

Public private partnership in road transport sector in Botswana

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ABSTRACT

The paper discusses the significance of public private partnership at micro levels in the field of public transport in order to maximize the accruing benefits. It also mentions constraints that the developing nations in Africa encounter to divert funds towards infrastructure projects when they have challenges to meet in social sectors. The benefits that the African nations can derive through partnerships are also mentioned. Regional co-operation as envisaged among countries of southern Africa through Southern African Development Community (SADC) and the SADC Protocol on Transport are discussed. The initiative of Government to foster Public Private Partnership in Botswana is explained. The rural subsidy scheme and measures towards micro level public private partnership are highlighted. The paper also covers suggested steps for effective implementation of PPPs in Botswana. The paper is concluded with a mention of benefits that PPPs can bring about.

INTRODUCTION

Man, as a social animal, is always on the move to fulfil personal and societal obligations. Each one of his movements outside domestic environs results in a trip that is no longer his exclusive prerogative. The domain of transportation planner starts right at the doorstep of every single individual. The individual trips, when aggregated, complicate the planning of the transportation needs of a town or a region. The complexities multiply when resources made available are scant – more often in underdeveloped and developing countries.

Transportation problems of developing countries differ from that of developed nations, whose networks and infrastructure facilities were developed over the years with their own resources. Limited resources and economic constraints of the governments whose priorities are often pronounced towards providing basic amenities in social sector than improving communications – especially in Africa - often hamper the growth of transportation systems in the third world countries.

One of the fundamental principles of provision of transportation facilities is to create a living city and region - on a human scale – that is accessible to everyone and providing a good quality of life

through basic amenities to its citizens. This vision is shared by developed and developing nations. Although transport's potential to meet travel demand needs dynamic progression for effective implementation, it is evident that such progression has its price.

A number of transport technologies implied high-energy consumption and required substantial capital inputs in production and operation. As a result, travel became expensive to ordinary road users. This has created imbalances across the population groups whose affordability of meeting transportation cost requirements varied across the spectrum. It often hindered the trip making abilities and resulted in reduced number of motorized trips. One of the key elements of development strategies is to achieve sustained economic growth by encouraging the private sector to increase and improve transport investment and operations, with an aim to provide an appropriate and affordable standard of accessibility to locations of importance of daily life. It is essential that developing countries draw from the experiences of developed nations in encouraging public private participation in transport sector to facilitate optimization of resources available to the governments towards development.

IMPORTANCE OF PUBLIC PRIVATE PARTNERSHIP FOR AFRICA

The pace of development that the rest of the world takes pride in the field of communications – document, voice and physical – is a mirage that Africa is still chasing with limited or no resources at disposal of the incumbent governments. It has become imperative for progress of countries to pay attention to the most important of the communications – the physical communication of men and materials. Governments in Africa are now aiming at better policy co-ordination between public and private sectors to seek alternative means of funding to ensure infrastructure in the field of transportation is developed, operated and maintained.

The Public Private Partnership in the field of transportation, in general, is a contractual agreement between public and private sectors aimed at better delivery of transportation projects. The partnerships that the governments in Africa would enter into would help in accelerated implementation of projects with new approaches and better management techniques that are at the disposal of private sector. As the private sector has the capability to invest in terms of resources to handle large and complex projects, the resource-strapped public agencies have an option to prioritize their social commitments. Participation of private sector has social benefits too as it helps in empowerment of local contractors and consultants and paves a way for entrepreneurial development. This helps the governments in Africa to plan their resources for better use elsewhere. The Southern African Development Community, popularly known as SADC, is one such organisation that brought under its umbrella the governments towards regional co-operation in southern African.

REGIONAL CO-OPERATION IN TRANSPORT SECTOR IN SOUTHERN AFRICA

The Southern African Development Community (SADC) is a body consisting of 14 nations of southern Africa with headquarters in Gaborone, Botswana. A SADC Protocol on Transport, Communications and Meteorology (The Protocol or Transport Protocol), came into effect in July 1998 forming the basis of reforms in transport sector in southern Africa (InfraAfrica, 2001). The Protocol formulated objectives for member countries of the region with regard to transport, communications and meteorology. It suggested policies and strategies by which the objectives could be attained.

As a part of reforms, a framework was stipulated for private and public sector partnership in the region. It states that mobilization of private sector investment and expertise in support of infrastructure development, operation and maintenance is to be given a priority. The private sector is seen to offer exciting alternatives and opportunities in terms of project appraisals, ensuring rigorous risk analysis and a whole lot of issues that cover almost the whole gambit of projects in transport sector.

The Protocol listed a number of key issues that are strategically important to secure greater involvement from the private sector. Some of the factors include the following:

1. Public owned enterprises in many cases are responsible for delivering services that have performed poorly resulting in disenchanted consumers and at times the governments.
2. Constraints on traditional sources of finance for publicly owned enterprises are addressed by recommending that the partnerships be seen to be a useful way in bridging the gap between the enormous requirements for public investment and limited budgets.
3. Partnerships are also seen as tools in offering non-financial benefits like private style management, cost recovery whilst allowing the public sector a degree of control over projects.
4. The private sector's ability to ensure rigorous risk analysis (including identification, assessment, and allocation risks) and strategies to mitigate are well recognized.
5. The private sector has capabilities to enter in to joint ventures with related benefits in terms of sharing of risks and general capacity building.
6. The private sector has capacity to introduce new and improved approaches and could facilitate increased efficiency in project operations.
7. Private sectors have ability to adhere to conditions of agreement and allocation of responsibilities, time and cost frameworks as well as associated standards / specifications.
8. As the profits of like investments generally materialize only in the latter stages of the projects lifetime, one can be reasonably assured of proper arrangements and long-term commitment to the operation and maintenance of created assets from private sector.

The member countries of Southern African Development Community have recognized that on their own, they do not possess the finance, skills and technology to transform the transport sector so that it is modernized and can perform efficiently. They have therefore invited the private sector to be partners in provision, maintenance, operation, management and ownership of infrastructure, systems, services and facilities.

Public monopolies in infrastructure in Africa are no longer sustainable because of frequent loss making and are a drain on coffers of governments. There is recognition that public monopolies cannot re-invent themselves and that governments do not have the resources to meet the levels and magnitudes of infrastructure investments that are required. The answer therefore lies in increased private sector participation in infrastructure provision, ownership and management. Only the private sector has access to the finance, skills, technology and other resources that are critically required to turn the transport sector around.

Botswana, as a member country of SADC, is a willing partner to derive benefits from the regional co-operation within southern Africa by venturing in to Public Private Partnerships. The Government of Botswana has already entered in to partnership with private sector in socio-economic areas and is in the process of engaging the private partnership in road transport sector to maximize benefits from the partnership.

GOVERNMENT INITIATIVES TOWARDS PPP

Consistent with The SADC Protocol on Transport for regional co-operation and the National Development Plan 9, the Government of Botswana visualizes Public Private Partnership to be a form of procuring and financing infrastructure projects and services in the public sector (National Development Plan 9, 2003). This will ensure sustainable investment in infrastructure and services as well as restore soundness in public finances.

As an initiative to establish a strategic framework for PPPs in Botswana, the Government has engaged consultants to undertake an assessment of current environment for PPPs, to establish whether the policies, laws and suitable institutions exist to facilitate implementation of projects. The consultancy was also entrusted to determine the additional measures that may be required to create necessary conducive environment for PPPs in the country. The initiative was undertaken with

association of Public Enterprises Evaluation and Privatization Agency (PEEPA) and the SADC Banking Association with financial support of the Canadian International Development Agency (CIDA).

Botswana, like many other African nations, faces challenges in delivery of public services infrastructure including maintenance and operational obligations. New infrastructure needs to be provided and existing infrastructure upgraded or rehabilitated, to deliver public services more effectively and extend access to services to a greater number of populations than at current levels. The Government is also exploring alternate means of financing including the use of PPPs. Funding from international agencies is sought as a means of providing economic assets such as roads and railways through PPPs.

PPPs are important in the context of the Botswana's economy in terms of the strategic and operational choices on offer. Economic growth can be fostered by developing new commercial and investment opportunities for foreign direct investment and citizen investors and increasing competition in provision of public services.

By entering into PPPs, delivery of public service infrastructure may be enhanced by accessing the private sector's financial, managerial, professional and technical expertise. These private sector resources may also enhance the necessary maintenance and operation of infrastructure. This allows public services to be delivered more efficiently and effectively, which allows Government resources to be channeled into other areas where direct public investment and intervention is required. It is also true that partnerships need not necessarily mean mega investments but could also be involving more citizens to be part of partnerships that can bring in all the desired results normally associated with PPPs, more so in the transport sector of Botswana.

BOTSWANA – AN OVERVIEW

Botswana is a southern African country bordering with South Africa, Namibia, Zambia and Zimbabwe. Botswana is among Africa's richest countries with a GDP per capita purchasing power parity of \$9200 and belongs to the group of developing nations of the world. The Kalahari Desert occupies about 80% of its 600,370 sq km area. The 1.71 million populations are mostly spread across the eastern corridor of the country. Through

fiscal discipline and sound management, Botswana has transformed itself from one of the poorest countries in the world at the time of independence in 1966 to a middle-income country now (www.cia.gov). A land-locked country, Botswana has rail, air and road as major modes of transport. The Botswana Railways, a State owned subsidiary, has a length of 888 kms and its modal share among the three modes of travel is considerably low. The air transport is also State owned and mostly caters to international travelers. The road transport is the backbone of transport sector. Botswana has 24,455 km of road length across the country that includes paved, non-paved and sandy roads as well as secondary, tertiary and access roads. Along these roads ply a total of 179,376 private vehicles excluding government, military and other public vehicles. The vehicle ownership of approximately 1 vehicle for every 10 persons is arguably among the highest in Africa. There are 8228 public transport vehicles that are licensed as public carriers (Transport and Communications Statistics, 2004). The Ministry of Works and Transport is responsible for all transport operations in the country.

INSTITUTIONAL ARRANGEMENT IN PUBLIC TRANSPORT SECTOR

The Department of Roads Transport and Safety (DRTS) of Ministry of Works and Transport acts as a regulatory body in the public transport sector. The Department issues permits for operation of public transport vehicles as per Road Transport Act (Permits) based on consultations with Transport Advisory Board. An Inspectorate is established by the Department to look into matters of roadworthiness of vehicles, adherence to scheduled routes of public transport and other issues relating to transportation in general (Road Transport Permits, 1999). The Inspectorate works in cooperation with the police. The Department is mandated to issue driver licenses and is the enforcing authority for road transport in Botswana.

The Department, in association with transport operators, decides on the new public transport routes. However, operators have an option to decline the routes that they consider not profitable (Department of National Transport & Communication, 1996).

This results in a situation where all the settlements not being connected due to lack of support from the identified operators. Some routes are served by larger number of public transport vehicles than necessary leading to a situation where

in some urban areas it is observed that waiting time runs close to nearly an hour (Mafavuneh, 1999).

To overcome this anomaly, operators are ensured that they are the sole providers of the service after obtaining permit from the Department of Road Transport and Safety to operate on such routes to cover their operational costs. Operators, as a measure of social support, are exempted from income tax. This is the kind of support mechanism that would encourage more citizens to enter in to partnership with government ventures. Small concessions like exemption from income tax enabled operators to ply more public transport vehicles in urban centers. Thus, the government by encouraging partnership in public transport sector has paved way for empowerment of its citizens as small entrepreneurs that had a corollary effect of unemployment reduction (Bolaane, 1998).

PUBLIC TRANSPORT SCENARIO

The public transport in urban areas in Botswana mainly constitutes taxis and mini-buses, popularly known as combis among the locals. They transship passengers along designated routes for specified fares. Taxis are classified as special and ordinary with special ones essentially providing a single ride or door-to-door service, and the ordinary taxis are the ones with a standard fixed fare. Ordinary taxis, normally do not ply on any specific routes but they wait until the vehicle is filled up to requisite capacity before departure to a common destination of the passengers.

Minibuses operate according to a routing system regulated by the Government in most of the urban areas and they charge a uniform fare. Minibuses in effect provide public transport to a large extent. This service has proved to be both flexible and cost effective. Long-distance passenger operations occur mainly between main urban and mining centers and major rural villages. Buses (and not minibuses) are used specially for these operations.

The Government, as a measure of entering in to partnerships, encourages public at large to participate in transport operations. The SADC Protocol spells down how regional co-operation and private participation can pave way for more efficient transport sector. Viewed against the backdrop of PPPs, involvement of people in transport sector meets all the objectives that large-scale investments carry with them. Except that participation of people may not match the investment levels, involvement of people in transport operations is firm and definite

step towards building partnerships with private sector at micro level.

MICRO LEVEL PUBLIC PRIVATE PARTICIPATION

As a young nation, Botswana is new to the concept of public private partnerships. One of the key elements of the Botswana Government's development strategies is to achieve sustained economic growth by encouraging the private sector to increase and improve its investment and operations. It is felt that efficiency in terms of use of resources in road transport sub-sector can optimally be attained by promoting competition between providers of road transport services. Another strategic objective envisaged by the Government in road transport sector is to provide an appropriate and affordable standard of accessibility to workplaces, commercial and social services and many other locations of importance to the daily life. Botswana (nationals of Botswana are called Batswana) living in rural areas experience a significant disadvantage in terms of access to transport services. To overcome this drawback, the Government has introduced a mechanism where the rural folk are encouraged to be part of government initiatives.

A rural subsidy scheme was initially introduced benefiting operators from rural areas who are supported to take up operations in public transport transiting through villages by offering subsidies. It is recognized and emphasized that the subsidies can be effective tools to attain social objectives only in a short-term perspective. The long term means include fostering of economic development in or near areas where the disadvantaged people live, reduce travel distances, and aiming at integrating rural Botswana in to rapidly developing urban areas of the country.

The rural subsidy scheme aims at meeting the twin objective of involving private partnerships in service sectors and empowering the people to be small time entrepreneurs. The participation of private sector in the public schemes is a case where the Government is trying to ensure better quality of life for its people. Small operators are encouraged to own public transport vehicles and operate along the designated routes. It is amply clear that the encouragement that the Government of Botswana accords to its people to participate in road transport operations is a clear case of supporting the private sector – even if it happens to be unorganized as compared to partnership for large projects. The participation of people in transport sector is vastly

different from that of some welfare measures that most African governments try to implement.

The basic tenets of public private partnership more often than not envisage involving private sector in projects that the governments find prohibitive to invest in. At a micro level, the Government of Botswana's initiative of extending the facility of operations in road transport sector to its citizens is a laudable step that the countries in the region can well emulate.

There can be no better example of public private partnership than having partners from every section of society to carryout the mandate of governments in service sectors. The original concept of the public private partnership was to help the governments to complete huge projects in association with the participation of private sector to ensure prudence on the economic front. It must be pointed out that the Botswana Government does not necessarily consider that the private sector to be large industrial giants or the ones who are financially sound enough to invest in the ventures where the governments think twice to go ahead due to inherent constraints. On the contrary, it believes that people partnerships in what is essentially its domain - the public transport operations in this case - is mutually beneficial and is a partnership that would go a long way in helping its people to be self reliant. However, that alone may not be sufficient and there is a need for some concrete steps to achieve effective transport operations.

SUGGESTED STEPS FOR EFFECTIVE ROAD TRANSPORT OPERATIONS

Public passenger transportation routes and systems should be improved and made more flexible by the Department of Road Transport and Safety in consultation with public. Better urban transportation will increase household mobility and thus provide access to wider labour markets and opportunities. The provision of public transport should be a joint venture between public and private sectors as a partnership. As the budgetary constraints compel the Government towards limiting funding towards transport sector, there is a need for private sector to be involved in financing of public transport. Having achieved success by providing subsidies and tax reliefs, the Government should extend concessions extended to achieve wider participation of people in transport operations.

Planning and allocation of public transport routes should be based on analysis of commuters

demand. Selection of bus types should be based on traffic demand from the point of view of economy of operation as well as reduction of road congestions. Information on public transport routes, schedules, and intervals should be made available to general public. Both owners as well as public transport operators should be trained on managerial skills as well as on public relations. Rural passenger transport requires a serious consideration in the national context. Assessment of possibilities of rural transport subsidy schemes for the purpose of social justice should be undertaken. In the long term, the emphasis might switch to rail-based public transport with the aim to create an integrated transport network, which has sufficient capacity to meet the transportation requirement well beyond the Vision 2016 horizon as envisaged by the people of Botswana.

The idea of introducing private sector participation in the delivery of public services through PPPs is still new, not only to Botswana but also to Africa as a whole. The success of PPPs in Botswana will therefore depend, to a large extent, on establishment of a strategic framework, comprising of a clear guiding policy, appropriate legal provisions, an institutional set up capable of efficient implementation of PPP projects and procedural guidelines for the process to be followed in implementing such projects. Capacity

building in project planning, coordination and monitoring of

PPP project among public officers is another essential element required to strengthen the implementation. The overall framework will ensure that PPP implementation is uniformly coordinated and managed to optimize expected outcomes for Government. This is an area where Botswana can be said to be performing better than other developing countries in encouraging public private partnership at micro level.

CONCLUSIONS

Public Private Partnership is a concept that has come to stay. It is appreciable to attract private investments for mega projects but it is equally important for the countries to plan at a micro level and involve partners in operations that they can comfortably do away with. The benefits that accrue with such ventures are not always directly measurable. An individual transport operator always benefits through government's largesse. However, the more important question is to what extent that a society can benefit. Whether it is participation of private sector in mega projects or micro level operators, the beneficiaries should always be the people. Ultimately, in today's world, it is the solemn duty of every single nation to ensure that the lives of its people are better than what they were.

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