Public-Private Partnership (PPPs) in the Management of Municipalities in Tanzania – Issues and Lessons of Experience

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Abstract

The use of Public-Private Partnerships (PPPs) in production and distribution of some goods and services is inevitable for attainment of sustainable development. There is a need therefore to forge and promote strong, efficient, effective, sustainable, dynamic and vibrant PPPs so that the private sector can produce and deliver some goods and services hitherto (and now in most parts of Africa) produced and delivered by the public sector. The paper discusses the application of the application of the PPPs concept in eight (8) municipalities/councils\(^1\) in Tanzania – Arusha, Morogoro and Dodoma Municipal Councils; and Njombe, Muleba, Bariadi, Kigoma and Kisarawe councils. It further identifies and discusses some challenges in applying PPPs concept. Application of PPPs in Tanzania is still a new phenomenon. However it is evident that the concept is being used in Tanzania’s bid to bring about sustainable development. A number of potential and actual challenges are obvious in the prevailing PPP arrangement. For example, it is not easy to attain the minimum critical mass of the requirements for a smooth operation of the PPPs concept in Tanzania. The paper concludes with recommendations on the way forward for future improvement.

INTRODUCTION

The public sector has been the main actor in the development process of most countries in Africa and beyond until the mid 1980s. The sector was the main actor in production and distribution of goods and services.

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\(^1\) It is not all councils that have been elevated to the municipality status in Tanzania. For the sake of convenience in this paper however, the words municipality/council may be used interchangeably to mean one and the same thing, unless otherwise specified, as they basically only differ in status but have similar functions.
services in most economies, especially those that embraced centrally planned economic policies, like Tanzania. The commanding heights of these economies were directly owned and managed by the public sector. From the mid 1980s, however, following the winds of change in the form of many and far-reaching social, political and economic reforms, the role of the public sector in the development process has substantially changed in many countries. Its role now is mainly that of a facilitator for the private sector-led economic development and growth. The role of the private sector in bringing about sustainable development in most economies has increasingly been recognized and acknowledged.

Given the changing roles of the public and private sectors in the bid to bring about sustainable development in most countries, it is no longer sustainable for the public sector to continue to own, manage and operate the commanding heights of the economy. Efficient and effective production and distribution of goods and services is, and should increasingly be left to private sector.

Private sector-led economic growth and development, is generally more efficient (both productive and allocative efficiencies) and effective. The sector is more dynamic, resilient, creative, innovative and vibrant than the public one. However, this sector is purely profit-oriented as it embraces the concept of free interplay of the market forces of supply and demand in the production and distribution of goods and services. There is therefore likely to be some market failures in the production and/or distribution of some goods and services. These services therefore will not be available or if available will only be accessible by the rich who can pay for them.

The use of Public-Private Partnerships (PPPs) in production and distribution of some goods and services is inevitable for attainment of sustainable development. There is a need therefore to forge and promote strong, efficient, effective, sustainable, dynamic and vibrant PPPs so that the private sector can produce and deliver some goods and services hitherto (and now in most parts of Africa) produced and delivered by the public sector.

ON PRIVATE-PUBLIC PARTNERSHIPS (PPPS)

Public - Private Partnership (PPP) is, conceptually, collaboration between public and private sector organizations in public service delivery. (Commonwealth, 2003; Sohail, 2003; Buse and Walt, 2002; and Nkya, 2000).

According to Gildman et al (1995: viii), four groups of actors are relevant in PPPs. These are: the Government; Non Governmental Organisations (NGOs), Community Based Organisations (CBOs); and the private sector.

Gildman et al (ibid: ix) provides various PPPs management systems and techniques. These are:
(i) **Contracting Out:** This is the placing of a contract by a public agency to an external private company.

(ii) **Franchising/Concession:** A private partnership takes over responsibility for operating a service and collecting charges and possibly for funding new investments in fixed assets.

(iii) **Affermage:** Public authority controls construction and owns the fixed assets but contracts out operations, maintenance and collecting service charges.

(iv) **Leasing:** Making use of equipment/assets without purchasing but paying a lease.

(v) **Privatization:** Public service is entirely sold to a private partner.

(vi) **Management contract:** Private organization takes over responsibility for managing a service to specified standard by using staff, equipment etc, of public authority.

(vii) **Build Own and Operate (BOO):** Partnership between public and private sectors whereby the private firm may build, own and operate the asset/service.

(viii) **Build Operate and Transfer (BOT):** Same as BOO but the asset/service will be transferred to the public sector after a period of time.

(ix) **Management Buyout (MBO):** The management of well run internal functions negotiate the purchase of that function and becomes a private venture.

(x) **Co-operatives:** Self governing voluntary organizations designed to serve the interest of their members, working in partnership with public authorities.

The most commonly practiced form of PPP is contracting out (Gildman: ibid). According to Sohail et al (2003) there is no strict PPPs classification that can be made, because partnership classification depends on the type of services, the nature and strengths of the partners and the objectives of the PPPs. According to North, (1990); Nkya, (2000); and Sohail, et al (2003), partnerships are basically institutional arrangements which constitute rules defining the relationships that govern the partnerships, roles, responsibilities and accountability mechanisms (formal or implied). The overall aim of PPP is to meet public needs, which would not have been realized without joint efforts.

Through PPPs, *inter-alia*, the public sector will be able to maintain partial ownership and management of services, avoid accusations of “whole sale” transfer of service delivery to the private sector and at the same time be effective in its role of political accountability to its constituents.

**PPPS FOR SUSTAINABLE DEVELOPMENT: THE CASE OF MUNICIPAL SERVICES DELIVERY**

The condition of municipal services provision and availability in Africa is generally poor. Services provided are inferior and financing system for infrastructure increase, maintenance and repair is inadequate. These problems are exacerbated by rapid urbanisation. Effective and efficient urban
infrastructure and services provision are important in delivering major benefits in economic growth, poverty alleviation, environmental sustainability and sustainable development in general.

African countries need to improve basic services such as water, sanitation, waste management, transport infrastructure, health services etc so as to meet the needs of more people. Better service delivery is crucial for sustainable growth, development and poverty reduction. It increases people’s standards of living and contributes to sustainable development.

Public sector provision of these services however has proved to be inadequate and unsustainable due to, *inter-alia*, the nature of the public sector. Until very recently the sector has been typically characterised by inefficiency and lack of effectiveness, leading to poor performance. This in turn can be attributed to many closely inter-linked and self-reinforcing characteristics of the sector like political interference; unclear objectives; limited operational autonomy; inadequate managerial skills *vis a vis* technical, human, conceptual and design skills; inadequate accountability and transparency; heavy and cumbersome bureaucracy; poor workers’ morale; inappropriate economic settings; inadequate capital and lack of appreciation of the free inter-play of the market forces of supply and demand. Such a sector therefore is inadequate in the whole exercise of effectively, efficiently and sustainably producing, rendering and improving the needed quantity and quality of goods and services. The private sector therefore can be seen as the next best and more sustainable alternative.

The private sector is more effective and efficient; it appreciates and embraces more the market forces of supply and demand; is less bureaucratic; more dynamic and vibrant; is the current predominant global ideology and a viable engine of growth and sustainable development. The sector however is first and foremost profit motivated. It would not embark in producing and distributing goods and services where there is no direct economic/pecuniary profitability. For example, the sector will not invest in some services and infrastructure, however important for the community they are perceived to be, if the net pecuniary gain is not positive. There will therefore be market failure in the production and distribution of such services.

The private sector in most of the African countries in general and Tanzania in particular is still in its infancy. Many African countries embarked on socialist policies after independence. It is only recently, (mid 1980s for Tanzania) that some of these countries changed the socialist ideologies in the wake of the new wave of change to more market- and therefore private sector-led economy. On top of the infancy of the private sector in the region, the sector is relatively very small in size and capital base, especially so for the indigenous, as opposed to the foreign (in form of Foreign Direct Investments – FDIs) private sector. The former is likely to lack adequate experience, skills, knowledge and exposures needed to provide and expand the quantities and qualities of goods and services needed in a sustainable manner.

One option in facing the challenges above, is to enhance the role of both the public and private sectors in owning, financing and management/operation of the production and distribution of goods and services. Consequently, Private Public Partnerships (PPPs) is, and should increasingly be viewed as a
mechanism to provide state functions and municipal goods and services on a cost effective and sustainable basis.

In PPPs, the public sector is publicly accountable and responsible for ensuring that the needs of different sections of the population are treated equitably. The public sector has the responsibility to ensure that any contract awarded is actually the best option to reach optimum value for tax payers’ money. They must make sure that they do not create a private monopoly situation. The private sector is responsible to its clients, shareholders, and owners.

APPLICATION OF PPPS IN TANZANIA

Application of PPPs in Tanzania is still a new phenomenon. PPPs are the products of the current reforms going on in the country since mid 1980s. The reform that is of great relevance in the context of this paper is privatization. According to Pass et all (2000: 220), privatization is the denationalization of an industry, transferring it from public to private ownership. As a result of privatization policy in Tanzania, more than four hundred (400) parastatals have been privatized/divested. The policy has also made it possible for the application of the PPPs concept. The main objective of policy reforms is better service to the citizens through combined efforts from public and private sectors and other stakeholders. The few known studies on PPPs in Tanzania, have concentrated mainly on solid waste management. Nkya (2000, 2004) studied PPPs in solid waste management in Dar Es Salaam. Itika (2003) studied PPPs in Dodoma in health service delivery, while Kironde (1999) studied urban waste management in Dar Es Salaam. The studies above therefore have been service-specific.

In what follows, some current pieces of evidence/cases for application of the concept of PPPs in Tanzania are presented and discussed. The pieces of evidence have been randomly collected by the author from various sources. Generally, they portray the application of PPPs in various service deliveries in various municipalities in Tanzania.

Case One: Arusha Municipal Council

The application of PPPs in this municipality is in the form of private sector delivery of revenue collection and cleaning services for the municipality. According to Mwananchi², (19th May, 2005), the municipality invited private individuals, companies, cooperatives, institutions and groups registered legally to offer services as indicated in the table below.

Table 1: Arusha Municipal Services to be Delivered by the Private Sector in 2005/2006

² Tanzanian daily newspaper
<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Areas Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Collection at Markets</td>
<td></td>
</tr>
<tr>
<td>- Main Market</td>
<td></td>
</tr>
<tr>
<td>- Kilombero whole sale market&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>- Sanawari market</td>
<td></td>
</tr>
<tr>
<td>- Mijinga market</td>
<td></td>
</tr>
<tr>
<td>- Mapunda market</td>
<td></td>
</tr>
<tr>
<td>- Kijenge market</td>
<td></td>
</tr>
<tr>
<td>- Mbauda market</td>
<td></td>
</tr>
<tr>
<td>Revenue Collection at Bus Stands/Stops</td>
<td></td>
</tr>
<tr>
<td>- Stand for big buses</td>
<td></td>
</tr>
<tr>
<td>- Stand for small buses</td>
<td></td>
</tr>
<tr>
<td>- Taxi and Pick-ups parking areas</td>
<td></td>
</tr>
<tr>
<td>- Other car parks</td>
<td></td>
</tr>
<tr>
<td>Solid Waste Collection and Disposal</td>
<td></td>
</tr>
<tr>
<td>- Sombetini Ward</td>
<td></td>
</tr>
<tr>
<td>- Sokini Ward</td>
<td></td>
</tr>
<tr>
<td>- Daraja II Ward</td>
<td></td>
</tr>
<tr>
<td>- Unga Ltd Ward</td>
<td></td>
</tr>
<tr>
<td>- Kati Ward</td>
<td></td>
</tr>
<tr>
<td>- Themи Ward</td>
<td></td>
</tr>
<tr>
<td>- Kaloleni Ward</td>
<td></td>
</tr>
<tr>
<td>- Engutoto Ward</td>
<td></td>
</tr>
<tr>
<td>- Olorien Ward</td>
<td></td>
</tr>
<tr>
<td>- Lemara Ward</td>
<td></td>
</tr>
<tr>
<td>- Ngarenaro Ward</td>
<td></td>
</tr>
<tr>
<td>Operation of Public Pay Toilets</td>
<td></td>
</tr>
<tr>
<td>- Main Market</td>
<td></td>
</tr>
<tr>
<td>- Jogoo House</td>
<td></td>
</tr>
<tr>
<td>- Main bus stand</td>
<td></td>
</tr>
<tr>
<td>- Kaskazini Toilet</td>
<td></td>
</tr>
<tr>
<td>- Kusini Toilet</td>
<td></td>
</tr>
<tr>
<td>- Kilombero Market</td>
<td></td>
</tr>
<tr>
<td>- Kijenge Round About Toilet</td>
<td></td>
</tr>
</tbody>
</table>

<sup>3</sup> For the main market and Kilombero market, the service provider would collect tax revenue and user-charge fees but not shop rents.
Case Two: Morogoro Municipal Council

The Morogoro Municipal Council is practising the PPPs concept in various areas and ways. This is evidenced in Majira\(^4\), 26\(^{th}\) May, 2005. The municipality invited private sector participation in municipal service deliveries, as detailed in the table below.

**Table 2: Morogoro Municipal Services to be Delivered by the Private Sector in 2005/2006**

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Area Concerned</th>
</tr>
</thead>
</table>
| Revenue Collection                   | - Abatoirs
|                                      | - Town bus stand
|                                      | - Quarrels
|                                      | - Sabasaba market
|                                      | - Mji Mpya market
|                                      | - Main market
|                                      | - Auctions

- Investments in, and operation of, municipal assets
  - Rock Garden recreational area, along the scenic Morogoro river falls

Source: Majira, Thursday, 26\(^{th}\), 2005.

Case Three: Muleba Council

The council portray the practice of PPPs in the form of private sector collection of municipal revenues; printing and car repair services; fumigation; staff transport and supply of stationeries. This is evidenced in the council’s tender announcement for the 2005/2006 financial year (Majira, ibid).

Case Four: Bariadi Council

The council practices the concept of PPPs by involving the private sector in public service production and distribution as shown in the table below.

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\(^4\) Tanzania’s daily newspaper
Table 3: Bariadi Council Services to be Delivered by the Private Sector in 2005/2006

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Areas Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Services</td>
<td>- Construction equipment</td>
</tr>
<tr>
<td></td>
<td>- Office supplies</td>
</tr>
<tr>
<td></td>
<td>- Fixture and Furniture</td>
</tr>
<tr>
<td></td>
<td>- Spare parts</td>
</tr>
<tr>
<td></td>
<td>- Garage services</td>
</tr>
<tr>
<td></td>
<td>- Food for council hospital and health centres</td>
</tr>
<tr>
<td>Revenue Collection</td>
<td>- Auctions</td>
</tr>
<tr>
<td></td>
<td>- Markets</td>
</tr>
<tr>
<td></td>
<td>- Hides and Skin</td>
</tr>
<tr>
<td></td>
<td>- Traditional healers</td>
</tr>
</tbody>
</table>

Source: Majira, (ibid)

Case Five: Kigoma Council

The practice of the PPPs in Kigoma council is evidenced *Mwananchi*, Friday, 11th June, 2005. The council intends to use the private sector in production and delivery of various goods and services as shown in the table below.

Table 4: Kigoma Council Services to be Delivered by the Private Sector in 2005/2006

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Areas Concerned</th>
</tr>
</thead>
</table>


Case Six: Njombe Council

The practice of the PPPs concept in Njombe council is in the form of private sector participation in provision of the services detailed in the table below.

Table 5: Njombe Council Services to be Delivered by the Private Sector for 2005/6

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Areas Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Services</td>
<td></td>
</tr>
<tr>
<td>- Car Spare parts</td>
<td></td>
</tr>
<tr>
<td>- Printing</td>
<td></td>
</tr>
<tr>
<td>- Construction materials</td>
<td></td>
</tr>
<tr>
<td>- Car repair and services</td>
<td></td>
</tr>
<tr>
<td>- Food supply for Nguruka, Bitale, Buhingu and Mwangongo health colleges</td>
<td></td>
</tr>
<tr>
<td>- Food and charcoal/wood supply for hospital and health centres</td>
<td></td>
</tr>
<tr>
<td>- Repair and selling of computers, faxes, printers, and photocopy</td>
<td></td>
</tr>
<tr>
<td>- Sixty four (64) different types of medicines and equipment for hospital and health centres</td>
<td></td>
</tr>
<tr>
<td>Revenue Collection</td>
<td></td>
</tr>
<tr>
<td>- In sixty six (66) council markets including Simbo, Nyamoli, Kasuku, Msimba, Mgaraganza, Kagango, Kigalye, Mkabogo, Kizenga, Nyamhoza, Nkungwe, and Nguruka</td>
<td></td>
</tr>
</tbody>
</table>

Source: *Mwananchi* (ibid)
### Revenue Collection
- Njombe town bus stand
- Makambako bus stand
- Uwemba gate
- Idundilanga gate
- Ramadhani gate
- Kidegembye gate
- Idofi gate
- Mjimwema gate
- Lyamkena gate
- Njombe town market
- Makambako market
- Makambako tomato market
- TAZARA area logs and crop cess

### Leasing of Council Property
- Njombe stand and market toilets operation
- Main Makambako market toilet
- Hazina House renting/leasing
- Njombe town local brew
- Njombe town butcher
- Chauginge butcher
- Stalls in the main market in town
- Council Canteen building
- Tables in Njombe town market

### Procurement
- Cleaning Njombe town
- Cleaning Makambako town
- Food supply to council offices
- Food supply to hospital and health centres
- Repair and maintenance of various machines and equipment
- Printing

### Operation of council investments
- Radio Television stations in Njombe and Makambako towns

### Building and construction
- Building and repair of bridges, roads and buildings

### Sales of council properties
- Broker for council properties

Source: *Nipashe*\(^5\), Wednesday, 11\(^{th}\) May, 2005

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**Case Seven: Kisarawe Council**

\(^5\) Tanzanian daily newspaper
As for Njombe, the application of PPPs in Kisarawe council is evidenced in *Nipashe* (ibid). The council makes use of the private sector in public service delivery in various ways as documented in the table below.

**Table 6: Council Services to be Delivered by the Private Sector in Kisarawe Council for 2005/2006**

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Areas Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Collection</td>
<td>- Agricultural and forestry produce (other than cashew nuts) cess</td>
</tr>
<tr>
<td></td>
<td>- Bus stand fee</td>
</tr>
<tr>
<td>Procurement Services</td>
<td>- Office supplies</td>
</tr>
<tr>
<td></td>
<td>- Printing</td>
</tr>
<tr>
<td></td>
<td>- Hospital supplies</td>
</tr>
<tr>
<td></td>
<td>- Construction and electrical equipment supply</td>
</tr>
<tr>
<td></td>
<td>- Secretarial services</td>
</tr>
<tr>
<td></td>
<td>- Fixture and furniture supplies</td>
</tr>
<tr>
<td></td>
<td>- Office machines (computer, photocopies) repair</td>
</tr>
</tbody>
</table>

Source: *Nipashe* (ibid).

**Case Eight: Dodoma Municipal Council**

The municipal council practices the concept of PPPs by way of making use of the private sector in various service delivery as evidenced in the table below.

**Table 6: Services Delivered Under PPPs in Dodoma Municipal Council For 2005/2006**

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Areas Concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement services</td>
<td>- Office supplies</td>
</tr>
<tr>
<td></td>
<td>- Machine (computer, photocopy) repair</td>
</tr>
<tr>
<td></td>
<td>- Cars repair</td>
</tr>
<tr>
<td></td>
<td>- Construction materials</td>
</tr>
<tr>
<td></td>
<td>- Fixture and furniture</td>
</tr>
</tbody>
</table>
Revenue Collection -
- Service levy
- Plying fee
- Open auctions
- Abattoir fees
- Parking fees
- Main Majengo market restaurant fee
- Kizota auction fee
- Sabasaba, Chang’ombe, Chamwino and Maili Mbili market fees
- Hotel levy
- Main bus stand toilet
- Jamatini toilet
- Old stand (SIDO) toilet
- Bonanza toilet

Waste Collection -
- Waste collection in Dodoma town

Property lease -
- Lease of Kizota butcher

Source: Nipashe (ibid).

**Comments and Discussions on The Cases**

The cases presented here are solely on PPPs in the context of municipal/council service delivery by the private sector. The cases are by no means representative of the 121 municipalities/councils in Tanzania. However, they portray the general observed emerging trend in the application of the PPP concept in Tanzania. From the cases therefore, it is evident that the PPP concept is being applied in Tanzania’s bid to bring about sustainable development.

The choice of PPP cases in the municipal/council service delivery was done by the author just for convenience. It could be possible to identify some PPP cases in other public sector settings such as in public universities where the PPP concept is increasingly been applied.

Several conditions were given to the prospective actors intending to enter into PPP in provision of the services above. Among the conditions include: payment of non-refundable application fee ranging from 30,000 to 100,000 Tanzanian shillings (Tshs)\(^6\) for revenue collection at markets, 100,000 Tshs for revenue collection at bus stands and car parks, 30,000 to 50,000 Tshs for solid waste collection and disposal, 50,000 Tshs for operating the Rock Garden investment and 30,000 to 60,000 Tshs for operation of toilets. For solid

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\(^6\) Approximate exchange rate in the second half of 2005, when this paper was written, was 1 US$ = 1100 Tshs.
waste collection and disposal, conditions include possession of knowledge of solid waste; experience, equipment\(^7\) and capacity to collect and dispose solid wastes.

Other general conditions include name, address and applicants’ office location(s); analysis and breakdown of revenues that one expects to collect, costs involved in revenue collection and amount of revenue to be paid to the municipalities on monthly basis\(^8\); valid business licence; company registration and Value Added Tax (VAT)/Tax payer Identification Number (TIN) registration; attachment of a certified banker’s cheque equivalent to three months’ payment of the amount expected to be paid to the municipality per month to be retained up to the end of the contract period for those who will win the bids/tenders; cash deposits or bank cheques with a value equal to the value of the service that one aims to provide or possession of fixed asset of the said value above or more; attachment of bank statement for the last two years; one should show available equipment, number of employees and their experience; ability to develop and maintain premises where appropriate; and up to three years’ experience in relevant service provision.

**CHALLENGES IN APPLICATION OF PPPS**

There are a number of challenges likely to be encountered in the efforts to apply the PPP concept, especially developing countries. Some of these challenges are identified and discussed in the Tanzanian context in what follows.

*Newness of the PPPs Concept*

As indicated in the literature review above, the PPPs concept is still new and in its relative infancy stage of development in Tanzania. This brings a number of challenges when it comes to the use of the concept. They include proper understanding of the concept and its operationalisation by those in various positions in the public and private sector; lack of the needed support, commitment and endorsement by various stakeholders in a PPP arrangement, partly as a result of lack of the needed readiness to change and depart from the orthodox ways of doing things.

All these challenges may lead to opposition in the use of the concept. Where it is applied it may be wrongly applied hence failures

\(^7\) Bidders have to attach cars ownership cards – in their names, certified by the Tanzania Revenue Authority (TRA) or a lawyer. Equipment, such as cars may be inspected at any time.

\(^8\) The amount should be in line with municipal regulations.
Private Sector Related Problems

There are some characteristics of the private sector in Tanzania that pose some challenges in the application of the PPP concept.

These include: the infancy of the sector. The sector is still taking shape in Tanzania, given the socialist past of the country that dominated up to mid 1980s. Private sector mentality and philosophy in Tanzania is still in its early stages of development. The needed aggressiveness, dynamics and vibrancy in the sector is still limited and non-optimal. The socialist, public sector dominated economic philosophy is still lingering in some people’s minds. These include people in some key policy and decision making and implementation positions.

Another issue is the domination of the informal sector in the private sector in Tanzania. Informal sector dominates the private sector in Tanzania. Most economic activities in Tanzania (arguably up to 60%) take place in the informal sector where businesses are not legally recognized due to lack of registration for various reasons. (See Ngowi:2005). As a result of this, it may become a challenge for the public sector to find qualified private sector partners to enter into a PPP arrangements especially where that private partner has to be legally recognized for, *inter-alia*, contractual purposes. (See some of the conditions that have to be fullfilled before entering PPP in the cases above).

Due to these and other private sector characteristics therefore, it may be difficulty to properly apply the PPPs concept in Tanzania. It becomes a challenge for example, to get the needed quantity and quality of private sector service providers in various sectors and geographical regions, especially in the relatively remote, rural and underdeveloped parts of Tanzania.

Public Sector Related Problems

The nature of the public sector in Tanzania poses some challenges in proper application of the PPPs concept for sustainable development. The sector is typically characterized by bureaucracy; inefficiency and ineffectiveness; lack of incentives, creativity, dynamism and vibrancy; generally slow in response and corrupt. This is a challenge for this sector to work perfectly with a private sector whose characteristics are, generally, the opposite of those of the public sector.

Among the typical examples of areas where there is a challenge for the two sectors to work together smoothly in a PPP arrangement in Tanzania, is in the slow speed of decision making and implementation in the public sector. A private sector partner may submit a proposal for a PPP arrangement (or respond to a call for one from the public sector), but the receipt of the proposal is not acknowledged by the public sector and it takes extra long time to reach key decisions on the proposed PPP arrangement due to the bureaucratic nature of the public sector. It takes extra longer time for contracts to be signed and payments to
be made in the public than in the private sector. This is a dis-incentive for those in the private sector that would like to enter into a PPP arrangements with the public sector, hence a challenge.

**Capacity Issues**

Another challenge is the capacity of both the private and public sectors to properly operate and manage a PPP arrangement.

Generally, there is inadequate capacity – especially in the private sector – to properly participate in a PPP arrangement. Due to the nature of the private sector in Tanzania it is likely that there will be lack of internal capacities in issues like contract knowledge, contract formation, negotiation and management in the context of PPPs. Due to the lack of this specific capacity, the private sector may need to hire legal expertise which adds to its transaction costs in entering into a PPP arrangement with the public sector.

Another aspect is the general inadequacy of the needed funds, knowledge, experience and equipment by the private sector to implement a PPP arrangement. The majority in the private sector in Tanzania are likely to be lacking the above capacities.

As seen in the various cases of application of PPPs in Tanzania above, there are a number of conditions that the prospective private sector partners are supposed to fulfill before entering into a partnership arrangement. These include possession of appropriate amount of money, knowledge, equipment and experience. Some private firms may be having these, but due to the huge informality of the sector, these may be undocumented. Due to the nature of the private sector in Tanzania, it may be difficulty to prove and/or verify that a certain equipment (say a vehicle, tractor) belongs to a firm as these are normally registered in individuals' names but used for business purposes.

These and other similar challenges therefore make it difficulty to properly apply the PPPs concept in Tanzania. It becomes a challenge for example, to get quality service providers that can adhere to standards and terms of reference in service provision.

**WAY FORWARD**

From what has been presented in this paper, it is evident that the PPP concept is being applied in Tanzania as one of the strategies to bring about sustainable development. However, there are a number of challenges that parties in a PPP arrangement stand to come across. In what follows, some ways forward in application of PPPs in Tanzania are given.
**Embrace More PPPs**

The use of PPPs arrangement is better than pure public or private sector provision of some goods and services. Each of the two sectors has its weaknesses. But when they enter into a partnership, there are great possibilities for advantageous synergies to arise that most likely contribute significantly into sustainable development.

As a way forward therefore, it is recomended that Tanzania and other countries should embrace more the use of the PPPs concept. The concept should be used appropriately given the peculiarities and specificities of each country and goods/services to be provided.

**Capacity Building and Development**

The current environment under which the PPPs concept is applied in Tanzania and most likely in other developing countries needs to be improved. The areas for improvement include understanding, accepting, supporting, approving and getting exposure to the use of the PPPs concept by both the private and the public sector. In this regard there is a need for capacity building and development in various forms including training (formal and/or informal) and study tours to best practices areas within and outside Tanzania.

There is also a need to build the private sector capacity in various aspects by way of empowerment in such areas as contract formation, negotiation and management; and in specific service delivery by way of provision/upgrading skills and knowledge through training.

The sector needs also capacity building and development by way of empowering it through provision of equipment to implement PPPs contracts. This could be done by various ways including giving better environment for the sector to access loans, credits and grants facilities under various arrangements including government guarantee schemes.

**CONCLUDING COMMENTS**

The paper has dwelt on the application of the Public-Private Partnerships (PPPs) for sustainable development. Some pieces of evidence for the application of the concept in various municipalities and councils in Tanzania have been documented. Some challenges that parties in a PPP arrangement may face have also been presented. These include private and public sector-related challenges and challenges related to the capacity to implement a PPP arrangement. Among the ways forward recommended include more application of the PPPs concept and capacity building issues, for both the private and public sector.
It is evident that the PPPs concept is being used in Tanzania's bid to bring about sustainable development. However, a number of potential and actual challenges are likely to face parties in a PPP arrangement. This is mainly due to the fact that it is not easy to attain the minimum critical mass of the requirements for a smooth operation of the PPPs concept in Tanzania. In light of these challenges therefore, it is further concluded that there is a need for interventions if the PPPs concept is to be meaningfully used as one of the strategies for sustainable development in Tanzania and beyond. There is, therefore, a need for capacity building initiatives.

Policy and desicion makers are advised to support and facilitate more use of the PPPs concept for sustainable development. They are also advised to initiate, develop, support and facilitate more capacity building initiatives and development in both the private and public sectors for a more smooth and successful application of the PPPs concept for sustainable development at local, national, regional and global levels.

A final comment is appropriate on future research areas. There are a number of issues that the author would have liked to address in this paper but it has not been possible due to, mainly, resources constraints. These are areas where a call for further research in the future is made. The areas include making a similar study in other countries; upscaling this study in various ways – including covering more municipalities, councils and other public institutions; making more empirical study, especially on the challenges that parties in various PPP arrangements in various parts of the world face and their proposed ways forward. Over time, there will be a need to update this study. The author welcomes collaborative studies on these and other issues that emanate from this paper.

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