

A Paradigm Shift from Ownership to Delivery

Embracing PPPs as Part of Our Economic Strategy

*Prof. Arthur G.O. Mutambara
Deputy Prime Minister
Republic of Zimbabwe*

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Our country has gone through an unprecedented economic downturn over the past decade. The related challenges affecting our industries, public institutions and citizens include the following; high country risk, unavailable and unaffordable infrastructure (water, power, roads/railways, telecoms), low capacity utilization, low production, under-capitalization, economic stagnation, skills drain and rampant unemployment. As the Inclusive Government of Zimbabwe embarks on a mission to address these problems, the starting point should be reducing country risk through rebranding the country, while embarking on a comprehensible infrastructural development and rehabilitation plan. The availability and cost of water, power, telecoms, and logistics affect both private and public institutions. Infrastructure is an input to every citizen and every institution.

Beyond resolving the infrastructural challenges and attracting both domestic and foreign investment, the agenda should be driving shared economic growth and job creation through increased production and productivity in agriculture, mining and manufacturing, while instituting reform and capacitation of public sector institutions. This will then result in dramatic increase in both industrial capacity utilization and disposable incomes, while our education, health, social and local government sectors will then flourish. This is the democratic, prosperous and globally competitive Zimbabwe we seek to establish. In pursuit of this vision the role of the State must be clearly redefined as that of an enabler and facilitator. The Private Sector and Civic Society are the doers. More significantly, we must recast and rethink our understanding of sovereignty, away from the traditional emphasis on ownership of non-performing assets to the ability to effectively and efficiently deliver high quality and affordable services to both citizens and institutions. *Delivery* and not *ownership* should be the operative word in both the Private and Public Sectors.

It is in this context that the workshop on *Public Private Partnership for Economic Development* was held on the 7th and 8th of May. It is within this framework that the workshop report should be embraced and its recommendations implemented. Noting that PPPs were urgently required in order to refurbish and develop Zimbabwe's infrastructure and for long term economic development, the workshop recommended that an enabling environment for PPP implementation should be developed without further delay. Participants made the following specific recommendations:

- The PPP Guidelines of 2004 should be reviewed and revised.
- Existing legislation that impedes PPP implementation should be reviewed and repealed including the outstanding issues of the GPA. Essential basic elements are long term security of tenure, rule of law and independence of the judiciary.
- There should be transparency of the partnership process. This includes proper tender procedures and evaluations.
- Legislation should be enacted to create a framework for PPP implementation, there is need for an act which legalizes the operation of PPPs and protects the interests of both the people of Zimbabwe, the Government and investors.
- There should be transparent tender procedures and offers of partnership possibilities allowing application and pre-qualification by any interested parties. Making public the opportunities from unsolicited bids to allow competitive bids.
- Bid evaluations must weigh benefits to the public for the service offered, the cost to the public (or foreigners), the likely uptake of the service, the cost of the concessions made by government, the likely revenue of the private partner, the extra-service benefits or by-products (e.g., power generation from waste treatment) and their value.
- Additional weighting for projects that include local infrastructure development (i.e. housing, roads, clinic and school on the mine). Additional weighting for onshore profit retention or in country re-investment
- There should be clear measurement metrics for projects

- There should be clear recourse methods for both private and public sector partners for all stages from tendering to project handover.
- The legislation should provide for the formation of a national PPP unit in the PM's office that will be responsible for driving and registering all the PPP projects.
- A standardized PPP manual should be developed that will provide day-to-day guidance on the operations of PPPs.
- There should be capacity building and training for all Public Sector technocrats and managers, whose work impact PPP implementation, in order to ensure capacity to efficiently and effectively execute PPPs.
- SMEs are a key driver of economic development as well as an instrument of economic empowerment, and should be targeted in the forging of PPP contracts.
- The adoption of the PPP economic development strategy must ensure the holistic and sustainable involvement of all classes of Zimbabwe nationals and corporations in terms of procurement, shareholding and management. Specifically PPPs must be used as a tool for indigenization, gender equity, and profit-driven economic development at the bottom of the pyramid.
- The triple bottom line; profitability, social responsibility and environmental sensitivity should guide the PPP uptake and implementation.
- There should be an overall Cabinet level PPP champion to spearhead, energize and motivate the uptake and effective implementation of PPPs in the country.
- There should be a PPP champion for each project.

- There should be transaction advisors for each PPP to ensure that the process is done most effectively and in ways that add value for the country.
- Particular focus should be placed on ZBC, ZTV, Air Zimbabwe, NRZ, ZESA, NetOne, TelOne, Hwange, and ZISCO, as the leading institutions for the implementation of PPPs.

The opportunities identified in the workshop discussions will underpin the success of almost all areas of the economy. Allowing private funding and efficient management coupled with on-shore profit retention will ensure quick implementation leading to economic resuscitation. Without adequate water, food, health, electricity, transport and communication the most basic needs of our people and industries will not be met. We will struggle unnecessarily to progress as a nation towards a higher quality of life. In pursuit of a peaceful, democratic and prosperous Zimbabwe we must redefine the essence of sovereignty, from the traditional emphasis on ownership of assets. The ability to deliver high quality and affordable services to the citizens should be the core of dignity and sovereignty as a nation.

Hence the capacity to sweat the asset optimally in pursuit of the aspirations of the citizenry should be the central organising philosophy. The State (both national and local institutions) does not have enough money, technology and human capital to deliver all the required infrastructure and services on its own. More significantly, in non-infrastructure business ventures such as mining, manufacturing, and agriculture, the government is ill-equipped to go

it alone. The participation of private money is critical in both infrastructure and non-infrastructure State ventures.

The government owning a bankrupt airline, a dysfunctional power utility, an inefficient railway company, a non-performing mine, an idle steel plant, or all the dams in the country; is not sovereignty. The ability to deliver clean and adequate water; the ability to supply sufficient, reliable and affordable power; the ability to extract minerals efficiently and profitably, having a viable airline and an efficient road & railway system; is what should define sovereignty. This can only be achieved through Public Private Partnerships. Ownership of the means and factors of production is not as important as allowing the same means and factors to deliver services and outcomes that will lead to shared economic growth and job creation. We need a national paradigm shift from the ownership mantra to the delivery doctrine. This PPPs Workshop was an attempt to ignite that transformation of our mindsets, while energizing existing PPP efforts, and emphasizing the need to implement the freshly identified PPP projects speedily.

In developing the PPP driven infrastructure strategy it is imperative to acknowledge and leverage the interdependences between different sectors. Hence a holistic and integrated approach that unlocks synergies should be adopted between related industries. For example, the challenges facing ZISCO, Hwange, NRZ, and ZESA cannot be resolved separately for each business enterprise. A comprehensive and all-embracing strategic solution that involves all four institutions together with the Ministry of Water is core and critical.

Another interdependence factor is the importance of regional and global considerations. Given the advent of regional integration, it is important that the deployment of PPPs is embraced within the context of regional water, power, and transportation strategies. For example the PPP intervention in the Zimbabwe Energy Sector cannot be sound and effective without taking into account the energy needs and capacity of the rest of SADC. Under globalization, characterized by regional economic blocks, the region and the globe have become the only units of sustainable analysis. PPPs must be alive to this reality.

There is need to quickly create an enabling environment for PPP projects in Zimbabwe, energize and consolidate existing efforts, and quickly implement the new quick wins or low hanging fruit. The specific sector proposals are not meant to be imposed on Line Ministries, but rather to generate interest and possibilities. These suggestions should be evaluated, improved or rejected. In the event of rejections better alternatives must be proffered. Not doing anything is not an option. We must all close ranks in this grand endeavour to resolve our infrastructural challenges, boost capacity utilization, drive industrial production, improve public sector performance, and thus achieve shared economic growth and job creation. Aid and humanitarian assistance should not be embraced as way of life. They should only be tolerated as a temporary means to extricate ourselves from the current challenges. In particular we must only accept developmental aid that stimulates economic growth and facilitate investment promotion. Rehabilitating our infrastructure and efficiently sweating our national assets through diversified sources of both domestic and foreign capital should be at the centre of our economic strategy.

We shall overcome. Yes we can build a globally competitive Zimbabwe.

Arthur. G. O. Mutambara