

The State of Public–Private Partnerships in Algeria – With Experiences from Selected Countries –

Hanane Zellagui

Rank: Lecturer (B) – Economics, Mohamed Boudiaf University of M'sila

Professional Email: hanane.zellagui@univ-msila.dz

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Abstract

The pursuit of economic and social balance is a major concern for governments and ruling authorities in countries around the world. In this context, successive theories have sought to achieve such balance. Some emphasize the need for the state to assume responsibility for the various dimensions of economic and public affairs, whereas others regard state intervention as one of the factors that may disrupt economic and social equilibrium. Public–private partnership (PPP) is an important strategic approach and a policy instrument capable of contributing to the achievement of economic, social, and financial balance. Consequently, it has attracted considerable attention from the governments of both developed and developing countries. Public–private partnership projects, which expanded during the 1990s, covered numerous areas that had previously been largely reserved for the state, including basic infrastructure, telecommunications, tourism, transport, and scientific research.

Keywords: Public Sector – Private Sector – Partnership – Infrastructure.

Introduction:

The subject of public–private partnership has received considerable attention from governments and research centers around the world. PPP contracts are among the major approaches adopted by governments and public administrations to implement development and public-service projects, particularly in developing countries that face high levels of indebtedness and budget deficits, while also experiencing population growth and increasing demand for public services. In addition, insufficient financing for such projects, especially in developing countries, has created a need to establish partnerships with private-sector entities. This need has emerged from the recognition that economic and social development can be achieved more effectively through coordinated efforts between the public and private sectors and through the mobilization of their financial, material, and human resources. This type of contract may be defined as an agreement between the public administration, representing the public sector, and private companies to participate in the establishment, implementation, or management of public-

service and infrastructure projects. Such contracts are hybrid in nature, combining features of public and private contractual arrangements.

Based on the foregoing, the research problem may be formulated through the following question:

What is the current state of public–private partnership implementation in Algeria, and how can it be activated and optimized?

Significance of the Study:

The study seeks to identify the various reasons that led Algeria to adopt the public–private partnership strategy as a mechanism for encouraging the private sector to contribute to the national economy, to present its applications in Algeria, and to propose measures for improving the effectiveness of this investment and management approach.

Structure of the Study:

The first section addresses general concepts relating to the public and private sectors.

The second section examines the state of public–private partnership in Algeria.

I. The Concept of Public–Private Partnership

Public–private partnership emerged within the wave of public administration reforms that took place during the 1990s in several European countries, commonly associated with the New Public Management approach. These reforms were primarily based on improving the efficiency and effectiveness of public-sector organizations, and partnership became one of the mechanisms adopted within this framework.

1. Definition of Public–Private Partnership:

Several definitions of public–private partnership have been proposed, including the following:⁽¹⁾

Franz defines partnership as purposeful cooperation between public and private entities aimed at achieving the desired mutual benefits on the basis of a common frame of reference. It is also regarded as a long-term development concept that requires cooperation capable of transcending the overlapping and sometimes conflicting interests of the parties concerned.

The British Committee for Public–Private Partnerships defines it as a risk-sharing relationship between the public and private sectors, based on a shared aspiration to achieve a desired public-policy objective for the country.

Harding defines it as action based on the willingness of members of the public and private sectors that may contribute to improving the economy and quality of life.

McQuaid defines it as part of the comprehensive regional development of a given area.

The diversity of definitions results from each researcher focusing on a particular aspect. In general, public–private partnership may be defined as the various forms of interaction and cooperation between the public and private sectors through the integration of their

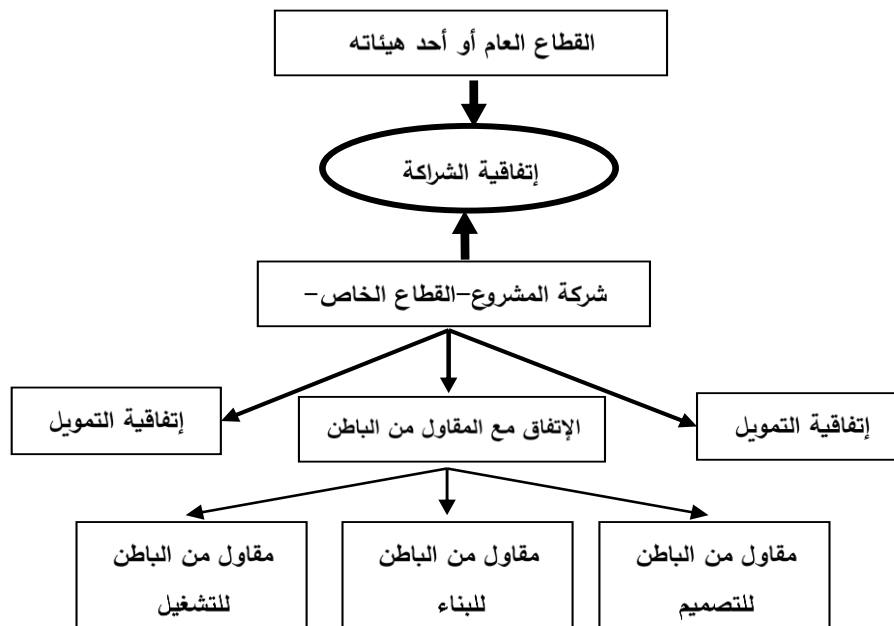
material and human resources in order to achieve specific objectives within the framework of the state's public policy.

Partnership differs from privatization. Privatization implies that the state no longer participates in determining the output of the privatized enterprise; consequently, the enterprise seeks to maximize profits without such constraints. Under a partnership arrangement, by contrast, the state and the private partner determine the quantity and quality of the service, as well as its prices. The private partner therefore seeks to maximize its profits within the terms of the contract concerning quantity, quality, and prices. ⁽²⁾

2. Parties to Public–Private Partnership:

From a theoretical perspective, public–private partnership requires two parties: the public sector, represented by the government or one of its agencies, and the private sector, represented by the project company. The following figure illustrates this structure:

Figure (01): Structure of Public–Private Partnership.



Source: Prepared by the researcher based on the theoretical framework.

Table (01): Key Differences between Public–Private Partnership and Privatization in Infrastructure

Criteria	Public–Private Partnership (PPP)	Privatization
Project Development	Infrastructure projects are generally developed by the public sector and subsequently operated and maintained by the private sector, as in service, management, and lease arrangements. However, under certain schemes, such as Build–Operate–Transfer (BOT) , the private sector is responsible for developing the project.	Infrastructure projects are generally developed by the state and subsequently privatized through their sale to the private sector.
Ownership of Project Assets	Depending on the PPP arrangement, ownership may be transferred to the private sector and subsequently returned to the public sector at the end of the contractual period; in other arrangements, ownership remains with the public sector.	Ownership is transferred to the private sector.
Regulation	Infrastructure projects implemented under PPP arrangements are governed by the contractual terms agreed upon between the public and private sectors at the beginning of the project.	Infrastructure projects subject to privatization are governed by the regulatory rules and procedures established by the state for the privatization process.
Provision of Infrastructure Services	The public sector remains primarily responsible for providing infrastructure services to society.	The private sector is primarily responsible for providing infrastructure services to society.

Source: Mohamed Salah, The Role of Public–Private Partnership in Increasing Investment Returns in Economic Infrastructure under the Build–Operate–Transfer System, PhD Dissertation in Economic Sciences, Hassiba Ben Bouali University of Chlef, 2016, pp. 47–48.

3. Types of Public–Private Partnership:

Public–private partnership arrangements may be classified according to the contracts concluded, as follows: ⁽³⁾

3.1. Service Contracts: Private institutions provide services under contracts with public authorities. These contracts are generally short-term and may cover activities such as waste collection, street cleaning, and maintenance of public gardens. A key feature of this form of partnership is that the private institution places its material and human resources at the disposal of the contracting public authority, drawing on its expertise in the contracted activity, which normally falls within the responsibilities of public authorities, in return for financial compensation.⁽⁴⁾

3.2. Management Contracts: The private-sector contractor is responsible for managing the service supplied to the public sector, but is not responsible for financing operations, maintenance, or investment in the facilities required to deliver the service. The private operator receives compensation linked to management efficiency. Contracts generally last between three and five years, as in the management of public utilities such as water distribution and energy.

3.3. Lease Contracts: The private contractor leases the assets of the public utility and is responsible for the operating, repair, and maintenance costs of the equipment. The contractor may also be responsible for collecting revenues from service users and bearing the related risk. However, the contractor is not responsible for additional investment required to replace the equipment with new assets in the event of deterioration or unsuitability. Contract duration generally ranges from eight to fifteen years.

3.4. Build–Operate–Transfer (BOT) Contracts: Under this arrangement, the private partner undertakes the construction and operation of the project and, upon expiry of the contract, transfers ownership to the public sector. The contract specifies how the private operator will collect revenues from service users in return for its investment throughout the contract period, which is generally long-term. According to the degree of interaction between the parties and the distribution of decision-making authority, partnerships may also be classified as follows:⁽⁵⁾

3.5. Consultative Partnership: This is the lowest level of partnership. A public authority, such as a municipality, seeks advice, recommendations, guidance, evaluation, or other forms of expertise from individuals or institutions in a particular field. It thereby obtains information and ideas for improving the quality of services provided. At this level, decision-making authority remains with the public authority; private institutions do not participate directly in decision-making and may only influence it through persuasion and advocacy, without the authority to impose particular views.

3.6. Contribution Partnership: This form involves a commitment by the partner to provide support, usually financial, for an activity that does not require the partner's direct involvement in implementation, such as a particular event. Consequently, the partner does not play a direct role in decision-making.

3.7. Operational (Functional) Partnership: This form of partnership is characterized more by the sharing of work than by the sharing of decision-making authority. It may require the pooling of partners' resources. Partners coordinate their activities by distributing tasks and exchanging views. In general, this type of partnership is based on sharing financing and production and, to a lesser extent, planning.

3.8. Alliance: Under this form of partnership, the two parties share decision-making authority, resources, and efforts, with each party having equal decision-making power. Various resources, including information, financial resources, and human resources, are pooled to achieve the desired objectives.

Thus, the identification of public-private partnership forms varies according to the perspective adopted. In general, partnership helps both parties overcome a number of obstacles and thereby achieve a range of objectives.

4. Rationale for Public-Private Partnership:

Public-private partnership is a mechanism that helps increase private-sector investment across economic and social activities in order to meet society's needs for goods and services through innovative approaches. The main rationales for adopting partnership can be summarized as follows:

Table (02): Practical Applications of Public-Private Partnership

Transport	Network Services	Public Property / Administration	Other Public Services
Air transport: airports; other systems	Energy: production; distribution	Administration: city hotels; ministries; other public buildings	Education: schools; universities; kindergartens
Road transport: roads, bridges, tunnels; service stations; other systems	Water: production; treatment; distribution	Health: hospitals; nursing homes; clinics	Security: police stations; prisons; defense
Railways: railway lines and stations; other systems	Waste; other systems	Culture: museums; theaters	Defense: barracks; training centers; administrations
Maritime transport: networks, ports, terminals; other systems	Telecommunications: fixed-line and mobile networks	Sports and recreation: sports grounds; swimming pools	Other: recreational areas

Source: Elisabeth Campagnac et al., *Evaluating Public–Private Partnerships in Europe*, Paris: Presses de l'École Nationale des Ponts et Chaussées, 2009, p. 52.

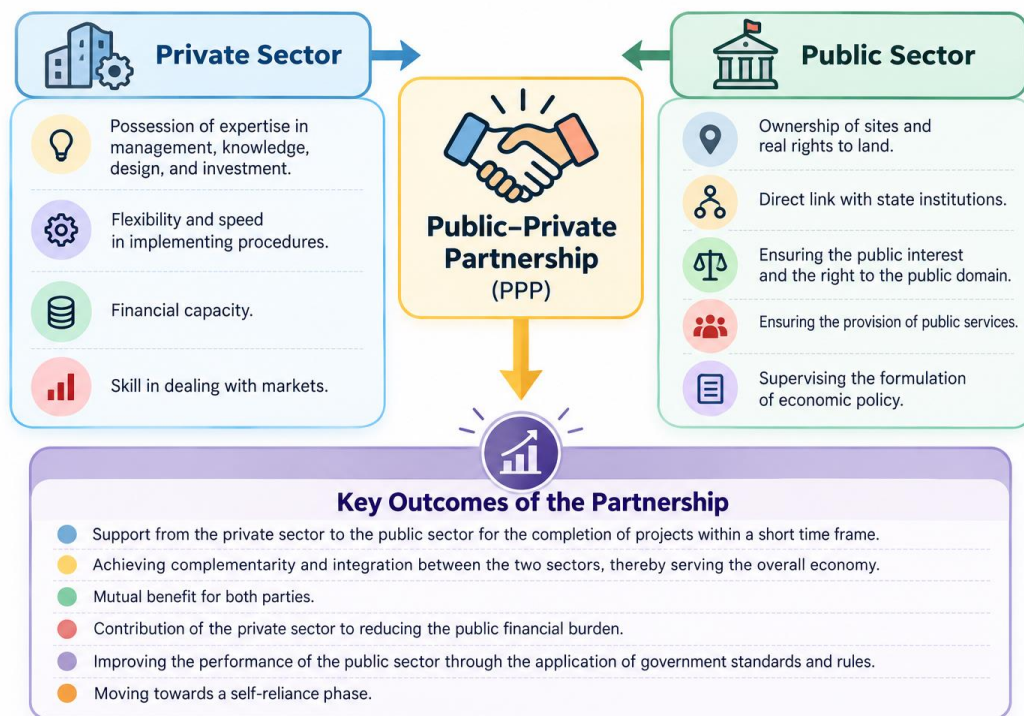
4. Rationale for Public–Private Partnership:

The main reasons for adopting PPP include: ⁽⁶⁾

- Governments may be unable to achieve sustainable development on their own.
- The public sector may face limited financial, human, and technological resources because of the number and diversity of projects requiring implementation; partnership can reduce pressure through the sharing of responsibilities among partners.
- States may be unable to bear the investment expenditure required for infrastructure, while resources allocated to social-development programs are declining and citizens increasingly demand improved public services.

5. Benefits of Public–Private Partnership:

The main benefits of public–private partnership may be summarized as follows: ⁽⁷⁾



Source: Hanan Abdul-Khader Al-Hashim, “Public–Private Partnerships in the Iraqi Economy: Implications and a Strategic Vision for Implementation,” *Al-Izzi Journal of Economic and Administrative Sciences*, Vol. 13, No. 6, College of Administration and Economics, University of Kufa, Iraq, 2015, p. 19.

Despite the numerous advantages offered by public–private partnerships and the satisfactory outcomes achieved by the parties involved in many partnership agreements,

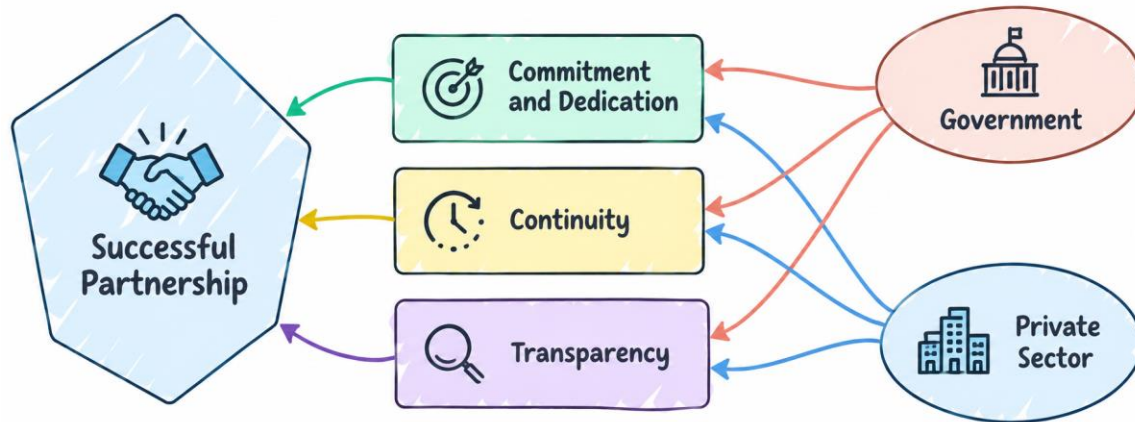
the partnership process is nevertheless associated with certain risks inherent in public–private partnerships.

Table (03): Risks Associated with Public–Private Partnership

Risk Type	Example
External risks associated with PPP	Competition: the service may be offered elsewhere or an alternative service may be provided on a private basis. Demand changes: an unexpected event may increase or decrease demand. Changes in user behavior may also affect demand for quality services and access to them.
Social and economic risks	Changes in interest rates or exchange rates, or inflation, may adversely affect project results.
Financial risk	Changes in financial conditions that affect project viability.
Technological risks	Obsolescence: technology develops rapidly, making the selected technology outdated.
Political risks	New or amended laws or regulations may affect the PPP project or its environment. Failure to renew licenses, restrictive regulatory decisions, contract termination, or even expropriation may occur in extreme cases.
Project risks	User-specific characteristics; resistance to change; inadequate participation or education; communication difficulties; unrealistic expectations; design, construction, and service risks; unclear objectives or specifications; and changes in project scope.
Organizational risks	Financing uncertainty, insufficient resources, limited experience in managing complex resources, and weaknesses in project-team experience, stability, communication, or technological skills.
Relationship risks	Inappropriate contracts, differences regarding contractual content, inappropriate partner selection, weak coordination, communication barriers, different organizational cultures, rigidity, dependency, lack of trust, disagreement, or limited commitment to the project.
Force majeure	Stakeholders cannot control all circumstances; events such as natural disasters, wars, or civil disturbances may occur beyond their control.

Source: Budina, N., Brixi, H., & Irwin, T. (2007). Managing Fiscal Risks: Public–Private Partnerships in the New EU Member States. World Bank Occasional Paper.

Figure (02): Principles of a Successful Public–Private Partnership



Source: Department of Finance, Public–Private Partnership: Public Sector (Government) and Private Sector, Economic and Financial Studies Department, Government of Dubai, April 2010, p. 9.

Section Two: The State of Public–Private Partnership in Algeria

Algeria began experimenting with the public–private partnership strategy in the early 1990s, when it adopted a market-oriented economy and opened new opportunities for the private sector, which it viewed as a strategic option. A number of objectives and rationales were established in light of this choice.

1. Selected PPP Models in Algeria

The Algerian economy has experience with partnership arrangements, or PPP contracts, involving both resident and non-resident private partners. Three major sectors of the national economy are considered here. The first is construction-material production, represented by Lafarge, a company specializing in construction materials such as cement, aggregates, concrete, and gypsum. The second is finance and banking, represented by Al Baraka Bank Algeria. The third is the services sector, represented by the Algerian–French joint company SEAAL/CIAKO for the management of the drinking-water network in Constantine.

1.1 Al Baraka Bank Algeria:

It was the first bank in Algeria with mixed public and private capital. It was established on 20 May 1991 with capital of DZD 500 million and began operations in September 1991. It is jointly owned by the Algerian Bank of Agriculture and Rural Development and the Saudi Al Baraka Group. It operates under the Monetary and Credit Law No. 90-

10 of 14 April 1990 and carries out banking, financing, and investment activities in accordance with Islamic Sharia principles.

The development of the Al Baraka partnership project demonstrates its contribution to development financing at both local and national levels through the financing of various investment and operating projects across construction and public works, industry, agriculture, services, infrastructure, and other economic sectors.

After its establishment in 1991, the bank reached financial equilibrium in 1994. In 1999, it contributed to establishing Al Baraka and Al Aman Insurance Company, reflecting its role in Algeria's financial sector. Beginning in 2002, it gradually expanded, increasing its capital to DZD 2.5 billion in 2006 and DZD 10 billion in 2009.

According to the 2008 annual report, Al Baraka Bank Algeria recorded total annual assets exceeding DZD 72.254 billion and net profits exceeding DZD 2.672 billion, compared with DZD 56.246 billion and DZD 45.970 billion in 2007 and 2006, respectively.

1.2 Lafarge Cement Company:

Lafarge, which specializes in the production of construction materials (cement, aggregates, concrete, and gypsum), represents a model of public-private partnership. The group operates in partnership with Algerian Cement Industries at the Meftah plant in Algiers and with the Algerian company Cosider at the Bouira gypsum unit.

Since 2002, Lafarge Algeria has operated the M'sila and Oggaz cement plants in Mascara, with annual production capacity estimated at 15 million tonnes (8 million and 7 million tonnes, respectively) and approximately 2,600 employees. Lafarge's investment in Algeria amounted to DZD 24 billion, equivalent to approximately USD 300 million.

1.3 Constantine Water and Sanitation Management Company:

The Constantine Water and Sanitation Company, known as "SEAAL," is responsible for continuously managing public water and sanitation services and distributing drinking water across 12 municipalities in Constantine Province. It represents a partnership based on a concession contract between the Algerian Constantine Water and Sanitation Company and the French Marseille Water Company, commonly described as delegated management. The contract lasted five years beginning in 2009, with a value estimated at DZD 4.3 billion. It assigned responsibility for water management and operation, sanitation, maintenance of infrastructure such as reservoirs, pumping stations and wells, monitoring the quality of distributed water, customer-service management, and projects including leak detection, network connection works, billing, collection, and processing customer requests.

The contract aimed to:

- establish a modern and appropriate management system;
- ensure continuous drinking-water distribution, 24 hours a day;
- provide training and develop skills and knowledge;

- ensure effective management of infrastructure and assets;
- provide high-quality services through effective customer management, quality and speed of works, and high-quality drinking water.

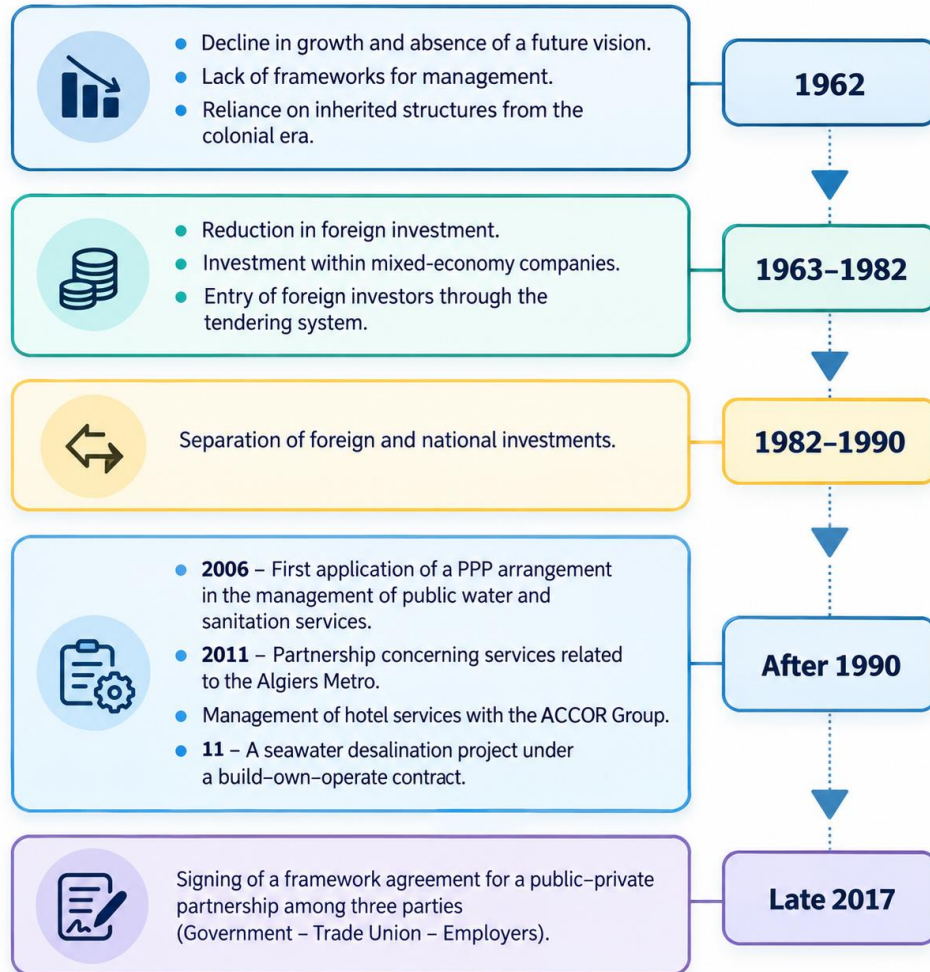
Company statistics indicate that it employed 2,034 workers at the end of 2014, including 22% supervisory staff, 44% control staff, and 35% operational staff.

Table (04): Types of Public-Service Delegation Contracts under Algerian Legislation

Form	Method	Contract Objective	Financing
Public-service delegation contracts	Concession	The delegating authority entrusts the delegate with constructing facilities or acquiring assets necessary to establish and operate the public utility, or only with operating the public utility.	The delegate collects user fees and finances the project itself.
	Lease contract	The delegating authority entrusts the delegate with managing and maintaining a public utility.	The delegating authority finances establishment of the public utility; the delegate is paid through fees collected from users.
	Incentive management agency	The delegating authority entrusts the delegate with management, or management and maintenance, of the public utility.	The delegating authority finances the facility; the delegate receives a payment directly from the authority through a grant based on a percentage of turnover, plus a productivity bonus and, where applicable, a share of profits; tariffs are set jointly.
	Management	The delegating authority entrusts the delegate with management, or management and maintenance, of the public utility.	The same procedure as the incentive agency applies, but the delegating authority sets user tariffs and retains profits. In the event of a deficit, the authority compensates the manager through a fixed remuneration.

Source: Massoudi Ishraq, “Public–Private Partnership: A Modern Mechanism for Establishing and Managing Public Services in Algeria: A Comparative Study,” *Afaq Journal for Political and Legal Research*, Vol. 5, No. 1, 2022, pp. 17–18.

Figure (03): Development of Public–Private Partnership in Algeria



I. Requirements for Successful Public–Private Partnership in Algeria

The following measures may be adopted: ⁽⁸⁾

- It is necessary to establish a specific legal framework for public–private partnership in order to attract more foreign and domestic investors. Clear legislation can provide lawmakers with greater clarity concerning the business structure and provide guarantees to foreign investors and international lenders in the event that external financing is required. Clear laws make a significant contribution to promoting PPP projects in both developed and developing countries.
- Algeria’s engagement in this type of partnership requires a legal framework that supports public–private partnership and allows the country to formulate a strategy

with domestic and foreign private partners, while establishing entities responsible for identifying, monitoring, and implementing projects. Legislation should create a system that ensures compliance with contractual provisions between the state and its private partners.

- Public–private partnership requires a dynamic financial system to facilitate the mobilization of investors' funds, including investment funds and developed financial markets. Algeria therefore needs to reform the banking and financial sector to avoid financing constraints for private investors.
- Public awareness of the importance of partnership with the private sector should be promoted. Mobilizing public opinion in support of partnership programs is an essential condition for success, particularly in developing countries such as Algeria. Awareness campaigns should inform companies and stakeholders about the possibility of applying such partnerships, their opportunities and risks, and provide citizens and stakeholders with accessible information about PPP arrangements.
- Political stability also strongly supports private-sector participation in public–private partnership projects because it enhances confidence and provides greater assurance regarding the possibility of achieving returns from economic activities.⁽⁹⁾

3. Prospects for Developing Public–Private Partnership in Algeria

Public–private partnership in Algeria requires a strategic vision that is currently insufficiently developed by public authorities. Algeria should therefore benefit from successful international experiences while taking into account the specific characteristics of the Algerian economy. This strategy should not be viewed merely as an approach to be used when oil prices decline; rather, it should be regarded as a permanent instrument for acquiring technical know-how and strengthening domestic production.

Accordingly, clear, comprehensive, and well-designed public–private partnership contract models should be developed using appropriate legal language and should not place the entire burden on one party. The challenges associated with this strategy should also be diagnosed and addressed through a clearly defined forward-looking vision formulated scientifically and capable of being implemented by the public authorities responsible for supervision and regulation.

Future development plans should be formulated methodically so that they become a reference for investors, while avoiding excessive theorization, exaggerated numerical projections, and unrealistic ambitions that may create frustration or conflict among objectives. Political and social support for joint public–private investment is also necessary, whether from government institutions and agencies, citizens, or business leaders.

A clear legal and institutional framework is essential for better management of PPP projects. The private sector should be involved in all stages of project preparation and

development, while leading and profitable projects should be selected to mobilize resources through communication and dialogue with investors. Resources should not be dispersed across a large number of PPP projects lacking sufficient financing. Priority should instead be given to economic and social projects, while the tax system and the tax burden imposed on investors should be reconsidered.

The future prospects of PPP in Algeria depend on the success of efforts to create suitable conditions for attracting private partners and strengthening trust between private operators and the Algerian government. This requires the Algerian authorities to remove the obstacles identified above, particularly because PPP represents a strategic means of reducing the burden on the state budget in the context of declining oil prices and improving public-service performance.

Table (05): Major PPP Projects in Algeria, 1990–2020

Sector	Number of Projects	Investment Value (USD million)
Airports	01	0
Electricity	05	2492
Communication Technology	02	834
Solid Waste	02	22
Natural Gas	02	3470
Ports	03	125
Railways	01	161
Water and Sanitation	14	2082
Total	30	9186

Source: World Bank, available at: <http://ppi.visualization.org>

The preceding table provides a clear overview of the state of PPP in Algeria. Thirty (30) projects were implemented, with a total value of USD 9.186 billion, distributed across several sectors. Energy ranked first, with a total of USD 5.962 billion, divided between natural gas (USD 3.470 billion) and electricity (USD 2.492 billion), representing 65% of total investment across seven projects. Water and sanitation also occupied a significant position, with 14 projects involving desalination plants and drinking-water network management, with a total value of USD 2.082 billion (22.66%). The ports sector followed with three projects valued at USD 125 million, involving the expansion of container facilities at Djen Djen Port in Jijel, Béjaïa Port, and Mostaganem Port. These projects span several sectors and periods, indicating that although Algeria has not relied on PPP as its primary mechanism for financing investment, it has not abandoned the mechanism altogether.

Official figures previously cited indicate that public investment financed through the state budget exceeded USD 700 billion during 2000–2020, according to data from the General Directorate of the Budget. By comparison, total investment financed through public–private partnership during the same period was estimated at USD 9.186 billion, representing only 1.25% of total investment.

The structure of PPP in Algeria shows a clear orientation toward sectors and projects offering relatively secure returns and lower levels of risk, particularly the energy sector. According to a World Bank report, approximately 60% of PPP projects worldwide are concentrated in the energy sector (2020, p. 39), especially renewable energy, which accounts for more than 67% globally. In Algeria, however, PPP activity is concentrated in natural gas and electricity-generation plants, despite the country’s considerable potential in renewable energy.

Table (06): Sectoral Distribution of Public–Private Partnership Projects, 1990–2024

Sector	Number of Projects	Project Value (USD billion)	Share of Total Projects
Energy and Electricity	427	10909	49.1%
Natural Gas	378	91546	4.1%
Telecommunications	558	1298	5.8%
Water and Sanitation	1136	9380	4.2%
Airports	198	1178	5.3%
Roads	1265	3787	17%
Ports	493	94700	4.3%
Railways	154	13910	6.3%
Solid Waste	57	7400	0.3%
Other	343	21.426	1.04%
Total	8506	2144.300	100%

Source: World Bank, available at: <http://ppi.visualization.org>

The table above presents the development of public–private partnership projects worldwide during 1990–2024 in order to provide a comparative view of the domestic and international situations. It shows that PPP has become applicable across various infrastructure and public-service sectors rather than being confined to a single sector. The World Bank database covers energy, transport, water and sanitation, information and communications technology, and solid waste. Transport is divided into airports, ports, railways, and roads, while energy is divided into electricity and natural gas.

4. International Experiences of Private-Sector Partnership in Infrastructure Projects

Public–private partnership has become one of the major modern mechanisms used by countries to finance and implement large infrastructure projects in the context of limited public financial resources and growing demand for essential and sustainable infrastructure. PPP is no longer merely a financing option; it has evolved into an integrated management model based on risk sharing and the exchange of expertise between the state and the private sector.

4.1 Experience of the Kingdom of Saudi Arabia:

The Saudi experience is regarded as one of the notable experiences in private-sector participation in infrastructure development, particularly transport-related projects, through development programs aimed at supporting private participation in the Saudi economy. Examples of projects involving private-sector participation in transport infrastructure include:

- A new container terminal at Jeddah Islamic Port: the project was established under an agreement with the Saudi Ports Authority to construct a new container terminal at Jeddah Islamic Port under the Build–Operate–Transfer (BOT) model, together with a marine berth for handling containers in a re-export area with a capacity of up to 2 million containers. The project aimed to increase total capacity to approximately 6 million containers. Investment was estimated at USD 428 million, and operations began in 2009.
- Construction of a land bridge: the project involved a 1,065-km rail link connecting eastern and western Saudi Arabia. The contract was signed between the Saudi Public Railways Organization and four international consortia: Agility Logistics, Mada, Bin Laden Saudi, and Tarabot. The project connects Jeddah Islamic Port on the western coast with Dammam Port in the east via Riyadh, with one end extending to the industrial city of Jubail.

4.2 Kuwaiti Experience:

Kuwait's experience in establishing transport infrastructure projects has been relatively limited. The Technical Office for Studying Development Projects and Initiatives prepared a guideline for public–private partnership projects based on Article 12(3) of Law No. 7 of 2008 regulating build–operate–transfer operations and similar systems, together with provisions of Decree-Law No. 105 of 1980 concerning the State Property System (the PPP Law). The guideline was prepared in light of international best practices and experience while taking into account Kuwait's specific circumstances. It aims to guide public authorities and private-sector investors interested in PPP projects.

The Kuwait Metro Project is considered one of the largest PPP projects planned for tendering. It concerns a rapid-transit system for Kuwait City, consisting of a 160-km

network with 69 stations, 16% of which would be underground. The project would be supervised by the Ministry of Communications and implemented in five phases. The first phase involved a 50-km network with 28 stations, 30% underground. This phase was divided into several contractual packages, including a PPP contract for the control-systems company, four PPP contracts for infrastructure companies, and an operating contract.⁽¹⁰⁾

4.3 Egyptian Experience:

Egypt is among the Arab countries where public–private partnership contracts based on the BOT system and its derivatives have been used extensively in different fields. Examples include the construction of two international airports in Marsa Alam and Alamein and projects in the energy sector, including a BOT power plant in the southern part of the northwestern Gulf of Suez with a capacity of 2×240 MW, which began trial operation on 18 August 2002.

Table (07): Selected Infrastructure Projects under Public–Private Partnership Contracts in the Arab Republic of Egypt

Project	Description	Supervising Authority	Project Company	Investment
River Ports	Preparation and development of a port for receiving vessels and containers	Ministry of Transport	Egyptian Company for Transport and Trade Services – Egytransh	EGP 30 million
Roads	Cairo–Ain Sokhna dual carriageway, 120 km	Ministry of Transport – General Authority for Major Roads	United Group for Highway Development	EGP 470 million
Power Station – Sidi Krir	Two thermal generating units, each with a capacity of 325 MW	Egypt Electricity Authority	InterGen GP Limited, USA	USD 420 million
Drinking-Water Supply Station – Suez Port	North of the Gulf of Suez; water pipelines, pumping stations, and a treatment plant	Ministry of Housing and Utilities	Bids under evaluation	USD 220 million
Third Phase of Metro	Third metro line proposed between Imbaba and Salah Salem, with extension to Cairo Airport	Ministry of Transport and Communications	Under study by the ministry	—

Source: Mohamed Mahmoud Abdullah Youssef and Mohamed Ibrahim Rashed,
Economic and Financial Risks of BOT Projects, op. cit.

Rachdi Saleh Abdel Fattah Saleh, Bank Financing of Projects, op. cit., pp. 91–102.

Conclusion:

Public–private partnership requires sound and transparent governance in order to maximize its advantages, avoid its disadvantages, and prevent factors that may undermine its credibility, while deepening the sustainable development expected from the effective use of public utilities.

In light of successful international experiences in this field, the continuation and adoption of public–private partnership by the Algerian public authorities can be considered as a mechanism capable of contributing to the following objectives:

- creating numerous employment opportunities within a short period during project construction or operation and thereby reducing unemployment;
- attracting foreign investment and directing it toward local and national development;
- developing domestic tourism through hotel services, accommodation, sports services, business tourism, and conferences;
- contributing to financing the national economy and strengthening its integration into the Mediterranean, Arab, and global economic environment;
- improving the skills and capabilities of the Algerian workforce through implemented projects and developing public utilities and basic infrastructure, including transport, communications, telecommunications, and health services in development areas;
- benefiting from the experiences of other countries in partnership in health services, particularly during circumstances such as the COVID-19 pandemic.

To achieve these objectives, the following recommendations are proposed:

- establish a clear, coherent, and transparent public policy for public–private partnership;
- establish committees to prepare and follow up on legislation regulating PPP in accordance with international standards;
- adopt PPP as a new mechanism for achieving development, regional balance, and reducing disparities among the country's regions;
- establish sound-governance mechanisms for concluding PPP contracts and monitoring their implementation.

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