SANPARKS INVESTMENT SUMMIT

PPP TOOLKIT FOR TOURISM - GTAC TAS & PPPs

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1. South African Regulatory Framework

2. Institutional Arrangement

3. Sectors we have been involved

4. PPP Team Challenges

5. Conclusion

6. Questions
1. SOUTH AFRICAN REGULATORY FRAMEWORK

Detailed Legislative Framework in Place

- Public Finance Management Act
  - PFMA Treasury Regulation 16
  - Public-Private Partnership Manual
  - Standardised Public Private Partnership Provisions
  - Public Private Partnership Toolkit for Tourism

- Municipal Finance Management Act
- Local Government: Municipal Systems Act
  - Municipal PPP Regulations
  - Municipal Service Delivery and PPP Guidelines

The South African Constitution provides:

- “When an organ of state … contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.”
2. INSTITUTIONAL ARRANGEMENT

*Highly Capacitated PPP Team In Place*

- Unit Established in 2000
- Until 31 March 2013, was a division of the Budget Office Directorate in National Treasury
- Now part of GTAC – Government Technical Advisory Centre – a “component” under South African law
- 100% “owned” by National Treasury
- Report to the Acting GTAC Head, who reports directly to the Minister of Finance
- Head of PPP Team is a Chief Director
- Have an established track record of 24 completed PPPs with over fifty in the pipeline
GTAC created because PPP Unit had both *Technical Assistance* and *Regulatory Roles*

**ROLE OF GTAC**

- Provided technical assistance on:
  - Procuring Transaction Advisors
  - Procuring Project Officers
  - Advising on project development, procurement and implementation
The Role of National Treasury

Acted as a Regulator in terms of:

- Approving feasibility studies to permit procurement as a PPP
- The development and issuance of tender documents
- The selection of the preferred bidder
- Approving the execution of the negotiated PPP Agreement
- Approving material variations and amendments to executed PPP Agreements
3. SECTORS WE HAVE BEEN INVOLVED

- Work is allocated to staff by sector

- **HEALTH** - ACCOMMODATION
- **ENERGY** - EDUCATION
- **WATER** - BUDGET SUPPORT
- **TRANSPORT** - CONTRACT MANAGEMENT
- **ICT** - PROJECT DEVEL. FACILITY
- **TOURISM** - BUSINESS DEVELOPMENT
- **WASTE** - INTERNATIONAL RELATIONS
Main Objective

Intention is to boost this sector of the economy and make it easier for institutions and the private sector to enter into tourism – related partnerships on state property managed by National and Provincial government institutions.
PPP PROJECT CYCLE FOR TOURISM Conti;

- Three tests for a PPP:
  - Affordability
  - Value for money
  - Appropriate risk transfer

- Applied in a set PPP project cycle:
  - Inception
  - Pre-Feasibility
  - Feasibility
  - Procurement
  - PPP agreement management
5. PPP TEAM CHALLENGES

- The biggest challenge to procuring infrastructure via a PPP is **TIME**
  - Procurement of infrastructure is an intensely political process
  - Politicians are keen:
    - to produce infrastructure quickly
    - to preserve their decision-making prerogatives
    - to deliver services to their constituency
- PPPs require:
  - **TIME** to undertake a proper feasibility study
  - **TIME** to secure National Treasury approvals and
  - **TIME** to conduct a fair, equitable, transparent and **competitive** procurement process
Dealing with the lack of capacity within South African governmental entities to undertake PPPs

- There is a massive skills shortage in South Africa which affects governmental entities as well

- Lack of capacity is particularly acute in terms of the appointment of a Project Officer in a PPP assessment

Dealing with the lack of reliable information possessed by governmental entities necessary for conducting a feasibility study

Dealing with governmental entity staff turn-over and changes in the political structure of a governmental entity
PPP TEAM CHALLENGES Conti;

- The most commonly heard “challenge” is that the PPP process takes too long
  - A feasibility study can take from six to 18 months
  - The Request for Qualifications (RFQ) processes can take six to eight weeks
  - The Request for Proposals processes, including negotiating with the Preferred Bidder can take a year or more

- There is no simple answer – these are complex matters
- Worldwide, and in South Africa, the knowledge that a project has undergone the rigours of a feasibility study and a transparent bidding process typically ensures a successful project, whereas a “conventional” procurement may – and often does -- not
5. CONCLUSION

- Founded in 2000, the PPP Team at South Africa’s National Treasury has been an important driver for the development of government services infrastructure.
- The success has been possible because of an enabling legislative and regulatory environment, together with robust support from our Minister of Finance.
- Capacity in government and maintaining our staffing with capacitated professionals has been, and will continue to be, challenging.
- Prospect of expanded GTAC role which will include capital expenditure oversight and international PPP development.
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