



Africa Association of  
Quantity Surveyors

## **PUBLIC PRIVATE PARTNERSHIPS**

### **CRUCIAL FACTORS FOR SUCCESS OF PPP PROJECTS IN AFRICA**

#### **CRUCIAL FACTORS FOR SUCCESS FROM PRIVATE PROFESSIONAL'S PERSPECTIVES**

**Paper delivered by:-**

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**FEBRUARY 2021**

## **PPP PROJECTS IN AFRICA - CRUCIAL FACTORS FOR SUCCESS FROM PRIVATE PROFESSIONAL'S PERSPECTIVES**

- 1) Overview of PPP Projects.
- 2) Roles available for professional's involvement.
- 3) Factors for success of PPP projects in Africa.
- 4) Typical PPP processes / structure for success.
- 5) Recommendations and Conclusions
- 6) References and Further Reading

## **1) OVERVIEW OF PPP PROJECTS**

### **i. PPP definition and evolution.**

### **ii. Parties Involved**

### **iii. Underlying Principles of PPP**

- Provision of structures or services to the public on behalf of Government.
- Helping Government to do their job better and more effectively.
- International market.

## **1) OVERVIEW OF PPP PROJECTS (Cont'd)**

### **iv. Lifecycle of PPP projects**

- Design Build Operate Transfer

### **v. Bidding for PPP projects:**

- Solicited Bid
- Unsolicited Bid
- Pricing the Bid

## **1) OVERVIEW OF PPP PROJECTS (Cont'd)**

### **vi. Contractual Arrangements on PPP projects**

- The Matrix

### **vii. Securities and Guarantees**

Being text of webinar paper titled - Crucial Factors for Success of PPP projects in Africa: From Building Professionals Perspectives. Presented by Obafemi O. Onashile, FNIQS ; FRICS ; PPNIQS, President Africa Association of Quantity Surveyors (AAQS) at the online Zoom Webinar Organized by the AAQS on Tuesday 2nd February, 2021.

## 2) ROLES AVAILABLE FOR QS INVOLVEMENT

### i. Transaction Advisory Services as PPP lead expert.

- Involves organizing, evaluating and navigating the transaction to fruition.
- Involves a combination of specialized expertise often comprising of:
  - PPP experts.
  - Corporate Business Managers.
  - Investment Banker / Financial Modelling professional.
  - Legal Expert
  - Environmental / Social Protection Specialists.
  - Civil / Infrastructure Development specialist (Project Manager or Architects or Engineer)

## 2) ROLES AVAILABLE FOR QS INVOLVEMENT (CONT'D)

### ii. **Project Management Services**

- For Government / Public body.
- For SPV or Private Investors.
- For Funders / Bank / Lenders.

### iii. **Sub-Consultants Development Cost / Contract Managers to SPV**

- Consultants QS to the Building Team

### **3) FACTORS FOR SUCCESS OF PPP PROJECTS**

#### **i. Adoption of proper PPP Structure**

#### **ii. Availability of effective and knowledgeable team members to global standard**

- Stable Government
- Reliable Investors
- Capable Banks
- Ethical Professionals



### **3) FACTORS FOR SUCCESS OF PPP PROJECTS (CONT'D)**

**iii. Review of Risks associated with Partners (Style, capacity, trust etc.)**

**iv. Review of Profitability potentials (Sales, volume, pricing etc.)**

**v. Funding (Availability, cost, tenure etc.)**

## **4) TYPICAL PPP PROCESSES / STRUCTURE**

### **A. INITIATING**

- i. Appropriate PPP model.**
  
- ii. Review / Amendment / New Policies and Laws / Regulations**

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### 4) TYPICAL PPP PROCESSES / STRUCTURE (CONT'D)

#### A. INITIATING (Cont'd)

##### iii. Feasibility Studies / Realistic and detailed outline Business Case.

- Business Need
- Procurement Options
- Operational Impact
- Market Readiness
- Stakeholders & Business Requirement
- Services Pricing / Revenue Sharing
- Resources Needs
- Risk Assessment Strategies
- Implementation Strategy
- Contract Management processes

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **A. INITIATING (Cont'd)**

#### **iv. Risk Analysis**

#### **iv. Consultants & Project Structure**

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **B. PLANNING / TENDER PROCESS**

**i. Request for Information (RFI)**

**ii. Request for Proposals (RFP)**

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **B. PLANNING / TENDER PROCESS (Cont'd)**

#### **iii. Partner selection process**

- Open & competitive evaluation process.
- Rigorous Negotiation of Terms

## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### B. PLANNING / TENDER PROCESS (Cont'd)

#### iv. Financial Analysis & Control

- Fee based funding.
- Shared cost savings
- Shared revenue.

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **C. EXECUTION / SETTING UP OF THE CONTRACT**

#### **i. PPP Contract Management.**

- Defining Roles.
- Defining Responsibilities.



## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **C. EXECUTION / SETTING UP OF THE CONTRACT (Cont'd)**

#### **ii. Service Level Agreement (SLA).**

#### iii. Define Key Performance indicators.

- Measurement and Monitoring.

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **C. EXECUTION / SETTING UP OF THE CONTRACT (Cont'd)**

**iv. Win – Win Deals.**

**v. Contract Finalization / Sign Off.**

## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### D. MONITORING / CONTROL

#### i. Risk Management

- Complete Risk Management cycle
  - Risk Identification
  - Risk Assessment
  - Risk Allocation
  - Risk Mitigation

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **D. MONITORING / CONTROL (Cont'd)**

#### **ii. Promulgation of New / Amendment of Policies and Laws**

- Investment / Taxation Laws
- Competition Laws
- Dispute Resolution Laws
- Labour / H.R. Laws

## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### D. MONITORING / CONTROL (Cont'd)

#### iii. Financial Management

- Payment Mechanisms & Schedules.
  - Availability based payment.
  - Performance based payment.
  - Usage based payment.

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **D. MONITORING / CONTROL (Cont'd)**

#### **iii. Financial Management (Cont'd)**

- Continuous Value for Money Assessment (i.e. Price Review)
- Depreciation of Assets and its tracking.

#### **iv. Governmental Approvals / Endorsements.**

## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### D. MONITORING / CONTROL (Cont'd)

#### v. Communications, Stakeholders Engagement & Relationship Management.

- Stakeholders Involvement.
- Stakeholders' needs & requirements for information and communication.
  - Communication amongst Parties.
  - Communication with external Stakeholders.
  - Communication with Government Employees.
  - Communication with the Public.

## **4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)**

### **D. MONITORING / CONTROL (Cont'd)**

#### **vi. Human Resources Management**

- Human Resources Concerns.
- Handling Human Resources Issues.



## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### D. MONITORING / CONTROL (Cont'd)

#### vii. Conflict Resolution (ADR)

- Negotiated settlements
- Mediation
- Proceeding to Arbitration
- Litigation alternative

## 4) TYPICAL PPP PROCESSES / STRUCTURE (Cont'd)

### E. PROJECT CLOSURE

#### i. Project Audit

- Selection of Independent Auditors
- Interim Audits and Final Audit.
  - Measure KPI
  - Report Audit / Performance findings.
  - Follow up on Findings and corrective actions

#### ii. Governing Body Review and Closure Sign Off.

## **PPP PROJECTS IN AFRICA - CRUCIAL FACTORS FOR SUCCESS FROM PRIVATE PROFESSIONAL'S PERSPECTIVES**

### **5) RECOMMENDATION AND CONCLUSION**

- i. Need for extensive PPP training of Personnel in Government, in Banks and of private sector professionals in private sector. Government to become responsible for their duties to the public – Accountability in Government.
- ii. Stable Government policies especially financial and fiscal policies , procedures to global standards.
- iii. Ethical business conducts and discipline. Respect for rule of Law, zero tolerance for corruption, TRANSPARENCY.
- iv. Updating of judicial systems, dedicated construction courts, standardization of Arbitration procedures to global standards.
- v. Establishment of construction and infrastructure development banks.
- vi. Adequate monitoring mechanisms on PPP projects - separate the PPP “promotion” form supervision, regulation and conflict resolution.
- vii. Creation of strong institutional safeguards – Legal and Regulatory safeguards especially for re-negotiations of PPPs; whistleblowing and investigative apparatus against corruption.
- viii. Cost-Benefit Analysis on projects is crucial if they do not pay for themselves.

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### 6) REFERENCES AND FURTHER READING

Fisher, R (2011) *The Promise and Peril of Public-Private Partnerships: Lessons from the Chilean Experience*. International Growth Centre Policy Paper

IP3 (2009) *Public-Private Partnerships Training Manual: PPP Strategies, Method and Project Structuring*. The Institute for Public – Private Partnerships. [www.ip3.org](http://www.ip3.org)

# THANK YOU

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