

Factsheet

Background

The high demand for infrastructure development, coupled with the pressures on national budgets, is making many governments move towards encouraging the private sector to invest in infrastructure projects. In the Gambia, a narrow tax base, growing populations and aging infrastructure are straining the Government's capacity. The Government recognized these pervasive challenges and has therefore adopted a policy to encourage the use of Public Private Partnerships (PPP) as a means of leveraging public and private sector resources and expertise to close the infrastructure gap and deliver efficient public infrastructure and services. Government recognizes the use of PPPs as a strategic mechanism for procuring, financing and delivering public infrastructure and related public services.

Policy

With support from the World Bank/PPAIF, a National Policy on PPP has been developed, widely discussed and approved in March 2015. In line with this, the World Bank is supported the Government to screen and identify priority projects, prepare the operating guidelines, and administrative and management systems for the implementation of PPPs. We call on all partners to support government initiatives for institutional strengthening and capacity building the capacity of relevant bodies for the adoption of PPP as a major strategy to finance public infrastructure.

MoFEA-PPP Unit

Ministry of Finance and Economic Affairs (MoFEA) through its Directorate of Public Private Partnership is spearheading the development of PPP.

Vision- A Centre of PPP expertise

Mission- To introduce and communicate the PPP Policy, Legal and Institutional Framework, develop PPP practice and take a vital role in the sustainable delivery of the PPP project.

Goals:

- Articulate The Gambia's PPP Policy so that its objectives and mechanisms are understood by contracting authorities and state agencies, funders, contractors, the media and the general public;
- Ensure that only projects are carried out that are well structured and constitute a rational and justified use of public resources and funds;

- Provide technical assistance to implementing MDAs in the preparation and structuring of PPP projects in order to maximize the ‘value-for-money’ of these projects;
- Capacity building, development of guidelines and standards, general communication about the PPP programme,...;
- Provide a forum for thoughtful analysis of major issues that may impede The Gambia’s PPP program and orchestrating their resolution.;
- Share PPP best practice knowledge and experience; and
- Interface with the key infrastructure players.

The PPP Concept

A PPP is an arrangement for the procurement of a public service, typically characterized by the following features:

- a long-term contract between a public contracting authority and a private sector company based on the procurement of services, not assets, and taking account of the whole life cycle implications for the project;
- the transfer of a substantial part of project risks to the private sector, notably with respect to designing, building, operating and/or financing the project;
- a focus on the specification of project outputs rather than project inputs;
- the use of private financing to substantiate the risk transfer to the private sector; and
- performance-related payments to the private sector in function of the services delivered.

Benefits of PPPs

The benefits of PPPs include the following:

- Improved quality and quantity of basic infrastructure;
- improved Planning and Project: construction completed to plan and to budget;
- assets and services are maintained at a pre-determined standard over the full length of the concession;
- more disciplined and commercial approach to infrastructure development whilst allowing the MDA to retain strategic control of the overall project and service;
- The risk of performance is transferred to the private sector;
- Identifies the long term cost and assesses the sustainability of the project;

- Enables the public to have access to improve services now, not years away when governments spending programme permits;
- Encourages innovation;
- Helps to reduce government debt and to free up public capital to spend on other government services;
- The tax payer benefits by avoiding paying higher taxes to finance infrastructure investment development;
- PPP projects can deliver better value for money compared with that of an equivalent asset procured conventionally;
- Fuller examination of risks by both the government and lenders means that cost estimates are robust and investment decisions are based on better information; and
- PPPs create efficient and productive working relationships between the public and private sector.

Scope of PPP Projects

The National PPP Policy applies to all sectors and levels of government. Any project can be pursued as a PPP provided the following conditions are satisfied:

- a) The project is defined as a priority project (i.e. it is included in the National Development Plan);
- b) it is affordable to the government and consumers;
- c) it offers “value for money”;
- d) it involves an appropriate transfer of risks to the private sector.

Sector specific policies may be developed to accommodate the needs of specific sectors consistent with the overall government PPP policy.

Government Support and Intervention

The Policy recognizes the need for Government support and intervention and has proposed the following:

- I. Project development facility (PDF) to support the implementation of feasibility studies and the hiring of transaction advisors for specific PPP projects;
- II. Viability Gap scheme (VGS) for revenue-based PPP projects that are not sufficiently profitable and therefore need additional contributions from government or other sources;

Legislation, Regulations and Guidelines

Additional key initiatives being undertaken to complement, consolidate and give effect to the National Policy and PPP Programme is the preparation of a PPP Law. This is to:

- Ensure that the gaps in the GPPA Act 2014, in relation to PPP procurement practices and processes, are addressed;
- Provide a clear definition of PPP projects and structures in a way to distinguish them from other private sector arrangements;
- Outline risk issues, responsibilities and duties; and
- Provide sufficient protection to lenders, such as step in rights, security over assets, foreign currency transfers, property rights, rights to award concessions etc.

Completion of the draft PPP Law for stakeholder consultations is expected in June 2016. Further standardized PPP provisions and PPP Operating Guidelines for effective management of PPP projects will also be developed accordingly.

PPP Capacity Building Strategy

Building of capacity in the key central and line Ministries, Departments and Agencies (MDAs), leading the PPP work in the country is key. The main objectives of this strategy are to enable the MDAs to

- properly manage transaction and technical advisors of PPPs;
- oversee project feasibility work;
- negotiate with the private sector; and
- to build government capacity to monitor and evaluate PPP projects after financial closure and project start-up.

THE GAMBIA PPP PROGRAMME

The Gambia PPP Programme is the official Programme that has been put in place by Government to actualise the development of PPPs in the country. The Programme is in two phases.

Phase One

The main objective of the first phase is to improve the policy, legislative and institutional, financial and technical framework, operating guidelines and generate a pipeline of bankable PPP projects. Awareness and capacity building is a critical at this stage.

Phase Two

The second phase of the Programme will be triggered with the establishment of the enabling environment and also with the development of a soundly-appraised pipeline of robust projects for PPP financing.