

THE UNITED REPUBLIC OF TANZANIA

**PRESIDENT'S OFFICE, PUBLIC SERVICE
MANAGEMENT**

e-GOVERNMENT AGENCY



e-Government Projects

Public Private Partnership Guideline

Contents

Introduction

-  Perspective on PPP
-  Benefits of PPP

Management of e-Government PPP Projects

-  PPP Operating Model
-  Risks in e-Government PPP Projects
-  Why the Agency should engage Private Partners
-  Payment Mechanism and Schedule
-  Selection Criteria of e-Government PPP Project
-  Requirement for engaging Private Partners in e-Government PPP Project

Discussion

1. Introduction

In 21st century the world has witnessed rapid pace in development and adoption of Information and Communication Technology in various dimension. First world countries have been a driver and initiators of most ICT strategies. Based on the background, knowledge and priorities of different nations, the adoption rate varies significantly. However its vivid that for the time being ICT has become part and parcel of every human being to the extent that life can no longer be possible without embracing it. Challenges still remain and will always be on the Operation, Management, Maintenance and ensuring Sustainability of such initiatives particularly in Government setting.

Since 2003 the Government of Tanzania has embarked the concept of e-Government in delivering services to its citizens. The aim being to improve quality, speed, service delivery, and increase transparency in Government operation. Several e-Government projects have been operationalized by individual public institutions while some have been earmarked as a flagship projects as it impact multiple stakeholders. The fact that ICT in Government operation is still new and it is in infant stage, the need to involve experienced partners in discharging ICT related duties is inevitable. Although carefully attention should be given during selection.

Involvement of Private Partners has potential benefits to Public institutions. Analysis should be conducted to analyze the viability of involving Private Partners in e-Government project as not all projects qualify for such collaboration. Strategic alignment with Public Private Partnership(PPP) policy is of paramount importance for this arrangement. Basically PPP guarantee cost reduction and risk sharing, innovative and quality service and knowledge transfer.

1.1 Perspective on PPP

PPP is a Procurement Mechanism that is different from traditional procurement process. The agreement is made between Government Agency and Private Company to share risks and rewards of a business venture involving the delivery of public service. Majority of PPP project are long term based but that should not limit the chance to enter into agreement for PPP arrangement for a short term project as long as the contract is well structured. Partners agree

on the mode of payment depend on the nature of the project. Some of the model are based on the fee generated by the user whereby after the investment cost is sufficiently collected by the Private Partner, the project is handed to Government. Other model suggest equal sharing of cost whereby the revenue generated from the service is distributed between parties involved until the end of the contract period when Government take ownership. Whichever mode adapted each e-Government PPP project has risk associated with it. The intention of PPP is to transfer the risk to part that is in better position to mitigate them but not just private partner. The success of PPP largely depend on the implementation of terms and conditions stipulated in the contract and is therefore important to ensure that the contract is designed to suit the project needs and that mechanisms and tools for monitoring the project are in place. Service Level Agreement should also be established for the part which is to provide the service but most important is to develop a clear plan for relationship management rather than constrain so much into contract based

1.2 Benefits of PPP

At the end of the contractual period the e-Government PPP project ownership is returned to Government. During the existence of the project the following potential benefits will be expected;

- Possibility of cost sharing projects with possible return on investment for the private sector
- Enhancing the invaluable expertise of private sectors by the Government in the area of customer satisfaction, work productivity gains and personnel efficiency
- Possibility of technology transfer from Private sector to Public Sector
- Possibility of risk reduction using other business model such as Build, Operate, Transfer (BOT) and Build, Own, Operate (BOO)
- Risk transfer to Private Sectors in terms of Commercial Know how and Managerial skills, Best Practice Technologies and innovation
- Enhancing Government Accountability and Performance
- Reducing need for Public Sector borrowing

2. Management of e-Government PPP Projects

2.1 PPP Operating Model

The Agency operating business environment allow it to perform ordinary procurement deals. Due to influx and trend of activities received from public Institutions, the need to partner with private sectors to increase our capacity seemed to be an alternative solution. Solid grounds has to be established to ensure each part is benefited from it. There are different PPP models, according to the project undertaken parties need to decide which suits their interest better. PPP model to be used in executing Agency e-Government projects are as follows:

- a) Fee based Funding
- b) Shared Cost Saving
- c) Shared Revenue
- d) Full Service Delivery

2.2 Risks in e-Government PPP Project

Like any other project, PPP projects has risk related to quality, cost, time and other variables. PPP project should not be undertaken without proper feasibility study conducted to assess the feasibility of executing the project under PPP arrangement. The decision to engage into e-Government PPP project will be based on the Feasibility report and or Business Case. The risk matrix should be drawn identifying among other things risk category, impact and likelihood of occurrence, and mitigation plans clearly stated. Risk will be transferred to the part which can best mitigate it.

2.3 Why the Agency should engage Private Partners

The Agency has set numerous objectives to be executed in different time period. Due to lack of resources particularly budgetary Constraints to implement and sustain the needed e-Government services, involvement of private partners for sharing cost is inevitable. The

approach is inline with Government policy for PPP. In the course of engaging Private Partners skills and experience will also be transferred to Agency. Other reasons for embracing PPP arrangement include inadequate human capacity, coping with time requirement and technology trend, as well as enhancing expertise in delivering our services

2.4 Payment Mechanism and Schedule

Various payment mechanism/cost sharing model exist in pursuing PPP arrangement. Based on the services offered by the Agency, the following categories will be adhered;

- i. Services which has an element of generating revenue shall be developed and managed by the Private parties for the period agreed by both sides (stipulated in the contract) thereafter handled to the Agency. Cost benefit analysis to be conducted by parties to guide the formulation of payback period
- ii. Other services with monetary value can be developed/designed by private partners and managed/operated/maintained by the Agency. Payment shall be made after the agreeing timeframe
- iii. Services which has no return in monetary value shall be developed/designed by private partners while the management responsibility should be left to the Agency. After completion the Agency will be paying professional fee on monthly basis until investment cost is recovered
- iv. Services which has no monetary return can be developed through joint venture whereby cost and benefit will be distributed equally between parties
- v. Again services which has no monetary value can be developed/designed by private partners and handled to the Agency for the duration of three months before payment started

2.5 Selection Criteria of e-Government PPP Project

Several e-Government strategic plans have been outlined in Tanzania e-Government Strategy and Agency Strategic plan which have potential to transform Government operation and attract the use of PPP approach in their implementation. The means to prioritize and select which one qualifies in such arrangement will depend on the following;

- a) The services which are delivered directly to the citizen and impact large range of society.
These projects are based in both mobile and electronic technologies.
- b) The total project worth should not be less than Tanzanian Shillings 200 Million. During proposal submission, the breakdown of the cost should be given.
- c) Sectors which have been given priority include education, health, agriculture, land, infrastructure and water
- d) Projects which directly align with Agency Strategic plan and other micropolicy documents and involve heavy investment will be highly considered
- e) Projects which are solely owned by the Agency should take the lead during selection
- f) Projects which involve utilization of local resources and produce a license free products/services shall be of paramount importance

Projects that meet more than half of the above criteria will be considered for implementation

2.6 Requirement for engaging Private Partners in e-Government PPP Project

Studies have shown that for successful implementation of e-Government initiatives Private sectors should not merely be treated as an entity for tax collection but rather as strategic partners. The approach is still at its infancy stage and therefore necessary controls and conditions should be put in place in order to reap the expected benefits. Private companies will be considered as a Government partner upon fulfilling the following requirements;

- The interested parties shall have a well understanding of e-Government initiatives prioritized in Government planning. Awareness of e-Government PPP guideline and prior experience working with Government Institutions will be an added advantage.

- Provision of detailed description of the project (service) expected to be delivered including its impact to the public, affected stakeholders, implementation methodology, and how both parties (private and public institution(s)) will benefit from it.
- Organization profile should be submitted indicating size of organization, industry experience in delivering such particular service (project), company registration details and other related information.
- Clear implementation plan stipulate the duration for executing the project, resources and skills required as well as technology to be used
- Budget requirement and cost sharing modality should be clearly stated as well as strategy/intention to recover the investment cost or if its part of their corporate social responsibility/aid
- Five years experience and expertise is required in delivering such service

The Agency should advertise call for application expressing its interest for partnering with Private companies to execute particular project with clear scope. Terms of reference should also be prepared for successful outcome of PPP project. Upon acceptance of the proposal, successful partner will be contacted for contract negotiation. The contract should state among other things that, Contractor should not hire staff away from the Government and Contractor should not be allowed to use the data they manage, especially personal information collected from citizens and other customers.

3. Discussion

Almost all the literature reviewed have acknowledged the roles, importance and contribution of involving private companies as partners in deployment of e-Government initiatives. Successful countries in embracing PPP approach have taken tremendous initiatives to ensure that the concept is well known to a large mass. Country like South Africa had even introduced a PPP curriculum in their higher learning courses.

Although Tanzania Government operation is still new to the concept, at least policy and law have been established already which give directions on how PPP projects will be performed. It has been found that the PPP Act Cap 103 as amended 2014, mandated Prime Minister's office to establish a PPP Center which will manage all PPP projects. However PPP Center is yet to be established. It further explaining that the contracting authorities (Ministries, Department, Agency and Local Government Authorities other public institutions) should submit a list of viable PPP projects to the center for execution and management. The center shall have a PPP technical committee made of permanent secretaries from Prime Minister's Office, Permanent Secretary of the Ministry of Finance, Permanent Secretary of the Ministry of Land, Deputy Attorney General, Executive Secretary of the President Office-Planning Commission, Executive Director of the Tanzania Investment Center, Executive Director of the Tanzania Private Sector Foundation, Commissioner General of Tanzania Revenue Authority, and one person from the Private Sector nominated by the Minister.

Based on the roles of the Center and Technical Committee, the understanding of the author of this report is that the comprehensive guideline for executing e-Government PPP project will be prepared by such recognizable instrument and eGA can participate to provide input upon request. It has been also concluded that the Agency like other contracting authorities has no legal mandate to execute PPP related project, its role in PPP will be to identify, prioritize and submit the PPP project to the centre and may acknowledge intellectual rights over the project idea.

The Agency as the main stakeholders in e-Government should continue with the effort to prepare expertise in managing PPP projects who perhaps will work with the center in managing complex nature of ICT projects when time comes. In the mean time traditional procurement approach should continue be used in dealing with Private Companies.

Bibliography

1. National Public Private Partnership (PPP) Policy 2009
2. Public-Private Partnership in e-Government Handbook prepared by the Institute for Public Private Partnership (2009)
3. Public Private Partnership for e-Government Services developed by International journal for Institutions and economies (2010)
4. Roadmap for e-Government in the Developing World, Pacific Council on International Policy (2002)
5. NSW Public Private Partnership Guidelines (2012)
6. Guideline for Public Private Partnership in Haryana
7. Private Public Partnership (Amendment) Act, Cap (103)