

# Challenges in Public - Private Partnership on Power Generation and Supply Projects in Tanzania: A Case of Songas Limited

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**Abstract:** *The Public Private Partnership as a tool for the governments nowadays that being used in procuring public infrastructure or services by patronizing the resources and expertise of the private sector while the government deals with other matter such as administrative aspects, as well as safety and well beings of its citizens. The study is interested with the challenges of the Public –Private Partnership Projects in Tanzania with the case of Songas Power generation and Supply. The study used case study research design to establish its findings through techniques of questionnaires, documentary reviews and interviews. The sample of study was 97 where by the actual sample participated in the study was 67(69.07%) and the target population was 2970. The sample was obtained by using Nassium standard Formula and Data analysis were done by using descriptive mode where frequency, Percentage aided by SPSS adopted as well as documentary reviews. The findings shows financial resources, Expertise, Project Management capacities and Public-Private Partnership Policy and laws play critical roles for PPP Projects in Tanzania to move ahead if made available to PPP Projects. The government of Tanzania should build the conducive environment for the PPP projects to work smoothly such as PPP Policy and laws to reflect the current business competitive environments as well as to be predictable to the PPP Projects so as to assure Private Partners safety of their spent resources to given PPP Projects. Also both Private and Public maintaining transparent, communication and work mutual together.*

**Keywords:** Public Private Partnership, Project, Power generation and Supply

## 1. Introduction

Globally the governments in Power strive to meet their citizens need by using several means available at their disposal either by themselves or by made available to other capable organizations to do on behalf of them. To accomplish their citizens need there should abundant of resources such as expertise and monetary among others. One of the means used by most government around the world to fulfill their citizens' needs such as provision of services and goods are through Public-Private Partnership. There is a need to combine both public and private expertise as neither sector is able to deliver projects effectively and efficiently alone. The private sector has the ability to incorporate skill, innovation, motivation, well assessed risks and technology into PPP projects. The public sector, on the other hand, specializes in administrative aspects, as well as safety and well beings of its citizens [1] by creating PPP structures, public service needs can be met through incentives to private investors that need to receive fair and attractive risk adjusted to returns on investments. According to [1] Sub-Saharan Africa alone will need investments of over \$90 billion per year over the next decade to meet infrastructure demands such as roads, rail networks, power, and water and sanitation projects. The Middle East and North Africa will need up to \$100 billion a year to boost. Economic competitiveness and sustain recent economic growth rates. These needs represent significant opportunities for private enterprises from other developing countries— which have shown a robust appetite to expand into untapped emerging markets. Developing countries now account for more than a third of foreign direct investment in emerging markets. Tanzania as among members of the global and African in particulars are still strive to meet the need for her citizens but it faces with the shortage of resources to attend those need .Since Tanzania

does not exist in vacuum it has to adopt the Public-Private Partnership as one of the tools to attend some of the need of her citizens such as Energy Power especial electricity which is economic Blood of boosting its economy. Company like Songas that work in natural gas energy production and processing in Tanzania as the case of this study has joined the chain of Public Private Partnerships where it shares resources like finance and expertise to Energy Industries. The company sales the electricity and gases it produces to both government and others companies [3]. Also the Songas Limited Generating clean, reliable and cost effective electricity, Producing 180MW of power or approximately 25% of Tanzania's electricity needs, Project investment of USD 320million, Long term partnership with Government of Tanzania, TANESCO, TPDC, Globeleq, FMO and TDFL also Providing more than 100 job opportunities.

In spite of those development but still slow participation of the private organization to Public Private Partnership Projects in Tanzania .This gap among others is motivation key of the study to find out the challenges of Public Private Partnership in Tanzania especial at energy sector with the reference of the Songas Power generation and Supply Project in Tanzania.

## 2. Purpose

The study objective was to assess the challenges of Public-Private Partnership on power generation and supply projects in Tanzania. Specifically the study was to determine the roles of finance resources, expertise, project management capacities and the Policy and Regulation to Public- Private Partnership projects in Tanzania.

### 3. Methods

The study adopted a case study research design where by various technique of data collection such as questionnaires, interview and documentary reviews applied. The study involved Songas Power Generation and Supply Company in Tanzania as a case, Tanzania Electricity Supply Company, Tanzania Petroleum Development Company, Engineers Register Body and Kilwa district council in Lindi Tanzania. The sample of study was 97 where by the actual sample participated in the study was 67(69.07%) and the target population was 2970. The sample was obtained by using Nassium standard Formula and Data analysis were done by using descriptive mode where frequency, Percentage aided by SPSS adopted as well as documentary reviews.

### 4. Result and Discussion

This part present the result and discussion in lined with the research questions on the challenge of Public –Private Partnership in power generation and supply projects in Tanzania. The study were looking at four Phenomena such as financial resource or fund, Expertise, Project Management capacities and Public –Private Partnership Policy, rule and regulation influences to fund and expertise .The study were looking how they can facilitate PPP if available or hinder if they not available. The hereby are the result and discussion of those factors or phenomena.

#### 4.1 To what extent do the financial resources or funds contribute to the success (failure) of PPPs at Songas Power generations and Supply infrastructure Project?

The table 1 shows the response from the study respondents on contribution of the financial resources for success of PPP Projects.

**Table 1:** The financial resources / funds contribution to the success of PPP

Scale	Frequency	Percent
Strongly Agrees	25	37.3
Agree	33	49.3
Neutral	8	11.9
Disagree	1	1.5
Total	67	100.0

The study shows, as per table 1 above, that respondents who strongly agree that the financial resources play crucial importance to Public-Private partnership existence were 37.3%, those who agree were 49.3%, those who were neutral were 11.9 % and those who disagree were 1.5% of respondents at this study. This implies that financial resources play key roles for success of PPP projects in Tanzania. The absence of it hinders the progress of PPP in Tanzania. Strong local capital markets are the foundation for a prosperous private sector [1].Such markets create access to long- term local currency finance and help mobilize funds to finance infrastructure and other areas essential for the growth of the private sector— the key engine of job creation in developing countries.

#### 4.2 To what degree do the expertises facilitate the success PPPs on Power generation and Supply project at Songas?

**Table 2:** Expertise contribution rate to PPP Projects

Scale	Frequency	Percent
Strongly Agree	16	23.9
Agree	41	61.2
Neutral	8	11.9
Disagree	1	1.5
Strongly disagree	1	1.5
Total	67	100.0

From the table 2 above, the study shows that 23.9% of the respondents strongly agree that the expertise has contribution to success of Public- Private Partnerships in Tanzania, 61.2% agree that the expertise has contribution to success of Public- Private Partnerships in Tanzania, 11.9% were neutral at the contribution of expertise to the success of Public- Private Partnerships in Tanzania, 1.5% disagree the role of expertise to the success of Public- Private Partnerships in Tanzania and 1.5% strongly disagree that there is positive contribution of expertise to the success of Public- Private Partnerships in Tanzania. This implies that majority of the respondents view expertise as having contribution to the success of PPP in Tanzania. The opposite of it drag back the PPP projects in Tanzania.

#### 4.3 To what level do the project management capacities help the success or failure of PPPs on the Songas Power Generation and Supply Infrastructure Project?

**Table 3:** Contribution of Project Management capacities to success of PPP

Scale	Frequency	Percent
Strongly agree	23	34.3
Agree	37	55.2
Neutral	7	10.4
Total	67	100.0

Table 3 shows the respondents' views on contribution of Project Management skills and experiences to the success of Public- Private Partnerships in Tanzania as follows: 34.3% strongly agree, 55.2 % agree, 10.4% neutral, and none disagrees. These findings show that Project Management skills and experiences have a big role to the success of the PPP Projects in Tanzania. The absences of it hinder PPP projects succeed in Tanzania. According to [7] a disciplined approach to project management is valuable in any project. But it is particularly important in PPPs, where transactions can be complex and timing is often critical because of limited political windows.

#### 4.4. To what level do the government policy, rules and guidelines influence fund and expertise in PPPS on Power Generation and Supply infrastructure project at Songas. ?

**Table 4:** How the Government Policy, rules and laws in PPP affect expertise.

Scale	Frequency	Percent
Strongly Agree	16	23.9
Agree	41	61.2
Neutral	8	11.9
Disagree	1	1.5
Strongly disagree	1	1.5
Total	67	100.0

Table 4 above shows that government policy in Public – Private Partnerships projects has negative effects on expertise as follows: 59.7%, 6% agree and strongly agree respectively that government policy has negative effect on the expertise. 32.8 % were neutral and 1.5 % disagree with regards to government policy having negative effects on expertise. This implies that most respondents view government Policy as being unfriendly to expertise on PPP projects. The government of Tanzania should put in place predictable Policy of PPP that allows smooth movement of expertise whether soft skills or hard skills as well as open door to foreign expertise with highly skills and experiences to complex PPP projects. The private sector, in short, provides the most time tested means of ending poverty quickly and sustainably. But private sector development doesn't occur in a vacuum. It happens only when governments and the private sector can work together to ensure that businesses operate and grow in ways that promote prosperity for all [1].

#### 4.5 The contribution of Government Policy, rules and laws in PPP Projects with regard to negative effect on financial resources

The table 5 shows how the government Policy, rules and laws hinders financial resources if not properly framed to favor PPP Projects in Tanzania

**Table 5:** How the Government Policy, rules and laws in PPP affect financial resources

Scale	Frequency	Percent
Strongly Agree	22	32.8
Agree	38	56.7
Neutral	6	9.0
Disagree	1	1.5
Total	67	100.0

Table 5 above shows the view points of the respondents on how government policy, rules and laws in Public –Private Partnerships in Tanzania affect financial resources. 32.8% and 56.7% of the respondents strongly agree and agree respectively that the Government Policy, rules and laws in PPP affect financial resources. 9.0% of the respondents were neutral while 1.5% of the respondents disagree. This implies that the government Policy and laws has the role to play as the road map to attract Public –Private Partnership resource such money to be available at market so as private company to use it at PPP Projects. The ability of governments to prepare, procure, and manage public-private partnership (PPP) projects is an important factor for a country to successfully attract private sector investments into infrastructure projects [7].

## 5. Conclusion

The study reveals that financial resources, expertise, Project management capacities and government Policy and regulation in PPP Projects has the big roles to play in success of Public Private Partnership in Tanzania. The absence of any of those hinders the success of PPP Projects in Tanzania. Public-private partnerships are not miraculous solutions for the public sector, but they can significantly improve availability, quality, innovation and prices of the public services [3]

To ensure a large number of PPP Projects, as well as faster satisfaction of public needs, it is necessary to create an appropriate legal framework, a convenient political climate and public support for such partnerships

## 6. Recommendation

Both Public and Private Partners should work mutually together to fulfill the needs of PPP projects so as the beneficiary of their Partnership to be realized by the citizens in terms of deliverances of qualities goods and services highly bounded with values for moneys.

The government should concentrate at provision of leadership or administrative Matters where believed play it has crucial roles and allows the private partners to play roles in the running projects or business with intention of producing goods and services to the citizens.

The government should set the conducive environment for PPP that guaranteed Private partners mutual relation so as to erase or minimizes the challenges of Public Private Partnership in Tanzania such as set the environment of fund availabilities, expertise exchange, Project Management capacities to local expertise and harmonizes the policy, rules and regulation to fit with the need of PPP Projects in Tanzania.

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## Author Profile



**Saidi Fadhili Mnzava** received the Ordinary Diploma In education (2006) in Monduli Teachers' college Arusha Tanzania, Advanced Diploma in Participatory Project Planning and Management (2010) in CDTI-Tengeru Arusha Tanzania and MSC. Project Management (Not yet received but in last stage) in Jomo Kenyatta University. Working at Office of Reginal administrative Secretariats Lindi Tanzania up to date.