



## **How to support efficient and innovative ICT Public-Private Partnerships (PPP)?**

### **Session co-chairs**

Gillian Marcelle, Wits Business School, South Africa

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## **Panellist list**

- **Moctar Yedaly, African Union Commission**
- **Harry De Backer, EU Delegation to the African Union, EU External Relations Service**
- **Vis Naidoo, Microsoft, South Africa**
- **Bernard Yvetot, France Telecom/Orange**
- **Aidan Baigrie, Seacom Ltd**
- **Sandro Bazzanella, International Telecommunication Union (ITU)**
- **Richard Addey, SMART Technologies**
- **Joseph Nsengimana, Intel META**
- **Ilari Lindy, World Bank**
- **Khaled Fourati, IDRC**





## **Setting the scene**

**Key questions to be raised & debated during the session**

- **Q1 – Defining features of PPPs**
- **Q2 - Why are PPPs considered to be a superior vehicle for funding, innovation, deployment?**
- **Q3 - Are particular segments of the ICT sector more suited to use of PPPs?**
- **Q4 - Are PPPs better suited to particular stages of industry lifecycle?**
- **Q5 - What are the typical constraints to greater use of PPPs?**
- **Q6 - Illustrative examples of PPPs that have succeeded and those that have failed to achieve intended outcomes of been stillborn**





## Report - Slide #1

***Moctar Yedaly*** described PPPs as 'taking the best of each skills' as the private sector cannot generate the heavy investment needed and the public sector also has limitations. Hence, PPPs allow for infrastructures set up by the public sector being handed over to the private sector. So far missing links have been identified and now resources and implementation are key which can be done with the help of PPPs. Yet, PPPs for trans-country/regional infrastructure projects are complicated and PPPs should be governed by specific rules.

***Harry De Backer*** mentioned that the EC mostly works with governments and hardly with the private sector which is almost considered as a taboo since development work is not allowed to generate any profit. Although the EC officially supports PPPs the EC's investment facility can only be used with regard to Chambers of Commerce and not really for investment in PPPs.

For ***Vis Naidoo*** a PPP has to be considered as a contract between a public sector authority and the private sector in which the financial, technical and operational risk has to be established. In this regard, particularly the income risk has to be addressed early as it has to be asked what the value is for the private sector and if PPPs are better than going through the market. He also questioned whether PPPs are really superior or if it is better to keep ownership with the government as government debt are usually cheaper than debt provided by the investor. Moreover, the usual funding model is that costs are paid for by the government through taxes and assets but service costs paid for by the user could be an alternative funding model.





## Report - Slide #2

(summary part II)

***Bernard Yvetot*** mentioned that many PPPs start off as purely private initiatives with public actors joining at a later point to support disadvantaged stakeholders, e.g. countries with fewer financial means. Yet, for trans-national projects there needs to be a lot of political will and discussions regarding licensing and regulatory issues. Generally, he is very much in favour of open innovative processes in Africa but the question is how to go from research development to the implementation at national level. Can PPPs be the vehicle in this regard?

***Aidan Baigrie*** claimed that with PPPs like with other vehicles things can go wrong. One shouldn't be over-ambitious but pragmatic such as not involving too many sovereign states in a single project and PPPs are most efficient when they involve the core infrastructure of a country. Moreover, he suggested to potentially centralise PPP projects within government to facilitate access by the private sector and to provide security through a legal and regulatory framework.

***Sandro Bazzanella*** stated that PPPs are especially driven by mobile application and more affordable internet access/broadband. The issue of PPPs has to be raised at the highest political level and governments need to have a clear vision where to go and establish a legal framework. Everybody is expected to give and receive something in a PPP and it must be a win-win solution as governments cannot expect the private sector to do everything they cannot fund and vice versus.





## Report - Slide #3

(summary part III)

**Richard Addey** spoke about his own experience of introducing interactive white boards in schools. According to him PPPs are very important for teachers training and he considers PPPs as superior vehicles as they allow the private sector to share its expertise and learn at the same time. Since governments have their own objectives and local cultures and their attitudes towards technology differ, he experienced for instance that PPPs in his field are more difficult to establish in Francophone than in Anglophone Africa.

**Joseph Nsengimana** defined what a PPP is. According to him, there are two groups working together and each partner of the collaboration has a share in the result. Both have a particular reason or interest and it is important to clearly define what the goals and objectives of the partnerships are and to create a shared vision which is clearly articulated.

Who are the stakeholders? Also non-governmental organisations and other actors have to be brought into the process from the start and have to have the power to influence the PPP. Regarding the implementation phase, a plan has to be set aside from the start and each party has to understand his responsibility and the risks as well as communication has to start early. Why are PPPs important? Governments should take advantage of the immense expertise in the private sector and equally the private sector should take advantage of the enabling environment provided by governments. Moreover, more funding is available when both sectors work together.





## Report - Slide #4

(summary part IV)

***Ilari Lindy*** reported that the World Bank is in the finalising stage of its new strategy and he generally thinks that PPPs could also be established regarding research or involve the civil society. There is still room for the World Bank to improve its work regarding infrastructure and access in rural areas. Moreover, what kind of policies and strategy management can be put in place? There is a need for a concrete implementation plan and funding mechanisms linking the private sector and other players. In previous years skills development and application was successful but better outreach and a bottom up perspective is still needed as there are enormous challenges in service delivery and in reaching marginalised groups. He suggested brainstorming and bringing communities together to develop a business model. For instance, who are the players in the market using mobiles for development? Who is interested in service development? The World Bank needs a strong private sector player to tell them how the linkage chain works, what the role of the private sector is, what its interest is, and where the new talents and applications are coming from.

According to ***Khaled Fourati*** PPPs build on the expertise of each party and extend the infrastructure network. He thinks it has to be recognised that the private sector might be more effective in providing certain services, knows the market better and has certain skills but there are certain costs and the private sector therefore needs seed funding. Still, those partnerships are win-win situations as the private sector would not possibly go into underused areas and thus connectivity gets extended to rural areas. Lastly, if there is an adequate environment, the private sector will come in.





## Report - Summary

**In this session three main points were considered: understanding PPPs, reviewing illustrative examples and reflecting on lessons learnt. In this context several questions were asked, specifically whether PPPs are considered to be a superior vehicle for funding, innovation and deployment. While there are many positive win-win examples of collaborations where the private sector shares its expertise and the public sector provides an enabling environment, challenges such as long-term and deeper impact on the community and the need for a secure legal framework are still to be addressed.**

