Public Private Partnership (PPP)

Public Private Partnerships in Post-Conflict-Reconstruction

"Private Sector Development and Peacebuilding – Exploring Local and International Perspectives“

Berlin, September 14-15, 2006
Content

- Introduction PPP
- Reasons for FDI
- Conflict Cycles and Potential for PPP
- Example of a PPP-Project
- Conclusion
ODA does not suffice to meet challenges

FDI and ODA in developing countries in billion US $

- FDI
- ODA
## Synergies

<table>
<thead>
<tr>
<th>Point of view</th>
<th>…of development cooperation</th>
<th>…of the company</th>
</tr>
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<tbody>
<tr>
<td><strong>Initial situation</strong></td>
<td>Social, economical and ecological challenges in the developing country cannot be managed by governments alone</td>
<td>Basic conditions for investments in developing countries cannot be improved by private companies alone</td>
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</tbody>
</table>
| **Factors** | ▪ Mandate/Mission in development cooperation  
▪ Professional and regional know-how  
▪ Financial and personnel resources | ▪ Business interest  
▪ Sector-specific know-how  
▪ Financial and personnel resources |
| **Results** | Joint projects can be realized more cost efficiently and effectively while sustainability is ensured |  |
Win-Win-Win Situation

- Development Cooperation
- PPP
- Business

Advocacy

- Developing norms and standards

Sharing and coordinating resources and expertise

- Harnessing markets for development
PPP – Projects*

- Number of PPP-Projects 661
  - Sub-Saharan Africa 157
  - Asia 197
  - Latin America / Caribbean 144
  - Middle East / Eastern Europe 151
  - Supra-regional 12

- Approx. € 89 m. public contribution
- Approx. € 164 m. private sector contribution

*June 2006, PPP-Funds & Integration
Motivation for FDI

- Resources (Oil)
- Costs (Textile)
- Markets (Chemicals)
PFPs and phases of conflict

Duration of Conflict

Source: adapted from International Alert (2005): Conflict Sensitive Business Practice: Guidance for Extractive Industries
Time Frame for Post-Conflict-Reconstruction

- **Conflict Phase**
  - (1-2 years)

- **Emergency Aid**
  - (1-3 years)

- **Transition Phase**
  - (4-10 years)

- **Development Phase**

Source adapted from: Center for Strategic and International Studies (2002): Framework of Post Conflict Reconstruction
Example: Qualified employment for the local population in Afghanistan

Partner: Heidelberger Druckmaschinen AG

Problem
- Slow Post-War investment
- Lack of qualified employment

Project
- Construction of a centre for print and prepress
- Qualification of skilled local labour

Impacts
- New qualified labour force
- Project of reference & market access for Heidelberg
- Demand for printing jobs can be met locally
Summary

- PPP is a successful and important tool of development cooperation
- In zones of conflict PPP is not the one size fits all answer to attracting private sector development and kick-start economic development:
  - It is not applicable during violent conflict
  - It is suitable for preventing violent conflict by addressing the root causes of conflict
  - The strength of the PPP-tool lies in Post-Conflict-Reconstruction, specifically in narrowing the gap between the emergency phase and the phase of increased private investment
  - It can make an important contribution to prevent the relapse into violent conflict
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