

The Role of Governance and Institutional Arrangements in PPP Units and Related Infrastructure Departments

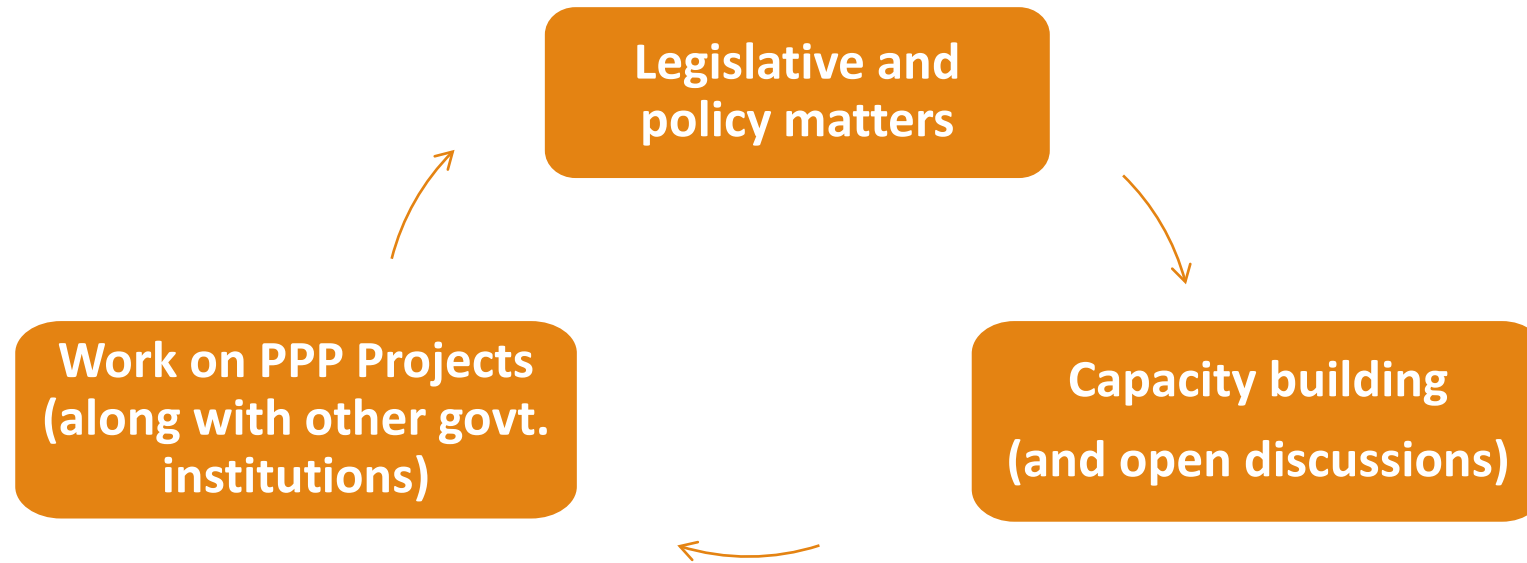
THE PRACTICE OF INFRASTRUCTURE PLANNING

MANILA, THE PHILIPPINES – 7-9 AUGUST 2019

- MINISTRY OF FINANCE, NAMIBIA

The PPP unit

- **Established in 2015:** A directorate under the Ministry of Finance
- **What we do:**



- **How are we organised:** two sub-divisions
 - Project Appraisals
 - Capacity Building and Outreach

PPP policy and legislation in Namibia

- PPP policy for Namibia was approved by the cabinet in 2013 (available at: mof.gov.na)
 - Provides a definition for PPPs
 - Establishes institutional roles – including PPP function at MoF
 - Articulates core principles that PPPs must adhere to
- PPP Act, 2017 (operational in December 2018)
 - Regulations gazetted in December 2018

As per the national PPP policy – key principles to be followed while structuring a PPP project

1. Value for Money

A function of service outcome, risk transfer and financial implications.....

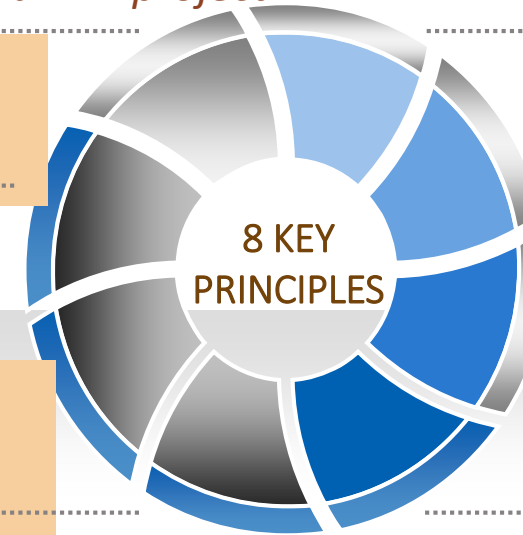
2. Public Interest

Design & implement projects to serve public interest.....

3. Competitive Pressure

Competitive procedures to select private partners

4. Transparency Disclosure policies, public consultations, confidentiality of intellectual property, formal approvals



5. Risk Allocation

Optimal risk sharing, party best able to manage the risk

6. Affordability

Demand on Govt. budget, affordability of user fees

7. Output Orientation

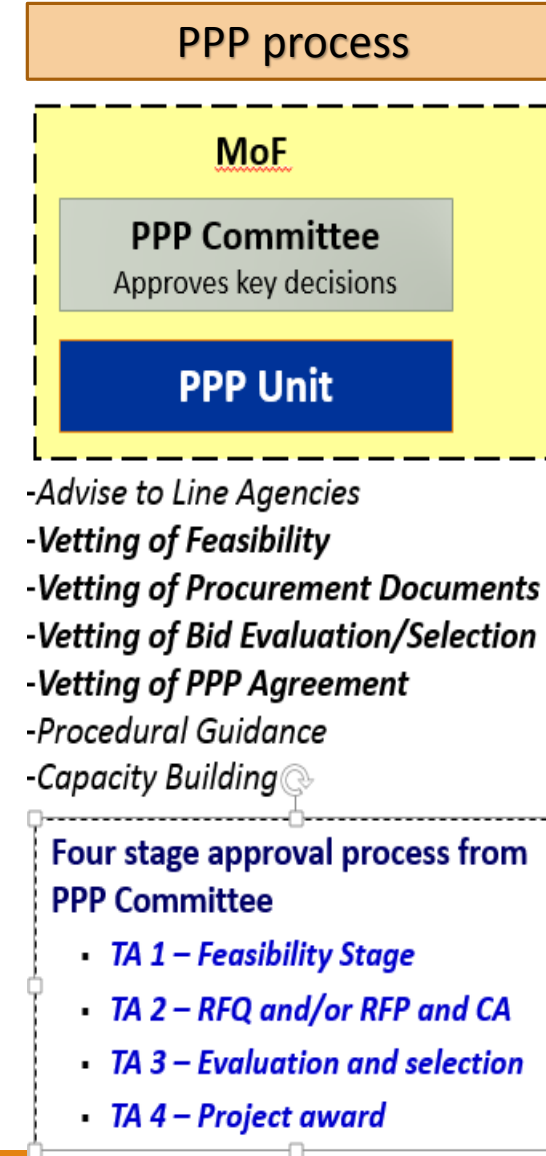
Service specifications, performance measures

8. Accountability

Line agencies continue to be accountable for service delivery

Background of Infrastructure planning in Namibia

Norma Infrastructure planning process			
Stage/activity	Implementing Agency	National Planning Commission (NPC)	Ministry of Finance (MoF)
Project Identification & pre selection	Implementing Agency prepares and submits project proposals to (NPC)	Assesses project for compliance to National Development Goals	
Project Appraisal	Implementing Agency prepares final appraisal and selection of projects for the development budget and submits to (NPC)	Appraises the proposals for viability recommends for funding. Also asses	
		Joint assessment between the NPC and Ministry of Finance	
Project selection	Includes project in its budget proposal	Assesses funding proposal and recommends overall funding for the implementing agency	MoF assesses national budget (dev. & operational) and recommends budget envelope to implementing agencies
Budgeting	Allocates budget envelope to final list of projects	Approves includes projects in dev. Budget and approves overall development budget	
Budget Approval			Proposed budget is presented to Treasury Committee for policy guidance and approval
			Minister of Finance presents budget in Parliament
Implementation	Implementing agencies start implementation of their projects		



A need for a more integrated approach

- This multi year infrastructure planning is fragmented
 - The identification, screening and approval of projects (including PPPs) is not holistic
 - It is important to establishing a portfolio of sustainable infrastructure projects and to fully integrate PPPs into the government's overall investment strategy and budget cycle.
- PPP projects can be appraised, selected and approved through a parallel process to that of the regular public investment projects.
 - PPP projects in the current framework can be identified, screened and approved at various stages of the budget/public investment process
- Given that PPPs often cause important firm and contingent commitments, which must be provided for in the budget. To allocate resources efficiently and in line with government priorities, all public investment projects, including PPPs should be taken through an integrated PIM and budget process.
 - In this process, the role of the MoF should be clearly deligated from the line ministries' role to promote policies and project, and the policy coordination role of the NPC.

Notable progress

- Developed Project Appraisal guidelines for development budget projects
 - Developed a uniform (scientific) project assessment criteria to be used by all implementing agencies and submitted to NPC for approval (Financial and economic analysis incl. PPP test)
- Better collaboration during budget process (PPP Unit and NPC)
 - during development preparation (receipt of project and funding proposals), NPC and MoF PPP Unit assess project submissions to identify potential PPP candidates
- Treasury approvals of Direct and Contingent liabilities
 - The PPP Act, 2017 requires that treasury (MoF), before approval of PPP project feasibility, approves the expected direct and contingent fiscal liabilities
- Planned project pipeline development
 - PPP Unit is undertaking a screening and prioritization of PPP projects, to be approved and implemented over the medium term. To provide focus and concerted effort towards implementing key projects

**PPP Unit
NAMIBIA
MINISTRY OF FINANCE**

Thank You

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