

TANZANIA PPP STRATEGY

FY 2023/2024

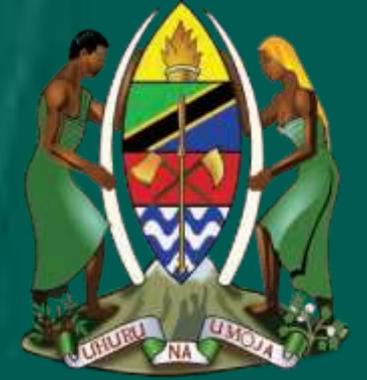


MINISTRY OF FINANCE AND PLANNING

PPP UNIT

DODOMA, TANZANIA

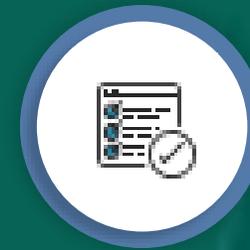
CONTENTS



OVERVIEW



2. STRATEGY



3. ACTION PLAN

- **Tanzania Debt to GDP**
- **FYDP III Financing Strategy**
- **Priority Sectors**
- **Overview of the PPP Strategy**
- **Overview of the PPP Implementation**



1. OVERVIEW





PPP Project Pipeline Strategy

Tanzania Debt to GDP:

- Moody's, World Bank and IMF ranks Tanzania higher compared to most countries in Sub-Saharan Africa.
 - Ethiopia 46%, Uganda 52%, Kenya 68%, Rwanda 68%, Namibia 71.8%, Malawi 73%, Ghana 90.7%, Mozambique 102% and Zambia 119% [source: IMF Oct 2022]
- Despite moderate and sustainable debt trend, government face undue pressure to develop infrastructures using public debt to meet its rapid urbanization and vast population growth.



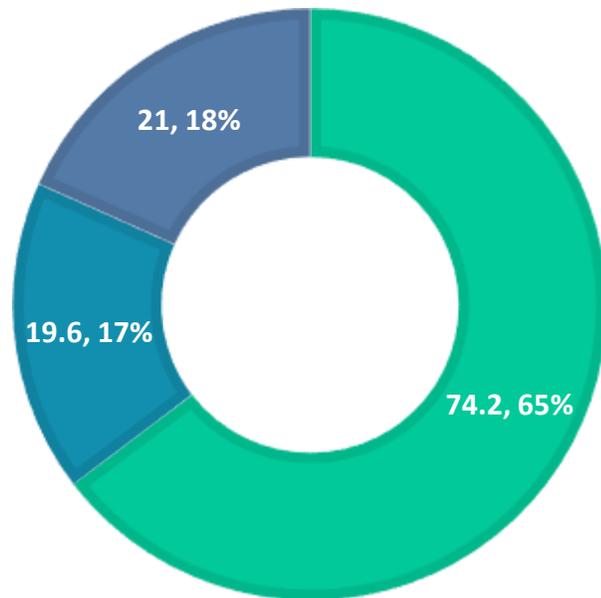


PPP Project Pipeline Strategy

FYDP III Financing Strategy:

FYDP III RESOURCE ENVELOPE

- Government Development Budget TZS 74.2 Trillion
- Other Private Sector 19.6 Trillion
- PPP TZS 21 Trillion



- The Five Years National Development Plan III (FYDP III) has assigned the PPP Center to mobilize TZS 21 Trillion in private capital over five years.
- This represents 51% of the private capital target and 17% of the total development budget for FYDP III.



PPP Project Pipeline Strategy

Priority Sectors:

- Transport and Energy Sectors takes a lion share of annual development budget
 - For example: 2022/2023 budget allocated to Ministry of works and Transport 9.3% of the total budget, an increase from 3.2% in comparison to prior fiscal year.
- However, these sectors are driven by the need to support population growth, foster economic development, meet future demand, enhance competitiveness, improve quality of life, and achieve long-term cost savings.
 - Urbanization rate of Tanzania is higher than average of Southern Sahara
 - Tanzania's urban population as share of total population stands at 36.7 % in 2022
- By making strategic investments in infrastructure, Tanzania can lay the foundation for sustainable growth, provide essential services to the citizens, and ensure a prosperous future.

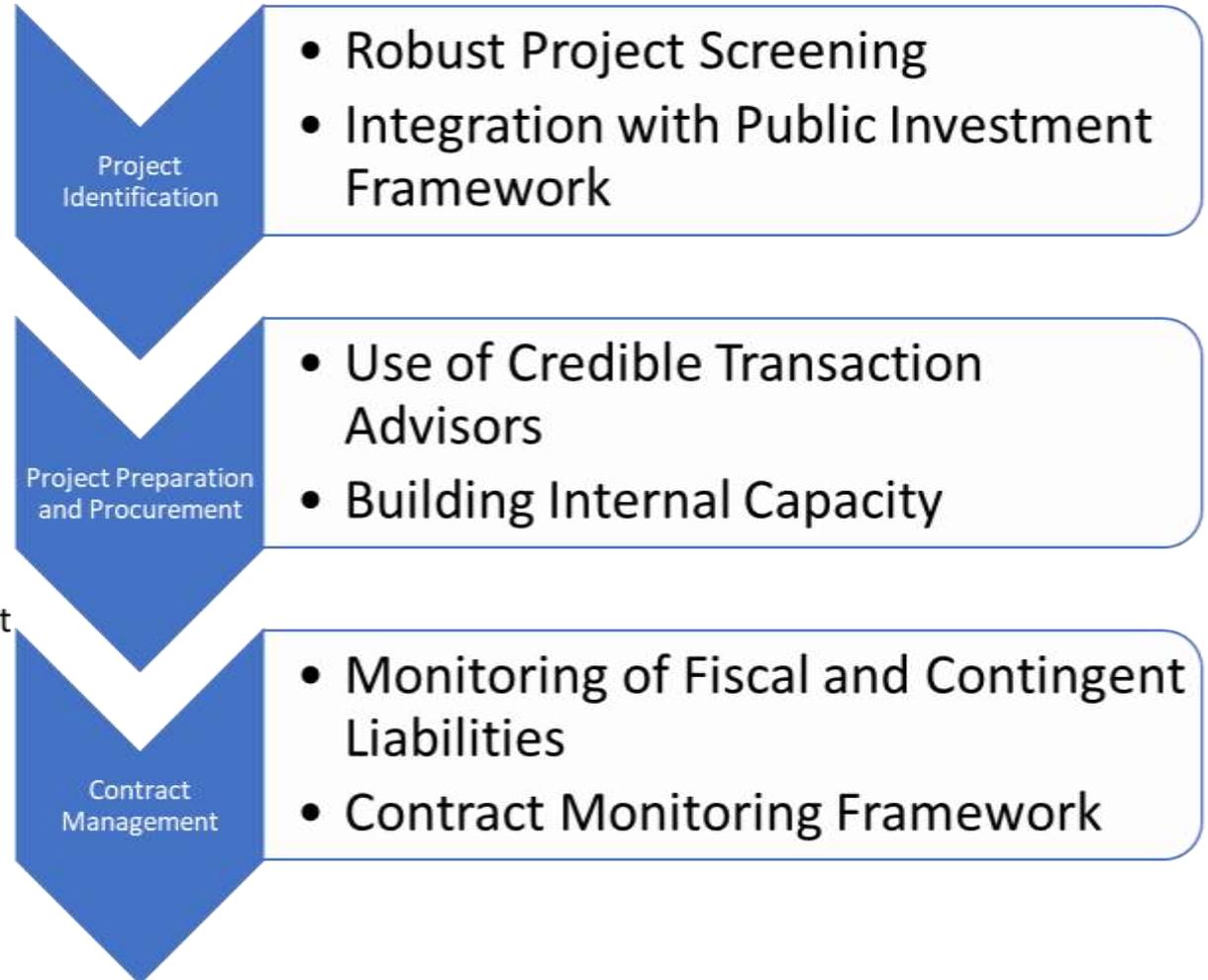




PPP Project Pipeline Strategy

Overview of the PPP Strategy:

- Coordinated and consistent PPP program
 - Reducing Transaction Cost
 - Enhancing the quality of PPP pipeline
 - Increase number of transactions delivered
- Use of first hand expert advise and experience from relatable PPP transactions
 - Use of Transaction Advisors
 - Learning by Doing
- Blended Financing for project preparation and implementation
 - Capitalization of the PPP Facilitation Fund
 - Mobilizing Technical and Financial Support for project preparation
- Strategic application of Government Support
 - Guarantees and direct liabilities
 - Viability Gap Funding for economic projects
 - Risk Mitigation Facilities (e.g. MIGA, Insurance etc.)





PPP Project Pipeline Strategy

Overview of the PPP Implementation :

- PPP Pipeline Development Workshops
 - First workshop to focus on Energy and Transport Sectors
 - Second workshop to focus on other sectors
- Pipeline Screening and Prioritization
 - Selection of projects to be prioritized in each FY
 - Order:
 - Projects with Feasibility Studies
 - Unsolicited Proposals
 - Solicited projects at advance stage of preparation
 - Projects with high economic importance
- Engagement of the Development Partners
 - Capitalization of the PPP Facilitation Fund
 - Mobilizing Technical and Financial Support for project preparation
- Support for Project Preparation and Procurement



- **PPP Project Pipeline Strategy**
- **Institutional Setup Strategy**
- **Resource Mobilization Strategy**
- **Capacity Development Strategy**
- **PPP Framework Strategy**



2. STRATEGY





PPP Project Pipeline Strategy

Targets:

- 50 projects identified for PPP preparation
- 15 projects floated at RfQ
- 10 projects floated at RfP
- 2 projects reach financial close

Strategy:

Pipeline Development Workshops

- First workshop held in May 2023 focused on Energy and Transport Sectors
- Second workshop in July 2023 to focus on other sectors

First - Mover PPPs

- Projects with Feasibility Studies
- Solicited Proposals at advanced stage of preparation
- Projects with Economic Importance
- Unsolicited Proposals

Engagement of Development Partners

Commitments for PPP Support received from

- World Bank
- IFC
- African Development Bank
- Africa 50



PPP Project Pipeline Strategy

Project Pipeline Development Workshop :



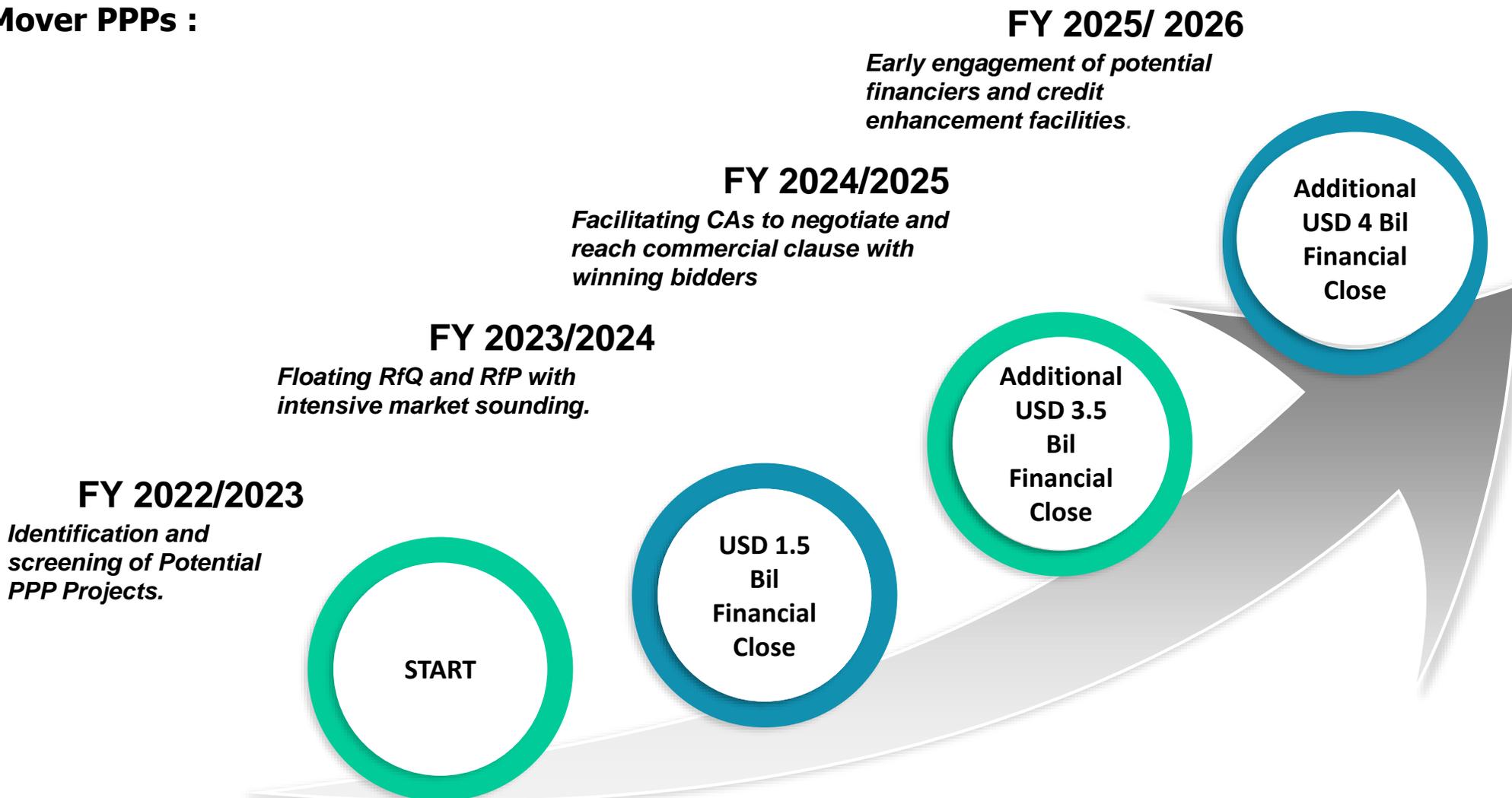
Outcomes of the May 2023 Workshop:

- ✓ The first workshop covered the Energy and Transport Sectors, inviting participants from TAA, TANROADS, TPA, TRL, DART and from the Energy Sector; TANESCO, REA, TPDC and TGDC.
- ✓ 25 projects identified
- ✓ 13 projects got funding for preparation under the FY 2023/2024 budget
- ✓ 3 projects secured commitment of Development Partners for appraisal support



PPP Project Pipeline Strategy

First Mover PPPs :





PPP Project Pipeline Strategy

Initial Engagement with the Development Partners:



Commitments:

- Support for Transmission Lines PPPs
- Capacity Building in the Energy Sector



Commitments:

- Transaction Advisory for the Ocean Road Cancer Institute Project
- Transaction Advisory for Transmission Line PPPs
- Gas Distribution for Dar es Salaam



Commitments:

- Capacity Building in legal issues
- Procurement Support



Commitments:

- Institutionalization and Operationalization of the PPP Center
- PPP Regulations
- PPP Implementation Guidelines
- FCCL Framework
- PPP Pipeline Screening



Commitments:

- Transaction Advisory for BRT Phase 3 and 4



Commitments:

- SOURCE Integration



Institutional Setup Strategy

Institutionalize the PPP Centre

- A Service Scheme is under preparation for the PPP Centre.
- Due by July 2023.
- 4 departments will be created at the PPP Center

Mobilize Human Resources

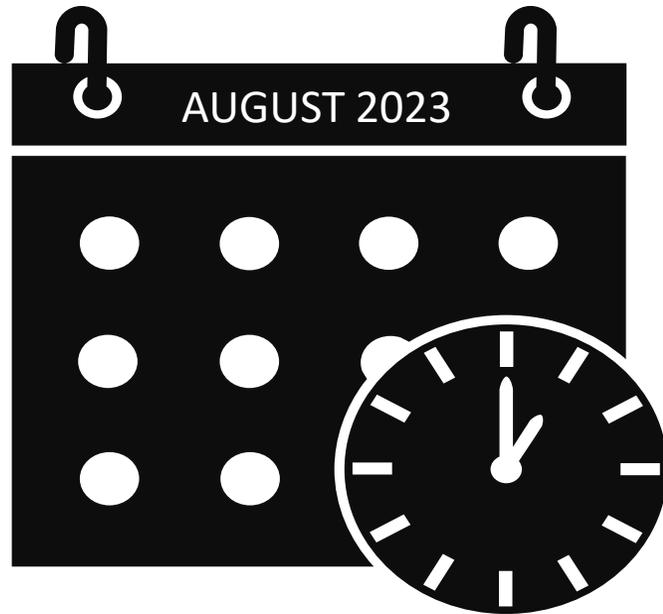
- New Hire to fill up the positions created
- Onboarding of talent to the Center seconded by Development Partners
- Use of External Advisors.

Operationalize the PPP Centre

- Business Plan for the PPP Center
- Allocation of new office facilities to the Centre
- Office resources and vehicles
- PPP Center website, project portal and SOURCE platform



Institutional Setup Strategy



To become the PPP Center of Excellence

4 Strategic Departments

- ✓ Project Development and Appraisal
- ✓ Legal Directorate
- ✓ Planning, Monitoring and Evaluation
- ✓ Corporate Services



Resource Mobilization Strategy

Government Budget through PPPFF

- PPPFF budget line got allocated TZS 2.8 billion for FY23/24
- PPP Center to be allocated TZS 7.2 billion
- Earmarked Resources in the CA's Budgets in the Energy and Transport Sectors

Development Partners Commitments

- Harmonization of Development Partners PPP Initiatives
- Join / Develop a Development Partners Group for PPPs (DPG-PPP)
- Prepare Resource Mobilization plan for the DPG

Private Partners through USP

- Streamline procedures for admittance and processing of USP
- Prioritize PPPs with Commercial aspects
- Prioritize projects with least risk to the government and high economic return



Capacity Development Strategy



Focused Trainings and short courses

- Provide focused PPP trainings to various groups : CAs, Financiers, Procurement, Lawyers etc.
- High level trainings for decision makers and politicians
- Local / Regional and International PPP training and study visits

PPP Curricular

- Long terms PPP Courses at Masters Degree Level
- Collaboration with other PPP Training Institutions
- CP3P Certification

Join PPP Fora

- World Association of PPP Practitioners (WAPP)
- Africa PPP Network (APN)
- Participate in International Conferences
- Host PPP Conferences



PPP Framework Strategy



PPP Regulations

- Amendments to reflect changes in the PPP Bill 2023
- Amendments to address other noted gaps
- Specific Areas such procurement, governance and climate change adaptations

FCCL Framework

- Methodology, institutional architecture
- Procedural and substantive rules for the assessment, quantification and valuation methodologies

PPP Operational and other PPP Guidelines

- Operational Guidelines
- PPPFF governance
- USP Guidelines
- Guidelines on Government Support
- Sector PPP Guidelines

- **Implementation Timelines**
- **FY 2023/ 2024 Project Priorities**
- **Other Projects for FY 2023/2024 Preparation**
- **Engagement of Development Partners**



3. ACTION PLAN





FY 2023/2024 Action Plan (tentative)

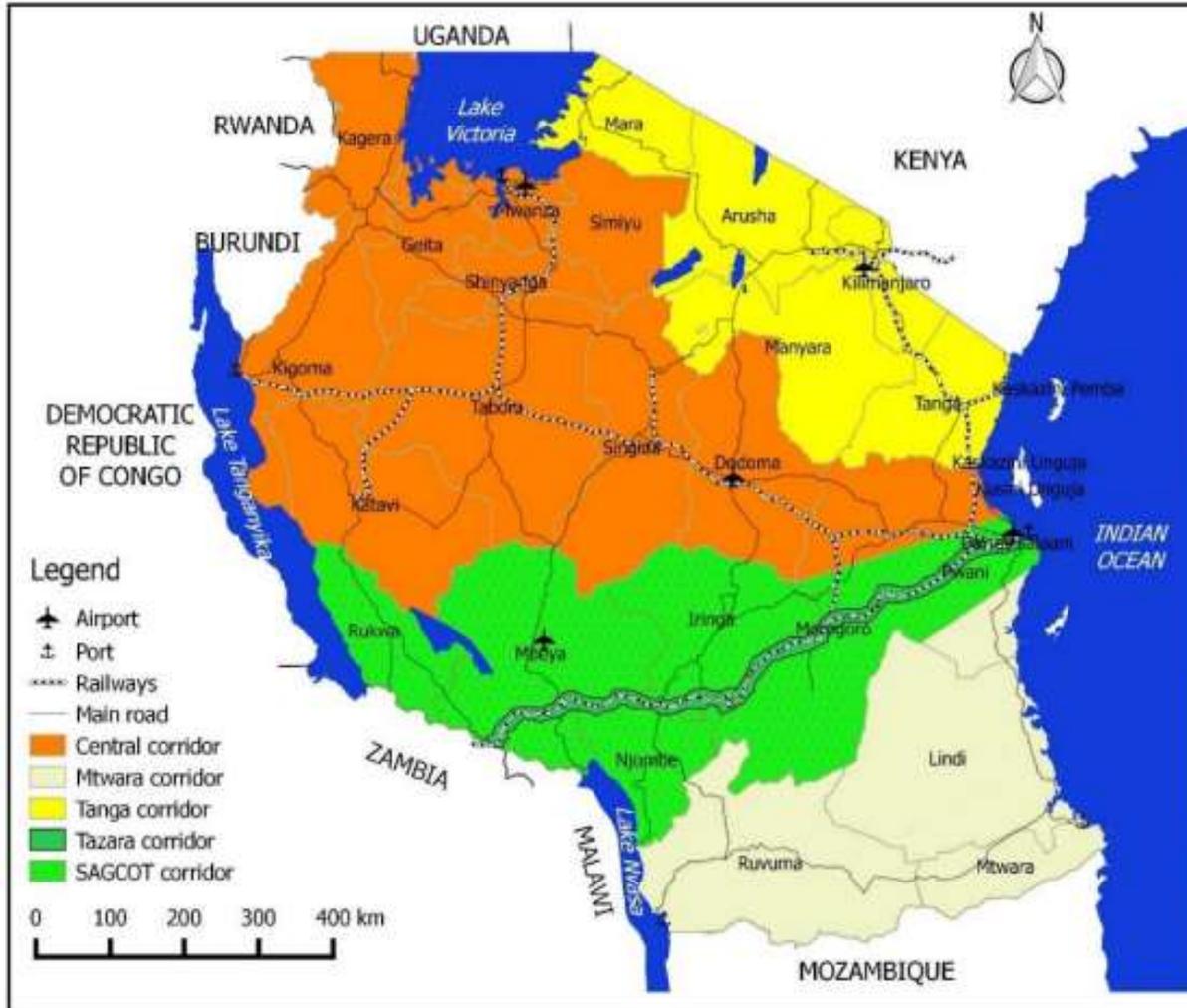
Q1	Q2	Q3	Q4
<p>Task 2 15 July 2023 – 17 July 2023</p>	<p>Floating RfQ for 40 Pre selected projects</p>		
	<p>Task 1 1st August 2023</p>	<p>Finalization of PPP Regulations</p>	
	<p>Task 3 1st August 2023 – 1 Sept 2020</p>	<p>Finalization of PPP Guidelines</p>	
<p>Task 4 02 Jun 2020 – 30 Aug 2020</p>		<p>Institutionalization of the PPP Centre</p>	
		<p>Task5 15 Jul 2020 – 25 Aug 2020</p>	<p>Add Text Here</p>
		<p>Task6 02 Jul 2020 – 05 Oct 2020</p>	<p>Add Text Here</p>



Present Day



FY 2023/2024 Action Plan



PPP Projects under FY 2023/ 2024 Budget:

- ✓ 60 MWA Zuzu Solar Power Generation
- ✓ 50 MWA Same Solar Power Generation
- ✓ 100 MWA Manyoni Solar Power Generation
- ✓ 358 MW Ruhudji Hydropower Project
- ✓ 222 MW Rumakali Hydropower Project
- ✓ Dar es Salaam, Lindi and Mtwara Gas Distribution
- ✓ 82 km Tanzania – Malawi Interconnector Project
- ✓ Dar es Salaam Commuter Rail
- ✓ Mtwara – Mbamba Bay Rail
- ✓ Railway Rolling Stocks
- ✓ Bagamoyo Port
- ✓ Igawa – Tunduma Expressway
- ✓ Kibaha – Chalinze – Morogoro Expressway
- ✓ Inner and Outer ring roads in Dodoma and Dar es salaam
- ✓ Island/Mgao area - Mtwara Dry Port
- ✓ Lake Victoria Port and Nansio Port Ukerewe



FY 2023/ 2024 Action Plan

Other Projects for FY 2023/ 2024 Preparation

▪ **Projects with Feasibility Studies**

- Development of oil Jetty and Tank Farms – Dar es Salaam port

▪ **Solicited projects at advance stage of procurement**

- DAR BRT 1
- Development of a Four-Star Airport Hotel at JNIA
- Development of a Commercial Complex at Julius Nyerere International Airport (JNIA)

▪ **Projects with high economic importance**

- Development of Cargo Terminal with Cold Storage Facilities at Songwe and Njombe Airports



FY 2023/2024 Action Plan

Engagement of other Development Partners:



Engagement Strategy:

- ✓ Engage with the remaining Development Partners interested in PPPs such as USAID, KfW, DFID, AFD etc
- ✓ Harmonization of Development Partners' PPP Initiatives
 - Blue Economy PPPs
 - Carbon Financing for PPPs
 - Municipal PPPs
- ✓ Join / Develop a Development Partners Group for PPPs (DPG-PPP)
- ✓ Prepare a Resource Mobilization Plan for the DPG

Note: Appraisal of PPP projects worth USD 9bil by the end of FY 2023/2024

- How to make things better without spending more money?
- How can Government finance projects beyond the resource envelop?

THINK PPPs

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REFLECTION



Thank You

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