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The Role of Public-Private Partnerships in Capital Mobilisation for Sustainable Development in African Economies

Abstract

Public-private partnerships (PPPs) serve as a mechanism whereby the public and private sectors jointly mobilise funds to finance and implement development projects of mutual interest. The widespread use of PPPs in developed and emerging economies, across both social and economic sectors, attests to their perceived value. Proponents of PPPs argue that they can reduce the burden on public budgets and aid in debt management; enable projects otherwise unaffordable through traditional approaches; enhance cost-effectiveness and value for money; promote efficiency and equity; encourage innovation and technology transfer; incentivize private sector involvement; foster competition; leverage private sector expertise; attract foreign investment; generate employment; and facilitate poverty reduction and sustainable development (Mfunwa et al., 2016). Consequently, PPPs may constitute a timely and sustainable mechanism for capital mobilisation in a manner that fosters sustainable development within the African socio-economic and political context.

1. Introduction

Public-private partnerships (PPPs) are emerging rapidly in Southern African countries, as they provide an alternative mechanism for improving infrastructure and delivering social services. They have already become the preferred approach to infrastructure provision in recent times. Prominent examples include Australia, Brazil, Canada, Ireland, the Netherlands, South Africa, the United Kingdom, and

the United States. While some governments adopt PPPs as a means of transferring costs off the public balance sheet and attracting investment, the private sector's continued participation is dependent on incentives embedded in these arrangements. Although progress is evident, most countries have yet to establish the legal, regulatory, and institutional frameworks required for effective PPP implementation. There is considerable scope for Southern African governments to strengthen their responses in this regard.

Infrastructure contributes to the delivery of social and economic opportunities to citizens; the effects of its breakdown reverberate through the economy as a whole. Without sufficient resources to maintain critical infrastructure, the quality of education and health services declines, and the business and trade environment weakens. In turn, the loss in per capita growth assumes an extremely disquieting aspect. It is within this context that PPPs have taken centre stage on the continent as development facilitators. The provision of infrastructure through PPPs is therefore viewed as the effective way forward in the drive for economic and social development (Mfunwa et al., 2016).

2. Understanding Public-Private Partnerships (PPPs)

Broadly defined, a public-private partnership (PPP) is a cooperative arrangement between two or more public and private sectors, agencies, authorities, industries, institutions, societies, organizations and others through negotiated employee relationships, strategic alliances, joint ventures or other reciprocal agreements; pooling of respective capabilities; sharing of costs, revenues, risks and rewards for providing a public facility or a service. PPPs are regarded as a potentially powerful means of mobilising capital, capacity and talents for realising development objectives. They constitute a natural source of funding for the delivery of public infrastructure and associated support services. They are aimed at promoting growth and competitiveness in the economy and generating employment, thus supporting the pro-poor objectives of the government. They are designed to help respond efficiently to the aspirations of the people and to improve living conditions. Public-private partnerships have evolved rapidly in Asia, Europe and Latin America during the last two decades. More recently, they have also started emerging in Africa, notwithstanding the specific economic and socio-political circumstances prevailing in the region.

Essentially, a public-private partnership is an instrument for mobilising capital for infrastructure development, broad-basing of physical infrastructure, maximising private participation and offering the benefits of skills, efficiency and management practices of the private sector. Public-private partnerships catalyse the involvement of the private sector and encourage the development of a competitive financial services market. Bank credit is supplemented by the participation of developers, equity producers and operators, and the private sector shares the supply of infrastructure services through a transferred or enhanced role.

2.1. Definition and Conceptual Framework

Countries across the world have used collaborations between the public and private sectors to deliver essential public goods and services (Mfunwa et al., 2016). These arrangements, otherwise known as public-private partnerships (PPPs), draw on the relative strengths of the parties involved to meet specific developmental objectives. Such arrangements consist of several forms that span procurement, operation, management, investment, and sharing of risks and rewards. Governments also use them as a risk-reducing mechanism to secure significant investments, reduce public sector financing requirements, and attract technological and managerial expertise. African governments are increasingly turning to the private sector through international partnerships to help mobilise local and foreign investment to complement public infrastructure and develop relevant skills to support financial inflows. Amid limited public resources, public-private partnerships and private sector participation at large allow governments to sustain the provision of infrastructure in a low-inflationary environment.

The 2019 Africa Investment Forum generated over 38 investment and project development agreements with a total project value exceeding USD 120 billion. Mobilising resources through PPPs can help produce high-quality public infrastructure, overcome fiscal constraints, and foster private sector innovation and competition, all of which contribute to countries' development prospects.

2.2. Historical Context of PPPs

Public-private partnerships (PPPs) evolved over centuries, combining public entities with private partners to mobilise capital, create jobs, spur innovation, and improve service delivery. Governments pursued PPPs to attract private sector capital for infrastructure and other development projects without increasing public deficits or exceeding budget constraints. The approach enabled

governments to diversify financial and non-financial risks by sharing responsibilities and resources with private entities. Today, PPPs characteristically assume an economic development role, becoming catalysts for growth, employment, and modernisation across various sectors. Their growing application in Southern Africa highlights their significance as collaborative instruments for economic, social, and infrastructure development.

3. The Importance of Sustainable Development

Emerging markets have been reporting substantially higher growth rates than those recorded by developed countries. The demand for infrastructure investment in developing countries, therefore, far exceeds the capacity of their governments to supply such investment. Allied to this, the international financial institutions, instead of routinely lending to countries to invest in infrastructure, insist upon various forms of financial and macroeconomic discipline—the two demands combine to explain the significant resurgence in interest in public-private partnerships (PPPs). PPP arrangements have rapidly become a preferred way to provide infrastructure in many countries, including Southern African nations. Governments see PPPs as a means of managing infrastructure costs, maintaining investment levels, reducing public spending, and avoiding public sector borrowing constraints. In contrast, the private sector is attracted by financial incentives (Mfunwa et al., 2016).

3.1. Defining Sustainable Development

Sustainable development, first defined by the United Nations' Brundtland Commission, is a comprehensive concept that encompasses the accommodation of economic, social, institutional, and environmental complementarities and trade-offs in developmental pursuits while remaining cognizant of the aspirations of present and future generations. Prosperity is valued not only on individual attributes, but also on the magnitude and sustainability of aggregate progress (Mfunwa et al., 2016). Despite its 57-year history, Africa still lacks adequate solutions to provide accessible, affordable, and high-quality development for its citizens. Africa is experiencing progress, but many countries grapple with structural challenges, and the costs often overwhelm potential benefits. This is particularly relevant to Africa, where development is implemented without a clearly defined process or in a uniform or replicable manner. While some countries experience high GDP growth due to market reforms or commodity booms, growth

is at times two to three times the population growth rate, with monetary benefits failing to trickle down.

3.2. Challenges to Sustainable Development in Africa

Sustainable development in Africa faces longstanding obstacles, including poverty, hunger and food insecurity, health risks, water scarcity and limited quality education (Mfunwa et al., 2016). Frameworks provided by the Millennium Development Goals and the Sustainable Development Goals address progress in these areas. A financial gap is widely perceived to inhibit growth prospects associated with the sustainability agenda (N. Osakwe & Ben Hammouda, 2006). The concept of sustainable development originated during the World Conservation Strategy commissioned by the International Union for Conservation of Nature in 1980. Public-private partnerships (PPPs) offer a broad approach to address capital constraints in a manner that emphasises socio-economic outcomes, combining government rights with incentive-based private sector development. Capital provided through various sources enhances economic capacity, boosts production, and improves living conditions. The financial sector plays a pivotal role, linking savers and investors and distributing resources to fund economic activity, infrastructure development, and entrepreneurship.

4. Capital Mobilisation Mechanisms

Capital for socio-economic development projects can be mobilised through diverse mechanisms. Financial institutions such as pension funds, insurance corporations, and the banking sector play a pivotal role in mobilising capital.

A significant conference on financing for sustainable development held in Addis Ababa concluded that developing domestic capital markets—particularly long-term bond and insurance markets—is crucial. The capital market comprises financial institutions and infrastructure that mobilise and allocate long-term funds within the economy.

By purchasing stocks and bonds, both private firms and governments can harness long-term funds sourced from savings. Capital markets facilitate effective investment monitoring and encourage good corporate governance. Their capacity to mobilise savings and investments renders them essential for economic growth. Securing long-term finance through capital markets is vital for achieving self-sustained economic growth and managing external adjustments.

Capital markets promote savings by providing financial instruments aligned with individual risk preferences and liquidity requirements. Growing companies benefit by accessing capital at a lower cost. Countries with developed stock markets rely less on bank financing, thereby mitigating exposure to financial shocks. The past decades have witnessed increased global capital market activity, reflecting recognition of their role in accelerating economic progress.

Capital markets fulfil a key function by mobilising long-term funds, ensuring efficient resource allocation, reducing dependence on short-term financing for long-term projects, and enabling governments to finance socio-economic development initiatives (Olushola et al., 2016).

4.1. Sources of Capital for Development

Capital is a financial resource pool available or used to fund economic and social development across sectors, including infrastructure, healthcare and education. Capital sources include governments (tax revenue, issuance of bonds and borrowing), donors, philanthropists, the corporate sector and remittances. Financial institutions such as commercial banks, development banks, cooperative societies ("saccos") and credit unions play an essential role by advancing credit facilities and acting as intermediaries (N. Osakwe & Ben Hammouda, 2006).

4.2. Role of Financial Institutions

Development finance institutions (DFIs) contribute significantly to sustainable development through their role in specialised lending. Their general mandate encompasses providing finance to the private sector for investments that advance a country's economic growth and development priorities. These institutions specialise in long-term project financing and extend support to sectors perceived as higher risk, making them attractive to ordinary financial institutions reluctant to invest. Additional roles include stimulating capital markets by assisting enterprises in issuing stocks and bonds and facilitating the sale of investments. DFIs also offer technical assistance to development programmes focused on infrastructure, utilities, and other pivotal areas. In many developing countries, private investment in infrastructure remains underfunded, particularly in telecommunications, energy, transportation, and water supply sectors; nonetheless, infrastructure investments in developing countries amounted to several billion dollars in 2007, with substantial allocations to East Asia and Latin America. Within the Nigerian context, the financial system is both extensive and

diversified, having undergone structural transformation since the liberalisation of the 1980s. Privatisation, globalisation, deregulation, consolidation, and the adoption of stringent regulatory regimes are among the significant changes shaping the industry (A. Bolaji & Akinwande A., 2014).

5. The Role of PPPs in Capital Mobilisation

Mobilising capital remains essential to address the multiple challenges faced by countries striving to ensure sustainable development. Given the limited capacity of state actors to mobilise the required financial resources, a diversity of mechanisms is needed to supplement such capacity. Public-private partnerships (PPPs) and capital infrastructure enable policymakers to harness private capital for pursuing sustainable development goals. PPPs represent collaborative arrangements involving public and private-sector actors. In these arrangements, public entities seek private-sector partners to provide financing and management capacity in establishing or developing an infrastructure—and/or its accompanying capital. Private entities, in turn, obtain the right to operate the infrastructure and/or harvest the ensuing capital.

mobilizing capital international capital flows private-sector participants investment projects transit infrastructures public-private partnerships collaboration public-private collaboration financing additional capital PPP arrangements necessary capital infrastructure public authorities private partner financing development infrastructure infrastructure development funding construction/rehabilitation operation/management private-sector participants construction and/or the rehabilitation of transit infrastructure operation of an infrastructure development and/or the management of transit infrastructure operation of transit infrastructure

Building on an extensive literature, recent efforts explore the use of PPPs to secure a lasting flow of capital and to support the progressive development of the transit infrastructure market (Mfunwa et al., 2016). In their empirical investigation of the North African experience, Lounes et al. evaluate the extent to which PPPs contribute to capital mobilisation and assess alternative forms for facility financing. In addition, Serrano and Pinzón consider the financial challenges facing the Latin American region, examine models of PPPs that unlock private financing flows, and discuss constraints that undermine the potential of PPPs in mobilising such financing.

5.1. Mechanisms of Collaboration

Public-Private Partnerships (PPPs) comprise a broad collection of mechanisms through which private and public actors can collaborate to jointly deliver new technologies and enterprises (Mfunwa et al., 2016). Within these arrangements, governments may develop or improve infrastructure by leveraging private-sector expertise and capital. At the same time, private investors have the opportunity to expand their reach into new markets by establishing the necessary operational bases.

PPPs constitute a mode of contractual arrangement between the public and private sector to finance, build and operate projects such as public transportation networks, parks and convention centres. Their application widely varies from context to context, with schemes adapted to suit the requirements and capabilities of both parties. Mechanisms of collaboration depend on each project and existing institutional framework, but are usually based on competitive tendering processes, operate under private, public or hybrid ownership regimes, and can involve different degrees of risk-sharing. Even though contracting models differ, PPPs generally share the long-term nature of their underlying contracts. Institutions collectively express different views on PPPs and their value-for-money assessment, which influence contracting practices.

5.2. Case Studies of Successful PPPs

Examples of successful public-private partnerships (PPPs) illustrate how these collaborative arrangements can address market, institutional and policy failures and thereby mobilise capital for human development and sustainable growth. An early example is the African Life Assurance Company, a pan-African project launched in 1942 by a private company (Established Provident Association) in partnership with various African bodies in all the territories where the company intended to operate. The association entered into a partnership agreement with the government of Tanzania to provide insurance services to the public sector. Other successful PPPs have generated capital from the domestic commercial banking sector. In Kenya, a finance company named Rapid Credit Ltd. was established to provide affordable financial services to low-income households, jointly owned by a Kenyan-based insurance company, a U.S.-based investment group and a German development agency. In the oil and gas sector, Ghana Rubber Estates Ltd. provides services to a major Ghanaian oil and gas company, supplying fuel to the local market. The corporate entity worked in tandem with a local organisation of

institutions to mobilise capital from the domestic commercial banking sector to undertake local content provision. (Mfunwa et al., 2016)

6. Sectoral Analysis of PPPs in Africa

Public-private partnerships (PPPs) constitute a growing form of collaboration between business and government. Through these arrangements, the parties manage and share responsibility for the delivery of a product or service. Specifically, PPPs place private-sector assets—along with any associated risks—at the disposal of the public sector; engaging these assets encourages economic growth, raises productivity, further develops infrastructure, and mobilises scientific and technical knowledge. PPPs should be distinguished from privatisation, as the public partner retains considerable rights and influence within the partnership.

Within Africa, PPPs have attracted support for their potential role in mobilising development finance from a broad range of sources (Mfunwa et al., 2016). Across the continent, numerous governments recognise the importance of mobilising capital to finance investment projects and to promote sustainable development. Social issues on this continent mirror those elsewhere, but governments face additional economic and socio-political barriers. To address these particular difficulties, many governments turn to the private sector for assistance. Furthermore, existing development partnerships between governments and aid agencies may provide supplementary funding and other resources.

6.1. Infrastructure Development

Infrastructure development is a significant growth driver as it encourages the activities of other sectors, thereby increasing their productivity and contributing to the overall economic growth (Kaidabi Mensah, 2017). Infrastructure promotes a country's competitiveness and facilitates the integration of African countries into the global market, which enables exporting firms to be globally competitive. Countries with well-developed infrastructure tend to grow faster, with more employment creation and a better quality of life. To overcome the infrastructure deficit in Africa, the media, research institutes, international organisations, and the donor community call for more involvement of the private sector, with support from the national and local governments through public-private partnerships. Using a diaspora bond to focus on the potential of domestic markets, private sector participation, and formal local government and community-based models helps

mobilise additional financing for infrastructure development. Project finance should also be considered as an alternative financing method because it reduces agency conflicts and mitigates the opportunity cost of underinvestment. As a result, external sources of financing infrastructure in Africa evolve and increase gradually to support the tremendous demand in the ECOWAS region.

6.2. Healthcare Initiatives

The mobilisation of capital for sustainable development through public-private partnerships (PPPs) has emerged as a key mechanism to address development challenges in Africa. Expanding opportunities in sectors such as infrastructure, healthcare, and education, PPPs exert an increasingly significant influence on the development process and economic growth. PPPs are widely recognised as effective structures for mobilising financial resources for investment and facilitating the commercialisation of public services. Within this context, Africa-specific economic, social, and political considerations are taken into account throughout the formulation of policy, strategy, and programme proposals.

Among the critical public services, healthcare stands out due to its direct impact on human capital development (J. Tombari, 2017). Accelerated reforms in Healthcare Financing highlight the need to increase private sector participation. Public-private partnerships specifically designed to improve healthcare infrastructure and services constitute a critical intervention area. A variety of studies and policy documents stress the importance of PPPs for resolving health sector challenges and advocate for enhanced private sector involvement to strengthen healthcare delivery across Nigeria and Africa (N. O. Asogwa & I. Odoziobodo, 2016).

An alternative avenue for improved healthcare delivery involves the establishment of an efficient policy framework capable of optimising the role of PPPs. The underlying premise is that effective collaboration between the government and private sector entities enables public actors to harness the full potential of private capabilities in financing and operation. Thus, PPP engagements can provide strategic support for social sector development and promote sustainable economic growth. Addressing the pervasive infrastructure deficit is a central goal. Anticipated outcomes associated with increased participation entail direct benefits such as added value for investors, enhanced social welfare, professional development for managers, improved service

standards, superior asset utilisation, and efficiency gains via innovative organisational, management, and reward systems (Cyprian Kamugumya, 2015). Indirect effects are channelled through operational improvements and related socio-economic linkages.

PPP arrangements extend across arrangements like the Private Finance Initiative, build-operate-transfer models, and location-finance-agency schemes. The private sector's ability to finance and manage assets supports the government's commitment to infrastructure investment. Nigeria's experience underscores PPPs as a financing strategy for mobilising private capital and facilitating infrastructure construction. Many PPP programmes aim to enhance public health services by optimising resource allocation, thereby offering a substantial contribution to the upgrade of health activities and potentially prompting widespread adoption for improved health system delivery.

6.3. Education Projects

The education sector significantly contributes to human capital development in African countries. Infants undergo early childhood development (ECD), and children attend nursery, primary, and secondary schools. The sector also encompasses vocational institutions and higher education. Most countries in Africa have established policies for planning and managing their education sector. The prevalence of PPPs in education is considerably high. Several countries employ PPPs in education, and those that do not have established policies accommodating them. The United Republic of Tanzania serves as an example (Mfunwa et al., 2016).

Public-private partnerships (PPPs) in Africa generate revenue while enhancing the availability, access, equity, and quality of education and training. Education PPPs are more widespread and hold greater potential for addressing past contextual inequalities and preparing students for contributing to sustainable development and economic growth. Strategic PPPs can improve quality, especially in disadvantaged regions lacking access to well-equipped educational institutions. Countries like South Africa have adopted PPPs for secondary and higher education (Scott Jackson, 2016). Sector-wide PPPs exist in formally privatised and constrained economies such as Zambia. Both established and developing countries across the continent utilise PPPs in the education sector. Education and training-related PPPs generate employment opportunities, provide internships, and assist

students in finding permanent employment. They also contribute to reducing poverty and fostering peace and stability through unemployment alleviation.

7. Benefits of PPPs for Sustainable Development

Public-private partnerships (PPPs) have been identified as an effective means to address the four pillars of sustainable development in Africa and carry the potential to resolve some of the continent's challenges to long-term sustainability. Beyond infrastructure development, PPPs offer a collaborative approach that mobilises the expertise and resources of the public and private sectors to transform social and economic dimensions (Mfunwa et al., 2016). Benefits arising from strategic collaboration include economic growth, technological advancement, employment generation, innovation, and the creation of healthy, educated, and skilled societies. In this manner, PPPs create a stable macroeconomic environment where national resource potentials are harnessed to deliver consistent, long-lasting growth, while natural capital refreshment is maintained. As noted in section 7, sector-specific insights further substantiate the role of PPPs in supporting sustainable development objectives.

7.1. Economic Growth and Job Creation

Economic growth constitutes a crucial policy objective and a foundational element of development for African countries. Achieving it alongside broad-based job creation is imperative. Hence, growth must be structural, pro-poor, and inclusive; similarly, job creation requires sustained economic expansion complemented by policies and conditions that foster equitable employment opportunities. Labour-force status, youth unemployment, and pro-poor growth considerations assume prominence in the ensuing analysis. Theoretical and empirical studies underscore the diverse and sometimes surprising effects growth exerts on employment, wages, and productivity, as well as the necessity of specific policy and institutional conditions for these effects to materialise.

The development of a skilled, productive, and motivated labour force—defined broadly in terms of education level, type, and relevance—increases the likelihood that growth will be employment-friendly. Efforts to enhance skills can be particularly impactful when output elasticities of labour exceed those of capital and total-factor productivity, as typified by sectors such as agriculture and specific service industries where average wages are low. However, the effects of skills on

employment stem from complementarities involving product and labour-market regulations, tax incidence, and the prevailing growth pattern.

Given that most African economies typically exhibit a low-skill growth pattern, the globalisation of the services sector, the shifting location of low-skilled manufacturing activities, and the divergence of labour-market outcomes across skill groups in response to trade integration underscore the critical need for a more nuanced approach to economic development. Consequently, accentuating sectoral heterogeneity and recognising continental particularities—motivated by broad empirical regularities and typified by vibrant south–south relations—constitutes the focus of analogous work elsewhere (NWAOBI, 2013).

7.2. Innovation and Technology Transfer

The transfer and dissemination of innovations and technology constitute critical elements in the development process of any country. International organisations such as the World Bank and the United Nations Environmental Programme advocate technological advances as integral to sound environmental policies, particularly in the context of development and public-private partnerships (PPPs) (Forsyth, 2005). The United Nations Framework Convention on Climate Change (UNFCCC) prescribes capacity-building as a key dimension of technology transfer, emphasising not only the movement of technology but also the development of absorptive capacity through education and training in recipient countries. Consequently, a well-crafted approach to technological transfer may bridge the gap between economic growth and environmental protection. Public-private partnerships can provide opportunities to pool resource- and knowledge-intensive assets, accelerating economic development and growth through the dissemination of infrastructure, knowledge, and skills acquisition (Mfunwa et al., 2016).

8. Challenges and Risks of PPPs

Public-private partnerships (PPPs) have the potential to accelerate private investments in essential social and economic infrastructure. However, many African economies exhibit weak regulatory and legal environments, lack clear policies on risk allocation, suffer from unreliable guarantees regarding government obligations, and experience inconsistent political commitment. Deficiencies in essential infrastructure and poor contractual enforcement capacity also fuel significant PPP-related risks (Owolabi et al., 2018). Government agencies

often struggle to undertake comprehensive feasibility studies and proper project appraisals, processes vital for reducing corruption and delivering viable projects. Additionally, dependent on donor aid and borrowing, governments frequently face challenges in financing projects and reserves, complicating the provision of credible payment guarantees. A shortage of financial experts within public institutions hampers the development of Bankable projects.

Despite data limitations, it is apparent that many PPP programmes in Sub-Saharan Africa have failed to achieve intended development objectives. The majority of PPP investment is concentrated in South Africa, which also maintains the most extensive experience with this form of private sector participation (Mfunwa et al., 2016). The global economic downturn has further reduced confidence among international sponsors and financiers, creating significant barriers to developing Bankable projects. While the banking sector has maintained support for infrastructure development, this is often limited to short-term liquidity-driven projects. Regulatory changes that hinder local lenders' ability and willingness to finance longer-term infrastructure projects will likely diminish private sector involvement through PPPs. Examining road infrastructure pending procurement is particularly revealing in light of PPPs' pivotal role in addressing infrastructure challenges and fostering sustainable development.

8.1. Regulatory and Legal Framework

Most Southern African countries have yet to establish solid legal, regulatory, and institutional frameworks for public-private partnerships (PPPs). PPPs are increasingly adopted to address constraints in public budgets, human skills, and technical resources, and to deliver social and economic services. They have become a preferred method for infrastructure provision, including schools and hospitals, which lack adequate financing. Governments often see PPPs as a way to reduce infrastructure costs on public budgets, maintain investment, and bypass borrowing limits, while incentives attract the private sector. Both developed and emerging countries, such as Australia, Brazil, Canada, Ireland, the Netherlands, South Africa, the UK, and the US, have used PPPs (Mfunwa et al., 2016).

8.2. Financial Risks and Sustainability

Bankability in PPP project financing constitutes a significant challenge in Sub-Saharan Africa, where credit risks are associated with weak sponsor capacity. These circumstances deter foreign lenders or cause them to reduce loan amounts,

thereby limiting project viability (Owolabi et al., 2018). Other prominent concerns include civil unrest, currency devaluation, leadership instability and weak legal frameworks; widespread instances of expropriation and government repudiation have impeded PPP growth, as many contracts attract disputes or cancellation, thereby undermining market confidence. Furthermore, failures to meet project output specifications, together with legal or regulatory risks, jeopardise investments, particularly given the weak institutional frameworks prevalent in the region. Country-specific risks may prove highly damaging to foreign investors. Existing studies of bankability predominantly focus on advanced economies; little consideration has been given to country-related risks in Sub-Saharan Africa, especially from the perspectives of foreign financiers, indicating a significant knowledge gap. PPP projects can nevertheless increase the quality and efficiency of infrastructure services by mobilising private skills unavailable within the public sector, and private companies often undertake full responsibility for financing, construction and operations, thus minimising government exposure to market and product risks (Mfunwa et al., 2016).

9. Policy Recommendations

Public-private partnerships (PPPs) are widely regarded as a means to mobilise capital for sustainable development in Africa. Despite remarkable economic growth in the past 15 years, the continent is still hampered by sustained poverty, inadequate infrastructure, low human development, a growing population, and climate change (Mfunwa et al., 2016). Innovative approaches to mobilising capital and securing development, therefore, remain pertinent. The consensus is that sustainable development requires meaningful interaction between states and non-state actors in the social, political, economic, legal, and administrative arenas. Public-private partnerships (PPPs), which entail formal partnerships between the public and the private sectors in the development and delivery of social and economic infrastructure, have the potential to foster economic growth and the attainment of sustainable development goals.

9.1. Strengthening Regulatory Frameworks

Africa has embraced public-private partnerships (PPPs) as a preferred means to deliver critical infrastructure, goods and services. However, effective mechanisms are rarely in place to implement them. Most countries have yet to finalise the legal, regulatory and institutional frameworks that support PPP delivery. The lack of infrastructure holds back growth and job creation.

Inadequate infra-structure makes most economies expensive and lowers investment, and public budgets are insufficient to cover investment needs. PPPs provide an alternative way to maintain or increase investment while reducing public outlays and coping with a short-fall in public-sector skills. Governments also, at times, seek to keep infrastructure off-balance-sheet, whereas private-sector involvement is typically encouraged by incentives to perform and to cut costs (Mfunwa et al., 2016). Surveys by the African Development Bank and World Bank suggest that trans-action costs remain a key problem despite the broader adoption of PPPs.

An effective PPP strategy requires the adoption of a robust regulatory framework that mandates transparency and supportive guidelines. Implementing authorities should develop a PPP pipeline in consultation with stakeholders and identify projects that can be structured and delivered through private-sector participation. Investment costs can then be recovered through an agreement with the public agency responsible for the delivery of the services, a concession on the associated demand risk or a combination of the two. An enabling environment for infrastructure investment must be created by establishing strong legal and regulatory structures and appropriate institutional arrangements. Building awareness and capacity is key to developing the framework and enabling mechanisms to implement PPPs.

9.2. Enhancing Stakeholder Engagement

Governments may deliver public services and construct public infrastructure through private sector participation. With government representations and private sector participation, public–private partnership (PPP) arrangements can provide infrastructure and services beyond the supply capacity of either sector separately. In South African PPPs, private sector engagement is high at the construction stage, moderate during operation, and low at the hand-back stage; government involvement follows an inverse pattern. Sectors with concentrated private buyers for public services, such as military and prison services, are more suitable for PPPs than those with dispersed buyers. In Southern Africa, investors should consider long-term private participation in privatised utilities (Mfunwa et al., 2016).

10. Future Trends in PPPs

The sustainability agenda continues to underpin the global-development agenda, positioning partnership for sustainable development alongside the pursuit of economic growth and human prosperity (Mfunwa et al., 2016). A review of global development agendas shows a renewed emphasis on sustainability, beyond the consideration of economic growth. The definition of sustainable-development partnerships, informed by a desk-based assessment of conceptualisations of the sustainability and development agendas, continues to maintain the idea of a sustainable-development agenda.

The role played by the private sector in infrastructure development has propelled the commercial appeal of PPPs. Infrastructure serves as a prerequisite to the competitiveness and socio-economic development of a country, and African economies are among those that fall short of adequately meeting the requirements of a growing population. The sector continues to be a key focus of PPP arrangements in Africa.

Healthcare provision in Africa implies that PPPs provide policymakers with an essential tool for the delivery of specific competencies and skills.

Public-education institutions are stepping up efforts to build stronger links with private enterprise, a key priority for governments seeking to stimulate growth in any sector of the economy. The design of PPPs varies significantly throughout the continent, but in general, it is possible to identify two broad categories. The first group encompasses innovative frameworks aimed at achieving enhanced social outcomes. In contrast, the second covers the delegation of management and development responsibilities to private partners under some form of concession agreement.

10.1. Digital Transformation and PPPs

Digital transformation is creating new demands for infrastructure and investments in Africa, particularly in fintech, online education, and healthcare. Digital technologies can help foster inclusive economic growth and development in Africa.

Public–private partnerships may facilitate the development of digital infrastructure at the country level by closing the data connectivity and broadband coverage gap, including through the introduction of 5G networks. Adopting

digital technologies plays a vital role in advancing the Sustainable Development Goals by reducing the considerable costs of the provision of water, electricity, waste management, health and education services. Digital technologies are also addressing challenges of urbanisation, such as traffic management or security.

With the COVID-19 pandemic accelerating e-commerce and online payments, challenges such as cybercrime, digital identity, and interoperability become ever more critical. Public–private partnerships in these areas would be key to managing the risks inherent in the rapidly changing digital environment.

10.2. Emerging Markets and Investment Opportunities

Emerging markets, at the forefront of economic change, have expanded their international scope and created new investment opportunities (Mfunwa et al., 2016). Against this backdrop, the commitment to sustainable development must be maintained. By extension, capital mobilisation opportunities must be maximised to generate the resources necessary for further development. In many cases, however, emerging economies lack the infrastructure required or financial base to scale up (Nwaobi, 2006). Africa exemplifies this conundrum. Even though several countries have experienced significant growth over the last two decades, this has failed to translate into adequate social development. Then, there is a need to revisit the various mechanisms for capital accumulation, mobilisation and deployment in these emerging economies.

11. Comparative Analysis with Other Regions

The growing acceptance of PPPs as tools for capital mobilisation and infrastructure development is also evident outside Africa. For instance, sustained economic growth and increased demand for infrastructure in many parts of Asia have led to the concentration of PPP investments in sectors such as transport, energy, and water. The overriding PPP rationale there is the need for additional sources of capital to finance infrastructure projects, justified by the limited capacity of governments to bridge the financing gap through direct funding or conventional procurement. Narrowing the infrastructure financing gap has become a central development priority with significant implications for economic growth and poverty reduction. This enables countries to manage the commitments under international agreements such as the Millennium Development Goals. In Ecuador, for example, the central government has made greater use of PPP arrangements to mobilise private-sector finance and expertise to complement

existing public investments and consolidate the development-infrastructure relationship (Kaidabi Mensah, 2017). One reason for the growing interest in PPPs has been their potential to overcome current constraints, including Ecuador's conservative approach to traditional mechanisms such as contracting, investment project execution, and the issuance of debt to the private sector. From this perspective, PPPs offer a realistic scheme that is considered more affordable than government borrowing from the market, appealing to an economically constrained country. Such comparative success provides essential lessons for the containment of PPP risks in Africa (Mfunwa et al., 2016).

11.1. Lessons from Asia

Many African countries still must fully establish the appropriate regulatory, legal, and institutional framework so that public-private partnerships (PPPs) can realise their full potential in sectors critical for economic growth and transformation. Failure to address these challenges risks squandering the opportunity to improve citizens' lives. Africa loses about 1 per cent annually in per capita growth because of deficient infrastructure: schools and hospitals, particularly in rural areas, are severely under-resourced and struggle to provide essential services. However, PPP arrangements are rapidly becoming the preferred mode of infrastructure delivery. Governments seek to reduce public spending, maintain investment at high levels, and avoid capital market borrowing with PPPs, while commercial and financial incentives attract private-sector investors. PSD's considerable capacity for social and economic transformation has elevated PPPs to strategic importance. Together with promotion of innovation and maintenance of good governance, PPPs constitute the main development strategies to sustain economic growth, generate employment, and reduce poverty in the face of global economic uncertainty. Like Australia, Brazil, Canada, Ireland, the Netherlands, South Africa, the United Kingdom, and the United States, many African economies have adopted PPPs to stimulate investment in key areas while improving public-sector efficiency. Inter-sectoral PPP development depends on project-specific frameworks and guidelines; governance arrangements should build on existing experience rather than introducing new structures or institutions (Mfunwa et al., 2016).

11.2. Insights from Latin America

Public-Private Partnerships (PPPs) play a considerable role in capital mobilisation for sustainable development in Asia and Latin America (Mfunwa et al., 2016). In

these regions, PPPs have facilitated economic and social transformations by delivering essential services and infrastructure while fostering international investment and expanding global market access. Notably, the Latin American experience has made governance arrangements pivotal for attracting foreign investment and research collaboration in PPP projects (Alberto Botero Chica, 2017).

Latin America has witnessed substantial infrastructure investment through PPPs over the past two decades. Countries such as Brazil, Mexico, Colombia, Peru, Ecuador, and Chile have implemented PPP initiatives in sectors including transportation, urban infrastructure, and public utilities. The region's relative success in managing PPPs is underpinned by supportive government measures that have enabled private-sector participation in areas where outright privatisation was not feasible, such as Brazil, Chile, Colombia, and Peru (Alberto Botero Chica, 2017). Nonetheless, Latin America continues to confront challenges related to the preparation of feasibility studies and the establishment of robust financial structures—obstacles that constrain the number of projects procured under these frameworks.

12. Conclusion

Public-private partnerships (PPPs) have become an essential vehicle for mobilising capital both in SSA and throughout the African continent more broadly to fund development. The paper concludes by considering the implications of PPPs for capital mobilisation and sustainable development in SSA and Africa as the search for alternative sources of capital intensifies. SSA is a diverse region with its own unique economic and socio-political context, requiring bespoke solutions. Nonetheless, the literature broadly supports the view that if several challenges are tackled successfully, PPPs have much to contribute to sustainable development and the mobilisation of capital from external sources. Drawing on a comparative discussion of PPPs beyond Africa, the paper closes by highlighting the potential merits.

Public-private partnerships (PPPs) have become an essential vehicle for mobilising capital throughout Africa to fund development. Africa as a whole faces serious development challenges without parallel worldwide due to its economic and social context. The continent's effort to promote economic growth has therefore been hampered severely by financial constraints (Mfunwa et al., 2016). Mobilising

capital from external sources—foreign investors and development partners—has consequently been a high priority for promoting growth. Alternative channels that could support this effort have become an area of concerted research interest, particularly as the conventional channels have lost some of their lustre. PPPs have been featured prominently as a vehicle for bringing new capital into the region. Several of the critical dimensions are discussed in turn, and a growing literature informs the analysis. To avoid burdening the discussion, the body of the work is confined to PPPs' capacity to mobilise capital for development. Several themes are pursued more deeply in other contexts within the literature.

Compliance with the Sustainable Development Goals requires, among many other ingredients, significant amounts of capital to support the transition towards a more sustainable, prosperous future. Mobilising such resources at the current juncture is particularly challenging, not least given constrained public sector budgets and increasing private sector investor hesitancy. Public-private partnerships (PPPs) have become an essential vehicle for delivering development outcomes in a resource-constrained environment. Africa has been featured prominently, given its need to mobilise external funding. Large, international projects are among the main vehicles for promoting development on the continent. PPPs have received considerable attention throughout Africa and beyond.

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