

SADC 3P Network Project Scan

Phase I:
High-level SADC PPP project scan

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Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

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Glossary

3P or PPP	Public-Private Partnership
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
DBSA	Development Bank of Southern Africa
ICT	Information and Communication Technology
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
Member States	Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia, Zimbabwe (South Africa & Madagascar were excluded from the scan)
PIDA	Programme for Infrastructure Development of Africa
RIDMP	SADC Regional Infrastructure Development Master Plan
STAP	Short Term Action Plan
WBI	World Bank Institute



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1 Introduction and Background

1.1 Introducing SADC 3P

Infrastructure gaps and backlog present primary constraints to the development of the Southern Africa Development Community (SADC). Recognition of these constraints has thus prompted the development of the Regional Infrastructure Development Master Plan (RIDMP). But the available public finance coupled with ceilings on public debt falls short of the estimated investment needed to leverage infrastructure development in the region. Compounded to these challenges is the lack of technical capacity in Member States necessary to operationalize the RIDMP.

To address these constraints in Member States, a need was identified to engineer institutional arrangements and legal frameworks to support the procurement of infrastructural projects in partnership with the private sector. The process culminated in the launch of the 3P Network in February 2011 at the Development Bank of Southern Africa (DBSA) and has been supported by a number of strategic partners such as the GIZ on behalf of BMZ, WBI and the DBSA.

Primarily, the SADC 3P Network aims to assist Member States in setting up institutions and frameworks through strengthening the capacity of public-private partnership (PPP) practitioners for defining, managing and implementing PPP policies, programmes, projects and harmonising processes, institutions and policies across the region.

Coupled with ongoing initiatives from its inception till to date, the SADC 3P Network in partnership with strategic partners has been able to train a wide range of PPP practitioners from public and private sectors in diverse PPP topical areas, organize exposure tours for health practitioners in the region, and widely contribute to the establishment of PPP regulatory and institutional frameworks in Member States.

The Southern African Development Community (SADC) is looking at ways to implement trans-boundary infrastructure in order to facilitate trade and deepen the process of regional integration and cooperation. To this end, the SADC 3P Network has decided to assist the Member States to identify a few potential PPP projects, based upon the infrastructure priorities set forth in the SADC Regional Infrastructure Development Master Plan (RIDMP), national infrastructure master plans and short term action plan.

1.2 The Regional Infrastructure Development Master Plan (RIDMP)

The Master Plan is a strategic framework, which articulates the region's aims, underpinned by a collection of projects in sectors including energy, tourism, transport, information and communication technology (ICT), meteorology and water.

A recent Africa Infrastructure Diagnostic Study has forecast necessary capital outlay of almost \$93-billion a year to enhance infrastructure and services in the SADC region. The Master Plan estimates that between 2014 and 2027 the capital requirements just for envisioned projects will be \$500 billion, and of that amount, at least \$100 billion will have to come from private sector resources.

The region is facing basic infrastructure capacity constraints, which have not only delayed regional economic growth, but have failed to tackle supply side constraints and productive competitiveness, and the core issue of poverty. The RIDMP is specifically designed to tackle these issues and form a collaborative plan to facilitate growth and cross-border cooperation in order to achieve the goals of the region.

The primary objective of the SADC RIDMP is to define the minimum, but ultimate regional/trans-boundary infrastructure development requirements and conditions to facilitate the implementation and realization by year 2027 of the key infrastructure in the water, energy, transport, tourism, meteorology and telecommunication sectors that will move forward the SADC Agenda and enable the SADC region to realise its goal: *The attainment of an integrated regional economy on the basis of balance, equity and mutual benefit for all Member States*. The SADC goal is premised on the three key objectives of poverty eradication, food security and economic development.

The key aims of infrastructure development include the following:

- Providing infrastructure support for regional integration within the context of the regional economic integration agenda; and
- Infrastructure provision for poverty eradication through enhanced universal access to water supply and sanitation, transport, secure energy sources, communications and ICT, in order to maximise economic development and attain the MDGs targets, as the SADC region seeks to address its overarching objective of reducing poverty.

The RIDMP also constitutes a key input to the proposed COMESA-EAC-SADC Interregional Infrastructure Master Plan and the continental Programme for Infrastructure Development of Africa (PIDA).

The RIDMP is a strategic framework document, which will guide the implementation of efficient, seamless and cost-effective regional/trans boundary infrastructure networks in an integrated manner in all the sectors (water, energy, transport, tourism, meteorology and telecommunication), which constitute SADC's Regional Infrastructure Development Programme. The RIDMP defines SADC's strategy in terms of content and actions, which constitute a basis for priority setting, strategy implementation as well as the modus operandi for implementation of the RIDMP.

In addition SADC has developed a Short Term Action Plan (STAP), which looks at the timeframe between 2013 and 2017 and has prioritized some infrastructure projects that require rapid development.

1.3 Public- Private Partnership (PPP)

Successful PPPs are integral to improved infrastructure development. Although PPPs maybe the answer for many governments, they are not without risk. Some challenges include:

- Stability of environment and maintaining momentum
- Lack of capacity in the public sector
- Regulatory and policy uncertainties
- Balancing investor and consumer interests

Before PPP projects enter the development phase, they must undergo appropriate suitability checks and pre-feasibility processes. This is vital in ensuring that projects are prioritised and that application of limited funds to "dead end" projects is minimised. Determining the suitability of projects for PPP procurement upfront will allow SADC to assign resources effectively and meet the objectives of the STAP.



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In April 2013, the SADC 3P Network issued a request for proposal (“RfP”) for the services of suitably qualified consultants to conduct a scan on the RIDMP and STAP, to determine the suitability of no more than two - four projects for PPP Procurement.

KPMG Services (Pty) Ltd (“KPMG”) was successful with its proposal to provide services and engaged with SADC in April 2013.

This assignment is intended to select four projects (in different sectors) that can be taken forward utilising a PPP delivery type model, into detailed feasibility studies with project preparation funding.

This report only deals with Phase I of the SADC 3P Network Scan. Whilst the 39 projects have been identified for the potential PPP process, Phase II has narrowed these down to the top projects. Draft of the Phase II report was not prepared of the date of this publication and should be available at the end of October 2013.

2 Methodology

In order to address the Terms of Reference requirement for selecting two - four projects across six sectors in thirteen of the SADC Member States in a logical and systematic manner, the methodology adopted was based on an approach that was:

- Multi-faceted, in that countries and investment markets were assessed in conjunction with potential projects to allow selection of the projects most likely to succeed in the application for project development funding and ultimately to succeed as PPPs
- Inclusive, in that the initial high level database project list was based on simple, broad criteria and included a wide range of potential projects across all eligible Member States
- Practical and involved: Although existing databases from the SADC Regional Infrastructure Development Master Plan were used, the focus was on obtaining current information from informed sources in the Member States. Thus country visits in eligible Member States were carried out with interviews with individuals and organizations from the public and private sectors.

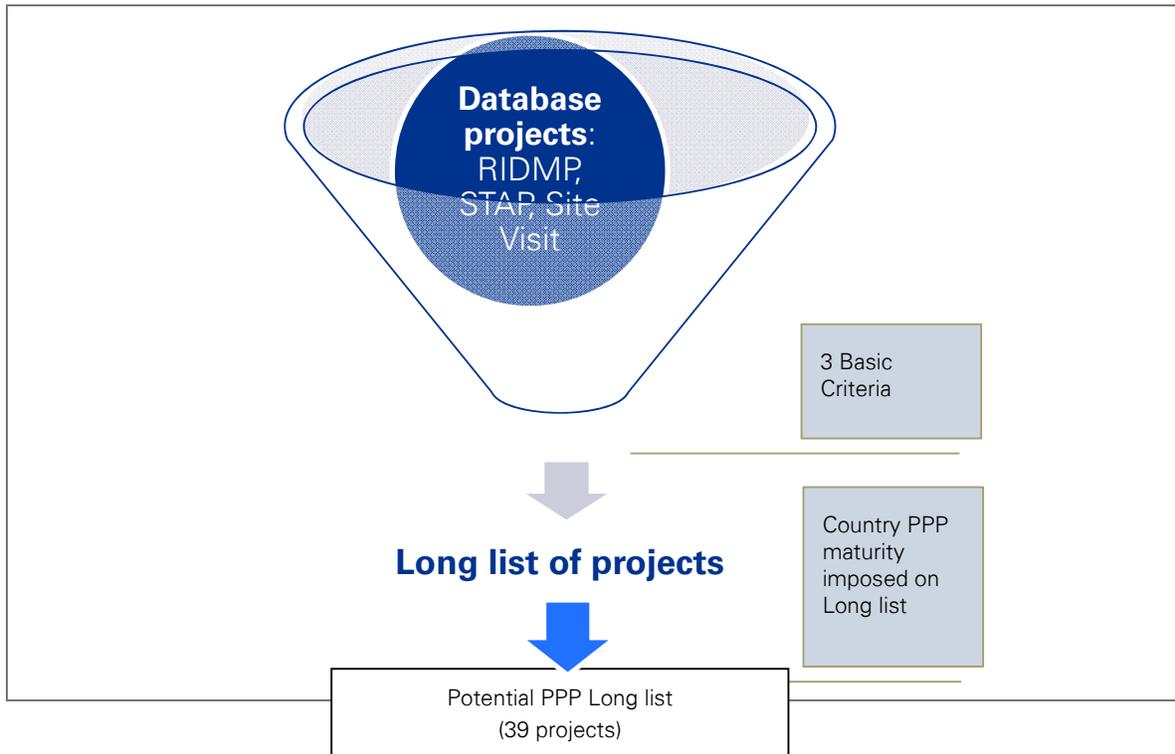
The overall assignment was carried out in two phases:

- Phase I High-level projects scan and country PPP assessment
- Phase II Detailed project scan

This report concludes phase 1

2.1 Project lists defined

Figure 1: Project (lists) defined



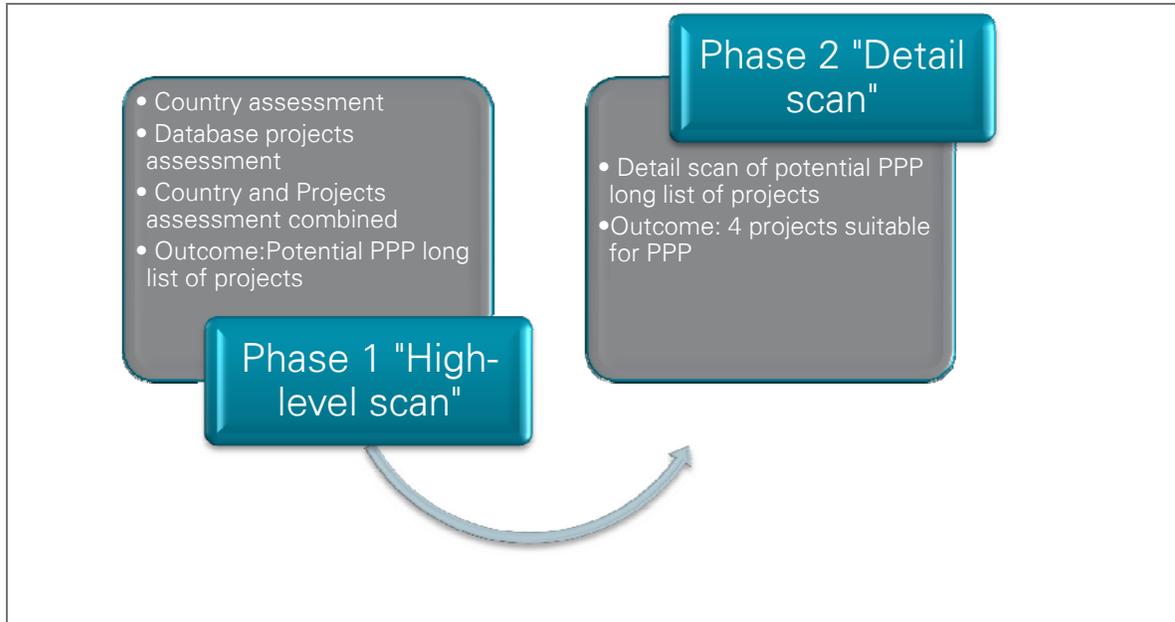
The different projects list referred to in the SADC 3P project scan include:

- Database projects: Projects identified in the RIDMP, STAP and country visits
 - A database was compiled from all the identified projects in the RIDMP and STAP. Additional projects identified from the country visits were also added to the database. This formed the complete list of projects to evaluate
- Long list of projects: All projects passing the 3 basic criteria
 - All the projects on the database were assessed against the 3 basic criteria, the projects that answered 'favourably' to the 3 basic criteria then formed part of the long list of projects
- Potential PPP Long list: All projects passing the 3 basic criteria with country PPP maturity imposed (end Phase I, 39 projects)
 - Country assessments were carried out and countries were clustered as PPP Developing or PPP Maturing. The projects that passed the 3 basic criteria of the PPP Maturing countries were listed on the Potential PPP long list

- Short list: those projects to be considered for PPP Feasibility Study after the detail scan which was conducted in Phase 2.

2.2 Methodology

Figure 2: Planned Phasing of Project Scans



Phase 1 "High-level scan"

A High level scan of the Member States and their suitability for PPPs in terms of their maturity and development of PPP systems were conducted.

Member State Assessments were carried out with a high level assessment of the following criteria:

1. Attractiveness of the Member State (Macro-indicators)
 - a) Political Stability and Absence of Violence
 - b) Macro-Economic Environment
2. Availability of domestic capital and debt funding
 - a) Number of banks
 - b) Number of equity investment funds
 - c) Number of pension funds
 - d) 3 year history of bond issuance
 - e) Assessment of available capital (local) for investment
3. Judicial system
 - a) Enforcing Contracts
 - b) Rule of Law
4. Governance and decision making
 - a) Institutions
 - b) Africa's Governance

- c) Voice and accountability
- d) Government effectiveness
- e) Regulatory Quality
- f) Control of Corruption
- 5. Ease of doing business in the Member State
 - a) Starting a business
 - b) Dealing with Construction permits
 - c) Getting electricity
 - d) Register property
 - e) Getting credit
 - f) Protecting investors
 - g) Paying taxes
 - h) Trading across borders
 - i) Resolving insolvency
- 6. PPP environment in the Member State
 - a) Legal system enabling PPPs in the member country
 - i) Presence/development of enabling legislation i.e. PPP Law/ regulations etc
 - ii) Policy for private participation
 - b) Public Sector appetite/capacity and experience relating to PPPs in the member country
 - iii) Political support for PPPs
 - iv) PPP focal point/ Unit
 - v) PPP track record
 - c) Private sector capacity, capability and appetite
 - vi) Multiple firms active in the PPP market
 - vii) Capacity exist in the private sector

The information and indicators were obtained from external sources: World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance and actual visits to the Member States.

In parallel we did a high-level evaluation of complete Member States project on the database (projects identified in the RIDMP, STAP and meetings) suitability for PPP procurement and where SADC 3P Network would be able to provide assistance.

All the projects and the data were captured on a database. Three (3) questions were answered on each project and those projects that had answers of Yes to all three questions made it through to the long list of projects.

Development of the Long list of projects was done by using a very simple screening process where three questions were posed for each project:

1. Is there a project pre-feasibility study or concept note? This shows the level of project development, the information available and the level of support for the project.
7. Is there a possible revenue stream from user charges, supplemented by existing budget or other support? This indicates the possibility of financial viability.
8. There is no procurement of investors underway? This indicates a lower risk “greenfield” project development that is not tainted by the chances of litigation if withdrawn from procurement to redo a feasibility study or by the existence of an existing unsolicited proposal.

The country assessments and project screening were then combined to obtain a Potential PPP Long list of projects.



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The next steps (**Phase 2**) included a detailed screening of these projects using more detailed assessment criteria to develop the final project list.

Phase 2 “Detail scan”

- A detailed scan of Potential PPP long listed projects
- The purpose of the detailed scan is to establish sufficient credibility about the proposed projects to achieve a successful bid for development feasibility funding
- Propose no more than two projects per sector.

3 Member State Assessments

Below is a summary of the High Level Scan of the Member States and their suitability for PPPs in terms of their maturity and development of PPP systems. Refer to Appendix 1 for the detail Member State reports.

All the information and indicators used to assess the Member States were obtained from external sources. The sources are the World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance and actual visits to the Member States.

3.1 Angola

3.1.1 Summary

Angola's infrastructure backlog has been identified as one of the bottlenecks to economic growth in the country. The Government is looking for ways to use oil revenues to fund and finance infrastructure projects. There is also social pressure to deliver these projects as most of the population has no access to electricity and water there is lack of public healthcare and education services.

It seems the PPP model is not highly regarded in Angola and the lack of regulation (more than two years have passed since the PPP Law was published and it is still not enforced) indicates that the Government and public sector in general is not as motivated as it was in the past to implement a PPP framework. The Angolan officials also cite the disappointing results that PPPs reached in Portugal, Spain and the UK, giving the example of the renegotiating processes of several PPP projects in the Portuguese road sector and the Spanish Renewable sector.

Nevertheless, the Angolan Government has announced 30 privatizations to occur in the near future, signalling its willingness to open public companies to private sector capital. It is widely accepted that the private sector will be required to improve and enhance the infrastructure capacity in Angola.

3.1.2 Macro-Indicators

With a GDP of USD104, 331 million, Angola has the second largest economy in the SADC region and has sustained an average growth of close to 4% per annum over the last three years. Its credit rating of Ba3 by Moody's is sub-investment grade but the positive watch is indicative of a country emerging from high political instability and violence as a result of the decades-long civil war. Some USD9 billion of public funds was budgeted in 2012 for the development of public infrastructure, making Angola one of the countries allocating around 10% of GDP to infrastructure.

3.1.3 Availability of domestic capital and debt funding

Angola is developing a private banking sector and has 23 banks with approximately USD14 billion of credit in their assets. There is no strong capital market yet and it is dominated by the first government bond issuance of USD1billion in 2012. Local private equity is abundant but is not concentrated in large institutions or funds as the equity sources remain fragmented and difficult to measure.

3.1.4 Judicial system

Angola scores poorly in the enforceability of contracts, ranking 183rd out of 185 countries in the World Bank and IFC ratings. The Rule of Law rating is similarly poor with a score of 10.3 out of 100.

3.1.5 Governance and decision making

Angola also fares poorly in the governance ratings. The Ibrahim Index of African Governance has Angola scoring 44 out of 100 and Governance Effectiveness is also rated by the World Bank at 11.4 out of 100. As an indicator for decision making, the Regulatory Quality is a poor 12.3 out of 100 according to the World Bank.

3.1.6 Ease of doing business in the Member State

Angola has improved its ranking in the Doing Business 2013 World Bank and IFC Survey to 70th but remains in the bottom quartile in the rankings for Starting a Business, Trading across Borders, Getting Credit and Dealing with Construction Permits.

3.1.7 PPP environment in the Member State

Although Angola has a law on Public Private Partnerships that was enacted in March 2011, it has to date not enacted the necessary regulations to allow practical implementation of the law. This inactivity indicates scepticism from government leaders as to the need to implement PPPs in the country given its focus on implementing public finance infrastructure allocations more effectively.

There is a form of PPP Unit in the Economy Ministry that was established in 2012. Its mission is to technically support the Economic Minister with the supervision in the development of PPP, in cooperation with the sector focused Ministerial departments and Direct Executive Administration bodies.

A number of concessions in the port and energy sectors have been concluded but these were not done under a formal PPP regulatory environment.

3.2 Botswana

3.2.1 Summary

Botswana is assessed by multinational organisations as consistently high in ratings of governance and political stability as well as enforceability of contracts and respect for the rule of law. Political will for a PPP program is strong and the legislative and regulatory framework is in place and backed by institutions in the public sector able to implement the regulatory requirements for PPP project development.

Although a relatively small economy Botswana has an investment grade credit rating and a small but strong financial market with banks, equity funds and institutional investors (primarily pension funds) that would have the appetite and capacity to invest in PPP projects. The national budget has sufficient allocations for achieving national development plan objectives that include infrastructure projects and this indicates the ability to provide the contingent or direct fiscal support to economically justified PPP projects.

As such Botswana is assessed as having strong potential for PPP in the short and long term.

3.2.2 Macro-Indicators

Botswana has had an average growth of GDP over the last three years of 5.7% off a strong base of a GDP of some USD 17,327 million. GDP per capita is one of Africa's highest at USD17, 000 USD/Capita which has resulted in a relatively high savings rate that has, in turn allowed for the development of strong banking and pension fund institutions.

It has the highest credit rating in SADC with an investment grade rating (Moody's A2 – stable).

3.2.3 Availability of domestic capital and debt funding

The capital markets in Botswana are mature but small with a total market capitalisation of domestic companies of P4.5 billion (USD525 million). That of foreign companies is much larger at P372 billion reflecting the export nature of extractive industries in the country. There are 8 domestic banks operating in a small but well regulated market. A large number of pension funds are present indicating a strong but fragmented savings market. The limited number of equity funds and relatively illiquid bond market (six bonds of a total issuance of around USD570 million in the three years between 2010 and 2013) indicates that infrastructure investments will require careful structuring to not overburden the project finance ability of banks and equity funds and to access the institutional investors' funds.

3.2.4 Judicial system

Botswana ranks 68th in the world in terms of enforcing contracts and has a rating of 69 out of 100 for Rule of Law indicating a relatively stable and reliable judicial platform for commercial dispute resolution.

3.2.5 Governance and decision making

It scores well in all governance (77 out of 100 in the Ibrahim Index of African Governance) and political stability assessment (85 out of 100).

The Government effectiveness rating is 68.2 out of 100. Botswana is also one of Africa's most corruption-free countries with a Control of Corruption rating of 80.1 out of 100.

3.2.6 Ease of doing business in the Member State

Botswana is ranked 99th in the world for Starting a Business, and 147th for Trading Across Borders, and has a ranking of 53rd for Getting Credit and a far poorer 132nd for Dealing with Construction Permits.

3.2.7 PPP environment in the Member State

Although Botswana does not have a specific PPP law, it does have a PPP Policy and Implementation Framework (2009) and a PPP Unit in the Ministry of Finance and Development.

The Government has procured an office accommodation PPP and a variety of service contracts that are good indicators of PPP viability in terms of risk transfer to the private sector. In addition, the SADC Headquarters in Gaborone is a PPP in itself.

3.3 Democratic Republic of Congo

3.3.1 Summary

The Democratic Republic of Congo (DRC) is in the process of developing mining specific experience in concessions and the management of foreign investment but has no PPP track record in infrastructure. It also has poorly developed financial markets and very limited institutional and regulatory ability to manage complex procurements related to public infrastructure. As such it is unlikely to develop strong PPP project potential in the short to medium term.

3.3.2 Macro-Indicators

The DRC has begun to emerge from a chronic series of violent conflicts and civil war that severely constrained its economy. Endowed with natural resources and following a reform process that has seen an improvement in business environment, the DRC has sustained almost 7% year on year growth over the last three years. Its economy is still small at R15, 653 million and it has not yet achieved a sovereign credit rating. Its political stability rating is one of the lowest in the world at 2, 4 out of 100 and per capita GDP is the lowest in the world. It also has chronically high interest rates, partially reflecting the low availability of domestic capital and partly reflecting the risk premium attached to the country. Inflation rates are below 10% which bodes well for improving economic conditions.

3.3.3 Availability of domestic capital and debt funding

The availability of domestic capital and debt is extremely constrained. Although a number of banks have a presence in the country this reflects an interest of foreign funding in extractive industries. The capital market is almost non-existent and there are no large institutions such as pension funds that are able to invest in any significant infrastructure projects.

3.3.4 Judicial system

There is very little confidence in the application of judicial processes to commercial contracts. The DRC is ranked 162nd in the world for enforcing contracts and rated 1.9 out of 100 for the application of the Rule of Law.

3.3.5 Governance and decision making

The Ibrahim Index of African Governance rates the DRC at 32.8 out of 100 in terms of governance and Government effectiveness is a poor 1.9 out of 100.

3.3.6 Ease of doing business in the Member State

The DRC is ranked 180th in the world for Starting a Business, and 104th for Getting Credit and 149th for Dealing with Construction Permits.

3.3.7 PPP environment in the Member State

The DRC is almost completely dependent on its mining sector for foreign capital investments and has developed its regulatory framework around the permitting and regulation of mining concessions. While these are not the same as PPPs in infrastructure there is an acknowledgement of the role of the private sector and its investment. There are no formal PPP laws or regulations and no institutional capacity has been established.

3.4 Lesotho

3.4.1 Summary

The legislative environment in Lesotho does enable the implementation of PPP, in addition to this, the PPP policy and legislation will be enacted in the near future. Political will and support for the implementation of PPPs is a key requirement and there is a view that once PPP policy framework is in place, and the central PPP unit has undertaken activities to raise awareness, this will provide the level of transparency required in order to gain full political support.

Lesotho also has a track record in the implementation of PPPs (the renovation of the Queen Mamohato Memorial Hospital being the most prominent example); however, there are a number of challenges that have ensued in the operational phase of this PPP.

Some of the key challenges and constraints to implementing PPPs include the constraining financial sector environment and therefore a potential lack of appetite for local investment.

3.4.2 Macro-Indicators

Lesotho has a relatively small economy with a GDP of USD2.4 billion, although this has grown at an average of 4.2% over the last three years.

Its credit rating is Moody's Ba2 with a negative rating, partly based on the poor structural factors in the economy including a low GDP/capita and a very limited private sector.

3.4.3 Availability of domestic capital and debt funding

There are four Commercial banks in Lesotho, all of whom are subsidiaries of South African banks. There are five insurance companies, two collective investment schemes, insurance brokers, and credit and savings cooperatives. There are a number of equity and pension funds. There are no active capital markets and domestic investment capacity for infrastructure is constrained.

3.4.4 Judicial system

Lesotho ranked 139th in the world in the enforceability of contracts and rated 47.4 out of 100 for application of the Rule of Law.

3.4.5 Governance and decision making

Lesotho was given a rating of 61 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 44.5.

3.4.6 Ease of doing business in the Member State

Lesotho is ranked 79th in the world for Starting a Business, and 154th for Getting Credit and a far poorer 140th for Dealing with Construction Permits.

3.4.7 PPP environment in the Member State

Lesotho is in the process of developing a PPP Policy and has a PPP Unit in the Ministry of Finance.

The 390 bed Queen Mamohato Memorial Hospital is a full service referral hospitals procured as a PPP in Maseru.

3.5 Malawi

3.5.1 Summary

The macro-environment for PPP's in Malawi is positive with many of the fundamentals in place, for example a stable political environment and broad regulatory and legal environment, the necessary specific PPP laws and policy, and an active pipeline of projects. The domestic capital and debt markets are limited so reliance will continue to fall on foreign investment type projects.

Furthermore there have been several years of effort and capacity building in the central PPP unit, supported by the World Bank and appointed consultants. There is a very recently published report of prioritised pipeline projects, and the impression is that traction is being made.

3.5.2 Macro-Indicators

Malawi has a small economy with a GDP of USD5, 6bn and a low GDP per capita of USD900. It does not have a credit rating and although it has sustained an average 4, 3% growth over the past 3 years has remained a poorly developed country with limited infrastructure and a massive infrastructure backlog.

3.5.3 Availability of domestic capital and debt funding

There is a very limited banking sector with 4 banks, very fragmented equity funding and only two pension funds. No bonds have been issued and the capital market is non-existent.

3.5.4 Judicial system

Malawi is rated 144th in the world in terms of enforcing contracts and has a rating of 50.2 out of 100 for the application of the Rule of Law.

3.5.5 Governance and decision making

Malawi was given a rating of 56 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 40.3.

3.5.6 Ease of doing business in the Member State

Malawi is ranked 141st in the world for Starting a Business, and 175th for Dealing with Construction Permits. It ranked 129th in terms of access to credit.

3.5.7 PPP environment in the Member State

The PPP programme in Malawi is in its infancy, although there has been a privatisation programme for the last 20 years that included some aspects of PPP as opposed to outright disposal. There is strong support for PPPs and a PPP Commission in the federal government has been established.

3.6 Mauritius

3.6.1 Summary

Mauritius is an attractive PPP environment. A number of points lend themselves to conducting PPP projects in Mauritius. Some of the notable points include good governance systems, strong judicial system and growing financial sector, There is certainly evidence of market appetite to invest in these types of deals, however local capacity e.g. contracting fraternity, may be lacking. This can easily be improved by foreign firms bidding for the implementation of various projects.

3.6.2 Macro-Indicators

The Mauritian economy has experienced one of the highest growth rates in the SADC region at 4.10% over the last three years off a high per capita base of USD15, 800. The overall size of the economy is USD11, 260 billion. In addition Mauritius has a low inflation rate and a very stable credit rating from Moody's of Baa1 making it one of Africa's prime investment destinations.

3.6.3 Availability of domestic capital and debt funding

Its stable political and macro-economic environment make Mauritius well suited as bases of financial institutions and investment funds. The large number of domestic and international banks in the country at 21 and the presence of institutional and equity funds is well suited to investment in infrastructure and informal responses indicated that the debt market could provide up to Rs5 billion per transaction for up to 15 years provided the amount of foreign exchange was limited as hedge tenors are lower at about 5 to 7 years.

3.6.4 Judicial system

Mauritius's judicial system is highly rated at 58th in the world in terms of enforcement of contractual rights and obligations and the acceptance of the Rule of Law is also rated very highly by the World Bank with a score of 75 out of 100.

3.6.5 Governance and decision making

Mauritius was given a rating of 83 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 74.4.

3.6.6 Ease of doing business in the Member State

Mauritius is the 14th easiest country in the world in which to start a business and is ranked 13th for protecting investors. It is 53rd in terms of access to credit and 62nd for the ease of dealing with construction permits.

3.6.7 PPP environment in the Member State

There is a functional PPP Unit in the Ministry of Finance and Economic Development, PPP laws and regulations exist and are applied to a number of PPP projects. The large road project that has reached preferred bidder stage and the planned light rail transit project have attracted significant off shore interest and boosted local capacity (advisory as well as financial investment resources) in PPPs.

3.7 Mozambique

3.7.1 Summary

Mozambique shows very strong medium term potential for PPPs with a strong natural resource base and with developing financial markets and strengthening regulatory and institutional capacity to manage the complexity of a PPP programme. However the short term requirements for improved institutional and judicial arrangements are a constraint and the PPP focus will have to be on a project by project basis.

3.7.2 Macro-Indicators

Mozambique has been growing at an average rate of 7.10% over the last three years and had a GDP of USD12, 762 billion in 2011. The country GDP per capita is around USD1, 200 per annum which means its people are amongst the poorest in the world. Its credit rating of B+ from S&P means that it is sub-investment grade. However, its political stability and absence of violence rating has increased steadily to 57 out of 100 reflecting the improvement in investment environment. Its bountiful natural resources make it a country with high levels of interest from foreign investors.

3.7.3 Availability of domestic capital and debt funding

Mozambique has very limited local debt and capital markets. Although there are 14 banks registered in the country, their capacity for long term, high value investments required for infrastructure is extremely limited. Offshore banks with local subsidiaries are higher potential in this regard but currency mismatches require mitigation. Concessional loans from Development Finance Institutions play a large role in the country and will continue to do so for the next few years.

Capital markets are developing but remain small. A mix of sovereign and corporate' bond issuances have been undertaken in the last few years and succeeded in creating a trading market, although the amounts are relatively small.

3.7.4 Judicial system

Enforceability of contracts has improved but Mozambique still ranks low in the third quartile at 132nd in the world and its Rule of Law rating is 33.8 out of 100.

3.7.5 Governance and decision making

Mozambique was given a rating of 55 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 35.5.

3.7.6 Ease of doing business in the Member State

Mozambique, is 96th out of 185 countries in the world in terms of ease with which to start a business and is ranked 49th for protecting investors. It is 129th in terms of access to credit and 135th for the ease of dealing with construction permits.

3.7.7 PPP environment in the Member State

There is legislation on PPPs, Large Scale Projects and Concessions which was approved recently (2011/12). There are specific regulations and guidelines that rule municipality projects and other small-mid size projects. Since 2010 there is a central PPP Unit housed at the Department of Economic Affairs within the Ministry of Finance. There is strong political support for PPPs. In fact, Government knows the only way to expedite infrastructure delivery in the country is to engage with the private sector. There is a PPP Unit which is housed within the Ministry of Finance which is the single focal point for PPPs. As a result there have been a number of concession type contracts in mining and gas projects as well as port, rail and IPP contracts.

3.8 Namibia

3.8.1 Summary

The Government of Namibia has approved the development of a PPP unit and is currently beginning procurement of consulting services for its establishment. There is an indication that PPP enabling legislation is being drafted, but currently nothing has been enacted. Indications are that there is very limited PPP procurement occurring within government and that many of these may in fact be more in line with service contracts rather than benefits/objectives based procurement with any significant transfer of risk to the private sector.

Indications are that many key projects lag in development and execution due to disagreements between stakeholders, including implementing departments and state-owned entities, supply and off-take entities.

3.8.2 Macro-Indicators

Namibia has managed to maintain just under 5% per annum growth in GDP over the last three years and in 2011 the GDP was USD12, 511 million. It has an investment grade credit rating (Baa3 from Moody's with a stable outlook) reflecting a stable political and investment environment. The GDP per capita is USD7, 900 per annum which supports a relatively high savings rate of 22.3% of GDP.

3.8.3 Availability of domestic capital and debt funding

Namibia has a small debt and capital market with 4 active banks and two sovereign bond issues in the last two years' including a USD500 million Eurobond issue. There are small but active equity funds and some institutional investors with public and mining company pension funds.

3.8.4 Judicial system

Namibia rates 41st in enforceability of contracts and scored 61 out of 100 in application of the Rule of Law.

3.8.5 Governance and decision making

Namibia was given a rating of 70 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 57.8.

3.8.6 Ease of doing business in the Member State

Namibia, is 133rd out of 185 countries in the world in terms of ease with which to start a business and is ranked 82nd for protecting investors. It is 40th in terms of access to credit and 56th for the ease of dealing with construction permits.

3.8.7 PPP environment in the Member State

Namibia is in the process of developing PPP enabling legislation but currently there is no mechanism for any form of public finance support, either explicit by way of budget allocations, or implicit in the form of guarantees which limits the range of possible PPPs significantly. As a result the only PPPs noted are those in the eco-tourism market. There is no active PPP Unit.

3.9 Seychelles

3.9.1 Summary

Seychelles' political and economic environment would support the active promotion of the PPP model, there is doubt upon sufficient legislative support and capacity (both private and public) to support the PPP delivery model. Seychelles would need to introduce some reforms and legislative frameworks towards PPP's as well as create an enabling financing environment conducive for PPP implementation

3.9.2 Macro-Indicators

The Seychelles is one of the lowest populated countries in the world with less than 100,000 inhabitants. Its GDP is USD1, 059 million and the GDP per capita is USD25, 600 making it a Middle Income Country. Its investment grade credit rating and relatively high savings rate on the back of a high rating for political stability and absence of violence make it an attractive investment destination.

3.9.3 Availability of domestic capital and debt funding

The Seychelles has a limited debt market given its small size. However domestic banks can extend loans of up to 7 years and there is an active capital market with up to 10 year treasury bonds having been issued.

3.9.4 Judicial system

The Seychelles rates 41st in enforceability of contracts and scored 54.9 out of 100 in application of the Rule of Law.

3.9.5 Governance and decision making

The Seychelles was given a rating of 73 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 62.1.

3.9.6 Ease of doing business in the Member State

The Seychelles, is 117th out of 185 countries in the world in terms of ease with which to start a business and is ranked 70th for protecting investors. It is 167th in terms of access to credit and 57th for the ease of dealing with construction permits.

3.9.7 PPP environment in the Member State

There is no specific enabling legislation for PPP in the country and no dedicated PPP resources within the public sector. This correlates well with the lack of any track record of implemented PPP projects although there has been a renewable energy wind IPP in Port Victoria and the Seychelles government and private telecoms companies did participate in the funding and implementation of the Submarine East Africa System, so experience in funding of infrastructure with private finance does exist.

3.10 Swaziland

3.10.1 Summary

The combination of limited regulatory and institutional capacity with limited private financial investment potential means that Swaziland will struggle in the short term to develop a PPP programme. The track record of PPP implementation is also a constraint on the probability of implementation PPP projects in the short term.

3.10.2 Macro-Indicators

The kingdom of Swaziland has experienced very slow growth over the last three years (average 1.3% per annum) and even negative growth in the last year. The GDP is USD4.090 million and there is no available credit rating for the country. GDP per capita is USD5, 900.

3.10.3 Availability of domestic capital and debt funding

The debt and equity markets in the Kingdom are extremely limited in depth although the requirements for domestic retirement funds to invest 30% of their funds in the Kingdom means that there is some availability for investments in projects that meet the prudential risk requirements of these entities. In 2010, Swaziland issues their first 3-year Government bond and raised \$34 million.

3.10.4 Judicial system

Swaziland rates 174th in enforceability of contracts and scored 42.3 out of 100 in application of the Rule of Law.

3.10.5 Governance and decision making

The Kingdom was given a rating of 52 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 28.4.

3.10.6 Ease of doing business in the Member State

The Kingdom of Swaziland is 165th out of 185 countries in the world in terms of ease with which to start a business and is ranked 128th for protecting investors. It is 53rd in terms of access to credit and 41st for the ease of dealing with construction permits.

3.10.7 PPP environment in the Member State

Swaziland enacted a PPP policy in March 2013 to demonstrate commitment to the need for PPPs. Foundational training on PPPs was conducted through technical assistance of the EU-Business Climate Facility (Bizclim) for ACP countries.

There is a project that was launched on *quasi-PPPs* to build institutional housing for civil servants. The government of Swaziland through the Ministry of Health signed an unsolicited Bid contract for the provision of a renal dialysis facility with a private operator from RSA early to be delivered on a PPP basis.

However currently there is very limited history of PPP-type projects has resulted in uncertainty as to the suitability of PPPs in the country and the absence of any experience in implementation.

3.11 Tanzania

3.11.1 Summary

The lack of infrastructure in Tanzania is one of the bottlenecks which can hamper growth in the country and limit access between natural resources and the ports. This means the focus in economic infrastructure is in transport and power and the improvement in logistical costs provides an opportunity for structuring of financially viable projects in these sectors.

The Government's support to a more regulated approach to PPPs has also resulted in the development of capacity and resources as well as an improved regulatory framework.

3.11.2 Macro-Indicators

Tanzania has achieved strong and consistent economic growth rates over the last three years (average 6.40%) albeit off a low base of per capita GDP of USD1, 600. The country's GDP is USD23, 874 billion. There is no sovereign credit rating at present.

3.11.3 Availability of domestic capital and debt funding

The debt market in Tanzania has grown in recent years with some 40 domestic and international banks present. Foreign-owned banks account for about 50% of the banking industry's total assets and the appetite for investment in infrastructure is good, given the successful bond issuance by banks and the presence of a syndication market.

There is a good track record of bonds issuance, both from Government level and corporate level. Last year the Government issued a USD 700m Treasury bond; there are plans for a new bond issue this year in the range of USD 500m. The Government is in the process of obtaining a credit rating for the country, after which a Euro 1.4bn bond will be issued.

3.11.4 Judicial system

Tanzania ranks 36th in enforceability of contracts and scored 34.3 out of 100 in application of the Rule of Law.

3.11.5 Governance and decision making

Tanzania was given a rating of 59 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 36.5.

3.11.6 Ease of doing business in the Member State

Tanzania is 113th out of 185 countries in the world in terms of ease with which to start a business and is ranked 100th for protecting investors. It is 129th in terms of access to credit and 174th for the ease of dealing with construction permits.

3.11.6.1 PPP environment in the Member State

Tanzania has a PPP Law and the Tanzania Investment Centre, which reports to the Prime Minister, is the custodian thereof. Political support for private participation in infrastructure is strong given the massive infrastructure backlog and the limited public finance resources to reduce it.

There have been a number of PPP-type transactions in the country in the last 10 years that have not provided Value for Money, probably as a result of inadequate preparation and competition prior to conclusion. As a result the government wishes to adopt a more structured approach to PPPs and has adapted to the lessons learned.

There is an active foreign interest in the country particularly in infrastructure that makes the logistics of natural resource exploitation easier and cheaper.

3.12 Zambia

3.12.1 Summary

The macro-environment for PPP's in Zambia is very positive with many of the fundamentals in place, for example a stable political environment and broad regulatory and legal environment, the necessary specific PPP laws and policy, and a pipeline of projects. Furthermore there have been many years of effort and capacity building both in the central PPP unit (a good number of certified PPP practitioners), but also in the individual ministries, many of which have a PPP contact or desk which is meant to link to the PPP unit in the delivery of the projects.

However the impression is that the current political administration does not favour the PPP model as they seek to deliver a raft of infrastructure projects and programmes. The impression is that the positive aspects of the PPP model are not well understood at the political level, rather there are negative perceptions of complexity, loss of control to the private sector, and long and expensive procurement processes. As a result, those appointed in PPP functions are in an awkward position and progress is unlikely to be made until there is greater political support.

3.12.2 Macro-Indicators

Zambia has a GDP of USD 19, 206 million and has sustained close to 7% year on year growth over the last three years on the back of much improved political stability and macro-economic climate. The GDP per capita remains low at USD1, 600 and the sovereign credit rating is sub-investment grade at B+ (S&P).

3.12.3 Availability of domestic capital and debt funding

Zambia has a limited domestic debt market and although there are some 19 banks in the country they have limited ability to make the substantial and long term loans necessary for infrastructure. The equity market is small and fragmented and although there are a number of institutional investors (primarily pension funds) the local equity investments are also likely to be very limited.

3.12.4 Judicial system

Zambia ranks 89th in enforceability of contracts and scored 39.4 out of 100 in application of the Rule of Law.

3.12.5 Governance and decision making

Zambia was given a rating of 58 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 29.9.

3.12.6 Ease of doing business in the Member State

Zambia is 74th out of 185 countries in the world in terms of ease with which to start a business and is ranked 82nd for protecting investors. It is 12th in terms of access to credit and 151st for the ease of dealing with construction permits.

3.12.7 PPP environment in the Member State

There is a PPP Act (2009) and a PPP Unit within the Ministry of Finance, although this may be relocated to the Zambia Development Agency. The history of PPP-type projects implemented to date is not good with a number of cancelled contracts including the Zambian national rail concession.

3.13 Zimbabwe

3.13.1 Summary

While Zimbabwe has stabilised its economy and there is political will to implement PPPs; there is no PPP legislation in place and very limited domestic financial markets. , PPPs will be more easily implemented and when the respective legislation is instituted and backed by appropriate institutional and regulatory arrangements.

3.13.2 Macro-Indicators

Following a decade of contraction from 1998 to 2008, Zimbabwe's economy recorded real growth of more than 9% per year in 2010-11, before slowing to 5% in 2012. This close-to-double-digit growth lifted GDP to USD9, 565million but GDP per capita is one of the world's lowest atUSD600. The country has a B1 credit rating from Moody's which is well below investment grade. The country has a low rating of 16 out of 100 for political stability and absence of violence.

3.13.3 Availability of domestic capital and debt funding

Zimbabwe has 16 commercial banks, 2 merchant banks and 4 building societies. As at 30 June 2012, total banking sector deposits were US\$4.02 billion however this based on relatively short term deposits. As a result ability to lend into long term asset type projects is constrained.

The capital and equity investment markets are almost non-existent and most funding is thus sourced through foreign investors.

3.13.4 Judicial system

Zimbabwe ranks 111th in enforceability of contracts and scored 0.9 out of 100 in application of the Rule of Law.

3.13.5 Governance and decision making

Zimbabwe was given a rating of 34 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 6.2.

3.13.6 Ease of doing business in the Member State

Zimbabwe is 143rd out of 185 countries in the world in terms of ease with which to start a business and is ranked 128th for protecting investors. It is 129th in terms of access to credit and 170th for the ease of dealing with construction permits.

3.13.7 PPP environment in the Member State

Although there is no PPP specific legislation there are PPP Guidelines and the Government's Short Term Economic Recovery Program ('STERP'), the government recognises the need for PPP arrangements to finance infrastructural development. A variety of sectors are identified in the STERP as priorities for PPPs and the political support necessary for their implementation appears to be there.

A limited number of PPP-type contacts have been concluded in the road and rail sectors, although all were in the form of unsolicited proposals.

3.13.8 Member State PPP Maturity Assessment

The evaluation of each Member State in terms of development and maturity of the PPP related systems was carried out for the Member State by looking at the following six broad categories:

1. Macro-economic and political stability
2. Availability of domestic capital and debt funding
3. Judicial system
4. Governance and decision making
5. Ease of doing business in the Member State
6. PPP environment in the Member State

For the detail assessments refer to Appendix 5.

Each Member State's readiness for PPP was assessed on a four point scale (1 – 4) with the first two points indicating a "developing state" and points 3 & 4 indicating a "maturing state" for that category of evaluation.

From the 6 broad categories, a number of constituent indicators/trends ("sub-categories",) were assessed in terms of a rating of 1 - 4. An overall figure was given to the broad category; these figures were added to an overall sum per Member State out of 24.

The information and indicators were obtained from external sources referenced in Appendix 4 and actual visits to the Member States referenced in Appendix 3 (excluding Seychelles and Swaziland) and KPMG Country Reports.

Member States that scored more than 12 out of 24 were classified as “PPP Maturing” and those scoring 12 or less were classified as “PPP Developing”. While this is a relatively simplistic method it does have the advantage of measuring crucial requirements for enhancing the likelihood of successful PPP programme implementation across categories.

The Member State assessments are as follows:

Figure 3: Member State Assessments

PPP Maturing	PPP Developing
Mauritius – 19	Mozambique – 12
Botswana – 17	Swaziland – 12
Zambia – 15	Lesotho – 11
Namibia – 15	Malawi – 11
Tanzania - 14	Zimbabwe – 10
	Angola – 9
	Democratic Republic of Congo – 8
	Seychelles - 12

Note: South Africa and Madagascar have been excluded from the evaluation

In feedback from the SADC 3P Network and Member States at a workshop on 29 July 2013, it was agreed that to avoid the exclusion of specific projects from Member States that are classified as PPP Developing and where such projects may meet the project appraisal criteria, Member States could submit such projects for evaluation in the Project Appraisal phase of this assignment.

4 Project Assessments

4.1 Phase 1 Database Projects List (High-level Scan)

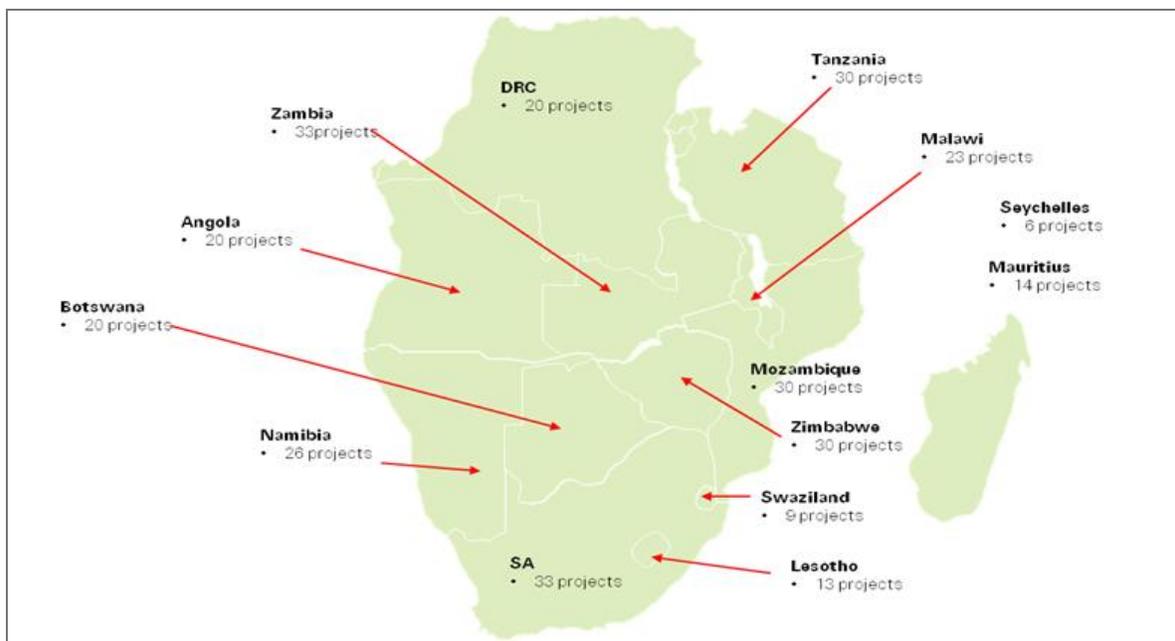
A total of 194 projects were taken from the STAP and RIDMP project lists and an additional 30 were identified by the Member States and KPMG country staff. The 224 projects were also cross referenced across the SADC-COMESA-EAC project list to ensure that no projects were omitted.

The database projects list is attached as Appendix 2

It appeared that responsible officials in the Member States were not aware of some of the projects on the STAP and RIDMP project lists and that they had very limited information on projects and status. It also appeared that the projects list contained in the RIDMP and STAP were becoming outdated as some of these projects had already been implemented.

The Database projects list of projects was thus 224 projects, of which a number were cross border and SADC wide initiatives. The spread across Member States is shown below:

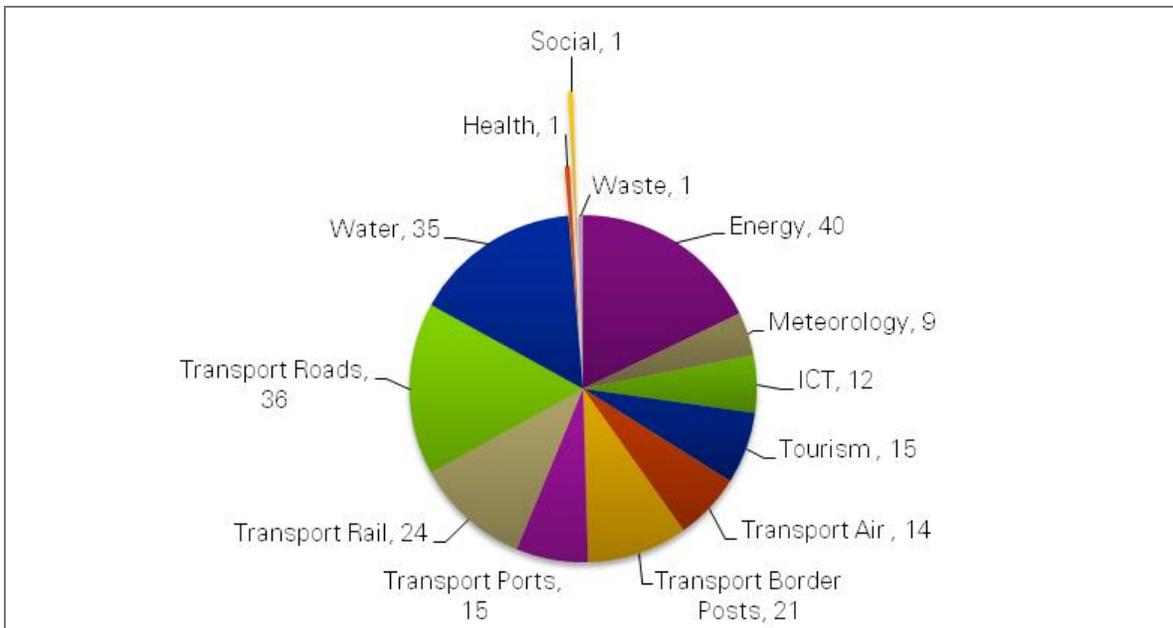
Figure 4: **Spread of Database Project List of Projects across Member States**



Note: Some projects are cross-border and indicated in more than one Member State.

The spread across sectors was relatively even and all sectors were represented as indicated in the graphic below.

Figure 5: **Sector Specific Projects** (source: RIDMP database and country visit)



4.2 Long List of projects

A very simple but effective screening method was used to identify the projects that would be most suitable for implementation as PPPs in the short term. For each project on the long list the absence or presence of the following three characteristics was sought:

1. Sufficient potential to have stimulated a project sponsor in the Member State to carry out a pre-feasibility study or project concept design. This is a proxy for Member State support for the project, its capacity and will to identify and screen PPPs as well as of the project potential. It also serves to indicate the amount of information that will permit some form of fast tracking into a more detailed feasibility study for the project.

The screening criterion was “Is there a project pre-feasibility study or concept note?”

2. The presence of a revenue stream to make the project financially sustainable. This is an indicator of economic and financial viability given the requirement for a return of investment for the private sector.

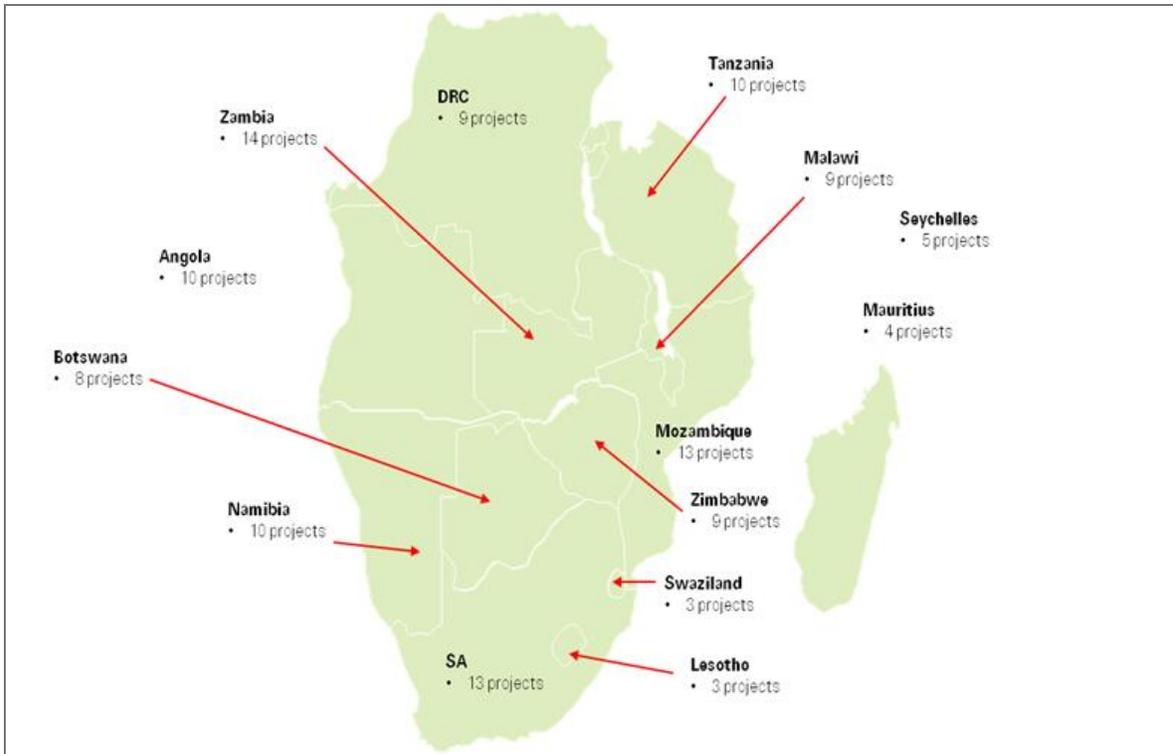
The screening criterion was “Is there a possible revenue stream from user charges, supplemented by existing budget or other support?”

3. The absence of any procurement process initiated on the project. This identifies the risk of some legal challenge related to a project that has to be withdrawn from procurement to undergo a feasibility study assessment.

The screening criterion was “Is any procurement of investors or other forms of private parties absent?”

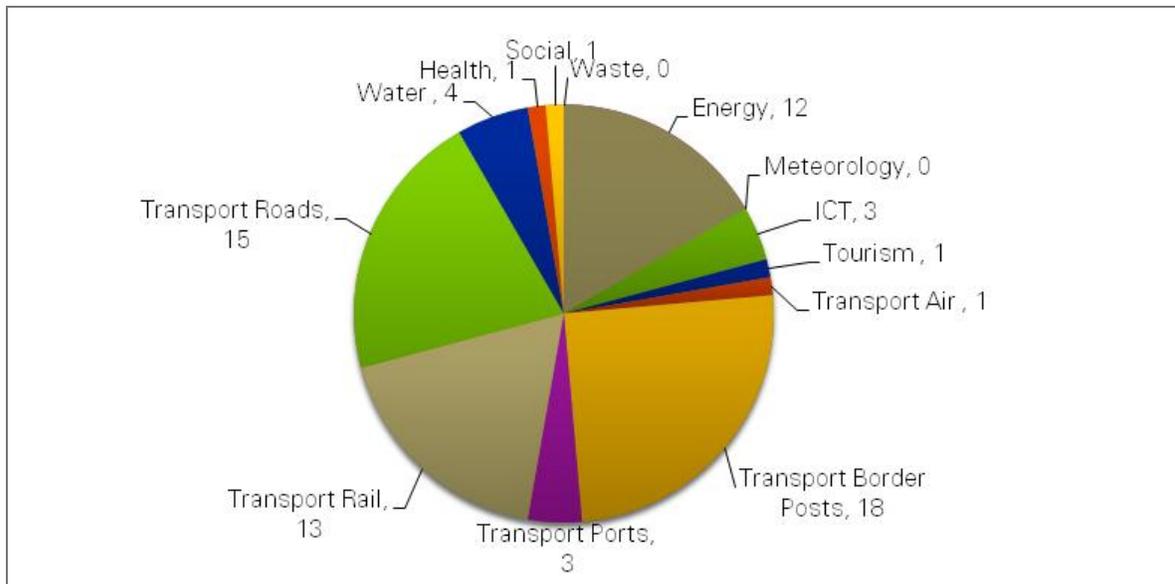
By applying each of these screens on a simple “yes/no” response for each project and only passing the projects that had three affirmative responses, the number of projects reduced from 224 to 72 projects. The geographic and sector splits are shown in the graphics below:

Figure 6: **Geographical Split of Projects**



Note: Some projects are cross-border and indicated in more than one Member State.

Figure 7: Spread of Projects Across Sectors



The spread of projects across Member States remained relatively even and it was observed that the sectoral allocation changed with a bias towards the transport and energy sectors. This reflects the potential revenue streams that arise from projects in these sectors.

5 Matched Project and Member State Assessment

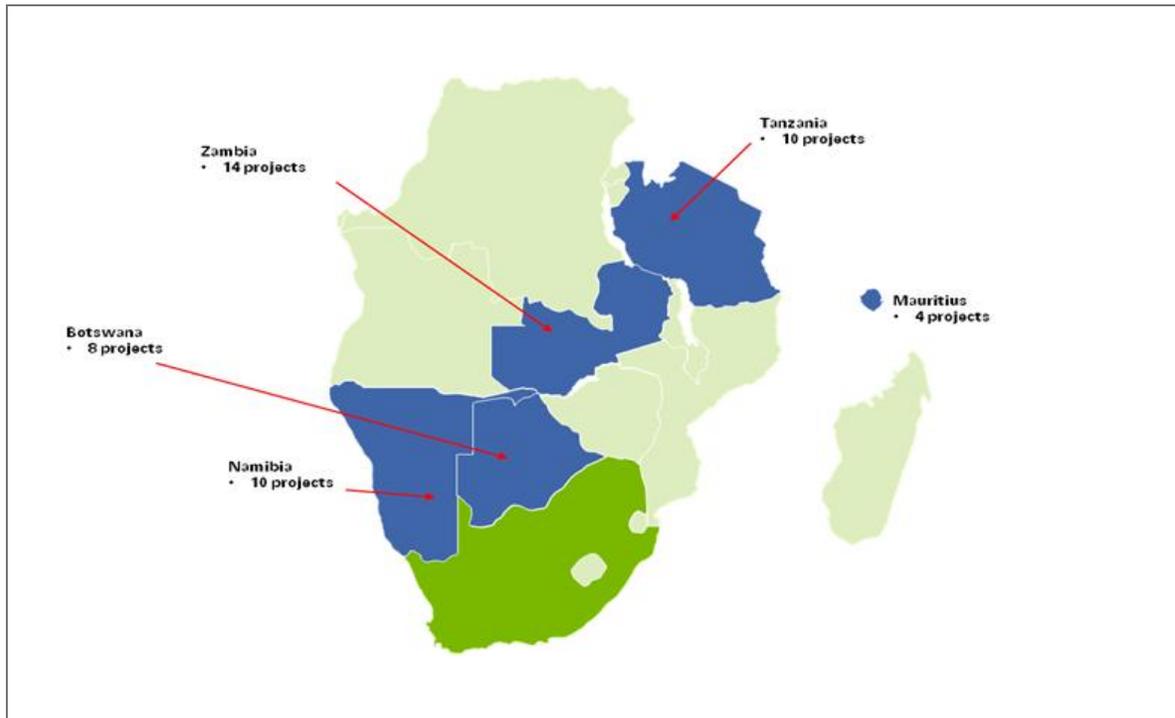
The last screening activity in this first phase of deriving a potential PPP long list of projects is to match the Member State assessments with the list of 72 projects to develop the subset of projects in Member States assessed as PPP Maturing and PPP Developing.

At the presentation of the outcomes to the SADC 3P Network and Member States (Steering Committee) on 29 July 2013, it was resolved that, in order not to exclude projects from PPP Developing Member States, projects could be proposed by these Member States and provided they met the three characteristics described above, these projects would be included in the detailed phase 2 analysis.

As of the time of writing no such project details had been received.

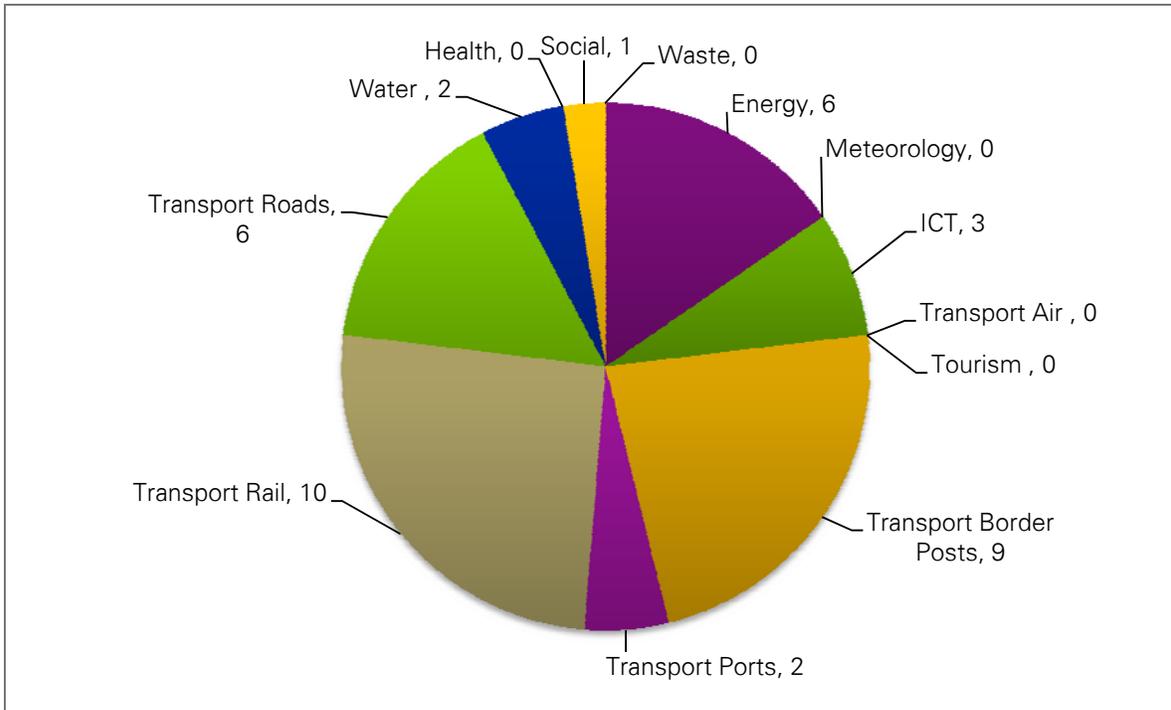
The combination of country and project screens reduced the number of projects in the Long List from 72 to 39. These projects are spread across the five Member States as shown in the graphic below, with the note that some projects are cross-border in nature and are included in all affected countries:

Figure 8: Location of Potential PPP Long-List of Projects



The sectoral spread of these projects is shown below:

Figure 9: Sectoral Spread of Potential PPP Long-List of Projects



The dominant sector is transport with energy and ICT following behind.

The Potential PPP long list is shown below.

Note: some projects on the Potential PPP long list are cross border projects. For the cross border projects we included the names of all the Member States involved.

Figure 10: Tables of Potential PPP Long List Projects by Sector

Energy	Type	Source	Member States
Energy-88: Namibia-Angola	Transmission	STAP & RIDMP	Mozambique, Namibia, Angola
Baynes	Hydro Power	RIDMP	Namibia
Lunsemfwa Lower	Hydro Power	RIDMP	Zambia
Kalungwishi	Hydro Power	RIDMP	Zambia
Rumakali	Hydro Power	RIDMP	Tanzania
Mambilima Falls Site 1 and 2	Hydro Power	RIDMP	Zambia

Water	Type	Source	Member States
Water Supply to 13 Housing Estates in Mauritius (Project P1 6)	Reticulation	RIDMP	Mauritius
Artificial Recharge of Windhoek Aquifer Phases 2B and 3 (Project P1 8)	Bulk	RIDMP	Namibia

Social	Type	Source	Member States
Grand Baie Social Welfare Complex	New Development - Services, Mixed Use, Retail	Site Visit	Mauritius

Transport Roads	Type	Source	Member States
Transport-50: Establishment of Cargo Freight Station (CFS) – Kisarawe	Logistics, Handling	STAP & RIDMP & Site visit	Tanzania
Luanda Windhoek Corridor roads	Upgrading	RIDMP	Angola, Namibia
Platjan bridge	Upgrading	RIDMP	Botswana and South Africa
Driver Education and Testing Centre	Service Provision	Site visit	Mauritius
Road Decongestion Programme	Upgrading	Site visit	Mauritius
Kolwezi- Dilolo road(Angola border, SADC Route 20, 426 km)	Rehabilitation	Site visit	Angola

Transport Rail	Type	Source	Member States
Transport-221: Upgrading of Dar Es Salaam (DSM)- Isaka (ISK) Railway line to standard gauge and construction of Isaka-Keza-Kigali (Rwanda)/Musongati (Burundi) Railway Line	Upgrade	STAP & RIDMP	Tanzania
Transport-3: Tanzania Railways Limited Revival	Commercialisation	STAP & RIDMP	Tanzania
Transport-222: Construction of Mtwara – Songea-Mbambabay Railway Line with Spurs to Mchuchuma/Liganga	New Development	STAP & RIDMP	Tanzania, Malawi, Mozambique, Zambia
Transport-38: Tchobanine Heavy Haul Railway (Techobanine)	New Development	STAP & RIDMP & Site visit	Mozambique, South Africa, Botswana, Zimbabwe, Swaziland
Restructuring of Zambia's railway systems	Commercialisation	RIDMP	Tanzania, Zambia
Chingola Solwezi Railway Extension Phase 2	Extension	RIDMP	Zambia, Angola
Trans Caprivi western Zambia Railways from Kolwezi (DRC), through Solwezi (Zambia) to Mongu, Sesheke (Zambia) and Katima Mulilo (Namibia)	New Development	RIDMP	Zambia, Namibia
A heavy haul railway line and a port at Ponta Techobanine, Mozambique	New Development	RIDMP	Mozambique, Botswana, Zimbabwe
Kinshasa- Ilebo Railway Link	Extension	RIDMP	DRC, Zambia, Zimbabwe, South Africa, Botswana and Tanzania
Trans Kalahari Railway	New Development	RIDMP & Site visit	Namibia, Botswana

Transport Border Posts	Type	Source	Member States
Transport-18: TransKalahari/Mamuno OSBP	Upgrade	RIDMP	Botswana, Namibia
Transport-19: Nakonde/Tunduma OSBP	Upgrade	RIDMP	Tanzania, Zambia
Katima Mulilo/Wenela OSBP	Upgrade	RIDMP	Zambia, Namibia
Oshikango Santa Clara OSBP	Upgrade	RIDMP	Angola, Namibia
Mwami Mchinji OSBP	Upgrade	RIDMP	Malawi, Zambia
Plumtree/Ramokgwebane OSBP	Upgrade	STAP & RIDMP	Zimbabwe, Botswana
Pioneer Gate Skilpadhek OSBP	Upgrade	RIDMP	South Africa, Botswana
Kasumbalesa OSBP	Upgrade	RIDMP	DRC, Zambia
Ariamsvlei OSBP	Upgrade	Site visit	Namibia, South Africa



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Transport Ports	Type	Source	Member States
Development of deep water port at Mwambani Tanga	New Development	RIDMP	Tanzania
Mtwara Port and EDZ development	New Development	RIDMP	Tanzania (benefiting countries include Malawi, Mozambique and Zambia)

ICT	Type	Source	Member States
ICT-6: Regional e-Services and Applications Development	Services, Harmonisation	STAP & RIDMP	All Member States
ICT-8: Strengthening of the Postal Sector	Commercialisation, Extension	STAP & RIDMP	All Member States
Consolidation of Regional Communications Infrastructure	Extension	RIDMP	All Member States

6 Next Steps: Phase 2

Phase 2 focused on the detailed and comparative analysis of each of the 39 Projects to derive a Short List. In this stage the analysis was more detailed in terms of analysis of information across a range of project indicators and each project was scored to allow a comparative analysis between projects.

The categories of appraisal were as follows:

Public Sector Environment

- How supportive is the public sector environment?
 - Is there a high-level political ‘champion’ for the PPP project?
 - Is there an appointed project officer/ director (day to day project management)?
 - Is there support for the PPP in the affected communities?
- Public sector PPP capacity and experience
 - Does the Sponsoring Agency have the capacity/ capabilities to procure PPPs?
 - Does the Sponsoring Agency have previous experience with PPPs?
- Would the physical infrastructure pass through multiple jurisdictions (i.e. provinces/ cross-border)?
- Public sector funding assistance for PPPs
 - Is funding assistance available for project development?
 - Is the project likely to be eligible for shortfall Gap Funding from Government (unitary payment)?
 - Is the project likely to be eligible for funding from other grant schemes or funding / guarantees from multi-lateral agencies?
- How supportive is the private sector environment/ Private sector capability and appetite?
 - Have other similar PPP projects been successfully financed?
- Land availability and acquisition
 - Will the PPP require land acquisition?
 - If land acquisition is required, will the public sector do this?
- Economic, environmental and social impacts
 - Will the PPP project result in positive economic impacts?
 - Will the PPP have significant positive environmental impacts?
 - Will the PPP have significant positive social impacts?
- Impacts on labour and employment
 - Will a significant transfer of employees take place under the PPP?
 - Have there been successful transfers under previous PPPs?
 - Will the project result in creating more jobs?
- Charges and revenues
 - What is the main revenue source for the project:
 - Is it User Pay?



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- Is it Government?
- Other?
- Is the quality of the source risky?
- How well suited are the project characteristics to a PPP?
 - Is the project value more than US\$20 million?
 - Bundling of construction and operation/ do life-cycle costs exceed construction costs?
 - Output specification / are outputs easily definable, measurable and verifiable?
- How do other factors impact on PPP suitability? Time constraints
 - Are there time constraints?
 - Can the PPP project be tendered rapidly?

Detailed Report of Phase II analysis will supplement this report and was not available at this time in point.

7 Conclusions

This report on the initial phases of Member State and project analyses combines assessments of each of the thirteen eligible SADC Member States in terms of PPP system maturity with a simple high level screening of projects.

It further has taken the existing database of SADC projects and added in potential projects identified in Member States, culminating into a pipeline of projects with current status at the time of writing this report.

The following conclusions are made:

- The assessments were based on a combination of desk top analysis and country visits. The country visits proved particularly valuable in providing up-to date information.
- A number of instances of feedback from Member State officials that the RIDMP and STAP project lists were outdated occurred. It appears that these lists include projects that are not on the country priority lists, or have been implemented already.
- Out of a potential set of 224 projects, 39 match both initial Member State and project screening criteria.
- These projects are located in five SADC Member States assessed as having the characteristics of a PPP Maturing state in terms of capacity, regulatory ability and track record necessary to boost the chances of successful implementation of initial PPP projects in the short term.
- These five Member States are Botswana, Malawi, Mauritius, Namibia and Tanzania.
- There is a good range of projects by sector (and sub-sector) although the focus has fallen on transport and energy projects.
- There are a number of potential cross-border projects which, by the jurisdictional nature of project implementation may be complex from an institutional perspective.
- Although only five of the 13 eligible Member States were assessed as being PPP Maturing, projects from other Member States were considered in the next Phase (Phase 2 –detailed Project Appraisal) as requested at the Steering Committee meeting held in July 2013.
- In engaging with Member States it also became apparent that certain regulatory issues need to be addressed if a sustainable PPP program is to be established. Primary amongst these are:
 - Capacity in the public sector to develop, prepare and implement PPPs remains limited and initial projects will require support in institutional development and capacity building;
 - The limited domestic sources of financing in many Member States means that there will be a need for foreign private investment and Development Finance Institution funding (or a combination of the three sources); and
 - Member State- specific legislation prohibiting any form of public finance support (such as Viability Gap Funding where the public sector provides funding in order to make projects financially viable) will limit the number of projects especially in Member States where users have a limited ability to pay user charges.
 - Ability to update and maintain the RIDMP or other Database of Projects.



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7.1 Recommendations

It is recommended that:

- The 39 projects identified in this report be appraised in the next Phase
- Any additional projects presented by Member States assessed as PPP Developing, that pass the initial project screen, should also be assessed
- SADC 3P Network give consideration to updating the RIDMP and STAP project lists and maintaining



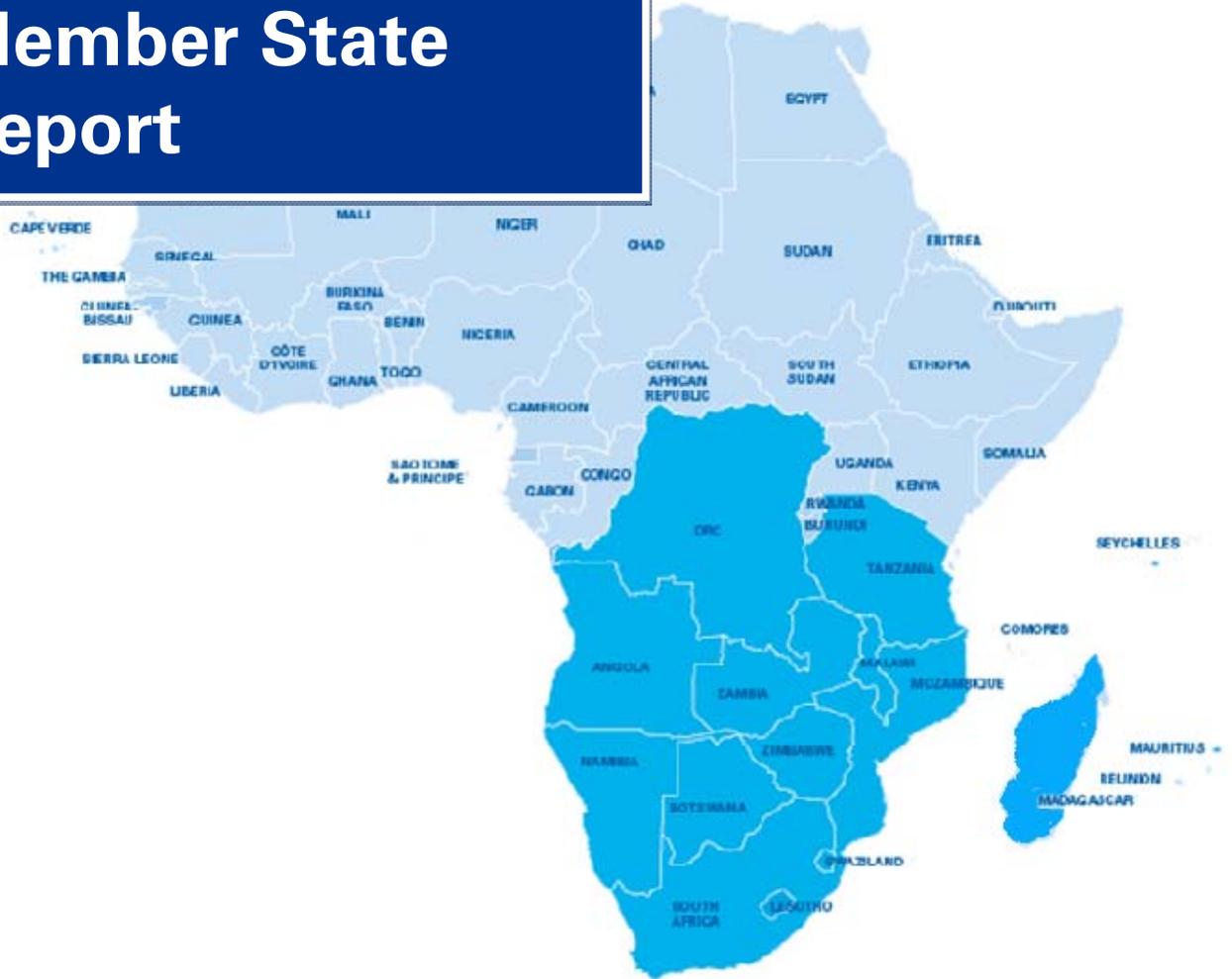
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Appendix 1 Member State Reports

Angola

Member State Report



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1 Overall evaluation of Angola's readiness for PPPs

1.1 Background

We evaluated Angola by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Angola
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Angola
- PPP environment in Angola

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the Member States (with the exception of three ('3') Member States, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

The information included in this report is based on our insight of the local market, desktop research and feedback obtained from our KPMG office in Luanda.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Angola

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank data used for 2011	3.90%
Actual GDP in numbers (size of economy), current USD\$	World Bank data used for 2011	104 331 613 337
Lending Interest rates	World Bank data used for 2011	18.8
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	9.00%

Credit Rating	Country Visit	BB-
Political Stable and Absence of Violence (rating of 0 to 100)	Country Visit	35.8
Macro-Economic Environment (score 1 to 7)	Country Visit	4.2

Attractiveness of Angola, overall result is a two ('2')

With a GDP of USD104, 331 million, Angola has the second largest economy in the SADC region and has sustained an average growth of close to 4% per annum over the last three years. Its credit rating of Ba3 by Moody's is sub-investment grade but the positive watch is indicative of a country emerging from high political instability and violence as a result of the decades-long civil war. Some USD9 billion of public funds was budgeted in 2012 for the development of public infrastructure, making Angola one of the countries allocating around 10% of GDP to infrastructure. This analysis results in an overall value of two ('2'), Angola is thus considered "developing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information		Findings
Number of banks	Country Visit		23
Number of equity investment funds	Country Visit		0
Number of pension funds	Country Visit		0
3 year history of bond issuance	Country Visit		In 2012 Angola sold \$1 billion (R9.54bn) of bonds at a yield of 7 percent, according to data compiled by Bloomberg. The bonds mature in 2019.

Assessment of available capital (local) for investment	Country Visit	Local private equity is abundant but difficult to measure. Local commercial banks have a total amount of roughly USD 14 billion of credit in their assets, according with KPMG Analysis of the Angolan Banking Sector in 2011, of which is not clear the distribution between corporate and private financing. Public Investment Programme amounted to USD. The Public Investment Programme amounted to USD 8 billion in 2011, USD 9 billion in 2012, of which a substantial part is allocated to the development of infrastructures.
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Availability of domestic capital and debt funding in Angola, overall result is a two ('2')

Angola is developing a private banking sector and has 23 banks with approximately USD14billion of credit in their assets. There is not a strong capital market yet and it is dominated by the first government bond issuance of USD1billion in 2012. Local private equity is abundant but is not concentrated in large institutions or funds as the equity sources remain fragmented and difficult to measure. This analysis results in an overall value of two ('2'), Angola is thus considered "developing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	183
Rule of Law (rating of 0 to 100)	Governance indicator, World bank, 2011 data	10.3

We used the key indicator ‘Enforcing Contracts’ from Doing Business as they focuses on how public institutions function in the case of a commercial dispute¹. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Angola, overall result is a one (‘1’)

Angola scores poorly in the enforceability of contracts, ranking 183rd out of 185 countries in the World Bank and IFC ratings. The Rule of Law rating is similarly poor with a score of 10.3 out of 100. This analysis results in an overall value of one (‘1’), Angola is thus considered “developing” in terms of this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best)	2.9
Africa’s Governance (score out of 100)	Ibrahim Index of African Governance (score out of 100)	44
Voice and accountability (rating of 0 to 100)	Governance indicator, World bank, 2011 data	14.6
Government effectiveness (rating of 0 to 100)	Governance indicator, World bank, 2011 data	11.4
Regulatory Quality (rating of 0 to 100)	Governance indicator, World bank, 2011 data	12.3
Control of Corruption (rating of 0 to 100)	Governance indicator, World bank, 2011 data	3.8

Governance and decision making of Angola, overall result is a one (‘1’)

Angola also fares poorly in the governance ratings. The Ibrahim Index of African Governance has Angola scoring 44 out of 100 and Governance Effectiveness is also rated by the World Bank at 11.4 out of 100. As an indicator for decision making the Regulatory Quality is a poor 12.3 out of 100 according to the World Bank. This analysis results in an overall value of one (‘1’), Angola is thus considered “developing” in terms of this category.

¹ Doing Business 2013, the World Bank and IFC

1.6 Ease of doing business in Angola

Ease of doing business in the Member State	Source of information	Findings
Starting a business (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	171
Dealing with Construction permits (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	124
Getting electricity (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	113
Register property (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	131
Getting credit (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	129
Protecting investors (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	70
Paying taxes (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	154
Trading across borders (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	164
Resolving insolvency (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	162

Ease of doing business in Angola, overall score is a one ('1')

Angola has improved its ranking in the Doing Business 2013 World Bank and IFC Survey to 70th but remains in the bottom quartile in the rankings for Starting a Business, Trading across Borders, Getting Credit and Dealing with Construction Permits. This analysis results in an overall value of one ('1'), Angola is thus considered “developing” in terms of this category.

1.7 PPP environment in Angola

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country Visit	
<ul style="list-style-type: none"> Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? 	Country Visit	<p>On 14 March Law No. 2/2011 on public-private partnerships ("PPP Law") came into force in Angola. The goal of this law is to define general rules applicable to the intervention of the State in the determination, conception, preparation, tender process, adjudication, alteration, supervision and overall operation of public-private partnerships.</p> <p>This general framework still needs to be complemented with the necessary regulations. Provision was made for this to happen within 60 days of the publication of the PPP Law and this would have allowed all aspects to be more precisely defined by the time the PPP Law came into force. However, more than two years after the publication of the law, those regulations have not yet been published.</p>
<ul style="list-style-type: none"> Does a policy for private participation in the Member State exist? 	Country Visit	<p>Private participation is often referred by the Executive as one of the main drivers for growth; specifically FDI has been growing at a stable pace of which a substantial part is channelled to develop the scarce infrastructures in the country. Nevertheless to do business in Angola continues to present substantial challenges to the private sector (172th out of 190 countries on Ease of doing business World Bank Index and 157th out of 176 countries on Transparency International's 2012 Corruption Perceptions Index).</p> <p>A private investment Law is in place and private non-Angolans companies have to pass their investment through the Private Investment National Agency (ANIP) in order to benefit from this law. ANIP is the government body responsible for carrying out national policy on private investment, its promotion, coordination, and supervision. According with this agency, Angola is the seventh African country with major private investments and the 25th in amount of investments out of a total of 208 nations of the world</p>

<ul style="list-style-type: none"> Public Sector appetite/capacity and experience relating to PPPs in the Member State 	Country Visit	<p>The lack of the regulation (more than two years have passed since the PPP Law was published) indicate that currently the public sector is not as motivated, as it was in the past, to implement a PPP framework. Recently the Economy Minister, Mr. Abrão Gourgel, stated to Bloomberg that the intention is to "move slowly" in implementing new rules. He further stated that several names of the Executive have shown some scepticism in achieving these agreements between the state and private companies. The Angolan officials cite the disappointing results that PPPs reached in Portugal and the UK, giving the example of the renegotiating processes of several PPP in the Portuguese roads sector in order to reduce public costs in the future.</p> <p>Nevertheless the Angolan Government has announced 30 privatizations in the near future signalling its willingness to open public companies to private sector capital. "The new strategy is to sell companies that are not essential, reduce their costs and the amount of state subsidies," said Gourgel in the referred interview to Bloomberg last May.</p>
Is there Political support for PPPs?	Country Visit	
<ul style="list-style-type: none"> Is there a PPP focal point/ Unit in the Member State? 	Country Visit	<p>The Economy Ministry defined, through an executive decree, published in January 2012, the organization and functioning of the PPP Technical Support Cabinet. Its mission is to technically support the Economy Minister with the supervision in the development of PPP, in cooperation with the sector focused Ministerial departments and Direct Executive Administration bodies.</p> <p>The Unit was already structured before the implementation of this legislative action. Its head, Eng. Mário Pires, was appointed as Secretary of State for Public Investment, within the Ministry of Planning. So far we have failed to see a clear successor.</p>

<ul style="list-style-type: none"> Does an existing PPP track record in the Member State exist? 	Country Visit	<p>PPP is often used in broad terms to define a relationship in which public and private sectors are both present. The concession model has been also used in the ports and energy sectors. Nevertheless as far as we are aware there is not a proper PPP in place. The few efforts have failed due to the lack of a proper framework and lack of confidence from the private sector in this type of long term partnership schemes.</p> <p>According to the Executive there is a 10% target in 2017 of the Public Investment Programme to be finance via PPP. In 2011 PIP amounted to USD 8 billion, in 2017 this is estimated to grow to USD 18.5 billion.</p>
Private sector capacity, capability and appetite	Country Visit	
<ul style="list-style-type: none"> Are multiple firms active in the PPP market? 	Country Visit	<p>Typical private agents of a PPP market are well represented in Angola, namely construction / EPC companies, engineering companies, law firms and consultancy firms. Most of those have relevant experience in the PPP model gained internationally (Portugal, Brazil. etc) and have showed availability to analyse this type of projects. Nevertheless, our frequent interactions with private agents indicate that most still look at the use of the PPP model with degrees of scepticism, mainly due to the lack of regulation and Government capacity.</p>
<ul style="list-style-type: none"> Does capacity exist in the private sector? 	Country Visit	<p>Most of the referred private agents have been building their capacity with the natural growth they are experiencing in the market. Angola is seen by the Portuguese and Brazilian companies as a gate for Africa resulting in a greater robustness of their operations.</p>

PPP environment in the Angola, overall score is a two ('2')

KPMG, based on years of experience, applied its own mind in coming up with a value.

Although Angola has a law on Public Private Partnerships that was enacted in March 2011, it has to date not enacted the necessary regulations to allow practical implementation of the law. This inactivity indicates scepticism from government leaders as to the need to implement PPPs in the country given its focus on implementing public finance infrastructure allocations more effectively.

There is a form of PPP Unit in the Economy Ministry that was established in 2012. Its mission is to technically support the Economy Minister with the supervision in the development of PPP, in cooperation with the sector focused Ministerial departments and Direct Executive Administration bodies.

A number of concessions in the port and energy sectors have been concluded but these were not done under a formal PPP regulatory environment.

This analysis results in an overall value of two ('2'), Angola is thus considered "developing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report. Reputable external sources were used where appropriate and fact based observations were made.

Although several attempts have been made, we have not been able to arrange a meeting with the Treasury/PPP Unit team in Angola. This is something we can still consider to do, if required, however it needs to be planned for a later stage of our assignment.

1.9 Conclusion

As for many other countries in Africa, there is a need to develop infrastructure in Angola. This has been appointed as one of the bottlenecks which can hamper growth in the country. The Government is looking of ways to use oil revenues to fund and finance PPP infrastructure projects. One good example of this is the Sovereign Wealth Fund ((FSDEA) created recently. There is also a social pressure to deliver these projects as most of the population have no access to electricity and water and there is lack of public healthcare and education services.

The Government have taken some actions in the last few years; however there is a lot to be done as there is a perception of corruption and lack of transparency in terms of the relation between public and private sectors and amongst Government structures. The unsolicited approach and contract direct awarding have been used quite extensively and not always with the desirable outcomes. An evidence of this is the lack of multilaterals and international DFI's institutions in the country. As the indicators above show, there is also a great room for improvement in terms of the ease of doing business.

It seems the PPP model is not highly considered and definitely not if compared to other African countries. As mentioned previously, the lack of regulation (more than two years have passed since the PPP Law was published and it is still not enforced) indicate Government and public sector in general is not as motivated as it was in the past to implement a PPP framework. Recently the Minister of Economic Affairs, Mr. Abrãao Gourgel, stated to Bloomberg that the intention is to "move slowly" in implementing new rules. He further stated that several names of the Executive have shown some scepticism in achieving these agreements between the State and private companies. The Angolan officials cite also the disappointing results that PPPs reached in Portugal, Spain and the UK, giving the example of the renegotiating processes of several PPP projects in the Portuguese road sector and the Spanish Renewable sector.

Nevertheless the Angolan Government has announced 30 privatizations to occur in the near future signaling its willingness to open public companies to private sector capital. It is widely accepted private sector will be required to improve and enhance the infrastructure capacity in Angola. Given Angola is rich in offshore oil, the need for project financing is not as big as in other countries in Africa and perhaps the model to be used will not necessarily include PPPs.



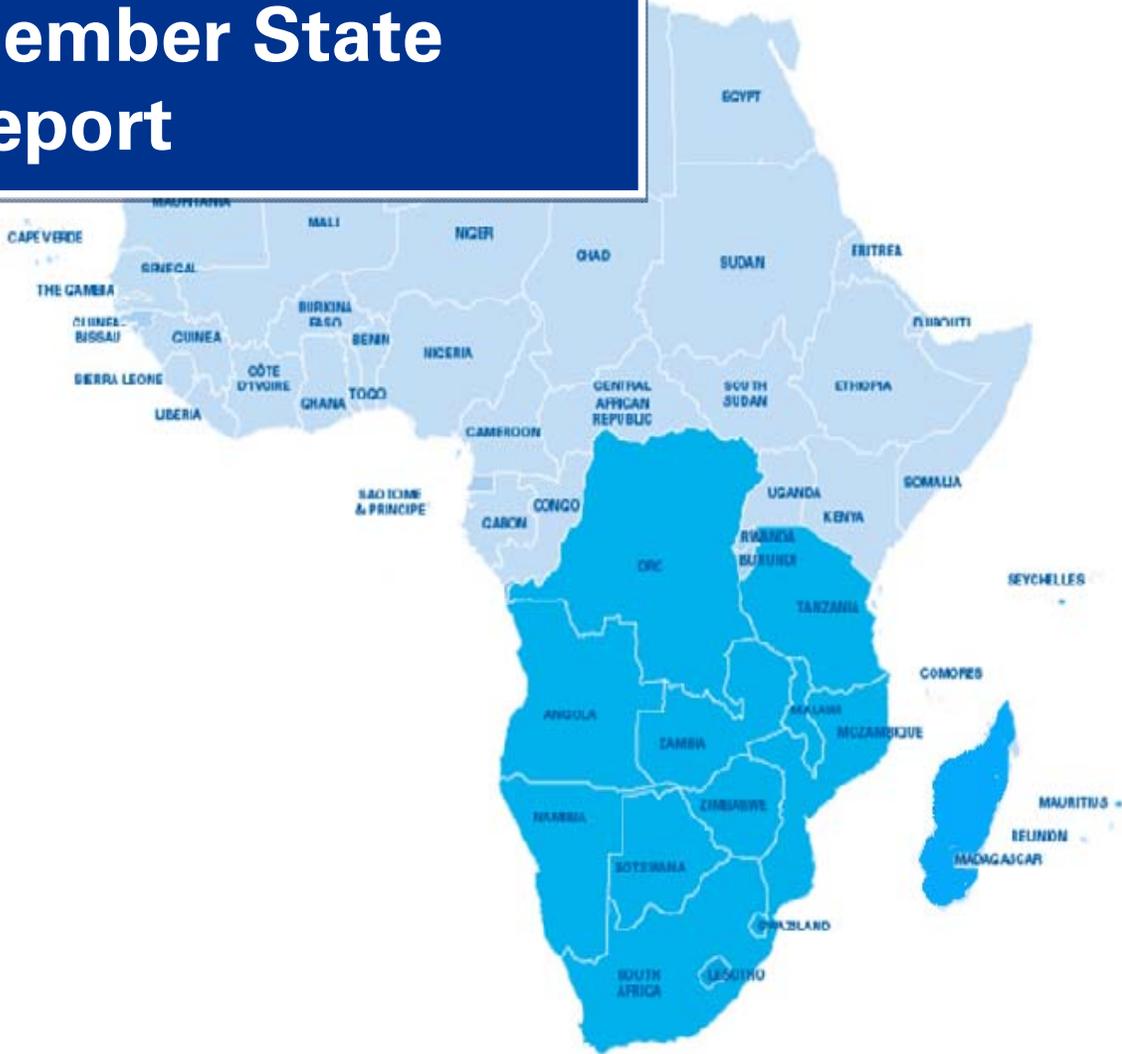
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Overall Angola is thus considered “developing” in terms of this assessment.

BOTSWANA

Member State Report



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1 Overall evaluation of Botswana's readiness for PPPs

1.1 Background

We evaluated Botswana by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Botswana
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Botswana
- PPP environment in Botswana

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the Member State visit (on 26 June 2013) we met with:

- The Member State's Treasury/PPP unit: Archie Makepe – Chief Economist, Ministry of Finance;
- Botswana Insurance Fund Management (BIFM) – Mr Kudzani Pickup and team;
- First National Bank: Mr Boiki Tema and team; and
- KPMG local office representatives.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Botswana

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank data used for 2011	5.70%
Actual GDP in numbers (size of economy), current USD\$	World Bank data used for 2011	17 327 510 032
Lending Interest rates	World Bank data used for 2011	11
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	7.20%
Credit Rating	Country Visit	A-
Political Stable and Absence of Violence (rating of 0 to 100)	Country Visit	84.9
Macro-Economic Environment (score 1 to 7)	Country Visit	4.52

Attractiveness of Botswana, overall result is a three ('3')

Botswana has had an average growth of GDP over the last three years of 5.7% off a strong base of a GDP of some USD 17,327 million. GDP per capita is one of Africa's highest at USD17, 000 USD/Capita which has resulted in a relatively high savings rate that has, in turn allowed for the development of strong banking and pension fund institutions. It has the highest credit rating in SADC with an investment grade rating (Moody's A2 – stable). This analysis results in an overall value of three ('3'), Botswana is thus considered "maturing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country Visit	8
Number of equity investment funds	Country Visit	4
Number of pension funds	Country Visit	97

3 year history of bond issuance	Country Visit	<p>Over the fiscal years 2010/11 to 2012/13, there were 6 bonds in issue with a total nominal value of BWP4.5million to BWP5.5 million, with one bond having a term of 15 years – others largely fall within the 5-10 year range. The bond market is not considered liquid.</p> <p>Assessment of available capital(local) for investment- in the case of Government, it is projected that a total sum of P73.5 billion will be spent during the current National Development Plan 10, which runs between 2009/10 and 2015/16. A total sum P34.3 billion was spent in the first four years of the plan period, and therefore the balance of P 39.2 billion will be spent over the next three years.</p>
Assessment of available capital (local) for investment	Country Visit	<p>The market capitalisation of domestic companies in the Botswana Stock Exchange is P 4.456 billion and that of the foreign companies' amounts to P 372,600 billion.</p>

Availability of domestic capital and debt funding in Botswana, overall result is a three ('3')

The capital markets in Botswana are mature but small with a total market capitalisation of domestic companies of P4.5 billion (USD525million). That of foreign companies is much larger at P372bn reflecting the export nature of extractive industries in the country. There are 8 domestic banks operating in a small but well regulated market. A large number of pension funds are present indicating a strong but fragmented savings market. The limited number of equity funds and relatively illiquid bond market (six bonds of a total issuance of around USD570million in the three years between 2010 and 2013) indicates that infrastructure investments will require careful structuring to not overburden the project finance ability of banks and equity funds and to access the institutional investors' funds. This analysis results in an overall value of three ('3'), Botswana is thus considered "maturing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	68
Rule of Law (rating of 0 to 100)	Governance indicator, World bank, 2011 data	69.5

We used the key indicator ‘Enforcing Contracts’ from Doing Business as they focuses on how public institutions function in the case of a commercial dispute². Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Botswana, overall result is a three (‘3’)

Botswana ranks 68th in the world in terms of enforcing contracts and has a rating of 69 out of 100 for rule of law indicating a relatively stable and reliable judicial platform for commercial dispute resolution. This analysis results in an overall value of three (‘3’), Botswana is thus considered “maturing” in terms of this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best)	4.82
Africa’s Governance (score out of 100)	Ibrahim Index of African Governance (score out of 100)	77
Voice and accountability (rating of 0 to 100)	Governance indicator, World bank, 2011 data	60.6
Government effectiveness (rating of 0 to 100)	Governance indicator, World bank, 2011 data	68.2
Regulatory Quality (rating of 0 to 100)	Governance indicator, World bank, 2011 data	69.2
Control of Corruption (rating of 0 to 100)	Governance indicator, World bank, 2011 data	80.1

Governance and decision making of Botswana, overall result is a three (‘3’)

It scores well in all governance (77 out of 100 in the Ibrahim Index of African Governance) and political stability assessment (85 out of 100). The Government effectiveness rating is 68.2 out of 100. Botswana is also one of Africa’s most corruption-free countries with a Control of Corruption rating of 80.1 out of 100. This analysis results in an overall value of three (‘3’), Botswana is thus considered “maturing” in terms of this category.

² Doing Business 2013, the World Bank and IFC

1.6 Ease of doing business in Botswana

Ease of doing business in the Member State	Source of information	Findings
Starting a business (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	99
Dealing with Construction permits (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	132
Getting electricity (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	90
Register property (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	51
Getting credit (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	53
Protecting investors (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	49
Paying taxes (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	39
Trading across borders (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	147
Resolving insolvency (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	29

Ease of doing business in Botswana, overall score is a two ('2')

Botswana is ranked 99th in the world for Starting a Business, and 147th for Trading Across Borders, and has a ranking of 53rd for Getting Credit and a far poorer 132nd for Dealing with Construction Permits. This analysis results in an overall value of two ('2'), Botswana is thus considered "developing" in terms of this category.

1.7 PPP environment in Botswana

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country Visit	Ministry of Finance
■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc?	Country Visit	There is no specific legislation on PPP. Implementation of projects on PPP basis is allowed under the existing law being the Public Procurement and Asset Disposal Board (PPADB) Act and the pilot office project was implemented on the basis of existing law.
■ Does a policy for private participation in the Member State exist?	Country Visit	Botswana adopted a PPP Policy and Implementation Framework in 2009 to provide a clear guidance to adopting PPP as a method of procurement. The policy comprises of the Institutional Structure of the PPP Unit, PPP Procedures and Guidelines and the Standardised Contract Provisions. Furthermore, the Government of Botswana in 2000, adopted its privatisation policy aimed at providing an optimum balance between the public and private sector, so as to achieve sustainable economic growth.
■ Public Sector appetite/capacity and experience relating to PPPs in the Member State	Country Visit	
Is there Political support for PPPs?	Country Visit	In 2002/2003 Budget speech and the National Development Plan 9, Government announced that the Public Private Partnerships would be used to extensively as a form of procuring and financing infrastructure projects in the public sector. In 2009, the Government adopted a PPP Policy and Implementation Framework and the Cabinet directed that a PPP unit be established under the Ministry of Finance and Development Planning. The projects that were or are to be implemented were approved at political level through the National Development Plan and the annual budget.
■ Is there a PPP focal point/ Unit in the Member State?	Country Visit	The Ministry of Finance and Development is the custodian of PPP policy and is responsible for coordination and monitoring of the policy and projects, approval of PPP feasibility studies and bid evaluation reports. There has been a delay in establishing the PPP unit due to financial constraints. However, the post of Head of PPP unit has been created and has been re-advertised because the candidates that were initially short listed could not meet the requirements. The Head of the unit is expected to be appointed during the second quarter of this financial year.

<ul style="list-style-type: none"> Does an existing PPP track record in the Member State exist? 	<p>Country Visit</p>	<p>There is growing interest of private sector on PPP's. So far, Office of the Ombudsman, office accommodation for 90 employees; 10 year concession period.</p> <p>SADC Headquarters Building- capacity for 250 personnel with option to expand to 400, with a 17 year concession period.</p> <p>The following are not PPPs, but were provided as examples of public-private arrangements:</p> <p>Debswana Mining Company.</p> <p>Service contracts (refuse collection; security services; laundry and cleaning services at hospitals; catering services at Tertiary Institutions of Education and Health and Police Colleges; maintenance of government computers by Ministry of Transport and Communication; repair and maintenance of Government vehicles, landscaping services). Contract management- rehabilitation and maintenance of 336 km roads on the basis of an Output and Performance Based Road Contract (OPRC), it will also involve upgrading of some roads from gravel to bitumen standard-the project is at a tender stage. Renting out of office space in hospitals. Lease rentals at different camp sites, game reserves and national parks.</p>
<p>Private sector capacity, capability and appetite</p>	<p>Country Visit</p>	
<ul style="list-style-type: none"> Are multiple firms active in the PPP market? 	<p>Country Visit</p>	<p>A consortium of firms implemented the two projects that have been undertaken to provide office accommodation for the Office of the Ombudsman and the SADC Headquarters. These were the financiers, construction companies and facilities management entities.</p>
<ul style="list-style-type: none"> Does capacity exist in the private sector? 	<p>Country Visit</p>	<p>(MoF) There is capacity in the private sector, in terms of skills, liquidity and ability to deal with risk.</p> <p>The private sector has mixed views of the PPPs on the two buildings above, in terms of recovery of charges from the government and hence, the impact on the financial model and covenants.</p> <p>The private sector is very eager to participate in PPP deals. While there may be a challenge in ensuring that there is a skills base to implement these deals in both the private and public sector, there is a lot of willing and access to advisor or consultants. However, the communication from the public sector needs to improve in terms of policy development and the pipeline of projects.</p>

PPP environment in the Botswana, overall score is a three ('3')

Although Botswana does not have a specific PPP law, it does have a PPP Policy and Implementation Framework (2009) and a PPP Unit in the Ministry of Finance and Development.

The Government has procured an office accommodation PPP and a variety of service contracts that are good indicators of PPP viability in terms of risk transfer to the private sector. In addition, the SADC Headquarters in Gaborone is a PPP in itself. This analysis results in an overall value of three ('3'), Botswana is thus considered "maturing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report.

Reputable external sources were used where appropriate and fact based observations were made.

The Ministry of Finance representative was not aware of the status of the projects identified in the STAP, as they are managed by the individual ministries. However, once a PPP head and unit are in place, this should change.

Due to historical underinvestment in infrastructure, the government has identified projects across all major sectors in the NDP.

There have been a number of unsatisfactory infrastructure arrangements with Chinese construction companies, resulting in incomplete or unusable assets. These also had no local development opportunities or returns as the Chinese companies tend to use their own supplies, labour etc.

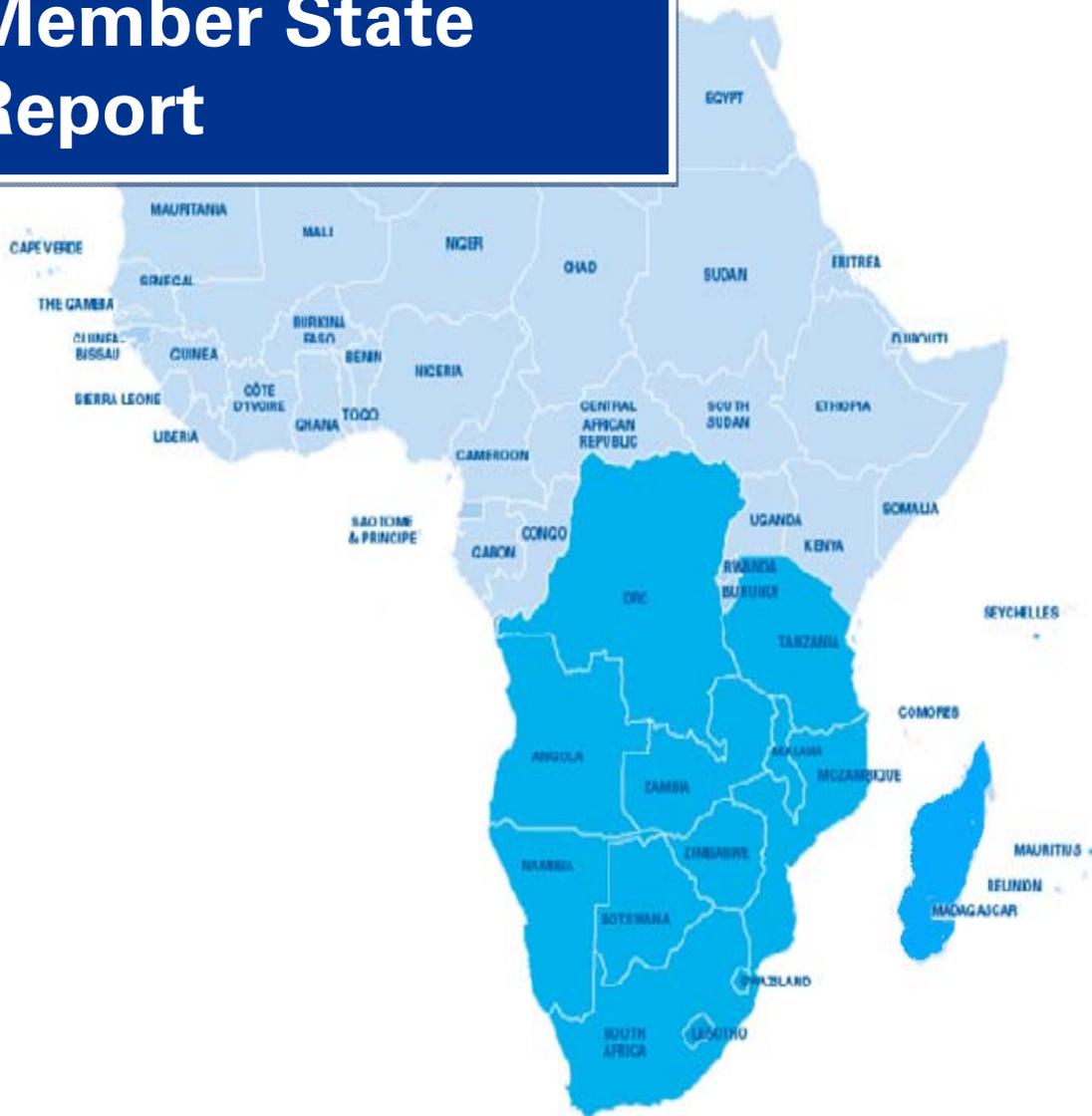
The financial sector is not used to having long term lending arrangements. However, this is seen as a function of the lack of long term deals in the past, and something that can be remedied through their regional/international affiliates and proven syndication arrangements.

1.9 Conclusion

While there appears to be a lot of appetite and interest, the specific enabling environment is still developing in terms of legislation and public sector capacity. In addition, the Member State has a history of only 2 PPP projects. Therefore, unless the PPADB act can be seen as a suitable placeholder and there is sufficient access to the required skills, Botswana may not be an ideal candidate for PPP implementation over the short term. Overall Botswana is thus considered "maturing" in terms of this category.

DRC

Member State Report





Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

Southern African Development Community
Public Private Partnership Network

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1 Overall evaluation of DRC's readiness for PPPs

1.1 Background

We evaluated the Democratic Republic of Congo (DRC) by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of DRC
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in DRC
- PPP environment in DRC

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the Member States (with the exception of three ('3') countries, namely, Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the Member State visits we meet with the Member State's Treasury/PPP unit, Mr. Desiré Balazire: Counsellor at the Prime Minister Cabinet, Mr. Kabuya Kalala: Cabinet Director of Minister of Finance and Mr. Ntagoma JB: Counselor at the Prime Minister Cabinet.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of DRC

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	6.90%
Actual GDP in numbers (size of economy), current USD\$	World Bank	15 653 634 043
Lending Interest rates	World Bank	43.8%
Inflation rate	www.trading economics.com/country-list/inflation-rate	5.67%
Credit Rating	Country visit	Not available
Political Stable and Absence of Violence	Governance indicator, World bank	2.4 out of 100
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	Not available

Attractiveness of DRC, overall result is a one ('1')

This analysis results in an overall value of one ('1'), DRC is thus considered “developing” in terms of this category.

The DRC has begun to emerge from a chronic series of violent conflicts and civil war that severely constrained its economy. Endowed with natural resources and following a reform process that has seen an improvement in business environment, the DRC has sustained almost 7% year on year growth over the last three years. Its economy is still small at R15, 653 million and it has not yet achieved a sovereign credit rating. Its political stability rating is one of the lowest in the world at 2, 4 out of 100 and per capita GDP is the lowest in the world. It also has chronically high interest rates, partially reflecting the low availability of domestic capital and partly reflecting the risk premium attached to the country. Inflation rates are below 10% which bodes well for improving economic conditions.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	27
Number of equity investment funds	Country visit	Not available

Number of pension funds	Country visit	1
3 year history of bond issuance	Country visit	Not available
Assessment of available capital (local) for investment	Country visit	Not available

Availability of domestic capital and debt funding in DRC, overall result is a two ('2')

This analysis results in an overall value of two ('2'), DRC is thus considered "developing" in terms of this category.

The availability of domestic capital and debt is extremely constrained. Although a number of banks have a presence in the country this reflects an interest of foreign funding in extractive industries. The capital market is almost non-existent and there are no large institutions such as pension funds that are able to invest in any significant infrastructure projects.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts	Doing Business 2013 – The World Bank and IFC	162 out of 183 countries
Rule of Law	Governance indicator, World bank	1.9 out of 100

We used the key indicators 'Enforcing Contracts' and Rule of Law from Doing Business and World Bank respectively, as they focuses on how public institutions function in the case of a commercial dispute³. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of DRC, overall result is a one ('1')

This analysis results in an overall value of one ('1'), DRC is thus considered "developing" in terms of this category.

There is very little confidence in the application of judicial processes to commercial contracts. The DRC is ranked 162nd in the world for enforcing contracts and rated 1.9 out of 100 for the application of the Rule of Law.

³ Doing Business 2013, the World Bank and IFC

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	Not available
Africa's Governance	Ibrahim Index of African Governance	32.8 out of 100
Voice and accountability	Governance indicator	8 out of 100
Government effectiveness	Governance indicator	1.9 out of 100
Regulatory Quality	Governance indicator	5.7 out of 100
Control of Corruption	Governance indicator	3.3 out of 100

Governance and decision making of DRC, overall result is a one ('1')

This analysis results in an overall value of one ('1'), DRC is thus considered "developing" in terms of this category.

The Ibrahim Index of African Governance rates the DRC at 32.8 out of 100 in terms of governance and Government effectiveness is a poor 1.9 out of 100.

1.6 Ease of doing business in DRC

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	180 out of 183 countries
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	149 out of 183 countries
Getting electricity	Doing Business 2013 – The World Bank and IFC	170 out of 183 countries
Register property	Doing Business 2013 – The World Bank and IFC	156 out of 183 countries
Getting credit	Doing Business 2013 – The World Bank and IFC	104 out of 183 countries
Protecting investors	Doing Business 2013 – The World Bank and IFC	158 out of 183 countries

Paying taxes	Doing Business 2013 – The World Bank and IFC	182 out of 183 countries
Trading across borders	Doing Business 2013 – The World Bank and IFC	181 out of 183 countries
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	136 out of 183 countries

Ease of doing business in DRC, overall score is a one ('1')

This analysis results in an overall value of one ('1'), DRC is thus considered “developing” in terms of this category.

The DRC is ranked 180th in the world for Starting a Business, and 104th for Getting Credit and 149th for Dealing with Construction Permits.

1.7 PPP environment in DRC

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	
■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc?	Country visit	No
■ Does a policy for private participation in the Member State exist?	Country visit	No
■ Public Sector appetite/capacity and experience relating to PPPs in the Member State	Country visit	No
Is there Political support for PPPs?	Country visit	
■ Is there a PPP focal point/ Unit in the Member State?	Country visit	No
■ Does an existing PPP track record in the Member State exist?	Country visit	No
Private sector capacity, capability and appetite	Country visit	
■ Are multiple firms active in the PPP market?	Country visit	Yes
■ Does capacity exist in the private sector?	Country visit	Yes

PPP environment in the DRC, overall score is a two ('2')



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KPMG, based on years of experience, applied its own mind in coming up with a value.

This analysis results in an overall value of two ('2'), DRC is thus considered “developing” in terms of this category.

The DRC is almost completely dependent on its mining sector for foreign capital investments and has developed its regulatory framework around the permitting and regulation of mining concessions. While these are not the same as PPPs in infrastructure there is an acknowledgement of the role of the private sector and its investment. There are no formal PPP laws or regulations and no institutional capacity has been established.

1.8 Observations

The DRC is in the process of developing mining specific experience in concessions and the management of foreign investment but has no PPP track record in infrastructure. It also has poorly developed financial markets and very limited institutional and regulatory ability to manage complex procurements related to public infrastructure. As such it is unlikely to develop strong PPP project potential in the short to medium term.

1.9 Conclusion

Overall DRC is thus considered “developing” in terms of this assessment.



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1 Overall evaluation of Malawi's readiness for PPPs

1.1 Background

We evaluated Malawi by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Malawi
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Malawi
- PPP environment in Malawi

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

Complicated travel logistics combined with the availability of the PPP commission meant no actual country visit was undertaken; however there was significant email communication and a very productive conference call with the PPP commission in Blantyre on 4 July 2013.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Malawi

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	4.30%
Actual GDP in numbers (size of economy), current USD\$	World Bank	5,621,000,678
Lending Interest rates	World Bank	23.8
Inflation rate	www.trading economics.com/country-list/inflation-rate	35.80%
Credit Rating		
Political Stable and Absence of Violence	Governance indicator, World bank	44.3
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	3.3

Attractiveness of Malawi, overall result is a two ('2')

Malawi has a small economy with a GDP of USD5,6 bn and a low GDP per capita of USD900. It does not have a credit rating and although it has sustained an average 4,3% growth over the past 3 years has remained a poorly developed country with limited infrastructure and a massive infrastructure backlog. This analysis results in an overall value of two ('2'), Malawi is thus considered "developing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	4 major banks
Number of equity investment funds	Country visit	Only micro funds
Number of pension funds	Country visit	2 major funds
3 year history of bond issuance	Country visit	TBC
Assessment of available capital (local) for investment	Country visit	Minimal/no local funds for capital investment, small amounts for working capital/minimal equity investment

Availability of domestic capital and debt funding in Malawi, overall result is a one ('1')

There is a very limited banking sector with 4 banks, very fragmented equity funding and only two pension funds. No bonds have been issued and the capital market is non-existent. This analysis results in an overall value of one ('1'), Malawi is thus considered "developing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC	144
Rule of Law (rating from 1 to 100)	Governance indicator, World bank	50.2

We used the key indicator 'Enforcing Contracts' from Doing Business as they focuses on how public institutions function in the case of a commercial dispute⁴. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Malawi, overall result is a two ('2')

Malawi is rated 144th in the world in terms of enforcing contracts and has a rating of 50.2 out of 100 for the application of the Rule of Law. This analysis results in an overall value of two ('2'), Malawi is thus considered "developing" in terms of this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	3.82
Africa's Governance	Ibrahim Index of African Governance	56
Voice and accountability	Governance indicator	39.4
Government effectiveness	Governance indicator	40.3
Regulatory Quality	Governance indicator	26.5
Control of Corruption	Governance indicator	45.5

Governance and decision making of Malawi, overall result is a two ('2')

⁴ Doing Business 2013, the World Bank and IFC

Malawi was given a rating of 56 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 40.3. This analysis results in an overall value of two ('2'), Malawi is thus considered "developing" in terms of this category.

1.6 Ease of doing business in Malawi

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	141
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	175
Getting electricity	Doing Business 2013 – The World Bank and IFC	179
Register property	Doing Business 2013 – The World Bank and IFC	97
Getting credit	Doing Business 2013 – The World Bank and IFC	129
Protecting investors	Doing Business 2013 – The World Bank and IFC	82
Paying taxes	Doing Business 2013 – The World Bank and IFC	58
Trading across borders	Doing Business 2013 – The World Bank and IFC	168
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	134

Ease of doing business in Malawi, overall score is a one ('1')

Malawi is ranked 141st in the world for Starting a Business, and 175th for Dealing with Construction Permits. It ranked 129th in terms of access to credit, this analysis results in an overall value of one ('1'), Malawi is thus considered "developing" in terms of this category.

1.7 PPP environment in Malawi

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	
■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc?	Country visit	There is a PPP Act (2011) and Policy (2011).
■ Does a policy for private participation in the Member State exist?	Country visit	Yes see above.
Public Sector appetite/capacity and experience relating to PPPs in the Member State	Country visit	
■ Is there Political support for PPPs?	Country visit	Yes, strong support.
■ Is there a PPP focal point/ Unit in the Member State?	Country visit	There has been a PPP Commission for some years, based in Blantyre.
■ Does an existing PPP track record in the Member State exist?	Country visit	PPP is in its infancy, but the privatisation programme started in the 90's included some projects with public and private elements.
Private sector capacity, capability and appetite	Country visit	
■ Are multiple firms active in the PPP market?	Country visit	Not locally due to infancy of the PPP model.
■ Does capacity exist in the private sector?	Country visit	As above, but it is expected that local firms will support international ones in tenders.

PPP environment in the Malawi, overall score is a three ('3')

The PPP programme in Malawi is in its infancy, although there has been a privatisation programme for the last 20 years that included some aspects of PPP as opposed to outright disposal. There is strong support for PPPs and a PPP Commission in the federal government has been established. This analysis results in an overall value of three ('3'), Malawi is thus considered "maturing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report.

Reputable external sources were used where appropriate and fact based observations were made.

The World Bank has been supporting the development of the PPP model in Malawi and developing capacity in the PPP Commission. It commissioned a study to identify a prioritised pipeline of PPP projects and these are the priority, over the projects identified in the RIDMP and STAP.

1.9 Conclusion

The macro-environment for PPP's in Malawi is very positive with many of the fundamentals in place, for example a stable political environment and broad regulatory and legal environment, the necessary specific PPP laws and policy, and an active pipeline of projects.

Furthermore there have been several years of effort and capacity building in the central PPP unit, supported by the World Bank and appointed consultants. There is a very recently published report of prioritised pipeline projects, and the impression is that traction is being made. Therefore the country appears very attractive for the development of PPP's and the suggestion is the SADC PPP unit consider supporting a project (see sector recommendations). Overall Malawi is thus considered "developing" in terms of this category.

MAURITIUS

Member State Report



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1 Overall evaluation of Mauritius's readiness for PPPs

1.1 Background

We evaluated Mauritius by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Mauritius
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Mauritius
- PPP environment in Mauritius

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visits we met with the Member State's Treasury/PPP unit, one or two banks and KPMG local office representatives.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Mauritius

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	4.10%
Actual GDP in numbers (size of economy), current USD\$	World Bank	11 259 856 301
Lending Interest rates	World Bank	8.9
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	3.60%
Credit Rating	Country visit	A-/ BBB
Political Stable and Absence of Violence	Governance indicator, World bank	75
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	4.41

Attractiveness of Mauritius, overall result is a three ('3')

The Mauritian economy has experienced one of the highest growth rates in the SADC region at 4.10% over the last three years off a high per capita base of USD15,800. The overall size of the economy is USD11,260 billion. In addition Mauritius has a low inflation rate and a very stable credit rating from Moody's of Baa1 making it one of Africa's prime investment destinations. This analysis results in an overall value of three ('3'), Mauritius is thus considered "maturing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	21
Number of equity investment funds	Country visit	0
Number of pension funds	Country visit	0

3 year history of bond issuance	Country visit	There have been three corporate debenture issues. The three recent issues in Rs as follows: 5 years Rs 1bn fixed, 5 years Rs 570m fixed and in May 5 years Rs 750m. Bond markets exist and there is large appetite to invest in good infrastructure assets.
Assessment of available capital (local) for investment	Country visit	21

Availability of domestic capital and debt funding in Mauritius, overall result is a four ('4')

Its stable political and macro-economic environment make Mauritius well suited as bases of financial institutions and investment funds. The large number of domestic and international banks in the country at 21 and the presence of institutional and equity funds is well suited to investment in infrastructure and informal responses indicated that the debt market could provide up to Rs5 billion per transaction for up to 15 years provided the amount of foreign exchange was limited as hedge tenors are lower at about 5 to 7 years. This analysis results in an overall value of three ('4'), Mauritius is thus considered "maturing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts	Doing Business 2013 – The World Bank and IFC	58 out of 183 countries
Rule of Law	Governance indicator, World bank	75 out of 100

We used the key indicator 'Enforcing Contracts' from Doing Business as they focuses on how public institutions function in the case of a commercial dispute⁵. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit. Mauritius's Judicial system is based upon English and French law and is easily understood and applied. Court decisions are upheld and investors are protected.

⁵ Doing Business 2013, the World Bank and IFC

Judicial system of Mauritius, overall result is a three ('3')

Mauritius's judicial system is highly rated at 58th in the world in terms of enforcement of contractual rights and obligations and the acceptance of the Rule of Law is also rated very highly by the World Bank with a score of 75 out of a 100. This analysis results in an overall value of three ('3'), Mauritius is thus considered "maturing" in terms of this category.

1.5 Governance and decision making

Governance and decision making in the Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	4.59 out of 7
Africa's Governance	Ibrahim Index of African Governance	83 out of 100
Voice and accountability	Governance indicator	70.4 out of 100
Government effectiveness	Governance indicator	74.4 out of 100
Regulatory Quality	Governance indicator	76.8 out of 100
Control of Corruption	Governance indicator	72.5 out of 100

Governance and decision making of Mauritius, overall result is a three ('3')

Mauritius was given a rating of 83 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 74.4. This analysis results in an overall value of three ('3'), Mauritius is thus considered "maturing" in terms of this category.

1.6 Ease of doing business in Mauritius

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	14 out of 183 countries
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	62 out of 183 countries

Getting electricity	Doing Business 2013 – The World Bank and IFC	44 out of 183 countries
Register property	Doing Business 2013 – The World Bank and IFC	60 out of 183 countries
Getting credit	Doing Business 2013 – The World Bank and IFC	53 out of 183 countries
Protecting investors	Doing Business 2013 – The World Bank and IFC	13 out of 183 countries
Paying taxes	Doing Business 2013 – The World Bank and IFC	12 out of 183 countries
Trading across borders	Doing Business 2013 – The World Bank and IFC	15 out of 183 countries
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	64 out of 183 countries

Mauritius economy is growing above 4% and is developing as one of the most attractive destinations for investors to establish companies for investing further into the African continent. Mauritius has entered into a large number of double tax agreements with African member states.

Ease of doing business in Mauritius, overall score is a three ('3')

Mauritius is the 14th easiest country in the world in which to start a business and is ranked 13th for protecting investors. It is 53rd in terms of access to credit and 62nd for the ease of dealing with construction permits. This analysis results in an overall value of three ('3'), Mauritius is thus considered "maturing" in terms of this category.

1.7 PPP environment in Mauritius

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	

<ul style="list-style-type: none"> ■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc? 		<p>The Public Private Partnership Act 2004 became effective in March 2005. The legislation was amended in 2008 to allow for the setting up of a PPP Committee to deal with all matters relating to PPP projects and to provide a framework to manage unsolicited proposals by private promoters. Government issued PPP Manual 2006 provides guidance and information on the implementation of PPP projects.</p>
<ul style="list-style-type: none"> ■ Does a policy for private participation in the Member State exist? 		<p>Government has a policy to enlist private sector participation in infrastructure and public service delivery.</p>
<ul style="list-style-type: none"> ■ Public Sector appetite/capacity and experience relating to PPPs in the Member State 		<p>There are a number of PPP projects in the pipeline with one of the most recent is a 29.4MW Wind farm currently being developed. Projects often attract foreign and domestic firms for development and implementation.</p>
<p>Is there Political support for PPPs?</p>		<p>Yes. However, there are two major projects earmarked under PPP framework (road decongestion programme and light rail transit) which have been subject to parliamentary questions from the opposition and heated debates in the national assembly. These related essentially to the process for selection of bidders, sources of government funding, imposition of toll, cost of rail tickets and fees paid for project consultancy services.</p>
<ul style="list-style-type: none"> ■ Is there a PPP focal point/ Unit in the Member State? 		<p>The PPP Unit which falls under the Ministry of Finance and Economic Development.</p>
<ul style="list-style-type: none"> ■ Does an existing PPP track record in the Member State exist? 		<p>No. To date there have not been any project undertaken under a PPP agreement.</p>
<p>Private sector capacity, capability and appetite</p>		
<ul style="list-style-type: none"> ■ Are multiple firms active in the PPP market? 		<p>Yes. South African (Group 5/Aveng), French (Bouyguez) and Chinese (Sinohydro) firms are active in the market.</p>
<ul style="list-style-type: none"> ■ Does capacity exist in the private sector? 		<p>Bidders for PPP projects are consortiums of local and foreign operators, with the foreign party/leading leading.</p>

PPP environment in the Mauritius, overall score is a three ('3')

There is a functional PPP Unit in the Ministry of Finance and Economic Development and PPP law and regulation exist and are applied to a number of PPP projects. The large road project that has

reached preferred bidder stage and the planned light rail transit project have attracted significant off shore interest and boosted local capacity (advisory as well as financial investment resources) in PPPs. This analysis results in an overall value of three ('3'), Mauritius is thus considered "maturing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report.

Reputable external sources were used where appropriate and fact based observations were made.

Representative of the member countries PPP units did not recognise the projects identified in the RIDMP and STAP.

1.9 Conclusion

Mauritius is an attractive PPP environment. A number of points lend themselves to conducting PPP projects in Mauritius. Some of the notable points include good governance systems, strong judicial system and growing financial sector, There is certainly evidence of market appetite to invest in these types of deals, however local capacity e.g. contracting fraternity, may be lacking. This can easily be improved by foreign firms bidding for the implementation of various projects.

Mauritius PPP unit needs some demonstrative projects which will promote further political support for this type of model. Currently, majority privately financed deals have been conducted on a concessional loan basis with the Ministry of Finance providing the finance for the project.

Overall Mauritius is thus considered "maturing" in terms of this assessment.

MOZAMBIQUE

Member State Report



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1 Overall evaluation of Mozambique's readiness for PPPs

1.1 Background

We evaluated Mozambique by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Mozambique
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Mozambique
- PPP environment in Mozambique

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visits we meet with the Member State's PPP unit, Mr. Luis Matsinhe – Head of PPP Unit and Megaprojects (Ministry of Finance) and Mrs. Sónia Deus – Lawyer/Procurement advisor (Ministry of Finance).

We also discussed these topics with Mr. Inaete Merali, CEO of Mozabanco. Previous discussions were held with Millenniumbim and Standard Bank.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Mozambique

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank data used for 2011	7.10%

Actual GDP in numbers (size of economy), current USD\$	World Bank data used for 2011	12 762 040 281
Lending Interest rates	World Bank data used for 2011	19.1
Inflation rate	www.trading economics.com/country-list/inflation-rate	4.79%
Credit Rating	Country Visit	B+ (S&P and Fitch)
Political Stable and Absence of Violence (rating of 0 to 100)	Country Visit	57.1
Macro-Economic Environment (score 1 to 7)	Country Visit	3.66

Attractiveness of Mozambique, overall result is a two ('2')

Mozambique has been growing at an average rate of 7.10% over the last three years and had a GDP of USD12,762 billion in 2011. The country's GDP per capita is around USD1,200 per annum which means its people are amongst the poorest in the world. Its credit rating of B+ from S&P means that it is sub-investment grade. However, its political stability and absence of violence rating has increased steadily to 57 out of 100 reflecting the improvement in investment environment. Its bountiful natural resources make it a country with high levels of interest from foreign investors. This analysis results in an overall value of two ('2'), Mozambique is thus considered "developing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country Visit	15
Number of equity investment funds	Country Visit	n.a.
Number of pension funds	Country Visit	n.a.

3 year history of bond issuance	Country Visit	Mozambican Government issued in April T-Bonds worth USD 16m. According to Domestic Debt Plan for 2013 the plan is to issue MT 3.5bn (USD 120m) in the current year. There is a track record of bond issues (placed in the local market) but they are very small in size. There are approximately 15 T-bonds and T-Notes outstanding with tenors of around 3y-5y. The market has barely any liquidity. Main corporations (MOZAL, ENH, EDM and banks) have issued corporate bonds in recent years. The aggregate raised amounts are still quite small.
Assessment of available capital (local) for investment	Country Visit	Local banks have no capacity for project finance deals. At most they will issue equity guarantees, but even here will be for small amounts. The only exception are large international banks like Barclays, Standard Bank, Standard Chartered who have appetite and capacity for these transactions and will use their parent companies abroad to raise finance for these large scale deals. Concessional loans are also available from foreign governments (bilateral agreements - e.g. mostly coming from China) and other multilaterals (COMESA, World Bank, and other DFIs etc). Most of the projects that are getting close to financial close stage will use a combination of project finance and ECA financing. As the lending rates are still attractive, there is a market for syndication.

Availability of domestic capital and debt funding in Mozambique, overall result is a two ('2')

Mozambique has very limited local debt and capital markets. Although there are 14 banks registered in the country, their capacity for long term, high value investments required for infrastructure is extremely limited. Offshore banks with local subsidiaries are higher potential in this regard but currency mismatches require mitigation. Concessional loans from Development Finance Institutions play a large role in the country and will continue to do so for the next few years.

Capital markets are developing but remain small. A mix of sovereign and corporate' bond issuances have been undertaken in the last few years and succeeded in creating a trading market, although the amounts are relatively small. This analysis results in an overall value of two ('2'), Mozambique is thus considered "developing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	132

Rule of Law (rating of 0 to 100)	Governance indicator, World bank, 2011 data	33.8
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We used the key indicator ‘Enforcing Contracts’ from Doing Business as they focuses on how public institutions function in the case of a commercial dispute⁶. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Mozambique, overall result is a one (‘1’)

Enforceability of contracts has improved but Mozambique still ranks low in the third quartile at 132nd in the world and its Rule of Law rating is 33.8 out of 100. This analysis results in an overall value of one (‘1’), Mozambique is thus considered “developing” in terms of this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best)	3.35
Africa’s Governance (score out of 100)	Ibrahim Index of African Governance (score out of 100)	55
Voice and accountability (rating of 0 to 100)	Governance indicator, World bank, 2011 data	44.1
Government effectiveness (rating of 0 to 100)	Governance indicator, World bank, 2011 data	35.5
Regulatory Quality (rating of 0 to 100)	Governance indicator, World bank, 2011 data	37
Control of Corruption (rating of 0 to 100)	Governance indicator, World bank, 2011 data	41.7

Governance and decision making of Mozambique, overall result is a two (‘2’)

Mozambique was given a rating of 55 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 35.5. This analysis results in an overall value of two (‘2’), Mozambique is thus considered “developing” in terms of this category.

⁶ Doing Business 2013, the World Bank and IFC

1.6 Ease of doing business in Mozambique

Ease of doing business in the Member State	Source of information	Findings
Starting a business (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	96
Dealing with Construction permits (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	135
Getting electricity (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	174
Register property (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	155
Getting credit (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	129
Protecting investors (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	49
Paying taxes (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	105
Trading across borders (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	134
Resolving insolvency (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	147

Ease of doing business in Mozambique, overall score is a one ('1')

Mozambique, is 96th out of 185 countries in the world in terms of ease with which to start a business and is ranked 49th for protecting investors. It is 129th in terms of access to credit and 135th for the ease of dealing with construction permits. This analysis results in an overall value of one ('1'), Mozambique is thus considered “developing” in terms of this category.

1.7 PPP environment in Mozambique

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country Visit	

<ul style="list-style-type: none"> ■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc? 	Country Visit	There is legislation on PPPs, Large Scale Projects and Concessions which was approved recently (2011/12). There are specific regulations and guidelines that rule municipality projects and other small-mid size projects. Since 2010 there is a central PPP Unit housed at the Department of Economic Affairs within the Ministry of Finance.
<ul style="list-style-type: none"> ■ Does a policy for private participation in the Member State exist? 	Country Visit	Private sector participation in large scale and infrastructure projects is regulated by the PPP Law and is strongly encouraged. The PPP Law defines the procurement process and specifies the way private sector can get involved (solicited and unsolicited bids and the process thereafter). The Government is keen to involve the private sector as much as possible. Proof of this are several consultation processes regarding topics of participation, investment and raising financing from the private sector. Furthermore, the Government is currently looking at finalising legislation to further develop capital markets.
<ul style="list-style-type: none"> ■ Public Sector appetite/capacity and experience relating to PPPs in the Member State 	Country Visit	
Is there Political support for PPPs?	Country Visit	As mentioned in the first question, there is a strong political support for PPPs. In fact, Government knows the only way to expedite infrastructure delivery in the country is to engage with the private sector. Since local capacity is limited and public / local financing is not available for such an intensive capital programme, the Government of Mozambique has decided to use Concessions and other forms of PPPs to achieve this goal.
<ul style="list-style-type: none"> ■ Is there a PPP focal point/ Unit in the Member State? 	Country Visit	There is a PPP Unit which is housed within the Ministry of Finance which is the single focal point for PPPs. The new entity will report to the Ministry of Finance. The unit will be responsible to approve any project/initiative that involves a concession/privatization of a public asset or a process which involves the use of Government funds.

<ul style="list-style-type: none"> Does an existing PPP track record in the Member State exist? 	Country Visit	<p>In the past 10 years there are several examples of PPP (defined on a broad definition) projects. Most of these projects adopted the form of unsolicited bids or private sector led initiatives. Good examples of this point are: mining licenses/concessions in the Tete region, gas field concession blocks, port and terminal construction and operation such as the Maputo Port Development Company which is a JV between Grindrod, DP and state owned CFM, a JV to build and operate the Sena railway line (between Vale and CFM), the coal terminal in Beira currently operated by ESSAR, etc) and the IPP concessions (hydro, gas and coal fired plants).</p> <p>Although there are also 1-2 examples in other subsectors (N4 road, private hospital in Maputo), it is more complex to introduce the PPP model here. The Government is looking at this stage to PPP projects that are self sustainable (can generate revenues by themselves) as there is a concern with Government outstanding debt and the fact Mozambique is still fully dependent on external financing.</p>
Private sector capacity, capability and appetite	Country Visit	
<ul style="list-style-type: none"> Are multiple firms active in the PPP market? 	Country Visit	<p>Most of the large infrastructure players have been active in the country. There is a huge investment coming from China. To a lesser extent, you can also see Brazilian, Portuguese and South African economic groups which have been targeting Mozambique construction, infrastructure, power and mining opportunities. Since Mozambique is rich in natural resources - coal and offshore gas in the north of the country- there is strong market appetite for these direct opportunities (large scale projects).</p>

<p>■ Does capacity exist in the private sector?</p>	<p>Country Visit</p>	<p>There is enough capacity given the presence of huge international conglomerates. Since the country is open and exposed to international markets, it will be possible to attract expertise and technical skills into the country. At the moment, local capacity is fairly limited.</p> <p>Since infrastructure, transport and accommodation is almost non-existent, construction is one of the flourishing sectors. G5, Basil Read, Stefanutti from South Africa, Mota-Engil, TD, Visabeira and Soares da Costa from Portugal, Odebrecht, Camargo, QG and Andrade Gutierrez from Brazil and most of the Chinese big players are present in the country.</p>
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PPP environment in the Mozambique, overall score is a four ('4')

KPMG, based on years of experience, applied its own mind in coming up with a value.

There is legislation on PPPs, Large Scale Projects and Concessions which was approved recently (2011/12). There are specific regulations and guidelines that rule municipality projects and other small-mid size projects. Since 2010 there is a central PPP Unit housed at the Department of Economic Affairs within the Ministry of Finance. There is a strong political support for PPPs. In fact, Government knows the only way to expedite infrastructure delivery in the country is to engage with the private sector. There is a PPP Unit which is housed within the Ministry of Finance which is the single focal point for PPPs. As a result there have been a number of concession type contracts in mining and gas projects as well as port, rail and IPP contracts. This analysis results in an overall value of four ('4'), Mozambique is thus considered "maturing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report. Reputable external sources were used where appropriate and fact based observations were made.

We haven't had the chance to go through the countries Project list. However, the representative of Mozambique's PPP unit mentioned the transport and logistics (ports and freight rail solutions) and power to be the sectors he expects to have projects feeding the RIDMP STAP.

1.9 Conclusion

Based on our research, market insight and feedback obtained from the meeting held in Maputo on the 21st of June, we can clearly say Mozambique is one of the countries where we will see several PPP projects to be implemented in the next couple of years.

It is widely accepted there is a huge need to develop infrastructure. Since the country is rich in natural resources (mainly coal and gas), it is possible to structure projects which have commercial viability and make economic sense. Further, there is a legal framework in place and mostly there is political support to deliver these projects. The Government knows this is the only way to grow, to achieve economic development and in that way improve the living standards for millions of



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

Southern African Development Community
Public Private Partnership Network

Mozambicans.

The Government have taken considerable decisions in the last few years. Public sector entities are being capacitated but this is a long term journey. It is imperative Government and other state owned entities get involved on these large scale projects from the beginning. Since infrastructure is by definition a long term business, it is critical to manage political-social expectations very carefully as there is a huge social pressure to increase local content and to have wealth better distributed.

There is private sector capacity already established. Several projects have been studied and are ready to move towards financial close and implementation phases. Since most of the projects are earmarked to be implemented in the same period of time (next 3-8 years), it is likely the wider investor/financial community needs to be involved. This has already been tested with financing coming from places as remote as Brazil, Australia and China but it will evolve also to include other types of investors/financiers (e.g. private equity).

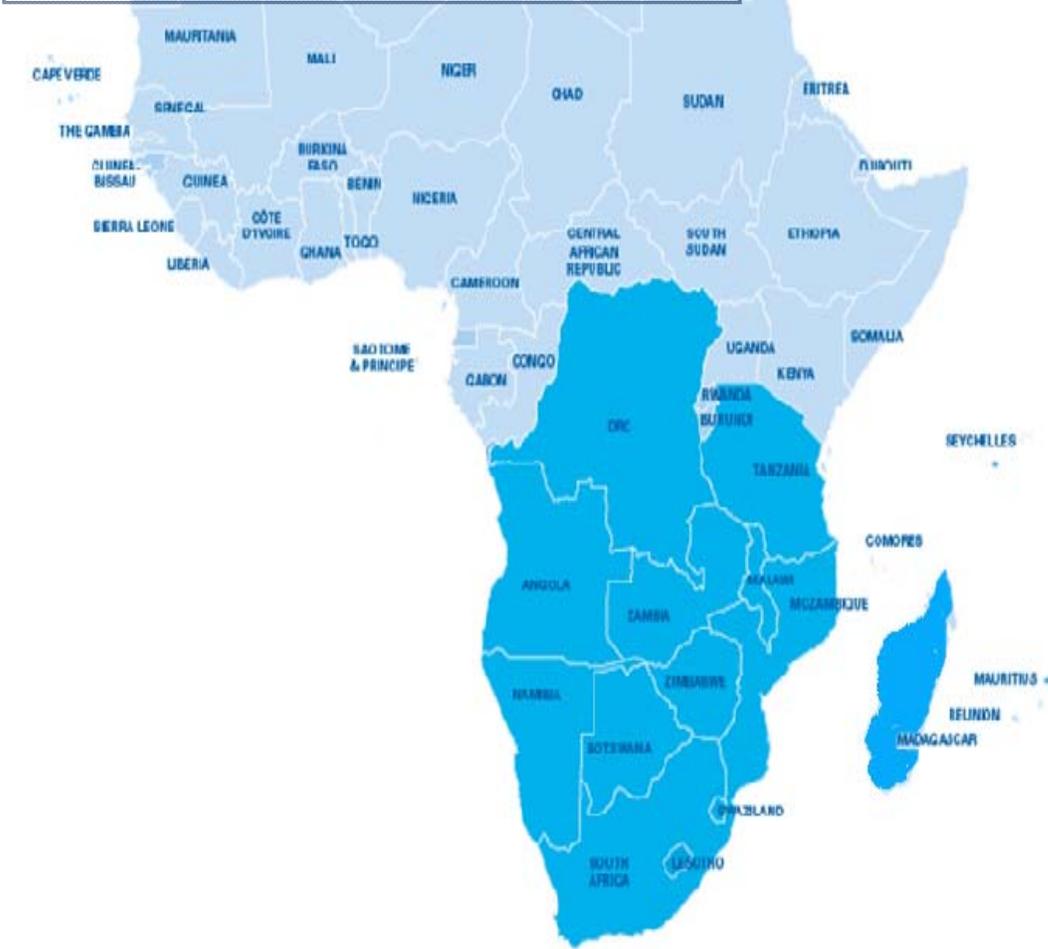
In conclusion, one way or the other these large scale projects will be implemented. There are no doubts private sector will be involved and it seems the PPP model is ahead in terms of being the main form of procurement. It is also expected these PPP projects will not require public funding or depend on Government budgets in the first phase. We will rather see an extensive use of project finance, ECA financing and other concessional financing schemes being structured and implemented.

Overall Mozambique is thus considered “developing” in terms of this assessment.



NAMIBIA

Member State Report



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1 Overall evaluation of Namibia's readiness for PPPs

1.1 Background

We evaluated Namibia by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Namibia
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Namibia
- PPP environment in Namibia

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visits we met with the Member State's Treasury/PPP unit, one or two banks and KPMG local office representatives.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Namibia

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	4.80%
Actual GDP in numbers (size of economy), current USD\$	World Bank	12 510 721 241
Lending Interest rates	World Bank	8.70%

Inflation rate	www.trading economics.com/country-list/inflation-rate	6.11%
Credit Rating	Country visit	Not available
Political Stable and Absence of Violence	Governance indicator, World bank	75.9 out of 100
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	4.5 out of 7

Attractiveness of Namibia, overall result is a three ('3')

Namibia is a financially stable economy with good GDP growth (4.80%) and moderate inflation (6.11%). It is considered politically stable (75.9/100) and it rate 4.5 out of 7 for macroeconomic stability. This analysis results in an overall value of three ('3'), Namibia is thus considered "maturing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	4
Number of equity investment funds	Country visit	8 to 10 identified
Number of pension funds	Country visit	Many – 3 public, plus mining houses and others
3 year history of bond issuance	Country visit	Yes – two bond issues: 2011 Eurobond, 500 million US. 2012 RSA bond, 850 million ZAR.
Assessment of available capital (local) for investment	Country visit	There is availability of capital, but it is considered illiquid. The requirement for local investment in equity funds has however been increased to 5%, which while low will have a positive impact.

Availability of domestic capital and debt funding in Namibia, overall result is a three ('3')

Namibia has many potential sources of funding (4 banks and over 8 equity funds) as well as an access to international funding (3 year history of bond issues). However, the lack of mature secondary markets for capital means that markets are illiquid. These criteria result in an overall value of three ('3'), resulting in an assessment of "maturing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
	Enforcing Contracts	Doing Business 2013 – The World Bank and IFC
Rule of Law	Governance indicator, World bank	61 out of 100

We used the key indicators ‘Enforcing Contracts’ and Rule of Law from Doing Business and World Bank respectively, as they focuses on how public institutions function in the case of a commercial dispute⁷. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Namibia, overall result is a three (‘3’)

The judicial system serves Namibia well, and it scores highly on enforcement of contracts (41/185) and rule of law (61/100), resulting in an overall value of three (‘3’) and considered “maturing” in this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	4.19 out of 7
Africa’s Governance	Ibrahim Index of African Governance	70 out of 100
Voice and accountability	Governance indicator	56.8 out of 100
Government effectiveness	Governance indicator	57.8 out of 100
Regulatory Quality	Governance indicator	55 out of 100
Control of Corruption	Governance indicator	64 out of 100

Governance and decision making of Namibia, overall result is a two (‘2’)

Namibia has good scores in terms of some governance measures, Institutions (4.19/7) are strong and Governance (70/100) is highly regarded. Low scores for Voice and accountability (56.8/100),

⁷ Doing Business 2013, the World Bank and IFC

Government effectiveness (57.8/100) and Regulatory Quality (55/100), however, bring the overall rating down to a two ('2'), resulting in an assessment of "developing" in this category.

1.6 Ease of doing business in Namibia

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	133 out of 183 countries
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	56 out of 183 countries
Getting electricity	Doing Business 2013 – The World Bank and IFC	87 out of 183 countries
Register property	Doing Business 2013 – The World Bank and IFC	169 out of 183 countries
Getting credit	Doing Business 2013 – The World Bank and IFC	40 out of 183 countries
Protecting investors	Doing Business 2013 – The World Bank and IFC	82 out of 183 countries
Paying taxes	Doing Business 2013 – The World Bank and IFC	112 out of 183 countries
Trading across borders	Doing Business 2013 – The World Bank and IFC	140 out of 183 countries
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	59 out of 183 countries

Ease of doing business in Namibia, overall score is a two ('2')

Ease of doing business measures are in general medium and higher scores. However, some key "Ease of Doing Business" measures detract from the overall score. Notably, "Starting a business" (133/185), "Register property" (169/185), "Paying taxes" (112/185), and "Trading across borders" (140/185) scores rank Namibia quite low amongst 183 countries listed in the index. These scores bring down the overall score to a two ('2'), generating an assessment of "developing" in this category.

1.7 PPP environment in Namibia

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	
■ Is there a presence/development of enabling legislation ie PPP Law/ regulations etc?	Country visit	Yes, development of PPP enabling legislation is in development (mandated by 2012 cabinet approval). This may take a long time to be enacted though.
■ Does a policy for private participation in the Member State exist?	Country visit	Yes, there is policy for private participation, this occurs at department level. However, it is not possible for Treasury or any government department to provide financial support or payment for services within a PPP structure, additionally; no financial guarantees can be provided.
■ Public Sector appetite/capacity and experience relating to PPPs in the Member State	Country visit	Yes, there is appetite for PPP implementation, but there is very limited experience and capacity in the absence of a PPP unit. There is also limited opportunity given the level of support government can provide as per policy (above)
Is there Political support for PPPs?	Country visit	Yes, there is political support for PPPs as given by the approval to develop PPP legislation and a PPP unit. However, until progress has been on these two initiatives it will be difficult to gauge the level commitment.
■ Is there a PPP focal point/ Unit in the Member State?	Country visit	Yes, the Permanent Secretary of MOF, however PPP unit organisation and structure still in development (contracted/in procurement with advisors).
■ Does an existing PPP track record in the Member State exist?	Country visit	Yes, however the only PPPs we can identify have been in the Tourism sector and have required no government financial support.
Private sector capacity, capability and appetite	Country visit	
■ Are multiple firms active in the PPP market?	Country visit	No, there is limited private participation by the private sector.
■ Does capacity exist in the private sector?	Country visit	No, there is concern that access to work permits and skills shortages may limit capacity, and the fact that many firms are local subsidiaries of foreign firms suggests otherwise.

PPP environment in the Namibia, overall score is a two ('2')

KPMG, based on years of experience, applied its own mind in coming up with a value.

The PPP environment in Namibia has improved with increased government commitment to PPPs in the form of the establishment of a PPP unit and the commitment to the development of PPP enabling legislation. In the absence of such legislation, the environment is very limited. Specifically, government financial support in the form of unitary payments, support payments and financial guarantees is prohibited. In addition, private sector capacity is limited without special dispensations regarding the import of skills and foreign capacity, or reforms of visa and work permit regulations. These criteria result in an overall score of two ('2') or an assessment of "developing".

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report. Reputable external sources were used where appropriate and fact based observations have been made.

The Government of Namibia has approved the development of a PPP unit and is currently in beginning procurement of consulting services for its establishment. There is an indication that PPP enabling legislation is being drafted, but currently nothing has been enacted. Indications are that there is very limited PPP procurement occurring within government and that many of these may in fact be more in line with service contracts rather than benefits/objectives based procurement with any significant transfer of risk to the private sector.

PPP representative from Namibia were aware of the projects included in the SADC RIDMP and STAP programmes, but were not aware of their status and progress. It is understood that current arrangements are temporary until an official PPP unit is established. In addition, much project information is available at a departmental level, and was thus inaccessible on short notice.

Indications are that many key projects lag in development and execution due to disagreement between stakeholders, including implementing departments and state-owned entities, supply and off-take entities. Finally, it was acknowledged that the current regulatory regime was a significant impediment to the creation of an active market for PPPs and progress on legislation crucial to further development of PPPs.

1.9 Conclusion

In conclusion, the above analysis would suggest that only PPPs with firm private sector revenues or agreed feed-in tariffs, with no need for significant government support, will be successfully implemented. Other PPPs without these characteristics could be developed in anticipation of legislative reform, but this would be with some risk at this phase of PPP readiness maturity. Moreover, PPPs that require significant technical skills in operation, maintenance and management may meet difficulties in implementation. Finally, complexities relating to business start-up, property registration, taxation and cross border activities mean that rigorous due diligence activities and methodical project planning will be key to PPP project success. PPPs could be implemented in Namibia in the current environment as the other broad categories indicate that this would be



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Southern African Development Community
Public Private Partnership Network

possible. It is not an impending need to have enacted legislation, although this will assist. Overall Namibia is thus considered “maturing” in terms of this assessment



SEYCHELLES

Member State Report





Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

Southern African Development Community
Public Private Partnership Network

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1 Overall evaluation of Seychelles's readiness for PPPs

1.1 Background

We evaluated Seychelles by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Seychelles
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Seychelles
- PPP environment in Seychelles

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

Unfortunately no actual country visit was made to the Seychelles, although email correspondence was made with Ministry of Finance, Ms Irene Croisee, Director of Public Budget Management.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Seychelles

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	5.00%
Actual GDP in numbers (size of economy), current USD\$	World Bank	1 059 593 501
Lending Interest rates	World Bank	11.2
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	5.30%

Credit Rating	Country visit	Not available
Political Stable and Absence of Violence	Governance indicator, World bank	79.7 out of 100
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	4.55 out of 7

Attractiveness of Seychelles, overall result is a three ('3')

The Seychelles is one of the lowest population countries in the world with less than 100,000 inhabitants. Its GDP is USD1,059 million and the GDP per capita is USD25,600 making it a Middle Income Country. Its investment grade credit rating and relatively high savings rate on the back of a high rating for political stability and absence of violence make it an attractive investment destination. This analysis results in an overall value of three ('3'), Seychelles is thus considered "maturing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	7
Number of equity investment funds	Country visit	Unknown
Number of pension funds	Country visit	Large State Pension Fund
3 year history of bond issuance	Country visit	Seychelles Treasury has issued 3, 5, 7, 10 yr bonds but not recently
Assessment of available capital (local) for investment	Country visit	Local bank 7 years of 60% or project costs up to SR8million Foreign Funding available

Foreign equity and debt providers will consider investing in Seychelles. The quantum and extent to which is based and the type and nature of the transaction as evidenced in the following two projects: for example, recently the Port Victoria 6MW Wind Farm was developed to provide much needed expected capacity and the Euro27million (60:40/D:E) financing of the Submarine East Africa System – the high-power submarine cable system. Shareholder include the Government of Seychelles, Cable and Wireless Seychelles and Airtel Seychelles.

Availability of domestic capital and debt funding in Seychelles, overall result is a one ('1')

The Seychelles has a limited debt market given its small size. However domestic banks can extend loans of up to 7 years and there is an active capital market with up to 10 year treasury bonds having been issued. This analysis results in an overall value of one ('1'), Seychelles is thus considered "developing" in terms of this category.

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts	Doing Business 2013 – The World Bank and IFC	83 out of 183 countries
Rule of Law	Governance indicator, World bank	54.9 out of 100

We used the key indicator ‘Enforcing Contracts’ from Doing Business as they focuses on how public institutions function in the case of a commercial dispute⁸. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Seychelles, overall result is a two (‘2’)

The Seychelles rates 41st in enforceability of contracts and scored 54.9 out of 100 in application of the Rule of Law. This analysis results in an overall value of two (‘2’), Seychelles is thus considered “developing” in terms of this category.

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	4.25 out of 7
Africa’s Governance	Ibrahim Index of African Governance	73 out of 100
Voice and accountability	Governance indicator	52.6 out of 100
Government effectiveness	Governance indicator	62.1 out of 100
Regulatory Quality	Governance indicator	36 out of 100
Control of Corruption	Governance indicator	65.4 out of 100

Governance and decision making of Seychelles, overall result is a two (‘2’)

The Seychelles was given a rating of 73 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 62.1. This analysis results in an overall value of two (‘2’), Seychelles is thus considered “developing” in terms of this category.

1.6 Ease of doing business in Seychelles

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	117 out of 183 countries

⁸ Doing Business 2013, the World Bank and IFC

Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	57 out of 183 countries
Getting electricity	Doing Business 2013 – The World Bank and IFC	144 out of 183 countries
Register property	Doing Business 2013 – The World Bank and IFC	66 out of 183 countries
Getting credit	Doing Business 2013 – The World Bank and IFC	167 out of 183 countries
Protecting investors	Doing Business 2013 – The World Bank and IFC	70 out of 183 countries
Paying taxes	Doing Business 2013 – The World Bank and IFC	20 out of 183 countries
Trading across borders	Doing Business 2013 – The World Bank and IFC	33 out of 183 countries
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	65 out of 183 countries

Ease of doing business in Seychelles, overall score is a two ('2')

The Seychelles, is 117th out of 185 countries in the world in terms of ease with which to start a business and is ranked 70th for protecting investors. It is 167th in terms of access to credit and 57th in dealing with Construction Permits.

SWAZILAND

Member State Report



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1 Overall evaluation of Swaziland's readiness for PPPs

1.1 Background

We evaluated Swaziland by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Swaziland
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Swaziland
- PPP environment in Swaziland

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

Unfortunately no country visit was undertaken although a number of attempts were made to communicate with the Swaziland Ministry of Finance, and in particular Ms Sizakhele Dlamini, Director of Corporate Services and Supply Chain.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Swaziland

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	1.30%
Actual GDP in numbers (size of economy), current USD\$	World Bank	4 090 174 846
Lending Interest rates	World Bank	9
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	9.00%

Credit Rating	Country visit	Not available
Political Stable and Absence of Violence	Governance indicator, World bank	30.7 out of 100
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	3.6 out of 7

Attractiveness of Swaziland, overall result is a two ('2')

The kingdom of Swaziland has experienced very slow growth over the last three years (average 1.3% per annum) and even negative growth in the last year. The GDP is USD4.090million and there is no available credit rating for the country. GDP per capita is USD5,900. This analysis results in an overall value of two ('2'), Swaziland is thus considered "developing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	5
Number of equity investment funds	Country visit	3
Number of pension funds	Country visit	2
3 year history of bond issuance	Country visit	None. Last year the government sought to issue some medium term bonds but there was no appetite among investors for purchasing these securities.
Assessment of available capital (local) for investment	Country visit	There is local capital available for investment, primarily due to legislation which compels Swazi retirement funds to invest 30% of their funds in the kingdom

Availability of domestic capital and debt funding in Swaziland, overall result is a two ('2')

The debt and equity markets in the Kingdom are extremely limited in depth although the requirements for domestic retirement funds to invest 30% of their funds in the kingdom means that there is some availability for investments in projects that meet the prudential risk requirements of these entities. No bonds have been issued given the absence of a market for such instruments.

This analysis results in an overall value of two ('2'), Swaziland is thus considered "developing" in terms of this category

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts	Doing Business 2013 – The World Bank and IFC	174 out of 183 countries
Rule of Law	Governance indicator, World bank	42.3 out of 100

We used the key indicator ‘Enforcing Contracts’ from Doing Business as they focuses on how public institutions function in the case of a commercial dispute⁹. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Swaziland, overall result is a two (‘2’)

Swaziland rates 174th in enforceability of contracts and scored 42.3 out of 100 in application of the Rule of Law. This analysis results in an overall value of two (‘2’), Swaziland is thus considered “developing” in terms of this category

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	3.61 out of 7
Africa’s Governance	Ibrahim Index of African Governance	52 out of 100
Voice and accountability	Governance indicator	12.7 out of 100
Government effectiveness	Governance indicator	28.4 out of 100
Regulatory Quality	Governance indicator	28.4 out of 100
Control of Corruption	Governance indicator	50.2 out of 100

Governance and decision making of Swaziland, overall result is a two (‘2’)

The Kingdom was given a rating of 52 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 28.4. This analysis results in an overall value of two (‘2’), Swaziland is thus considered “developing” in terms of this category

1.6 Ease of doing business in Swaziland

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	165 out of 183 countries

⁹ Doing Business 2013, the World Bank and IFC

Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	41 out of 183 countries
Getting electricity	Doing Business 2013 – The World Bank and IFC	156 out of 183 countries
Register property	Doing Business 2013 – The World Bank and IFC	129 out of 183 countries
Getting credit	Doing Business 2013 – The World Bank and IFC	53 out of 183 countries
Protecting investors	Doing Business 2013 – The World Bank and IFC	128 out of 183 countries
Paying taxes	Doing Business 2013 – The World Bank and IFC	58 out of 183 countries
Trading across borders	Doing Business 2013 – The World Bank and IFC	141 out of 183 countries
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	74 out of 183 countries

Ease of doing business in Swaziland, overall score is a two ('2')

The Kingdom of Swaziland is 165th out of 185 countries in the world in terms of ease with which to start a business and is ranked 128th for protecting investors. It is 53rd in terms of access to credit and 41st for the ease of dealing with construction permits. This analysis results in an overall value of two ('2'), Swaziland is thus considered "developing" in terms of this category

1.7 PPP environment in Swaziland

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	
<ul style="list-style-type: none"> Is there a presence/development of enabling legislation ie PPP Law/ regulations etc? 	Country visit	There is no existing enabling legislation in Swaziland on PPPs but also no legislation which prohibits PPPs.
<ul style="list-style-type: none"> Does a policy for private participation in the Member State exist? 	Country visit	A privatisation policy has been drafted by the Public Enterprise Unit of the Ministry of Finance but the policy has not been made public.
<ul style="list-style-type: none"> Public Sector appetite/capacity and experience relating to PPPs in the Member State 	Country visit	
Is there Political support for PPPs?	Country visit	Yes, but there are national elections scheduled for September 2013 and it's not possible to predict what the new government's position on PPPs will be.

■ Is there a PPP focal point/ Unit in the Member State?	Country visit	Yes, the Public Enterprise Unit within the Ministry of Finance.
■ Does an existing PPP track record in the Member State exist?	Country visit	No, there is no track record.
Private sector capacity, capability and appetite	Country visit	
■ Are multiple firms active in the PPP market?	Country visit	No
■ Does capacity exist in the private sector?	Country visit	Yes

PPP environment in the Swaziland, overall score is a two ('2')

Swaziland does not have specific PPP legislation or a framework for the implementation of PPP projects. This, combined with a very limited history of PPP-type projects has resulted in uncertainty as to the suitability of PPP in the country and the absence of any experience in implementation. This analysis results in an overall value of two ('2'), Swaziland is thus considered "developing" in terms of this category

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report
Reputable external sources were used where appropriate and fact based observations were made.

1.9 Conclusion

It is our interpretation that Swaziland is still in the Developing Stage of instituting and adopting suitable PPP framework for the implementation and promotion of infrastructure delivery through a PPP model. Enabling financial, regulatory climate, together with appropriate human capacity needs to be established. Overall Swaziland is thus considered "developing" in terms of this assessment.

TANZANIA

Member State Report



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1 Overall evaluation of Tanzania's readiness for PPPs

1.1 Background

We evaluated Tanzania by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Tanzania
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Tanzania
- PPP environment in Tanzania

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visit we meet with the Commissioner of Public-Private Partnerships Dr. Frank M. Mhilu and two other members of the PPP Unit, Mr. Mlay and Mr. Mayiku.

We also discussed the country readiness and investment appetite for large scale infrastructure projects with some of the financial institutions based in Dar es Salaam (HSBC, Stanbic and Bank M).

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Tanzania

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank data used for 2011	6.40%
Actual GDP in numbers (size of economy), current USD\$	World Bank data used for 2011	23 874 165 048
Lending Interest rates	World Bank data used for 2011	15
Inflation rate	www.trading economics.com/country-	9.40%

	list/inflation-rate	
Credit Rating	Country Visit	Not available
Political Stable and Absence of Violence (rating of 0 to 100)	Country Visit	46.7
Macro-Economic Environment (score 1 to 7)	Country Visit	4.12

Attractiveness of Tanzania, overall result is a two ('2')

Tanzania has achieved strong and consistent economic growth rates over the last three years (average 6.40%) albeit off a low base of per capita GDP of USD1,600. The country's GDP is USD23,874 billion. There is no sovereign credit rating at present. This analysis results in an overall value of two ('2'), Tanzania is thus considered "developing" in terms of this category.

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country Visit	40
Number of equity investment funds	Country Visit	0
Number of pension funds	Country Visit	6
3 year history of bond issuance	Country Visit	There is a good track record of bonds issuance, both from Government level and Corporate level. Last year the Government issued a USD 700m Treasury Bond; there are plans for a new bond issue this year in the range of USD 500m. The Government is in the process of obtaining credit rating for the country, after which a Euro 1.4bn bond will be issued. Most of the banks have been issuing corporate bonds (3y, 7y), both dollar and shilling denominated.
Assessment of available capital (local) for investment	Country Visit	There is also private financing available; mostly coming from commercial Banks, DFI's and ECAS's based in China and India and sovereign funds from the Middle East. Furthermore, there are several local banks which range from large organisations like NMB and CRDB to smaller family houses like Bank M. On top of this there are large international banks like Barclays, Stanbic, HSBC, and Standard Chartered who have appetite and capacity for these large transactions. We spoke with Stanbic and HSBC and both are confident there is debt capacity in the local market. Most of the local banks raise financing by issuing bonds, the same international local based banks can use their parent companies abroad (e.g.

		<p>Standard Bank in SA, Standard Chartered in the UK, etc) and there is also a syndication market that can be easily reached, if required.</p> <p>As mentioned previously, the Government is considering setting up a state owned bank (together with an Infrastructure Facilitation Fund) with the aim of providing long term financing for projects (infrastructure and agriculture). The feedback obtained from the meetings with the MoF and the banks is that there is appetite and capacity for local financing. Terms are usually not longer than 7 years, there is a 10 year bond which has the back up of AfDB.</p> <p>Concessional loans are also available from foreign governments (bilateral agreements) and other multilaterals (AfDB, World Bank, etc).</p>
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Availability of domestic capital and debt funding in Tanzania, overall result is a three ('3')

The debt market in Tanzania has grown in recent years with some 40 domestic and international banks present. Foreign-owned banks account for about 50% of the banking industry's total assets and the appetite for investment in infrastructure is good, given the successful bond issuance by banks and the presence of a syndication market.

There is a good track record of bonds issuance, both from Government level and corporate level. Last year the Government issued a USD 700m Treasury bond; there are plans for a new bond issue this year in the range of USD 500m. The Government is in the process of obtaining credit rating for the country, after which a Euro 1.4bn bond will be issued.

This analysis results in an overall value of three ('3'), Tanzania is thus considered "maturing" in terms of this category

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	36
Rule of Law (rating of 0 to 100)	Governance indicator, World bank, 2011 data	34.3

We used the key indicator ‘Enforcing Contracts’ from Doing Business as it focuses on how public institutions function in the case of a commercial dispute¹⁰. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Tanzania, overall result is a two (‘2’)

Tanzania ranks 36th in enforceability of contracts and scored 34.3 out of 100 in application of the Rule of Law. This analysis results in an overall value of two (‘2’), Tanzania is thus considered “developing” in terms of this category

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best)	3.62
Africa’s Governance (score out of 100)	Ibrahim Index of African Governance (score out of 100)	59
Voice and accountability (rating of 0 to 100)	Governance indicator, World bank, 2011 data	45.5
Government effectiveness (rating of 0 to 100)	Governance indicator, World bank, 2011 data	36.5
Regulatory Quality (rating of 0 to 100)	Governance indicator, World bank, 2011 data	35.5
Control of Corruption (rating of 0 to 100)	Governance indicator, World bank, 2011 data	36

Governance and decision making of Tanzania, overall result is a two (‘2’)

Tanzania was given a rating of 59 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 36.5. This analysis results in an overall value of two (‘2’), Tanzania is thus considered “developing” in terms of this category.

1.6 Ease of doing business in Tanzania

Tanzania has a lot to be done in terms of improving the conditions to do business in the country. All the indicators show a big potential for development which will contribute to grow FDI and the investment in large scale projects.

Ease of doing business in the Member State	Source of information	Findings
Starting a business (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	113

¹⁰ Doing Business 2013, the World Bank and IFC

Dealing with Construction permits (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	174
Getting electricity (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	96
Register property (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	137
Getting credit (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	129
Protecting investors (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	100
Paying taxes (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	133
Trading across borders (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	122
Resolving insolvency (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC (ranking 1 to 185)	129

Ease of doing business in Tanzania, overall score is a one ('1')

Tanzania is 113th out of 185 countries in the world in terms of ease with which to start a business and is ranked 100th for protecting investors. It is 129th in terms of access to credit and 174th for the ease of dealing with construction permits. This analysis results in an overall value of one ('1'), Tanzania is thus considered “developing” in terms of this category

1.7 PPP environment in Tanzania

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country Visit	
<ul style="list-style-type: none"> Is there a presence/ development of enabling legislation i.e. PPP Law/ regulations etc? 	Country Visit	<p>There is some legislation on PPPs which had been drafted considering the example of the SA PFMA Act. In 2010/11 the Tanzania Investment Centre (agency with direct report to the office of the Prime-Minister) drafted a framework for the development of PPPs. This has been passed as Law and the Investment Centre remains the custodian of the PPP Law. There have been some recent amendments and there are some regulations still to be approved (e.g. the creation and setting up of a PPP Facilitation Fund which is meant to assist on project funding for the development stages and finance other projects that are economically viable but not bankable. The PPP Law applies to every sector though there are specific guidelines for the oil and gas sector.</p>

<ul style="list-style-type: none"> Does a policy for private participation in the Member State exist? 	Country Visit	<p>Private sector participation in large scale projects and infrastructure projects is regulated by the PPP Law and is strongly encouraged. The PPP Law defines the procurement process and specifies the way private sector can get involved (solicited and unsolicited bids and the process thereafter). Further the Tanzania Investment Centre is also responsible to empower local Tanzanian private players as most of the investments done so far come from foreign groups.</p>
<ul style="list-style-type: none"> Public Sector appetite/capacity and experience relating to PPPs in the Member State 	Country Visit	<p>As mentioned in the first question, there is a strong political support for PPPs. In fact, Government knows the only way to expedite infrastructure delivery in the country is to engage with the private sector. Since local capacity is limited and public financing is not available for such an intensive capital programme, Government of Tanzania has decided to use the PPP model to achieve this goal. This is also a way for the project finance long term repayments to match the long term profile of most infrastructure projects.</p> <p>Besides people from the Ministry of Finance, in general there is not much awareness of what PPPs actually entail. In addition to this, there is also a need to build capacity and to train more public sector officials. Having said this, we can say there is appetite to develop knowledge and use further the PPP model as a procurement method.</p>
<p>Is there Political support for PPPs?</p>	Country Visit	
<ul style="list-style-type: none"> Is there a PPP focal point/ Unit in the Member State? 	Country Visit	<p>Very shortly there will be a single PPP focal point. There is an initiative which intends to join the PPP Unit which is housed within the Ministry of Finance and the Tanzania Investment Centre (mentioned above). The new entity will report to the Ministry of Finance. The unit will be responsible to approve any project/initiative that involves a concession/privatization of a public asset or a process which involves the use of Government funds.</p>
<ul style="list-style-type: none"> Does an existing PPP track record in the Member State exist? 	Country Visit	<p>Government of Tanzania has done a couple of PPP deals in the past 10 years (PPP defined on a broad definition). Unfortunately, these PPP transactions did not produce the expected results, mostly due to lack of preparation and experience. Examples of this are TRL (Tanzania Rail Limited), a partnership with an Indian company called Rites, and the IPTL (Independent Power Tanzania Limited) deal. Unsolicited bids coming mostly from China and India have been used quite extensively, without the necessary financial due diligence and consideration. This is the reason why the Government is very keen to have a structured approach for these large scale projects.</p>
<p>Private sector capacity, capability and appetite</p>	Country Visit	

<ul style="list-style-type: none"> ■ Are multiple firms active in the PPP market? 	Country Visit	Most of the large infrastructure players have been active in the country. There is a huge investment coming from China and India, as well. To a lesser extent, you can see also other European, North American and Middle Eastern economic groups which have been targeting Tanzania infrastructure, power and mining opportunities. Since Tanzania is rich in natural resources - there is coal and uranium in the south of the country and offshore gas along the coast - there is a strong market appetite for these direct opportunities (large scale projects) but also there is a way to use natural resources (and its revenues) to further develop infrastructure in the country.
<ul style="list-style-type: none"> ■ Does capacity exist in the private sector? 	Country Visit	There is enough capacity given the presence of huge international conglomerates. Since the country is open and exposed to international markets, it will be possible and straightforward to attract expertise and technical skills into the country.

PPP environment in Tanzania, overall score is a four ('4')

Tanzania has a PPP Law and the Tanzania Investment Centre, which reports to the Prime Minister, is the custodian thereof. Political support for private participation in infrastructure is strong given the massive infrastructure backlog and the limited public finance resources to reduce it.

There have been a number of PPP-type transactions in the country in the last 10 years that have not provided Value for Money, probably as a result of inadequate preparation and competition prior to conclusion. As a result the government wishes to adopt a more structured approach to PPPs and has adapted to the lessons learned.

There is an active foreign interest in the country particularly in infrastructure that makes the logistics of natural resource exploitation easier and cheaper.

This analysis results in an overall value of four ('4'), Tanzania is thus considered "maturing" in terms of this category.

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report. Reputable external sources were used where appropriate and fact based observations were made.

Without looking in detail at the Project list, the Head of the PPP Unit mentioned that from a country point of view, there will be a short list of 3-5 projects which they intend to use as pilot projects for this new wave of PPP projects. They will use the outcome and lessons learned from these 3 projects as a market experience for the other RIDMP STAP. Amongst the 3-5 projects are the following projects:

- Dar es Salaam Rapid Transport System (tender was out to procure advisors to perform the feasibility and procurement of the Project)
- Dar es Salaam – Chalinze road project
- Kinyerezi power plant project

1.9 Conclusion

Based on our research, market insight and feedback obtained from the meeting held in Dar es Salaam on the 26th of June, we can say there is willingness and appetite to procure some of the large projects using the PPP procurement model.

There is a huge need to develop infrastructure in Tanzania. This has been appointed as one of the bottlenecks which can hamper growth in the country. Since Tanzania has natural resources (coal, uranium but mostly offshore gas), it is possible to structure projects in a commercial and viable way. Further, there is political pressure to deliver these projects. The Government knows this is the only way to grow, to achieve economic development and in that way improve the living standards of Tanzania's population.

The Government has taken considerable decisions and actions in the last few years. Evidence of this is the fact Tanzania has managed to obtain financial assistance from multilaterals (AfDB, WB, DFIs) and has been granted direct support from some European/North American countries (UK, Holland, Sweden, US, Canada). Donor funding has been also allocated to develop capacity within the public sector and across several state owned entities. Since infrastructure is by definition a long term business, it is critical to manage political/social expectations cautiously. There is pressure to increase local content and to have better wealth distribution.

As mentioned before, Government has also taken the decision of merging the two PPP entities, creating a single unit which will be housed within the Ministry of Finance. This should also improve coordination of future PPP projects, at the same time smoothing and expediting the decision making process. No doubt the country is doing the right steps in order to deliver a huge and challenging infrastructure programme.

In terms of private sector capacity there are already some projects being implemented or even commissioned, however there is a concern regarding transparency and how these projects were awarded. The unsolicited approach has been used quite extensively and not always with the desirable outcomes. This fact reinforces the need for the Government to prepare and plan better these processes, increase training of its own people and getting the right structures in place.

It is widely accepted private sector will be involved and it seems the PPP model is ahead in terms of being the preferred form of procurement. In the first phase it is also expected these PPP projects will not require public funding nor depend on Government budgets. We will rather see an extensive use of project finance, ECA financing and other concessional financing schemes being structured. The combination of political support and investment and the scrutiny that comes from having financing coming from mature capital markets will be two critical drivers on achieving better outcomes from Public Private Partnerships.

Overall Tanzania is thus considered "maturing" in terms of this assessment.

ZAMBIA

Member State Report



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1 Overall evaluation of Zambia's readiness for PPPs

1.1 Background

We evaluated Zambia by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Zambia
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Zambia
- PPP environment in Zambia

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with exception to three ('3') countries, namely , Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visit we met with Zambia's PPP unit (Director Dr Stephen Gumboh on 21 June and 11 July), one bank (Stanbic 21 June) and the KPMG local office representatives (ongoing).

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below:

1.2 Attractiveness of Zambia

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	6.50%
Actual GDP in numbers (size of economy), current USD\$	World Bank	19,206,044,932
Lending Interest rates	World Bank	18.8

Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	7.00%
Credit Rating	Moody's, S&P, Fitch on http://www.tradingeconomics.com/zambia/rating	B1
Political Stable and Absence of Violence	Governance indicator, World bank	61.8
Macro-Economic Environment	The Global Competitiveness Report 2012-2013, World Economic Forum	4.65

Attractiveness of Zambia, overall result is a three ('3')

Zambia has a GDP of US\$19,206 million and has sustained close to 7% year on year growth over the last three years on the back of much improved political stability and macro-economic climate. The GDP per capita remains low at US\$1,600 and the sovereign credit rating is sub-investment grade at B+ (S&P). This analysis results in an overall value of three ('3'), Zambia is thus considered "maturing" in terms of this category

1.3 Availability of domestic capital and debt funding

Availability of domestic capital and debt funding	Source of information	Findings
Number of banks	Country visit	19
Number of equity investment funds	Country visit	Only micro funds
Number of pension funds	Country visit	50+ company schemes
3 year history of bond issuance	Country visit	Very successful \$750m bond issue in 2012
Assessment of available capital (local) for investment	Country visit	Minimal/no local funds for capital investment, small amounts for working capital/minimal equity investment

Availability of domestic capital and debt funding in Zambia, overall result is a three ('3')

Zambia has a limited domestic debt market and although there are some 19 banks in the country they have limited ability to make the substantial and long term loans necessary for infrastructure. The equity market is small and fragmented and although there are a number of institutional investors (primarily pension funds) the local equity investments are also likely to be very limited. This analysis results in an overall value of three ('3'), Zambia is thus considered "maturing" in terms of this category

1.4 Judicial system

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC	89

Rule of Law (rating from 1 to 100)	Governance indicator, World bank	39.4
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We used the key indicator 'Enforcing Contracts' from Doing Business as they focuses on how public institutions function in the case of a commercial dispute¹¹. Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Zambia, overall result is a two ('2')

Zambia ranks 89th in enforceability of contracts and scored 39.4 out of 100 in application of the Rule of Law. This analysis results in an overall value of two ('2'), Zambia is thus considered "developing" in terms of this category

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions	The Global Competitiveness Report 2012-2013, World Economic Forum	4.09
Africa's Governance	Ibrahim Index of African Governance	59
Voice and accountability	Governance indicator	42.3
Government effectiveness	Governance indicator	29.9
Regulatory Quality	Governance indicator	36.5
Control of Corruption	Governance indicator	37

Governance and decision making of Zambia, overall result is a two ('2')

Zambia was given a rating of 58 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 29.9. This analysis results in an overall value of two ('2'), Zambia is thus considered "developing" in terms of this category

1.6 Ease of doing business in Zambia

Ease of doing business in the Member State	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	74
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	151
Getting electricity	Doing Business 2013 – The World Bank and IFC	151

¹¹ Doing Business 2013, the World Bank and IFC

Registering property	Doing Business 2013 – The World Bank and IFC	96
Getting credit	Doing Business 2013 – The World Bank and IFC	12
Protecting investors	Doing Business 2013 – The World Bank and IFC	82
Paying taxes	Doing Business 2013 – The World Bank and IFC	47
Trading across borders	Doing Business 2013 – The World Bank and IFC	156
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	99

Ease of doing business in Zambia, overall score is a two ('2')

Zambia is 74th out of 185 countries in the world in terms of ease with which to start a business and is ranked 82nd for protecting investors. It is 12th in terms of access to credit and 151st for the ease of dealing with construction permits.

This analysis results in an overall value of two ('2'), Zambia is thus considered “developing” in terms of this category

1.7 PPP environment in Zambia

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	
<ul style="list-style-type: none"> Is there a presence/development of enabling legislation ie PPP Law/ regulations etc? 	Country visit	There is a PPP Act (2009) and Policy. Also an Operational /Procurement Manual was drafted but needs to be updated.
<ul style="list-style-type: none"> Does a policy for private participation in the Member State exist? 	Country visit	Yes see above.
Public Sector appetite/capacity and experience relating to PPPs in the Member State	Country visit	
<ul style="list-style-type: none"> Is there Political support for PPPs? 	Country visit	The previous administration was supportive, the impression is the current one is less so.

■ Is there a PPP focal point/ Unit in the Member State?	Country visit	There has been a PPP Unit for some years, under the MoF, though there are plans to move it to the Zambia Development Agency. Most Ministries in theory have a contact point too.
■ Does an existing PPP track record in the Member State exist?	Country visit	A number of PPP projects (definition in a broad sense, and building on the privatisation programme in the 90's) were launched but all have been cancelled. e.g. The concession of the national railways. Lessons learnt including poor structuring and then administration of contract performance.
Private sector capacity, capability and appetite	Country visit	
■ Are multiple firms active in the PPP market?	Country visit	Considerable interest to tenders, but dominated by international firms
■ Does capacity exist in the private sector?	Country visit	Very little, local firms will support international ones when bidding.

PPP environment in Zambia, overall score is a three ('3')

There is a PPP Act (2009) and a PPP Unit within the Ministry of Finance, although this may be relocated to the Zambia Development Agency. The history of PPP-type projects implemented to date is not good with a number of cancelled contracts including the Zambian national rail concession. This analysis results in an overall value of three ('3'), Zambia is thus considered "maturing" in terms of this category

1.8 Observations

Our results are based on the most recent verifiable information available at time of the report.

Reputable external sources were used where appropriate and fact based observations were made.

Representative of the member countries PPP units did not recognise the projects identified in the RIDMP and STAP.

1.9 Conclusion

The macro-environment for PPP's in Zambia is very positive with many of the fundamentals in place, for example a stable political environment and broad regulatory and legal environment, the necessary



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specific PPP laws and policy, and a pipeline of projects. Furthermore there have been many years of effort and capacity building both in the central PPP unit (a good number of certified PPP practitioners), but also in the individual ministries, many of which have a PPP contact or desk which is meant to link to the PPP unit in the delivery of the projects.

The impression is that the current political administration does not place the PPP model as their top priority as they seek to deliver a raft of infrastructure projects and programmes. The impression is that some of the positive aspects of the PPP model are not very well understood at the political level, and there are some negative perceptions e.g. Complexity of deals, loss of control to the private sector, and long and expensive procurement processes. However the PPP model is seen to have a place and projects have been identified.

Overall Zambia is thus considered “maturing” in terms of this assessment.



ZIMBABWE

Member State Report



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1 Overall evaluation of Zimbabwe's readiness for PPPs

1.1 Background

We evaluated Zimbabwe by looking at 6 broad categories, containing a number of sub-categories. The six ('6') broad categories include:

- Attractiveness of Zimbabwe
- Availability of domestic capital and debt funding
- Judicial system
- Governance and decision making
- Ease of doing business in Zimbabwe
- PPP environment in Zimbabwe

The information and indicators were obtained from external sources like World Bank, World Economic Forum, IFC, Ibrahim Index of African Governance, KPMG country reports and actual visits to the member countries (with the exception of three ('3') countries, namely, Democratic Republic of Congo, Swaziland and Seychelles). Where possible, KPMG utilised its in-country office to address the categories and answer questions surrounding the projects.

On the country visits we met with the Member State's Treasury/PPP unit, one or two banks and KPMG local office representatives.

Each sub-category was rated either one ('1'), two ('2'), three ('3') or four ('4') based on the indicators from various reputable sources. Where one ('1') and two ('2') refers to "Developing towards PPP readiness" and three ('3') and four ('4') indicates a "Maturing level of PPP readiness". Where no information was available, no value was given. Where there was an element of subjectivity, KPMG, based on years of experience, applied its own mind in coming up with a value. The overall broad category value is addressed in more detail below.

1.2 Attractiveness of Zimbabwe

Attractiveness of the Member State	Source of information	Findings
GDP % growth for last 3 years	World Bank	9.40%
Actual GDP in numbers (size of economy), current USD\$	World Bank	9 565 199 514
Lending Interest rates	www.tradingeconomics.com/country-list/inflation-rate	9.5 to 16%
Inflation rate	www.tradingeconomics.com/country-list/inflation-rate	2.49%
Credit Rating	Moody	Not available
Political Stable and Absence of Violence (rating of 0 to 100)	Governance indicator, World bank	16
Macro-Economic Environment (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum	3.77

Attractiveness of Zimbabwe, overall result is a two ('2')

Following a decade of contraction from 1998 to 2008, Zimbabwe's economy recorded real growth of more than 9% per year in 2010-11, before slowing to 5% in 2012. This close-to-double-digit growth lifted GDP to USD9,565 million but GDP per capita is one of the world's lowest at USD600. The country has B1 credit rating from Moody's which is well below investment grade. The country has a low rating of 16 out of 100 for political stability and absence of violence. This analysis results in an overall value of two ('2'), Zimbabwe is thus considered "developing" in terms of this category

1.3 Availability of domestic capital and debt funding

1.3.1 Banking sector analysis

The banking sector is currently being serviced by 16 commercial banks, two merchant banks and four building societies. As at 30 June 2012, total banking sector deposits were US\$4.02 billion representing a 31.8% increase from US\$3.05 billion as at 31 December 2011. This increase was underpinned by inflows associated with tobacco sales and proceeds from sales of special drawing rights. Despite this increase, the country's deposits continue to be largely of a short term nature. The loans and advances amounted to US\$3.27 billion as at 30 June 2012, representing an increase of 18.5% from US\$2.76 billion at 31 December 2011.

The banking industry continues to face liquidity challenges due to relatively subdued long term capital inflows, policy inconsistencies, perpetual reserve inadequacy of banks with no excess funds to lend and the Central Bank's limited capacity to perform the lender of last resort function. Consequently, lending remains largely restricted to short term working capital facilities, recurrent expenditures and private consumption by service firms and individuals.

The capitalization of the banks in the country is as follows:

Table 1: Level of capitalisation in Zimbabwe banks

Bank	Level of capitalization (US\$m)
CBZ Bank Limited	111.79
Standard Chartered Bank	56.50
Stanbic Bank	45.62
BancABC	38.42
Barclays Bank	34.30
ZB Bank	32.34
Kingdom Bank	28.79
Ecobank	28.18
FBC Bank	27.97
MBCA Bank	27.14
TN Bank	26.90
Central African Building Society	26.76
Tetrad	25.19
NMB Bank	25.01

Source: Reserve Bank of Zimbabwe

Significant discrepancies in deposit and lending rates have characterised the sector with large banks quoting low deposit rates ranging from 0.15% to 6% while smaller banks are quoting higher rates ranging from 8% to 16% in order to attract deposits. This is due to the varied sources of credit lines (on and off shore) for the various banks.

Compared to deposit rates, lending rates being quoted by banks have always been high in the multicurrency era, ranging between 5% and 35% for both individual and corporate borrowings. The weighted average lending rate has ranged between 14% and 20% during the last four months to June 2012.

The Government of Zimbabwe has also pursued the following actions in a bid to address liquidity challenges that have plagued the nation since the inception of the multi currency regime in 2009:

- The launch of Zimbabwe Accelerated Arrears Clearance, Debt And Development Strategy ('ZAADDs'), a new blueprint for the management and reduction of the country's debt, which is projected to grow to over US\$8 billion by the end of 2012. The successful implementation of ZAADDs could over time, if it works, see some improvement in the country's risk rating which in turn could result in an increase in foreign direct investment thereby addressing the liquidity challenges;
- The conversion of the outstanding statutory reserve obligations of the Reserve Bank of Zimbabwe ("RBZ"), amounting to US\$83.4 million, into stocks of 2, 3 and 4 years, at coupon rates of 2.5%, 3% and 3.5%, respectively on 1 March 2012 in a bid to improve liquidity on the market;

- The establishment of a US\$150 million lender of last resort fund; and
- The intention announced in the July 2012 Mid Term Fiscal Policy Review Statement, to issue short dated instruments. It is hoped that the issuance of Government paper will resuscitate the non-functional money market and re-activate the interbank market. However the market has generally been inactive with bonds being held to maturity despite their tradable characteristics.

1.3.2 Equity funds

There are not many equity funds in Zimbabwe. There is one that is being administered by Old Mutual Zimbabwe Limited, which funds youths as part of the economic empowerment programme for youth in business.

1.3.3 Number of pension funds

There are a number of pension funds in the country. However, we could not identify any public-available information on the pension fund statistics in the country at the time of reporting.

1.3.4 3 years history of bond issuance

There have been few bonds issued in Zimbabwe since 2009. One of the few is the Infrastructure Bonds issued by the Infrastructure Development Bank of Zimbabwe which was 60% subscribed. Most companies are raising bonds in foreign markets, such as CBZ Bank Limited and Zimplats (a mining company) due to the liquidity constraints in the country.

1.3.5 Assessment of available capital (local) for investment

Due to the illiquid market conditions, there are no long-term funds available for investing in infrastructure projects. Currently, most funding is secured through foreign-based partners (such as Group 5 on the Plumtree-Mutare road – a project where the Government of Zimbabwe has a joint venture with Group 5) and lenders.

Availability of domestic capital and debt funding in Zimbabwe, overall result is a one ('1')

Zimbabwe has 16 commercial banks, 2 merchant banks and 4 building societies. As at 30 June 2012, total banking sector deposits were US\$4.02 billion however this based on relatively short term deposits. As a result ability to lend into long term asset type projects is constrained.

The capital and equity investment markets are almost non-existent and most funding is thus sourced through foreign investors.

This analysis results in an overall value of one ('1'), Zimbabwe is thus considered “developing” in terms of this category.

1.4 Judicial system

The judiciary is headed by the Chief Justice of the Supreme Court of Zimbabwe who is appointed by the President on the advice of the Judicial Service Commission. The Constitution has a Bill of Rights containing extensive protection of human rights. The Supreme Court is the highest court of order and the final court of appeal. A five member Supreme Court, headed by the Chief-Justice has original jurisdiction over alleged violations of fundamental rights guaranteed in the constitution and appellate jurisdiction over other matters. There is a High Court consisting of general and appellate divisions.

Below the High Court are regional magistrate's courts with civil jurisdiction and magistrate's courts with both civil and criminal jurisdiction over cases involving traditional law and custom.

The legal system is based on Roman-Dutch law with South African influences. The legal system consists of English common law, Roman-Dutch civil law, and customary law. The global rankings of the judicial system are in the table below:

Table 2: Judicial system rankings for Zimbabwe

Judicial system that contributes to effective commercial dispute resolution	Source of information	Findings
Enforcing Contracts (country ranking from 1 to 185)	Doing Business 2013 – The World Bank and IFC	111
Rule of Law (rating of 0 to 100)	Governance indicator, World bank	0.9

We used the key indicator 'Enforcing Contracts' from Doing Business as they focuses on how public institutions function in the case of a commercial dispute¹². Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit.

Judicial system of Zimbabwe, overall result is a two ('2')

Zimbabwe ranks 111th in enforceability of contracts and scored 0.9 out of 100 in application of the Rule of Law. This analysis results in an overall value of two ('2'), Zimbabwe is thus considered "developing" in terms of this category

1.5 Governance and decision making

Governance and decision making in Member State	Source of information	Findings
Institutions (score 1 to 7)	The Global Competitiveness Report 2012-2013, World Economic Forum	3.5
Africa's Governance (score out of 100)	Ibrahim Index of African Governance	34
Voice and accountability (score out of 100)	Governance indicator	8.9
Government effectiveness (score out of 100)	Governance indicator	6.2
Regulatory Quality (score out of 100)	Governance indicator	2.4
Control of Corruption (score out of 100)	Governance indicator	5.7

Governance and decision making of Zimbabwe, overall result is a one ('1')

¹² Doing Business 2013, the World Bank and IFC

Zimbabwe was given a rating of 34 out of 100 for governance by the Ibrahim Index of African Governance and a government effectiveness rating of 6.2. This analysis results in an overall value of one ('1'), Zimbabwe is thus considered “developing” in terms of this category

1.6 Ease of doing business in Zimbabwe

Ease of doing business in the Member State (ranking from 1 to 185)	Source of information	Findings
Starting a business	Doing Business 2013 – The World Bank and IFC	143
Dealing with Construction permits	Doing Business 2013 – The World Bank and IFC	170
Getting electricity	Doing Business 2013 – The World Bank and IFC	157
Register property	Doing Business 2013 – The World Bank and IFC	85
Getting credit	Doing Business 2013 – The World Bank and IFC	129
Protecting investors	Doing Business 2013 – The World Bank and IFC	128
Paying taxes	Doing Business 2013 – The World Bank and IFC	134
Trading across borders	Doing Business 2013 – The World Bank and IFC	167
Resolving insolvency	Doing Business 2013 – The World Bank and IFC	169
Overall ease of doing business	Doing Business 2013 – The World Bank and IFC	172

Ease of doing business in Zimbabwe, overall score is a One ('1')

Zimbabwe is 143rd out of 185 countries in the world in terms of ease with which to start a business and is ranked 128th for protecting investors. It is 129th in terms of access to credit and 170th for the ease of dealing with construction permits. This analysis results in an overall value of one ('1'), Zimbabwe is thus considered “developing” in terms of this category

1.7 PPP environment in Zimbabwe

Enabling environment in the Member State for PPPs	Source of information	Findings
Legal system enabling PPPs in the Member State	Country visit	

<p>■ Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc?</p>	<p>Country visit</p>	<p>Zimbabwe has no PPP-specific legislation in place. In the Government's Short Term Economic Recovery Program ('STERP'), the government recognises the need for PPP arrangements to finance infrastructural development. According to STERP, participating private sector partners, contributing financial resources, will be allowed special dispensations and privileges.</p> <p>STERP refers to the PPP Guidelines that were published in 2004. There has, however, been limited implementation because of the economic conditions between 2000 and 2009.</p> <p>The guidelines identify the following forms of PPPs: Management Contract/Service Management, Lease, Concession</p> <p>In the PPP Guidelines, concessions refer to projects under such arrangements as Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO), and Build Own-Operate (BOO), Build-Lease-Transfer (BLT), Rehabilitate-Operate-Transfer (ROT), and Rehabilitate-Own-Operate (ROO).</p> <p>Other PPP enabling frameworks are in various statutes such as the Public Finance Management Act (which speaks to BOT, BOOT arrangements), Income Tax Act (on BOT, BOOT arrangements).</p> <p>There is no institutionalization of PPPs to give them the necessary legal force.</p>
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<p>■ Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc?</p>	<p>Country visit</p>	<p>The following are identified as sectors for PPPs in the Guidelines: Water, including irrigation facilities, dams, canals, piping, storage and distribution facilities, and sewage waste Land reclamation, dredging and other related development facilities and sewage waste Transport, including air, water, railways, roads, expressways, other roads, bridges, interchanges tunnels and related transport facilities Telecommunications, including fixed network, terrestrial and satellite facilities Social Services Infrastructure, including education and health infrastructure, housing and sanitation Government buildings, construction and maintenance Energy, including power generation, transmission, distribution and related facilities Industrial and tourism estates Markets, industrial shells, slaughterhouses, storage and processing and related facilities Warehouses and post-harvest facilities Environmental and solid waste management</p>
<p>■ Does a policy for private participation in the Member State exist?</p>	<p>Country visit</p>	<p>Yes.</p>
<p>Public Sector appetite/capacity and experience relating to PPPs in the Member State</p>	<p>Country visit</p>	
<p>■ Is there Political support for PPPs?</p>	<p>Country visit</p>	<p>Yes. The government accepts that to develop and implement most of the infrastructure in the country requires private sector participation through PPPs or similar arrangements.</p>

<p>■ Is there a PPP focal point/ Unit in the Member State?</p>	<p>Country visit</p>	<p>There is no PPP unit or focal point per se Each ministry is required to develop a project and recommend that it is procured under the PPP Guidelines to and Inter-Ministerial Committee on PPPs ('ICPPP'). Value for money would have been considered when the parent ministry calculates a pseudo public sector comparator, which calculates the cost for the government of constructing the project</p> <p>The relevant line ministry completes the initial technical appraisal and submits the project to the ICPPP' for economic , financial, social and environmental impact appraisal</p> <p>If approved, the ICPPP will, in turn, submit the proposal to the Cabinet Committee on Investment and Development ('CCID'), through its working party, which is chaired by the Minister of Finance</p> <p>The CCID will recommend the proposal or block of projects to cabinet, through its chairperson. If approved by cabinet, the project will be submitted for public tender by the responsible line ministry or local authority in accordance with the State Procurement Board procedures.</p> <p>It was noted in the 2004 guidelines that the functions of the ICPPP will be transferred to a fully fledged PPP Unit when the legal, institutional and regulatory frameworks are established through an over arching PPP legal frame work.</p> <p>It was noted that the PPPs that have been concluded in Zimbabwe thus far were based on unsolicited bids.</p> <p>Open procurement processes were cited as not being suitable to Zimbabwe's current economic and political dispensation.</p>
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<p>■ Does an existing PPP track record in the Member State exist?</p>	<p>Country visit</p>	<p>Yes. There have been some PPPs concluded in the transport (road, rail) sector e.g.:</p> <p>Plumtree-Mutare road</p> <p>Bulawayo-Beitbridge Railway</p> <p>The Newlands Development Project</p> <p>The New Limpopo Bridge.</p>
<p>Private sector capacity, capability and appetite</p>	<p>Country visit</p>	
<p>■ Are multiple firms active in the PPP market?</p>	<p>Country visit</p>	<p>There are a few companies implementing PPP projects; however, most of these are foreign-based due to low capacity locally.</p>
<p>■ Does capacity exist in the private sector?</p>	<p>Country visit</p>	<p>There is low local capacity due to the liquidity constraints and human capital in the private sector.</p>

PPP environment in Zimbabwe, overall score is a three ('3')

Although there is no PPP specific legislation there are PPP Guidelines and the Government's Short Term Economic Recovery Program ('STERP'), the government recognises the need for PPP arrangements to finance infrastructural development. A variety of sectors are identified in the STERP as priorities for PPPs and the political support necessary for their implementation appears to be there.

A limited number of PPP-type contacts have been concluded in the road a rail sectors, although all were in the form of unsolicited proposals. This analysis results in an overall value of three ('3'), Zimbabwe is thus considered "maturing" in terms of this category

1.8 Conclusion

While the country has a stable economy and there is political will to implement PPPs; there is no PPP legislation in place. We believe that in the medium to long-term, PPPs will be more easily implemented after the elections and when the respective legislation is instituted.

Overall Zimbabwe is thus considered "developing" in terms of this assessment



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

Southern African Development Community
Public Private Partnership Network

Appendix 2 Database projects list

Questions answered on each project:

- Q1: Is there a project pre-feasibility study or concept Note? This shows the level of project development, the information available, and the level of support for the project.
- Q2: Is there a possible revenue stream from user charges, supplemented by existing budget or other support?
- Q3: There is no procurement of investors underway (likely to be litigated if withdrawn from procurement to revise a feasibility study)?

Source of the information is also indicated being STAP/ Site visit and/or RIDMP

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
All SADC Member Countries	73	ISACIP	Meteorology	No	Yes	Yes	Yes	No	Yes
	74	ClimDev-Africa	Meteorology	No	No	Yes	Yes	No	Yes
	20	Policy Harmonization, regional Institutional Strengthening and Strategy Development	Tourism	No	No	No	Yes	No	Yes
	19	Development of Marketing Tools and Systems, Capacity Building to create awareness for the Uni-Visa for the Regional Tourism Sector only including TFCAs.	Tourism	No	No	No	Yes	Yes	No
	64	SADC Regional and National Integrated Broadband Infrastructure	Telecommunications - ICT	No	Yes	Yes	Yes	No	No
	65	Ensuring Confidence and Security in Networks and Services	Telecommunications - ICT	Yes	No	Yes	Yes	No	Yes
	66	Regional e-Services and Applications Development	Telecommunications - ICT	Yes	Yes	Yes	Yes	No	Yes
	67	Capacity Building & Content	Telecommunications - ICT	Yes	No	Yes	Yes	No	Yes
	68	Monitoring progress toward Digital SADC 2027	Telecommunications - ICT	Yes	No	Yes	Yes	No	Yes
	69	Enabling Policy & Regulatory Environment for Maximizing ICT Infrastructure Deployment	Telecommunications - ICT	Yes	No	Yes	Yes	No	Yes
	70	Research, Innovation and ICT Industry Development	Telecommunications - ICT	Yes	No	Yes	Yes	No	Yes
	71	Strengthening of the Postal Sector	Telecommunications - Postal (ICT)	Yes	Yes	Yes	Yes	No	Yes
	108	Monitoring Progress toward Digital SADC 2027	Telecommunications (ICT)	Yes	No	Yes	Yes	No	Yes
	109	Consolidation of Regional Communications Infrastructure	Telecommunications (ICT)	Yes	Yes	Yes	No	No	Yes
	87	Domestication and Harmonisation of the SADC Protocols, Policies, and Strategies	Water	Yes	No	No	Yes	No	Yes
	248	Digital Terrestrial Television (DTT) migration support to SADC Member States	ICT	Yes	No	Yes	No	No	Yes
	249	Community empowerment programme	ICT	Yes	No	Yes	No	No	Yes
	46	Commercialised road management (CRM) Assessment Study	Transport - Road	No	No	No	Yes	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
	47	Establish regional transport competition authority	Transport - Road	No	No	Yes	Yes	No	Yes
	48	Reach agreement on consolidation and level of RUCs	Transport - Road	Yes	No	No	Yes	No	Yes
	58	Continue commercialisation of regional airports	Transport - Air	No	Yes	Yes	Yes	No	Yes
	59	Continue commercialisation of national ANS	Transport - Air	Yes	Yes	No	No	No	Yes
	60	Withdrawal of government participation in national airlines	Transport - Air	No	Yes	Yes	No	No	Yes
	63	Continue commercialisation, including 'landlording' of ports.	Transport - Ports	Yes	No	No	Yes	No	Yes
	75	Strengthening of the Weather and Climate Observing Network in the SADC region	Meteorology	No	Yes	Yes	Yes	No	Yes
	76	Improvement of Meteorological Telecommunications and communication systems for rapid data exchange of data and dissemination of information	Meteorology	No	No	Yes	Yes	No	Yes
	77	Improvement of level of technical capacities (resources, expertise to generate appropriate policy-relevant climate information and operational warning services)	Meteorology	No	No	Yes	Yes	No	Yes
	78	Improving the understanding of economic benefits and effective use of climate information and products through collaboration with stakeholders	Meteorology	No	No	Yes	Yes	No	Yes
	79	Improved capacity in the NMSs to provide relevant, reliable and timely climate and weather services	Meteorology	No	No	Yes	Yes	No	Yes
	80	Strengthening capacity of the regional climate and meteorological units of SADC (CSC, MASA, and RIC) to function as efficient regional coordination, development, services and dissemination centres	Meteorology	No	No	Yes	Yes	No	Yes
	167	Institutional reforms to reduce operational inefficiencies of municipal water service providers in the capital cities of the SADC Member States	Water	Yes	No	No	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
	170	Reduction in Non-revenue water and water losses in the Capital Cities of the SADC Member States	Water	No	No	No	No	No	Yes
	171	Assessment of the Groundwater Resources Potential of the SADC region	Water	No	No	No	No	No	Yes
	172	Monitor water pollution in reservoirs and rivers of shared watercourses of SADC	Water	No	No	No	No	No	Yes
	175	Implications of virtual water trading in water resources development and usage in the SADC region	Water	No	No	No	No	No	Yes
	191	Improved Agricultural Water Application Efficiencies for Small-scale Farmers	Water	Yes	No	No	No	No	Yes
	169	Capacity Enhancement in Infrastructure Project Preparation, Resource Mobilisation and Piloting	Water	No	No	No	Yes	No	Yes
Angola	43	Rehabilitation of the Mbanza Congo/ Noqui (Access to the Luvo Posto Fronteirico) road	Transport - Road	Yes	Yes	Yes	Yes	No	Yes
	57	Huambo	Transport - Air	No	No	Yes	Yes	No	Yes
	133	Lobito Corridor Railway	Transport – Rail	Yes	Yes	No	No	No	Yes
	179	Lubango Phase II Water Supply and Sanitation Project	Water	Yes	Yes	Yes	No	No	Yes
Angola Botswana Lesotho Malawi Mozambique Namibia South-Africa Swaziland Tanzania Zambia Zimbabwe	72	AMESD (African Monitoring of the Environment for Sustainable Development) Thematic Action on Agricultural and Environmental Resource Management	Meteorology	Yes	Yes	No	Yes	No	Yes
Angola Botswana	251	Okavango Multi-sector Investment	Water	No	Yes	Yes	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Namibia									
Angola DRC	243	Tshikapa -Angola border (117 km)	Transport - Road	Yes	Yes	Yes	No	No	Yes
	6	DRC-Angola	Energy	Yes	Yes	Yes	Yes	No	Yes
	242	Kinshasa -Inkisi- Ngindinga- Mbanza Sosso road (Angola border, 120 km rehabilitation	Transport - Road	Yes	Yes	Yes	No	No	Yes
Angola DRC Malawi Mozam- bique Tanzania Zimbabwe	178	Water Supply and Sanitation at 12 border locations (Project XB-5)	Water	Yes	No	No	No	No	Yes
Angola DRC Zambia	36	Lobito Corridor Roads	Transport - Road	Yes	Yes	No	Yes	No	Yes
	241	Kolwezi- Dilolo road(Angola border, SADC Route 20, 426 km):Rehabilitation	Transport - Road	Yes	Yes	Yes	No	No	Yes
	244	Kinshasa- Dilolo railway rehabilitation	Transport - Rail	Yes	Yes	No	No	No	Yes
Angola, Namibia	135	Luanda-Windhoek Corridor roads	Transport – Road	Yes	Yes	Yes	No	No	Yes
	113	Oshikango-Santa Clara OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
	132	Namibe Railway upgrading, including a link to the Santa Clara border post	Transport – Rail	Yes	Yes	No	No	No	Yes
Angola Namibia Mozam- bique	5	Namibia -Angola	Energy	Yes	Yes	Yes	Yes	No	Yes
Angola Namibia	266	Sarasungu/Calai OSBP	Transport Border Posts	No	Yes	Yes	No	Yes	No
Angola, Zambia	125	Chingola-Solwezi Railway Extension	Transport – Rail	Yes	Yes	Yes	No	No	Yes
Botswana	93	Morupule 5 and 6	Energy	Yes	Yes	No	No	No	Yes
	161	Upgrading of Sir Seretse Khama International Airport (SSKIA)	Transport – Air	Yes	Yes	No	No	No	Yes
	162	Maun Airport upgrade	Transport – Air	Yes	Yes	No	No	No	Yes
	163	Kasane Airport update	Transport – Air	Yes	Yes	No	No	No	Yes
	164	Francistown Airport Reconstruction	Transport – Air	Yes	Yes	No	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Botswana	61	Tchobanine Deep Sea Port	Transport - Ports	Yes	Yes	No	Yes	No	Yes
Mozambique, South-Africa Swaziland Zimbabwe	54	Tchobanine Heavy Haul Railway	Transport - Rail	Yes	Yes	Yes	Yes	Yes	Yes
Botswana Mozambique Zimbabwe	165	A heavy haul railway line and a port at Ponta Techobanine, Mozambique	Transport – Rail	Yes	Yes	Yes	No	No	Yes
Botswana Namibia	253	Trans Kalahari railway	Transport-rail	Yes	Yes	Yes	No	Yes	Yes
	268	Walvis Bay-Gaborone Railway Line	Transport Rail	No	Yes	Yes	No	Yes	No
	31	TransKalahari/Mamuno OSBP	Transport - Border Posts	Yes	Yes	Yes	No	No	Yes
Botswana Namibia Zambia Zimbabwe	3	ZIZABONA Interconnector	Energy	Yes	Yes	No	Yes	No	Yes
Botswana South - Africa	166	Platjan bridge	Transport – Road	Yes	Yes	Yes	No	No	Yes
	176	Vaal-Gamagara Water Supply Project (Project XB-2)	Water	Yes	Yes	No	No	No	Yes
	121	Pioneer Gate-Skilpadhek OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Botswana Zambia	34	Kazungula Bridge	Transport - Road	Yes	Yes	No	Yes	No	Yes
Botswana Zimbabwe	120	Plumtree-Ramokgwebane OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
DRC	9	Inga 3 Hydro Power Project	Energy -power-generation	Yes	Yes	No	Yes	No	Yes
	55	Rehabilitation of SNCC system in DRC, particularly to Dilolo to connect to Angola and to Kalemie on Lake Tanganyika	Transport - Rail	Yes	Yes	Yes	Yes	Yes	Yes
	56	SNCC Railway Upgrading	Transport - Rail	Yes	Yes	Yes	No	Yes	No
	81	Inga III Hydropower	Water	Yes	Yes	No	Yes	No	Yes
	97	Busanga (Busuanga)	Energy	Yes	Yes	No	No	No	Yes
	99	Zongo 2	Energy	No	No	No	No	No	Yes
	134	DRC roads on NSC	Transport – Road	Yes	Yes	Yes	No	No	Yes
	180	Kinshasa Water Supply and Sanitation	Water	Yes	Yes	No	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
		(Project P1-3)							
DRC Zambia	238	2nd DRC- Zambia Interconnector	Energy	Yes	Yes	No	No	No	Yes
DRC Botswana South – Africa Tanzania Zambia Zimbabwe	245	Kinshasa- Ilebo railway link: construction	Transport Rail	Yes	Yes	Yes	No	No	Yes
DRC Malawi Tanzania Zambia	153	Public financing, loans or grants	Transport – Ports	Yes	Yes	No	No	No	Yes
DRC Namibia Zambia	136	Trans-Caprivi-western Zambia Railways from Kolwezi (DRC), through Solwezi (Zambia) to Mongu, Sesheke (Zambia) and Katima Mulilo (Namibia)	Transport – Rail	Yes	Yes	Yes	No	No	Yes
DRC Zambia	122	Kasumbalesa OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Kenya Tanzania Zambia	1	Zambia-Tanzania-Kenya (ZTK) Regional Inter-Connector	Energy - Power - Transmission	Yes	Yes	No	Yes	No	Yes
Lesotho	181	Lesotho Lowlands Water Supply Scheme – Zone 1 (Project P1-4)	Water	Yes	Yes	No	No	No	Yes
	193	Development of Dry Port and Industrial Development Infrastructure (IDZ)	Transport Roads	Yes	Yes	Yes	No	No	Yes
	194	Upgrade of Airport	Transport Air	Yes	Yes	Yes	No	Yes	No
Lesotho, South Africa	24	Upgrade of Aliwal'skop to Telebridge Road	Tourism	Yes	No	No	Yes	No	Yes
	25	Upgrading of Ongeluksnek Pass & establishment of one-stop border post	Tourism	No	No	No	Yes	No	Yes
	26	Upgrade of Ha Mpti to Sehlabathebe National Park via Ramatseliso's Border Gate	Tourism	Yes	No	No	Yes	No	Yes
	27	Upgrade of Joel's drift to Monantsa Pass & Border post	Tourism	Yes	No	No	Yes	No	Yes
	14	Upgrading of Sani Pass Road from Himville (south Africa) to Mokhotlong (Lesotho)	Tourism	Yes	No	No	Yes	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
	15	Relocation of Sani Pass Border Post within Maloti Drakensberg Transfrontier Park	Tourism	Yes	No	Yes	Yes	No	Yes
	82	Lesotho Highlands Phase II	Water	Yes	Yes	No	Yes	No	Yes
	114	Maseru Bridge OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
	28	Construction of Dinosaur Interpretative Centre at Golden Gate National Park in the Maloti Drakensberg Transfrontier Conservation Area	Tourism	Yes	No	No	Yes	No	Yes
Malawi	106	Lower Fufu	Energy	Yes	Yes	Yes	No	No	Yes
	182	Mombezi Multi-purpose Dam (Project P1-5)	Water	Yes	Yes	No	No	No	Yes
	192	Hydro Power Projects	Energy	No	No	No	No	Yes	No
	257	Building a New Cancer Treatment Facility at the Kamuzu Central Hospital in Lilongwe	Health	Yes	Yes	Yes	No	Yes	No
	258	South Rukuru Irrigation Project	Water	Yes	No	Yes	No	Yes	No
	259	Coal Fired Power Plant	Energy	Yes	Yes	No	No	Yes	No
	260	Bulk Water Storage and Supply projects	Water	Yes	No	No	No	Yes	No
	261	Performance based contracts for roads	Transport Roads	No	Yes	Yes	No	Yes	No
	262	Motor Vehicle Inspection and Licensing PPP	Transport Roads	No	Yes	Yes	No	Yes	No
Malawi, Mozambique	2	Mozambique-Malawi 220kV Inter-Connector	Energy	Yes	Yes	Yes	Yes	No	Yes
	123	Colomue-Dedza OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
	118	Zobue-Mwanza OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
	126	Moatize-Nacala Railway	Transport – Rail	Yes	Yes	No	No	No	Yes
	117	Chiponde-Mandimba OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Malawi Mozambique Tanzania Zambia	52	Construction of Mtwara – Songea-Mbambabay Railway Line with Spurs to Mchuchuma/ Liganga	Transport - Rail	Yes	Yes	Yes	Yes	No	Yes
Malawi	45	Nacala Corridor Roads	Transport - Road	Yes	Yes	No	Yes	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Mozambique Zambia									
Malawi Tanzania	84	Songwe River Basin Development Programme	Water	Yes	No	No	Yes	No	Yes
Malawi Tanzania Zambia	240	Makambako -Songea road: rehabilitation	Transport Roads	Yes	Yes	No	No	Yes	No
Malawi Zambia	116	Mwami-Mchinji OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Mauritius	146	Construction of two additional aircraft parking stands (Code E aircraft)	Transport – Air	Yes	No	Yes	No	No	Yes
	196	Road Decongestion Programme Phase 1	Transport Road	Yes	Yes	No	No	Yes	No
	197	Driver Education and Testing Centre	Transport Road	Yes	Yes	Yes	No	Yes	No
	198	Coal Power Plant	Energy	Yes	Yes	No	No	Yes	No
	199	Mass Transit System	Transport Rail	Yes	Yes	No	No	Yes	No
	200	Road Decongestion Programme	Transport Road	Yes	Yes	Yes	No	Yes	No
	201	Island Container Terminal	Transport Ports	Yes	Yes	No	No	Yes	No
	202	Grand Baie Social Welfare Complex	Social	Yes	Yes	Yes	No	Yes	No
	203	Bigara Wind Farm	Energy	Yes	Yes	No	No	Yes	No
	204	Mauritius Light Rail Transit System (MLRT)	Transport Rail	Yes	Yes	No	No	Yes	No
Mauritius Seychelles	254	Wind Farm Project at Curepipe Point	Energy	Yes	Yes	No	No	Yes	No
	255	Compost Project	Waste	Yes	Yes	No	No	Yes	No
	183	Water Supply to 13 Housing Estates in Mauritius (Project P1-6)	Water	Yes	Yes	Yes	No	No	Yes
Mauritius Seychelles	18	STAP-15: Development and Marketing of Trans-national tourism products for the Vanilla Islands States (Mauritius and Seychelles)	Tourism	No	No	No	Yes	Yes	No
Mozambique, South Africa, Zimbabwe	85	P1-2: Limpopo River Basin Water Monitoring Project	Water	No	No	No	Yes	No	Yes
Mozambique	145	Toll the N1 from Maputo to Maxixe and the N7 from Beira to Machipanda, including the link between Vanduzi and Changara	Transport – Road	Yes	Yes	No	No	No	Yes
	4	Transmission (Backbone) Project	Energy	Yes	Yes	No	Yes	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
		(CESUL), Mozambique							
	62	Nacala Port Modernisation and Expansion	Transport - Ports	Yes	Yes	No	No	No	Yes
	95	Benga	Energy	Yes	Yes	No	No	No	Yes
	103	Moatize	Energy	Yes	Yes	No	No	No	Yes
	11	HCB North Bank Hydro Power Project	Energy-power-generation	Yes	Yes	No	Yes	No	Yes
	10	Mpanda Nkuwa (Phase 1) Hydro Power Project	Energy-power-generation	Yes	Yes	Yes	Yes	No	Yes
	184	Movene Dam (Project P1-7)	Water	Yes	Yes	No	No	No	Yes
	111	Tete Toll Bridge	Transport – Road	Yes	Yes	No	No	No	Yes
Mozambique	177	Ressano Garcia Weir (Project XB-3)	Water	Yes	No	No	No	No	Yes
South - Africa	32	Ressano Garcia/ Lebombo OSBP	Transport - Border Posts	Yes	Yes	Yes	Yes	No	Yes
Mozambique South - Africa Swaziland	23	Usuthu Gorge (Mambane) Community Conservation Area Fencing	Tourism	No	Yes	No	Yes	No	Yes
Mozambique Swaziland	86	XB-4: Lomahasha/Namaacha Water Supply Project	Water	Yes	Yes	No	Yes	No	Yes
	53	Transport-30: Sena Railway Upgrading	Transport - Rail	Yes	Yes	No	Yes	No	Yes
Mozambique, Zambia, Zimbabwe	173	Piloting synchronised and conjunctive operation of dams for flood and drought mitigation, improved energy generation and livelihoods and provision of water for the environment in the Zambezi River Basin (Project GP-10)	Water	Yes	No	No	No	No	Yes
	115	Forbes-Machipanda OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
	119	Nyamapanda-Cuchimano OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Mozambique Zimbabwe	129	Beira-Mutare road upgrading and tolling	Transport – Road	Yes	Yes	No	No	No	Yes
	130	Beira-Mutare-Harare Railway upgrading	Transport – Rail	Yes	No	No	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Namibia	94	Baynes	Energy	Yes	Yes	Yes	No	No	Yes
	147	The new Walvis Bay container terminal on reclaimed land	Transport – Ports	Yes	Yes	No	No	No	Yes
	148	Walvis Bay new tanker berth	Transport – Ports	Yes	Yes	No	No	No	Yes
	149	Walvis Bay ship and rig repair quay	Transport – Ports	Yes	Yes	No	No	No	Yes
	150	Walvis Bay marina development	Transport – Ports	Yes	Yes	No	No	No	Yes
	185	Artificial Recharge of Windhoek Aquifer - Phases 2B and 3 (Project P1-8)	Water	Yes	Yes	Yes	No	No	Yes
	269	Heavy Oil Power Station 100 MW	Energy	No	Yes	Yes	No	Yes	No
	267	Rehabilitation of the Walvis Bay-Tsumeb -Grootfontein railway line	Transport Rail	No	Yes	Yes	No	Yes	No
	12	Kudu Power Station	Energy-power-generation	Yes	Yes	No	Yes	No	Yes
Namibia, Angola, Zambia, Botswana	265	Impalila Island OSBP	Transport Border Posts	No	Yes	Yes	No	Yes	No
Namibia, South Africa	264	Oranjemund OSBP	Transport Border Posts	No	Yes	Yes	No	Yes	No
	263	Ariamsvlei OSBP	Transport Border Posts	Yes	Yes	Yes	No	Yes	No
Namibia, Zambia	112	Katima Mulilo/Wenela OSBP	Transport – Border Posts	Yes	Yes	Yes	No	No	Yes
Namibia, Zimbabwe	137	Trans-Caprivi roads upgrading of Sinanga-Katima Mulilo road (205 km)	Transport – Road	Yes	Yes	No	No	No	Yes
Seychelles	139	Road link at Stevenson Delhomme-Dan Koko (St. Louis)	Transport – Road	Yes	Yes	Yes	No	Yes	Yes
	140	Road link between Mt. Fleuri road to Bois De Rose road, Victoria	Transport – Road	Yes	Yes	Yes	No	Yes	Yes
	141	Victoria Waterfront bypass	Transport – Road	Yes	Yes	Yes	No	No	Yes
	186	Reducing Non Revenue Water and Increasing Use Efficiency (Project P1-9)	Water	Yes	Yes	Yes	No	Yes	Yes
	205	Road Link Projects Combined - Stevenson Delhomme-Dan Koko (St Louis); Mt. Fleuri road to Bois De Rose road, Victoria; Victoria Waterfront Bypass (ID 139; 140; 141)	Transport Road	Yes	Yes	Yes	No	No	Yes
South	22	Construction of access bridge	Tourism	No	Yes	No	Yes	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Africa		between Mooiplaas and Doorhoek Gate, Songimvelo Nature Reserve							
	89	New PF + FBC	Energy	Yes	Yes	Yes	No	No	Yes
	90	Nuclear	Energy	Yes	No	Yes	No	No	Yes
	195	South African ports: Durban Port Expansion	Transport Ports	Yes	Yes	Yes	No	No	Yes
	168	Water Demand Management in 62 urban centres (Project P1-10)	Water	Yes	No	Yes	No	No	Yes
South Africa, Swaziland	21	Development of an internal tourist link road between Songimvelo and Malolothja Nature Reserve	Tourism	No	No	No	Yes	No	Yes
	131	Ngwenya-Oshoek OSBP	Transport– Border Posts	Yes	Yes	Yes	No	No	Yes
	29	Infrastructure development for the s-m t fca greater resource area	Tourism	Yes	Yes	Yes	Yes	No	Yes
South Africa, Zimbabwe	17	Limpopo crossing in Great Limpopo Transfrontier Conservation Area (GLTFCA)	Tourism	Yes	No	Yes	Yes	No	Yes
	30	Beitbridge border OSBP	Transport - Border Posts	Yes	Yes	Yes	Yes	No	Yes
	7	2nd Zimbabwe-South Africa Interconnector	Energy	Yes	Yes	Yes	Yes	No	Yes
Swaziland	187	Nondvo Multipurpose Dam (Project P1-11)	Water	Yes	Yes	No	No	No	Yes
Tanzania	128	Berths at Kigamboni to expand Dar-es-Salaam Port	Transport – Ports	Yes	Yes	No	No	No	Yes
	160	The Civil Aviation Training Centre (CATC), Dar-es-Salaam	Transport – Air	Yes	No	Yes	No	No	Yes
	37	Dar es Salaam- Chalinze Toll Road	Transport - Road	Yes	Yes	No	Yes	No	Yes
	39	Manyoni – Tabora – Kigoma Road	Transport - Road	Yes	Yes	No	Yes	No	Yes
	42	Establishment of cargo freight station (cfs) – kisarawe	Transport - Road	Yes	Yes	Yes	Yes	Yes	Yes
	50	Upgrading of Dar es Salaam (dsm) - Isaka (isk) railway line to standard gauge and construction of Isaka- Keza – Kigali(Rwanda) / Musongati (Burundi) railway line	Transport – Rail	Yes	Yes	Yes	Yes	No	Yes
	51	Tanzania Railways Limited Revival	Transport - Rail	Yes	Yes	Yes	Yes	No	Yes
	100	Kiwira	Energy	Yes	Yes	No	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
	101	Kinyerezi	Energy	Yes	Yes	No	No	No	Yes
	102	Rumakali	Energy	Yes	Yes	Yes	No	No	Yes
	107	Ruhudji	Energy	Yes	Yes	No	No	No	Yes
	138	Development of new berth at Kigamboni	Transport – Ports	Yes	Yes	No	No	No	Yes
	142	Development of deep water port at Mwambani Tanga	Transport – Ports	Yes	Yes	Yes	No	No	Yes
	143	Development of new port at Mbegani Bagamoyo	Transport – Ports	Yes	Yes	No	No	No	Yes
	152	Upgrading of Matai-Kasesya road	Transport – Road	Yes	Yes	No	No	No	Yes
	157	Julius Nyerere International Airport (JNIA) development project comprising the Rehabilitation and extension of the existing Terminal II building and the construction of a complete new Terminal III building	Transport – Air	Yes	Yes	No	No	No	Yes
	158	Mtwara Airport Development Project, including the construction of a new Terminal Building apron and taxiways, as well as the rehabilitation and extension/upgrading of runway apron and taxiways (to CODE 4E)	Transport – Air	Yes	Yes	No	No	No	Yes
	159	Kigoma Airport Development Project, including the rehabilitation and upgrading of the runway, taxiways, apron (to CODE 4C) and the construction of a new terminal building, access road and car parking bay	Transport – Air	Yes	Yes	No	No	No	Yes
	188	Ruhuhu Valley Irrigation Scheme (Project P1-12)	Water	Yes	No	No	No	No	Yes
	247	Mbinga- Mbaba Bay: road upgrade	Transport Roads	Yes	Yes	No	No	Yes	No
	270	Dar Es Salaam Rapid Transport Project	Transport Road	Yes	Yes	No	No	No	Yes
	144	Mtwara Port and EDZ development	Transport – Ports	Yes	Yes	Yes	No	No	Yes
Tanzania, Zambia	110	Restructuring of Zambia's railway systems	Transport – Rail	Yes	Yes	Yes	No	No	Yes
	33	Transport-19: Nakonde/ Tunduma OSBP	Transport - Border Posts	Yes	Yes	Yes	No	No	Yes

Country	ID	Project Name	Sector	Q1	Q2	Q3	STAP	Site	RIDMP
Zambia	96	Lunsemfwa Lower	Energy	Yes	Yes	Yes	No	No	Yes
	98	Kalungwishi	Energy	Yes	Yes	Yes	No	No	Yes
	104	Mambilima Falls Site 1 and 2	Energy	Yes	Yes	Yes	No	No	Yes
	105	Mpata Gorge	Energy	No	Yes	Yes	No	No	Yes
	124	Western Corridor Roads – Zambia	Transport – Road	Yes	Yes	No	No	No	Yes
	189	Climate Change Adaptation to drought – Agro-ecological Region I (Project P1-13)	Water	Yes	No	No	No	No	Yes
Zambia, Zimbabwe	83	RG-3: Batoka Hydro-electric Scheme	Water	Yes	Yes	No	Yes	No	Yes
	127	Lion's Den Kafue Rail Link	Transport – Rail	Yes	Yes	No	No	No	Yes
Zimbabwe	252	Kunzvi Dam	Water	Yes	Yes	No	No	Yes	No
	35	Beitbridge-Chirundu Road Upgrading	Transport - Road	Yes	Yes	No	Yes	Yes	Yes
	38	Plumtree-Bulawayo-Harare-Mutare	Transport - Road	Yes	Yes	No	Yes	No	Yes
	49	National Railways of Zimbabwe Revival	Transport - Rail	Yes	Yes	Yes	Yes	No	Yes
	91	Kariba South Extension	Energy	Yes	Yes	No	No	No	Yes
	190	Bulawayo-Zambezi Water Supply Scheme (Project P1-14)	Water	Yes	Yes	No	No	No	Yes
	236	Central Transmission Corridor Network (CTC) Phase 2	Energy	Yes	Yes	No	No	No	Yes
	237	DRC Zambia Interconnector 330kv transmission line from Solwezi to Kolwezi	Energy	No	Yes	Yes	No	Yes	No
	8	Hwange Power Station 7&8 Expansion Project	Energy-power-generation	Yes	Yes	No	Yes	No	Yes
	13	Gokwe North Power Station	Energy	Yes	Yes	No	Yes	No	Yes

Appendix 3 List of Persons and Organisations contacted per country

SADC States	Member	Meetings
Angola		Tried to contact several people (phone calls/ mails), no response
Botswana		Archie Makepe, Chief Economist - Ministry of Finance Kudzani Pickup and team – Botswana Insurance Fund Management Mr Boiki Tema and team – First National Bank
Democratic Republic of Congo		Mr. Desiré BALAZIRE - Counselor at the Prime Minister Cabinet Mr. Kabuya Kalala - Cabinet Director of Minister of Finance Mr. Ntagoma JB- Counselor a the Prime Minister Cabinet
Lesotho		Maseeiso Lekholoane, Director – Private Sector Development Boitaboso Tjobe, Private Sector Development Programme & the Principal Secretary - Ministry of Finance (Queen Lesenya and Martha Rasekoai - Ministry of Development Planning Maselomo Pama, Director General Roads - Ministry of Public Works and Transport Teboho Shelile, Head of Treasury - Nedbank Lesotho Kelello Rametse, General Manager - Stanlib Lesotho Mohlabinyane Mohapi, Business Development Manager - Stanlib Lesotho Nthoateng Lebona, Ministry of Development Planning - National Strategic Development Plan (NSDP) MN Khethisa, Principal Secretary - Ministry of Finance- Principal Secretary
Malawi		Complicated travel logistics combined with the availability of the PPP commission meant no actual Member State visit was undertaken, however there was significant email communication and a very productive conference call with the PPP commission in Blantyre

Mauritius	<p>Mrs Sadna Appanah, Manager - Ministry of Finance</p> <p>Mr Hansa Mousa, Analyst – Procurement Policy and PPP Unit</p> <p>Daniel Lam Chun – Standard Bank Mauritius</p> <p>Clayton Bonnette - Standard Bank Mauritius</p> <p>Lakshman Bheenick, Chief executive - Standard Bank Mauritius</p> <p>Clement Yue Chi Ming – Barclays Mauritius</p> <p>Graeme McCallion - Barclays Mauritius</p>
Mozambique	<p>Mr. Luis Matsinhe, Head of PPP Unit and Megaprojects - Ministry of Finance</p> <p>Mrs. Sónia Deus, Lawyer/Procurement advisor - Ministry of Finance</p> <p>Mr. Inaete Merali, CEO of Mozabanco</p> <p>Previous discussions were help with Millenniumbim and Standard Bank.</p>
Namibia	<p>James Seibeb – Deputy Director: Macroeconomic Analysis & Projections - Ministry of Finance</p>
Seychelles	<p>Email correspondence</p> <p>Ms Irene Croisee, Director - Public Budget Management</p> <p>Patrick Payet - Public Budget Management</p> <p>Jones Belmont - Public Budget Management</p> <p>Damien Thesee - Public Budget Management</p>
Swaziland	<p>Email correspondence</p> <p>Ms Sizakhele Dlamini, Director- Corporate services and supply chain</p>
Tanzania	<p>Dr. Frank M. Mhilu, Commissioner of Public-Private Partnerships</p> <p>Mr. Mlay, PPP Unit</p>



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	Mr. Mayiku, PPP Unit Stanbic and City Bank - Tanzania
Zambia	Dr Stephen Gumboh, Director – PPP unit Stanbic - Zamia
Zimbabwe	Fidelis Ngorora, Director Public Sector Investment and Programme (MoF)



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Appendix 4 References

The following reports, credit ratings and sources were used:

Doing Business 2013 – The World Bank and IFC

The Global Competitiveness Report 2012-2013, World Economic Forum

The Global Competitiveness Report 2011-2012, World Economic Forum

Ibrahim Index of African Governance

Governance indicator, World Bank, 2011 data

World Bank data used for 2011

www.tradingeconomics.com/country-list/inflation-rate

Credit rating: Standard and Poor's ratings

KPMG Offices

RIDMP –GIS online

RIDMP Reports



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Appendix 5 Detailed Member State Assessment

#		Source	Angola	Botswana	DRC	Lesotho	Madagascar	Malawi
	<u>Background information</u>							
	GDP % growth for last 3 years	6	3.90%	5.70%	6.90%	4.20%	1.00%	4.30%
	Actual GDP in numbers (size of economy), current USD\$	6	104 331 613 337	17 327 510 032	15 653 634 043	2 426 200 017	9 911 781 297	5 621 000 678
	Lending Interest rates	6	18.8	11	43.8	10.4	52.5	23.8
	Inflation rate	6	9.00%	7.20%	5.67%	5.07%	5.80%	35.80%
	Credit Rating	8	BB-	A-	Not Rated	Not Rated	Not Rated	Not Rated
1	<u>Availability of domestic capital and debt funding</u>							
	Number of banks	9	23	8	27	4	n/a - suspended	4
	Number of equity investment funds	9	Small number-set up phase	4	N/A	2	n/a - suspended	0
	Number of pension funds	9	0	97	1	A number of pension funds	n/a - suspended	2
	3 year history of bond issuance	9	Unknown	6 bonds issued	N/A	None in last 3 years	n/a - suspended	TBC
	Assessment of available capital (local) for investment	9	roughly USD 14 billion of credit in their assets	Gov will spend next 3 years P39.2 billion	N/A	No recent long term bond issues	n/a - suspended	No local funds
2	<u>Attractiveness of the Member State</u>							
2.1	Is the Member State politically stable? Political Stable and Absence of Violence (rating of 0 to 100)	5	35.8	84.9	2.4	55.7	19.8	44.3
2.2	Is it a stable macro-economic environment? Macro-Economic Environment (score 1 to 7)	2	4.2	4.52		3.93	4.33	3.3
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>							
	Enforcing Contracts (country ranking from 1 to 185)	1	183	68	162	139	156	144
	Rule of Law (rating of 0 to 100)	5	10.3	69.5	1.9	47.4	23.9	50.2

4	<u>Governance and decision making in Member State</u>							
	Institutions * (score 1 to 7)	2	2.9	4.82		3.3	2.94	3.82
	Africa's Governance (score out of 100)	4	44	77	32.8	61	46	56
	Voice and accountability (rating of 0 to 100)	5	14.6	60.6	8	45.1	25.8	39.4
	Government effectiveness (rating of 0 to 100)	5	11.4	68.2	1.9	44.5	19	40.3
	Regulatory Quality (rating of 0 to 100)	5	12.3	69.2	5.7	30.3	32.2	26.5
	Control of Corruption (rating of 0 to 100)	5	3.8	80.1	3.3	64.5	49.3	45.5
5	<u>Ease of doing business in the Member States (1 to 185)</u>		172	59	183	136	142	157
	Starting a business (country ranking from 1 to 185)	1	171	99	180	79	17	141
	Dealing with Construction permits (country ranking from 1 to 185)	1	124	132	149	140	148	175
	Getting electricity (country ranking from 1 to 185)	1	113	90	170	133	183	179
	Register property (country ranking from 1 to 185)	1	131	51	156	157	147	97
	Getting credit (country ranking from 1 to 185)	1	129	53	104	154	180	129
	Protecting investors (country ranking from 1 to 185)	1	70	49	158	100	70	82
	Paying taxes (country ranking from 1 to 185)	1	154	39	182	95	68	58
	Trading across borders (country ranking from 1 to 185)	1	164	147	181	144	112	168
	Resolving insolvency (country ranking from 1 to 185)	1	162	29	136	75	151	134
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>							
6.1	Legal system enabling PPPs in the Member State Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal	9	Yes	No	No	Yes		Yes

restrictions)							
Does a policy for private participation in the Member State exist?	9	yes	yes	No	Yes		Yes
6.2 Public Sector appetite/capacity and experience relating to PPPs in the Member State							
Is there Political support for PPPs?	9	No	Yes	No	Yes		yes
Is there a PPP focal point/ Unit in the Member State?	9	No	yes	No	Yes		yes
Does an existing PPP track record in the Member State exist?	9	No	No	No	Yes		No
6.3 Private sector capacity, capability and appetite							
Are multiple firms active in the PPP market?	9	No	Yes	Yes	Yes		No
Does capacity exist in the private sector?	9	yes	Yes	Yes	No		No
Sources							
1. Doing Business 2013 – The World Bank and IFC (ranking 1 to 185) 2. The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best) 3. The Global Competitiveness Report 2011-2012, World Economic Forum (score 1 to 7) 4. Ibrahim Index of African Governance (score out of 100) 5. Governance indicator, World bank, 2011 data 6. World Bank data used for 2011 7. www.tradingeconomics.com/country-list/inflation-rate 8. Standard and Poor's ratings 9. Member State visits							

#		Source	Mauritius	Mozambique	Namibia	Seychelles	South Africa
	Background information						
	GDP % growth for last 3 years	6	4.10%	7.10%	4.80%	5.00%	3.10%
	Actual GDP in numbers (size of economy), current USD\$	6	11 259 856 301	12 762 040 281	12 510 721 241	1 059 593 501	408 236 752 340
	Lending Interest rates	6	8.9	19.1	8.7	11.2	9
	Inflation rate	6	3.60%	4.79%	6.11%	5.30%	5.90%
	Credit Rating	8	A-/BBB	B+	Not Rated	Not Rated	A/BBB+
1	Availability of domestic capital and debt funding						
	Number of banks	9	21	15	4	7	N/A - excluded
	Number of equity investment funds	9	820 global funds	None local	8	Unknown	N/A - excluded
	Number of pension funds	9	unknown	1 - not looking at infrastructure	2 - gov many private	Government Pension Fund invests in Tourism, agriculture	N/A - excluded
	3 year history of bond issuance	9	3 bond issues over 2 years	15 T-bonds outstanding (3 to 5 years)	2011 Eurobond, 500 million US. 2012 RSA bond, 850 million ZAR.	Seychelles Treasury has issued 3, 5, 7, 10 yr bonds	N/A - excluded
	Assessment of available capital (local) for investment	9	Rs 5 billion per transaction	Local banks no capacity, Large international banks capacity	Assessment is available(illiquid)	Local bank 7 years of 60% or project costs up to SR8million	N/A - excluded
2	Attractiveness of the Member State						
2.1	Is the Member State politically stable? Political Stable and Absence of Violence (rating of 0 to 100)	5	75	57.1	75.9	79.7	48.1
2.2	Is it a stable macro-economic environment? Macro-Economic Environment (score 1 to 7)	2	4.41	3.66	4.5	4.55	4.63
3	Judicial system that contributes to effective commercial dispute resolution						
	Enforcing Contracts	1	58	132	41	83	82

	(country ranking from 1 to 185)						
	Rule of Law (rating of 0 to 100)	5	75.1	33.8	61	54.9	58.7
4	<u>Governance and decision making in Member State</u>						
	Institutions * (score 1 to 7)	2	4.59	3.35	4.19	4.2	4.42
	Africa's Governance (score out of 100)	4	83	55	70	73	71
	Voice and accountability (rating of 0 to 100)	5	70.4	44.1	56.8	52.6	65.7
	Government effectiveness (rating of 0 to 100)	5	74.4	35.5	57.8	62.1	64.9
	Regulatory Quality (rating of 0 to 100)	5	76.8	37	55	36	65.9
	Control of Corruption (rating of 0 to 100)	5	72.5	41.7	64	65.4	59.2
5	<u>Ease of doing business in the Member States (1 to 185)</u>		19	146	87	74	39
	Starting a business (country ranking from 1 to 185)	1	14	96	133	117	53
	Dealing with Construction permits (country ranking from 1 to 185)	1	62	135	56	57	39
	Getting electricity (country ranking from 1 to 185)	1	44	174	87	144	150
	Register property (country ranking from 1 to 185)	1	60	155	169	66	79
	Getting credit (country ranking from 1 to 185)	1	53	129	40	167	1
	Protecting investors (country ranking from 1 to 185)	1	13	49	82	70	10
	Paying taxes (country ranking from 1 to 185)	1	12	105	112	20	32
	Trading across borders (country ranking from 1 to 185)	1	15	134	140	33	115
	Resolving insolvency (country ranking from 1 to 185)	1	64	147	59	65	84
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>						
6.1	<u>Legal system enabling PPPs in the Member State</u>						

	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)	9	Yes	Yes	yes	No
	Does a policy for private participation in the Member State exist?	9	yes	yes	yes	Yes - tourism and ICT
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State Is there Political support for PPPs?	9	yes	yes	yes	Unknown
	Is there a PPP focal point/ Unit in the Member State?	9	Yes	yes	yes	No
	Does an existing PPP track record in the Member State exist?	9	No	No	yes	No - only private participation
6.3	Private sector capacity, capability and appetite Are multiple firms active in the PPP market?	9	yes	yes	No	Unknown
	Does capacity exist in the private sector?	9	yes	yes	No	Yes
	Sources					
	1. Doing Business 2013 – The World Bank and IFC (ranking 1 to 185) 2. The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best) 3. The Global Competitiveness Report 2011-2012, World Economic Forum (score 1 to 7) 4. Ibrahim Index of African Governance (score out of 100) 5. Governance indicator, World bank, 2011 data 6. World Bank data used for 2011 7. www.tradingeconomics.com/country-list/inflation-rate 8. Standard and Poor's ratings 9. Member State visits					

#		Source	Namibia	Swaziland	Tanzania	Zambia	Zimbabwe
	Background information						
	GDP % growth for last 3 years	6	4.80%	1.30%	6.40%	6.50%	9.40%
	Actual GDP in numbers (size of economy), current USD\$	6	12 510 721 241	4 090 174 846	23 874 165 048	19 206 044 932	9 565 199 514
	Lending Interest rates	6	8.7	9	15	18.8	None provided
	Inflation rate	6	6.11%	9.00%	9.40%	7.00%	2.49%
	Credit Rating	8	Not Rated	Not Rated	Not Rated	B+	Not Rated
1	Availability of domestic capital and debt funding						
	Number of banks	9	4	5	40	19	18
	Number of equity investment funds	9	8	3 firms	None- early phases of this market, some international	Only micro equity fund	not many equity funds
	Number of pension funds	9	2 - gov many private	2 large national funds	6	Individual company schemes: +50	No information available
	3 year history of bond issuance	9	2011 Eurobond, 500 million US. 2012 RSA bond, 850 million ZAR.	None. Gov't tried last year but unsuccessful	good track record of bonds issuance - many listed in database	TBC	Few bonds since 2009
	Assessment of available capital (local) for investment	9	Assessment is available(illiquid)	Swazi Retirement funds needs to invest 30% locally.	very good	Minimal/no local funds for capital investment	No long-terms funds available
2	Attractiveness of the Member State						
2.1	Is the Member State politically stable? Political Stable and Absence of Violence (rating of 0 to 100)	5	75.9	30.7	46.7	61.8	16
2.2	Is it a stable macro-economic environment? Macro-Economic Environment (score 1 to 7)	2	4.5	3.6	4.12	4.60	3.77
3	Judicial system that contributes to effective commercial dispute resolution						
	Enforcing Contracts (country ranking from 1 to 185)	1	41	174	36	89	111
	Rule of Law (rating of 0 to 100)	5	61	42.3	34.3	39.4	0.9
4	Governance and decision making in						

<u>Member State</u>							
	Institutions * (score 1 to 7)	2	4.19	3.61	3.62	4.09	3.5
	Africa's Governance (score out of 100)	4	70	52	59	59	34
	Voice and accountability (rating of 0 to 100)	5	56.8	12.7	45.5	42.3	8.9
	Government effectiveness (rating of 0 to 100)	5	57.8	28.4	36.5	29.9	6.2
	Regulatory Quality (rating of 0 to 100)	5	55	28.4	35.5	36.5	2.4
	Control of Corruption (rating of 0 to 100)	5	64	50.2	36	37	5.7
5	<u>Ease of doing business in the Member States (1 to 185)</u>		87	123	134	94	172
	Starting a business (country ranking from 1 to 185)	1	133	165	113	74	143
	Dealing with Construction permits (country ranking from 1 to 185)	1	56	41	174	151	170
	Getting electricity (country ranking from 1 to 185)	1	87	156	96	151	157
	Register property (country ranking from 1 to 185)	1	169	129	137	96	85
	Getting credit (country ranking from 1 to 185)	1	40	53	129	12	129
	Protecting investors (country ranking from 1 to 185)	1	82	128	100	82	128
	Paying taxes (country ranking from 1 to 185)	1	112	58	133	47	134
	Trading across borders (country ranking from 1 to 185)	1	140	141	122	156	167
	Resolving insolvency (country ranking from 1 to 185)	1	59	74	129	99	169
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>						
6.1	Legal system enabling PPPs in the Member State Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)	9	yes	No, Draft Legislation	yes	Yes	No
	Does a policy for private participation in the Member State exist?	9	yes	Yes, Approved policy exists by Pub Enterprise Unit.	Yes	Yes	yes
6.2	Public Sector appetite/capacity and experience relating to						

	PPPs in the Member State						
	Is there Political support for PPPs?	9	yes	yes	yes	yes	yes
	Is there a PPP focal point/ Unit in the Member State?	9	yes	yes	yes	yes	No
	Does an existing PPP track record in the Member State exist?	9	yes	No	yes	yes	yes
6.3	Private sector capacity, capability and appetite						
	Are multiple firms active in the PPP market?	9	No	No	yes	yes	yes
	Does capacity exist in the private sector?	9	No	Yes	yes	yes	No
	Sources						
	1. Doing Business 2013 – The World Bank and IFC (ranking 1 to 185) 2. The Global Competitiveness Report 2012-2013, World Economic Forum (score 1 to 7, with 7 being the best) 3. The Global Competitiveness Report 2011-2012, World Economic Forum (score 1 to 7) 4. Ibrahim Index of African Governance (score out of 100) 5. Governance indicator, World bank, 2011 data 6. World Bank data used for 2011 7. www.tradingeconomics.com/country-list/inflation-rate 8. Standard and Poor's ratings 9. Member State visits						

Country Assessment		Angola	Botswana
1	<u>Availability of domestic capital and debt funding</u>		
	Number of banks	3	3
	Number of equity investment funds	3	3
	Number of pension funds	1	3
	3 year history of bond issuance		4
	Assessment of available capital (local) for investment	3	4
	SCORE	2	3
	WEIGHTED	2	3
		1	
2	<u>Attractiveness of the Member State</u>		
2.1	<u>Is the Member State politically stable?</u> Political Stable and Absence of Violence (rating of 0 to 100)	1	3
2.2	<u>Is it a stable macro-economic environment?</u> Macro-Economic Environment (score 1 to 7)	2	3
	AVERAGE SCORE	1.5	3
	WEIGHTED	2	3
		1	
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>		
	Enforcing Contracts (country ranking from 1 to 185)	1	3
	Rule of Law (rating of 0 to 100)	1	3
	AVERAGE SCORE	1	3
	WEIGHTED	1	3
		1	
4	<u>Governance and decision making in Member State</u>		
	Institutions * (score 1 to 7)	2	3
	Africa's Governance (score out of 100)	2	3
	Voice and accountability (rating of 0 to 100)	1	2
	Government effectiveness (rating of 0 to 100)	1	3
	Regulatory Quality (rating of 0 to 100)	1	3
	Control of Corruption (rating of 0 to 100)	1	3
	AVERAGE SCORE	1.33	2.83
	WEIGHTED	1.00	3.00
		1	
5	<u>Ease of doing business in the Member State (1 to 185)</u>	1	3
	Starting a business (country ranking from 1 to 185)	1	2
	Dealing with Construction permits (country ranking from 1 to 185)	1	1
	Getting electricity (country ranking from 1 to 185)	2	2
	Register property (country ranking from 1 to 185)	1	3
	Getting credit (country ranking from 1 to 185)	1	3
	Protecting investors (country ranking from 1 to 185)	3	3
	Paying taxes (country ranking from 1 to 185)	1	3
	Trading across borders (country ranking from 1 to 185)	1	1

	Resolving insolvency (country ranking from 1 to 185)	1	3
	AVERAGE	1.33	2.33
	SCORE	1	2
	WEIGHTED 1	1	2
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>		
6.1	Legal system enabling PPPs in the Member State		
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)	3	2
	Does a policy for private participation in the Member State exist?	4	4
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State		
	Is there Political support for PPPs?	2	4
	Is there a PPP focal point/ Unit in the Member State?	2	3
	Does an existing PPP track record in the Member State exist?	1	2
6.3	Private sector capacity, capability and appetite		
	Are multiple firms active in the PPP market?	1	4
	Does capacity exist in the private sector?	4	3
	AVERAGE	2.43	3.14
	SCORE	2	3
	WEIGHTED 1	2	3
	Total out of 24	9	17

Country Assessment		DRC	Lesotho
1	<u>Availability of domestic capital and debt funding</u>		
	Number of banks	4	1
	Number of equity investment funds	1	2
	Number of pension funds	1	2
	3 year history of bond issuance	1	1
	Assessment of available capital (local) for investment	1	1
	SCORE	2	1
	WEIGHTED	2	1
		1	1
2	<u>Attractiveness of the Member State</u>		
2.1	<u>Is the Member State politically stable?</u>		
	Political Stable and Absence of Violence (rating of 0 to 100)	1	2
2.2	<u>Is it a stable macro-economic environment?</u>		
	Macro-Economic Environment (score 1 to 7)	1	2
	AVERAGE	1	2
	SCORE	1	2
	WEIGHTED	1	2
		1	2
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>		
	Enforcing Contracts (country ranking from 1 to 185)	1	1
	Rule of Law (rating of 0 to 100)	1	2
	AVERAGE	1	1.5
	SCORE	1	2
	WEIGHTED	1	2
		1	2
4	<u>Governance and decision making in Member State</u>		
	Institutions * (score 1 to 7)	1	2
	Africa's Governance (score out of 100)	1	2
	Voice and accountability (rating of 0 to 100)	1	2
	Government effectiveness (rating of 0 to 100)	1	2
	Regulatory Quality (rating of 0 to 100)	1	1
	Control of Corruption (rating of 0 to 100)	1	3
	AVERAGE	1.00	2.00
	SCORE	1.00	2.00
	WEIGHTED	1	2
		1	2
5	<u>Ease of doing business in the Member State (1 to 185)</u>	1	1
	Starting a business (country ranking from 1 to 185)	1	2
	Dealing with Construction permits (country ranking from 1 to 185)	1	1
	Getting electricity (country ranking from 1 to 185)	1	1
	Register property (country ranking from 1 to 185)	1	1
	Getting credit (country ranking from 1 to 185)	2	1
	Protecting investors (country ranking from 1 to 185)	1	2
	Paying taxes (country ranking from 1 to 185)	1	2
	Trading across borders (country ranking from 1 to 185)	1	1
	Resolving insolvency (country ranking from 1 to 185)	1	2

	AVERAGE		1.11	1.44
	SCORE		1	1
	WEIGHTED	1	1	1
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>			
6.1	Legal system enabling PPPs in the Member State			
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)		1	3
	Does a policy for private participation in the Member State exist?		1	4
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State			
	Is there Political support for PPPs?		1	4
	Is there a PPP focal point/ Unit in the Member State?		1	4
	Does an existing PPP track record in the Member State exist?		1	3
6.3	Private sector capacity, capability and appetite			
	Are multiple firms active in the PPP market?		4	3
	Does capacity exist in the private sector?		4	2
	AVERAGE		1.86	3.29
	SCORE		2	3
	WEIGHTED	1	2	3
	Total out of 24		8	11

Country Assessment		Malawi	Mauritius
1	<u>Availability of domestic capital and debt funding</u>		
	Number of banks	2	4
	Number of equity investment funds	1	
	Number of pension funds	1	
	3 year history of bond issuance		2
	Assessment of available capital (local) for investment	1	4
	SCORE	1	4
	WEIGHTED	1	4
2	<u>Attractiveness of the Member State</u>		
2.1	Is the Member State politically stable?		
	Political Stable and Absence of Violence (rating of 0 to 100)	2	3
2.2	Is it a stable macro-economic environment?		
	Macro-Economic Environment (score 1 to 7)	2	3
	AVERAGE	2	3
	SCORE	2	3
	WEIGHTED	2	3
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>		
	Enforcing Contracts (country ranking from 1 to 185)	1	3
	Rule of Law (rating of 0 to 100)	2	3
	AVERAGE	1.5	3
	SCORE	2	3
	WEIGHTED	2	3
4	<u>Governance and decision making in Member State</u>		
	Institutions * (score 1 to 7)	2	3
	Africa's Governance (score out of 100)	2	3
	Voice and accountability (rating of 0 to 100)	2	3
	Government effectiveness (rating of 0 to 100)	2	3
	Regulatory Quality (rating of 0 to 100)	1	3
	Control of Corruption (rating of 0 to 100)	2	3
	AVERAGE	1.83	3.00
	SCORE	2.00	3.00
	WEIGHTED	2	3
5	<u>Ease of doing business in the Member State (1 to 185)</u>	1	4
	Starting a business (country ranking from 1 to 185)	1	4
	Dealing with Construction permits (country ranking from 1 to 185)	1	3
	Getting electricity (country ranking from 1 to 185)	1	3
	Register property (country ranking from 1 to 185)	2	3
	Getting credit (country ranking from 1 to 185)	1	3
	Protecting investors (country ranking from 1 to 185)	2	4
	Paying taxes (country ranking from 1 to 185)	3	4
	Trading across borders (country ranking from 1 to 185)	1	4
	Resolving insolvency (country ranking from 1 to 185)	1	3

	AVERAGE		1.44	3.44
	SCORE		1	3
	WEIGHTED	1	1	3
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>			
6.1	Legal system enabling PPPs in the Member State			
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)		4	4
	Does a policy for private participation in the Member State exist?		4	4
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State			
	Is there Political support for PPPs?		4	4
	Is there a PPP focal point/ Unit in the Member State?		4	4
	Does an existing PPP track record in the Member State exist?		2	1
6.3	Private sector capacity, capability and appetite			
	Are multiple firms active in the PPP market?		1	4
	Does capacity exist in the private sector?		1	3
	AVERAGE		2.86	3.43
	SCORE		3	3
	WEIGHTED	1	3	3
	Total out of 24		11	19

Country Assessment		Mozambique	Namibia
1	<u>Availability of domestic capital and debt funding</u>		
	Number of banks	3	2
	Number of equity investment funds	1	2
	Number of pension funds	1	2
	3 year history of bond issuance	2	4
	Assessment of available capital (local) for investment	2	3
	SCORE	2	3
	WEIGHTED	2	3
		1	3
2	<u>Attractiveness of the Member State</u>		
2.1	<u>Is the Member State politically stable?</u>		
	Political Stable and Absence of Violence (rating of 0 to 100)	2	3
2.2	<u>Is it a stable macro-economic environment?</u>		
	Macro-Economic Environment (score 1 to 7)	2	3
	AVERAGE	2	3
	SCORE	2	3
	WEIGHTED	2	3
		1	3
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>		
	Enforcing Contracts (country ranking from 1 to 185)	1	3
	Rule of Law (rating of 0 to 100)	1	2
	AVERAGE	1	2.5
	SCORE	1	3
	WEIGHTED	1	3
		1	3
4	<u>Governance and decision making in Member State</u>		
	Institutions * (score 1 to 7)	2	2
	Africa's Governance (score out of 100)	2	3
	Voice and accountability (rating of 0 to 100)	2	2
	Government effectiveness (rating of 0 to 100)	1	2
	Regulatory Quality (rating of 0 to 100)	1	2
	Control of Corruption (rating of 0 to 100)	2	3
	AVERAGE	1.67	2.33
	SCORE	2	2
	WEIGHTED	2	2
		1	2
5	<u>Ease of doing business in the Member State (1 to 185)</u>	1	2
	Starting a business (country ranking from 1 to 185)	2	1
	Dealing with Construction permits (country ranking from 1 to 185)	1	3
	Getting electricity (country ranking from 1 to 185)	1	2
	Register property (country ranking from 1 to 185)	1	1
	Getting credit (country ranking from 1 to 185)	1	3
	Protecting investors (country ranking from 1 to 185)	3	2
	Paying taxes (country ranking from 1 to 185)	2	2
	Trading across borders (country ranking from 1 to 185)	1	1
	Resolving insolvency (country ranking from 1 to 185)	1	3

AVERAGE		1.44	2.00
SCORE		1	2
WEIGHTED	1	1	2
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>		
6.1	Legal system enabling PPPs in the Member State		
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)	4	3
	Does a policy for private participation in the Member State exist?	4	3
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State		
	Is there Political support for PPPs?	4	3
	Is there a PPP focal point/ Unit in the Member State?	4	3
	Does an existing PPP track record in the Member State exist?	2	3
6.3	Private sector capacity, capability and appetite		
	Are multiple firms active in the PPP market?	4	1
	Does capacity exist in the private sector?	3	1
	AVERAGE	3.57	2.43
	SCORE	4	2
	WEIGHTED	4	2
	Total out of 24	12	15

Country Assessment		Seychelles	Swaziland
1	<u>Availability of domestic capital and debt funding</u>		
	Number of banks	2	3
	Number of equity investment funds		3
	Number of pension funds	1	2
	3 year history of bond issuance	1	1
	Assessment of available capital (local) for investment	1	2
	SCORE	1	2
	WEIGHTED	1	2
2	<u>Attractiveness of the Member State</u>		
2.1	<u>Is the Member State politically stable?</u>		
	Political Stable and Absence of Violence (rating of 0 to 100)	3	1
2.2	<u>Is it a stable macro-economic environment?</u>		
	Macro-Economic Environment (score 1 to 7)	3	2
	AVERAGE	3	1.5
	SCORE	3	2
	WEIGHTED	3	2
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>		
	Enforcing Contracts (country ranking from 1 to 185)	2	1
	Rule of Law (rating of 0 to 100)	2	2
	AVERAGE	2	1.5
	SCORE	2	2
	WEIGHTED	2	2
4	<u>Governance and decision making in Member State</u>		
	Institutions * (score 1 to 7)	2	2
	Africa's Governance (score out of 100)	3	2
	Voice and accountability (rating of 0 to 100)	2	1
	Government effectiveness (rating of 0 to 100)	2	1
	Regulatory Quality (rating of 0 to 100)	1	1
	Control of Corruption (rating of 0 to 100)	3	2
	AVERAGE	2.17	1.50
	SCORE	2	2
	WEIGHTED	2	2
5	<u>Ease of doing business in the Member State (1 to 185)</u>	2	1
	Starting a business (country ranking from 1 to 185)	1	1
	Dealing with Construction permits (country ranking from 1 to 185)	3	3
	Getting electricity (country ranking from 1 to 185)	1	1
	Register property (country ranking from 1 to 185)	3	1
	Getting credit (country ranking from 1 to 185)	1	3
	Protecting investors (country ranking from 1 to 185)	3	1
	Paying taxes (country ranking from 1 to 185)	4	3
	Trading across borders (country ranking from 1 to 185)	3	1
	Resolving insolvency (country ranking from 1 to 185)	3	2

	AVERAGE		2.44	1.78
	SCORE		2	2
	WEIGHTED	1	2	2
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>			
6.1	Legal system enabling PPPs in the Member State			
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)		1	2
	Does a policy for private participation in the Member State exist?		2	3
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State			
	Is there Political support for PPPs?		1	3
	Is there a PPP focal point/ Unit in the Member State?		1	3
	Does an existing PPP track record in the Member State exist?		2	1
6.3	Private sector capacity, capability and appetite			
	Are multiple firms active in the PPP market?		2	1
	Does capacity exist in the private sector?		3	2
	AVERAGE		1.71	2.14
	SCORE		2	2
	WEIGHTED	1	2	2
	Total out of 24		12	12

Country Assessment	Tanzania	Zambia
1 Availability of domestic capital and debt funding		
Number of banks	4	4
Number of equity investment funds	2	2
Number of pension funds	3	3
3 year history of bond issuance	3	
Assessment of available capital (local) for investment	4	3
SCORE	3	3
WEIGHTED	3	3
	1	
2 Attractiveness of the Member State		
2.1 Is the Member State politically stable?		
Political Stable and Absence of Violence (rating of 0 to 100)	2	2
2.2 Is it a stable macro-economic environment?		
Macro-Economic Environment (score 1 to 7)	2	3
AVERAGE SCORE	2	2.5
WEIGHTED	2	3
	1	
3 Judicial system that contributes to effective commercial dispute resolution		
Enforcing Contracts (country ranking from 1 to 185)	3	2
Rule of Law (rating of 0 to 100)	1	2
AVERAGE SCORE	2	2
WEIGHTED	2	2
	1	
4 Governance and decision making in Member State		
Institutions * (score 1 to 7)	2	2
Africa's Governance (score out of 100)	2	2
Voice and accountability (rating of 0 to 100)	2	2
Government effectiveness (rating of 0 to 100)	1	1
Regulatory Quality (rating of 0 to 100)	1	1
Control of Corruption (rating of 0 to 100)	1	1
AVERAGE SCORE	1.50	1.50
WEIGHTED	2	2
	1	
5 Ease of doing business in the Member State (1 to 185)	1	2
Starting a business (country ranking from 1 to 185)	2	2
Dealing with Construction permits (country ranking from 1 to 185)	1	1
Getting electricity (country ranking from 1 to 185)	2	1
Register property (country ranking from 1 to 185)	1	2
Getting credit (country ranking from 1 to 185)	1	4
Protecting investors (country ranking from 1 to 185)	2	2
Paying taxes (country ranking from 1 to 185)	1	3
Trading across borders (country ranking from 1 to 185)	1	1
Resolving insolvency (country ranking from 1 to 185)	1	2

AVERAGE		1.33	2.00
SCORE		1	2
WEIGHTED	1	1	2
6	<u>Enabling environment in the Member State for PPPs (Yes/ No)</u>		
6.1	Legal system enabling PPPs in the Member State		
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)	4	4
	Does a policy for private participation in the Member State exist?	4	4
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State		
	Is there Political support for PPPs?	4	3
	Is there a PPP focal point/ Unit in the Member State?	3	3
	Does an existing PPP track record in the Member State exist?	4	3
6.3	Private sector capacity, capability and appetite		
	Are multiple firms active in the PPP market?	4	3
	Does capacity exist in the private sector?	4	3
	AVERAGE	3.86	3.29
	SCORE	4	3
	WEIGHTED	4	3
	Total out of 24	14	15

Country Assessment		Zimbabwe
1	<u>Availability of domestic capital and debt funding</u>	
	Number of banks	4
	Number of equity investment funds	2
	Number of pension funds	
	3 year history of bond issuance	1
	Assessment of available capital (local) for investment	1
	SCORE	1
	WEIGHTED	1
		1
2	<u>Attractiveness of the Member State</u>	
2.1	Is the Member State politically stable?	
	Political Stable and Absence of Violence (rating of 0 to 100)	1
2.2	Is it a stable macro-economic environment?	
	Macro-Economic Environment (score 1 to 7)	2
	AVERAGE	1.5
	SCORE	2
	WEIGHTED	2
		1
3	<u>Judicial system that contributes to effective commercial dispute resolution</u>	
	Enforcing Contracts (country ranking from 1 to 185)	2
	Rule of Law (rating of 0 to 100)	1
	AVERAGE	1.5
	SCORE	2
	WEIGHTED	2
		1
4	<u>Governance and decision making in Member State</u>	
	Institutions * (score 1 to 7)	2
	Africa's Governance (score out of 100)	1
	Voice and accountability (rating of 0 to 100)	1
	Government effectiveness (rating of 0 to 100)	1
	Regulatory Quality (rating of 0 to 100)	1
	Control of Corruption (rating of 0 to 100)	1
	AVERAGE	1.17
	SCORE	1
	WEIGHTED	1
		1
5	<u>Ease of doing business in the Member State (1 to 185)</u>	1
	Starting a business (country ranking from 1 to 185)	1
	Dealing with Construction permits (country ranking from 1 to 185)	1
	Getting electricity (country ranking from 1 to 185)	1
	Register property (country ranking from 1 to 185)	2
	Getting credit (country ranking from 1 to 185)	1
	Protecting investors (country ranking from 1 to 185)	1
	Paying taxes (country ranking from 1 to 185)	1
	Trading across borders (country ranking from 1 to 185)	1
	Resolving insolvency (country ranking from 1 to 185)	1

	AVERAGE		1.11
	SCORE		1
	WEIGHTED	1	1
6	Enabling environment in the Member State for PPPs (Yes/ No)		
6.1	Legal system enabling PPPs in the Member State		
	Is there a presence/development of enabling legislation i.e. PPP Law/ regulations etc? (if PPPs disallowed by existing laws or legal restrictions)		2
	Does a policy for private participation in the Member State exist?		4
6.2	Public Sector appetite/capacity and experience relating to PPPs in the Member State		
	Is there Political support for PPPs?		3
	Is there a PPP focal point/ Unit in the Member State?		1
	Does an existing PPP track record in the Member State exist?		4
6.3	Private sector capacity, capability and appetite		
	Are multiple firms active in the PPP market?		3
	Does capacity exist in the private sector?		2
	AVERAGE		2.71
	SCORE		3
	WEIGHTED	1	3
	Total out of 24		10



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
SADC Promotion of Economic Integration and Trade Program (ProSPECT)

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