

TANZANIA PPP FRAMEWORK: LESSONS FOR ENABLING ENVIRONMENT FOR PPP PIPELINES

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Outline

- Overview
- PPP Success Factors
- PPP Experience in Tanzania
- Tanzania PPP Framework
- PPP Pipelines
- Prospects for Future
- Conclusion

Overview

According to Tanzania PPP Policy (2009):

- Public Private Partnerships (PPPs) are viable means to address constraints of financing, management and maintenance of public goods and services.
- PPPs can enable the Government to fulfil its responsibilities in efficient delivery of socio-economic goods and services by ensuring efficiency, effectiveness, accountability, quality and outreach of services.

PPP Success Factors

- 1. A feasible and viable project:** PPP is unable to turn bad project into good - **comprehensive feasibility study is key**
- 2. A well-founded selection of the PPP model** (driven by value for money assessment)
- 3. A well specified PPP Contract** (Obligation of Parties)
- 4. The private party must be induced to offer best value for money through competitive tendering**
- 5. Efficient management** by contracting authorities during inception and implementation

PPP Experience in Tanzania (1)

STATUS....

- PPPs are not new in Tanzania, examples include:
 - TICTS container terminal concession in the Port of Dar Es Salaam in 2000
 - central railway corridor concession in 2007 where concession for operation of passenger and freight services granted to RITES. Terminated due to under performance.
 - Power Purchase Agreement (TANESCO)

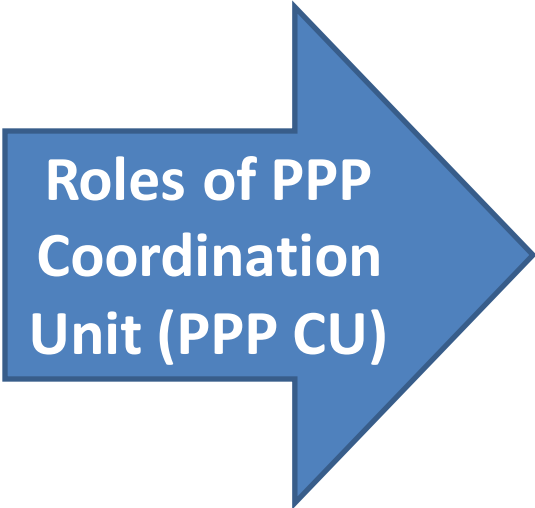
PPP Experience in Tanzania (2)

- Limited private investment in new assets.
- The PPP projects have yielded mixed results mainly due unfavourable contract terms for the public contracting authorities.
- But there are successful stories for private sector participation in education, health and telecoms which are not formal PPP modes.
- In case of failures, the results were due to absence of a legal and institutional framework specifically designed for *long-term* contractual cooperation between public and private sectors.
- These challenges are now mitigated by the enabling PPP environment which has been developed.

Tanzania's PPP Framework (1)

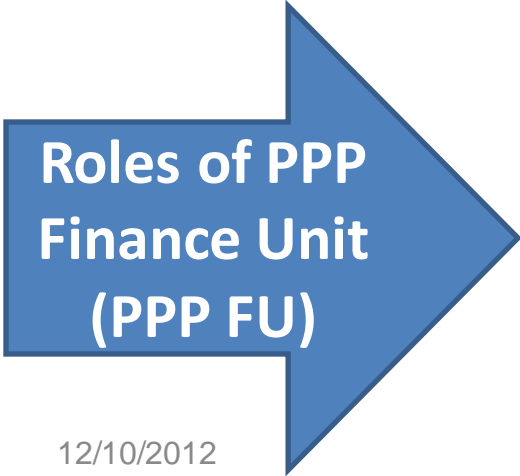
- Public-Private Partnership Policy-2009.
- PPP Act, 2010
- PPP Regulations, 2011
- Public Procurement Act, 2011
- PPP Implementation Strategy being finalized
- PPP Operational Guidelines being finalized
- Draft Financial Manual being finalized

PPP Framework (2)-The Units

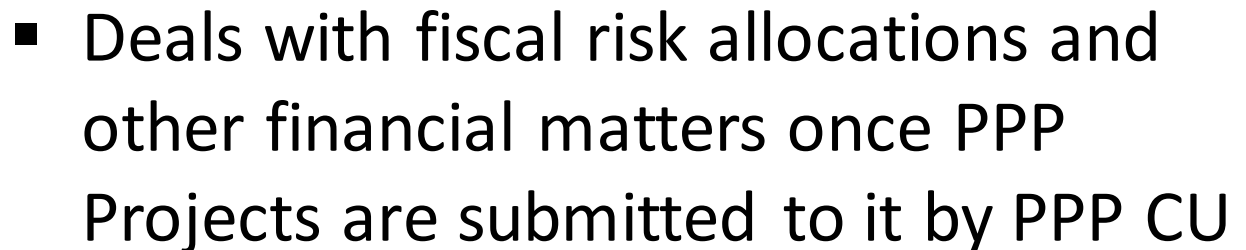


Roles of PPP Coordination Unit (PPP CU)

- Assessment of PPP projects submitted to it by CAs and recommend PPP FU
- Examine request for proposals
- Coordinate all PPP projects
- Advice contracting authority on PPPs
- Develop guidelines in all PPP matters
- PPP awareness in Tanzania



Roles of PPP Finance Unit (PPP FU)

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- Deals with fiscal risk allocations and other financial matters once PPP Projects are submitted to it by PPP CU

PPP Framework (3)



Roles of
Contracting
Authorities

- Identify, appraise, develop and monitor a PPP project
- Undertake or cause to be undertaken a feasibility study
- Submit the proposed project together with the feasibility study to the Coordination Unit
- Prepare a Request for proposal after the feasibility study has been approved

PPP Life Cycle-Tanzania



Pipeline Projects (1)

- The enabling environment for PPPs is the first precondition for PPP Pipelines.
- Appointment of PPP Focal Points done to manage the process. The GoT has already trained 60 PPP Managers in October-December, 2012.
- They will coordinate and champion identification of few projects that can bring us valuable experience.

PPP Pipelines-Potentials



Tolls Roads

- Dar es Salaam-Chalinze Expressway-100 km
- Arusha-Moshi-Himo -105 km



Ports

- Construction Mwambani Port
- Construction of Mbegani Port
- Kisarawe Container Freight Station



Railways

- Rehabilitation of Dar-Isaka Railway to standard gauge (800 km)
- Upgrade of Tanga-Arusha Rail (438 km)
- Constr. of Arusha-Musoma Rail (600 km)
- Construction of Mtwara-Mchuchuma/Liganga Railway (946 km)

Prospects for Future

- Innovative approaches to use PPP as a procurement option of public goods and services.
- Careful value of money calculations as a basis to select PPP model rather than conventional procurement.
- Reliance on project finance based on cash flows to mobilize infrastructure financing such as toll roads, utilities, oil & gas, telecoms, airports, railroads etc.

Conclusion

- Enabling policy, legal and regulatory framework
- Establishment of PPP Units and PPP Nodes-capacity building is central
- PPP Development Facilities for undertaking project identification and feasibility studies.
- Viability Gap funding to make projects financially viable.
- Strong political support at high levels of government.
- Comprehensive feasibility studies, and solicited and unsolicited proposals to be procured through competitive tendering methodologies.

Thank you....

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TANZANIA

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