

# COMMONWEALTH **Governance and Growth** 2014

Commissioned and researched by Andrew Robertson with Rupert Jones-Parry

Country profiles researched and edited by Katie Silvester, Kate Bystrova and Jade Fell

Published for the Commonwealth Secretariat  
by Nexus Strategic Partnerships

## COMMONWEALTH **Governance and Growth** 2014

The various Commonwealth declarations and statements are copyright-free, although the Commonwealth Secretariat should be appropriately acknowledged.

Text © Commonwealth Secretariat 2014 or as otherwise credited

Volume © Nexus Strategic Partnerships Limited 2014

Country maps © Oxford Cartographers

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the permission of the publisher.

Applications for reproduction should be made in writing to Nexus Strategic Partnerships Limited, St John's Innovation Centre, Cowley Road, Cambridge CB4 0WS, UK.

The information in this publication is believed to be correct at the time of manufacture. Whilst care has been taken to ensure that the information is accurate, the publisher can accept no responsibility for any errors or omissions or for changes to the details given. Views expressed in this publication are not necessarily those of the Commonwealth Secretariat or the publisher.

A CIP catalogue record of this book is available from the British Library.

A Library of Congress CIP catalogue record has been applied for.

First published 2014

ISBN 978-1-908609-10-6

# Nexus |

Published by Nexus Strategic Partnerships and available:

*Telephone:* +44 (0) 1223 353131

*Fax:* +44 (0) 1223 353130

*Email:* [orders@nexuspartnerships.com](mailto:orders@nexuspartnerships.com)

*Mail:* Nexus Strategic Partnerships

St John's Innovation Centre

Cowley Road

Cambridge CB4 0WS

UK

**[www.commonwealthgovernance.org](http://www.commonwealthgovernance.org)**

*And through good booksellers*

For the Commonwealth Secretariat

Marlborough House

Pall Mall

London SW1Y 5HX

UK

**[www.thecommonwealth.org](http://www.thecommonwealth.org)**

# Contents

<b>Foreword</b> .....	5	<b>Unfinished reforms in infrastructure: Impact on private investments</b> .....	50
<i>Commonwealth Secretary-General Kamallesh Sharma</i>		<i>Jyoti Gujral</i>	
<b>Introduction</b> .....	8	<b>Public-private partnership and its significance for Malaysia</b> .....	54
<i>Tim Newman, acting director, GIDD</i>		<i>Khairuddin Abdul Rashid</i>	
<b>International organisations at the moving public-private borderline</b> .....	11	<b>PPPs and growth in developing countries</b> .....	58
<i>Christer Jönsson</i>		<i>Mark Hellowell</i>	
<b>Inclusive growth and business support Experiences from the Business Innovation Facility</b> .....	16	<b>The importance of stakeholder engagement in PPP procurement</b> .....	61
<i>Caroline Ashley, Carolin Schramm and Tom Harrison</i>		<i>John Seed</i>	
<b>Supporting St Kitts and Nevis to grow in a changing trade environment Commonwealth technical assistance and the Guyana-Brazil Partial Scope Agreement</b> .....	20	<b>A skills and knowledge-base for PPPs</b> .....	64
<i>Kwadwo Frempong, programme officer, GIDD</i>		<i>Mark Williams and Stephen Harris</i>	
<b>Governance for growth: Good practice from the UN Public Service Awards</b> .....	22	<b>PPPs and future broadband infrastructure development</b> .....	67
<i>Division for Public Administration and Development Management, UNDESA</i>		<i>Idongesit Williams and Morten Falch</i>	
<b>Safeguarding corporate and project governance: The role of IFIs</b> .....	26	<b>Engaging the private sector to promote investment in public infrastructure delivery</b> .....	71
<i>Jelena Madir</i>		<i>Magdalene Apenteng</i>	
<b>Public-private partnerships: The road ahead</b> .....	30	<b>Government investment in PPP schemes: Re-evaluating value for money</b> .....	76
<i>Ian Macdonald</i>		<i>Robert Eadie</i>	
<b>Public infrastructure investment: A Caribbean perspective</b> .....	33	<b>The people paradox: Changing HR perspectives and imperatives</b> .....	80
<i>Veronica Bennett-Warmington</i>		<i>Andrea Charman</i>	
<b>Infrastructure finance: Risk management and the search for new models</b> .....	38	<b>Tax incentive reforms: The Mauritian experience</b> .....	83
<i>Luca Gatto and Anthony Sykes</i>		<i>Sudhamo Lal</i>	
<b>PPP projects in India: Progress, prospects and problems</b> ...	43	<b>Economic growth and the problem of political succession</b> .....	85
<i>Gautam Ray</i>		<i>Tim Kelsall</i>	

## Commonwealth member countries

Antigua and Barbuda.....	88	Namibia.....	193
Australia.....	91	Nauru.....	197
The Bahamas.....	95	New Zealand.....	200
Bangladesh.....	98	Nigeria.....	205
Barbados.....	102	Pakistan.....	213
Belize.....	106	Papua New Guinea.....	217
Botswana.....	109	Rwanda.....	220
Brunei Darussalam.....	113	St Kitts and Nevis.....	224
Cameroon.....	116	St Lucia.....	227
Canada.....	120	St Vincent and the Grenadines.....	230
Republic of Cyprus.....	124	Samoa.....	233
Dominica.....	128	Seychelles.....	237
Fiji.....	131	Sierra Leone.....	240
Ghana.....	135	Singapore.....	244
Grenada.....	142	Solomon Islands.....	248
Guyana.....	145	South Africa.....	251
India.....	148	Sri Lanka.....	256
Jamaica.....	152	Swaziland.....	260
Kenya.....	155	Tonga.....	263
Kiribati.....	160	Trinidad and Tobago.....	266
Lesotho.....	164	Tuvalu.....	270
Malawi.....	167	Uganda.....	273
Malaysia.....	171	United Kingdom.....	278
Maldives.....	177	United Republic of Tanzania.....	282
Malta.....	181	Vanuatu.....	288
Mauritius.....	185	Zambia.....	292
Mozambique.....	189		
		<b>Project partners.....</b>	<b>296</b>
		<b>Acknowledgements.....</b>	<b>296</b>

# Foreword

## Commonwealth Secretary-General Kamalesh Sharma

Our Commonwealth approach has always been to see democracy and development as mutually supporting and reinforcing. It is therefore natural that we should seek to bring a binocular depth of focus to infrastructure development and public service delivery by looking at them through the lenses of both governance and growth.

The Commonwealth Charter reminds us that good governance helps to 'ensure transparency and accountability', and that 'sustainable economic growth and development and the rule of law are essential to the progress and prosperity of all'.

Building resilience in member states is a Commonwealth priority and brand strength, and diversification plays a crucial part in reducing vulnerability. Broadening sources of funding for capital and infrastructure projects, and for public service delivery, is an important element in reducing dependence on too narrow a base of financial support.

Contributors to this publication draw on an immensely wide range of knowledge and experience. Making such analysis and expertise more widely available, within and beyond our membership, is part of the global wisdom function of the Commonwealth. It is our hope that many will profit from the specialist knowledge and insights shared within these pages, to the advancement of social welfare and for the economic benefit of communities in many parts of the world.





# Matekane Group of Companies, Lesotho

*Welcome to our world of innovation*

Established in 1986 as a small, sole proprietor in transport with one truck, today, we house exceptional teams in construction, mining, aviation, roads construction and property development.

'It is not the challenges that inspire us; it is the eye-opening moments when we find the solutions, often beyond our wildest imagination, that keep us innovative.'

**Sam Matekane, Founder and Chairman**

## Foreword

'We have been in business for more than 25 years, raising the bar to achieve our milestones. As the first Basotho-owned company to own aircrafts and operate them successfully, we are looking forward to operating a scheduled flight service for our CRJ's between Lesotho and South Africa. MGC has broken new ground and has ventured into mining and aviation.



We are inspired by the need to improve our country, give back to our communities and instil skills in our employees. Through our Corporate Social Responsibility programmes we aim to impact positively on the youth, the community and our nation.

Expect more from us, and keep your dreams alive, focus and you will achieve. God Bless!'

*Sam Matekane, Chairman of Matekane Group*

**Tel: +266 22 31 7734/52 21 6200**

**Fax: +266 22 31 7733**

**Email: [info@matekanegroup.co.ls](mailto:info@matekanegroup.co.ls)**

**[www.matekanegroup.co.ls](http://www.matekanegroup.co.ls)**



## Matekane Transport and Plant Hire

Matekane Transport and Plant Hire (Pty) Ltd is the founding subsidiary of the Matekane Group of Companies, MGC, which started operations in 1986 as a small business. Since then it has grown and ventured into construction and is one of the fastest growing companies in Lesotho. Matekane Transport and Plant Hire specialises in road construction, rehabilitation and associated infrastructural development that includes bridges, culverts, water treatment plants and water reticulation. Our project managers start from no structure to blacktop in design, contracting, implementation, supervision and maintenance of roads to deliver outstanding projects on time.



## Matekane Mining

Matekane Mining has navigated the Maluti Mountains to deliver the best plant for opencast mining at 3 200 m above sea level, and we will continue to deploy project managers that ensure our continued excellence anywhere in the world. Open pit mines are operated when deposits of minerals are found near the surface or along kimberlite pipes. MGC has expanded its mining division to Mozambique in partnership with an experienced Indian company, RST Mining and Logistics.



## MGC Aviation

Inspired by Lesotho's terrain that presents endless scenic possibilities, Matekane Aviation awaits the discerning luxury traveler, the up-to-the-minute business executive, the curious farmer, the unexpected emergency evacuation, and the free-spirited photo and videographer, to offer our exclusive-to-you service. Matekane Aviation, the only privately owned airline in the Mountain Kingdom, was established in 2009, launching the company's professional and charter services to the highlands of Lesotho. Lesotho entrepreneur and Group Chairman of MGC, Sam Matekane, says his vision is 'to make MGC an ambassador of Lesotho's excellence and make the country a force to be reckoned with internationally'.



## Matekane Property

***If our contribution can advance our market one more step in the ease-of-doing-business indices, our drive to erect more structures will continue to be fuelled.***

The project, which commenced in October 2010, has created more than 250 jobs and employed mainly dynamic Basotho companies during construction. The initial intention was to create a home for all the subsidiaries of the Group under one roof. However, the idea was further improved to erect a structure that would not only accommodate MGC staff but also contribute to answering the need for commercial space in Maseru, and diversify the Group's portfolio of assets and new revenue streams.

Matekane Property has more developments underway and is currently erecting the Mpilo Boutique Hotel.

## MGC Corporate Social Responsibility

MGC is committed to improving the lives of the less privileged members of local communities. Our CSR policy supports education, sports, community and youth development. Below are a few of our contributions to the nation:

- Building a new Roman Catholic Church for the Mantsonyane community
- Sponsorship of our Euro-copters services for the *Roof of Africa* race
- Full financial support of Likhopo FC
- Thaba Tseka schools project, sponsorship of more than 60 students from primary to secondary school level
- Moshoeshoe walk marathon
- High Altitude Marathon
- Wheelchair marathon in conjunction with Lesotho Revenue Authority (LRA) and other major companies in the country – giving wheelchairs to the underprivileged and disabled in our country
- Sponsorship of our CRJ200 50-seater aircraft for the national soccer team, Likoena to fly to Zambia for the 2013 Confederations Cup qualification

## Introduction

# Good governance as a prerequisite for democracy and development

**Tim Newman, acting director, GIDD**

There is growing recognition of the need to place governance reforms – particularly the development of strong and effective public institutions – at the heart of aid effectiveness. As argued by Betts and Wedgwood: ‘States can only manage development properly, and achieve the sorts of results intended, when they are underpinned by effective and accountable institutions and systems.’<sup>1</sup> This is borne out by the Commonwealth’s own experiences and reinforced by the ongoing discussions around the post-2015 development agenda, which have drawn a clear correlation between democratic development (engendering human rights, citizen empowerment, etc.), good governance and the attainment of sustainable, equitable and inclusive socio-economic development.

As highlighted in the original 1989 World Bank report ‘Sub-Saharan Africa: From crisis to sustainable growth’, poor governance – in particular arbitrary rule, state capture, rent-seeking and a lack of public accountability – is a key factor underpinning many of Africa’s development challenges.<sup>2</sup> Furthermore, within many developing countries the public sector is the largest employer, a key source of public demand and the primary provider of vital public services and infrastructure. A weak public sector can therefore significantly hamper economic growth and job creation.

Conversely, good governance – defined within the Commonwealth context as ‘enabling the development of public value by promoting the principles of accountability, transparency, predictability, capacity and participation throughout the institutions and processes that regulate the public realm’<sup>3</sup> – is positively associated with i) increasing primary education and adult literacy; ii) reductions in infant mortality; and iii) economic growth, including improved investment and productivity.<sup>4</sup> Good governance helps build trust between the state and citizens through impartial, non-biased and fair public administration, while transparency, accountability and respect for the rule of law (particularly regarding contracts and private property), coupled with an absence of arbitrary political interference, help reinforce the confidence of markets and investors in a country.

Good governance and democracy are part of the intrinsic core values that help bind the Commonwealth together. Despite the recent popularity of the ‘authoritarian development’ concept, we believe that democracy is key in realising the good governance on which sustainable, equitable and inclusive development depends. A range of indicators show the generally poor economic performance of non-democratic states over time, with 95 per cent of the worst economic performances in the last 40 years having taken place in non-democratic countries. Furthermore, people in low-income democracies have a life expectancy, on average, eight to 12 years longer than those in economically comparable autocracies.<sup>5</sup>

Good governance is therefore critical in two key respects: first, as a means to an end, given its role as a crucial enabling factor for economic development outcomes, and second, as an end in itself, as citizens aspire to live in an open and free society with an effective, transparent and honest government.

## The Commonwealth Secretariat’s Public Administration programme

The Commonwealth has long appreciated the enabling role played by good governance in facilitating both democracy and development, with the Secretariat’s approach built upon the fundamental belief that good governance is an essential precondition for sustainable development and democracy. Most recently, Commonwealth Heads of Government reaffirmed their commitment to the post-2015 development agenda through the adoption of the Colombo Declaration on Sustainable, Inclusive and Equitable Development at the Sri Lanka Commonwealth Heads of Government Meeting (CHOGM) in November 2013. During CHOGM the heads stated that ‘achieving growth with equity and promoting sustainable development ... could be achieved through strengthening public administration and institutions and reinforcing accountability’.

Effective public administration is central to good governance. Governments cannot deliver either democracy or development without an efficient, effective and equitable public administration. This is not simply a matter of having an efficient and professional civil service – it also requires impartial, fair and transparent systems and institutions to guarantee the effective delivery of public services and ensure that citizens retain trust and confidence in their government.

Effective, efficient and equitable public administration – in particular at the centre of government – is essential in ensuring that there is co-ordination, rather than competition, between the various institutions and arms of government. Effective public administration is therefore crucial in enabling a country to develop, agree and implement a realistic and achievable long-term development strategy, including delivering on economic growth and investment.

It is with this in mind that Commonwealth member governments adopted a new four-year Strategic Plan for the Secretariat in June 2013. The 2013–17 plan includes the adoption of a more narrowly focused work programme in order to sharpen the impact of the Secretariat’s work, as mandated by leaders at the 2011 CHOGM.

The new Strategic Plan reinforces the Secretariat’s commitment towards ‘more effective, efficient and equitable public governance’,



*Commonwealth Business Forum 2013, Colombo*

recognising that a well-performing public administration built upon strong institutions is critical for establishing and sustaining democracy, good governance and development. The new Strategic Plan includes a Public Administration programme which builds upon the Secretariat's track record of strengthening key public institutions through context-sensitive technical and peer-to-peer support.

Based on our members' shared history and tradition in public administration and their common challenges, particularly among the small states of the Commonwealth, the Secretariat's Public Administration programme focuses on:

- Supporting and strengthening the political and bureaucratic environment at the centre of government, to enable reform and development, through strengthening key institutions and the interface between the political and administrative actors in government
- Establishing, developing and nurturing regional and pan-Commonwealth thematic networks in the areas of anti-corruption and public procurement
- Strengthening key institutions to improve democratic oversight of public finances
- Supporting and enabling small states to identify, adopt and apply comparative experiences and 'best fit' solutions for improved public administration

The adoption of this new Public Administration programme has enabled a redeployment of the Secretariat's resources towards these key areas in which the organisation is recognised as having a

clear and demonstrable comparative advantage. This move has involved the scaling down of Secretariat support in other areas where our comparative advantage is less clear; where there are other, much larger development actors active; and where it has been difficult to clearly demonstrate impact.

### **The role of PPPs in the Public Administration programme**

As is evident from the rich and diverse contributions to *Commonwealth Governance and Growth 2014*, a number of Commonwealth countries have embarked on Public-Private Partnership (PPP) initiatives in recent years as a means to achieving some of their development objectives.

The surge in popularity of PPPs in recent years is largely due to the perceived benefits which these offer over traditional public sector-oriented means of delivery. These potential benefits include:

- Lowering the initial capital outlay by governments for infrastructure development and delivery of public services, as the significant financial constraints faced by some governments mean that many projects would not be feasible without private sector involvement
- Relieving the pressure upon government budgets over the longer term by providing better value for money through greater efficiencies and competitiveness
- Sharing the risks associated with such projects with the private sector

However, as elaborated through *Commonwealth Governance and Growth 2014*, and in detail in the Secretariat's 2010 *PPP Reference Guide*<sup>6</sup>, there are also many risks associated with PPP. These include:

- Market risks – is there sufficient demand for the infrastructure/services?
- Development/planning risks – is the proposed project actually feasible?
- Project risks – will the project be delivered on time and on-budget? Will the infrastructure/services provided be delivered to an acceptable standard?
- Political risks – will the political environment remain stable over the lifetime of the project?
- Regulatory risks – is there a sufficiently robust and independent regulatory framework in place?
- Financial risks – will there be sufficient access to credit over the lifetime of the project? Will exchange rate fluctuations impact costs/revenues?

An independent evaluation of the Secretariat's support to members in PPP was conducted in 2012.<sup>7</sup> As the evaluation highlights (in common with several of the contributors to *Commonwealth Governance and Growth 2014*), the success of PPP initiatives is dependent upon effective, equitable and accountable public administration being in place. Given the considerable risks that PPP initiatives can entail, strong public administration and functioning institutions are crucial to enabling governments to effectively manage these risks and reap the potential benefits of PPP initiatives, as well as other service delivery reforms. Without strong institutions, there is, as Ian MacDonald states, a 'danger that we produce a system that results in the privatisation of profits and the socialisation of costs' (see page 30). In line with the findings and recommendations of this evaluation, and the new priorities and structure set out under the 2013–17 Strategic Plan, the Secretariat is transitioning its support in this area towards strengthening one of the three key 'P's in PPP – public administration and key public institutions.

The evaluation also made clear that a number of other, much larger, international and regional development organisations are providing direct support to governments through PPPs and that they have their own distinct advantages in this field. Our renewed focus on public administration makes more effective use of the Commonwealth's own comparative advantages – our trusted partner status, our members' shared history of public administration and our ability to identify 'best fit' solutions.

The trust the Commonwealth enjoys from its members allows us to access and assist in politically sensitive areas of government – such as at the centre of government, at the political-administrative interface and in supporting the democratic oversight of public finances. This strategic position enables the Commonwealth to influence political leadership and to create the political will necessary to design, facilitate and oversee a common national vision and development agenda.

The Secretariat remains committed to providing its members with high-quality assistance and technical support with an aim to strengthen public administration. We believe that our approach – of focusing our efforts towards helping members strengthen the key institutions at the centre of government, such as the Office of the Prime Minister, the Cabinet Office and the Head of Public Service, as well as key oversight institutions such as anti-corruption commissions, national procurement agencies and supreme audit institutions – has a unique and valuable contribution to make to improving public administration in our member states. Through it we will strengthen our members' governance infrastructure overall and, ultimately, contribute more directly towards the achievement of our members' national development objectives.

## ENDNOTES

- 1 Betts, J. and Wedgwood, H. (2011) 'Effective Institutions and Good Governance for Development: Evidence on progress and the role of aid'. *Evaluation Insights*, 4. Available at: [www.oecd.org/derec/unitedkingdom/50313780.pdf](http://www.oecd.org/derec/unitedkingdom/50313780.pdf).
- 2 The International Bank for Reconstruction and Development. (1989) *Sub-Saharan Africa: from crisis to sustainable growth*. Washington DC: The World Bank.
- 3 From the Commonwealth Ministers Forum on public sector development: Promoting good governance and policy for effective public service, Malta, 20–21 October 2010.
- 4 The International Bank for Reconstruction and Development. (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. Washington DC: The World Bank.
- 5 Halperin, M., Siegle, J. and Weinstein, M. (2004) *The Democracy Advantage: How Democracies Promote Prosperity and Peace*. Washington DC: Routledge Press, Ch. 1.
- 6 Yong, H. K. (2010) *Public-private Partnerships Policy and Practice: A Reference Guide*. London: Commonwealth Secretariat.
- 7 Veldman, B. (2012) 'Evaluation of the Commonwealth Secretariat's Public Private Partnership Programme' [PDF] Commonwealth Secretariat. Available at: [http://secretariat.thecommonwealth.org/files/251574/FileName/ComSec\\_PPPEvaluationReport\\_Final.pdf](http://secretariat.thecommonwealth.org/files/251574/FileName/ComSec_PPPEvaluationReport_Final.pdf).