

What are PPPs

- PPPs are defined as:
“Long-term contracts between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance”
- It is a partnership between the government and the private sector in the delivery of goods or services to the public.

Why PPPs are preferred

Infrastructure finance gap

- o Every developing country has a limited funding for infrastructure development,
- o Infrastructure development is key to economic growth but....
- o the cost of infrastructure exceeds the available public funds over the short and medium term.

Hence PPPs are structured to come and close financing gap

Benefit of PPPs

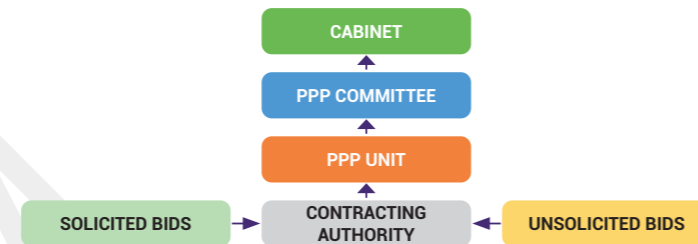
The advancement of PPPs in the country has the following benefits:-

- Provides new investment opportunities for foreign direct investment;
- Enhancement of value for money through financing, operational efficiencies, superior risk management, greater implementing capacity, and enhanced service quality;
- Amelioration of the huge financial resource challenges facing Government through the use of private funds;
- Fostering the development and strengthening of financial capital markets; and,
- Complements Government role of anchoring economic growth and development through the provision of enabling infrastructure.

Law Governing PPPs in Zimbabwe

Section 34, 4th schedule of the ZIDA Act provides a framework for governing PPPs in Zimbabwe

PPP Governance Framework



ZIDA PPP Unit's functions

The Public Private Partnership Unit shall perform the following functions—

- to consider project proposals submitted to it and assess whether or not they
 - are affordable to the contracting authority; and
 - provide value for money; and
 - provide for the optimum transfer of technical, operational and financial risks to the counterparty; and
 - are competitive
- through the Chief Executive Officer, to make recommendations on such proposals to the Cabinet; and
- to examine requests for project proposals to ensure they conform with the approved feasibility studies; and
- to advise Government on PPPs generally; and
- to develop best practice guidelines in relation to all aspects of PPPs; and
- to formulate suggested policy in relation to PPPs for adoption by the Government; and
- to develop awareness of PPPs in Zimbabwe as a vehicle for economic development and delivery of public services; and
- through the Chief Executive Officer, to make recommendations on project proposals submitted by contracting authorities to the Cabinet as to whether to approve or reject project proposals; and
- to undertake monitoring and evaluation of PPPs and, where necessary, through the Chief Executive Officer, to make appropriate recommendations concerning such projects to the Cabinet and contracting authority.

Entities Governed by the Act

- **Contracting Authority** means any Ministry, Government department or public entity which has entered into or is considering entering into a PPP agreement;
- **Public Entity** means—
 - any corporate body established by or in terms of an Act of Parliament for special purposes; or
 - any company in which the State has a substantial or controlling interest, whether by virtue of holding or controlling shares therein or by virtue of a right of appointment of members to the controlling body thereof or otherwise, and includes any company which is subsidiary of the first mentioned company, as determined in accordance with section 183 of the Companies and other Business Entities Act [Chapter 24:31]; or
 - local authority;
- **Counterparty** means a party to the PPP agreement other than the contracting authority, (that is the private partner / investor)

In the Context of the ZIDA Act:

The new Act acknowledges two categories of PPPs/ Joint Ventures :

- Where Government is ordinarily required to fund for the provision of public goods or services from the fiscus e.g water, education, roads, health among other;
- All other Joint ventures between public entities and the private sector (refer to Section 2 on the definition of public entity)

PPP Committee

PPP Committee consist of:

- the Secretary of the Ministry responsible for finance, who shall chair the Committee;
- the Secretary of the ministry responsible for industry and commerce;
- the Secretary of the ministry responsible for transport and infrastructural development;
- the Secretary of the ministry responsible for energy and power development;
- the Secretary of the ministry responsible for local government;
- the Secretary of the ministry responsible for justice;
- the Secretary of the ministry responsible for economic planning;
- a representative of the Attorney-General, at Director level; and
- the CEO or in his or her absence the head of the Unit.

PPP Committee functions

The functions of the Committee shall be

- to assist the Minister to formulate policy guidelines on PPP agreements; and
- to ensure that all PPP projects are consistent with the national priorities specified in the relevant policy on PPP agreements; and
- to make recommendations to Cabinet as to whether to approve or reject project proposals submitted to it by the Unit; and
- to perform any other function as may be conferred on it by the Minister in terms of this Act or any other law.

Procedures for Public and Private Partnerships (PPPs)

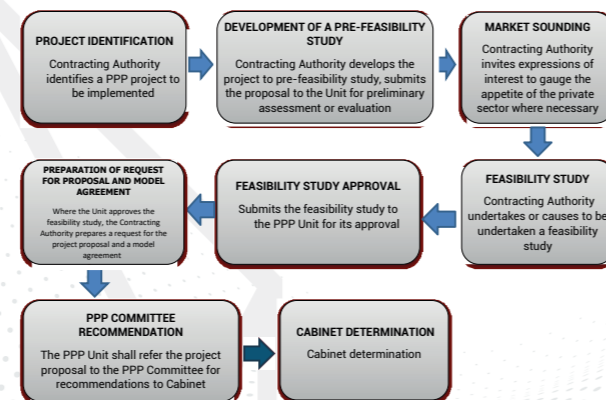
The public and private partnerships can be done either in new or existing projects.

The Contracting Authority and ZIDA are the key institutions involved in the in the implementation of PPPs investments.

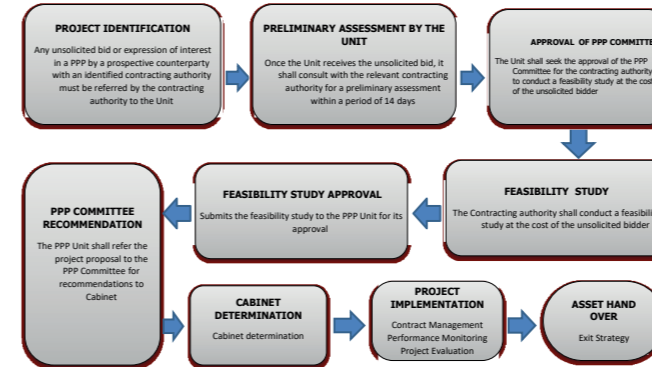
There are principally two sources of origin of PPP projects.

- Public Sector:** this is where projects originate form line Ministries, parastatals and other Government Departments / Entities and are referred to as Solicited Bids.
- Private Sector:** this is where projects originates from private investors and are referred to as Unsolicited Bids

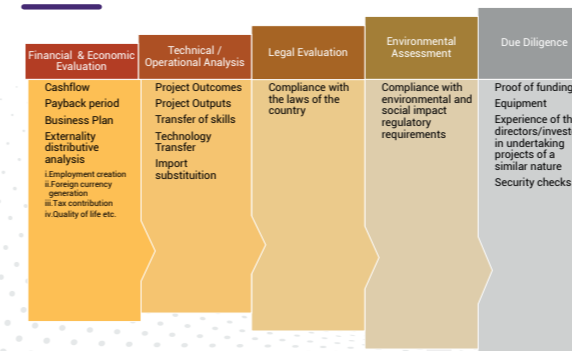
Process flow for solicited bids



Process flow for unsolicited bids

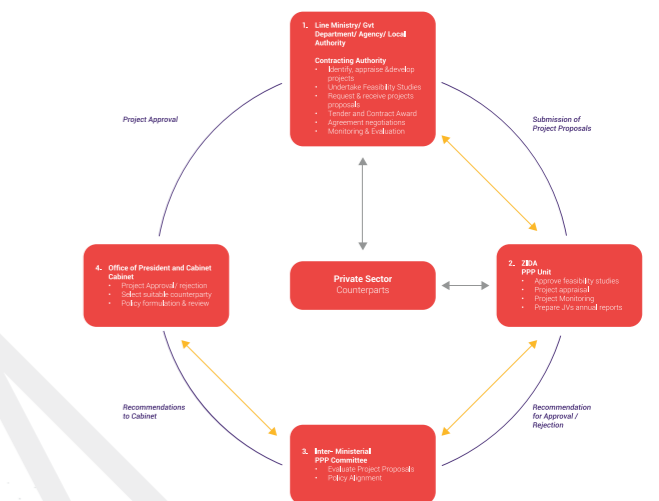


PPP Evaluation Pillars



PPP Project Life Cycle

The diagram below depicted a PPP project life cycle for both solicited and unsolicited projects:



Incentives in PPPs

Build Own Operate & Transfer {Boot} and Built Own Transfer Arrangements attract a tax holiday for the first 5 years.

The second 5 years attracts Corporate tax of 15% and thereafter corporate tax of 25% applies.

Investment Opportunities in PPPs

Energy	Transport	Water & Agriculture	Health	Education	Housing
<ul style="list-style-type: none"> Independent Power Producer Hydro Power Thermal Power Coal Bed Methane Gas 	<ul style="list-style-type: none"> Roads and Bridges Rail Air Marrin Pipeline 	<ul style="list-style-type: none"> Dams construction & conveyance systems Water and sewer treatment plants, Irrigation Creation of Economic Hubs 	<ul style="list-style-type: none"> Rehabilitation & Expansion of Health Facilities New Health Facilities 	<ul style="list-style-type: none"> Learning Facilities Student Accommodation 	<ul style="list-style-type: none"> Bulk infrastructure Accommodation, Rent / Rent to buy apartments/ flats

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Transport		
Bulawayo-Beitbridge	Rehabilitation and widening of 321.7km road linking Bulawayo City to the South African markets	US\$320 million
Bulawayo-Victoria Falls Kazungula	Rehabilitation and widening of 510km road linking the country to tourists destinations of Victoria Falls and Hwange mining and energy sectors as well as providing links to Namibia, Zambia and Botswana	US\$610 million
Mvurwi-Guruve-Angwa-Kanyemba	Construction and upgrading of a 293km regional trunk road to enhance trade between Zimbabwe, Zambia and Mozambique	US\$250 million
Victoria Falls Bridge	Construction of a new bridge linking Zambia and Zimbabwe across the Zambezi river.	US\$55 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Student Accommodation		
Chinhoyi University of Technology Students Accommodation Project	Construction of five (2x3 storey and 3x4 storey) new student hostel blocks at Chinhoyi University of Technology with base capacity of 5 2 beds. Chinhoyi University of Technology's student enrolment increased from 4 079 in 2010 to 8300 in September 2018, of which only 1200 students can be accommodated on campus. This leaves approximately 7000 students living in alternative accommodation outside campus mainly in the community of Chinhoyi town. The project will alleviate the challenges students are facing of lodging in crowded rooms not conducive for learning.	US\$9.5 million
Lupane State University Students Accommodation Project	Construction of a minimum 744 capacity three-storey student hostel blocks inclusive of extension of existing services (water, roads and electricity) to service the new facilities. Lupane is a very small rural town with a population of about 5000 people and hence has serious accommodation challenges. The majority of the students are therefore still in Bulawayo where the University is paying exorbitant rentals. The project will therefore provide access to affordable accommodation and will see the town growing into a University town.	US\$12 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Transport		
Christmas Pass By-pass Road Project	The project involves the design and construction of a ring road by-passing the Christmas Pass Escarpment linking the Harare-Forbes Border Post as part of the Beira Corridor Development.	US\$30 million
Mutare - Masvingo Road Rehabilitation and Birchnough Bridge	Rehabilitation, upgrading, widening, and / dualisation of 297km road stretch and reconstruction of Birchnough Bridge	TBA
Harare - Chirundu Road Rehabilitation	The project entails rehabilitating, widening and dualisation of some sections of the 350km road stretch between Harare and Chirundu	US\$800 million
Water and Sanitation		
Chitungwiza Water and Sanitation Project	Construction of Muda and Nyatsime dams, water treatment plant and conveyance systems for the Municipality of Chitungwiza. Currently the municipality relies on water supplies from the City of Harare, making the project urgent for consistent supply of water to the growing population of the city. Terms of reference for the consultancy have been developed and the feasibility study can immediately commence upon securing funding.	US\$140 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Student Accommodation		
Midlands State University Students Accommodation Project	Construction of hostels in Gweru (2016 beds), Zvishavane (1008 beds) and Kwekwe (500 beds) using multi-storey designs for effective land utilization. The University is currently accommodating about 3 000 students in university hostels leaving more than 12 000 students to be accommodated in private lodgings where the conditions are not conducive for higher education learning.	US\$38.9 million
National University of Science and Technology Students Accommodation Project	Construction of on-campus housing cluster and dining facilities for 1000 students. The cluster is intended for replication until 4000 beds are achieved. The University has a student enrolment of 10 800 students with on-campus accommodation for only 170 students. Most students are living off-campus in unfavorable conditions.	US\$17.5 million
Catholic University of Zimbabwe Students Accommodation	Construction of eight (8) student hostel blocks at Catholic University of Zimbabwe with capacity to carry 992 beds.	US\$11.3 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Water and Sanitation		
Kondo - Chitowe Multipurpose Dams	The project entails construction of two multi-purpose dams that is Kondo and Chitowe on a build, own, operate and transfer (BOOT) arrangement. The two dams are to be built in Manicaland and Masvingo provinces on the Save River. Construction of Kondo and Chitowe dams shall provide the Country with collectively: • 6 billion m3 of raw water storage; • nlock 00 000 ha of land for large scale irrigation; • Generation of about 270 W of eaking Hydro lectricity at Kondo Dam gorge; • Generation of 3.25 W of Hydro Electricity at Chitowe Dam's ast Bank anal; and • ossible annual water supply contract of 00 million m3 (400 000 Megalitres) to South Africa.	TBA
Energy		
Upper Pungwe 10MW Hydro Power Plant Coal- Liquid Fuels and Chemicals	Construction of a 10 - 15 MW Hydro Power Plant in Upper Pungwe river in Manicaland A model project which involves the development of coal to liquid fuels and chemicals with a capacity of 8,000,000 litre/day Coal - To - Liquid Fuels and Chemicals Plant earmarked at Lusulu Coal Fields Binga has been sized. Verify Engineering has been involved in the research of alternative fuels since 2005 as import substitution strategy. The research has centred on the already commercialised Fischer-Tropsch technology to produce a wide array of fuels and chemicals. This project will enable Zimbabwe to have energy security, agricultural chemicals, pharmaceuticals, tar, LPG Gas, Plastics etc	US\$800 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Student Accommodation		
Bindura University of Science Education Student Accommodation Project	Construction of a 1500 bed student hostel complete with warden's houses (2) dining hall and kitchen facilities. he University has a student enrolment of around 7000 with 2 hostels housing only 398 students on-campus. The project aims to provide decent accommodation to some of the students who are currently living in conditions not conducive for learning.	US\$12 million
Great Zimbabwe University Students Accommodation Project	Construction of hostels for 2058 students. Most of the 2058 students currently living off campus under crowded conditions not suitable for effective learning	US\$20.6 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Agriculture		
Construction of a coal to fertiliser plant at Tugwi Mkosi	A combined AN and Urea fertiliser plant that produces 520,000 ton/yr. using Mkwasi Coal while the plant will be situated near Tokwe-Mukosi Dam near water source in Masvingo.	US\$950 million
Runde-Tende Dam and Irrigation Project	Construction of a rockfill embankment 93m high with a central impervious earth core with a capacity of 1.05 trillion cubic meters	US\$472 million
Kudu Irrigation Project	Construction of a 72.7m conventional zoned earthfill embankment with a protective layer of rip-rap on the upstream and grassing on the downstream face wit a capacity of 1.5 billion cubic meters	US\$470 million
Student Accommodation		
Bindura University of Science Education Student Accommodation Project	Construction of a 1500 bed student hostel complete with warden's houses (2) dining hall and kitchen facilities. he University has a student enrolment of around 7000 with 2 hostels housing only 398 students on-campus. The project aims to provide decent accommodation to some of the students who are currently living in conditions not conducive for learning.	US\$12 million
Great Zimbabwe University Students Accommodation Project	Construction of hostels for 2058 students. Most of the 2058 students currently living off campus under crowded conditions not suitable for effective learning	US\$20.6 million

Some Specific PPP Pipeline Projects

POTENTIAL PUBLIC PRIVATE PARTNERSHIP PROJECTS ON PROMOTION - 2021

Name of Project	Project Description	Estimated Project Cost
Student Accommodation		
Bindura University of Science Education Student Accommodation Project	Construction of a 1500 bed student hostel complete with warden's houses (2) dining hall and kitchen facilities. he University has a student enrolment of around 7000 with 2 hostels housing only 398 students on-campus. The project aims to provide decent accommodation to some of the students who are currently living in conditions not conducive for learning.	US\$12 million
Great Zimbabwe University Students Accommodation Project	Construction of hostels for 2058 students. Most of the 2058 students currently living off campus under crowded conditions not suitable for effective learning	US\$20.6 million

Contact Details

Physical Address
1st Floor, ZB Life Towers
Cnr Jason Moyo & Sam Nujoma Street
Harare, Zimbabwe

Telephone
+263 86 880 02639-42

www.zidainvest.com

@zidainvest
@zidainvest
zidainvest



Public Private Partnerships (PPPs) In Zimbabwe

