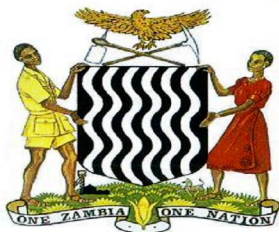


# NEPAD-OECD

## AFRICA INVESTMENT INITIATIVE

**Public Private Partnership training  
programme**

**New Fairmount Hotel  
Livingstone, Zambia  
19-23 March 2012**



This workshop has been co-organised with:

**ALLEN & OVERY**



This workshop has been organised with the generous support of:



# BACKGROUND

## 1.1 Objective

The NEPAD-OECD Africa Investment Initiative is dedicated to working with its African and international partners to promote policies that improve the investment climate in Africa. It does so through: its role as a convener of African experts and policymakers at its annual ministerial meetings and expert roundtables; analytical work, studies, and publications; capacity-building activities; and investment policy reviews of select African countries. To move this work forward, the *Initiative* makes use of OECD investment instruments such as the Policy Framework for Investment and the OECD Principles for Private Sector Participation in Infrastructure. It also stresses peer learning and concrete reforms at national and regional levels.

For the past several years, the *Initiative* has focused on the role of the private sector in strengthening Africa's infrastructure. At successive roundtables and high-level meetings, participants analysed the constraints and opportunities for boosting private investment in water and sanitation (Zambia 2007), transport (Uganda 2008) and energy (South Africa 2009). Having built up a strong critical mass of knowledge and a wide network of stakeholders on this issue, the *Initiative* is now aiming to develop a Training Programme for Public Private Partnerships (PPPs) aimed at African government officials interested in developing their capacity to design and implement PPP programmes.

## 1.2 The Need for Capacity Building in Africa's Infrastructure

The state of Africa's infrastructure is dismal by any measure. Across the continent, there are few paved roads, inadequate sewerage systems, frequent power cuts, and poor maintenance of ports and corridors, as well as many other challenges. According to the 2009 Africa Infrastructure Country Diagnostic study, Africa's spending needs for infrastructure amount to US\$93 billion a year, split between capital expenditure and maintenance of existing facilities. The challenge of boosting Africa's infrastructure is not only financial, but entails policy reforms to improve the investment climate for infrastructure in Africa. The *Initiative* has prepared a number of background papers for its ministerial meetings analyzing the impediments to private investment in Africa's infrastructure and recommending solutions for overcoming them.<sup>1</sup> One worthwhile strategy is the use of PPPs to increase efficiency, improve management, and raise funds for infrastructure projects. By allowing the private sector to contribute its knowledge, techniques and funding, PPPs enable the public sector to reach goals it would not be able to meet on its own. As they require more stringent policy conditions than other projects to interest private financiers, they also constitute an incentive for improving the quality of the legal and regulatory framework. It is therefore imperative that officials understand PPPs and how they can be used to develop Africa's infrastructure.

## 1.3: The Training Course

The goal of the Training Course is to give government officials the skills they need to undertake infrastructure projects, from inception to termination. It will empower them with the knowledge to develop and implement policies that strengthen the environment for infrastructure PPPs in their countries.

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<sup>1</sup> Please see the following website, under "Meetings" for access to the analytical papers:  
[www.oecd.org/daf/investment/africa](http://www.oecd.org/daf/investment/africa)

The Course can be undertaken at various levels:

- i) **Continental:** bringing together participants from all over Africa. This training course will be organised with the African Development Institute (ADI) of the African Development Bank.
- ii) **Regional:** the Course can be undertaken in a specific Regional Economic Community (REC) and bring together participants from the countries in the region to address the cross-border PPP issues of the region. This course will be organised with the NEPAD Infrastructure Project Preparation Facility (IPPF).
- iii) **National:** the Course can be adapted to a specific country, and address its needs and constraints in terms of developing PPPs. The Course will be undertaken by the NEPAD-OECD Africa Investment Initiative in conjunction with its network of infrastructure partners.

#### **1.4 Benefits of the Course**

This course is aimed at professionals who have some experience with infrastructure projects and wish to improve their knowledge and decision-making capacity to enact policies related to PPPs. Led by instructors who are leaders in their field, the course aims that participants:

- ✓ *Gain in-depth knowledge of PPPs in order to better develop policy frameworks and manage projects*
- ✓ *Be armed with multiple, concrete examples of projects and how to maximize their success while addressing problems that might cause them to fail;*
- ✓ *Expand their professional networks;*
- ✓ *Improve management and policy-making skills through role-plays and other team exercises that simulate different stages of a PPP management cycle.*
- ✓ *Gain specific tools and strategies for reforming institutions and creating new ones to facilitate PPPs in their home countries or RECs.*

# PROFILES OF LECTURERS

## **James Aiello**

James Aiello is a Senior Project Advisor with the PPP Unit at National Treasury in South Africa. He is currently focusing on the Contract Management of two early PPPs to ensure they continue to demonstrate affordability and value for money: the Universitas and Pelonomi Hospitals Joint Use PPP (Free State Province) and the State Vaccine Institute PPP (National Department of Health). He recently assisted in the renegotiation of The Chapman's Peak Toll Road PPP sponsored by the Province of the Western Cape. James came to the South African National Treasury in 2007 from PricewaterhouseCoopers. While at PWC in Johannesburg, James was a member of the team that advised the Government of Botswana on its PPP policy and regulatory framework which was launched in August 2009. He previously completed an assignment drafting National Treasury guidelines for municipal PPPs in South Africa. In 2008, he addressed a conference of nodal PPP officials from India's 28 States in Cochin, India. He also provided the Government of Swaziland a PPP regulatory framework. Since 2004, James has Provided PPP training for the Governments of Mozambique, Tanzania, Botswana, Mauritius, Malawi, Zambia and Lesotho for the Southern African Development Community Banking Association and Rwanda, Zimbabwe and Zambia for the Development Bank of Southern Africa. Previously, James was Chief of Party for a USAID-funded team of international PPP consultants providing technical assistance to the Municipal Infrastructure Investment Unit (MIU), an arm of the South African Government rendering assistance to local government in accessing private sector financing for municipal services infrastructure.

James is a seasoned business/government relations professional with more than 30 years of diverse experience in international and domestic business development, mostly involving alternative service delivery. He has spent about half of his career advising local, regional, provincial and national governments on PPP options and the other half as a senior manager in various multi-national corporations competing for multi-year PPP concessions.

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## **Ian Hawkesworth, OECD**

Ian Hawkesworth is responsible for OECD/GOV's activities regarding Public-Private Partnerships. He is the author of a number of publications on this topic and leads the effort on creating the OECD Recommendation for Public Governance of Public-Private Partnership. He organizes the annual meeting of senior PPP Officials, the premier forum for PPP Officials from OECD countries. He has extensive experience as a team leader of OECD Reviews of country budget systems. These reviews are commissioned by OECD member and non-member countries to assess the country's budget, financial, management and performance framework against OECD best practices, typically as part of a wider budget modernization effort. Ian has worked on countries including Australia, Brazil, Russia, Poland, Greece, Indonesia. Before joining the OECD Ian worked as Head of Section in the Budget Department of the Ministry of Finance in Denmark. He was responsible for the implementation of accrual budgeting and budget modernization. Ian holds an MSc. from the London School of Economics, and an MSc. from the University of Copenhagen. He was associate professor for a number of years at the latter university.

Contact: [ian.hawkesworth@oecd.org](mailto:ian.hawkesworth@oecd.org)

**Herrick Mpuku**  
[profile forthcoming]

**Dambudzo Muzenda, OECD**

Dambudzo Muzenda is an infrastructure policy advisor in the OECD's Investment division, within the Directorate for Finance and Enterprise Affairs. In this position, she has worked on issues related to the framework conditions for private investment in energy, transport, water and sanitation and ICT infrastructure. She has also written on the use of carbon finance to support renewable energy projects in developing countries. In addition, Dambudzo has reviewed countries' infrastructure strategies worked on a project on how aid can leverage private investment in infrastructure. She engages frequently in outreach activities on infrastructure under the aegis of the NEPAD-OECD Africa Investment Initiative. Dambudzo has a Bachelor's degree in Political Science from Yale University and a Master's in Public Policy Degree from Harvard Kennedy School of Government.

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**Luigi de Pierris**

Luigi de Pierris works on the Initiative for Risk Mitigation in Africa at the African Development Bank in Tunis. As an independent consultant, Luigi has completed several advisory assignments, for institutions such as the Port Authority of Venice, the Intesa San Paolo Banking Group, Terna and Steg, and is currently Senior Advisor to the Autonomous Province of Trento. From 2006 to 2010 Luigi he has been Adjunct Professor of Project Financing and Public Private Partnerships at the Federico II University of Naples. Luigi has a background in banking: he has been Country Representative in Italy for the Public Finance activities of Eurohypo AG (2006/2008), Managing Director and Head of Public Finance Italy at ABN Amro Bank 2004/2005), and Cadre de Direction at the Project Finance Department of Banque Paribas in Paris (1996/2000). Furthermore, from 2000 to 2003 Luigi has been Chief Executive of Unità Tecnica Finanza di Progetto, the PPP Taskforce of the Italian Ministry of Finance. Luigi graduated 'Magna cum Laude' in Economics at the Bocconi University in Milan.

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**Philippe de Richoufftz, Allen & Overy**

Philippe is counsel in the Projects group at Allen & Overy law firm. Philippe has extensive experience in infrastructure projects in Africa. His relevant experience includes:

- the sponsors in the development and financing of a large infrastructure project in the Democratic Republic of Congo
- Renault in relation to the negotiation of the terms of a concession agreement and book of specifications for the operation of a roll on/ roll off terminal at Tangier-Med seaport
- The consortium comprised of Comanav, Eurogate, Contship, CMA-CGM and MSC in relation to the negotiations with TMSA for the award of the concession to finance, build, operate and maintain the last 800 m of container terminal of the new Tangier-Med seaport (deal worth over 200 million euros)
- The consortium APM Maerst/ Akwa in relation to the negotiation with TMSA for the award of the concession to design, finance, build, operate and maintain the first 800 meters of container terminals in the new Tangier-Med seaport (deal worth over 200 million euros)

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# AGENDA

## DAY 1. DEFINING THE PPP POLICY FRAMEWORK

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### 9.00 – 10.00

- **Welcome remarks:** Zambia PPP Unit representative; Mr. Katsuji MIYATA, Deputy Resident Representative JICA
- **Introduction to the programme:** Dambudzo Muzenda, OECD
  - Background, objectives, structure
- **Introduction of resource persons:** Dambudzo Muzenda (OECD); Ian Hawkesworth (OECD); James Aiello (South Africa PPP Unit); Philippe de Richoufftz (Allen & Overy); Luigi de Pierris (African Development Bank); Herrick Mpuku, SADC Development Finance Resource Centre (DFRC)
- **Introduction of participants:** from various parts of the Zambian government
- **Questionnaire on expectations**

### 10.00-11.00

- **Zambia's PPP Framework: an Overview:** Zambian PPP Unit representative
  - Background to government's decision to pursue a PPP programme
  - Summary of the main points in the PPP Act and the PPP Policy
  - Outlook of the country's PPP programme; anticipated needs

### 11.00-11.15: Coffee break

### 11.15-12.00

- **Zambia's PPP Project Pipeline and Investment Strategy:** Zambia PPP Unit and ZDA
  - Overview of projects in the pipeline and implementation strategy (10 minutes)
  - The role of Zambia's investment agency in terms of investment promotion and facilitation for PPPs (10 minutes)
  - Question and answer (40 minutes)

### 12.00-12.30

- **SADC PPP Network:** Herrick Mpuku, SADC-Development Finance Resource Centre
  - SADC PPP Network", and would cover the background to, the milestones and the future plans of the Network.

### 12.30 – 14.00 Lunch

### 14.00 – 15.00

- **Overview of PPPs: a Global Perspective:** Ian Hawkesworth, OECD
  - Various country experiences with PPPs
  - OECD guidelines on PPPs that governments can find useful: the *OECD Recommendations on Public Governance of PPPs*.

### 15.00 – 16.30

- **The South African Experience with PPPs:** James Aiello, South Africa PPP Unit

-Origins of the PPP programme: why and how South Africa adopted the PPP approach to procuring infrastructure projects

-Summary of South Africa's legal and policy framework; policy coherence with other frameworks

-Overview of project experience to date

-Lessons learned: what works, what doesn't, challenges and ways to overcome them

### 16.30 – 17.00 Coffee break

### 17.00 – 18.00

- **The South African Experience continued:** James Aiello, South Africa PPP Unit

-Case Study: Sample of PPP projects implemented to date

### 18.00-19.00 Cocktail

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## DAY 2 INSTITUTIONAL ORGANISATION OF PPP UNITS

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### 8.30 -9.30

- **Introduction to PPP Units:** Ian Hawkesworth, OECD

-Best practice from OECD countries and elsewhere about structuring PPP units

-Relationship between the Unit and other government entities involved in PPPs, including institutional roles and responsibilities

-Case Study: Indonesia's Experience with PPPs

### 9.30 – 10.30

- **PPPs in an African Context: African Countries' Experiences:** Dambudzo Muzenda, OECD

-Mapping of PPPs in African countries

-Lessons learned to date about the PPP experience in Africa

### 10.30 – 11.00: Break

### 11.00 – 12.30

- **Details on South African PPP Unit:** James Aiello, South African PPP Unit

- -How the Unit is **structured**; different job families involved.

-Functions of the Unit during the PPP project cycle phases: identification and feasibility studies; tendering; operations; contract management and termination.

### 12.30-13.30:

- **Procurement framework ensuring integrity and value for money:** Dambudzo Muzenda and Ian Hawkesworth, OECD

-How to provide an adequate degree of transparency in the entire procurement cycle

-Ensuring that public funds are used for the purposes intended; providing mechanisms to monitor public procurement; preventing risks to integrity in public procurement.



- How to encourage close co-operation between government and the private sector
- Allocating responsibility together with effective control mechanisms

### 13.30 – 14.30: Lunch

### 14.30 – 16.00

- **Governance Issues in PPPs:** James Aiello, South Africa PPP Unit

- Relationship with other government entities – national departments, provincial departments, municipalities
- Territorial governance issues: managing PPPs at national, provincial and municipal levels

### 16.00 – 17.00

- **Budget Expenditure:** Ian Hawkesworth, OECD

- The PPP Unit's role in the budget process; ensuring value for money; managing contingent liabilities

## DAY 3. PROCUREMENT PRACTICES & TRANSPORT REGULATIONS

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### 9.00 – 10.30

- **The Tendering Process:** Luigi de Pierris, African Development Bank

- Attracting interest in projects and ensuring the process is competitive
- Defining key technical and commercial aspects of the project
- Preparing bidding documents, setting evaluation criteria for bids, ensuring transparency

### 10.30 -11.00 Coffee break

### 11.00 – 12.00

- **Considerations for PPPs in the Transport Sector:** Dambudzo Muzenda, OECD

- Transport sector modalities: toll roads, payment mechanisms, maintenance, road funds
- The role of state-owned enterprises; levelling the playing field; ensuring fair competition
- Bringing in private actors: the *OECD Principles for Private Sector Participation in Infrastructure*
- Regional PPP Projects: case examples of the Walvis Bay Corridor and the Maputo Corridor
- Case examples: Dakar-Diamniadio Toll Road; Lekki Toll Road Concession

### 12.00 – 13.00

- **Group exercise**

### 13.00 – 14.00 Lunch

### 14.00 – 15.00

- **Private Sector Needs and Public Support:** Luigi de Pierris, African Development Bank

- The private sector's perspective; ensuring responsible business conduct
- Maintaining political support for PPP projects

-Public stakeholder consultations and mitigating adverse impacts on communities and the environment

#### 15.00 – 15.45

■ **Sources of Finance:** Philippe de Richoufftz, Allen & Overy

-Sponsors; commercial and investment banks; infrastructure funds; pension funds; development financial institutions; export credit agencies; grants and subsidies

#### 15.45 – 16.30

■ **Types of Funding Arrangements:** Philippe de Richoufftz, Allen & Overy

-Syndicated loans; senior debt, subordinated debt, mezzanine

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## DAY 4. PROJECT PREPARATION

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#### 9.00 – 10.30

■ **Bankability of Projects:** Philippe de Richoufftz, Allen & Overy

-How to structure bankable projects and set up special purpose vehicles

-Project contracts; finance contracts

#### 10.30 – 10.45 Break

#### 10.45 – 12.00

■ **Assessing And Managing Risks in PPP Projects:** Luigi de Pierris, African Development Bank

-Identifying common risks (commercial, political, regulatory, operational, currency etc)

-Risk sharing and risk management: approaches, common instruments, credit enhancements

-The AfDB's approach

#### 12.00 – 13.00

■ **Legal Approach to Risk Management:** Philippe de Richoufftz, Allen & Overy

-Insurance: why, what, and who to insure ?

-Political risk and MIGA

#### 13.00 – 14.30 Lunch

#### 14.30 – 16.00

■ **Revenues Settlement:** Philippe de Richoufftz, Allen & Overy

-Offtaker agreements: take-or-pay contracts; power purchase agreements; long-term sales contract, etc.

-Payment mechanisms: payment and pricing; indexation; state v. end user; account structure; cash waterfalls

#### 16.00 – 17.00

■ **Overview of the Project Cycle:** Luigi de Pierris, AfDB; Philippe de Richoufftz, Allen & Overy

- Project cycle management: identification and preparation; appraisal and approval; implementation and completion; evaluation
- General points to watch out for in PPP projects: challenges; working smart

#### 17.00 – 18.00

- **Break and Group Exercise**

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### DAY 5. PROJECT IMPLEMENTATION AND CONTRACT MANAGEMENT

#### 9.00 – 10.00

- **Dispute Resolution:** Philippe de Richoufftz, Allen & Overy
- Negotiation
- Expert determination
- Court resolution; international arbitration
- Sovereign Immunity

#### 10.00 – 11.30

- **Case study – Airport in Tunisia:** Philippe de Richoufftz, Allen & Overy
- Monastir/Enfidha airports
- **Case study – Railway project:** Philippe de Richoufftz, Allen & Overy
- LGV SEA Tours-Bordeaux

#### 11.30 – 12.00

Break

#### 12.00 – 13.00

**Local Zambian Private Law Firm:** topic TBC

#### 13.00 – 14.00

Lunch

#### Afternoon

- **Conclusion, Final Exercises and Wrap-Up:** Dambudzo Muzenda, OECD

**Evening:** Cocktail; Address by provincial minister of Livingstone and Mr. Atsushi KUWABARA, Counsellor and Head of Economic Cooperation, Embassy of Japan