

PUBLIC PRIVATE PARTNERSHIPS UNIT (PPPU)

Each contracting authority undertaking a PPP project is required to establish a PPP Node staffed with officers with the ability to carry out day-to-day management of the project.

PPP Committee

The PPP Committee is mandated by the PPP Act to serve as the PPP projects' clearing house. It approves project proposals and interfaces with higher levels of Government, including the Cabinet. It issues guidelines, and related matters touching on the efficient and sustainable implementation of PPPs in Kenya.

PPP Unit

The PPPU is the technical arm of the PPP Committee as well as the centre of expertise of PPP matters in the country. The Unit is equipped with experts on legal, technical, financial and communication matters to guide contracting authorities keen to undertake PPP projects.

Private Parties

Private parties are crucial partners within the PPP framework. This set of players constitute the element that completes the partnership. They channel private investments into public service and function delivery. The private parties come in different shades – some bring on board engineering, construction and procurement services. Others bring design and financing services. Still others bring operation and management services. There are those that offer supply chain management services. In effect, the scope for the partnerships contemplated under the PPP Act is broad, in a sense reflective of this country's need for public service development in virtually all economic sectors.

Transaction Advisor

A Transaction adviser is a person/party appointed in writing by a contracting authority who has the appropriate skill and experience to assist and advise



the contracting authority on matters related to a PPP, including preparation, accession and conclusion of a project agreement and the development of a project to achieve successful financial close.

Under the PPP Act, the appointment of a transaction advisor must be based on the principles of disclosure,

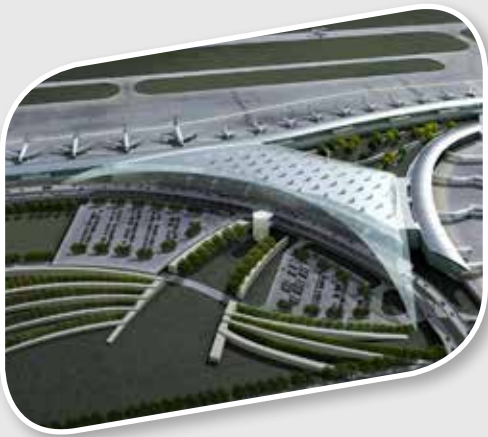
PPP Process

The PPP act has laid down a straight forward process for implementing PPP projects to ensure quick execution of projects. The steps are as follows:

- a. Project Identification, prioritisation & conceptualization
- b. Feasibility Study
- c. Tendering/Procurement
- d. Negotiations, Approval by cabinet
- e. Award and contract signing
- f. Financial close and project development
- g. Monitoring & Evaluation

The PPP Unit website

The PPP unit has an interactive website that provides important information on PPPs in the country, the PPP Act and the PPP policy. The web address is as follows www.pppunit.go.ke



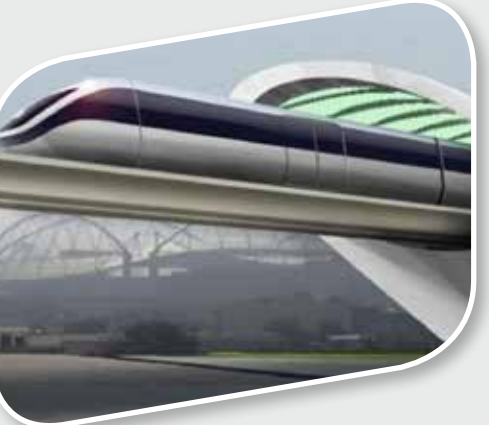
NATIONAL TREASURY PUBLIC PRIVATE PARTNERSHIPS UNIT

2nd Floor, Treasury Building,
Harambee Avenue
P.O. Box 30007 - 00100, Nairobi, KENYA
Tel: +254 20 2210 271/4
Email: info@pppunit.go.ke



NATIONAL TREASURY PUBLIC PRIVATE PARTNERSHIPS UNIT (PPPU)

PUBLIC PRIVATE PARTNERSHIPS UNIT (PPPU)



The Public Private Partnership Unit (PPPU) is a specialized unit within the National Treasury of Kenya mandated by the PPP Act to serve as the centre of expertise and champion the PPP agenda in the country.

The PPPU also serves as a secretariat and technical arm of the PPP Committee (Committee mandated with assessing and approving PPP projects in the country).

The Unit is staffed by legal, finance, technical, project implementation and communication experts, to guide various stakeholders (Contracting Authorities) keen to undertake PPP projects. The experts offer support and guidance in project identification, development and procurement.

According to the PPP Act of 2013, the PPPU is mandated to among others:

- Conduct education and promote awareness on PPPs in the country.
- Build capacity in contracting authorities in planning, coordinating, undertaking and monitoring PPP projects.

- Establish and maintain a database of PPP projects in Kenya.
- Conduct research and gap analyses on PPP matters.
- Collate, analyze and disseminate information on PPP's.
- Monitor liabilities and accounting/budgetary issues related to PPP projects.
- Support the PPP Committee in its statutory mandate.
- Promote compliance of the PPP Act by all PPP participants.

The PPP Act of 2013 requires contracting authorities i.e. public agencies desirous of undertaking PPP projects, to engage the unit at the start and during the entire project development cycle for advisory and other roles identified by the act.

What is PPP?

A Public Private Partnership (PPP) is an arrangement between a contracting authority and a private party where the private party undertakes to perform a public function or provide a service on behalf of the contracting

authority. In exchange for providing that service or function, the private party receives a benefit by way of compensation from a public fund, charges or fees from users or consumers of the service or function provided to them, or a combination of such compensation and such charges or fees. A very important feature of PPPs is that it allows for appropriate risk sharing and risk transfer from the public to the private sector. The public sector buys service outputs, as opposed to inputs, which is the standard practice in traditional procurement.

What are the Benefits of PPPs?

- Transfer of appropriate project risks to private partner
- Greater price and schedule certainty
- More innovative design and construction techniques
- "Freeing up" public funds for other purposes
- Quicker access to financing for projects
- Higher level of maintenance
- Keep project debt off government's books through providing off-balance sheet transactions.

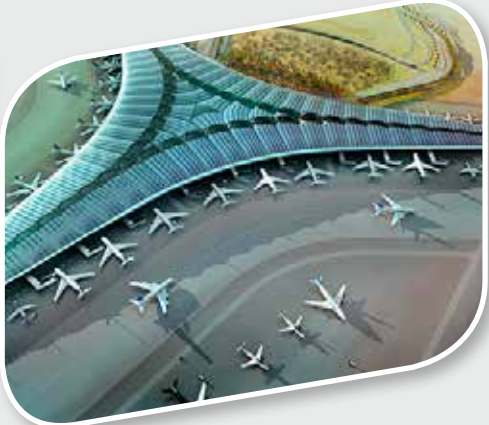


Why PPPs?

It is the duty of governments all over the world to provide services to their people. It is their mandate to provide; public infrastructure such as power plants, roads, rail, sea and airports and services such as; water, health and sanitation.

The Government of Kenya is expected to do the same for its people. Nevertheless, constrained public budgets and high sovereign debt, makes this mandate a great challenge:

To realize the Vision 2030 strategy, the GOK has an ambitious programme to invest massively in public infrastructure and services. A significant portion of this investment requirement is envisaged to come from private sector participation. The Government has therefore made infrastructure development through PPPs a priority as a mechanism that can help in addressing the major infrastructure gaps in the country.



Scope of the country's PPP programme?

The scope of the Government's programme for PPPs is broad and include the provision of new infrastructure, and the expansion and refurbishment of existing ones such as:

- Power generation plants and transmission/distribution networks;
- Roads and bridges;
- Transport (ports, airports, railways);
- Inland container depots and logistics hubs;
- Petroleum infrastructure, such as storage depots and distribution pipelines etc.;
- Information technology systems;
- Water supply, treatment and distribution systems;
- Solid waste management; and
- Social infrastructure for housing, health care, prisons, and teaching facilities.

Who are the Main Players in PPPs?

The PPP Act of 2013 allocates specific roles and responsibilities to various entities. These specific roles and responsibilities for PPP development and how

the various entities work together in the PPP process are referred to as the institutional framework for PPP development.

The main players are as follows,

- a. Contracting Authorities
- b. The PPP Committee
- c. The PPP Unit
- d. Private Parties
- e. Transaction Advisors

Contracting Authorities

A contracting authority is a state department, agency, state corporation or county government that intends to have a function undertaken by it performed by a private party. Their main responsibilities with respect to PPPs are to identify, develop, implement and monitor projects. To discharge their responsibilities, contracting authorities are required to conduct feasibility studies, prepare bidding documents, procure PPP projects, monitor implementation and evaluate performance of PPP projects as well as seeking all the necessary approvals.