NATIONAL STRATEGY FOR THE DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIPS

By adopting the economic development policy, commonly called "Vision 2035", the Republic of Djibouti places at the heart of its medium and long term strategic provisions, the interest to develop public-private partnerships to meet the challenges of competition and economic growth.

The key role of the private sector in economic diversification leaves no doubt as to its ability to improve the competitiveness, management and quality of public infrastructure and services. And to do so, the government has established a legal and institutional framework to explicitly define the fundamental and constitutive elements of the Public-Private Partnership (PPP) in the Republic of Djibouti.

The National Strategy for PPPs lays down the main guidelines and orientation in order to pursue precise objectives with the aim of enhancing economic development, improving the quality of infrastructure and public services, optimizing public financial resources and initiating sustainable economic diversification.

This new type of investment and financing mechanism is a part of the pillar dedicated to economic diversification and competitiveness.

The national strategy for the development of PPPs is designed to define a reconciled framework for project implementation, as a reference for the parties to the PPP project. It emphasizes on the roles and responsibilities of the stakeholders, in this case, the institutional actors as well as those in charge of the different stages of identification, development, transaction, implementation and monitoring/evaluation of projects in PPP mode.

Moreover, the aim, through this strategy, is to adopt a prudent approach to the risks identified and allocate them to the party best able to manage them and at the lowest cost.

In addition, the national PPP development strategy pays particular attention to the applicability of the following principles:

- **Budgetary sustainability,**
- **Respect for public order principles,**
- **Conscientious allocation of risks and accountability**
- **Respect for contractual commitments**
- **Accountability of the key actors of a PPP project.**

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Projects presented in the form of PPP are subject to the principles and conditions of eligibility and implementation procedures.

Compliance with these fundamental principles demonstrates the willingness to ensure good governance in the implementation of PPP projects in the Republic of Djibouti. Institutions in charge of PPP's are required to meticulously ensure compliance with:

- **The principles of freedom of access, equal treatment of bidders and competition**
- **Objectivity of procedures and transparency.**

Public competitive bidding is the basic rule for all types of projects presented in the form of PPP. Furthermore, the proposals of spontaneous offers of private partners are exceptionally admissible in compliance with the conditions defined by the law governing PPP.

The implementation of PPP projects follows a life cycle comprising three phases, namely: development, transaction and implementation.

1. **The first phase "Development or identification"**
   Confirms the interest to present the project and its structuring in the form of a PPP. It results from the preparation of a synthesis document called "Preliminary Assessment Report" which summarizes all the analyses and studies necessary for the decision making.

2. **The second phase “Transaction”**
   Consists in selecting the partner for the PPP project. It includes the final structuring, the preparation of the PPP project contract, the selection process and the financing agreement with the Private Partner.

3. **The third phase "Implementation”**
   Covers the management of the PPP contract. The contracting authority ensures, throughout the process, that the contractual obligations are fulfilled and respected, the performance and the monitoring-evaluation of the PPP project is carried out effectively.

Thus, PPP gives the opportunity to the Private Sector to contribute to the structural transformation of the national economy and to assert its driving force to the economic growth.

PPP as a means of providing public goods and services responds, on the one hand, to the need to demand a "better state" and, on the other hand, allows the use of capital and know-how from the private sector, which leads to a "customer approach" to public services.

The projects implemented as PPP aim to satisfy the social demand and to achieve greater efficiency in the management of public expenditure.

This justifies the adoption of Public-Private Partnership as an instrument of Public Policy.