

Presentation to 2018 ICGFM  
32<sup>nd</sup> Annual International Training Conference

Current Landscape for



Opportunities in Zambia

*“Enabling the Environment”*



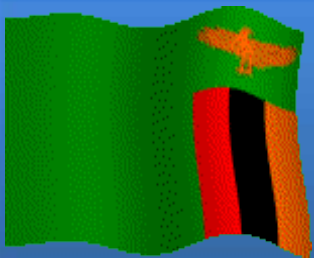
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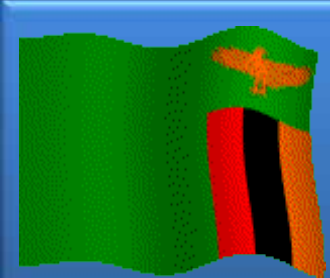
# Objective

- Ø *Promote awareness of current landscape*
  - Ø *Facilitate advocacy of private sector participation infrastructure projects and effective delivery of social services in Zambia.*
- 
- ü *the Regulatory Framework for PPPs...*
  - ü *functions & procedure for implementation...*
  - ü *what opportunities for investors???*



# Arrangement

1. Background
2. Legal & Institutional Framework
3. Typical PPP Process in Zambia
4. Functions of PPP Council
5. Functions of Technical Committee
6. Functions of PPP Unit & CAs
7. Process for Solicited/Unsolicited Proposals
8. PPP Opportunities & Proposed Projects...

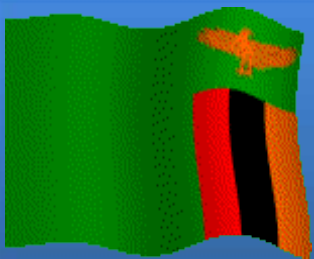


# Background

December 2008 the GRZ approved the Policy Framework for the implementation PPP arrangements in Zambia.

- ✓ sets out Government's strategic objectives to facilitate the provision of infrastructure and effective delivery of social services using PPP arrangements.
- ✓ emphasises economic growth attained through enhanced productivity, improved competitiveness and wealth creation.

The PPP Act No. 14 of August 2009.



# Background

- ▶ Act provides, the PPP Unit shall be a department in MoF.
  - ✓ On 21<sup>st</sup> September 2012
    - § Transfer of PPP functions from Min of Finance to Min of Commerce Trade & Industry under Zambia Development Agency.
    - § Ratified by Cabinet, 25<sup>th</sup> Nov 2013.
- ▶ However, the transfer was not effected, law not amended.
- ▶ Official opening of the Fifth Session of the Eleventh National Assembly on 18<sup>th</sup> Sept 2015, H.E. directed...
- ▶ PPP Unit now Ministry of Finance, Amendment Bill 2018

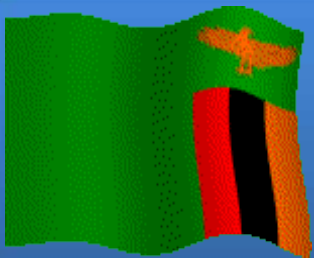


*"...that an autonomous body be created to professionally deal with Public-Private Partnership matters..."*



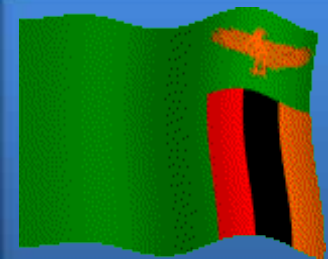
# PPP Agreement

- ➔ “PPP” means investment through private sector participation in an infrastructure project or infrastructure facility.
- ➔ Contractual arrangement, concessionaire undertakes to perform public infrastructure project or facility, or social sector services.
- ➔ Project functions transferred to the private party may vary from contract to contract.
- ➔ Private assumes substantial financial, technical and operational risks, viz, performance of institutional function or use of State property.



# Reasons for PPP

- Ø Limited government resources
  - ü *many competing needs*
- Ø Public Sector not best *service provider*
  - ü *cost, quality, and managing commercial risks.*
- Ø Offers better value for the public's money
  - ü throughout the life of the project.
- Ø More efficient project delivery
  - ü performance-based management principles.
- Ø Comprehensive identification and allocation of risks
  - ü party best suited to handle risk.



# Legal and Institutional Framework

PPP Council

PPP Tech Comm

PPP Unit

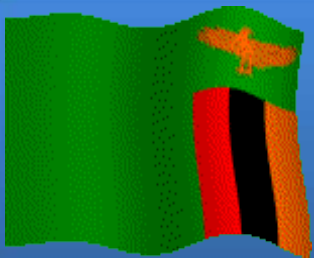
Contracting  
Authority  
(Ministry/SOE/Munis)

Concessionaire or  
Special Purpose  
Vehicle

## Tech Comm

- Ø Secretary to the Treasury [Chair]
- Ø Rep of the Attorney-General
- Ø 4 Permanent Secretaries
  - § Works & Supply;
  - § Industry;
  - § Land; and
  - § Local Government.

*Includes... EIZ, NCC, ZEMA, ZPPA, EAZ and two persons appointed by Minister.*



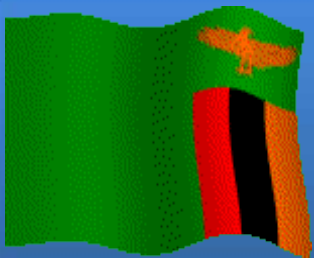


# Legal and Institutional Framework

## Council Members

- Minister of Finance – Chairperson
- Minister of Housing and Infrast Dev (Vice)
- Minister of Commerce, Trade and Industry
- Minister of Energy
- Minister of Local Government

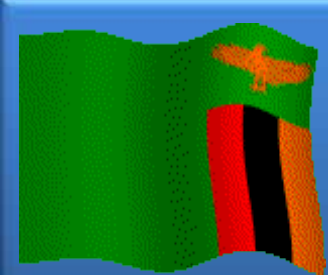
... four other persons appointed by H.E.



# Functions of Council, Tech Comm. & Unit

## PPP Council (Section 6)

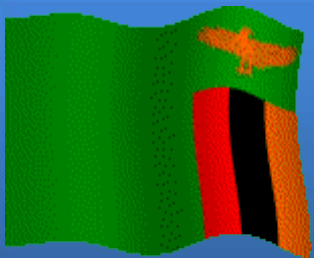
- Policy formulation
- Projects approval
- Award of Agreements
- Oversight in PPP procurement to ensure transparency, competitiveness and fairness
- Resolve issues relating to project approval process, procurement/negotiation



# Functions of Council, Tech Comm & Unit

## Technical Committee (Section 11)

- Recommend the approval of projects
- Evaluate and select projects for award (preferred bidder)
- Recommend award of agreements to the Council
- Perform such other functions as Council may assign
  - Arising from Unit functions...
- *Provide advisory services to Unit on TORs for consultancies*
- *Oversee project procurement processes*



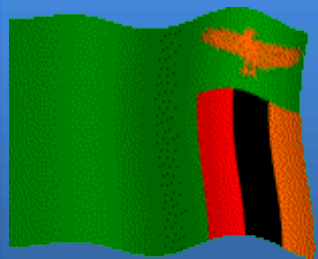
# Functions of Council, Tech Comm & Unit

## PPP Unit (Section 5)

- Promote participation private sector/public projects
- Identify, Conceptualize, Categorize projects
- Coordinate & Monitor implementation
- Develop technical/best practice Guidelines
- Make assessments:
  - affordability, value for money & risk transfer
- Approve TORs, consultation with Tech Comm
- Advise on/Oversee project procurement processes
- Undertake PPP awareness and advocacy activities



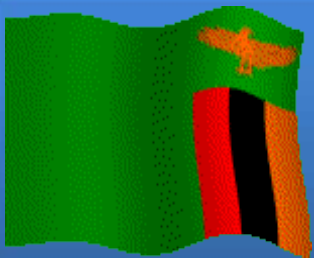
- Ø Build Capacity in implementing agencies
- Ø Provide advisory services



# Functions of Contracting Authority

## Ministry, Parastatal, Municipality functions

- Project Identification (solicited and unsolicited)
- Conduct feasibility studies (outsource consultants)
- Spearhead procurement process
- Manage the PPP concession agreements
- Monitor implementation of projects/construction
- Manage the asset handover at step-in stage



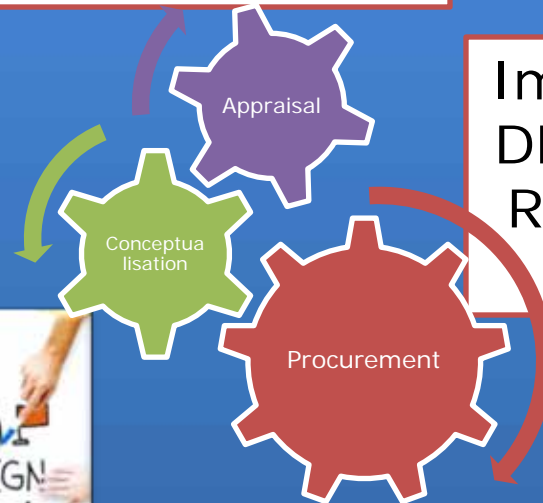
# Typical PPP Process in Zambia

CREATIVITY  
— IS NOT —  
ROCKET SCIENCE.  
IF YOU ARE A  
PROELBM SOEVL R  
YOU ARE CREATIVE.  
PROFESSOR STEFANOS ZENIOS  
STANFORD BUSINESS

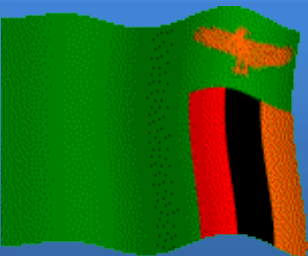
Appraisal  
Feasibility  
Planning

Public  
Procurement  
EOI & RFP

Implementation  
DBOT, BT, BOO,  
ROT, SOT, LMC  
or Lease-OT

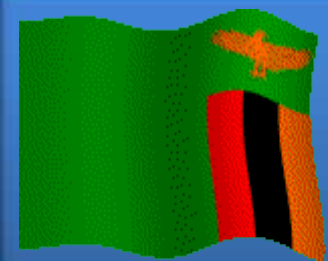


Conceptualise  
Identify  
Categorise



# PPP process... Solicited Proposals

- Ø The Unit/CA conceptualizes a PPP project and *undertakes a feasibility study* from which it prepares a project proposal.
- Ø Feasibility study prefer to be performed by independent person.
- Ø TORs approved by Unit, in liaison with Tech Comm including selection process for consultant.
- Ø CA submits concept and feasibility study to Unit which makes an assessment and gives its recommendations:
  - (a) is affordable;
  - (b) provides value for money; and
  - (c) optimum transfer of technical, operational and financial risks.
- Ø If satisfactory, CA prepares a draft concession agreement.



*CA submits feasibility study, proposal and draft agreement to PPP Unit/presents to Tech Comm for Council for approval to procure the project.*



# PPP process... Solicited Proposals

CA prepares invitation for EOI, submits to Unit for approval, after approval, the CA then issues the advert.

CA receives and evaluates EOIs and submits report/shortlist to Unit for approval.

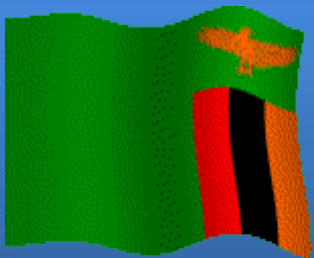
Unit undertakes due diligence on shortlisted bidders.

CA prepares RFP for issuance to shortlisted bidders, Unit scrutiny to ensure conformity to approved feasibility.

CA receives proposals, evaluates and ranks, seeks approval to award project by Council through Unit/Tech Comm.

CA negotiates (in conjunction with Unit), based on parameters and generic risk sharing principles directed by Council.

Upon successful negotiations, PPP Council Awards Concession Agreement to successful bidder; and CA and concessionaire sign agreement.





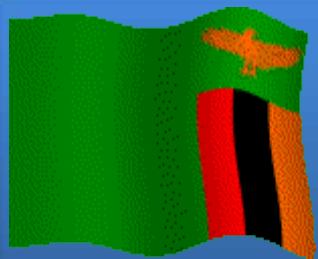
# PPP process... Unsolicited Proposals

Procured in acc. with section 42 of PPP Act of 2009.

**Note** requirements of Act, as follows:

- a. proposal independently originated and developed;
- b. proposed project should be beneficial to public;
- c. prepared without supervision of Unit or CA;
- d. includes sufficient detail and info for CA to evaluate objectively and timely; and

*Ø CA/Unit takes appropriate action to protect confidential/proprietary information provided therein.*



*if does NOT comply with requirements in (a) to (d) above, it should be returned without further action...*



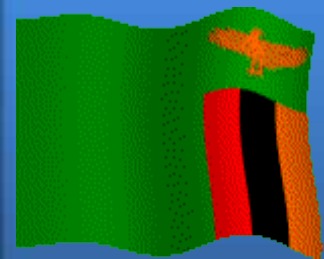
# PPP process... Unsolicited Proposals

*if proposal complies with requirements (a) to (d) above, CA may continue to evaluate*

- ➡ advertise for receiving competitive proposals
- ➡ outline the general nature and scope/location work to be performed on or in connection with the project
- ➡ specify address competing proposals be submitted
- ➡ specify a reasonable time period by which to submit

*Sec 42(3) ...shall take appropriate action to protect confidential or proprietary information...*

CA may charge original proposer/competing proposer, a reasonable fee, cover costs for processing, reviewing and evaluating proposals, as the case may be.



# PPP process... Unsolicited Proposals

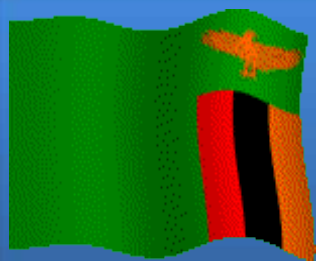
*Criteria for evaluation shall be as follows:*

- ➡ novel methods, approaches or concepts demonstrated
- ➡ scientific, technical, or socio-economic merits
- ➡ potential contribution of proposal to CA's mission
- ➡ capabilities, related experience, facilities/techniques of private entity/unique combinations that are integral factors
- ➡ qualifications, capabilities, experience of the team leader and key personnel critical to achieving proposal objectives
- ➡ how the proposal benefits the public

*any other factors appropriate to a particular proposal.*

*Sec 42(12)(b)*

...originator of the proposal to match any competing proposal or make a best and final offer...



# Benefits of PPPs

- Ø Acceleration of infrastructure provision through mobilisation of private sector capital
- Ø Faster implementation
- Ø Reduced whole-life costs
- Ø Better allocation of risk
- Ø Better incentives to perform
- Ø Improved quality of service
- Ø Generation of additional revenues
- Ø Enhanced public management



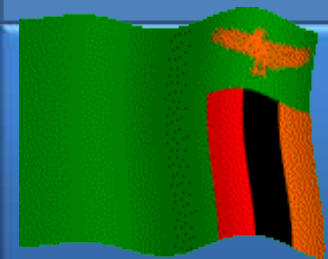
# Recent Achievements

## *Road: Kasomeno – Mwenda Road (DRC – Zambia)*

- ➔ Zambian portion: Kaluba-Mwenda stretches 85Km, with Bridge, One-Stop-Border Post, 4 Clinics and 4 Schools as CSR.
- ➔ To connect DRC thro Luapula and Nakonde to Dar (↘ 400km).
- ➔ Signed: August 2016

## *Road Traffic Management Systems Project*

- ➔ Signed: August 2017
- ➔ Investment of **US\$221.925 Million** on BOT basis
- ➔ Project Scope: Nationwide electronic Vehicle Registration system, vehicle inspection centres, traffic management and control centre, weigh-in-motion systems on roads



# Recent Achievements

**Housing: ZAF Twin Palms** mixed-use real estate development

➡ Signed: May 2016

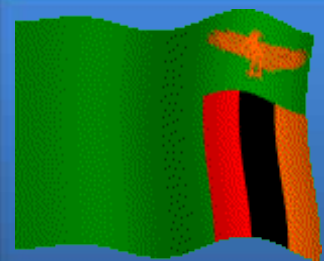
3 projects on combined land of 583 ha

➡ Combined investment of US\$1.4 Billion on DFBOT basis

➡ To create about 2,100 jobs; also to promote entrepreneurship thro hardware warehousing

➡ Targets 2,800 high, medium and low-cost housing (for sale)

➡ Comprising housing, *shopping streets*, lodges, office parks, sports complex (commercial property for rent)



# PPPs Currently under Procurement

## *Railway Lines (BOTs)*

- ➔ Nseluka-Mpulungu Rail Spur (192 km) connecting TAZARA Railway Line to Mpulungu Harbour and Great Lakes region (EOI advertised)
- ➔ Livingstone-Kazungula railway Spur

## *Waste-to-Energy*

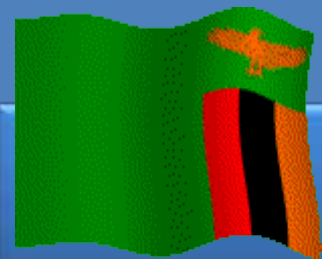
- ➔ Lusaka City Council is the Contracting Authority (RFP issued)

## *ZNBS Housing Projects*

- ➔ Development of Housing and support facilities in Chilanga and Nyimba by Zambia National Building Society (EOI)

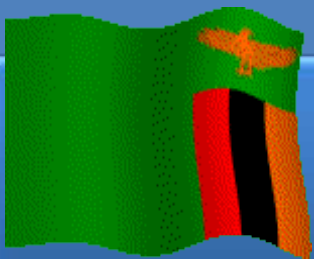
## *PPP Office Park*

- ➔ Four storey office and conference park (EOI)



# Opportunities Currently under Feasibility

- ➔ Redevelopment of Long acres Lodge into a Five-Star Hotel and Office Park by **Hostels Board of Management**
- ➔ Redevelopment of **Hubert Young Hostels** in Lusaka into a Five-Star Hotel and Office Park by **Min of Gen Education**
- ➔ Development of Student Hostels, Housing Units, Commercial Facilities, Sports Complex: **University of Zambia**
- ➔ Development of Various Commercial Infrastructure Projects in Lusaka, Eastern and Southern provinces by **Zambia Army**
- ➔ Redevelopment of various Markets into modern trading markets facilities by **Lusaka City Council**





# Other Opportunities in the Pipeline

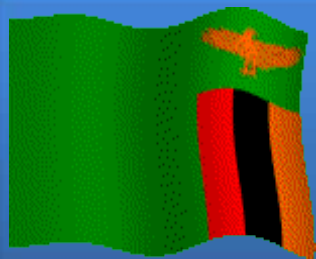
## ➡ Mixed Use Real Estate Development

- Jubilee City (Regeneration of Lusaka City)

Very Prime Land currently locating Government Offices, approx. 16 ha, to be redeveloped into an up-market and iconic facility comprising shopping facilities, financial centre, office complexes, hotels etc called 'Jubilee City'

## ➡ Copper City

- ∅ To add value to copper which the country produces, a partner is being sought to establish a Copper City Industrial Park
- ∅ This could be allocated in Kafue or Kabwe economic zone



*this should be the  
'Dubai of Africa'*



Comments *welcome*, Queries... *Let's Discuss!*

*In Conclusion*

**Thank You for your attention**



**The greatest failure is the failure to try.**  
William Ward

**Failure**  
It's Worth the Fall  
— is not an option —