THE UNITED REPUBLIC OF TANZANIA

Supplement No. 46 16th November, 2023

SPECIAL SUPPLEMENT

To The Special Gazette Of The United Republic Of Tanzania No. 47 Vol. 104 Dated 16th November, 2023

Printed By The Government Printer, Dodoma By Order Of Government

GOVERNMENT NOTICE No. 838A published on. 16/11/2023

THE PUBLIC PRIVATE PARTNERSHIP ACT, (CAP. 103)

REGULATIONS

(Made under section 28)

THE PUBLIC PRIVATE PARTNERSHIP (AMENDMENT) REGULATIONS, 2023

1. These Regulations may be cited as the Public Private Partnership (Amendment) Regulations, 2023 and shall be read as one with the Public Private Partnership Regulations, hereinafter referred to as the principal Regulations.

2. The principal Regulation are amended in regulation 2, by-

(a) deleting the definition of the terms “partnership model”, “PPP desk”, “PPP Advisor”, “Special purpose vehicle”, “project officer”, “tender period”, “Special Purpose Vehicle”, “PPP advisor”, “tender period”, “local firm” and substituting for them with the following:

“partnership model” means a form of contractual agreement applied to PPP project as may be prescribed in the First Schedule, and based on the risk allocation structure, asset ownership structure and asset management arrangements under a project;

“PPP desk” means the desk designated to coordinate the implementation of public private partnership projects
in the Ministries, Departments, Agencies, Authorities and Institutions;
“project officer” means a person appointed by the accounting officer of the contracting authority to manage and coordinate a public-private partnership project;
“local firm” means a firm, company, sole proprietor or group of persons incorporated or registered in mainland Tanzania where the shareholding structure features is not less than fifty-one per centum of citizens or Tanzanians ownership;
“transaction advisor” means a person appointed in writing by a contracting authority who has the appropriate skills and experience to assist and advise the contracting authority or the Centre on matters related to a public private partnership, including the preparation, accession and conclusion of a project agreement and the financial close;
“special purpose vehicle” means a private company established by a successful private party prior to the execution of an agreement for the purpose of implementing a PPP project;
“tender period” means the period between the date of first publication of the invitation to tender or the date of mailing the invitation to tender and the date the contract of award is signed;
(b) inserting in their appropriate alphabetical order the following new definitions:
“accounting officer of the Public Private Partnership Facilitation Fund” means the accounting officer of the Fund designated as such under regulation 33J;
“public funding” has the meaning ascribed to it under section 7B(4) of the Act;
“fiscal commitment” means a direct liability or contingent liability in relation to PPP project including the provision of minimum revenue guarantee, demand guarantee where demands fall below expected demand due to unforeseeable events, and a letter of support or payment guarantee to the private party;
“commercial close” means the signing of the PPP agreement between the contracting authority and the project proponent;
“financial close” means the point at the end of the procurement phase where the PPP contract has been signed, any conditions precedent for financing are met and financing is in place enabling the project proponent to commence drawing down financing and work on the project;”.

3. The principal Regulations are amended by deleting regulation 3 and substituting for it the following:

“Identification of solicited proposals

3.- (1) The contracting authorities shall, at the beginning of every budget cycle, submit to the Minister prefeasibility study report of all potential projects to be undertaken in partnership with the private sector.

(2) The Minister shall, within seven working days, upon receipt of prefeasibility study of potential public private partnership project from the contracting authority, cause such study to be forwarded to the PPP Centre for analysis and recommendation.

(3) Before submission of the prefeasibility study of the proposed projects under subregulation (1), the contracting authority shall-

(a) ensure that the prefeasibility study report meets the requirements provided for under Regulation 3A; and

(b) be in line with the National Development priorities.

(4) Where the contracting authority is a Local Government Authority, before submission of prefeasibility study under subregulation (1), it shall seek recommendations from PPP Node and obtain an approval of the Minister responsible for local government authorities.

(5) upon receipt of the
prefeasibility study under subregulation (4), the PPP Node shall, within fourteen working days, scrutinize the proposed projects and provide recommendations to the contracting authority.

(6) The PPP Centre shall, within twenty-one working days from the date of receiving prefeasibility study, assess the prefeasibility study submitted to it under this regulation, together with the recommendations and respond to the contracting authority whether to proceed to undertake feasibility study.

4. The principal Regulations are amended by adding immediately after regulation 3 the following:

“3A. The prefeasibility study submitted under regulation 3 shall provide the following information:

(a) approval of the respective Minister;

(b) a demonstration of strategic suitability, primarily alignment with government development priorities, clear identification of the service need, assessment of project delivery options and proper technical scoping of the project;

(c) a demonstration of preliminary feasibility by assessing the technical, legal, social, environmental, economic and financial viability propositions in the proposed project concept;

(d) an identification and allocation of key risks including the market or demand risk, off-taker risk,
foreign exchange risk, environmental and social risk, risk of delays in project land or right of way acquisition, financing, design and construction risks, and operations and maintenance risks;

(e) a demonstration of high-level PPP suitability, in terms of high-level value for money profile of the project, and indicative level of private sector appetite for the project;

(f) for fiscal affordability, evaluating the extent and nature of likely government support requirements under the project, and the amount and duration as well as likely timing for such financial support;

(g) for institutional capability, by assessing the public private partnership readiness of the contracting authority, including its internal organization around the project, and its project execution capabilities;

(h) climate change considerations by-

(i) demonstrating how the project is aligned with the climate change policies of the government;

(ii) demonstrating a climate risk assessment of the
project based on the main climate change risks associated with the proposed project location;

(iii) showing how climate change adaptation measures will be accounted for at project design, during construction and operation phases; and

(iv) showing how the climate change adaptation measures are likely to impact project financing structures.

3B.-(1) PPP projects shall comply with the following standard of project identification, screening and prioritisation methodology:

(a) an assessment of the Strategic Suitability of the project taking into account the suitability of the project in terms of the country’s national agenda, service need, service delivery options, and scoping;

(b) preliminary feasibility which analyses the technical, environmental, social, economic, financial, and legal prefeasibility of the project;

(c) risk assessment which assesses the major risks applicable to the project including land acquisition
risk, financing risk, design and construction risk, operations and maintenance risk, market and demand risk, off taker risk, foreign exchange risk, and environmental and social risk;

(d) PPP suitability providing an assessment of the value for money and market appetite for the project;

(e) fiscal affordability which assesses the affordability of the project from the government’s perspective based on the extent and nature of fiscal support and its quantification;

(f) institutional capacity which assesses the institutional capacity, preparedness, and project execution capability of contracting authority;

(g) climate change risk exposure which assesses the exposure of the project to climate change risks;

(h) climate-smart PPP suitability which provides an assessment for adaptability of the project to withstand climate change impacts.

5. The principal Regulations are amended by deleting regulation 4.

6. The principal Regulation are amended by deleting regulation 6 and substituting for it the following:

“6. A prefeasibility study prepared shall contain the following
information:

(a) an assessment of the project feasibility and economic viability;

(b) the project’s technical scope, desired output specifications and expected service performance standards;

(c) legal, environmental and social implications and complexities;

(d) commercial viability, in particular the anticipated revenue-generating capacity of the project;

(e) value for money of the project demonstrating the likely ability to support efficient implementation from a time, cost and quality perspective and how implementation by the private sector will bring efficiencies that was not possible from the public sector;

(f) fiscal implications demonstrating the likely-
   (i) need for budget support to the project;
   (ii) quantum of the budget support; and
   (iii) timing for the budget support assessed against the prevailing macroeconomic and fiscal situation;

(g) assessment of the contracting authority’s ability to implement and manage the project;
(h) climate and disaster response screening; and
(i) such other information as prescribed in the First Schedule to these Regulations.

7. The principal Regulations are amended by deleting regulation 8.

8. The principal Regulations are amended in regulation 9 by deleting subregulation (1) and substituting for it the following:

“(1) Where a private party intends to undertake unsolicited project, that party shall submit a review fee of 0.1% of the estimated project cost or 50,000 United States Dollars, whichever is lower, at the time of presenting the unsolicited proposal and the unsolicited proposals shall not be reviewed until the funds have been deposited into the PPP Facilitation Fund.”

9. The principal Regulations is amended in Regulation 11, by-

(a) deleting paragraph 2(f) and substituting for it the following:

“(f) a statement describing how the project proposal is innovative and unique, not avoiding competition and disclosures on the ownership of the intellectual property rights in the proposed technology for the delivery of the project”;

(b) deleting paragraph 2(i) and substituting for it the following:

“(i) A detailed statement demonstrating the proponent’s-

(i) financial capacity to implement the project and related to its audited financial statements and
fundraising history, technical capacity and project delivery record;
(ii) disclosures of completed projects similar on scale and complexity to the proposed project; and
(iii) acceptability demonstrated by disclosures on its incorporation or formation, standing and litigation history.”

(c) inserting immediately after paragraph (j) the following:
“(k) a statement demonstrating how the proposal is climate responsive in accordance with the requirements of climate responsive screening mechanisms provided for under these Regulations.”

(d) renaming paragraphs (k) and (l) as paragraphs (l) and (m) respectively.

10. The principal Regulations are amended by deleting regulation 12 and substituting for it the following:

12.- (1) A contracting authority shall consider prefeasibility study for unsolicited proposal based on the following criteria:

(a) the project demonstrates value for money, affordability, risk transfer efficiency, social and environmental sustainability and guarantees transparent and stable delivery of project-linked public services;

(b) the project’s technological delivery approach is unique and innovative, and supports cost-effective methods for service delivery compared to
alternative options;
(c) the project is climate responsive;
(d) the project demonstrates commercial and financial viability and does not require any form of financial support or viability gap funding; and
(e) the project supports and is amenable to transparent procurement processes.

(2) The contracting authority shall, where the prefeasibility study meets the requirements under subregulation (1), forward the prefeasibility study to the respective sector Minister for approval.

11. The principal Regulations are amended in regulation 14, by-
(a) adding immediately after subregulation (1) the following:
“(2) The feasibility study undertaken under subregulation (1) shall comply with the requirements of Regulation 15 and guidelines on feasibility study design that may be developed.”
(b) Renumbering subregulations (2) to (4) as subregulations (3) to (5) respectively.

12. The principal Regulations are amended in regulation 15-
(a) in paragraph (a) by inserting immediately after subparagraph (v) the following:
“(vi) viability analysis.”
(b) in paragraph (c) by deleting subparagraph (ii) and substituting for it the following:
“(ii) a detailed technical output specifications of the project and targeted performance standards, relative to the project needs statement;”
(c) by deleting paragraph (d) and substituting for it the following:
“(d) demonstration that the project is revenue self-sufficient, does not require public sector viability gap funding and meets the requirements of affordability under these Regulations;”
(d) by deleting paragraph (h) and substituting for it the following:
“(h) public sector comparator test or value for money quantitative assessment;”
(e) by adding immediately after paragraph (u) the following:
“(v) demonstration of how the project is climate-responsive in line with these Regulations;” and
(f) by renaming paragraph (v) as paragraph (w).

13. The principal Regulations are amended in regulation 28 by repealing subregulation (1) and substituting for it the following:
“(1) The PPP Centre shall prepare PPP procurement guidelines in consultation with the Authority. “

14. The principal Regulations are amended in regulation 29 by deleting subregulation (1) and substituting for it the following:
“(1) The PPP Centre shall, immediately after receiving approved prefeasibility study, record the particulars of the project in the register.”

15. The principal Regulations are amended by deleting Part V and substitute for it the following:

“PART V
PUBLIC PRIVATE PARTNERSHIP FACILITATION FUND

Object of Fund

30. Pursuant to section 10A of the Act, the object of the Fund is to provide
financial support for the implementation of public private partnership programs under the Act.

31. The Fund shall be applied to the following purposes with respect to eligible projects under the Act and these Regulations:

(a) support to contracting authorities’ third-party costs in the appraisal, structuring, procurement, contracting and financial close of public private partnership projects, including settlement of transaction advisory and other consultancy costs; and
(b) support to training and other capacity building initiatives for the PPP Centre and other government officials from contracting authorities.

32.- (1) A contracting authority that intends to get project development support shall submit a request to the PPP Centre.

(2) For purposes of supporting contracting authorities under subregulation (1), the Fund may be applied to meet the cost of-

(a) consultancy services related to the public private partnerships programme including the conduct of sector diagnostic and studies, project proposal and feasibility studies;
(b) conduct of tender processes including project advertisements, marketing and communications, market
sounding and investor conferences on prioritised projects and tender administration;
(c) contract negotiations and due diligence exercises;
(d) transaction and associated advisory services; and
(e) other project preparation activities as may be approved by the Steering Committee.

(3) Project preparation funding provided under this regulation may be recoverable, only if the request to recover was disclosed to market participants prior to the start of the procurement proceedings on a project.

33.- (1) In supporting the PPP Centre in the project related activities, the Fund may be applied to fund the budget of the Centre upon approval of the Steering Committee.

33A. Any application to the Fund shall satisfy the following eligibility requirements when seeking support for project preparation under the Fund:
(a) for sector diagnostic studies and preparation of project proposal documentation, the contracting authority shall have established a node under the Act, and provided evidence of a function capable of performance by a private party;
(b) for feasibility study preparation, evidence that the project is included in the approved list of projects under
the Act, and the contracting authority engages, in consultation with the Centre, an approved transaction advisor to undertake the study;

(c) for the acquisition of land, wayleave or other right of way, evidence of an approved feasibility under the Act, land acquisition, compensation and resettlement plans; and

(d) for procurement of a private party under the Act, evidence of an approved pre-feasibility study or feasibility study.

33B.- (1) The Fund may be applied in supporting eligible projects through viability gap funding to fund-

(a) capital made to a project during construction;

(b) provide financial incentives depending on the feasibility study or public interest; or

(c) any other financing arrangements as may be made available to a project in accordance with a project agreement.

(2) The Accounting Officer of the Fund shall advise the Committee on new categories of viability gap funding necessary to enable the Fund to better support the objectives for which the Fund is established.

33C.- (1) A project is eligible for viability gap funding if the project is bankable, offers value for money and contributes to government development priorities but is not financially viable.
(2) Subject to subregulation (1) viability gap funding is only available to support project costs.

(3) When applying for viability gap funding under the Fund, contracting authorities shall provide to the Fund—

(a) an approved feasibility study report, which shall include approval of fiscal commitments and contingent liability estimates in a proposed project; and

(b) approved project report and financial risk assessment report.

33D. In making a determination on the eligible applications to the Fund to be funded, the Fund shall apply the principle of first come-first serve, and in addition the following selection criteria:

(a) the extent to which a contracting authority is able to co-fund the requested support from its sector budget;

(b) potential economic impact of the project;

(c) potential value for money impact of the support;

(d) equitable application of support under the Fund;

(e) any specific requirements applying to the resources available within the Fund;

(f) a contracting authority’s compliance history under the Act and track record of effective use of the Fund support; and

(g) quantum of the viability gap funding and its impact on the
continued availability of the Fund to support other eligible projects.

33E. The Steering Committee shall, pursuant to section 7A of the Act, oversee the operations and management of the Fund.

33F. The functions of the Steering Committee in relation to the Fund shall be to-

(a) approve allocation of project development funds from the Facilitation Fund;
(b) assign to contracting authority’s terms and conditions for utilisation of the Facilitation Fund;
(c) advise the Minister on the funding requirements for the Fund;
(d) adopt the proposed estimates of annual revenue and expenditure of the Fund as prepared by the Accounting Officer of the Fund; and
(e) ensure that only eligible projects are authorized for funding under these Regulations.

33G. The Steering Committee shall, in relation to the Fund have powers to-

(a) authorise allocations from the Fund;
(b) approve proposals for re-allocations of funds not earmarked to specific objects at any given time;
(c) cause to be prepared fund management reports under such periodicities as the Act and projects agreements may prescribe;
(d) adopt the financial statements prepared for specific purposes within the Fund at least once every year;
(e) approve all operational and management procedures of the Fund;
(f) approve, vary, update or otherwise deal with the criteria for the selection and evaluation of projects for funding;
(g) approve financial statements and management reports;
(h) where applicable, adopt the financial statements prepared by the Accounting Officer of the Fund before submission to the Controller and Auditor General; and
(i) adopt the non-financial reports of the Fund and submit them to the Minister.

33H. Pursuant to section 10A, the Executive Director of the PPP Centre shall be the accounting officer of the Fund.

33L-(1) The functions of the accounting officer of the Fund shall be to-
(a) act as technical arm of the Steering Committee;
(b) supervise and control the day-to-day administration of the
Public Private Partnership (Amendment)

GN. NO. 838A (Contd.)

(c) prescribe all forms and prepare all funding documentation necessary for the proper administration of the Fund;

(d) prepare estimates of annual revenue and expenditure of the Fund relating to the public private Partnerships programme and the Fund’s operational expenses and submit it to the Steering Committee for adoption;

(e) cause to be established proper systems of control and oversight over the operations of the Fund;

(f) advise and consult the Steering Committee on matters relating to the administration of the Fund;

(g) keep and maintain financial records of all projects supported under the Fund;

(h) advise the Steering Committee on fiscal commitments and contingent liabilities arising out of government projects under the Public Private Partnership program that may be financed under the Fund;

(i) prepare non-financial performance report of the Fund and submit it to the Steering Committee for adoption;

(j) cause to be kept proper books of accounts and other books and records relating to the Fund and to the activities
financed under the Fund;

(k) prepare, sign and submit to the Controller and Auditor General in respect of each financial year and within three months after the end of each financial year, a statement of accounts relating to the Fund in such form as may be prescribed in accordance with the laws governing public finances.

(l) monitor the performance of funding agreements and take remedial measures to ensure optimal system operation;

(m) ensure recovery of any recoverable expenditure of the Fund under these Regulations; and

(n) perform any other function that may be assigned to the Accounting Officer of the Fund by the Steering Committee.

(2) The Accounting Officer shall comply with the ordinary cycle in the preparation of estimates for the Fund, especially with regard to components supported through the Exchequer.

(3) The Accounting Officer of the Fund shall, prepare and submit estimates of revenue and expenditure of the Fund to the, Steering Committee for adoption.

33J.- (1) The Accounting Officer shall be supported by a secretariat from the PPP Centre.

(2) The Accounting Officer of the Fund shall develop, adopt and implement an internal governance arrangement
clearly separating the administration of the Fund from the technical mandate and operations of the PPP Centre.

33K.- (1) Subject to section 10A of the Act, the Accounting Officer of the Fund shall cause accounts in the name of the Fund to be opened and maintained for the Fund at the Bank of Tanzania in accordance with financial management rules that for the time being govern public funds in Tanzania.

(2) The account opened pursuant to subregulation (1) shall have three sub-accounts:
(a) project development account;
(b) capacity development account; and
(c) viability gap funding account.

(3) The Fund’s account shall be operated in accordance with the Public Finance Act.

33L.- (1) Withdrawals from the Fund shall only be for purposes of payment of approved uses of the Fund under the Act and these Regulations.

(2) The Accounting Officer of the Fund shall ensure the accounts of the Fund are not overdrawn at any time.

33M. The Accounting Officer of the Fund shall publish annually on its website, Government Gazette and in at least one newspaper with wide national circulation, the following minimum categories of information-
(a) the amount and source of money received into the Fund, divided by each funding window;
(b) total number of projects supported under each window of the Fund, provided by the sector and region; and
(c) any other information required to be published.

33N.- (1) Subject to section 10B of the Act, the private party shall pay project preparation fee equivalent to one hundred percent to be deposited to the PPP Facilitation Fund Account.

(2) Save as otherwise provided in subsection (1), the mode of payment and the amount to be deposited in the Facilitation Fund Account shall be as determined in the request for proposal.

(3) Where the feasibility study reveals that the PPP project is viable and qualify for waiver for payment of project preparation costs, the Steering Committee shall consider and recommend to the Minister for waiver.

(4) The Minister may, in considering the recommendation referred to under subregulation (3), partially or wholly waive payment of project preparation costs.

16. The principal Regulations are amended by adding immediately after regulation 35 the following:

35A.- (1) Subject to section 15(3) of the Act, upon exemption of solicited project from the competitive bidding process, the contracting authority shall proceed with negotiations in terms of Part IX of these Regulations.”

17. The principal Regulation are amended by deleting Regulation 58 and substituting for it the following:

“58.- (1) The contracting authority
shall, upon identifying the preferred bidders and the reserve bidders from the evaluation process, submit the preferred bidder and reserve bidder to the PPP Centre for scrutiny.

(2) The PPP Centre shall, upon receipt of the preferred bidder and reserve bidder, make recommendations and submit it to the PPP Steering Committee for approval.

(3) In case the contracting authority is the local government, before submitting the preferred bidder and reserve bidder in terms of subregulation (1), shall seek recommendations from PPP Node and obtain an approval of the accounting officer of the Ministry responsible for local government authorities.

(4) The PPP Centre shall, within seven working days after receipt of the approval from the Steering Committee, notify the contracting authority.

(5) The contracting authority shall, within fourteen working days after receipt of the approval in terms of subregulation (4), notify the preferred bidder and the reserve bidders.

18. The principal Regulation are amended in regulation 60 by deleting subregulation (1) and (2) and substituting for them the following:

“(1) Upon receipt of the approved evaluation report and the supporting documents, the accounting officer shall, upon satisfying himself that proper procedures are followed, forward it to the PPP Centre for verification and recommendations.

(2) Where the accounting officer is for the local government, before submission in terms of subregulation (1), shall seek recommendations of the from PPP Node.”
19. The principal Regulation are amended by adding immediately after regulation 61 the following:

61A.—(1) For the better carrying into effect the provisions of Section 18A of the Act, the Private party shall, before the signing of the PPP agreement, establish a Private company in accordance with the Companies Act for the purpose of undertaking the PPP project.

(2) A special purpose vehicle established under subsection (1) may include a public entity as a minority shareholder.

(3) Where the contracting authority is a shareholder in a Special Purpose vehicle or any company jointly owned by the contracting authority pursuant to the PPP Agreement and in furtherance thereof—

(a) the shares of the public entity in the incorporated joint venture company shall be held in the name of a Special Purpose vehicle established by the private entity for that purpose;

(b) all agreements between the contracting authority and the private party shall be signed by both the Special Purpose vehicle and the Public Entity; and

(c) the PPP Agreement between the contracting authority and the private party shall, without prejudice to the provisions of the memorandum and articles of Associations filed in accordance with the Companies Act, clearly articulate the respective rights and obligations of the shareholders of the Special
Amendment of regulation 65

20. The principal Regulations are amended in regulation 65 by deleting the word “TANePS” appearing under paragraph (1)(b) and substituting for it the words “electronic procurement system”.

Amendment of regulation 68

21. The principal Regulations are amended in regulation 68-

(a) by deleting subregulation (1) and substituting for it the following:

“(1) The selection of the preferred bidder shall follow an open and competitive approach using the Bonus System”;

(b) In subregulation (2) by deleting the words “tender board” and substituting for them the words “contracting authority”.

Amendment of regulation 69, 83, 84, and 85

22. The principal Regulations are amended by deleting the words “tender board” wherever they appear in regulations 69, 83, 84, and 85 and substituting for them the words “PPP Centre”.

Amendment of regulation 71

23. The principal Regulations are amended by adding immediately after regulation 71 the following:

“71A.- (1) For purposes of efficiency and effective procurement of PPP advisors or PPP transaction advisor, the PPP Centre shall maintain a list of prequalified PPP experts whose services may be procured from time to time.

(2) The list under subregulation (1) shall be reviewed periodically.”

Deletion of regulation 91

24. The principal Regulations are amended by deleting regulation 91.

Amendment of regulation 85(4), and 116, 117, 118,119,120, 121 and 122

25. The principal Regulations are amended by deleting the word “Authority” wherever it appears in regulations 85(4), and 116, 117, 118,119,120, 121 and 122 and substituting for it the words “PPP Centre”.

25
26. The principal Regulations are amended by adding immediately after regulation 127 the following:

127A.—(1) A contracting authority shall, within thirty days of signing the PPP Agreement, publish in at least in one newspaper of wide circulation within the project host community, and on the PPP website, the major highlights of the PPP Agreement including—

(a) the parties to the agreement;
(b) a brief on the rationale for the project;
(c) the type of PPP whether it is a lease, concession or any other form of PPP arrangement;
(d) a summary of the financial obligations of the Project Proponent;
(e) the Government’s financial obligation, if any;
(f) a summary of agreed service levels and output specifications;
(g) the duration of the PPP Agreement;
(h) the identity, designation and contact details of a contact person within the contracting authority who shall have responsibility for providing answers to questions or clarifications on issues relating to the PPP;
(i) identity and contact details of the Project Proponents appointed Stakeholder Liaison Officer; and
(j) such other information as the PPP Centre may determine.

Dodoma, 15th November, 2023

MWIGULU LAMECK NCHEMBA MADELU, Minister for Finance