

Public Private Partnerships



Project Implementation Presentation:
Cities' Support Programme Workshop

Date: 3-5 November 2014



Success Factors

- Political commitment
- Clear law & robust project cycle
- Strong feasibility study standards
- Clear terms for contractual agreements
- Early good projects, training, communication
- BEE impact
- Strong financial markets, competitive private sector

Challenges

- Increasing deal flow
- Build public sector capacity
- Strengthen BEE
- Grow municipal pipeline
- Develop sector-specific toolkits (i.e. IPP framework)



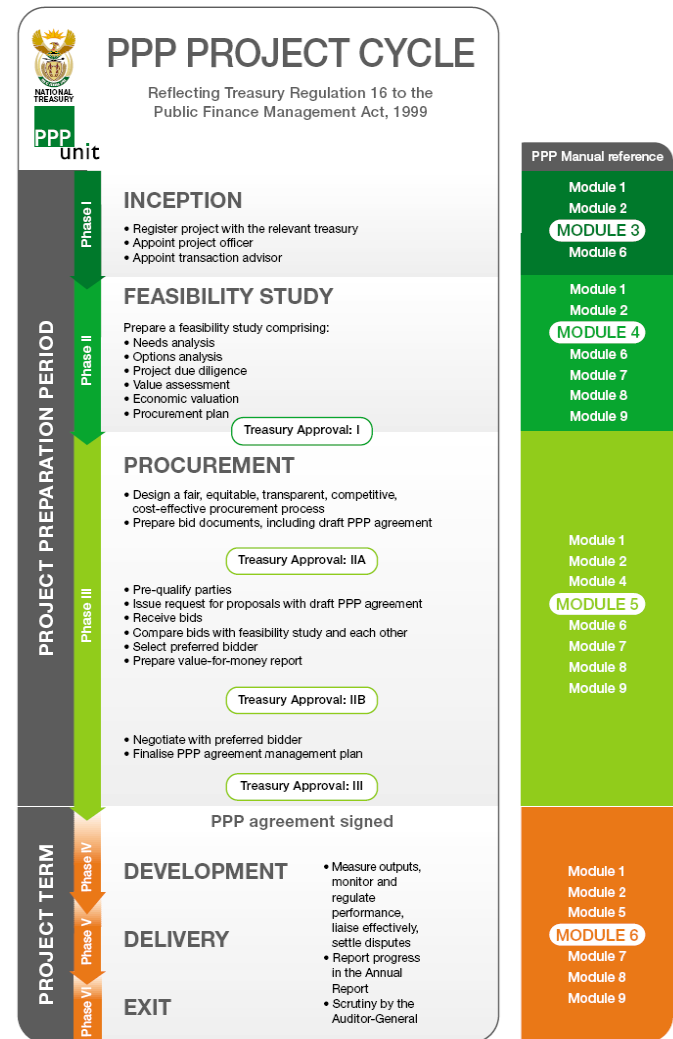
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Key Implementation Features

- Three tests for project implementation:
 - **Affordability**
 - **Value for money**
 - **Appropriate risk transfer**
- Applied in a set PPP project cycle:
 - Inception
 - Feasibility
 - Procurement
 - Agreement contract management



A PPP is defined in South African law as:

- A contract between government institution and private party
- Private party performs an institutional function and/or uses state property in terms of output specifications
- Substantial project risk (financial, technical, operational) transferred to the private party
- Private party benefits through: unitary payments from government budget and/or user fees



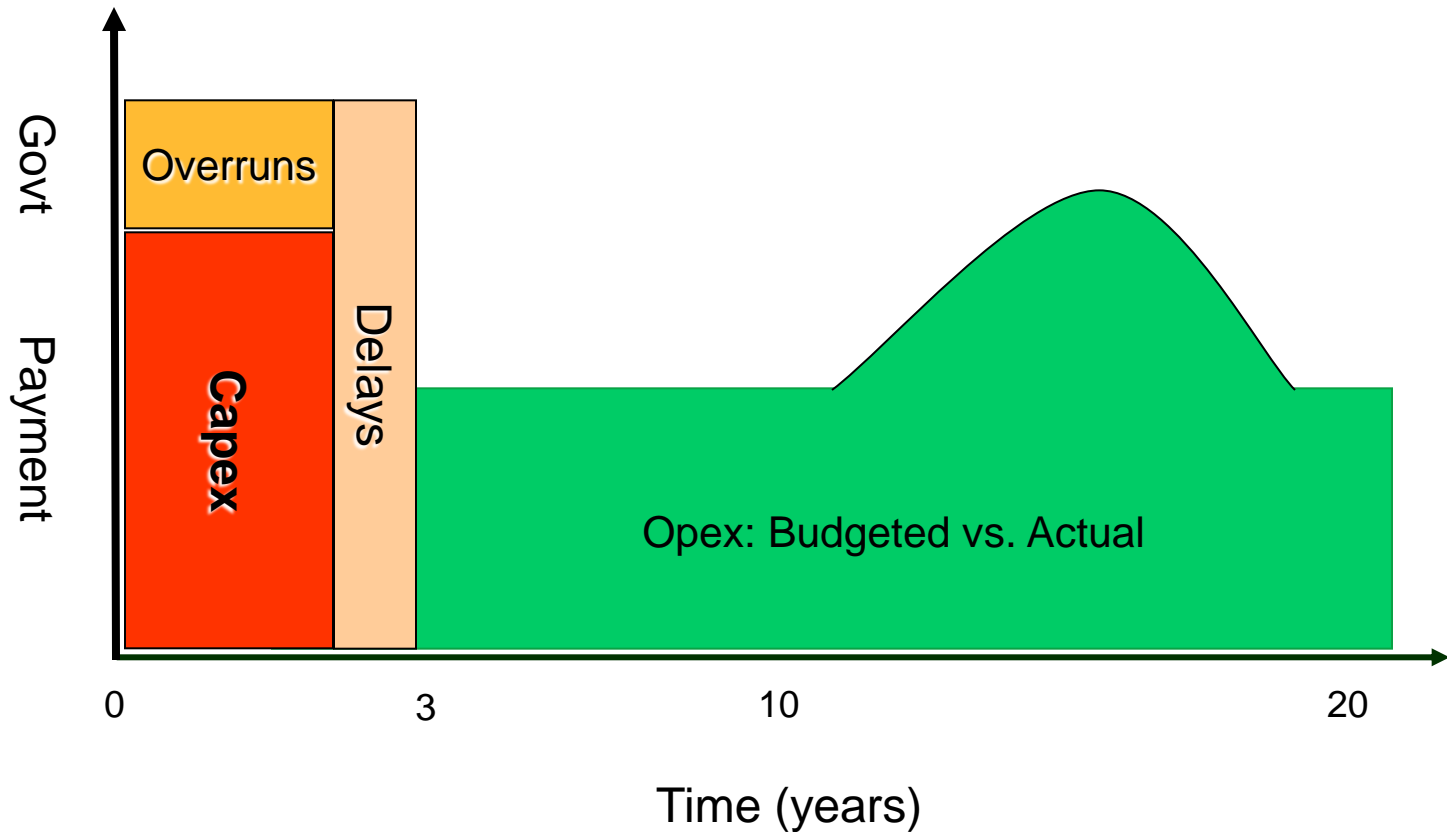
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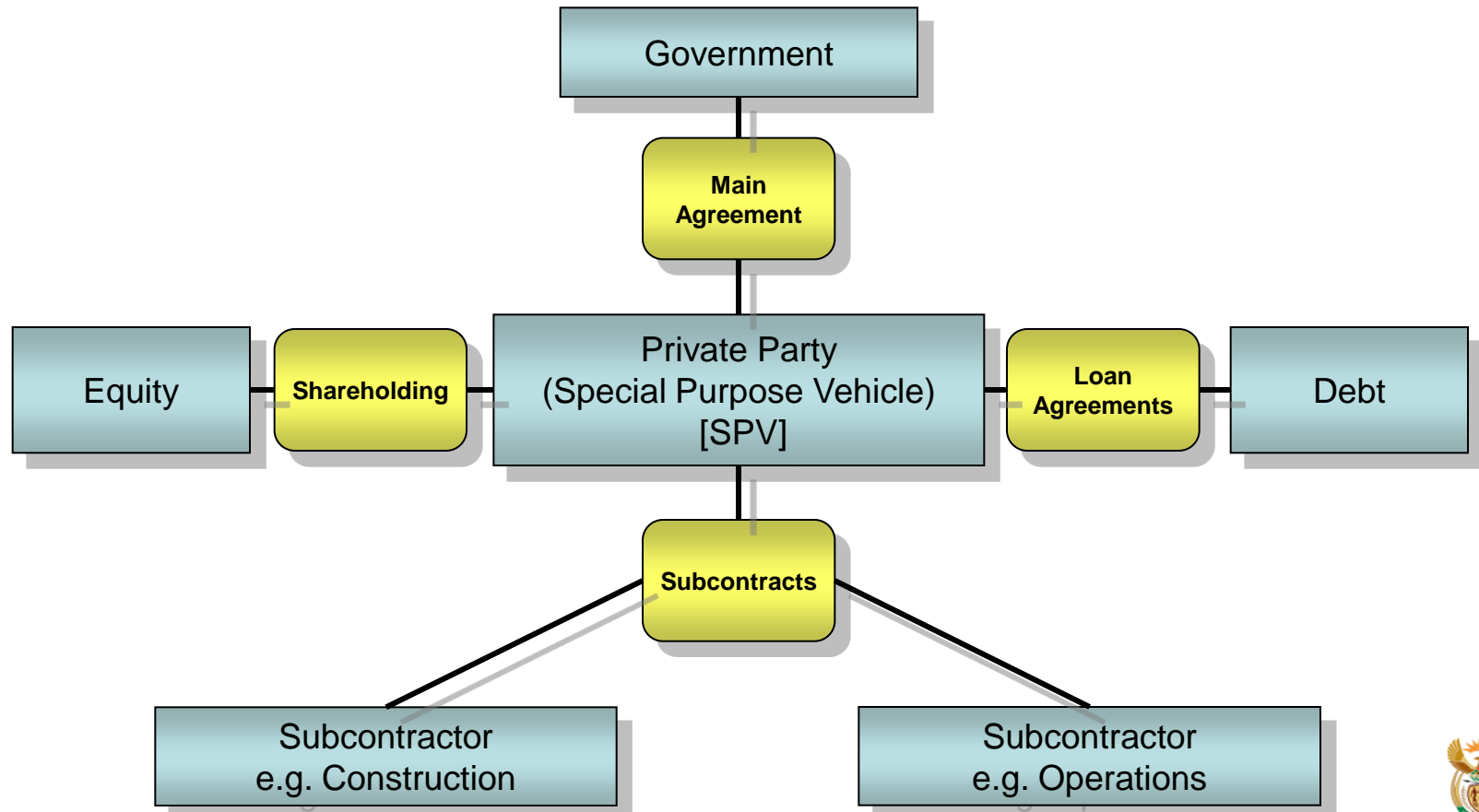
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Procurement & Implementation Concerns

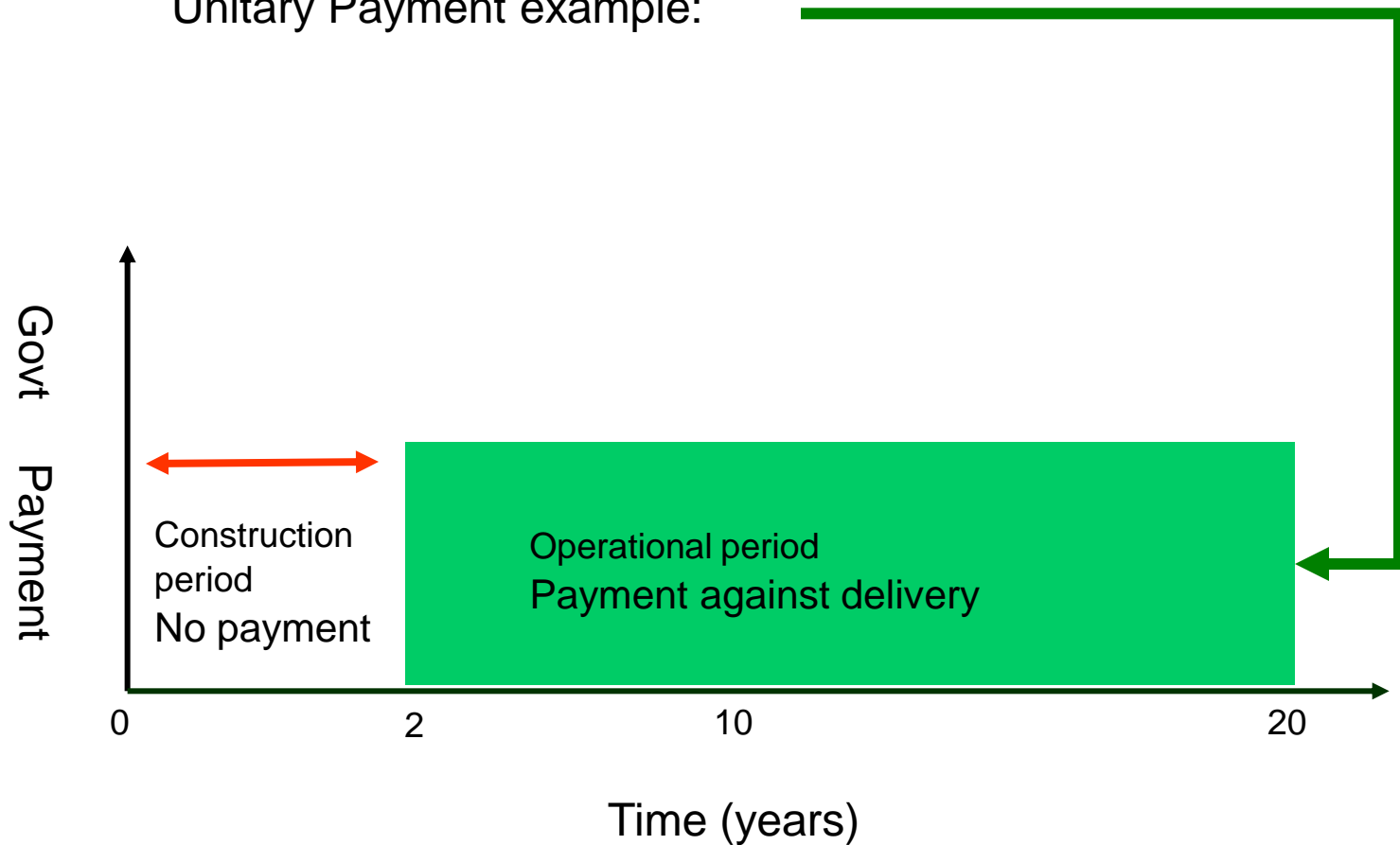
Conventional Government procurement and maintenance of a building



Generic Project Finance Structure for Projects



Unitary Payment example:



Government Technical Advisory Component
PPP Unit
National Treasury
240 Madiba
Pretoria
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