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# Enabling Public-Private Partnerships in the Nile Equatorial Lakes Region

Over the past years, the Nile Equatorial Lakes Subsidiary Action Program Coordination Unit (NELSAP-CU), as a regional investment office of the Nile Basin Initiative, has led its active member countries through modeling and analysis of regionally relevant, potential water resource investment projects. Through these joint modeling and planning exercises, work supported in part by CIWA, NELSAP-CU has helped its active member countries forge agreement on a pipeline of regionally significant investment projects. The NELSAP countries (Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, and Uganda) now face challenges in mobilizing resources for project preparation, finding ways to prepare or implement the projects given capacity constraints, and dealing with fiscal constraints in pursuing their planned investments.

To help with these challenges, CIWA and the Public-Private Infrastructure Advisory Facility (PPIAF), in cooperation with the Nile Equatorial Lakes Subsidiary Action Program (NELSAP) coordination unit, led the NELSAP countries through a Public Private Partnership (PPP) screening process to build capacity of the countries in pursuing PPP approaches. Participants in the process learned a methodology to determine which projects would

likely gain from employing a PPP approach, what would need to be improved in some projects to increase the likelihood that they could be structured as PPPs, and which projects are more suitable for traditional public-sector approaches.

The program sought to build capacity of the countries in understanding the potential benefits of a PPP approach and when PPPs are most beneficial. For instance, PPPs can be explored as a way to introduce private sector technology and innovation that can provide better public services through improved operational efficiency, incentivize the private sector to deliver projects on time and within budget, allow for budgetary certainty, facilitate certain risk transfers to the private partner, and supplement limited public-sector capacities to meet growing demand for infrastructure and services.

Through a series of workshops, the country participants learned about a methodology to screen their investment pipelines for potential PPP candidates and then followed the screening process as it was implemented. The project screening process did not seek to prioritize projects by their deemed importance, but rather to highlight those that are the most suitable for PPP implementation. The screening process grouped the projects into categories depending on their likelihood for success using a PPP approach:

- Short-term projects – Good candidates for PPP or “first-movers”
- Medium-term projects – Possible candidates where some technical or institutional elements would need to be changed for the project to be a likely PPP candidate;
- Long-term projects – Projects where not enough relevant information is available to determine the suitability of a PPP approach. The opportunity for PPP structuring should be reassessed as additional information is made available.
- Unlikely candidate for PPP – An alternative to PPP structuring should be considered for projects that fall within this category.

Through the support to NELSAP-CU, the screening tool was applied to a portfolio of 15 infrastructure projects in various sectors across eight countries, and it identified two first-mover projects that could be developed as PPPs in the near term. NELSAP-CU then led a meeting with technical leadership from three of its member countries – Rwanda, Tanzania, and Uganda – to explore their interest in pursuing the first project. The countries requested that NELSAP-CU form a joint committee of the countries to speed next steps in project implementation, including the updating of feasibility studies, and asked NELSAP-CU to commission more analysis to help them determine the most cost efficient and appropriate project structure to achieve an affordable end-user tariff. NELSAP-CU is now looking for funding to undertake this work. In addition to the success of identifying projects in the Nile Equatorial Lakes context, the tool can be used to evaluate projects for suitability as PPP in a variety of settings in a development context in the future.