities among the most promising projects in terms of economic efficiency.
5. Ensure transparency and probity in the procurement process
6. Safeguard the interest of customers and general public

DIVERSIFICATION

- Diversification involves entering a new business that is different from the current business.

(i) Concentric Diversification
(ii) Conglomerate Diversification

CONCENTRIC DIVERSIFICATION

Involves getting into a related business

CONGLOMERATE DIVERSIFICATION

Involves getting into a NEW business which is unrelated to its business

THE CONCEPT OF BUILDING RESILIENCE

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- Resilience: represents a systems’ capability to deal with events that disrupt its normal function. (Essuman et al, 2020)
  - The Oxford dictionary defines Resilience as ‘the ability of a substance or an object to spring back into shape or the capacity to recover quickly from difficulties’
- Operational Resilience: refers to the extent to which a firm’s resilience is able to absorb and recover from disruptions. (Essuman et al, 2020).
- Disruption absorption: refers to the ability of a firm to maintain the structure and normal functioning of operations in the face of disruption (Buyl et al, 2017).
- Recoverability: refers to the ability of a firm to restore operations to a prior normal level of performance after being disrupted. (Buyl et al, 2017)

THE CONCEPT OF BUILDING RESILIENCE Cont.

According to Essuman et al(2020), operational resilience has positive impact on operational efficiency.

The concept of resilience is multidimensional in building supply chain resilience.

ORGANIZATIONS NEED

OPERATIONAL RESILIENCE

Disruption Absorption Capability

Recovering Capability

GENERIC STRATEGY

- Proactive Strategy
- Reactive Strategy

SPECIFIC STRATEGY

- Buffering Strategy
  - Building Reserves
  - Capacity Cushion
  - Internal Upstream and downstream supply chains

BRIDGING STRATEGY

- ❑ Collaboration
- ❑ Coordination
- ❑ Information Sharing
- ❑ Stakeholder Engagements

- ❑Supply Chain Visibility
- ❑Supply Chain Agility
- ❑Supply Chain Disruption Orientation

AREAS OF POSSIBLE PARTNERSHIP & DIVERSIFICATION

1. TRANSPORT SECTOR
   - BRT, System – the Curitiba example in Brazil
   - BRT Systems in Kenya
   - The Airline Industry in Kenya
   - The Case of Ghana Airways

AREAS OF POSSIBLE PARTNERSHIP & DIVERSIFICATION CONT.

2. THE MANUFACTURING SECTOR

According to Foresight Africa (2022) less than 1% of all vaccines used on the continent are locally produced

- Pharmaceuticals companies can leverage on this
- There could be acquisition and mergers
- Market capitalization to attract investors
- Synergies from merging

AREAS OF POSSIBLE PARTNERSHIP & DIVERSIFICATION

3. THE SERVICE SECTOR –TOURISM INDUSTRY IN KENYA

- According to Mills et al (2017) Kenya spent USD 140M every year on medical tourism to India
- The Case of University of Ghana Medical Centre (UGMC)
- The concept of Telemedicine
- Kenya as a holiday destination

AREAS OF POSSIBLE PARTNERSHIP & DIVERSIFICATION CONT.

4. THE AGRICULTURAL SECTOR
   - The Digital for Agriculture (D4Ag) project
   - Targeting 1.4 million farming households online
   - 2,300 Agro dealers to supply farm inputs
   - The Case of Twiga Foods
   - The Flower Industry

THE END