




Evaluation of Public Private Partnerships in transport operations: Designing and measuring performance

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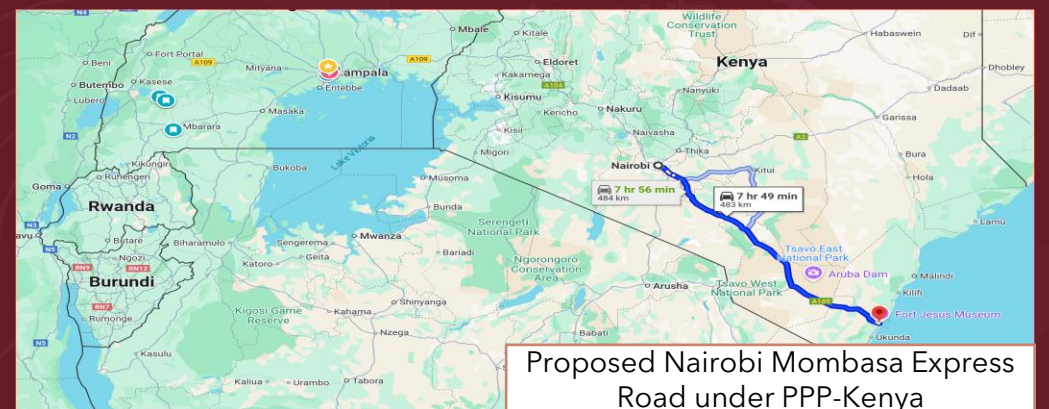
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Evaluation of Public Private Partnerships in
transport operations: Designing and measuring
performance-Nduhura al (2024)

Agenda

- Background
- Literature Review
- Gap
- Conclusion
- Recommendations





- There is growing need to expand infrastructure in Africa
- Public Private Partnerships are increasingly being adopted as a recipe of choice to support scaling up of infrastructure
- Long-term contracts made between public and private actors to deliver infrastructure and services previously delivered by government (World Bank, 2012, APMG, 2016,
- There is significant allocation of risk to the private actors (APMG, 2016)

Introduction

Why PPPs in transport?

- Access to finance (APMG,2016; Babatunde, & Perera (2017; Abdul Nabi, Assaad & El-Adaway,2024)
- Access to expertise of the private sector (GoU,2015;APMG,2016)
- Risk transfer (design finance, operate and maintain)(World Bank,2012; APMG,2016)
- Visualizing the agency theory , PPPs must be accountable (Nduhura,2019; McDonald-Kerr & Boyce, 2024).
- Delivering the accountability function can be visualized in ways PPPs perform and how their performance can be measured.



Literature Review

- There exists significant literature on PPPs
- Most literature on PPPs has focused on key themes
- Critical success factors
- Risk management
- Sector PPP experiences
- Among the critical success factors has been cited as to how well PPPs are accountable
- While studies have highlighted accountability they decimally elaborate on how PPPs can deliver accountability
- Notwithstanding some studies have suggested that accountability can be delivered through the development of performance measurement system for PPPs
- Yet little remains known on what should define performance measurement for PPPs
- This perhaps explain why PPPs are critiqued for not achieving their expectations, despite their increased adoption rate across the world (World Bank,2024)

Literature Review

- In Africa, PPPs in transport are increasingly being adopted to support government mobility service delivery option
- In Uganda, Kampala Jinja Expressway was approved to be implemented as a PPPs
- Kenya (Nairobi-Mombasa Highway estimated 451-4kms)
- Kenya (Nairobi Express under PPP linking city to Airport)
- Rwanda (Bugesera International Airport is under construction under PPPs) (Rwanda Development
- South Africa (several road tolls under PPPs N6 notably)
- Burundi seeks to attract airport redevelopment of Bujumbura International Airport partner through PPPs

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Theories underpinning the study

- Agency Theory
- Stewardship theory

Where do we trace performance measurement

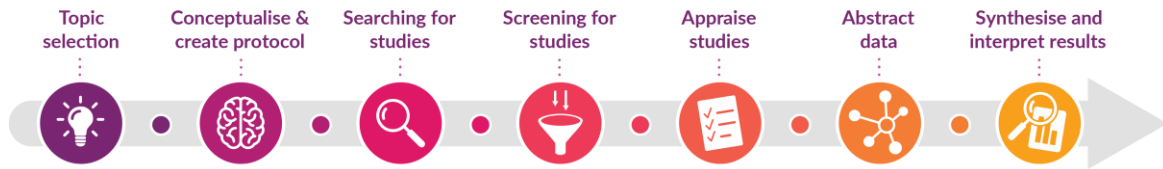
- New Public Management (NPM) wave in the 1980s (Hodge and Greve, 2006)
- Nexus of NPM= making government more efficient and effective (Dan, Lægneid & Špaček, 2024).
- NPM is underpinned by the application of private sector /marketisation principles to improve government (Fleischer, Danielsen, Neby, & Nykvist, 2024; Corcoran & Albertson, 2024)
- Performance measurement came out as a means of controlling output and deployment of resources (Van der Kolk, & Kaufmann (2018).

Applied in PPPs, since government assumes the principal as the private actor assumes the agent role, the need to measure performance of the special performance vehicle is important.

To contribute to the knowledge of PPPs body of knowledge this paper sought to document the holistic approach for measuring performance of PPPs to draw lessons for PPPs in transport

Approach and Methods

Steps in a systematic review



Roehrich, Lewis & George (2014)

Search Engines: Google and Google Scholar
Data collected: grey and scholarly data

Search Words: PPPs, performance management, accountability

Screening: read abstracts, conclusion, methodology for relevance

Exclusion and inclusion criteria

Results-performance measurement for PPPs in transport



How to set targets

What matters;

- Public perspective
- Private perspective
- Citizen perspective

What to measure

- Compliance with maintenance schedule (government pays/user pays)
- Volume (government pays)
- Availability (government pays/user pays)
- Service levels (user pays)
- Compliance with investment plan (government pays/user pays)

How to measure

- Customer satisfaction surveys
- Performance scoring and deduction system
- Fault reporting and payment deduction system
- Management of staff
- Business continuity plans
- Submission of audited annual reports
- Periodic performance reports

Remunerating performance of Special Purpose Vehicles in Transport PPPs

Incentives

- Bonuses for traffic volumes beyond anticipated
- Allowance to charge user fees
- Sharing of revenue earned beyond targets
- Allowing SPV to increase or charge variable fees

Disincentives

- Penalties such as payment of a % of user fees to contracting authority

Conclusion

- Drawing on insights from previous studies on PPPs, this study reveals that PPPs in transport in Africa are now popular
- From a stewardship perspective PPPs/SPVs must deliver as expected
- To deliver PPP/SPVs must perform
- To perform, a holistic performance measurement system should be considered
- Building a performance measurement system/framework needs to consider questions that visualise what to measure, how to measure and how to remunerate performance
- That's what this paper provides in line with the notion



Summary

“ IF YOU CAN'T MEASURE IT,
YOU CAN'T
MANAGE IT ”



-PETER DRUCKER

Thank you for listening to us



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