



# The Potential and Challenges of Public – Private Dialogue and Partnerships in Tanzania

## *A Real Life Analysis of the Local Investment Climate Project in Dodoma*

---

### Master Thesis

(Keystrokes: 209.131 = ca. 87 pages)

## Development and International Relations

10<sup>th</sup> Semester

2015

---

### Thesis Members:

Bruna Afonso

Christian Henne

## Abstract

The motivation to write this master thesis targeting the obstacles and opportunities of public-private dialogue in Tanzania arose from the fact that public private partnerships are currently often described as the new major trend in development efforts. Therefore the opportunity to research an upcoming approach, which has not been entirely analysed in terms of its long-term effects presented a challenging master project to us.

Our specific interest has been to understand which challenges hamper the public private dialogue and thus also the following partnerships in the local levels of Tanzania. Tanzania is a highly interesting example for such an analysis as it has a very unique political landscape and furthermore some historical episodes, which remain a strong influencing factor until today. The chosen approach of the research team has been to collaborate with a company (NIRAS A/S) which has a current public private partnership project in Tanzania; Local Investment Climate in . Therefore the approach was divided in two parts. Firstly, we engaged in literature review of academic theories as well as documents describing the current situation of Tanzania's economy and political environment. Afterwards he spend one month in Tanzania researching via interviews, surveys and field observations. This research process evolved during this time as newly found challenges and opportunities moved to the focus of attention.

The result of the thesis has been some recommendations for the improvement of the current situation. One of the main recommendations is to focus on the young entrepreneur generation rather than the old generation of current business owners. As the paper will describe in detail there are several attitude and environment reasons which suggest that a development effort focusing on this group is more efficient as well as more cost effective than the current approach which focuses on the already existing businesses. Another recommendation targets the strengthening of the private sector's internal administrations as this has been identified as one of the main obstacles in the current public private dialogue.

With the presented analysis, the recommendations and their evaluation, we especially hope to assist the Local Investment Climate project in Tanzania. Furthermore, the paper presents a good overview for everybody interested in understanding both, the public-private partnership opportunities and challenges as well as the specific country circumstances of Tanzania which affect each development program in this country.

# Acknowledgements

NIRAS A/S	<i>A special thank to NÍC NÍRAS for the collaboration for this thesis. Without your support the field trip would not have been possible.</i>
Bjarne Christensen	<i>Thanks for the interesting insights and the fruitful discussion, we hope that we can give something back via this thesis</i>
Rasmus Klitgaard & Sabra Saleh	<i>Thanks for the kind welcome and the organisational support during our time in Tanzania</i>
LIC Team	<i>Many thanks to all team members of the Dodoma offices. We highly appreciate all the efforts you went through to put us in contact with our interview partners. Good luck during the rest of the project.</i>
All Interview Partners	<i>Thank you for sharing your personal opinions about PPP and the current situation in Tanzania with us, the thesis would not have been possible in such an interesting manner without you</i>
All Survey Participants	<i>Thanks for sharing your future career plans with us</i>
Ane Bislev	<i>Thank you for having been a great source of guidance during the process of writing our thesis. We appreciate the quick and helpful responses and the good discussion atmosphere during our meetings</i>

## Bruna Afonso

Ana Cristina Lopes Manuel Afonso	<i>Muito Obrigado pelo vosso apoio e orientação ao longo dos anos. Estarei sempre grata pela vossa amizade e por estarem sempre prontos a ajudar e acalmar a filha nos passos que ela vai dando.</i>
António e Ilda Lopes	<i>Muito Obrigado pelo vosso esforço e apoio, particularmente ao longo dos últimos anos. “Sem trabalho e afinco nada se consegue”, a neta (do meio) agradece estas palavras.</i>

## Christian Henne

Meine Eltern Karin und Ralph Henne	<i>Vielen Dank, dass ihr mir den den Start in das Studium ermöglicht habt und mich danach meinen Weg habt gehen lassen. Immer unterstützend, aber nie beeinflussend. Ohne euere Erziehung wäre ich heute nicht da wo ich bin...</i>
Günter Wiedemann	<i>Vielen Dank für die Unterstützung, es hat das Studentenleben neben der Arbeit auch um den einen oder anderen Tag “Student sein” bereichert</i>

## Acronyms

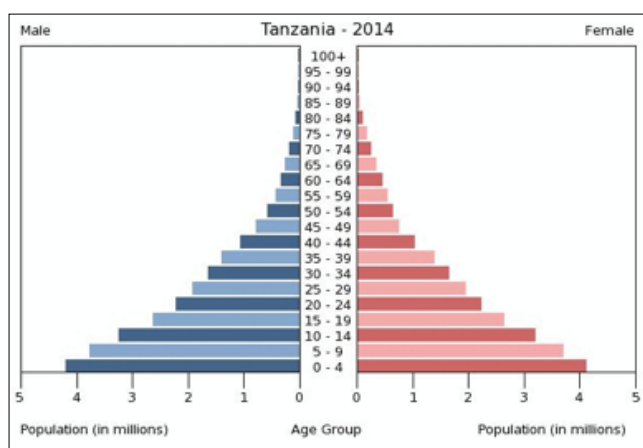
<b>ALAT</b>	Association of Local Authorities of Tanzania
<b>BOT</b>	Build -Operate- Transfer
<b>BOOT</b>	Build-Own-Operate-Transfer
<b>CDA</b>	Capital Development Authority
<b>D – by – D</b>	Decentralisation by Devolution
<b>DBO</b>	Design-Build-Operate
<b>DBFO</b>	Design-Build-Finance-Operate Project
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>IMF</b>	International Monetary Fund
<b>LIC</b>	Local Investment Climate
<b>LGAs</b>	Local Government Authorities
<b>LGRP</b>	Local Government Reform Programme
<b>NGO</b>	Non- Governmental Organisation
<b>PMO-RALG</b>	Prime Minister's Office Regional Administration and Local Government
<b>PPP</b>	Public-Private Partnership
<b>PPD</b>	Public- Private Dialogue
<b>SME</b>	Small Medium Enterprises
<b>TCCIA</b>	Tanzania Chamber of Commerce, Industry & Agriculture
<b>TNBC</b>	Tanzania National Business Council
<b>TPSF</b>	Tanzania Private Sector Foundation

1. Introduction	3
2. Research Methodology	7
2.1. Research Question	7
2.2. Motivation	7
2.3. Literature Review	8
2.4. Key Concepts and Definitions	10
2.5. Methodological Approach and Methods	12
2.6. Limitations	13
3. Contextual Background	15
3.1. Tanzania Socio - Political and Economic Development	15
3.2. Decentralisation Process & Local Government Reform	18
3.2.1. Decentralisation by Devolution (D-by-D)	18
3.2.2. Introduction of the Local Government Reform	19
3.3. Legal Framework in Tanzania - Agriculture, Investment and PPPs	20
3.4. Why is Tanzania not performing better today?	21
4. PPD/PPP - A new form of governance?	24
4.1. Why PPPs became popular in the recent past	24
4.2. General PPP Models/Approaches	27
5. Theoretical Framework and Supporting Scholars	29
5.1. Liberalism and Conservatism	29
5.2. An Institutional Analysis – Regimes Capacity	32
5.3. Douglas North & Pieter Glasbergen	35
5.4. Critics on PPP approach	38
5.5. The Role of Public Private Dialogue	40
6. Analysis - Interviews / Outcome 1	41
6.1. The Public Sector	42
6.2. The Private Sector	43
6.3. The Civil Society	47
6.4. Underlying framework constraints	50
6.5. Core constraints for PPP initiatives in Tanzania	55
6.5.1. Political Environment & Legal Framework	55
6.5.2. Capacity of the public & private sector institutions	58
7. Hypothesis - Generation change	60
8. Analysis - Survey / Outcome 2	61
8.1. Survey framework	62
8.2. PPP does it make sense for the future of Tanzania?	63

8.3.Which part of the Tanzanian society is suitable?	66
8.4.How to support the key players?	72
9. Final evaluation of interviews and survey	73
10.Discussion and Recommendations	74
10.1.Capacity building in private sector	74
10.2.Graduate support	76
10.3.PPP & Education Investments	77
10.4.Show-case and Local Champions	77
10.5.Civil Sector Involvement	78
11.Conclusion	80
Annex 1 - Interviews Sample	84
Annex 2 – Questionnaire Sample	89
Annex 3 – Interview List	91
Annex 4 – Practical Recommendations	94
Bibliography	97
Graphic Bibliography	102

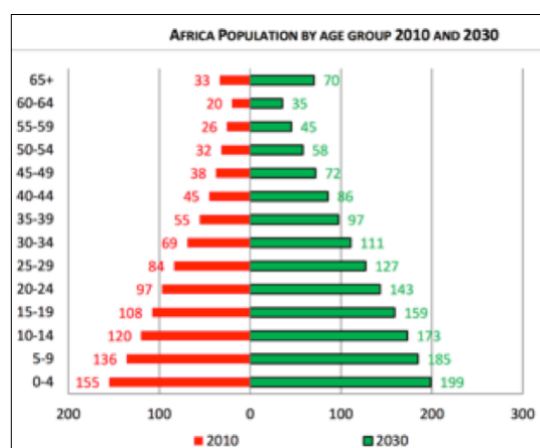
# 1. Introduction

After decades of stagnating development, political unrest and social problems, Africa's most recent headlines paint a more optimistic picture of African economies and the living conditions for their citizens. Nowadays, Africa is often described as a region with sanguine future prospects; for example seven out of the ten fastest growing economies in the world are located in Africa<sup>1</sup> (The economist, 2011). Furthermore, roughly 60% of established businesses within Africa state that the continent's overall business attractiveness has improved and 73% expect further improvements in the future (EY, 2014, 54-58). Nevertheless, African economies are about to approach a critical crossroad on their development path. Experiencing an unprecedented increase in the youth population, many nations face today the menace of new aggravations in the social sphere.



**Graphic 1**

Current Demographic - Tanzania; (CIA Factbook, 2014)



**Graphic 2**

Demographic Forecast - Africa; (Mubila, 2012)

Even though the economic conditions have improved substantially, African companies are not armed sufficiently to cope with roughly 15 million well-educated graduates pushing annually into the African labour markets. Thus, in order to avoid future social hassles resulting from the dissatisfaction of young unemployed Africans there is the exigency to continue improving the business environment (Kapil Kapoor et. Al, 2013, 3). Next to this inevitable imminence resulting from the current demographic trend, there are also homemade issues like the imbalanced distribution of benefits following from the economic growth. The consequence is that countries like Tanzania have high growth rates, but while some elites benefit from this upsurge the social conditions for average citizen stagnate in many areas. For example, this can be seen in the extremely slow reduction of child malnutrition (Unicef, 2015).

The governments of various African countries have recognised those circumstances and engaged in collaborations with (western) companies, using their expertise to support the development

<sup>1</sup> Ethiopia, Mozambique, Tanzania, Congo, Ghana, Zambia, Nigeria

process of their national economies and channel the benefits in more efficient ways for the citizens. These African efforts gained increasing support from western development organisations in the recent years. An example for such a support program is the Local Investment Climate (LIC) project, which is managed by “NIRAS A/S” and serves as a case study for this thesis.

A major hindrance for African governments in handling this issue is the prevailing investment aversion of companies without business presence in Africa. According to the “2014 Business Attractiveness Report” issued by Ernst & Young (EY, 2014, 54-63) companies, which do not operate in Africa and thus do not have current experiences in this region are less as optimistic about future prospects and thus less motivated to engage in African affairs. On the other hand those companies, which have already entered local markets assess the opportunities much more positive. This suggests that a solution focusing on internal components might be more viable for the African development endeavours, than relying on foreign assistance.

However, like in many other developing economies, also several African governments face a lack of financial resources when attempting to put requisite investments in place. With the upcoming Public Private Partnerships (PPP) governments have found a new tool, which harbours potential to surmount these financial hindrances (Pinaud, 2007, 18). The private sector is already responsible for 66% of investments made in Africa, employs 90% (formal and informal) of wage earners and produces 75% of the economic output. Thus a further consolidation of the state - private sector relation harbours yet more development potential (Kapil Kapoor et. Al, 2013).

The aforementioned PPPs are a relatively new concept aiming in improving the state - private collaboration and thus a profound analysis of these efforts is still required. From an academic point of view, such a collaboration is in line with the ideas of scholars like D. North and P. Glasbergen who describe nations as constructs requiring the simultaneous development of the three pillars in order to perform effectively; the economic, the political and the social pillar. North argues that all three pillars have to develop in a similar pace in order to guarantee a steady development process (North, 1990). Glasbergen specifies that each sphere individually can fulfil tasks e.g. the market as economic pillar creates the foundation for economic performance while the state, as political pillar is responsible for setting the social and legal framework of a society. However, he continues that in “public choices” the optimal outcome can only be achieved if next to the political actors also economic parties as well as the civil society are included in the decision making process (Glasbergen, 2011, 1-13). Thus, a Public Private Dialogue (PPD) has to be the initial point for developing PPPs, which should provide cutting-edge solutions for the citizens at lower costs for the state, while simultaneously stimulating the economy. However, it has to be stated that this decreased financial burden is rather an ideal case scenario; depending on the set-up structure and the contractual agreements the financial burden can be shared between the participating stakeholders in various manners.

PPDs are based on the principle of subsidiarity, which suggests that each action should be



executed as close to the citizen as possible, while higher government level are supposed to take over responsibilities only if they can handle progresses more efficiently than the local levels (European Commission, 2015). In other words, PPDs prepare a public private engagement in which the government mainly remains in the control to monitor the process and can demand adjustments, while the private partner puts the project into execution, assumes the financial risks of the endeavour and pockets the profits. Thus, PPPs are often seen as a win-win situation in which the government performs its task more cost effective, the citizen receives a high quality final product and the economy gains a new source of income (The Institute for Public-Private Partnerships, 2009). Maxime Cerutti, director of the social affairs department of Business Europe highlighted recently the importance of the new concept when emphasising the “greater effectiveness, better value for money and more efficiency” (Toute L’Europe, 2013) while ensuring the quality by giving the authorities the responsibility to “lay down the necessary quality standards and define the outcomes required” (Toute L’Europe, 2013).

However, the aforementioned absolute win-win situation has to be seen as a theoretical construct, which never is realisable to 100% in reality. Conciliating the profit-seeking business strategies of private companies with public interests like sustainability and poverty reduction often demands tedious negotiations. Furthermore it has happened that initially lustrous enterprises degenerate during the negotiation process to a shadow of their former selves, as the ambitious idea has to give way to the least common denominator over time (Roehrich, et Al., 2014)

Furthermore, there has to be a differentiation between two spheres within the development of African economies. Scholars like Ian Taylor point out that the current economic development in many African states is often not beneficial for the average citizen, but mostly creates profits for (foreign) investors.

Though being part of the same overall development process, those spirals have highly different outcomes for the members of the individual spheres. Taylor states that there is the foreign investors’ perspective, interested in business opportunities and regarding Africa as a unified terrain with various investment prospects. The aforementioned headlines glamorising the African upsurge are addressing such investment opportunities (Taylor, 2014, 1-5).

On the other side there is the average citizen of an African nation, who has the hope to improve his/her personal living quality. Especially in the rural settings<sup>2</sup>, his/her lifestyle is characterised by the need for basic improvements in health care, sanitation or education. Thus Taylor explicates that both sectors have highly diverging interests and do not affect each other - even though they are parts of the same process (Taylor, 2014, 1-5). Thus, when analysing PPDs and PPPs it is crucial to keep this duality of the situation in mind.

---

<sup>2</sup> According to the World Bank over 60% of Sub-Saharan African population are located in rural areas (Trading Economics, 2015)

Whether optimism or pessimism is more justified finally depends on the implementation of PPPs, as there have been successful endeavours as well as failures among the recent attempts to create public-private collaborations in Africa. The “Rift Valley Railway” connecting Mombasa with Nairobi, as well as Kisumu to Kapala never lived up to its predefined objectives in terms of annual cargo, passenger or revenue numbers so that it came to the verge of collapse in 2010. Only additional governmental investments could save the project which started with high hopes. On the other hand there are projects like the “West African Gas Pipeline”, facilitating Nigerian gas transportation to Benin, Togo and Ghana. Chevron and the Nigerian National Petrol Company are private partners of public Nigerian entities in this PPP and they form the steering committee together. The project is viable for the business partners, created access to cheap energy to citizens of the participating countries and provides tax revenues of ca. 634 million USD over the entire project life. Those two examples clearly show that PPPs are options to perform public services, however, their success highly depends on the individual execution process.

Next to the purely economic benefits, PPDs can have a positive effect on the state - private relationship. Especially if the past has been dominated by mismanagement, distrust and lack of transparency, like it has been in the case of Tanzania. A PPD can help to improve the deadlocked collaboration (Pinaud, 2007, 14-16). Currently this distrust is one of the major challenges for Tanzania’s development, which makes PPD/PPPs especially attractive to the country. Furthermore, Tanzania’s government programmes and business activities also face one of Africa’s major challenges - the informal sector. According to the World Bank Doing Business Database, Tanzania is amongst the top three African countries with the largest informal sector. This poses a serious challenge to government revenue collection, thus the efficiency of public services and delivery. The limited contribution of the informal sector to developing activities hints a clear internal challenge that is both affecting economic growth and the blossoming of fruitful PPDs/PPPs (All Africa, 2015). Thus, PPDs and PPPs are globally gaining more importance compared to traditional approaches. Its great popularity on the African continent can be seen as several governments supported such initiatives in the recent years. The “Private Sector Development Strategy for 2013 to 2017”, issued by the African Development Bank, PPDs/PPPs is one major example for such a long term strategy. Also new organisations like the Public Private Health Forum (PPHF), introduced by Tanzania in 2014, corroborate this trend. It is with all above in mind that even though PPPs are facing some well-founded critique, it may harbour great potential for bringing new movement in the rather stagnating development process of the last decades. Therefore the research team decided to approach the issue via the research question: “How can the public-private dialogue/partnerships in Tanzania develop in order to improve the local business climate?”. Driven by this question the research team aimed to identify and analyse the current major constraints in the implementation of PPD/PPPs as well identify potential solutions.

## **2. Research Methodology**

In this chapter we propose a clear methodological approach for this research, in which we elaborate on the reasoning behind the choice of the topic, case study and research question. Following, we elaborate on how we apply the theories/authors in order to respond to our main research question. Subsequently, we discuss the methods used for our research and the study's limitations.

### **2.1. Research Question**

Our main research question is “How can the public-private dialogue/partnerships in Tanzania develop in order to improve the local business climate?” As mentioned previously, PPD/PPP are new trends in the development world. Nowadays, they are being promoted as a potential effective ‘medicine’ to overcome business constraints and create economic growth at various levels. Though its establishment, particularly, in a setting like Tanzania it raises a number of challenges that may undermine the potential of this development strategy, many western countries have adopted PPPs strategies for service and public good delivery to increase efficiency and decrease government's burden. Whether this is a strategy is on a fundamental level suitable for a general development progress and why it has become so popular in the last decade are outside the scope of this thesis. It is recognised that PPDs/PPPs instrument are becoming popular in countries as Tanzania but at the present time it is not possible to evaluate the repercussions for its economy or socio-political spheres. Thus, we purpose to research about the setting in which they are presently being created and what are the main constraints as well as the main benefits that the stakeholders are facing.

### **2.2. Motivation**

As mentioned, our study main objectives are (1) to explore how far the development of PPD/PPPs are proceeded in Tanzania and (2) to conduct an in-deep investigation on how to improve the situation by uncovering and discussing the principal challenges. The motivation to research about public and private partnerships arose from several facts. For instance, since the topic itself is relatively new, not only in Tanzania but also in academic research, this provided an opportunity to research about a new phenomenon coming into the limelight. In addition, the motivation also derives from the collaboration with NIRAS A/S that allowed us to conduct fieldwork research about one of their projects – Local Investment Climate in Tanzania, Dodoma. The opportunity to combine an academic paper with field research has been very attractive in your opinion as it offers a more holistic understanding of the issue compared to a purely secondary research paper. Moreover, PPD/PPPs require a firm commitment to dialogue and cooperation between the private, the public and the civil society, which raises many practical challenges in any setting.

Consequently a PPD/PPP focused research has to address issues emerging from various aspects of a development process. Therefore, the newly found knowledge will not only be relevant for the

PPD research itself, but will also increase the knowledge about any type of development process in currently underdeveloped countries. As the paper at hand serves as master thesis for the programme “Development and International Relations” the project team has been especially interested in this topic as it requires a holistic analysis and thus allows to be connected to various development and international relation issues covered during the previous parts of the programme.

## **2.3.Literature Review**

The literature review gives an overview about the most important sources used during the research phase of this thesis.

### **Robert Jackson & Georg Sorensen**

In their book “Introduction to International Relations - Theories and Approaches” Jackson and Sorensen provide a relevant overview, discussion and debates of the major IR theories and approaches. This book proved to be very useful for our thesis as it provides the theoretical framework and paves the path to the practical theorists that have their theoretical foundations.

### **Robert O’Brien & Marc Williams and Robert Gilpin**

In their book “Global Political Economy” O’Brien and Williams attempt to provide the instruments to understand the 2008 Global financial crisis. In order to do it, they present the readers the origins, developments and approaches of the global political economy. This has proven to be of significant importance to not only understand the complexity of the global economy and how it operates but in particular to understand the evolution and importance of institutionalism. To complement this understanding of the global political economy and the relevance of the institutional analysis in “Global Political Economy - Understanding the International Economic Order” Gilpin discusses the evolution of the institutional reform and the developments of integration and regimes as defined by Keohane as an appropriate solution. Consequently, both books prove to be highly relevant sources to understand the evolution of political and economic approaches in the global setting particularly the rise of interdependence and institutional analysis.

### **Robert Keohane**

Additionally we gained information from the “complex interdependence” theory by Keohane and Joseph Nye in “Power and Interdependence”. They describe how the world setting has dramatically changed. They primarily describe a global setting no longer focused on the role of the state but on the increasing importance of the transnational actors role such as, institutions, organisations that are taken action outside the scope of the state as proven by the regional integration in Western Europe. To complement and grasp the increase interdependence amongst states and the role of transnational actors Keohane provides another book. In After Hegemony

(1984) Keohane sought to explain why states continue to cooperate and have a participatory approach after one of the major powers with a high level of contribution to agreements etc. enters in a period of decline. This was due to the assumption that if a major power, as the US starts declining it will make the international political economy unbalanced. This has proven to be highly useful sources on the study of PPPs implementation. This enabled us to define PPPs in accordance to Keohane's vision but also to be aware of the complexity of the interdependence not only at the global but also at the national level, between the sectors involved.

### **Rebecca Homkes and Liliana B. Andonova**

Both Rebecca Homkes in "Analysing the role of Public-private partnerships in global governance: Institutional dynamics, variation and effects" and Liliana B. Andonova in "International Institutions, Inc: The rise of Public Private Partnerships in Global Governance" discuss the relevance and origins of these type of partnerships. They build on an institutional analysis and grasp the importance of these PPPs as regimes to close governance gaps. According to their understanding of regimes they perceive PPPs as social institutions with rights, rules and decision making processes that can guide or influence actions. Such an approach is in line with Douglas North's assumptions of institutional change. These sources have proven to be very useful in giving a practical approach and foundation on the similarities between PPP and regime that is one of the pillars of our thesis.

### **Douglas North**

In his book "Institutions, Institutional Change and Economic Performance" North describes the impact of institutions on the development progress. His key statement is that a society can be split in three main parts; the economic sphere, the political sphere and the civil society. In order to achieve an efficient development process, North argues that all three sectors have to grow at a similar pace so that there is equilibrium between them.

This theory proved to be very suitable for our thesis as it provides a practical framework theory, which we could use as benchmark while analysing the Tanzanian PPP opportunities.

### **Pieter Glasbergen**

During our research we gained information from various articles written by Glasbergen. In those articles Glasbergen follows the initial approach of North, with 3 parts of a society. However, Glasbergen has a strong emphasis on the collaboration between the 3 sectors allowing a "strong society" to emerge. He promotes to abandon the principle of strict borders between the sectors and favours a mutual development effort. This approach is very suitable for PPDs and PPPs. Thus after having analysed the framework via North's theory, the examination of the PPP model has been based to a strong degree on the research performed by Glasbergen.

### **Philipp Pattberg, Frank Biermann and Sander Chan**

The book “Public-Private Partnership for Sustainable Development” provided a profound overview of how partnerships between public and private entities function today. This book has been selected as theoretical guidance as it attempts to evaluate the performance of sustainable public private partnerships since the important “World Summit on Sustainable Development” in 2002. As we attempted to analyse critically the current situation of such partnerships in Tanzania, this book has been more suitable than the several pieces of PPP literature, which approaches the topic rather from a purely explanatory angle.

### **Additional Sources**

Next to the above described main theories and scholars, we gained information from a wide range of other secondary data sources. These sources included academic books or articles addressing public-private partnership development, the decentralisation processes in Tanzania, cultural variety or international relation frameworks. Furthermore, we gained more recent information by consulting newspaper articles or reports and statistics produced by international development organisations like the UN, the African Development Bank or NGOs like Transparency International.

Finally we also consulted a range of business reports in order to evaluate the economic situation of Tanzania. For this purpose the main sources have been investment reports like the Africa Attractiveness Reports 2014 / 2013 of Ernst&Young, “Overview of progress and policy challenges in Tanzania” of OECD, or information material provided by foreign ministries, embassies or Tanzania President’s office “Decentralisation for Service Delivery in Tanzania”.

With all of the above mentioned sources we attempted to achieve a holistic approach to the topic, which addresses political, cultural, social and economic perspective. We think that such a holistic approach is necessary for analysing PPD, as this concept includes all these spheres as well.

## **2.4.Key Concepts and Definitions**

### **Public-Private Partnership versus Public Private Dialogue**

PPP and PPD will be used in this thesis as interchangeable terms. While we are aware that both terms have specific meanings (see below) the dialogue is seen in this thesis as a general preparation for the partnership and thus both form a unit in the long-term. Unless the context of the thesis clearly refers to either the dialogue or the partnership, both terms have been regarded as synonyms.

## **Public- Private Partnerships**

Under the term PPP we understand a joint effort and sharing risks agreement of ideally the public sector, private entities and the civil society. In the case of Tanzania the civil society is hardly involved in the PPP efforts, thus the term describes mostly the joint efforts of public institutions like local ministries and private entities like SMEs. Furthermore, in this thesis we understand PPPs as the regimes (defined by Keohane). Furthermore as a joint effort to close gaps of governance and information, for instance market information. The advantage of a PPP should be a more cost-efficient, potential high quality product, which serves the local communities (and overall society) in its development efforts.

## **Public- Private Dialogue**

In our understanding the PPD has to be seen as the pre-stage for the PPP. During this process the all involved parties have to state their objectives for the joint endeavour. Based on these objectives a common goal has to be established, which then has to be established as PPP's mutual objective, rather than the interest of individual parties. The PPD should serve as well as a control organ, as unsuitable PPPs can be abandoned before significant resources are dedicated to a project, which is unlikely to serve the overall society in the desired manner.

## **Attitude**

With the term "attitude" we are targeting the specific understanding of social, economic and political situation within the Tanzanian society. Due to historical and cultural reasons the understanding of several issues is different to the understanding of an average western person. Consequently the successful long-term interaction of projects like LIC depends also significantly on this attitude factor, which includes cultural norms, informal behaviour rules or code of conduct. While the understanding of such differences is of essential importance for every development project, we want to emphasise that our understanding of different attitudes does not target a comparison in terms of quality or appraisal, but purely points out the differences in the environmental setting of the target country - Tanzania - and the donor country - Denmark. In order to avoid unnecessary complications, we advice to include this attitude factor when designing a development project.

## **Trust**

During our field research the issue of trust between the involved PPP parties moved to the centre of our attention. With this term we address the current situation dominated by suspicions, prejudices and general blaming rather than a constructive working environment. The reader has to understand that there are various levels of trust, and in terms of the PPD in Tanzania, the trust development between public and private entities starts in most cases from a very low level.

## **Local Champions**

The term “Local Champions” expresses the idea of identifying the most suitable target group for an endeavour and then dedicate the major part of resources, support and attention to this group in the hope that they will become an internal impetus, creating spillover and pulling along other members of the society.

## **2.5. Methodological Approach and Methods**

In order to answer our main research question we choose a complementary research method combining quantitative and qualitative approaches to collect data. Our study is based on collection of primary research data gained during 1 month of field research in Tanzania, mainly having been based in LIC office in Dodoma. When conducting field research the problem of personal opinions and subjectivity is often encountered. We attempted to increase the objectivity of our findings by a relatively high number of interviews (in total 35 from various sectors) as well as comparing the interview outcomes with secondary data.

Part of the advantages of using a case study is the unique opportunity to conduct a detailed research, possibilities to challenge the theoretical assumptions and get insights for further research. However, we recognised that the results of this research are unique to this setting, and to the perspectives of the informants and the interpretation of the researchers at the present time. Thus as aforementioned our findings do not claim universality, but have to be adapted to each situation (McLeod, 2008).

In this research, the qualitative methods used were, mainly in-depth interviews, conducted individually and within a basis of interaction between the researchers and the interviewee (Ritchie and Lewis 2003, 139-141). Annex 3 provides a list of all the interviews conducted which are available upon request and annex 1 presents the interview guide. Furthermore, participant observations have been used to provide additional insights, primarily to assess actions and interactions between stakeholders in official meetings (Ritchie and Lewis 2003, 35). To complement these methods and as a reaction to the initial findings during the expert interviews we also conducted one survey at the Institute of Rural Development Planning, Dodoma. The target group has been graduate students and the objective has been to explore their future goals and preferences in their career choices. We gather 142 samples and annex 2 provides a sample of the questionnaire. The research team acknowledges that the questionnaire is not a homogeneous representation of Tanzania’s young generation. The young generation, in any setting, is also fragmented and thus this questionnaire should be seen as a representation of a particular group of young Tanzanians; young educated Tanzanians. Further, it is not the research team’s intention to compare the questionnaire results with the individual interviews findings since both research



phases have been based on different methods. While we gained knowledge about stakeholder sectors and the core constraints in PPD/PPP implementation from the interviews, the questionnaire addressed the question of whether young people can be a potential impetus for the PPD/PPP strategy in the region.

Our fieldwork research used both qualitative and quantitative methods to answer our main research question. These methods are dependent of the interpretations of the target groups and individuals interviewed. This enabled us to understand the complexity of Tanzania setting (particularly in Dodoma), the reasoning behind the attitudes of the stakeholders towards each other and the potential for partnerships. Further, particularly in regards to the interviews conducted, the interviewees were selected due to their relevance to the research topic and their relevant input to the PPD/PPP implementation in Tanzania. Thus we attempted to include high-ranking officials from the public and the private sector, as well as the average businessman in the range of interviews. Having such a broad approach should guarantee to include all aspects of the issue and avoid a biased opinion from one sector only.

Finally, in regards to the research design we used a mix of both deductive and inductive methods. Prior to our field research we built on the aforementioned theories to construct a research question and to verify how it reflects the present reality in Tanzania. While, simultaneously examine how to conduct and perceive PPD/PPPs. However, our fieldwork data had a profound impact on our research design and conclusions. Though we used deduction to generate a research question, we also used the inductive approach to identify patterns and associations that derived from our field observations (Ritchie and Lewis 2003, 20-23). Therefore, we can then say that our study, at different stages, was support by deductive and inductive reasoning.

## **2.6.Limitations**

A major limitation arose from the chosen topic of this thesis itself. PPD and PPP is a wide topic combining issues from the social, the political and the economic sphere of a country. In order to describe the opportunities, challenges and consequences of this development strategy on the most detailed level possible, profound background analysis in those three areas would have been necessary. The thesis provides sufficient information to the reader so that PPD/PPP can be understood in the Tanzanian context, however, as each sphere is highly complex in itself, it is recommended to acquire more background knowledge about Tanzania before applying the findings of this thesis. Due to space limitations of the thesis this was not possible here.

As aforementioned, a society set-up is highly complex and for a researcher with a different cultural background it is important to acknowledge that - especially in the beginning – some activities of the other culture will not be understood completely. As we conducted one month field research in Tanzania, we faced several situations in which cultural and language differences complicated the

interviews or discussions with the local population. Even though we consulted cultural guidebooks, talked to expatriates with profound knowledge about the Tanzanian background and learnt from the daily interactions with our Tanzanian colleagues, we cannot claim to have an absolute understanding about the Tanzanian activities. Thus, our interpretation of interviews, observations during meetings and drawn conclusions automatically have some western influences. Aware of this limitation, we discussed our thought process and findings with our Tanzanian colleagues, who eliminated this weakness to a major part, nevertheless we acknowledge that the understanding is limited compared to a native and thus misinterpretations are potential limitations.

Furthermore we had to cope with language difficulties during our field research. While English is common in Tanzania, the official and preferred language of interaction is Swahili. Unfortunately both researchers are not able to communicate in Swahili, which required in some situations a translator during the interviews. While the findings during these interviews still provided interesting insights, we acknowledge that a direct communication is better than via an intermediary, as the loss and/or misinterpretation of information increases with each additional party of the communication chain.

Finally, the process of the thesis has been influenced (passively) by having NIRAS as a third stakeholder, next to the Aalborg University and the research team. Even though there has not been an active attempt from the side of NIRAS/LIC to influence the research in any way, the local staff helped to set up meetings, provided information, responded to concerns and questions, etc. The access to many government officials, NGOs, educational entities or the civil society has just been possible due to LIC's role as facilitator and thus rather presents a boosting than a limitation to the thesis. Nevertheless the collaboration with LIC project is always connected non-academic interests, which have to be coped with. One of the main differences encountered has been the manner in which arguments should be discussed and presented. NIRAS as a business entity has been more focused on practical recommendations based on facts and numbers, while the academic approach required the discussion of the underlying theories rather than the evaluation of day-to-day issues. Thus, even though the thesis' insights and the final quality benefited enormously from the support of LIC and the other NIRAS offices in Tanzania, the purely academic character has been cropped to a certain extent. In purely academic terms this might be regarded as a limitation, however, the project team regards the close collaboration to a real-life problem as a challenging and insightful approach for a thesis. In our opinion the deviation from a purely theoretic structure is offset easily by the higher practicality due to the real-life case study and field research phase. The project team responded specifically to this duality by implementing an additional annex covering practical recommendations for NIRAS (annex 4).

### **3. Contextual Background**

This chapter intends to briefly, present Tanzania socio-political and economic development by focusing on its major developments and improvements in different areas since its independence. Further it is of central importance to gain a profound understanding of the environment, prior to be able to implement a suitable development project.

#### **3.1. Tanzania Socio - Political and Economic Development**

In order to understand the Tanzanian development framework in which PPDs take place it is crucial to get a deeper understanding of the country in general. The United Republic of Tanzania is located in the East African region and today it is amongst the fastest growing economies in Sub-Saharan Africa. Though its potential for growth and wealth is recognised<sup>3</sup> it continues to be qualified as a low-income country in the international setting still searching for an opportunity to enter the global market. Social diversity is a key component of the nation, having about 125 ethnic groups. Nonetheless the country has been enjoying relative political stability for the past 40 years even with neighbouring regions as the Democratic Republic of the Congo, Rwanda and Mozambique, which suffered from several conflicts, civil wars, etc. (Dagne, 2011, 1-2).

Historically, Tanzania has been both a former German (1885 – 1918) and a British colony up to its independence in 1961. As studies have shown, colonisation had a profound impact in the development path of most African nations. Overall, the colonisation period was mainly driven for economic purposes to purchase raw materials. Therefore, countries as Tanzania became suppliers of raw materials, agricultural commodities and purchasers of processed manufactured goods. Throughout this period, the structures implemented were dominated by the colonial forces and other businessmen (mainly from Asian and Arab countries). These followed a market-oriented approach with the private sector playing a prominent role in the society. Even after its independence this capitalistic economic approach continued to be in the beginning part of the nation development strategy (Ngowi, 2009, 261-262).

The capitalist led market economy approach inherited from the British did not have the expected outcome in its early years after the independence. Market failures and extreme poverty continued to dominate the national setting. However from 1964 to 1980's Tanzania engaged in major changes in its political and economic approaches. Led by its first president Julius Nyerere (1964 – 1977) Tanzania shifted the role of the government and followed Ujamaa<sup>4</sup> structure and approach. These changes implied the nationalisation of the major sectors, industries, commerce's,

---

<sup>3</sup> e.g. due to resources and geo-strategically position

<sup>4</sup> Term to describe African socialism

plantations, mines etc. (Ngowi 2009, 263-264). Thus, breaking with the previous structures and strategies the state became the major owner, regulator and controller of most enterprises within various sectors. The decision to break with the capitalist mode of production has been expedited from the Arusha Declaration which generally pushed for a socialism doctrine and self-reliance in the government (Evans, 2007).

However, this political change towards the Keynesian model also failed to bring the expected economic growth. The inefficient way of nationalisation resulted in poor management, lack of technical skills, full reliance on the government subsidies, over-employment, non-tax payment etc. These public enterprises working on key productive sectors of Tanzania and carrying these type of issues have not contributed to economic growth or development. Incentives to private sector development were lacking and private entrepreneurs were seen as exploiters and “enemies of the state” (Ngowi 2009, 265). This academic view is corroborated by our field research. Rasmus K., stated that the historical period of African socialism added significantly to the current mistrust between the private and the public sector. Furthermore he also highlighted the tension within the relationship between the civil society and the public sector. Due to corruption and general mismanagement of senior government officials, especially the young population’s dissatisfaction is growing. Various official country observers expect those tensions to create unrests during the upcoming elections in 2015 in the normally peaceful African nation (RAS1, 2015).

In the 1980’s a debt crises arose, pushing developing countries, as Tanzania, towards another political change. It began in the 1970’s when the world economy entered in recession and events like the oil crises opened the path towards an international crises. In 1980’s developing countries in Latin America and Africa were unable to pay or manage their foreign debt. In order to cope with this crisis countries like Tanzania were forced to request loans from the International Monetary Fund (IMF). To obtain these loans the country had to engage in the IMF structural programmes and agreed upon its conditions. Therefore, a number of reforms have been initiated in the country, particularly, the return of the capitalism approach and market oriented economy as key premises in order to end the state monopoly in the economy. For instance, one of the major reforms was on the public sector, where decentralisation of the central government decision-making power was to be allocated within the Local Government Authorities (LGAs). Another example is based on privatisation, this has been one of the central pillars of IMF structural programmes in which the private sector should lead major industries in order to increase profit and efficiency (OCDE, 2013, 24-28).

Thus, after 30 years of reform policies Tanzania shows initial enhancements of the average living quality. However, major obstacles remain on the future development agenda. Our field research as well as academic research (Eiletz-Kaube, 2010 107-111) demonstrated that corruption and bribery are socially accepted in wide parts of the society. The expression “now is my/his time to eat”<sup>5</sup>

---

<sup>5</sup> The research team encountered this colloquialism in various cases during the field research

describes the common attitude that people in power are entitled to use their position to grasp as much personal benefits as possible. However, this social attitude is in contradiction with the official laws of Tanzania, which resulted in various court trials for ministers or party leaders in the recent years. Surprisingly, those trials had only a small impact on the social perception of the population (RAS1, 2015).

Consequently poverty, unemployment, lack of local economic growth and inefficient public service delivery continue to be amongst the major challenges of this region. However, our field research also showed that many Tanzanians – especially the older generations - are relatively satisfied with the current living arrangements. In general further development would be appreciated, however, as there are no direct menaces like famine or civil wars, the required input often appears too large for the potential outcome. In other words, from the perspective of western development workers, Tanzanian citizens often appear to be more satisfied with a decent quality of life achieved with moderate efforts than with higher standards achieved in a more demanding way. This is a significant difference to some of its neighbour states like Kenya who is often described as willing to “go the extra mile” as it aims for rather high standards in the future (RAS1, 2015). This expert opinion can also be supported by various literature findings. According to cultural guidebooks Tanzanians main motivation to generate income is to cover the basic needs like food and shelter. High social standings are achieved rather via arduous labour e.g. if agricultural labour is completed without complains. The western attitude of self-fulfilment and social recognition via higher salaries and material luxuries is less common among Tanzanians. Those who changed their cultural beliefs towards western attitudes often leave the country in order to avoid social disdain. This social situation increases the brain drain from Tanzania and complicates the development efforts further (Eiletz-Kaube, 2010, 185-190).

From a political side, Tanzania has 22 registered parties making its political arena diversified, however the Chama Cha Mapinduzi (CCM) - Party of Revolution - has been the ruling party having won the past four Presidential elections (Eisa, 2015). Another of the challenges in Tanzania private sector as to do with registration and opportunities for private and smaller companies. Similar to the central government the private sector in Tanzania has been dominated by a limited number of companies which retain and operate in key sectors. This entails that opportunities for smaller private companies are difficult to find, leaving most of the private sector in Tanzania weak. For instance, the Bakhresa Group - Azam is one of the leading companies in Tanzania operating in different markets retaining a strong economic and political influence. Amongst others they hold business in agro commodities and processing, marine transportation, plastic recycling, petroleum or food and Beverages (Bakhresa Group Azam, 2013).

## **3.2.Decentralisation Process & Local Government Reform**

To understand the current system of Tanzania social – political development this subchapter provides an overview of the major decentralisation effects on the country's strategy.

### **3.2.1.Decentralisation by Devolution (D-by-D)**

In general, decentralisation processes are an attempt by the central government to improve delivery of services at the local level. Before independence, most of the services were concentrated in a few urban areas in which colonial presence was dominant. In order to spread and increase the quality of these services, the central government embarked on a number of initiatives to develop its administrative system.

In Tanzania the government began to implement “Decentralisation by Devolution” (D-by-D). It comprised a devolution of functions, decision-making powers, finance budgeting and management to local governments authorities in which they became quasi- autonomous. In a devolved system there is a transfer of responsibilities of services to the local authorities that allows them to collect their own revenues and make investment decisions as they have an independent authority. Thus, local governments should be supported by clear guidelines in regards to its functions to further exercise their authority within the public duties assigned to them (The World Bank Group, 2001).

As previously mention, Tanzania's political and economic development suffered from ideological changes since its independence. During the 1970s the government started a number of reforms in its political system. Top-down initiatives as the Arusha Declaration (1967) or the Decentralisation Policy (1972) focus on decentralising major functions and government authorities from the central to the local level in order to facilitate the participation of the community. These measures were closely connected to President Nyerere's conviction that communities should be able to participate in the decision making process (Massoi and Norman, 2009, 133-134). Following the socialist ideology, the government launched the 1972 Act, which pursued a reorganisation of the public sector. Part of the new policies was the abolishment of Local Government Authorities in favour of larger representatives - the District and Regional Development Councils. The LGAs system was then replaced by a ‘de-concentration’ system in which local participation and a strong regional and district administration were sought. However, contrary to decentralisation procures the decision-making power remained within the central level (Kessy and McCourt, 2010, 691). Although the primary goal with this abolishment was to increase community and individual participation in the decision-making process, the district and regional councils became heavily bureaucratic and dominated by the central government officials. For instance, local administrators were regarded as agents of the central government which lead to de facto no local representation in the decision making process. Professor Ayub Rioba emphasises that the abolishment of the LGAs system was a major setback to the system, particularly in regards to community participation. Eventually, this

became a constraint to achieve a conducive business environment at the local levels (AYU, 2015). Our field research shows similar findings. For example, before LIC there hardly has been communication between the community and the district of Kongwa; in fact the district claimed to have no knowledge of the private sector in the region (DON, 2015).

Though the ruling party CCM reintroduced the local authorities system<sup>6</sup>, the political structure remained the same. Therefore, the one-party state, the central ministers and the regional administrators continued to hold strong power to intervene in local government activities. For instance, the legal and financial framework, which is designed and approved at the central level provides the guidelines and policies according to which the LGAs have to operate. Furthermore, as supported by our field research the local authorities are heavily dependent on subsidies from the central government, which controls most of the tax sources (Kessy and McCourt, 2010, 690- 692). In conclusion, even after the restoration of the local government system the efficiency and effectiveness of service delivery were rather weak. For example, professor Ayub Rioba stresses the huge mismanagement of resources by the local government officials, which at the time were appointed by the central government. This hints that LGAs were an extension of the central government and not an independent representative body. As also shown by our findings the functions, structures, governance, human resource capacity and management did not really experience a significant change. The Ujamaa legacy still has an influence in the government structures that need to be addressed in order to effectively implement the D-by-D approach (AYU, 2015).

### **3.2.2. Introduction of the Local Government Reform**

The revival of the LGAs system in the 80s has not resulted in desirable outcomes, which led to the establishment of the Local Reform Programme (LGRP) in 1996, further approved in 1998. The fundamental principle of LGRP continues to be D-by-D in which the local autonomy and the participation of the community are key areas to improve to further enhance LGAs performance in service delivery. Thus, the programme targeted key areas to develop and promote, for instance the LGAs should be autonomous and effective institutions, they should facilitate the participation of the community and they should operate in an accountable and transparent manner (D.M.S. Mmari, 2005, 3-6).

A study on the impact of LGRP between 1998 and 2008 reveals that improvements are happening through the programme. For instance there has been a significant increase of financial resources allocated to LGAs between 2003 and 2007 the budgets of the LGAs doubled – mainly because of the increase of the government fiscal transfers. It should also be noted a development in human resources, the public sector staff employed by the LGAs had a steady increase from 59% in 1999 to 67% in 2006. However, the control over this staff is limited since if the central government

---

<sup>6</sup> Compare: Local Government Act (1982)

chooses it can overrule the LGAs staff allocation and management decisions. In spite of these improvements the limited staff control and the continued heavy dependence on central government transfers hints that the objective of promoting local autonomous authorities is yet to be reached. (Tidemand and Msami, 2010, 7-9).

Another important fact worth exploring that affects directly PPD and the promotion of a conducive business environment has to do with fiscal reforms. As mention above LGAs are highly dependent of the central government. Thus, to have an autonomous local government body it is essential that LGAs target the Local Revenue Sources. To have an effective system they need to collect and assure these to improve local service delivery. Without these there is a complete dependence on the government grant transfers which undermines the relations between LGAs and the community, weakens the accountability and the effectiveness of the service (D.M.S. Mmari, 2005, 13).

### **3.3. Legal Framework in Tanzania - Agriculture, Investment and PPPs**

The current framework policy for doing business in Tanzania is yet to be fully developed and major sectors and industries are jeopardised for the lack of a clear and incentive framework for business development, particularly concerning incentives for PPD and further establishment of PPPs.

One of the major development goals of Tanzania is to achieve the status of middle-income country on the international economic sphere. Therefore, one of the key components of the current national strategy for economic development is to encourage the participation of the private sector in the economy. Thus, in 2010, the Second National Strategy for Growth and Reduction in Poverty was adopted not only featuring the importance of private sector role but also identifying agriculture as a main sector for national growth.

Another legal framework, which has been developed is the investment area. In 1996 the National Investment Promotion Policy encouraged most sectors to include private and foreign participation and combined with Tanzania investment act in 1997 serves as the legal framework for the establishment of enterprises, transfer of capital profits, employment of foreign staff etc. The investment in Tanzania has increased, however, it remains rather low when compared with other developing and neighbouring countries, such as Kenya. For instance, according to the Prime Minister's Office data investment increased from 17.6% of GDP in 1995 to 26.3% in 2008. The credit for private sector development has been slowly increasing from 4.6% of GDP in 2001 to 13.8 % in 2007. Foreign Direct Investment (FDI) has increased from USD 150.86 million in 1995 to 717.7 million in 2008 (Prime Minister's Office, 2009, 2-3). Recent data released by the United Nations Conference on Trade and Development (UNCTAD) shows a positive investment trend in Tanzania. In 2013 the country became the top destination for FDI among the East Africa Community with an estimated total of USD 12.7 million indicating that reforms and business



incentives are been implemented to attract both foreign and domestic investors (News from Africa, 2014).

As mention the business performance in Tanzania remains a challenge but the government is ambitious to overcome this. In 2009 the Government Roadmap for Improvement of the Investment Climate that prioritises the matters in relation to the business environment. This framework to enhance private sector participation was recently enhanced with the PPP Act 2010, the PPP Regulation 2011 and the Public Procurement Act 2011. These are being improved and reviewed by the government, however, it is a clear indication that these legal instruments are being considered and developed to achieve a positive impact across key sectors as infrastructure, agriculture, fishery etc. These can be enhanced if combined with the capacity of implementation by procurement entities and Tanzania's PPP Unit (OCDE, 2013, 30-31).

In conclusion, officially, the government has been keen in improving and providing adequate legal instruments to achieve its 2025 goal. However, when conducting our research both private and public informants acknowledged that the legal framework is still a business constraint, particularly at regional and local levels (POM2, 2015 and CDA, 2015). In addition to these Tanzania possesses an overly complex bureaucratic system that can undermine the maximum benefit from services and goods (CDA, 2015). Accordingly, Tanzania legal framework seems to be highly complex for implementing PPD incentives or establish a PPP in itself. Even more complex is the endeavour if other factors such as the absence of institutional coherence, lack of evaluation of the investment incentives, poor business linkages between FDI and civil society are included in the analysis.

Finally, poor infrastructure or limited access to finance results in a rather outdated policy framework which is difficult to operate in and thus less suitable to increase the economic and social development.

### **3.4. Why is Tanzania not performing better today?**

During our field research we came to the conclusion that Tanzania is a very special case within Africa and that this fact is often ignored when designing development strategies for Tanzania. According to scholars like Collier the current underdevelopment of various countries is a consequence of having been trapped in unfortunate circumstances in the past. He argues that in Africa, most cases of underdevelopment are due to geographical situations, e.g. being landlocked, the resource trap, bad governance or conflicts like civil wars (Collier, 2007). Such reasoning provides viable insights for understanding the current situation of countries like the Democratic Republic of Congo, Niger, Central African Republic or Ethiopia. However, while Tanzania does not share most of those characteristics it is ranked in various areas on a similar low development level like the aforementioned economies. With a coastline of 1424 km, a geographically beneficial position, a national economy build on agriculture instead of resource exports, the largest potential market (ca. 45 million habitants) in Eastern Africa (CIA, 2007), huge areas of arable land and

## Africa's rise to middle income



A similar attitude can be found among foreign investors who rank Tanzania very low in terms of perceived investment opportunities (EY, 2013, 46).

22

infrastructure, and the high level of corruption as well as limited availability of skilled labour. Further difficulties are related to purchasing land, high interest rates or aversion of banks to lend capital to Small Medium Enterprises (SME) and the highly inefficient procurement system of the main national port in Dar es Salaam (Embassy of Ireland, 2013). These obstacles are widely acknowledged and also in line with Collier's poverty traps, however, our field research concluded furthermore, that Tanzania suffers from a high level of distrust between the private and the public sector – which is a heritage of the socialist past of the country. This level of distrust is mostly neglected in current investment reports like the “African Attractiveness Report” of Ernst & Young as well as it has been ignored in many development policies in the past. Thus our findings support Taylor's aforementioned critique of the double-sided development process in Africa's economies. Consequently, we concluded if PPP should be the method of choice for Tanzania several obstacles have to be addressed simultaneously. Next to the traditional development efforts focusing on political reforms and economic development, the current attitude of the Tanzanian population has to be addressed as well. This understanding is supported by the theories of North and Glasbergen, as they emphasise the importance of a mutual development of the social, political and economic sphere. In the recent past, the majority of development efforts has targeted however only the political reform process. Nowadays, there is also an increased amount of economic exertions. However, the negligence of the social sphere is diminishing the potential outcomes of such economic or political reforms. Thus, PPD initiatives like LIC are especially valuable for Tanzania as they target the currently often neglected social sphere. This argument can be supported by the findings of our field research, which highlighted the satisfaction of especially the private sector with the changed social atmosphere between the public and the private sector.

## **4. PPD/PPP - A new form of governance?**

As PPD/PPP is a new phenomenon there is the need to understand its historical origins and the reasons why it gained an increasing popularity in the recent years.

### **4.1. Why PPPs became popular in the recent past**

Since the “World Summit on Sustainable Development” in Johannesburg, South Africa in 2002 a growing popularity of PPPs could have been seen. However, this political tool for management of service delivery as well as development is not novel. The first wave of popularity has been seen under the governments of M. Thatcher and R. Reagan in the 1980’s in which, following the neoliberal ideology, initiated significant privatisation processes in United Kingdom and United States national sectors and industries (Hassan, 2015). Like in the past, also today the main rationale for the initiation of PPPs is to overcome the current deficits of the political and economic system. Inefficient execution of treaties, high bureaucratic efforts, corrupt elites, realist power-based politics, etc.; all hamper the smooth development of an economy as they negatively affect one or more sectors of the holistic model described by D. North (North, 1990). According to PPP theory, the proposed remedy to such hindrances has to be a common collaboration form of all participating stakeholders – the government, the private sector and the civil society (Pattberg et. Al, 2013, 1-2). The improved performance of each sector results from the additional information, which is provided by the other sectors, and builds the foundation for a more adequate analysis. Possibly even more important is the initiation of a mutual learning process about the needs and duties between each partner. This learning process results in the understanding of all parties that they perform individually and collectively better if they are supporting each other (Pinaud, 2007, 15-16). Such recognition is on the same lines like the “Prisoners Dilemma” theory from Melvin Dresher and Merrill Flood. Dresher and Flood created the probably most commonly known social experiment in order to explain collaboration. Their final conclusion is, that if both involved parties protect their direct interests in a rational way, they will receive in the long-term a sub-optimal outcome. When applying on a PPP, this would mean, that the public and the private sector could rationally attempt to protect their interest and weakening the other party, however, in the long-run both parties would reduce their income due to the non-optimal business environment which results from the protective behaviour. However, if both sectors trust each other and collaborate, they might face a short-term power loss, but benefit in the long-term from the improved business climate, which will result in more profit for the private sector and thus more tax revenues for the public sector (Dixt and Nalebuff, 2008). To corroborate this theory the example of Mexico in the 1990s can be adduced. After experiencing an atmosphere of great mistrust and suspicion an environment of “greater understanding, trust and networking” (The World Bank, 2001) could be established with the assistance of consultative bodies. This new environment has been the cornerstone for further

development later on. Another example of successful public-private collaboration is the case of Nigeria, when the professional associations were allowed to participate in official conferences allocating foreign exchange quotas. The inclusion of private parties in those negotiations contributed significantly to the liberalisation of credit and exchange policies in the 1990s (Pinaud, 1990, 19-20).

Such examples demonstrate the potential PPP harbours, if applied perspicaciously. Nevertheless, PPP is a relatively new approach and not yet fully understood nor defined in the academic world. Thus critics regard this concept sometimes as a political hype without the real means to stimulate development processes. Others perceive it as a vehicle to deliver collective goods in a more efficient way to the society. While there is no universally accepted definition for the PPP concept yet, most scholars build their definitions around buzz words like trans-nationality, public policy objectives and network structures. Common areas of implementation include normally the development sector, health programs, human rights and security initiatives or even the financial area. In each definition scholars agree however, that the overriding applied technique is transference of the responsibility to deliver public goods from the side of the government to non-governmental actors like private business or in special cases also NGOs (Pattberg, et. Al., 2013, 1-2). This is an attempt to combine the efficiency of the private sector with the duty of the public sector to guarantee that the entire civil society receives basic services. In practice it is often seen that the private businesses assume the risk for the execution and gain the profits, while the governmental body has mostly a monitoring and supervising leadership position. This creates a win-win situation for all three sides – if successful. The private sector gains a new source of income, the government complies with its task of delivering collective goods to the citizens and the civil society receives the product in a higher quality and to a cheaper price (The Institute for Public-Private Partnerships, 2009). An inadequate design and implementation of a PPP initiative can obviously also worsen the position of all stakeholders. This happens especially if PPPs are seen as general policy tools, which can be implemented without regarding the political and social context. Our field research corroborates this premise by emphasising the lack of knowledge between the sectors and their role in the society (PMO2, 2015). PPPs have to be in line with the overall political agenda and goals of a country or region and they must not only be profitable in an economic assessment but also viable on a social scale. This implies as well that the consequences of the implementation have to be forecasted in order to determine whether the program adds value in the holistic development approach (Pattberg, et. Al., 2013, 21). Thus a PPP generating a lucrative economic profit should be rejected if it cannot enhance the living conditions of the civil society. Furthermore, as shown by our field research the lack of understanding of the role and activities of the 'other' sector can undermine PPD and the creation of successful PPPs. In this regards, prior to a PPP implementation comes an active and supportive dialogue where the stakeholders can clearly state their interests, expectations, inputs and risks to undertake. This communication, often

combine with negotiations, is a crucial element for the PPD/ PPP implementation since it sets the basic framework and understanding of the process and the roles to perform.

Nevertheless, the advantages of a successfully implemented PPP resulted in numerous new programs in the last decade. On the one side the government benefits as the involvement of the private sector in legislative processes increases the understanding of the private sector about the reasons behind specific laws and thus reduces the likeliness of aversions against them. Furthermore, especially developing countries often face financial shortages to execute all the required political and economic reforms. With the inclusion of the private sector the governments gain access to substantial funds and knowledge, which can guarantee the sustainable development of individual sectors. The private sector on the other hand gains a direct means to communicate with the government and present their requirements for a supportive and conducive business environment (Pinaud, 2007, 16-19). Finally, the private sector will benefit also in the long-run from the well-functioning social and political framework and generate higher revenues.

Neutral observers will, however, also detect justified criticism on PPPs. A major concern is the lack of legitimisation as PPPs replace former government activities without having a direct mandate of the population for such actions (Pattberg, et. Al., 2013, 165). F. Mirafteb published 2004 an article<sup>7</sup> advocating that PPPs serve mostly company's interests as they present opportunities to take over profit generating sectors, which in the long-term are entirely under the control of the private entities. Thus after an initial high quality service for all citizens at a low price, the profit maximisation principles of private firms will dominate the delivery scheme and therefore increase the prices as well as cut off the unprofitable areas (F. Mirafteb, 2004). This would undermine the initial objective of the collaboration and thus has to be avoided at all costs. In the case of Sub-Saharan African PPPs there is also the critique that most PPPs in this region are not targeting specific African needs like water issues, sanitation or health, but rather more advanced global issues like climate change. While those issues are equally important for the world population, there are voices claiming that African nations themselves would benefit more from PPPs specifically designed to tackle Africa's most basic obstructions in its development process. Theory suggests that the involvement of foreign companies in African PPPs steers the main focus away from those domestically required advancements to more general international issues (Pattberg, et. Al., 2013, 154-155). During the conducted field research this opinion has been shared by some locals as well, while others could not confirm such a negative impact. The specific claim of those critiquing the involvement of foreign partners in the PPP has been that foreign companies win the PPP contracts due to the better access to financial funds and the more advanced technology, compared to African businesses. As a result the PPP will be influenced by foreign interests and objectives rather than by local ones. Another major obstacle for PPPs is the historical background of many

---

<sup>7</sup> "Public-Private Partnership: The Trojan Horse of neoliberal development" in "Journal of Planning, Education and Research"

developing countries. Especially in African states the governmental history is dominated by mismanagement, political instability and corrupt elites and thus the private sector is sceptical about the honesty in this new governmental approach. It will be of crucial importance to convince the private sector that the intentions of the government shifted to true collaboration if PPPs should have a realistic chance for success in African politics (Pinaud, 2007, 14).

A common conclusion of many scholars is that PPPs alone will not overcome the current issues faced by Africa's societies. PPPs are useful tools in the reformation process, but they are not a "magic wand to overcome all development and governance conundrums" (Pattberg, et. Al., 2013, 158) the developing countries of today are facing (Pattberg, et. Al., 2013, 158).

## **4.2.General PPP Models/Approaches**

As aforementioned the theoretical foundation of PPPs is still discussed by academics, thus the here described models and approaches do not claim universality but have to be seen as a guidance for further discussions concerning PPPs. Nevertheless, in the recent years a strong support for the rational theories of functionalism and the public network theory gained increased popularity. Both theories have their roots in the assumption that self-interested partners join forces in order to create a win-win situation and thus achieve better outcomes than it would be possible individually.

Functionalism is based on the assumption that globalisation created some gaps in the traditional governance pattern. None of the traditional powers has neither the authority nor the capacity to handle efficiently the new challenges of the 21st century, e.g. global environmental protection. PPPs are explained as a reaction of this power vacuum; as traditional institutions like nation-states or international organizations are seen as unsuitable to overcome the modern challenges, PPPs bring together a wider field of stakeholders to respond more efficiently to the task in hand (Pattberg, et. Al., 2013, 45-46). The public network theory takes up this very principle and specifies the individual roles in such a political network. According to this theory, the role of the government remains of central importance, but while it used to have individually the entire power, in a PPP it fulfils the role of an organising and distribution body. The final output of the network, the supply of the collective good to the citizens, is however generated and delivered by the network (Pattberg, et. Al., 2013, 45-47).

This approach is criticised by other scholars on the basis of institutionalism. Such schools of thought point out that institutions never have been in a position to effectively deliver services as they are restricted by country traditions, non-government actors and the emotionality as well as the irrationality of heads of those institutions (Pattberg, et. Al., 2013, 47-48).

### **Models**

The application process of PPPs normally follows a predesigned process depending on the responsibilities of the engaged stakeholders. PPP as a political tool is still relatively novel, and thus

the academic research is hampered by the lack of a universal terminology. This creates hindrances both for academic research as well as for practical implementation (Understanding Options for Public-Private, pages 1-10 – Saved file). The following examples are two commonly used frameworks, which however are known under a variety of terms.

#### Design-Build-Operate (DBO) or Build -Operate- Transfer (BOT) Project

Under a DBO project the stakeholders commonly agree on the ownership and financial responsibility of the public sector, while the private sector executes the operational functions i.e. designing, building and operating the project. The public sector remains the owner of the new asset, finances the construction and then receives an operating fee from the operating private partner. This is a very simple legal form of PPP (PPPIRC, 2014).

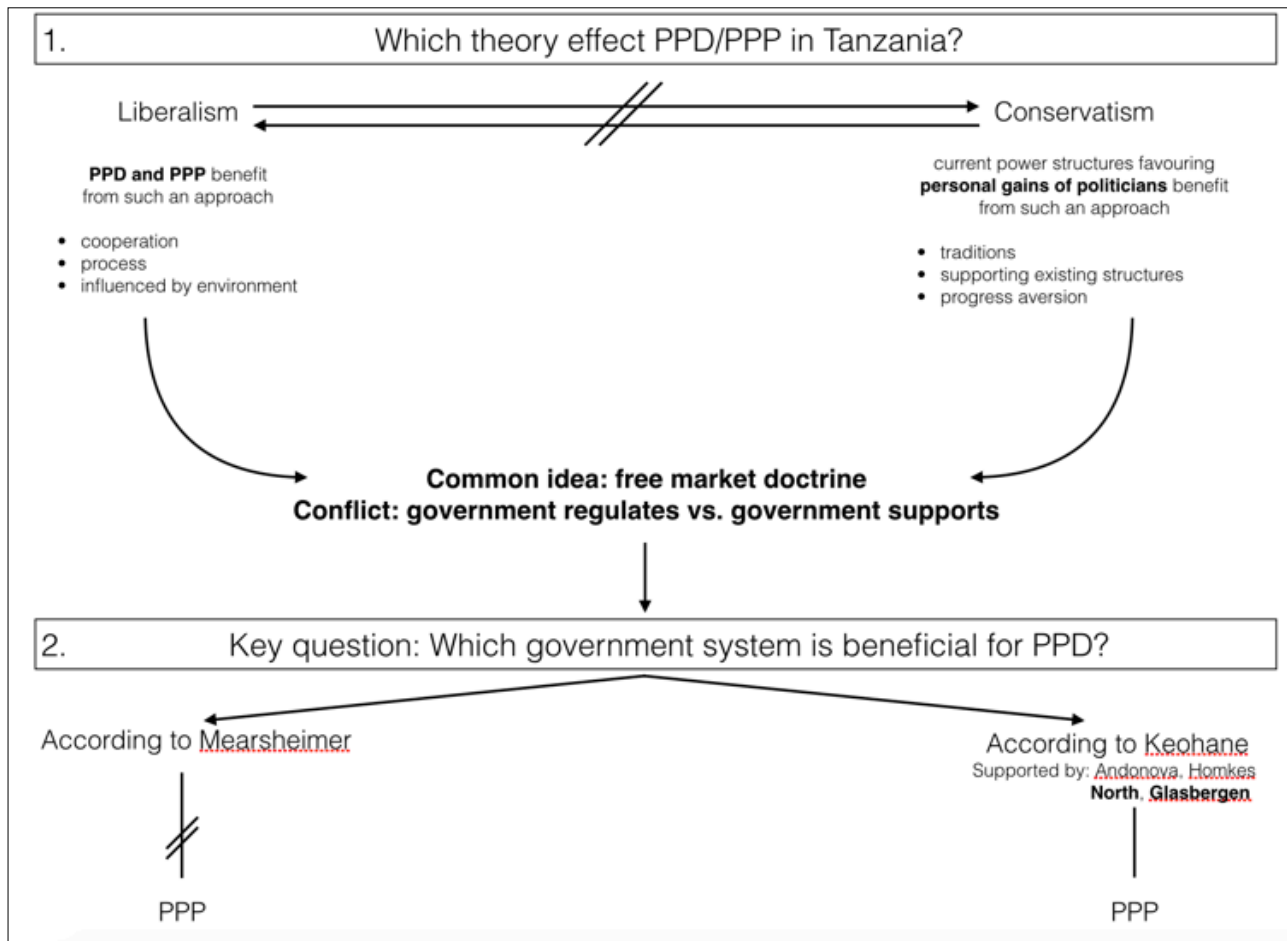
#### Design-Build-Finance-Operate Project (DBFO) or Build-Own-Operate-Transfer (BOOT) Project

In a DBFO project the private party assumes the risks for construction and financing the facility, which it owns for an agreed period of time. During this time the revenues are used to refinance the construction costs and after the expiration of the contract the facility ownership will be transferred to the public sector (Rouse, 2009).



## 5. Theoretical Framework and Supporting Scholars

The upcoming chapter presents some key theories, which will build the foundation for the following analysis and discussion/recommendation part. In order to increase the understanding, graphics 4 and 5 present the applied structure of the chapter.



Graphic 4

PPP position in theoretical framework; (Afonso and Henne, 2015)

### 5.1.Liberalism and Conservatism

Dialogue and cooperation are major premises for the establishment and maintenance of PPD/ PPPs. Without these, partnerships are unable to function or even to be an alternative for public and private entities at all. Still, these premises should not be automatically assumed in the world politics and economics. For instance, the way they are conceived in our societies differ according to the political and economic views in place. As will be discuss below, Liberalism and Conservatism are used to describe different political and economic views that will help us understand the influence of the environment in the creation of PPDs and PPPs.

Liberalism can be traced back to the Age of Enlightenment, gaining popularity amongst a number of economists and philosophers in the western world. John Locke, frequently appointed as one of

the founders of the liberal ideology, argued that individuals have the right to prosperity, life and liberty, which governments should respect and endorse. Thus, Liberalism first movements sought to break with the absolutism of the government and promote republicanism / democracy and rule of law (SR and Teresa, 2013, 15-16).

Liberalism recognises the that individuals are self-interest and competitive to a certain point, however, liberals also identify shared interests and the possibility of cooperation at international and national levels arguing that the outcome has greater benefits for the all involved parties. The ideal of cooperation is shared differently among liberals, for instance, some described it as a long-term process with a number of shortcomings and challenges while for others the process is simpler and can be achieved in a short-term. Nevertheless, most liberals conjecture in long – term cooperation based on mutual interests, which has been emphasised by modernisation that further implies for an increase of cooperation (Jackson and Sørensen, 2013, 100-101). Their positive view about cooperation and its results will be crucial to analyse the importance of the attitude in PPD/ PPP implementation.

Progress is a core assumption among liberals - the progress of the individual, however what defines that progress is unclear and raises many questions. The individual pursuit for happiness, freedom, prosperity and rights should be assured by the state. Liberals identify the state as an entity, which should respect individual's pursuits and establish rule of law. As such, neither individuals nor the society are completely autonomous as they are under the influence of their environment. In regards to the economic system liberals are in favour of a free market doctrine, however, it should be regulated by the government in order to ensure fairness. As mention, the state should guarantee certain elements for the individuals and the societies, thus government programmes to address them are seen a necessary to help meet those requirements (Schlesinger Jr, 1956). The free market doctrine and government regulation analysis are intrinsically connected to PPDs/PPPs, as well as the general position of Tanzania's government and society have a profound impact on the setup of these partnerships.

While liberalism first sought to extricate societies and individuals from absolutism and its oppressive institutions and traditions, conservatism emerged as skeptical reaction towards these changes within the liberal movement. Conservatism holds, contrary to liberalism, a more pessimistic view of the human nature, thus it emphasises that individuals need traditions, institutions and authority in order to guarantee social order. In the conservative system individuals have free will, making them responsible for their lives and choices while the society is naturally fair and can function by itself (Graham, Haidt and Nosek, 2009, 1029- 1032). These are key differences from the liberal system in which both society and individuals are under the influence of their environment and government regulation.

Thus, changes are generally not desirable amongst conservatives since they threaten the social order. Hence conservatives tend to value the need for structure more than liberals because the

certainty of the proven institutions and social values will preserve the social order (Graham, Haidt and Nosek, 2009, 1030). As such, conservatism ideology is generally skeptical towards the progress that liberalism advocates. In the context of Tanzania, it can be argued that the “old elite” currently executing the highest ranks in the political sector often is acting in line with conservatism, as they are attempting to remain in their position of influence.

Furthermore, mainly due to external forces, Tanzania has pursued several changes in its structures and institutions. However, while this supports the liberal theory, on the ground we gather information proving resistance to change. Although many changes have been addressed by official programmes, in practice, the de facto implementation is yet to come on local level. For instance an effective decentralisation, an understanding of PPPs strategy, the importance of private sector participation etc. (POM2, 2015).

Similar to liberals, conservatives also support the free market approach to pursue prosperity and ensure individual needs. However while general liberalism argues for government regulation in the market, conservatives argue for support of the government instead of regulation by it. Conservatives see government interventions in the market as a source of economic instability. In their perspective it creates uncertainty because of the frequent changes in economic policies and regulations which makes it a difficult environment for private sector to run their businesses (Shirvani, 2014 )

In contrast, for liberals the private sector is the source of the economic problems because it creates cyclical booms due to disproportionate power and speculation, which results in regular government bailouts and the further need for stabilisation policies. Liberals favour government intervention because the private sector activities need constant regulation to ensure the consumer protection. In Tanzania we found distrust towards the private sector activities as a major concern. This hints the skepticism of the central government to ease the path for private sector development (POM2, DON, CDA, 2015). Though the conservatives are doubtful of the government's capability to gather relevant data within time and use it to implement appropriate economic regulations and policies that are seen as fundamental to create a more predictable economic environment. The government capacity to understand business is also a constraint found. Private sector often complains about the lack of business knowledge that results in inadequate policies to boost the business environment. Without these, the business environment is functioning in an unstable manner which only jeopardises the economy (Shirvani, 2014).

Liberalism and conservatism are representative of different political and economic perspectives. Nonetheless, they can also serve as analytical tools to scrutinise the current business environment of Tanzania and the potential for PPDs and PPPs in that particular environment. As mentioned before and corroborated by our field research Tanzania is on the process to liberalise its economy since the 1980s, still this process has been rather slow and questions arise about its actual implementation and effectiveness which hints a degree of resistance to change and embrace

certain elements, like decentralisation, private sector development or public – private partnerships. In conclusion, their different perspectives in regards to government intervention, individuals, society, and progress will be essential tools to understand Tanzania context and grasp the source of the weaknesses of PPD/PPPs implementation.

## **5.2.An Institutional Analysis – Regimes Capacity**

Transnational actors or the relations between individuals, groups, organizations, and institutions have gained a more prominent role in the course of events after WWII leading to a greater integration and interdependence. Thus, the state-state relation was no longer the main emphasis and the creation of institutions such as the European Union, IMF or the World Bank start challenging the political and economic settings of decision making power. Liberalist John Burton purposed the ‘cobweb model’ to understand transnational relations. This model attempts to demonstrate that states are embedded in a plural setting, comprising different types of interest groups and individuals from religion, business or labour. He further suggested if we draw the patterns of communication and transactions it would lead to a more accurate picture of the world and its dynamics (Jackson and Sørensen, 2013, 100 -104). The plural setting argument is essential to understand the importance of PPD/PPPs today. This can be seen as well in the current global system, which places as well a high emphasis on such collaboration between governments, private entities and other major stakeholders.

Ernst Hans adds another important feature to understand the increase of transnational relations and cooperation, the spillover effect. Based on the formation and enlargement concerning members and joint efforts of the European Union during the 50s and 60s Hans developed the neo-functional theory where the integration process depends on the spillover effect. An increase cooperation in one issue would spillover to other issues. However, the Western Europe cooperation stagnated from the mid-1960s and the neo-functional theory did not foresee the challenges of cooperation and the possibility of weaknesses (Gehring, 1996, 229; Gilpin, 2001, 351). PPD/PPPs are new phenomenon in Tanzania in which the stakeholders are still reluctant to enter these partnerships. However, as indicated by our field research, there is the hope if the LIC project succeeds in the Kongwa there will be a spillover effect towards other districts.

Indeed it has been recognised that neo-functional ideas were inadequate to analyse integration, and interdependence in the world in which politics and economics are interlinked. New approaches attempt to close this gap of economic and political integration for example, neo-institutionalism. Briefly, neo- institutionalism emphasis the role of institutions in solving, mainly economic problems. It suggests that institutions can help improve market failures and contribute to collective action problems concerning political and economic integration (Gilpin, 2001, 353-355)

One of the major scholars attempting to understand the role of institutions and the increase interdependence is Robert Keohane. He argues that sets of rules and norms or institutions/

regimes can influence state action behaviour if they have mutual interests (O'Brien and Williams, 2010, 39- 40). To further demonstrate this, Keohane and Joseph Nye proposed the 'complex interdependence' theory in the book *Power and Interdependence* (1977). They firstly suggest that interdependence is taken place on a different global setting then before. State leaders where the primary actors and the use of military force was an "easier" choice since the survival of the state and its security had priority over the economy and civil society areas. However, with the increase of interdependence, particularly in Western Europe this was no longer the case. State leaders' power suffered a significant decrease shifting it to other government levels and officials. Also, there is now a transnational network composed by different individuals, groups, institutions and organisations, which take action outside the scope of the state. An interdependence setting also implies the decrease of military force as a powerful resource, being replaced by others like negotiations skills, which are extremely important to PPD/PPPs (Walker, 2013, 149 - 151; Jackson and Sørensen , 2013,46-47). As previously mentioned the increase of interdependence has also amplified the role of transnational actors and cooperation. Amongst these are the roles of institutions or regimes as defined by Keohane in his book *After Hegemony* (1984). He argues that a high level of institutionalisation can improve and build trust between states. In fact, they can promote a flow of information that decreases the level of distrust, tackling the market failures and uncertainty by reducing the information gap about other states behaviour (O'Brien and Williams, 2010, 49; Gilpin ,2001, 84-85). This is closely connected to the purpose of implementing PPDs. For instance, LIC is currently promoting regular meetings between the stakeholders to enhance communication and negotiation and reach PPP agreements. However, scholars as John Mearsheimer argue that due to the anarchy nature of the international system trust and cooperation amongst the states is unlikely to occur. Although, Keohane indicates that cooperation cannot happen if the members are in harmony, on the contrary he claims that "cooperation takes place only in situations in which actors perceive that their policies are actually or potentially in conflict, not where there is harmony" (Keohane 1984, 54). Cooperation should then be perceived as a response to conflict, it does not emerge where there is a harmonisation of policies and interests (Keohane, 1984, 51-56; Jackson and Sørensen, 2013, 82-86).

In *After Hegemony* (1984) Keohane supported his argument with the notion of regimes in issues of money, trade and oil. These regimes continued independent of the rise or decline of certain states. Thus, regimes exist to overcome uncertainty, lack of information and facilitate negotiations between states, therefore they do not need a hegemony to be effective or to achieve the most optimal solutions (Keohane, 1984, 57-63 and Colebourne 2012).

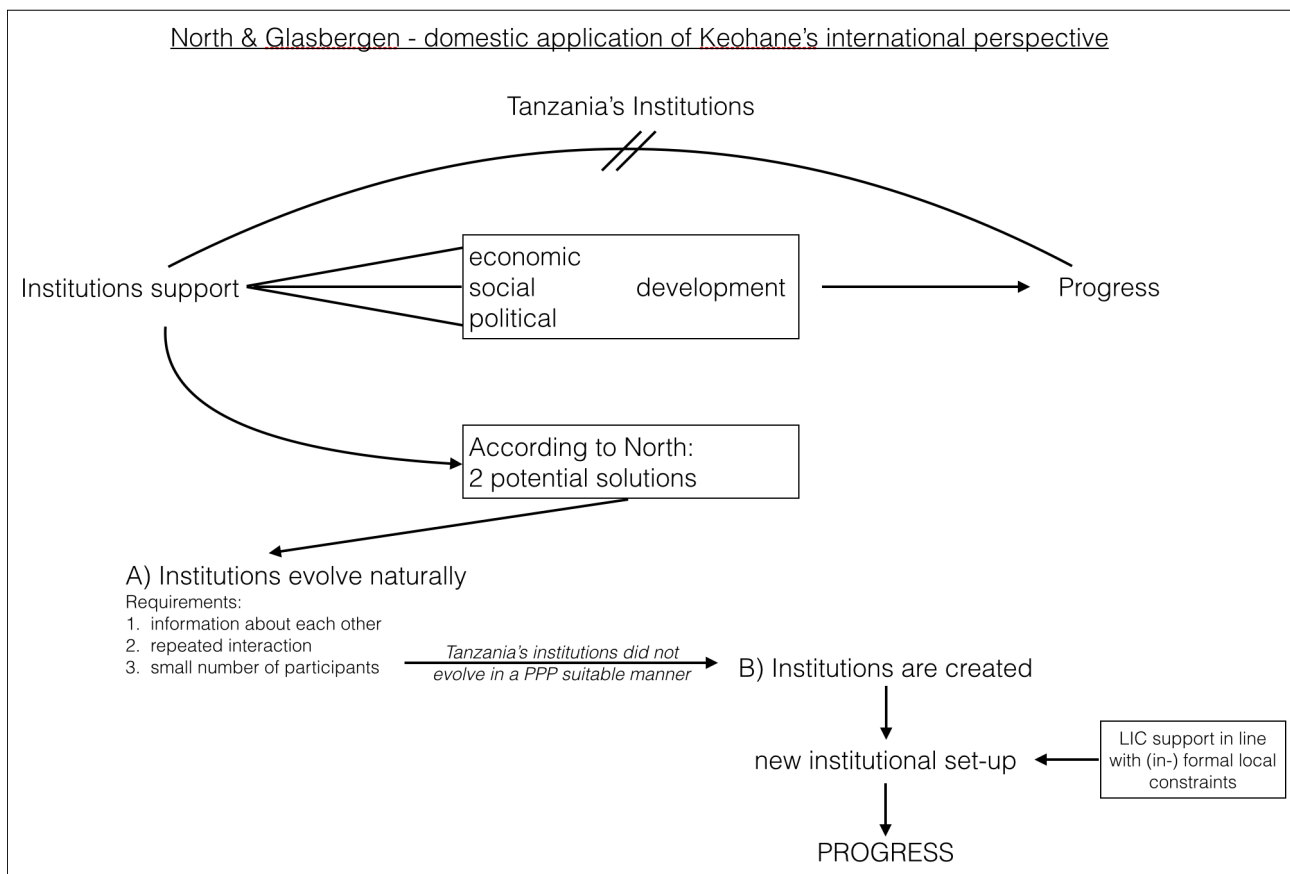
In this study PPD/PPPs will be understood as regimes described by Keohane and also supported by Rebecca Homkes (2011) that argues that PPPs and regimes can be conceptualised in parallel ways since both intend to close a gap of governance and promote interactions between the relevant actors. Though partnerships and regimes are not exactly the same the regime theory

provides essential tools to study the relation between different actors. Both function as “governance engines” with the potential to close governance gaps and provide services (Homkes, 2011, 59 – 61).

As further emphasise by Andonova partnerships are yet to attain a clear place in development studies since they do not fit perfectly with regimes, institutions or organisations theory. Therefore consensus is lacking on the meaning of these new partnerships between public sector, civil society and private sector (Andonova, 2005, 5-7). However, as supported by North (1990) and more recently Andonova (2005) and Homkes (2011) in many ways regimes and PPDs/PPPs are established with similar purposes. Thus we build on Keohane’s interdependence and regimes theory in an effort to understand the relevance and potential of PPPs in regards to a more conducive environment. Regimes, as PPDs/PPPs, have cooperation and dialogue as cornerstones to further address a governance gap by closing the gap of information about certain subjects.

In conclusion, although the establishment of these partnerships can bring benefits it should not automatically assumed that cooperation and partnerships are easy to implement. For instance these continue to be established on a voluntary membership basis and therefore face difficulties in ensuring fulfilment of agreements and fees. This is supported by our field research in regards to TCCIA who currently encounters a membership problem at the local level as well as the TPSF that claims in last decade only 20% of the agreements were implemented by the government (GOS and FAZ, 2015). Thus, Keohane’s theory may not consider the difficulties to enter in cooperation agreements. However, he claims that the capacity for communication and cooperation depends on the institutions that are in place but as supported by our field research the capacity of these institution in Tanzania are sub-optimal. For instance, as TNBC Director of Business Environment points out the daily affairs of TNBC, as salaries, are guaranteed mostly by the government which reveals that the platform costs are not being run 50/50 as agreed (ART, 2015). In conclusion, PPPs are yet to acquire a clear place in development studies, however the regime theory of Keohane can provide the fundamental tools to understand its purpose as well as advantages and disadvantages.

## 5.3. Douglas North & Pieter Glasbergen



**Graphic 5**

Practical Application of PPP support; (Afonso and Henne, 2015)

In order to analyse the practical performances of public-private partnerships within a state it is crucial to add to Keohane's theoretical approach and international theory a domestic perception of institutions like it is provided by Douglas North and Pieter Glasbergen. North describes how the collaboration between the public sphere, the economic sphere and the civil society yields progress in the most effect manner. This is in line with the concept of PPDs/PPPs as they include in the ideal case these three parties and promote jointly the progress of the overall society. Furthermore it can be seen as the national equivalent to Keohane's theory about international regimes, as PPPs like regimes strengthen mutual organization between the public, the private and the civil society entities. Consequently PPPs oppose the contention for individual power of those sectors, which would be the domestic equivalent to the aforementioned state-state power relationship endorsed by J. Mearsheimer.

On the domestic level, North's theory has one of its theoretical starting points in two assumptions; (1) North states that trade is beneficial for the economic growth of a nation and (2) he continues that trade becomes more efficient if a society develops low-cost and efficient enforcement. Following this rationale, the lack of well-functioning institutions in some 3rd world countries reduces economic growth and thus hampers their development process (North, 1990, 54). The field

research conducted in Tanzania supports this statement. Both, public and private entities highlighted the inefficiency of institutions and blamed the slow development to a certain degree on this factor (ART, FAZ, 2015). North describes institutions as the framework for human interactions, which either evolve over time or are created by contractual agreements. According to our field research, such a framework – which is suitable for the modern global economy – did not evolve in Tanzania independently in the last decades. Thus following North's theory there is the need to artificially create this environment via a legal construct e.g. a policy. If operated efficiently, such frameworks will reduce the uncertainty of actors and create a stable structure for growth. Therefore institutions ease the interaction process as they regulate which actions are permitted and which are prohibited (North, 1990, 3-4).

In a perfect world without transaction costs and irrational behaviour it could be assumed that societies develop by copying the currently most efficient institutional system of the most advanced nations. This however is not the case in the real world which leads to the conclusion that institutions cannot be copied but must evolve over time and in correspondence to the cultural framework of the society (North, 1990, 93). In the case of Tanzania, the field research insinuates that the socialist past of the country created a high level of distrust between the individual spheres and thus incapacitated the development of well-functioning institutions in the recent past (RAS, AYU, 2015). For the future development of Tanzania it is important to create more efficient institutions, as institutions determine to a significant level the opportunities within a society (North, 1990, 7). If Tanzania decides to follow the path of PPPs it is of crucial importance that there is a shift in the attitude; abandoning the idea of producing a strong state towards building a strong society (Glasbergen, 2011, 2). It has to be understood that PPPs only provide value to the development process if all participating parties – state, market and civil society (Glasbergen, 2011, 1) – are equally strong partners, who can individually fulfil their responsibilities.

### **Environmental impact on PPP structure**

Following Glasbergen's approach a traditional institutional framework assigned each party a specific responsibility, which could not be executed by the other entities of the society. Traditionally the market has been responsible for the economic affairs, the state guaranteed the maintenance of the public structure and the civil society dealt with the social relations between the citizens. These borders should not be crossed to insure the most efficient outcome for all parties. However, recently there has been a change in this principle as today many scholars promote the collaboration of all spheres when determining public/societal decisions (Glasbergen, 2011, 2). Such collaborations normally emerge without external pressure if 3 criteria are met; (1) the participating entities possess information about each other (2) the common interaction is repeated constantly, (3) there is a small number of participants (North, 1990, 12). During our field research we came to the conclusion that neither of the criteria is met. The distrust between private and



public sector is a legacy of the socialist period and hampers up to today the exchange of information between both sides. Furthermore, the interaction between both sides has been dominated by strong hierarchies, which prevented the notion of being equal partners and resulted in many cases in the complete termination of a constructive interaction. Finally the lack of organization within the private sector itself increased the number of participants enormously and thus added to the communication arduousness. In a successful PPP on the other hand, the theory suggests that organizations should emerge naturally according to North. The individual humans who are affected by institutions should unite in groups, i.e. organizations, in order to boost common interests. The more efficient organizations can arrange themselves within the institutional framework, the more impact can be achieved in its area of interest (North, 1990, 5). Concerning this theoretical aspect we gained the following knowledge during our interviews with local experts and stakeholders: (1) the public sector has the longest tradition of organising itself and thus gained the strongest position; (2) the private sector recently started to organise itself but it is currently in the infant state and faces still many obstacles; (3) the civil society did not develop a self-understanding as mutual entity yet and thus it has only a marginal impact on PPPs. Following Glasbergen's theoretical approach, the adjustment of the traditional Tanzanian settings towards a horizontal partnership of two peers is required if the Tanzanian society aims to create a more advanced institutional set-up. Without such adjustments the theory suggests that Tanzania would not be able to construct the aforementioned stronger society (Glasbergen, 2011, 2).

### **Effects of Partnerships**

For organizations to accomplish their highest impact within their institutional and social setting it is important to formulate specific objectives, as well as have well-established working structures, which allow feedback and improvements over time (North, 1990, 16). In Tanzania, this is the first hindrance in the development process. As the private sector and especially the civil society is hardly organised and weak in general, there has not been a feedback channel to overcome societal challenges. Theoretically, development is expedited by the mutual shaping of institutions and the organizations within the institutional framework (North, 1990, 5).

Thus, during its development, a society will impose constraints on the freedoms of each individual in order to reduce the transaction costs of the overall society. These constraints can be in form of formal or informal guidelines. Formal constraints are the legal foundation of a society's development, but for the daily activities the informal constraints are often more significant. This difference in importance can be seen, as two societies can impose similar formal constraints but develop in highly divergent manners - due to the informal understanding and the social interpretation of these formal constraints. Informal constraints can be regarded as socially sanctioned norms of behavior which act as extension and modification of the formal rules. Consequently the cultural understanding of partnerships plays a crucial role in the development

process (North, 1990, 36-40). Thus it can be concluded that the Tanzanian attitude impacts the development process more than the formally introduced legal framework, which only provides value if it is in line with the attitude. To support this conclusion North gives a valuable example of interaction behaviour of two economic partners with different access to business intelligence. The party with more intelligence can gain an advantage over the other party without breaching formal constraints like a written law by e.g. withholding some information (North, 1990, 30). However, depending on the informal constraints a party may decide to not exploit or not exploit his/her opponent, as the reduction of his/her social standing might be more damaging than the material gain from this action. Thus the impact of the informal constraints often overrules the literal wording of the formal constraints. For the Tanzanian context, we unveiled this very problem in the widely accepted bribery and corruption. Thus, corruption is often regarded rather as a management fee than an illegal action (RAS, DON, IBR, 2015). Applying this concept on PPPs, it has to be understood that impact is only achieved if the PPD/PPP is either in line with the local attitude or addresses actively a change of the way of thinking. North concludes that the informal constraints are often more important than the formal ones and continues that the informal constraints are more complicated to change (North, 1990, 40-46). As all parties should be included as equal partners, the dictation of formal constraints from the public sector, without understanding the informal constraints, could endanger the overall success of the PPPs.

## **5.4.Critics on PPP approach**

Over the last decades PPPs grow significantly in their popularity among big development organizations like the European Commission, the UK Treasury, the Organisation for Economic Co-Operation and Development (OECD) or the IMF (Jakutyte, 2012, 29). Nevertheless there are also various parties pointing out justified critiques on this process. These opponents argue that PPPs are constructed around several myths which portray PPPs in a more positive view than those initiatives actually are when analysed more carefully.

- 1) There are no alternatives
- 2) Saving of public spending
- 3) Risk transfer
- 4) Superior performance of the public sector

(Hall, 2008, 14-16)

The first critique on PPPs is based on the often-heard statement that in times of budget shortages there are no other alternatives than cooperating with the private sector. However, those critics argue that tax increases and governmental borrowings would be more economical to the public than a cooperation with the private sector, as this would be only an off-book accounting method. A

holistic analysis of various PPPs showed that the financial gain has been much smaller or turned to a loss in such a broader analysis (Sanger and Crawley, 2009).

The second critique points out that public spending is not decreased in many cases. Opponents state that PPPs do not open new sources of free money to the public sector, but that it is simply a restructuring of the payment method. Thus, while there might be an initially smaller cost, indirect payments of citizens - e.g. for using a service which has been financed previously by tax revenues or payments from the public sector to the private sector over several years will bring up the costs to a similar level again (Hall, 2008, 14).

The third argument of risk transfer is regarded as especially deceiving. While it is agreed that the private sector is assuming major parts of the risks in a PPP, it is hardly mentioned that the contract costs are increased as well in order to reimburse the companies for this increased risk (Hall, 2008, 15).

The final critique is that there is no evidence for a better performance record of the private sector. The general statement that an entity has to perform better as soon as it is private is rejected by several scholars (Hall, 2008, 15).

In fact there are several failed PPPs, which give justification to some of the aforementioned concerns. Especially delays and the lack of transparency brought bad reputation to some PPPs in the past and broke the cliché that PPPs are more innovative, faster and less expensive than public investments (Sanger and Crawley, 2009).

Next to these outcome-based critiques there are also critiques targeting the internal structure of PPPs. While it is fairly accepted that PPPs have high financial powers as they can bring together strong public, non-profit and private sectors, the fact that those parties bring their own agendas to the partnership is normally less emphasised. Thus there is a risk that the major paymaster dictates the priorities of the entire partnership. In the most extreme case this can result in solutions, which serve mostly one party, but fail to solve the roots of the societal problem as the new solution does not fit to the holistic situation (Joseph, 2012).

Thus, as final conclusion it can be stated that PPPs have a significant potential for the development of new initiatives as all stakeholders should be included in the discussion and the projects receive a greater financial funding. However, it would be ill-advised to believe that PPPs are universally applicable solutions with the potential to solve each development problem. Next to the advantages of PPP this approach also faces some shortages, which can in the worst case be counterproductive to the entire development process. Consequently, the success of PPPs depends highly on the implementation of each individual project. Based on our experiences acquired during the field research, we concluded that the most fundamental conditions which have to be met during the implementation of a PPP approach are as followed: (1) understanding of the importance of a peer relation between all parties; (2) a good level of negotiation and mediation skills of all parties ; (3) a political framework which allows the participating parties to make decisions independently

without secret stakeholders; (4) the eagerness of all participants to push for change. While point number 4 seems to be obvious, we encountered during our interviews that especially high-ranking politicians gain personal benefits from the current inefficiency and thus willingly hamper the process (GOS, 2015).

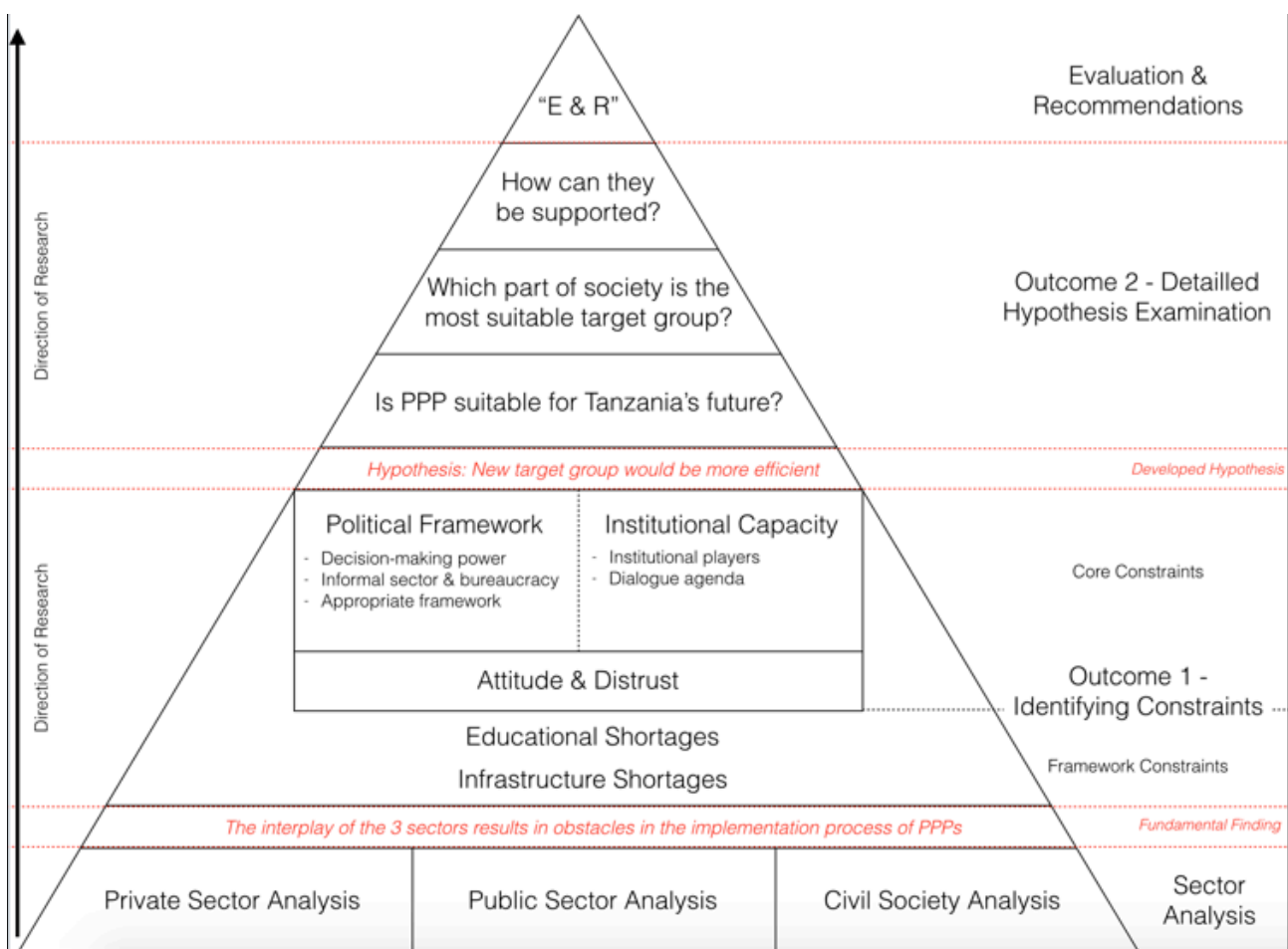
## **5.5.The Role of Public Private Dialogue**

A major element of the preparation for a final PPP is the PPD, which has to set the stage for all stakeholders. According to North, organizations have the highest potential for success if there is a clearly defined structure, stating the responsibilities of each stakeholder and the overall desired outcome. On the other hand, inconsequent PPDs endanger the outcome of the following PPP and thus can ruin the reputation of the entire PPP approach.

A PPD must not be seen as first step, which leads obligatory to the PPP. A PPD should be seen as sharing platform and early warning system to point out major misunderstandings between the parties and has a legitimation to abandon a proposed PPP. The most challenging part in this process might be to maintain the high level of trust between all parties, as rejections of PPPs must not be seen as failure of the PPP approach but rather as starting point for new discussions so that only the most promising initiatives get selected as PPPs.

## 6. Analysis - Interviews / Outcome 1

In this chapter we present and discuss the main findings in regards to the core challenges of PPD implementation in Tanzania and potential solutions. The chapter's structure is based on the selected theories and the outcomes of the field research. Thus, following the theoretical guidance of the selected scholars, the team prepared guideline questions focusing on the holistic approaches of North and Glasbergen as well as the institutional capacity indicated by Keohane in order to identify the major constraints. After gaining initial information the research team developed the hypothesis that the younger generation could facilitate PPD/PPP implementation in a more effective manner than the current focus group; already established businesses and high ranking politicians. In conclusion, we developed and structured this chapter in harmony with the theories framework and based on our field research findings. This approach attempts to provide a comprehensive analysis and discussion about PPD/PPP implementation in Tanzania. Graphic 6 gives an overview about the following analysis chapter.



**Graphic 6**

Research Structure; (Afonso and Henne, 2015)

## 6.1.The Public Sector

The public sector takes a key position within the Tanzanian society and economic system. Due to the historical past the economy and the political actors are closely connected or in many cases the officials are actors in both spheres. According to several interviews we conducted during our field research it is hardly possible to make business in Tanzania without getting involved to a certain degree with politicians (RAS, BJC, FLE, 2015). Officially the public sector of Tanzania has two main actors on national level; the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar, which enjoys autonomy in certain local issues (United Nations, 2004, 5).

On the mainland, the public sector is divided officially into the central government and the Local government authorities. Those local authorities have been responsible for the deliverance of many crucial services to the citizens since the Local Government Reform of 1998 (Local Public Sector Initiative, 2009).

However, in practice the central government remains in a position of (indirect) control about the actions of the local public sector, especially in the fields of revenues, human resources and financial matter (Materu, 2008, 6). The degree of the local public sector's autonomy increased steadily over the last years, but it remains at an overall low level (Local Public Sector Initiative, 2009). During our conducted interviews this became obvious at several occasions, e.g. when local government officials used national policies to justify their actions or when stating that all local policies always have to be in line with the national perception. For the public-private dialogue on local level this presents a major obstacle as it adds a "secret stakeholder" to the negotiation. In one specific case we were told that an otherwise agreed on public-private partnership between the the business council of the Mtwara region and a local business man got rejected by the national authorities without forwarding the specific reasons to the local government authority. Such actions increase the difficulty of dealing with the local public sector as they cannot decide independently (MKI, 2015). Similar findings can be consulted in literature when the local governments are described as a "tier of the government". This power relationship can be seen especially as the ministry for local government and regional administration (national level) has the power to abolish the local council and replace it with a commission (Materu, 2008, 3-4).

As a special Tanzanian characteristic of the public sector we observed a feeling of superiority of the public sector towards the private sector. In many cases government officials complained to us about the shortage of skills within the private sector, describes the partnership as "contractual relationships" (PMO1, 2015) instead of an equal relation or stated only the public sector is responsible for the economic development of the country. While some of these accusations address critical weaknesses of the private sector, the public sector tends to overlook that a sustainable economic development for the entire country can only be achieved if both partners collaborate with each other. When comparing this situation with the theory of North and

Glasbergen, there is a major gap as the public and the private sector do not act as peers and therefore the PPP cannot flourish. In order to address this bottleneck and follow the theoretical approach, it is necessary to support the internal weaknesses of the private sector, e.g. skill level and self-understanding. In the long-term this can create a peer relationship in a strong society as described by Glasbergen. This is further supported by Adam Joseph that emphasizes that if only one party is strong the PPP agenda will only benefit that single party.

Furthermore has the public sector also its internal weaknesses and inefficiencies. Thus is corruption a major issue within the public sector. The “Corruption Perceptions Index” of 2014 ranks Tanzania on 119th place (out of 175) with a score of only 31 (out of 100) (Transparency International, 2015).

Additionally there are structural issues within the public sector. For example, when interviewing the Capital Development Authority in Dodoma, the official stated that several key decisions, e.g. in the distribution of real estate, are connected to one person only. Thus if the responsible official is sick, travels or died there is no possibility to continue the process until he/she returns or the position is newly filled. Examples like these increase the obstacles for businessman to interact in public-private partnerships with the local authorities (CDA, 2015).

Finally the most attractive positions for a political career are on the national level. Thus the most skilled and knowledgeable candidates of the public sector are attempting to avoid employment in the local governments (CDA, 2015).

In order to overcome the current issues of the LGAs involved in partnerships with the private sector it is necessary that the granted autonomy of the LGAs from the central government is not just officially, as it is currently, but that it is actually implemented on the ground. This recognition is in line North’s theory addressing the challenges of formal implementation versus informal social setting. While the change of formal policies can be achieved relatively quickly, the theory suggests - and we could confirm that during our field research - that the central focus has to be on the informal constraints. In this concern, the public sector is the key challenge as it is dominated by the “old elite” who mostly follow the previously described characteristics of conservatism. Therefore, there has to be constant training for the local government authorities staff members in order to increase the technical skills required in this position as well as educating them about the “new role” of the private sector, in order to reduce the negative prejudices.

## **6.2.The Private Sector**

The private sector within Tanzania faces severe challenges due to historical, structural and cultural issues and in general has to be considered as unstructured and weak performing. Today Tanzania remains one of most indigent countries in the world in terms of per capita income. This is surprising as the country possesses significant potential in terms of arable land, natural resources, a

beneficial geo-strategic position as well as a significant market size. The main industry of Tanzania is agriculture, which contributes to ca. 25% of the GDP as well as 85% of the exports. Furthermore 80% of the workforce is employed in this industry (CIA Factbook, 2007). A major business obstacle is the complexity of doing business within Tanzania. According to the Ease of Doing Business Report issued yearly by the World Bank Tanzania's private sector faces challenges especially when dealing with construction permits, getting access to capital or attempt to access foreign markets (The World Bank, 2015).

TOPICS	DB 2015 Rank	DB 2014 Rank	Change in Rank
Starting a Business	124	118	↓ -6
Dealing with Construction Permits	169	166	↓ -3
Getting Electricity	87	85	↓ -2
Registering Property	123	117	↓ -6
Getting Credit ✓	151	147	↓ -4
Protecting Minority Investors	141	130	↓ -11
Paying Taxes ✗	148	147	↓ -1
Trading Across Borders ✓	137	139	↑ 2
Enforcing Contracts	45	45	No change
Resolving Insolvency	105	101	↓ -4

**Graphic 7**

Ease of Doing Business Indicators - Tanzania (The World Bank, 2014)

As can be seen in graphic 7, Tanzania ranks in several positions in the lowest third (in total:189 analysed countries) However, regardless these bottlenecks for the private sector, the World Bank estimates a growing economy for the next years as can be seen in the following GDP growth numbers between 2000 and 2017.<sup>8</sup>

	00-10 <sup>a</sup>	2011	2012	2013	2014e	2015f	2016f	2017f
<b>Tanzania</b>								
GDP	7.0	6.4	6.9	7.0	7.0	7.2	6.8	7.0

**Graphic 8**

GDP statistics and forecasts - Tanzania (Worldbank.org, 2015, 9)

While these growth rates make the Tanzanian private sector to one of the fastest growing economies in the world, an analysis has to consider the extremely low development status of the Tanzanian economy, which serves as benchmark for the GDP growth evaluation.

<sup>8</sup> The period between 2000 - 2010 is an average (a) value; The value for 2014 is estimated (e) and the values for 2015 - 2017 are forecasted (f)



As stated by North and Glasbergen, the relation of the 3 sectors<sup>9</sup> is crucial for a positive development of the entire society, however, this “strong society” demanded by Glasbergen, is currently not present. In Tanzania, the feeble performance of the private sector results to a significant part in the complicated relationship with the public sector. While officially there is an ongoing transition from a centralist economy directed by a one-party state to a liberal market economy in reality the effective change is slow. This is partly due to the high mistrust between both sides. Furthermore, the immaturity of the private sector and its incapability to deliver high-quality products on a regular basis hamper this progress (GIZ, 2014, 1). While this impractical relationship is one of the major obstacles in the private sector development, the special Tanzanian background makes it impossible to separate the two sectors. During an interview with Mr Flemming, Danida Senior Technical Advisor he strongly emphasised that doing business in Tanzania always involves a high degree of dealing with government officials. This is due to the current mind-set which is still affected significantly by the socialist past of the country (FLE, 2015). Similar views were shared by Mr. Klitgaard, NIRAS country representative for Tanzania. He as well emphasises the mistrust between the public and the private sector in Tanzania. The public sector regards the private sector as incapable to organise itself and thus as impossible to deal with, while the private sector sees the public sector as self-centred. Thus the private sector complains about lacking support from the government, who is regarded as only being interested in raising taxes (RAS2, 2015).

This produces an interesting theory paradox. North as well as Glasbergen highlight the importance of connected sectors. However, the field research showed that Tanzania faces two extremes. While on the one hand there is a clear separation in the objectives of small private business and public parties, there is at the same time the impossibility to conduct business without having good relations to government officials. This paradox results in a tight web of corruption, delays and other obstacles which hampers the private sector or civil society to gain an independent voice, while it keeps the old elites in their beneficial positions. This situation is a clear cut with the proposed theory and thus should be addressed in the creation of a PPP suitable environment.

Within the private sector itself, there are several key aspects which caused the low performance level in the past. For example the shortages in education prevent the progress of the private sector. While the primary education system has been improved on the paper and now claims to be above the regional average of African low income countries (UNESCO, 2011, 32-39) the actual implementation continues to cause problems. Thus the late entry age of students as well as the poor attendance record remain problematic. Consequently, the private sector workforce lacks graduates with higher education. In the recent pasts, only 4% of students have been enrolled in A-level programs. Similarly, the ratio for university students has been lower than in other low-income countries in Sub-Saharan Africa (UNESCO, 2011, 31-32). This situation is even more devastating for the private sector as the few graduates with a high education have mostly preferred the public

---

<sup>9</sup> Public, private and civil society sector

sector as employment sector in the past. With the changing environment from a socialism system with state-owned companies towards a more market oriented economy this attitude is likely to change in the future. Our survey<sup>10</sup> among graduate students suggested that ca. two thirds of current graduate students are planning to work in the private sector. Thus, this could provide a future boost for the economy of Tanzania. In terms of theory, this symbolises a change of the social preference away from the conservatism ideology favoured by the old elite that remains sceptical to changes, towards a cooperation based society, rather following the liberal ideology.

Another obstacle is the effect of this attitude on the supply chain. According to our field research as well as the literature review (Eiletz-Kaube, 2010, 185-189) the Tanzanian understanding of work contracts and work attitude is highly obstructing to a market economy and business model following the western role model. Thus, investors face the challenge that suppliers do not deliver on regular basis as the Tanzanian supplier sells his products rather to the person offering the highest price of the day, then to the entity he signed a long-term contract with. Such a formal breach of contract is however socially accepted, as the supplier is entitled to strive for his best possible outcome. The long-term consequences, the loss of the contract with the buyer which would have guaranteed a long-term source of stable income, is not taken into consideration by many Tanzanians, as long-term planning never has been a priority in their culture. For the buyer this incapability to guarantee a stable supply of products caused otherwise well-functioning enterprises to close down in the past and created an atmosphere in which e.g. supermarkets prefer to enter in agreements with South African suppliers who charge higher prices but guarantee steady supply of goods (FLE, 2015).

Finally the private sector development is decelerated due to the common responsibility aversion among especially the older generation of Tanzanians. Our experience, which is in line with other development workers who spent several years in Tanzania, has shown, that the work attitude in Tanzania favours long discussions in which everything should result in a consensus. In this way Tanzanians avoid that an individual person can be blamed for a potential failure. However, it also implies the slow progress as nobody feels responsible for progress and thus actively pushes for completion. In regard of this aspect donor organisations are partly to be blamed as they introduced sit-in allowances in the past in order to increase the participation level of local beneficiaries. Unfortunately this incentive is today in many cases the main motivation to appear in meetings even though people are not interested in finding a solution. Even worse is the effect that the attractiveness of postponing the final decision to another reunion is increased as this new reunion will again provide a sit-in allowance (BJC, 2015).

Next to these company internal obstacles, the private sector is also lacking an efficient umbrella organisation, which can lobby for its member's needs. Organisations like the Tanzanian Chamber of Commerce, Industries and Agriculture who should provide service, structure and a collaboration

---

<sup>10</sup> The survey will be analysed and discussed in detail in the corresponding chapters towards the end of the thesis

platform for its members are too weak and without convincing arguments for businesses to join them. Thus each business entity has to face the fight against a disadvantageous environment by itself instead of joining forces with other companies (FAZ, MPW, 2015). This situation has to be seen as a shortage compared to the theory of North and Glasbergen, as it hampers the development of the private sector. As described in the theory section, the objective of a PPP supporting initiative has to be to create a strong society with three equally skilled sectors which are interested in collaboration. Consequently, strengthening the Chamber of Commerce would reduce the gap between the ideal theoretic situation and the current reality.

While the current business environment is extremely challenging for businesses, there are also positive examples. Thus, during our research, we interviewed a meat processing company, which is seen as a role model in the Dodoma region. Within 4 years this company managed to increase the output by 400% and the staff by 200%. According to company officials this has been possible as several young people got involved in the management levels. The younger generation approached the way of doing business with less risk aversion and new ideas like a regular dialogue with all stakeholders of the process e.g. suppliers, supermarkets etc. (TCM, 2015).

Concluding it can be said that the private sector in Tanzania faces severe challenges and currently is in a poor position to overcome those obstacles by itself. The lack of internal structure, a shortage of well-educated staff and cultural issues within the Tanzanian traditional values do not match with the requirements of a western, capitalist business environment.

### **6.3.The Civil Society**

Similar to the private sector, also the organisation of the civil society in Tanzania is rather unstructured and informal, so that it cannot live up to its full potential yet. The current entities acting within the civil society emerged after the policy changes in the 1980s and thus are still in a relative infant status (Ndumbro and Kiondo, 2007,11). The engagement of civil society actors cover various fields, but the main focus is on poverty alleviation and connected subcategories like agricultural development, HIV/Aids, gender issues or good governance & national policies (Haapanen, 2007, 8-10). Legally NGOs and similar interest groups are regulated by the NGO Policy (2001) and the NGO Act (2002), however, up to today those policies proved to be rather ineffective as many of the core issues have not been addressed commensurately (Ndumbro and Kiondo, 2007). In fact there has been open criticism claiming that those policies have been designed to control NGOs rather than empower them. Such a situation is in direct conflict with the theoretic approach of equal partnership between the three sectors. Therefore, following the theory it can be concluded, that a PPP initiative has to address this situation. Nevertheless, within this framework two umbrella organisations emerged. The Tanzania Council of Social Development and the Tanzania Association of Non-Governmental Organisations. The former focuses its endeavours mainly on service delivery, while the latter is an advocacy and capacity building organisation (Haapanen, 2007, 6).

Within these umbrella organisation the civil society organisations can be group in various fields of action. A major sector of NGOs addresses the social service gap incurred after the withdrawal of the state from its social politics agenda (Kiondo, 1995). Other NGOs emerged from the felt need to organise and articulate the interests of underprivileged social groups, e.g. women (Hartmann, 1994). Finally, some foreign donors supported the creation of new NGOs in order to bypass the political system, due to the poor performance of the Tanzanian government (Caiden, 1991). These different motivations and preconditions generated a high diversity in the current civil society environment of Tanzania. The range of organisations includes small volunteer based entities as well as internationally supported NGOs with permanent staff. The exact amount of civil society organisations is complicated to define as especially the small grassroots organisations in remote areas are not registered. However, it is noticeable that especially the faith based organisations have had a respectable impact in the past (Haapanen, 2007, 5). Similar findings have been produced by our field research. Thus, Mr. Flemming, indicated that a major advantage of faith based organisations is the consistency in their addressed field of aid. While donor governments have had the tendency of changing the policy field roughly every two to three years (e.g. from education, to human rights, to agricultural development and back to education), faith based organisations often focused over decades on one field only. Mr. Flemming supported his statement by pointing out that the most successful development project he is aware off within Tanzania, is an agricultural livestock project which is run by the same Scottish missionary for the last 60 years (FLE, 2015). Other successful civil society actions can be seen for example in a fishermen organisation at the Lake Victoria who managed to press mutually for more transparency in the tax system and by this unveiled unjustified taxes (Kilonzo, 2013). Especially the second example supports the need of internal structure of each sector. As you can learn from the theories of North and Glasbergen, only the sectors with a strong internal structure can participate in an appropriate manner in a PPP. Thus while there are some positive impacts achieved via actions of the civil society, it has to be stated that the overall coverage and success of civil society actions is extremely low. The huge majority of NGOs is located in the urban and economic centre of Dar es Salaam and the tourist magnet Zanzibar. Even in the better developed northern provinces of Arusha and Kilimanjaro the amount of civil society organisations is significantly lower than the in Dar es Salaam or Zanzibar. In the least developed regions like Lindi or Singida and Shinyanga NOGs are hardly existent (Haapanen, 2007, 6). Next to the shortages in funds, staff and other resources, a major obstacle for the development of the civil society sector is the Tanzania governmental approach towards NGOs. Especially in the past, there have been cases in which NGOs have been regarded as “too political” and as a consequence have been “de-registered”. Exactly this happened in the case of BAWATA, a NGO advocating for women rights in land ownership and heritage issues, in 1996 (Haapanen, 2007, 7). Such events prevented the civil society to develop and to reach a “watch dog” position, which allows citizens to confront the

government and demand more rights. As many government officials remain until today in a socialist based attitude, there is hardly support for a civil society which will weaken the government's authority in the long-term (Haapanen, 2007, 11). Similar to the government - private sector relation it has to be stated that the government mostly distrusts this new form of political engagement. This distrust towards new forms of governance goes in line with conservatism ideology that has a strong feature of resistance towards changes in structures.

The domestic private sector shares several interests with the civil society and thus an alliance could be suspected between both sectors when engaging in political discussion with the government. Such an alliance would be in line with the liberalism ideology as it supports cooperation for mutual benefits. Furthermore it would be a first step towards the strong society described by Glasbergen. However, in reality this hardly occurs. The rationale for this shortage of cooperation can be found in two sectors. On the one hand both sectors are highly unstructured, understaffed and still in an infant status, so that the necessary structure for efficient collaboration are lacking. On the other hand the government does not support, and in some cases even hampered, the collaboration of private sector and civil society, due to the fear of losing power. This is a clear example for the conservative attitude of the public sector. As described by the theory above, this sector is dominated by the attempt to maintain the current structure as it provides personal benefits for the individual politicians. A PPD has to focus on this fear and highlight the necessity of a liberal attitude towards the other sectors when engaging in such a partnership.

However, if there is a cooperation between both sectors today, this often has to happen within a political grey area (Haapanen, 2007, 11). To a certain extend there is an alliance between international companies who interact via their social corporate responsibility programmes with the civil sector, though due to the low amount of major multinationals in Tanzania these efforts do not have a high impact (RAS2, 2015).

Interestingly, during our field research, the civil society has hardly ever been mentioned by neither the public sector nor the private sector while interviewing them about the public-private dialogue within Tanzania. This highlights the current underdevelopment of this sector, which is of crucial importance for guaranteeing the rights of citizens in a nation. If the civil society remains in this position of unimportance, the ideal theoretic situation of equal peers can never be achieved. While economic development might be possible, in North's theory the civil sector has the responsibility to present the feedback of the citizens. This important duty is currently ignored and has to be emphasised stronger in the future.

In fact, when speaking to one of the local PMO representative she stated that the civil society is currently not involved in public-private dialogue, nor does it play an important role in the planning of the local government authorities (PMO2, 2015). One of the rare occasion in which a Tanzanian interview partner highlighted the importance of the civil society and the potential of collaboration with the private sector has been during an interview with a professor who is a well-respected

advocate, professor and journalist in the field of Tanzanian political affairs. Thus it can be concluded that the civil society is currently overlooked in the approach of PPDs, however, an inclusion would be beneficial for two major reasons. First, the alliance of public sector and civil society organisations would increase the counter weight to the strong public sector. Second, if the civil society is neglected a purely private sector – public sector collaboration, this might be able to increase the economic output of a society, but as PPPs in the definition of North aim for a holistic improvement of the overall living quality in a society it would be fatal to ignore the voice of the citizens during the construction of a stronger society.

What are the major constraints for PPD implementation in Tanzania?

Based on the understanding we gained from analysis the individual stakeholders of the PPP process in Tanzania we identified the following constraints. These constraints are result of the imperfect interplay between the 3 sectors and can be grouped in (1) underlying framework constraints which affect Tanzanian development efforts in general and (2) core constraints for PPP initiatives like LIC.

## **6.4.Underlying framework constraints**

### **Infrastructure**

Infrastructure is a major challenge for the Tanzanian development progress. Even though it is not directly connected to a PPP initiative, it affects it in some minor parts and thus is worth mentioning. Our observation has been that Tanzania suffers from a rather badly maintained infrastructure, which has to cover enormous distances. Especially off the main connections routes the quality of infrastructure is low and can become impassable during the rain season.

Within Tanzania there is a shortage of various kinds of infrastructure, which is demonstrated by the

	Tanzania	Germany		Japan		Kenya	
<b>Territory (Sq km)</b>	947,300	357,022		377,915		580,367	
<b>Total Airports (#)</b>	166	539	(1,428)	175	(438)	197	(321)
<b>Paved Airports (#)</b>	10	318	(843)	142	(355)	16	(26)
<b>Railway (km)</b>	3,689	41,981	(111,250)	27,182	(67,955)	2066	(3,367)
<b>Roads total (km)</b>	86,472	645,000	(1,709,259)	1,210,250	(3,025,628)	160,878	(262,231)
<b>Roads Paved (km)</b>	7,092	645,000	(1,709,259)	973,234	(2,433,085)	11,189	(18,238)
<b>Road Expressway (km)</b>	0	12,800	(33,920)	7,803	(19,508)	0	0

**Graphic 9**

Country Infrastructure; ( Afonso and Henne, 2015; based on numbers from (CIA Factbook, 2014))

(Due to the difference in territory, the numbers in brackets are scaled to Tanzania's territory size)

comparison with Germany and Japan as global benchmarks as well as Kenya as regional benchmark (CIA, 2007).

Thus it can be concluded that the economic development of Tanzania faces severe challenges in terms of transportation (including import and export of products). The international trade is even more challenges as the main harbour (Dar Es Salaam Port) is known for its inefficiency. Official reports state that the disembarkation period can take up to 20 days<sup>11</sup> (lhucha, 2014) local residents speak of periods up to 6 months unless port officials are bribed (RAS2, 2015).

For PPP this inadequate infrastructure has two major effects. The most obvious impact is that the private sector development is hampered as the access to the international and regional markets is decreased. Thus, the private sector remains in its weak stage and cannot become a peer in the PPP relation with the public sector.

The second impact is that the local organisations who are supporting growth, e.g. TCCIA with the local business, are facing challenges to reach the people in the rural areas. The low financial resources do not allow to maintain a fleet of vehicles and thus events are mostly concentrating on the urban centres (FAZ, 2015).

Finally, the participants of PPD meetings have to travel long distances on challenging terrain, which takes more time and effort. Thus the opportunity costs for meetings are higher than in

<sup>11</sup> Compared to neighbouring Mombassa port with a average period of less than 24h

countries with better infrastructure. In the past this resulted in the system of sit-in allowances, which however undermines the efficiency of the meetings.

Thus it can be concluded that the low level of infrastructure hampers the overall development of Tanzania and thus has as well an impact on the PPP initiative, even though it is not the most critical challenge.

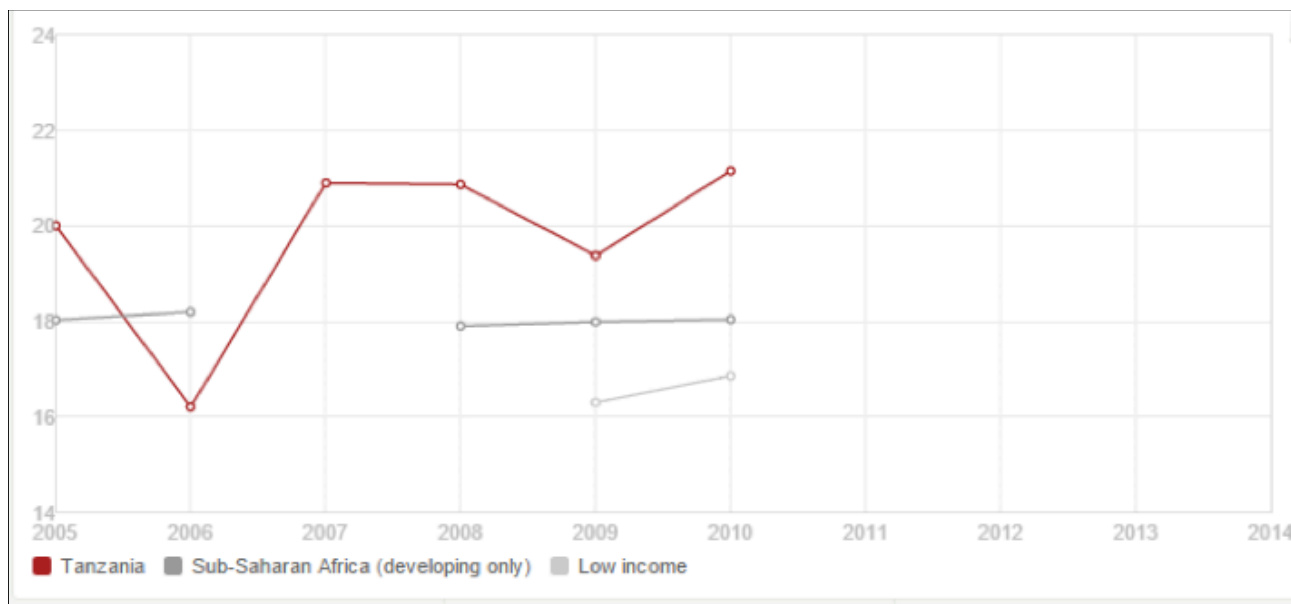
### **Shortage of Education while Implementing PPD**

The research team encountered another major constraint with a deep impact on the implementation of PPD/PPPs; the low levels of education amongst the participants. In the case of Kongwa district, the first meeting between the stakeholders has been described to us as an emotional argument and the exchange of accusations, rather than a fact-based discussion (SBM, 2015). It became obvious that the lack of education and awareness hampers the development of dialogue and cooperation. As stated by Mr. Adam “sometimes we lack of negotiation skills, we don’t know how to talk” (PMO2, 2015). When attending a meeting in Kongwa district the level of participation were significantly low. Most participants were part of the elder generation and only 3 of them had an active engagement in the discussion. To implement and sustain a PPD /PPP there is an undeniable need for an active and strong participation from both sides. This hints that amongst other factors, their lack of education is undermining the potential of PPD. The research team found that the private sector is still weak in its internal organisational as well as its negotiation skills. LIC is attempting to improve the private sector agenda by assisting them in preparation meetings, in order to make their discussion arguments content and relevant. Such contributions of LIC to the PPD meetings increase the productivity level during the meetings and thus assist to establish PPP as a permanent tool of the Tanzanian development process. Thus, if the general education level in regards to the importance of dialogue and cooperation amongst the different sectors to boost local economic growth increases, the outcomes of these discussions will ultimately improve the implementation and sustainability of these type of partnerships.

Finally our assumption has been shared by Fadiri Kasubiri who talked to us on behalf of Rural livelihood Development Project. The main focus of this NGO is to assist the private sector development in the region. He shared our conclusion and acknowledge that a low level of education imposes a major obstacle on dialogue and cooperation (FKA, 2015).



The graph below demonstrates the investments of the Tanzanian government in education.



**Graphic 10**

Government expenditure on education, total (% of government expenditure); (The World Bank Group, 2015)

Although it has suffered a significant decrease in 2006, since 2009 the government expenditure in education is substantially increasing, particularly in comparison with the average of Sub-Saharan Africa. This indicates that the importance of having educated people in the development of the country is increasingly acknowledged by the government. As hinted above, having educated people in the different stages of PPD or PPPs implementation is essential for their sustainability and outcomes. Therefore the increase of investment on the educational sector can have fruitful results for the implementation of these partnerships. This argument is further supported by the director of TPSF that states that the ‘hope’ is on the young generation, to break with the ‘old ways’ and pave the way for a conducive business climate (GOS, 2015).

As such, the field research findings suggest that the education levels are significantly low which causes the implementation of PPD/PPP harder to achieve. However, investment in the education sector is increasing which, eventually, will boost the stakeholders approach and knowledge.

### **Attitude and Distrust**

As discussed in the key definitions, attitude has to be seen as an underlying concept on which the entire development efforts are constructed. This claim is based on North’s explanations that the informal constraints (attitudes) have in many cases a stronger impact on the success of a PPP than the formal constraints. The main challenge with researching the attitude of a culture is that a) normally it cannot be measured in a numeric manner, b) the researcher him- /herself is biased by the personal attitude as well and c) the interviewed person may not be aware of his attitude himself, as it is a subconscious decision. Thus our findings in this field cannot represent absolute

validity, but are personal observations of the researchers. In order to remain as neutral as possible we discussed our observations with the Tanzanian LIC team, the expand workers with several years of experiences in Tanzania and compared them with cultural literature.

### **Support network - Family counts**

A major impact in the PPD efforts in Tanzania has the social support network. During our research the interviewees often highlighted the importance of family within the Tanzanian culture. Families members are obligated to share a high percentage of their income with parents, siblings and other relatives. In turn they receive help when they are in need, e.g. sick. While this can be found in other societies as well, Tanzanians reached a magnitude of this situation in which the extended family replaces the public support network in many cases. This is further supported in liberalism ideology that advocates that neither societies or individuals are completely free to make their choices. Instead those are shaped under the influence of the environment that surrounds them which may hamper the progress development of PPD/PPPs in Tanzania. A PPD is therefore affected as the Tanzanian population is less familiar with the concept of partnering with strangers (RAS, 2015 and VET, 2015). A CDA official emphasised in the interview that the personal trust between Tanzanians is more important than the actual contract (CDA, 2015). There have been examples in which contract have been withdrawn (also from the government side) as one party learnt new details and thus regarded the contract as not binding anymore (FLE, 2015).

### **Corruption - “the management fee”**

Corruption exists in Tanzania as well as in the regional neighbour countries. According to official date, Tanzania ranks 119th out of 175 countries (Transparency International, 2015). While researching the PPD potential in Tanzania the most striking recognition in terms of corruption has been the attitude of locals towards this topic. In several occasions locals stated that corruption exists and that it hampers the economy, however, at the same time we observed that they did not appear to be disturbed by this issue. People talked candidly about the topic and in occasion even laugh about examples in which corruption has been executed in an especially clever way. When talking to development experts about this, we received as explanation that corruption is often seen as a “management fee” which is socially accepted. The expression “it is my time to eat” describes the attitude that people in high positions have the right to work for their personal benefit (RAS2, 2015). For setting up a PPD, this is an enormous problem, as the people who are in the positions to propel the initiative will often not do that if they are not receiving their “management fee” as well. These observations are in line with the explanations of North concerning formal and informal constraints. While the formal constraints (laws) are in place and prohibit corruption, the informal constraints (social norms) allow a continuance of corruption.

### **The private sector is unpatriotic**

Probably the main obstacle we encountered in our research is the weak private sector of Tanzania who is not able to take an equal position to the public sector. During our interviews we faced often a pejorative attitude towards the private sector. A professor and journalist explained, that it used to be unpatriotic to work in the private sector, as it is regarded as a selfish business, while the public sector is perceived as work for Tanzania (AYU, 2015).<sup>12</sup> Also did we encounter that private sector members had outstanding bills with the public sector (up to two years), though due to their low social standing they have not been in a position to forcefully claim the rightful payment (BUS, 2015) Such an attitude undermines a PPD in which the private sector has to be a equal partner to the public entities. Following John Burton cobweb model states, whether in regards to their external relations or internal relations are embedded in a plural setting. This means that all stakeholders have a fundamental input in political and economic decisions. The findings go against this premises indicating that in Tanzania the acceptance of plural setting is still to be reached. The resistance to work under these terms is hampering the potential for PPDs and PPPs.

### **Short-term planning**

Another important attitude observation has been that Tanzanians are used to short-term planning. There is a hand-to-mouth attitude among the poor members of the society and a general risk aversion. Investments are less seen as a desirable business opportunity but rather as a potential loss (VET, 2015). People are protective about their assets and capital and it seems to be more important to secure the low level of income than striving for a higher living quality via a more risky way. This is as well an explanation for the high popularity of the (safe) public sector compared to the (risky) private sector when choosing a career path (FKA, 2015).

## **6.5.Core constraints for PPP initiatives in Tanzania**

The previously examined constraints are general issues, which affect a wide range of development programmes. While being important on a fundamental level, the next section will describe the political and institutional constraints relating directly to PPP initiatives.

### **6.5.1.Political Environment & Legal Framework**

#### **Who holds the decision making power in the implementation of PPD/PPPs?**

As supported by our interviewees all policies and guidelines are design by the central government and are expected to be implemented by LGAs at the local levels. This also includes PPD/PPP arrangements. As Mr. Habraham, ALAT secretary general describes it, the establishment of PPPs

---

<sup>12</sup> This is on the same lines like family attitude. Many Tanzanians are used to work for the collective rather than for the personal benefit

at the local level are dependent of the acceptance of the central government (HAB, 2015). For instance, in Mtwara we found during our field research similar situations to support this statement. The regional officer described that a PPP arrangement was agreed between the regional office and a private company to improve the bus lines in the region. Further, the knowledge on how to set up a PPP is lacking and as expressed by our interviewees in the regional office clear guidelines, instructions and decision power are hampering the development and implementation of PPD/PPPs (MKI and JGM, 2015). When discussing this case with Dodoma LGA representative there was an element of surprise since in her understanding the guidelines about PPPs are clear. This also indicates that not all LGAs are at the same level when it comes to PPD/PPP knowledge, which suggests that when implementing one that would be regions and sectors better equipped to achieve a successful implementation (PMO1, 2015). The role of the government and its intervention in PPD/PPPs in Tanzania will be further discussed in the next chapter.

### **The challenge of the informal sector and bureaucracy**

Another major constraint affecting PPD/PPP implementation is connected with the informal sector in Tanzania. During our interviews with PMO-RALG office in Dodoma and TCCIA Chairmen they stated that registering is a crucial problem with a profound impact in the relations between public and private sector, particularly at the local level (PMO2 and MPW, 2015). This finding is also supported by already established studies from third parties. For instance the 2006 Integrated Labour Force Survey (ILFS) states that in 2006, 40% of all households in the country mainland are involved in informal sector activities. Further, it also describes the informal sector as a main source of employment. In urban areas the informal sector employed about 66% of the people while in the rural areas the percentage substantially increases to 84%. This is an important concern since in 2001 the percentage of the households involved in the informal sector in Tanzania mainland was 35% (Tanzania Revenue Authority 2011, xii). The resistance to register and licensing business in Tanzania often comes from the lack of relationship between sectors. Our interviewees stated that the willingness to 'open up the books' to the government authorities is rather low. As emphasized the amount of bureaucracy and regulations imposed by the public sector push many of the private businesses to remain unregistered (CDA, PMO1 and PMO2, 2015). Sebastian Msola states that some government officials assume that farmers generate substantial amounts of money, thus there should be an increase of taxes on their business. However, he indicates that the public representatives have no accurate knowledge about business requirements (investment in machinery, employees etc.) or personal financial burden (house, family etc.) (SBM, 2015).

As aforementioned, bureaucracy is a major source of problems in Tanzania. Our findings demonstrate that in order to have a running business in Tanzania there is a substantial number of different permits and licenses required. Although, the details has not been discuss, Mr. CDA guy corroborates that obtaining land or permission to run a business can take, at least 6 months.

Although the institution is now established in Dodoma, many requirements are only acquired in Dar es Salaam. These interview findings hint, another reason why private entrepreneurs are still reluctant in entering a partnership with the public authorities (CDA, 2015).

The informal sector is an important source of development for many Tanzanians, particularly the poorest in rural areas. Therefore, when implementing a PPP, attention should be paid to the difficulties of licensing and registering of business activities, which ultimately are undermining local growth the domestic private sector shares several interests. In an attempt to overcome this issue, LIC is supporting the establishment of One-Stop-Business Centre where entrepreneurs can register and obtain the official licensing and permissions in the same building.

### **Is the current framework appropriate for PPP implementation?**

As previously mentioned the PPPs legal framework has been established in the last five years within Tanzania. When conducting field research the lack of knowledge concerning the requirements of PPPs became evident to the research team. Mr. ALAT guy states that the policies are constantly being revised by the competent authorities, however, there is a challenge in providing that information to all LGAs and assure its understanding and compliance (ALT, 2015). Moreover, Mr. Arthur stresses the fact concerning the potential of change and improvement of policies as well as the awareness of the LGAs about these. In Tanzania, changing or implementing new policies can take a considerable amount of time but also is common that the LGAs are not completely aware and updated about new regulations and procedures. These are regarded as crucial challenges to tackle in order to improve the business climate and create local growth (ART, 2015).

Additionally, the field research shows yet another challenge in regards to the legal framework which is connected to local tax collection and improvement of business environment. Although LGAs need to impose local taxes in order to improve service delivery and become autonomous authorities, the local tax-payers, particularly the private entrepreneurs have been struggling to meet both the national and local taxes. This uncovers an important constraint to the development process of their business and eventually to the business environment of the community (SBM, 2015). Although the research team found more challenges, there are some positive examples that the framework is in fact adequate. For instance the association of sunflower oil producers of Dodoma was able to negotiate with the government authorities and achieve an import tax decrease, which enables them to purchase better equipment and thus to increase the efficiency of their businesses (RIN, 2015).

In conclusion, the findings of the field research suggests that although a proper framework might be in place there are a number of inadequacies that need to be revised and continuously adapted, particularly in regards to the local needs. Without an increase of the LGAs decision making power to customize regulations and guidelines issue by the central government the implementation of

PPPs is a challenge endeavour. This is further supported by North, if the informal constraints are not address the results of the formal constraints cannot be reached.

### **6.5.2.Capacity of the public & private sector institutions**

#### **Who are the major institutional players in PPD /PPP implementation?**

The structure to implement PPDs in Tanzania is divided by levels. While TNBC and TPSF are the major institutions working at the national level in the regional and local level TCCIA and ALAT are the most relevant institutions. Thus, in regards to LIC project perhaps the most crucial institutions are the ones working at the lower levels. However, the field findings about these show that much is yet to be done. Although there is a clear understanding that at the national level PPD/PPPs are easier to achieve and conduct the same structure is not having the same results at the lower level. The capability of TCCIA and ALAT is rather weak which hints another clue about why PPD/PPPs have been hard to agree on. When discussing with two of the TCCIA representatives a number of weakness where stated on why the institution is not delivering the expected services. For instance, Fred Azaria emphasis that there is only one person in TCCIA, Dodoma with a higher level of education, moreover he is currently the only person in the office. He states how hard is for TCCIA at the local level to increase the levels of membership and unify the private sector and how hard has been to maintain the membership (FAZ, 2015). TCCIA chairman Bernard Mosha also addresses the membership problem and the dissatisfaction of the members. It is regular that members cancel their membership or stop paying the fees. But he also discusses the lack of competent resources “we would like to have someone who shows us how to run the office” (MPW, 2015). Further, he highlights the fact that, presently, the institution is mainly working in urban areas where the access to private entrepreneurs is easier. The rural areas are often to complicated to reach due to the poor infrastructure and the lack of equipment (vehicles) and human resources are having a profound impact on TCCIA local performance ( MPW and FAZ, 2015).

As aforementioned ALAT also pays an important role on the public sector sphere. They are the unified voice of all local governments authorities, they are intended to represent them at the higher levels and also to ensure that the relevant guidelines and informations is passed and understood to all LGAs. Cleophas Manyangu points out that training has been conducted to most LGAs representatives about PPD/PPPs. However, he acknowledges that there are differences between the LGAs in regards to this and he argues that this can come from 3 factors: 1) the attitude of that LGA representatives; 2) if the information has been in fact given to that LGA since some are so far from reach that it is not possible to them to assure the flow of information and 3) the lack of autonomy and possibility to customise the laws (ALT, 2015).

Although they are working at the national level TNBC and TPSF have an important role in PPD implementation as major stakeholders that promote these partnerships across the country. The

research team argues that TCCIA and TPSF should improve their relationship and share experiences and resources. While ALAT and PMO-RALS should follow the same idea in order to improve the business climate at the local level. This argument is further supported by Keohane that claims that institutions are the key agents to instigate communication and cooperation. Therefore if Tanzania key institutions are not performing well the PPD and the potential of PPPs is at risk.

### **The dialogue agenda in Tanzania**

Another challenge is lack of discussion between the sectors in the past few years. At the national level TNBC should organise annual meetings between TPSF and other relevant private investors and the government. However since their establishment in 2001 only 7 meetings were conducted. Mr. Godfrey argues that in Kenya the President regularly calls for these kind of meetings showing that he acknowledges the importance of a strong and healthy private sector in the country. Which, in his opinion is completely different from Tanzania where the private sector often comes in 2nd and not a major source for economic development. He emphasis that TPSF already submitted the private sector agenda for this year meeting but he is yet to know if a meeting will take place (GOS, 2015). In order to implement a PPD it is necessary that the stakeholders show commitment and have regular contact which at the moment it is not happening. When addressing this issue to Mr. Arthur from TNBC he points out that TPSF was for many years not a strong organization, or a unified voice of the private sector. In addition, he also states that although TNBC should be financial sustain by both sectors most of the income to keep the daily activities of the institution comes from the public sector (ART, 2015). The facts above also indicate why a regular dialogue calendar is so hard to achieve and comply.

In conclusion, these institutions are major players in the implementation of PPD/PPPs in Tanzania but their potential and capability is being jeopardised due to the resistance to change the system and include the private sector as a main source of economic growth and development.

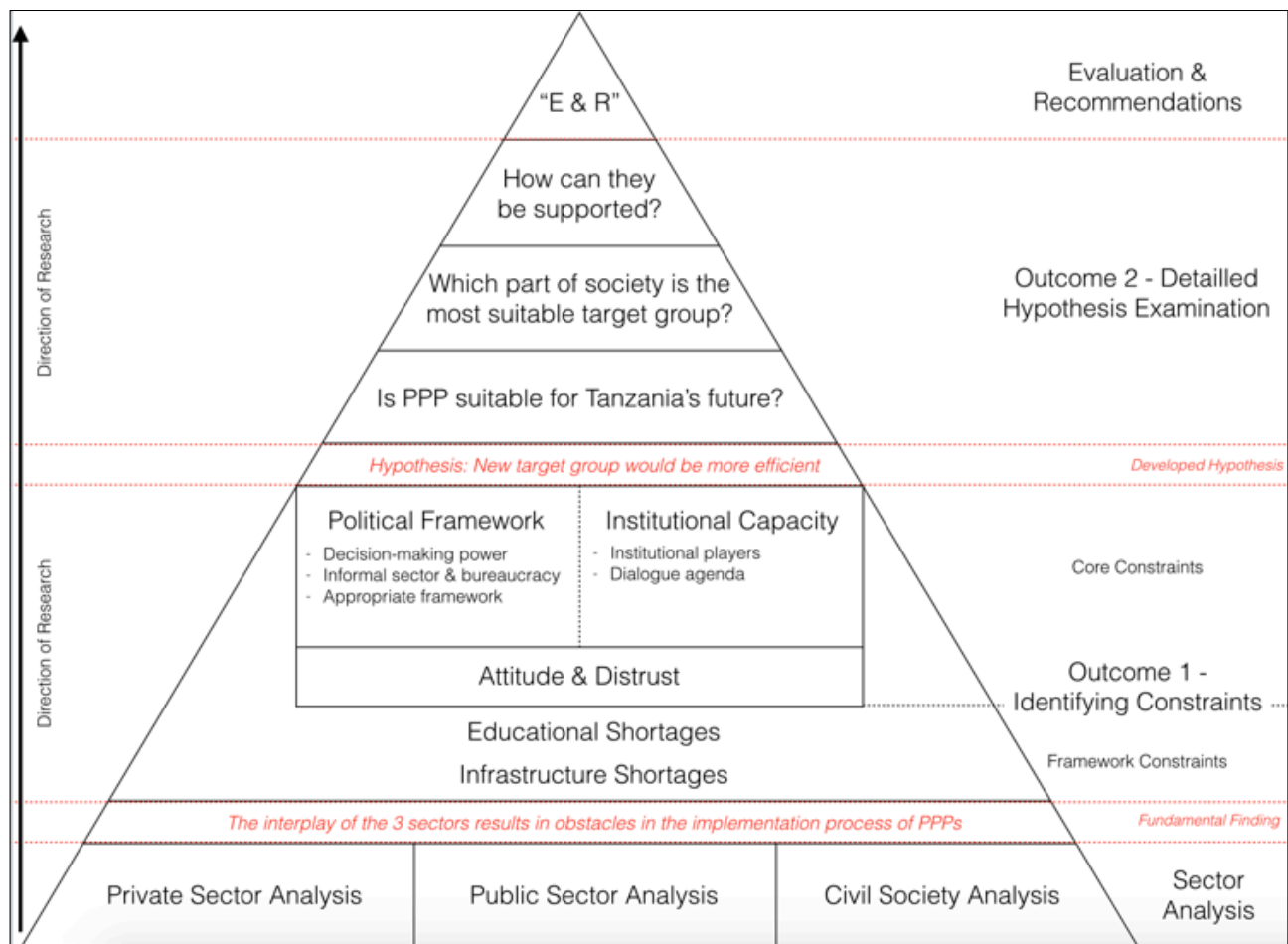
## **7. Hypothesis - Generation change**

As state in the already presented structure of the analysis, we have analysed the participating sectors of the PPP initiative in Tanzania as well as identified the major framework and core constraints. Based on these findings we created a hypothesis that the current focus group plays a role in PPD/PPP, however, a change in the focus group is likely to result in a more efficient and cost effective endeavour. Consequently we developed the hypothesis that young graduate students represent a highly potential new target group. This assumption is based on the facts that younger people are in general more open to change than the people in a higher age who are exposed to the current situation for much longer time already. Furthermore, are especially young people connected to new media like the internet which presents them the living standards in other countries and motivates them to change certain parts of their live styles in order to gain a higher quality of life as well. In order to prove or disprove this hypothesis we developed a questionnaire, which has been distributed among students and is analysed in the next chapter.



## 8. Analysis - Survey / Outcome 2

For overview reasons the previously shown “Research Structure - Graphic 6” is repeated at this point.



**Graphic 6**

Research Structure; (Afonso and Henne, 2015)

As previously described in the methodology, our approach towards the field research has been flexible. A literature research prior to our field research had been the foundation for our first guideline questions, however, already during the early stage of our research several new focus points emerged from the data presented by the interviewees. Consequently we first adjusted our guideline questions and later concluded that in order to understand the aforementioned attitude issue in detail, it was necessary to address this matter with a survey specifically designed for this purpose.

In a discussion with the NIRAS team leader of the Tanzanian PPP project, Mr. Christensen, we concluded that a PPD and the following PPP can only be successful if the Tanzanian population is interested in such an endeavour (BJC, 2015). A major learning from the prior development aid in several African countries has been, that western solutions often fail due to the cultural, geographic and historic differences. Even less effective have been development initiatives which addresses

“western problems” which, however, have not been considered a crucial obstacle by the local population. Both, development workers with decades of experience (FLE, 2015) as well as literature <sup>13</sup>emphasised this issue. Consequently, the priority described statements of especially the private and the public sector, highlighting the distrust between each other and the deadlocked attitude towards each other, raised the question whether the current PPP initiative promotes an outcome which is desired by the local population. Without such a fundamental accordance with the wishes of the population, the currently dedicated resources and efforts would be a suboptimal investment. Statements like “we hate the government” (SBM,2015), “the private sector is not capable to deliver an acceptable quality” (DKD; 2015) or “we (government) have a contractual relationship with the private sector” (PMO1, 2015) challenged the our support for a PPP project in Tanzania. Even more devastating have been statements supporting the idea, that the public sector is the prime choice of employment and that nobody would choose the private sector. If such statements describe reality, an efficient collaboration between the economic and political sector would be impossible. According to North it is of central importance that all sectors of a society develop at a similar pace. Without such a precondition the PPP would always remain dominated by the government and thus could never live up to its potential.

However, the research team noticed that such statements have been vocalised mostly by persons who have been influenced in their attitude and education by the socialist period of Tanzania.

Thus, we developed the hypothesis that PPP can be an efficient approach to address economic development and poverty alleviation in Tanzania, if there is one central stakeholder of the future society who has an internal interest in the cooperation of the private sector and the public sector. As the older generation appeared to be an inapt partner, the idea emerged that the young generation, who has grown up without the socialist ideology and who has access to the internet, social media and information about the global progress, might be a better entry point for a PPD initiative. To examine this hypothesis a questionnaire has been distributed among graduate students of the Institute of Rural Development Planning located in Dodoma.

## 8.1.Survey framework

The overall outcome has encouraged continuation of the PPP efforts in Tanzania. In total 142 graduate students participated in the survey, which is not sufficient to claim a universal validity for all of Tanzania, but still can provide some indications about the current situation. For an in depth study, we however recommend to increase the sample size. Nevertheless, the survey has been very useful in mitigating a central problem of expert interviews. Due to the relatively small amount of interviewees (35) the personal opinions of each person gain more standing, as it would be

---

<sup>13</sup> E.g. Dead Aid: Why aid is not working and how there is another way for Africa, D. Moyo; The Crisis Caravan: What's Wrong with Humanitarian Aid? L. Polman

desirable. By increasing the sample size about 4 times for the survey, certain areas, which are comparable<sup>14</sup> gain with the survey more credibility or lost their impact on the overall analysis.

## 8.2.PPP does it make sense for the future of Tanzania?

Firstly, the personal opinions about the importance of the public sector as prime choice of employment could not be supported by the survey. Out of 141 participants, 138 survey could be used for the analysis<sup>15</sup>. Out of these 138 graduates a majority of 60.9% stated that they are planning to enter the private sector as either employees or entrepreneurs after their graduation. Only 39.1% stated the interest to enter the public sector for their future careers.

What is your preferred sector to start working in after your graduation?			
private		46	33,33%
public		54	39,13%
self-employed		38	27,54%
other		2	
no answer		1	

**Graphic 11**

Preferred Sector Analysis; (Afonso and Henne 2015)

For the LIC project, this is a first indication, that the private sector will become more relevant in the future and thus the current efforts to establish an equal cooperation basis of the public and the private sector are justified. This finding is supported impressively by the participants' response to the question which sector they regard as most important in 10 years from today. With a major lead of 61.7% for self-employment, 24.8% for the private sector and a 13.5% last rank position for the public sector, the common understanding among older public sector employees cannot be supported for the future. Furthermore, this statistic gives a direct hint for the sub-parts of the private sector, which should receive support in order to develop a strong business community, which can interact with the public sector as a peer. The relative low standing of the private sector compared to the self-employment indicates that graduates recognised the shortages of existing companies. These numbers (61.7% vs. 24.8% vs. 13.5%) suggest that while graduates are planning their careers in the private sector they rather would build new companies, based on their own knowledge, than seeking employment in the traditional private sector, which has the reputation inefficiency and low quality.

<sup>14</sup> In general the interviews and the survey are not in comparison to each other, however, in certain areas e.g. the perception of the sectors, there is an intersection which allows certain comparisons

<sup>15</sup> The remaining 3 survey could not be evaluated due to formal reasons

Furthermore, it is interesting to notice that each group individually (thus those how have selected

What do you think will be the most popular type of employment in 10 years?						
	private		public		self-employed	
	absolute	in %	absolute	in %	absolute	in %
selected private	20	43%	3	7%	23	50%
selected public	12	22%	15	28%	30	56%
selected self-employed	3	8%	1	3%	34	89%

**Graphic 12**

Predicted Employment Choice; (Afonso and Henne 2015)

the self employment / the public / the private sector as their future career path) ranks their individual choice as the most important.

While this statistic appears to be logical, there interesting finding emerges when combining it with the results for the question of how the environment of a graduate student influences his or her decision making process.

How does your environment (e.g. parents) support your decision making process?						
	private		public		environment does not play a role	
	absolute	in %	absolute	in %	absolute	in %
selected private	23	50%	15	33%	8	17%
selected public	7	13%	39	72%	8	15%
selected self-employed	15	39%	15	39%	7	18%

**Graphic 13**

Influence of Environment; (Afonso and Henne 2015)

To begin with, each group states that they are significantly influenced by external forces like parents as they rank the option of an independent choice without influences on their decision the lowest. Secondly the same pattern (here highlighted in green) can be seen in both questions. The future members of the private sector get influenced from their environment to join the private sector while the future participants of the public sector receive advice to join the public sector. Those favouring the self-employment receive equal support for both sectors. This opens a new aspect of the entry level of an effective PPD/PPP approach. While the survey findings promote the idea of focusing on the young generation of graduates, as they have a favourable internal motivation to bring the private sector up to a equal level like the public sector, this new finding highlights the secret stakeholder behind the graduates. As the environment, e.g. family support appears to have an impact on the final decision of the graduates, it would be unthinking to focus the entire effort on the young generation alone. Our interviews have shown the importance of family connections within the Tanzanian society and the constraints it can create for individual members (VET, 2015). Thus a support program for young university graduates, which should empower the private sector

in the medium-term, has to include to a certain degree as well persuading efforts for the older generation, e.g. their parents.

How well are you informed about the possibilities to start working in each sector?						
	graduates who <b>selected private sector</b> as preferred work		graduates who <b>selected public sector</b> as preferred work		graduates who <b>selected self-employment</b> as preferred work	
	about private	about public	about private	about public	about private	about public
good knowledge	54%	17%	28%	50%	47%	37%
fair knowledge	30%	22%	17%	26%	24%	21%
hardly knowledge	9%	22%	11%	7%	8%	16%
no knowledge	2%	26%	22%	7%	5%	5%
no answer to question	4%	13%	28%	15%	13%	21%

**Graphic 14**

Knowledge Distribution; (Afonso and Henne 2015)

Thus, while the research team emphasises the holistic requirements, we nevertheless suggest to focus on the young generation itself. In order to enable them to make a assiduous choice the main requirement has to be a profound information base - which is currently not given.

The received data suggests that several graduates decide their career paths without having a profound knowledge about the alternatives. Thus a high percentage of future private sector members describe their knowledge for the private sector at good (54%) or fair (30%), while the only 17% and 22% in the same categories for the public sector. Similar the reversed picture, future public sector members have a mainly good (50%) or fair (26%) knowledge about their future career choice, while only 28% and 17% in the corresponding categories of the private sector. Roughly a quarter of the members of each group state to have no knowledge at all about the non-chosen alternative.

Thus, this finding expounds the impact of the secret stakeholder in an obvious manner. If the graduate himself/herself does not possess sufficient knowledge to refute their parents/teachers/ friends (obsolete) arguments, it is more likely that they remain in the same unproductive pattern.

The positive exemption in this question are again the graduates who favour self-employment. This group states to have a fairly similar level of knowledge in each category with the “good knowledge” and “fair knowledge” category at the top and the “no knowledge” at the bottom (only 5% each). Like before this supports the idea of supporting especially this segment of the young generation as they appear to be informed and in a position to critically access their options. In order to emphasise this statement the same data is presented in a different manner, highlighting the knowledge gap in each sub group.

How well are you informed about the possibilities to start working in each sector? - Knowledge Gap			
	graduates who <b>selected private sector</b> as preferred work	graduates who <b>selected public sector</b> as preferred work	graduates who <b>selected self-employment</b> as preferred work
better knowledge about private than public	32	11	13
better knowledge about public than private	8	29	8
equal knowledge about both sectors	6	12	17

**Graphic 15**

Knowledge Gap; (Afonso and Henne 2015)

While the graduates favouring self-employment have the highest value in the category of equally distributed knowledge prior to the decision-making, both, the private and the public sector candidates show a clear overload for their favoured sector.

Based on the above described findings a first intermediate result can be drawn; most importantly there is the strong indication that the private sector will be gain in importance for the future work force and thus has a realistic chance to improve its current standing in comparison with the public sector. Furthermore, the appears that best informed part of the new generation who supports the private sector will attempt to found new business. The most likely explanation for this intention might be the fact that those well-informed youngsters realised the weaknesses of the current private sector and will attempt to build stronger business by themselves. Therefore, each development organisation, which attempts to strengthen the private sector in order to create a balanced PPP should consider young entrepreneurs as one of their key target groups for support.

### 8.3.Which part of the Tanzanian society is suitable?

After concluding, based on the survey, that PPP is in fact a desired development support, which can empower a crucial part of the future Tanzanian society, the next question of interest is how support should be structured. For this we attempt to understand the reasons for each graduate to choose his or her sector of preference.

A combining feature is that in each sector group the desire for income is of central importance. While especially the graduates favouring the private sector have a strong domination of payment as reason for their choice (1. rank with 39% compared to 2nd rank with 13%) also the public sector candidates place payment with 18% on the first rank. The self-employment group ranks the importance of income for their choice on 18% as well, however it is ranks clearly behind the 1st rank (26%). From this fact it can be concluded that the young generation has in general the

ambition to build themselves a future, which puts them in a position of higher wealth compared to the position of their childhood, thus the level of wealth of their parents.

The next feature worth noticing is that both the private and the public sector supporters state that their choice is based on the hope to find good working conditions in their sector of choice; 3rd rank with 11% private sector and 3rd rank with 9% public sector. The self-employment group does not mention this category at all, which could be explained by the fact that they will create this condition by themselves.

After these similarities there are some features which are dominating the individual groups. The most obvious independent feature is a social attitude of the future self-employed entrepreneurs. This group ranked as top reason (26%) for choosing the path of self-employment their wish to be independent and able to take matters in their own hands. Furthermore, there is the desire to create employment for others (4th rank; 7%). These social attitudes increase our recommendation to focus on this segment of graduates, as they are most likely to create a spillover effect and can act like the “flying goose model” to pull other members of the Tanzanian society along with them. Another particularity which the self-employment and the private sector candidates are sharing, while it separates them from the public sector candidates is a “negative motivation”. 13% (2nd rank) of the private sector candidates state that they are considering this career path due to the lack of other options. 9% (3rd rank) of the self-employment candidates agree with this statement. Furthermore state 7% (5th rank) of this group that they will choose self-employment, as they regard it the easiest option to get employed.

This recognition is as well of crucial importance for any organisation attempting to promote PPP in Tanzania. If the private sector should live up to its full potential, it has to lose the reputation of being a second alternative to the public sector. Currently there are increasing numbers of graduates who are considering the private sector as source of employment, however, in the long term it is necessary to establish an attractive sector which has positive arguments to draw people in, instead of being the best alternative among a range of suboptimal choices. The discussion chapter will elaborate in the role of the TCCIA and other measures to tackle this problem.

The main non-financial argument for graduates to strive for a career in the public sector is the job security, which 18% (2nd rank) state as a reason.

Based on this analysis it can be concluded that each career path attracts different persons according to their personal characteristics.<sup>16</sup>

---

<sup>16</sup> the following table gives a rough overview of common attributes. The individual persons can deviate from this average and thus it should be used as guideline rather than as facts

characteristics - private sector candidates	characteristics - public sector candidates	characteristics - self-employment candidates
<ul style="list-style-type: none"> <li>• strong focus on financial compensation</li> </ul>	<ul style="list-style-type: none"> <li>• high risk aversion</li> </ul>	<ul style="list-style-type: none"> <li>• vocation to be self-employed</li> </ul>
<ul style="list-style-type: none"> <li>• interested in personal skill development</li> </ul>	<ul style="list-style-type: none"> <li>• long-term planning with focus of security (e.g. pension)</li> </ul>	<ul style="list-style-type: none"> <li>• social entrepreneurship ( if possible, others should benefit from their endeavours)</li> </ul>
<ul style="list-style-type: none"> <li>• attractive work should be efficient and clearly structured</li> </ul>	<ul style="list-style-type: none"> <li>• (in some cases) attitude to benefit as much as possible while having the lowest trouble possible</li> </ul>	

**Graphic 16**

Individual Sector Characteristics; (Afonso and Henne 2015)

The above presented table should be seen as an assistance when deciding how to approach and support the individual segments of the future society. For example, when attempting to communicate with potential future private sector members, support programmes should emphasise the attractive work conditions and the opportunities to develop on the job. On the other hand, a support programme for the future entrepreneurs should allow a wider flexibility as graduates have their individual ideas, which would lose their impetus if being forced in a static support approach. In this manner each group can receive a individually tailored support programme, which delivers better outcomes for all stakeholders.



#### Reasons for choosing the private sector

response	#	%
Payment	36	39%
Chance for employment / Opportunities	12	13%
Good working conditions	10	11%
Efficiency in the job	6	7%
Full utilization of personal skills/ knowledge	6	7%
Increase my personal skills	4	4%
Good supervision at work	2	2%
Competition in services	2	2%
Improves GDP	2	2%
Clear contract	2	2%
Conducive work environment	1	1%
Good performance	1	1%
High quality output	1	1%
"responded to my letter"	1	1%
		0%
No answer/not readable:	6	7%

#### Reasons for choosing the public sector

response	#	%
Payment	21	18%
Permanent/secure employment	20	18%
Good working conditions	10	9%
Increasing personal skills	7	6%
Pension payments	7	6%
Many opportunities	7	6%
Other employment is difficult/ public sector is easier to get employment	5	4%
Access to loans	4	4%
Low amount of work	4	4%
To be free	3	3%
Good work environment	3	3%
No start-up capital required	2	2%
Interested in this work	2	2%
Labour law	1	1%
Uncontrolled	1	1%
No disturbance	1	1%
Relax	1	1%
Overtime benefits	1	1%
Sensible work	1	1%
Because public is better	1	1%
Comparability	1	1%
Create creativity	1	1%
		0%
No answer:	10	9%

#### Reasons for choosing the self-employment

response	#	%
Preferred path/ being in charge	20	26%
Income / Higher profitability	14	18%
Need for selfemployment (no other option)	7	9%
Create work for others	5	7%
Easy to get employed/started	5	7%
Develop my own skills	4	5%
Opportunities	3	4%
No bureaucracy	2	3%
Time for other things	2	3%
Time maintain	1	1%
Bonuses and allowance	1	1%
No chaos at work	1	1%
Support from parents	1	1%
		0%
No answer/ stating twice the same( often!!)	10	13%

#### Graphic 17

Reasons of Choice; (Afonso and Henne 2015)

In order to elaborate on this issue, the research team posed the follow up question of the ideal work place. When graphically highlighting certain topics the above stated characteristics can be supported. The example of "internal motivation" (graphic 18) supports the statement that while the public sector candidates are rather interested in safe choices, the private and especially the self-employment candidates are more willing to make additional efforts in order to achieve more.

Example - "Internal motivation"					
Private Sector		Public sector		Self-employment	
category	amount	Category	Amount	Category	Amount
good working conditions	18	salary	26	salary	10
good worker- management relationship	14	working conditions	13	independent and self-confident	7
improvement of person skills	14	relationship among staff	9	allows risk taking	5
fair compensation	12	job safety	9	hard working	5
challenging, motivating environmen	9	opportunities for improving personal skills	6	support from public institutions	4
independence	3	efficiency	4	good working conditions	4
salary on time	2	clear policies	4	job security	3
job security	2	availability of benefits	3	innovation and creativity	3
urban work place	2	pension	3	good utilization of skills	3
no overtime	2	opportunities	3	good working environment	2
creativity	1	regulations for staff interaction	2	benefits	2
social services	1	taking care of employees	2	motivation and mutual understanding	1
allows benefits (e.g. traveling)	1	low working time	2	self-fulfilment	1
efficiency	1	supervision	1	increase of personal skills	1
commitment	1	no interruptions	1	corparative	1
clear contract	1	work incentives	1	target customer satisfaction	1
		urban area	1		
		bureaucracy	1		
		public accountability	1		

**Graphic 18**

Reasons of Choice - "Internal Motivation"; (Afonso and Henne 2015)

For our research question this implies that the driving forces a PPP initiative can rather be found in the private sector (including self-employment) than in the public sector. While both sectors have to be included, it is more efficient to support the upcoming self-employment candidates and hope that this will result in spillovers, than dedicating a major part of the financial resources to the public sector, who most likely will be less effective due to a higher risk aversion.

Example - "personal growth" + "working environment"					
Private		Public		Self employment	
category	amount	Category	Amount	Category	Amount
good working conditions	18	salary	26	salary	10
good worker- management relationship	14	working conditions	13	independent and self-confident	7
improvement of person skills	14	relationship among staff	9	allows risk taking	5
fair compensation	12	job safety	9	hard working	5
challenging, motivating environmen	9	opportunities for improving personal skills	6	support from public institutions	4
independence	3	efficiency	4	good working conditions	4
salary on time	2	clear policies	4	job security	3
job security	2	availability of benefits	3	innovation and creativity	3
urban work place	2	pension	3	good utilization of skills	3
no overtime	2	opportunities	3	good working environment	2
creativity	1	regulations for staff interaction	2	benefits	2
social services	1	taking care of employees	2	motivation and mutual understanding	1
allows benefits (e.g. traveling)	1	low working time	2	self-fulfilment	1
efficiency	1	supervision	1	increase of personal skills	1
commitment	1	no interruptions	1	corparative	1
clear contract	1	work incentives	1	target customer satisfaction	1
		urban area	1		
		bureaucracy	1		
		public accountability	1		

**Graphic 19**

Reasons of Choice - "personal growth" + "working environment"; (Afonso and Henne 2015)

On the other hand, the desire of personal growth as well as the appreciation of a positive working environment are shared interests among all groups. This can open opportunities for a mutual program based on synergies. Consequently such efforts can reduce costs as resources can be shared, as well as they can be a method to stimulate the exchange of information and boost collaboration between the individual sectors.

Thus, the research team concludes that the best optimal allocation of resources can be achieved by supporting young entrepreneurs as they appear to have the highest intrinsic motivation, are willing to take the risks as well as make the extra efforts and furthermore have already the overall well-being of the Tanzanian society in the back of their mind. Nevertheless, while the self-employment candidates have the potential to become the driving force in the future, both remaining sectors (public and private) have to be included in the in the efforts as well. In the ideal case this should be happen in sectors in which all three parties share a common interest, e.g. improvement of personal work skills. However, to a certain extend it will be indispensable to focus on key obstacles to PPD within each sector individually. Based on the survey as well as the conducted interviews, these critical points of interest include the high risk aversions within the public sector which presents a hindrance to rapid progress or the negative reputation of the public sector as secondary alternative to the superior public sector employment.

After proving the potential value of PPP in the future Tanzanian society and the determining the young generation of entrepreneurs as high potential candidates for support, the logical question to

address now has to be what has to be done in order to help this target group, so that they are able to independently build a private sector which is able to perform in a PPP.

## **8.4.How to support the key players?**

As described above Tanzania is a special case among African nations and the cultural and economic past remains a challenging foundation for the current development efforts. The final desire of the research team has been to utilise the graduate survey for exposing the current obstacles, which might hamper the progress of the future private sector development. Special attention has been given to the situation of young entrepreneurs as they have been identified as a key force for change.

When addressing the question of requirements for entering the private sector the most dominating issue has been the access to starting capital (20%). This issue is followed by a skill set including management skills (12%), the courage to risks (11%) as well as personal characteristics like creativity (10%), confidence (10%) and the willingness to work hard (8%). Thus, if the current obstacle of a PPP in Tanzania is an ineffective and weakly organised private sector, the overall situation can be improved in the long-term by addressing these circumstances. The practical recommendation (annex 4) will elaborate more in detail about the options to address the capital issue and the skill set issue (e.g. charity stocks, eternal loans, online courses).

Finally the survey addressed the question of required characteristics for entrepreneurs. The dominating responses of future self-employment candidates included again the ability to access capital, the understanding of risks and its minimisation, commitment his or her business idea, and the management skills and knowledge to operate a company. While it is not in the scope of a PPP project to address such educational issues, it is important to keep these characteristics in mind, as they should influence the decision which initiatives will be supported so that the available resources are used in the most effective manner.

## 9. Final evaluation of interviews and survey

Based on the analysis of the interviews, we identified certain framework and core constraints for PPP initiatives in Tanzania. The interim outcome of this analysis has been the hypothesis that the current target group of PPP initiative is suboptimal and that a change of focus might increase the quality level of such endeavours.

Thus the survey has been conducted to prove the usefulness of a Tanzanian PPD/PPP effort in general and to determine how and with whom it can be delivered in general. After analysing the numbers and combining this outcome with the findings of the interviews it can be said that PPP can contribute to Tanzania's future development if it addresses a suitable target group. The survey suggests that the young generation with their new attitude provides a good starting point for this endeavour and thus supports the previously stated hypothesis. The next steps have to be the support of this new force on various platforms e.g. educational or financial, as well seek the dialogue with secret stakeholders who have the power to slow down the development or in the worst case suppress it entirely.<sup>17</sup>

The following list of recommendations should present approaches to address several of the main bottlenecks on the way to a well-functioning PPP in Tanzania. Afterwards a profound discussion will dispute the pros and cons of each recommendation.

---

<sup>17</sup> E.g. conservative parents/university professors and the old elite who benefits from the current system

## **10. Discussion and Recommendations**

This chapter intends to offer a set of recommendations base on an overall evaluation of these research main findings. The recommendations below are also based and discussed in connection to the theory chapter. Further, these aim actions from different stakeholders at different levels within a short or medium – long framework. Finally, due to the field research component of our thesis about LIC programme in Dodoma, Appendix 3 provides a table of more practical recommendations that can be developed in LIC.

### **10.1. Capacity building in private sector**

As seen in the analysis of the interviews the internal structure of the private sector presents currently a major obstacle to the PPP process. While organisations like ALAT and TPSF manage to produce some results on national level, we found that the strongest needs assistance is on local level. However, the TCCIA members we interviewed stated that there is a financial shortage as well as an educational gap in terms of management and planning procedures.

On the other hand the survey demonstrated that the new generation of graduates often have an insufficient understanding of the private sector and its potential as employer. Based on the learnt content during our field research we assume that this situation can be solved in a manner so that both parties benefit in the long-term. This assumption will be discussed in the following:

According to your research, TCCIA's main problem, which prevents it from maintaining a stronger position in a PPP is its lacking internal organisation. This main issue results in various sub-issues, which weaken TCCIA further. Such sub-issues include the low number of members, as well as the short membership periods, as dissatisfied members leave the organisation again. Furthermore it includes the low quality of offered services, as well as the low amount of services. Both issues could be addressed via a more efficient internal structure and with a higher number of skilled staff, which the TCCIA however cannot finance.

For the TCCIA and consequently the stronger position of the public sector in a PPP there is the need to supply the TCCIA with a type of consultancy which can (1) provide assistance in restructuring the internal organisation and (2) develop a new service catalogue which motives members to remain in the organisation for long-term. Thus the idea emerged to apply university students for this task. This proposal is based on the financial shortage of the TCCIA, as university students can easier be afforded than a professional consultancy.

A justified critique to this idea might be that students are lacking the experience necessary to complete such an endeavour. We agree to this claim, however, we are also aware that the only realistic alternatives are to either ask the TCCIA to handle the restructuring in-house or supply donor money for a professional consultant. Based on our findings during the field research we concluded that both alternatives have in the long-term higher disadvantages than the proposed

solution of a student employment. TCCIA officials stated candidly the lack of education among the staff members, thus the result to be expected from an in-house solution would most likely show a very low quality. On the other hand the quality of an external, donor paid consultant might be very high, however, we learnt during several interviews that with donor support a new (secret) stakeholder is added to the equation and even though the donor normal attempts to remain neutral, the final result is often influenced by the western donor perspective. Furthermore, such a procedure robs the new Tanzanian generation the opportunity to learn, as donor employment often demands certain certificates which most young Tanzanians cannot provide.

Thus, we propose a collaboration between a university and the TCCIA on 2 levels. On the one side graduate students can develop in close collaboration with TCCIA officials a structure reform of the TCCIA. On the other hand, there can be a continuous collaboration for the development and maintenance of a service catalogue. When producing such a service catalogue Tanzanian students benefit from their technical skills gained during the university education as well as from their in-depth knowledge about the current requirements in Tanzania. As a starting point for the catalogue research we recommend the service offers from Chambers of Commerce of other nations. While most services will have to be adjusted to the specific Tanzanian needs the fundamental ideas should provide valuable inspiration. For example offers the “Danish Industries” standard contract for various basic business applications as well as policy advocacy. Such items would probably attract attention of Tanzanian business if they are adapted to the Tanzanian environments. For the long-term the TCCIA could also offer other services like accounting, translation or export consultancy as e.g. the German Chamber of Commerce does in certain countries.

In both cases, students have the opportunity to apply their knowledge in real-life situations and thus gain experiences, which increases their job opportunities for their future. Furthermore they have the opportunity to learn about the private sector as source of employment and in the ideal case make connections to future employers.

The benefit for the private sector is that the TCCIA receives a decent quality proposal for a very competitive price. The university collaboration can be used as a kick-start procedure to attract a more permanent membership crowd. With the increased income via member fees the permanent staff numbers could be increased which again would support the service level quality.

Thus we are convinced that the private sector would benefit from such a strengthening of the TCCIA in the short term. Furthermore, the better knowledge of graduates about the private sector and its employment opportunities would increase the attractiveness of the private sector also in the long term. The role of LIC or a similar project could be to facilitate the starting meetings, identify potential young candidates, assist with advice if there are set up issues and then remain involved as a relatively passive quality assurance during the first years.

## 10.2. Graduate support

Our analysis found that Tanzania's current business environment is rather unproductive and that some graduates prefer to start own business instead of seeking employment in organisations they regard as inefficient. However, there is the general obstacle of starting capital which most graduates do not pass. As described in the discussion part targeting the local champions cost-efficient aid can be delivered by selecting key individuals and hoping for spillover effects. Therefore we propose a graduate contest with the prize of support (financial as well as mentoring) for the best proposal. The set-up of this contest could be combined with a voluntary university course about entrepreneurship. Thus all participants would acquire new knowledge which could help them to start their own business, even though their proposal is not selected as winner.

The decision which project should be supported can be made by a committee of university members, TCCIA members, LIC and other stakeholders. A beneficial side effect of this idea is that the same committee can set the target area and thus address social needs of the population. For example, agriculture remains the main industry in Tanzania, thus the contest could target agriculture related areas like irrigation or food transport. Later if there is a change in demand new contests could target the tourism industry or some social issues within the Tanzanian society. In combination with Tanzania's current efforts to improve its educational level, such a contest could even produce new innovations which can be exported to other (also developed) nations. The probability of such a success model depends on the level of education, but is in general possible as the trend of "reversed innovation" demonstrates (Govindarajan, 2013). This recent phenomena describes the process in which innovations are made in the developing world and after a success in the home market gain popularity in developed countries as well.

Such an endeavour would address the current inefficiency of the private sector. Instead of attempting to change old business which have been operating for decades in a rather inefficient manner and thus have established structures which will be complicated to change, we propose to assist in the construction of new businesses which are built on the previously described liberal way of thinking and owned by young people who have a better understanding of the global market (due to higher exposure of new technologies like the internet).

The role of LIC or a similar project could be to initiate the process. A main task would be to assist the university in arranging the financing procedures. Given the fact that some of the major foundations e.g. Bill and Melinda Gates Foundation conduct regular contests to gain new input, we recommend to search among these organisations for financial partners. Otherwise LIC should remain again in a rather passive and quality assuring role, after the initial setup has been prepared.



### **10.3.PPP & Education Investments**

As shown by our findings the current lack of education is constraining the development processes in Tanzania, including PPD and PPP implementation. As indicated by graph X the education sector in Tanzania is enjoying a high percentage of investment, in comparison with its neighbouring countries in Sub-Saharan Africa. However, our field research, including both the individual interviews and the questionnaire results, proves that there is a realistic need to develop the knowledge in regards to public private dialogue/or partnerships, particularly on how they should function on the ground. Following, Keohanes' complex interdependence and regimes theory, PPPs are intended to close knowledge gaps and influence state action behaviour. As discussed in the previous chapter the notion of the current global plural setting that states and private entities have to work is still at an early stage in Tanzania. As Keohane emphasis and negotiation and communication skills are crucial tools for PPD development and implementation. As discussed in the previous chapter these are missing in Tanzania, particularly at the regional and local levels. To overcome this issue, and following the theory's premise the institutions working at the local level, TCCIA and ALAT should increase their role and enhance these skills amongst the local private sector and the LGAs. Therefore we recommended the strength on PPD/PPPs education in regards to both their potential to boost the business climate and to increase local growth at regional level. Furthermore, it is important that people are educated using suitable entry levels and giving a realistic idea about the opportunities. Otherwise unrealistic hopes can emerge which will create disappointment and might ruin the entire initiative as beneficiaries loss interest to soon. This idea can benefit the two major stakeholders currently involved in these partnerships while also strengthening the voice and impact of the relevant regional/local institutions.

At the project level LIC and to strengthen PPD/PPPs realistic ideas on the ground about their setup we recommend LIC to include in its team an expert on PPPs setup. As supported by both North and Keohane establish working structures is essential, and for that there is a need to included educated people not only on the topic but also on how to setup the most beneficial structure to Tanzanian context. Moreover, the research team acknowledges that copying or implementing structures from different countries in Tanzania is most likely not work. However an expert can help bring the most suitable ideas and adapt to regional and project level.

### **10.4.Show-case and Local Champions**

Our analysis has shown that for the LIC project Kongwa district is currently the most promising case. So far PPD is already running and the understanding as well as the level of trust increase as a result of the LIC endeavours. The success of this endeavour is of crucial importance, as it can be used as a show-case example, proving that PPD/PPPs have potential to achieve beneficial results for all participating stakeholders and thus assist in the creation of a strong society as proposed by Glasbergen. However, as uncovered by our field research findings and discussed in the analysis

the current target group- participants of LIC programme- still embraced by the socialism time, is in our opinion not the most adequate group for a PPP approach. Therefore the research team proposes that in order to increase the success rate of the PPD and PPP approach there is a need to target and include other relevant and especially motivated groups. Thus, we are convinced that rearranging the focus groups and identifying the local champions in the region it will increase the effectiveness of the current PPD discussions. Furthermore it would be beneficial to create a conducive business environment with a participatory approach. To identify these local champions the research team recommends, within a short- term framework, to hire an expert on PPD/PPPs that can assist with his expertise to improve the performance of LIC in facilitating partnerships agreements. By identifying these entities and uniting them with the current actors, this would create better results both for the discussions as well as the actual implementation process.

By readjusting the target group via including the local champions in Kongwa district the research team is convinced that it will create an important spill-over effect which have the potential to further boost a favourable PPP climate in Dodoma region. As support by Haas, an increase of cooperation in one issue, generating good results would spill-over to other issues. Following this argumentation, we are convinced that the inclusion of local champions can create such spill-over effects not only for the other development issues within Kongwa itself, but also to other regions within Tanzania. This theoretical concepts has been proven correct during our field research in which the LIC team has been invited by Mwapwa district officials in order to present the main features of the project and discuss a potential enlargement of the LIC support to include this district as well. This hints that the achievements in Kongwa are having already spill-over effects.

Therefore, we recommend the LIC team to carefully assess new potential local champions and include them in the discussions now being held in Kongwa. This would instigate the participatory approach in those meeting and perhaps reach agreements in a shorter timeframe. Besides individuals, there are NGOs doing important and relevant work for LICs objectives that might be target as local champions. For instance we conducted interviews with Rural Livelihood Development Project, which works in Dodoma with private sector development, using markets work for the poor approach. It could be highly relevant for LIC as getting NGOs, their networks and knowledge involved, as this can have enlarge the reach and impact of PPD in the region. The research team is aware that divergent interest may exist between the institutions, however, based on our research and interviews we recommend an exchange of knowledge and lessons learnt in regards to private sector activities in the region.

## **10.5.Civil Sector Involvement**

Based on the argument presented in the previous recommendation, we emphasise the need to include the civil society in the PPD process. Currently, LIC dedicates major resources and attention

to the creation of trust between the local public entities and the local private businesses. Actors of the civil society are only included to a very marginal degree. This presents a major flaw for the long-term objective of PPPs as described by Glasbergen. Building on the argument that PPPs target the creation of a strong society which can expedite its own development, it is crucial to include a long-term vision in the philosophy of PPP initiatives like LIC. We agree that the relation of economic and public entities is a major obstacle hampering the development of PPPs today in Tanzania's regions, however, the negligence of the civil society can endanger the entire long-term sustainability.

To elaborate on this factor we emphasise our findings presented in the analysis - civil society section. The civil society is the mouthpiece of the citizens. NGOs have to be seen as advocates and lobbyists of the interest of ordinary citizens who otherwise could not raise their voices. By neglecting them - especially during the PPD process - in the construction of PPPs the risk is increased that these partnerships target outcomes which are not desired by the population. It could happen that partnerships are created under the utilisation of significant financial and time resources and that these partnerships in itself have the ability to function, however, as they have been build on the interests of politicians - who often proved to have personal agendas in Tanzania during the past - and in the interests of businessmen - who have to have a major interest creating profit for their companies - it can happen that the citizens interest is overlooked. Thus this would result in a strong economy, however, it would fail to achieve the overall goal of a strong society, as suggested by Glasbergen. Therefore we recommend to expand the support efforts to the civil society sector. As described above we support the method of focusing on the local champions as cost-efficient delivery method also for the civil society.

This recommendation is of central importance as it can support two important elements. First, as described above, it has the power to align PPPs with the actual needs of the citizens and second, a strong civil society sector will remain after the supporting project, in this case LIC, has left the country. Consequently the inclusion and support of the civil society sector is an investment in the long-term sustainability of the PPP efforts of LIC.

## 11. Conclusion

The purpose of this thesis has been to examine the main challenges and the potential of the implementation of public private dialogue/partnerships in Tanzania. Further, the analysis provided also intended to generate recommendations that can improve not only LIC's programme, but the overall country strategy towards this relatively new type of governance. In order to identify the key problem areas of PPP/PPD we followed a two-pillar research strategy. Both the theoretical support selected and the field research findings, give critical insights of Tanzania current situation regarding PPD/PPPs and clear hints on the major gaps that should be address in the future. At all stages of the thesis we attempted to give credit to the holistic approach of the PPP structure and thus included whenever possible the economic, political and social impact on the issue at hand.

As argued by Keohane cooperation does not emerge from a harmony stage. In fact, it is the presence of conflict that boost the need for cooperation and dialogue. This statement provided a guiding principle in our research strategy. Thus, during our field research we set our focus on the conflicts between the stakeholders, however, not regarding them as hampering obstacles, but as staring points for collaboration. Several of these conflicts have been encountered during our analysis. For instance, a clear conflict presented itself between Tanzania's generation segments; in general – though this can deviate in the individual person's case - the elder generation can be regarded as conservatives while the younger generation acts as liberalists. The existence of this conflict should be utilised to produce a sustainable dialogue amongst the major stakeholders in this process. As described in the analysis, the older generation owns assets and holds position of power within the various sectors, the younger generation on the other hand has a better education and is rather motivated to boost change. Thus, in order to promote development in the country it would be most beneficial if both parties collaborate by joining forces and work mutually for the common goal of progress. Therefore, the research team is convicted that cooperation can be built from this stage of conflict since there are some shared interests amongst different groups involved.

As corroborate by our field findings, the structures / institutions in place are not working efficiently at the present moment and thus an adequate dialogue can not be initiated which results in the lack of agreements between the various stakeholders. Thus, regimes or PPPs can be a fundamental tool to enhance the development of the local business climate. As previously discussed, the major advantage of regimes in such an environment is that they can function regardless of the political, economic or social shifts in the Tanzania society. As describe by Keohane they are independent form external influences. For example, even if the ruling political party would change, these regimes can continue their functions without major adjustments. This offers continuity and long-term commitment for any type of development process in Tanzania, including the PPP/PPD efforts.

The fact that regimes, e.g. PPPs, can be independent raises another important conclusion. Following North's theory the three sectors should progress at the same pace. This highlights the principle of interconnectedness in their functions as well as development. Based on the findings during the field trip, the research team had to conclude that this theoretical statement is only valid within a certain range. We agree with the general idea that a high degree of collaboration will be beneficial as it closes gaps of information about each other and the situation in general. However, it is crucial that the individual sectors remain independent in their core interests and that the key actors within each sector do not play principal roles in the other sectors as well. However, in Tanzania, exactly this proves to be the case. As hinted by many of our interviewees and our own observations, doing business in an efficient manner requires a heavy political interference. While this can produce for the well-connected businessmen good results in the individual case, it undermines the general business climate and imposes high opportunity costs for the average private sector member. Thus we concluded that while North's theory is suitable framework approach, it is only valid within certain parameters – which are currently only given to certain parts in the case of Tanzania. In our opinion, North did not elaborate sufficiently on the possibility of “over-dependence” between the individual sectors and the negative consequences if his statements are put to the extreme. Our main conclusion in this section is therefore that while the sectors should have a common strategy aiming for improved collaboration, their functions and purposes in the society have are diverging and therefore boundaries of intervention should be more clarified in Tanzania.

The main research question of this thesis is “How can the public-private dialogue/partnerships in Tanzania develop in order to improve the local business climate?”.

After an intensive analysis of the individual stakeholders, the political tool of PPD/PPP and the general environment of Tanzania our response begins with the legal structures. Although the legal frameworks are in place and constantly being revised they are not utilised to an efficient degree. Depending of the groups or areas we encounter several statements suggesting that the understanding of PPD/PPPs is still at its infancy stage. For instance, it is recognisable that the level of understanding is significantly higher in the capital Dodoma compared to the administration offices located in the rural areas like in the district Mtwara. We gained this impression based on the impressions from the interviews, and in some cases the better informed public servants also confirmed this impression by highlighting the differences between the rural and the urban centres. Further, while the lack of understanding is an issue which can be easily reacted to within a relatively short time frame, other sources like the TPSF director and a ALAT legal officer, even acknowledged that some individuals are deliberately not complying with the new regulations. As hinted by our research one of the reasons behind this attitude is the historical distrust between public and private sector representatives. In our research we purpose to break with this matter –

include the hypothesis that the younger generation and other local champions should be targeted, as they are most likely to overcome this burden from the past. Based on our findings the research team concludes that an additional effort to create linkages to universities and other local champions can result in a cost-efficient local programme.

As demonstrate in the previous chapters there is a substantial gap amongst the major stakeholders involved in PPD/PPP implementation. In Tanzania the public sector is the strongest, while the private sector is alarmingly weak and the civil society is basically non-existent in this process. Therefore, we conclude to focus the support efforts on the private and civil society sectors. This is of crucial importance in order to have a sustainable and productive dialogue that can effectively create partnerships to further improve the local business climate. If this disequilibrium remains, the public sector is always tempted to dictate the direction of the PPD/PPP, which would eliminate the major benefit of this political approach.

Finally, the PPD/PPP concepts were formulated in the western societies and thus they should not be assumed to work in a Tanzanian setting without key adjustments. Tanzanians should build their individual PPD/PPP system, which can be inspired by the original western model, but has to be adapted to the Tanzanian laws, cultural settings the environment in general. In these regards the LIC programme can be seen as role model, as although conceptualised in the Western society it is been implemented by a team of Tanzanians. The LIC team takes a facilitating role behind the scenes, which allows the stakeholders of the PPP to produce their individual system, while receiving constantly assistance and suggestions. Specifically this means that LIC provides structure support and assist on improving the negotiation skills as well as promote the importance of cooperation for the local business climate.

After 5 months of dedicated research we conclude that PPD/PPPs can be develop in Tanzania. A main support for this statement has been that the research team identified a willingness by all local stakeholders to promote this type of governance tool in Tanzania. Thus, it should not be seen as an enforcement mechanism from the donors since there is a genuine agreement that this tool can be very useful for Tanzania development. However to boost the business climate additional efforts must be made focusing on sectors equal capacity, institutional efficiency and identified the right individuals or groups necessary for PPD/PPPs implementation.

Finally the completion of a master thesis serves two purposes. Next to the motivation to contribute to the knowledge of the academic community, it also is targeted on widening the perspectives of the graduate student(s). In our case this thesis assisted us enormously to shape our picture of Tanzania, as well as the meaning of development assistance in a larger scale. Having spent one month within the target society of the study rewarded us with many real-life impressions. Based on

these experiences, our understanding of development literature has changed as we are now in a position to understand certain claims more profoundly, as well as challenge other statements based on our individual experiences.

In conclusion, Tanzania's development path should include the use of PPD/PPP tools of governance. If the challenges found are addressed in the upcoming years these can become a successful strategy to enhance development and improve the local business climate.

# Annex 1 - Interviews Sample

## Guideline questions

Start: Get information/profile about interviewee

Name; Job/Profession; Relation to the programme / how did you find out about the program?

### **1. Determine to which extend all parties understand the PPD/PPP vehicle and their role in it**

(PPPs are complex entities which assign responsibilities as well as rights to all parties - it would be interesting to see whether all partners are fully aware of their benefits and duties or whether some are participating without understanding the full range of benefits and duties)

Why did you join the project for collaboration between the private and public sector?

Can you please describe what your activities have been in the program?

Follow up if a major aspect was not mentioned:

Are you aware that XXX is normally a part of a standard PPP?

### **2. Determine who has the decision making power**

It will be interesting to see whether all the parties necessary to make a decision are actually involved in the process or whether there are hidden stakeholders e.g. central government, industrial partners like suppliers or clients of the company, lobby groups, social/cultural entities e.g. church or village communities

How are you preparing for a meeting with your partner and who takes part in the preparation?

How do you distribute the information about the outcome of a meeting? (And how gets a note about it?)

### **3. Determine to which extend companies use/understand the legal framework**

Method: Based on reports similar to the "Doing Business Report" from the World Bank an official policy base line can be established. During the field trip it can be checked to which extend companies are fully exploiting their legal rights (gap between official paper and reality) and thus



using the options they have. If there is a low application rate, then the PPD has to focus rather on the explanation of existing structures than create of new structures.

Are you familiar with the PPP policy of Tanzania?

In your perception, is the current framework appropriate to incentive PPD and establish PPPs? If not, what do you think is missing?

Describe how you deal with e.g. setting up a new office, registration of new property, etc

#### **4. Determine the gap between the perception of one partner itself and from the other stakeholder about the firstly mentioned partner.**

Is there are difference how each partner sees his own performance and how the other partners see the performance?

Please describe the collaboration with your partner (public or private)

Can you describe in your own word the role you assume in the partnership and the role your partner assumes in the partnership? Please also describe the general framework in which meetings take place (how often. how long, etc.)

#### **5. Determine the internal motivation to become members of TCCIA or TNBC or TPSF**

At the moment the membership levels are significantly low. It would be interesting to grasp why.

Why is it important to become a member of one of these organizations?

What are the benefits?

What are the incentives are being provided?

Why is the membership still low?

Do you have a short or medium or long plan?

#### **6. Determine the sources of mistrust amongst the sectors in Tanzania and other potential constraints affecting the local business climate.**

Uncover the major business constraints (for PPP) that need improvement.

Why is it that there is a significant level of mistrust amongst, primarily the private and public sectors in Tanzania?

Can you point out other challenges to do business in Tanzania?

Follow up: How difficult is the access to land? Access to finance? Registration processes? Applying for permits etc.

## **7. Understand LIC role as a facilitator**

How do you see the participation/role of LIC?

Been aware of LIC role as a mediator/facilitator, how do you see the importance of that role when conditioning negotiations/communication?

How do you see the involvement of a neutral 3rd party in order to moderate differences/give new inputs?

Determine the changes after LIC – If the external fund is a cornerstone to enforce this mechanism - can it proceed without LIC/ donor fund?

## **8. Determine the perception and engagement of the “3rd sector”- Civil Society. The Civil society engagement is substantially low.**

Do you know of any case where civil society organizations engage in these kind of partnerships?

Why is so underdeveloped?

In your perspective should the Civil Society be more involved in the setup of PPPs?

## **9. Determine whether there is a gap of interest between the involved stakeholders (public, private, civic society) and if so**

1. What are is the gap?
2. Why is there a gap?
3. Are all parties interested in overcoming the gap?

Why did you join the PPP?

What is your desired outcome when entering a PPP project?

Internal Organization within the sectors – Why is it that in the local levels the internal organization is rather weak?

Follow up:

Those problems you mention, can you explain me the origin of the problem?

How do you see the involved parties dealing with the problems you mentioned?

## **10. Determine to which extend the culture shock is an issue in PPPs?**

Did you ever do business with foreign contractors?

Can you describe me one meeting which got stuck in your mind?

Follow up: Why did you choose this meeting? What is the special importance for you in it?

How do you set up a meeting with a local partner?

How do you set up a meeting with a foreign partner?

Follow up:

Do you think there is a difference in the final product?

Do you think the working environment is different with an international partner than with a local partner?

## **11. Determine the problem of each sector and analyse whether there are collaboration opportunities**

Method: 2 Step strategy.

First determine the individual problems in each sector. Second analyze whether there is a underlying common foundation on which both parties can agree e.g. both are interested in sustainable development, but differ in the way they want to reach it, or even define it.

This can be used in the analysis of the thesis to promote the common interests and suggest a strategy focusing on this common point rather than on the differences.

## **12. Determine the perception of the PPD/PPD idea**

What is your opinion about the usefulness of PPD/PPP?

Follow up if not: First explanation and then ask about the opinion of person. This question has to be done in some business setting e.g. an exhibition or job fair etc. depending on what is possible.

Do you see any problems in the PPP set-up in Tanzania? Which and why?

Additional

Observe the atmosphere during meetings

is there a difference between the atmosphere of a meeting when only one party is present than if all parties are present?

Method: For this it would be necessary to attend meetings and observe whether parties are more

hostile when criticized, are more open for new ideas, etc. when they are alone instead of together with other stakeholders.

Basically how is the communication, negotiation style and how are the technical processes during meetings.

## Annex 2 – Questionnaire Sample

---

**What is your preferred sector to start working in after your graduation? Please select one**

Private

Public

self-employed

Other: \_\_\_\_\_

**Please state 2 reasons why the above chosen sector is the preferred one**

1.)

2.)

**Do you think that you are well informed about the the possibility to start working in the private or the public sector? Please rank both**

Private Sector	Public Sector
Good knowledge about opportunities	Good knowledge about opportunities
Fair knowledge about opportunities	Fair knowledge about opportunities
Hardly knowledge about opportunities	Hardly knowledge about opportunities
No knowledge about opportunities	No knowledge about opportunities

**Please describe shortly (bulletpoints) the characteristics of your ideal workplace**

**What do you think will be the most popular type of employment in 10 years? Please select one**

Private

Public

Self-employed

Other:

**Under which circumstances would you consider the private sector as field of employment?**

**Which characteristics do you think are the most important for graduates who want to start their own business (self-employed) after university?**

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**How does your environment (e.g. parents) support your decision making process?**

They support the public sector

They support the private sector

They do not play a role in the decision making process

Other: \_\_\_\_\_

# Annex 3 – Interview List

---

(see next page)

Interview Partner	Date	Text Reference
NIRAS Tanzania / Country Representative - Rasmus Klitgaard	03/03/2015	RAS1
NIRAS Tanzania / Country Representative - Rasmus Klitgaard	04/03/2015	RAS2
LIMAS Chief Technical Advisor- Meeri Komulainen	03/03/2015	MER
PMO Economist - Magnus Kisweka	04/03/2015	MKI
PMO Accountants - Jumanne Sanga, Gaspar Lema, Mniko Mwita	04/03/2015	JGM
Bus Authority (Mtwara) - Issa Mtivila	04/03/2015	BUS
Solid Waste Collection Mtwara - Mr. Simon	05/03/2015	SWC
VSO (Company Tour) Mtwara	05/03/2015	VSO
Niras LIC / Team Leader - Bjarne Christensen	08/03/2015	BJC
NIRAS LIC / Project Officer - Francis P. Madembwe	09/03/2015	FRA
NIRAS LIC / Local Investment Climate Reform Advisor - Mr. Donald Liya	09/03/2015	DON
PMO-RAG / Head of Office - Notburga Maskini	12/03/2015	PMO1
PMO-RAG PPP Advisor - Adon Hajayand	12/03/2015	POM2
Tanzania Meet Company / HR Manager - Nasho Kalinga	12/03/2015	TCM
Capital Development Authority - Abeid Msangi	13/03/2015	CDA
Director of Kongwa District - Komwai Matingo	13/03/2015	DKD
TCCIA Chairman Kongwa - Sebastina Msola	13/03/2015	CCC
Kibaigwa International Market / General Manager - Kusekwa Dalali	13/03/2015	KUD
Management Associates (Consultancy) Executive Director - Charles Ogutu	14/03/2015	CHO
Regional Executive Officer TCCIA - Fred Azaria	16/03/2015	FAZ



Interview Partner	Date	Text Reference
Head of Department at Institute of Rural Development Planning - Vedastus Timothy	16/03/2015	VET
Fadiri Kasubiri - Student / NGO Worker	16/03/2015	FKA
Anyelwisye Jonas - Young Entrepreneur	16/03/2015	JOH
MPWAGRISO (Farming Association) / President - Joseph Stefano Mnemele	18/03/2015	FAP
Acting District Executive Director Mapwapa - Khamilo Njovu	18/03/2015	DEP
TCCIA Chairman Mapwapa - Bernard Mosha	18/03/2015	MPW
NIRAS LIC / Cluster Advisor- Ibrahim Kisungwe	18/03/2015	IBR
Sun Flower Oil Organisation - Ringo	19/03/2015	RIN
Bank Manager - Dodoma	19/03/2015	BMD
Professor for Journalism and Mass Communication - Dr Ayub Rioba	23/03/2015	AYU
TPSF Chairman - Godfrey Simbeye	24/03/2015	GOS
ALAT Secretary General - Habraham Jacob Shamunmozo	25/03/2015	HAB
Tanzanian National Business Council / Director of Business Environment - Arthur Mtafya	25/03/2015	ART
ALAT Legal Officer - Cleophas M. Manyangu	25/03/2015	ALT
Danida / Senior Technical Advisor - Flemming Winther Olsen	28/03/2015	FLE

## **Annex 4 – Practical Recommendations**

---

### **Direct PPP Recommendations**

#### **1. Refocusing award thinking from sit-in allowance to gain of dialogue**

It is advisable to emphasize the long-term benefits of PPP as the main reason why people should participate in PPD. The previous system of sit-in allowances can reduce the productivity, as people are more interested in postponing decisions than effective decision-making. Sit-in allowances can be used in the first meeting, but then should be replaced as soon as possible.

#### **2. Perception of PPD function**

During our interviews we noticed that the understanding of PPD/PPP is sometimes still rather low. Thus we recommend to LIC to emphasise that PPDs do not automatically have to be followed by a PPP. Currently some stakeholders are very enthusiastic about the PPP concept, which makes it more likely that they accept PPP proposals, which actually should have been abandoned. Therefore, we recommend to establish PPD as a “early warning system” and that the abandoning of a PPP during the PPD has to be regarded as success – as the alternative would have been a unsuccessful PPP and the waste of resources.

#### **3. Improving negotiation and mediation skills**

A central role for LIC will be to continue the already started support for negotiation strategies and mediation techniques among especially the private sector. In order to create a successful PPD/PPP both parties have to be able to discuss on a rational and constructive level the issues they face. Following LIC’s approach to work behind the scenes, a stronger focus should be placed on the trainings of communication and presentation related skills (especially of the private sector). This could be done in alliance with the TCCIA, who could receive the training and then offer it to its members. In this way the attractiveness of the TCCIA would be increased at the same time.

#### **4. Inclusion of civil society in PPD meetings**

The civil society is currently neglected in the PPD process, though they play a crucial role as social feedback channel. Therefore we recommend to establish contact with motivated NGOs operating in suitable fields (e.g. rural development, private sector development, etc.) and invite them as equal partner to the PPD meetings.

## **5. Include a PPP expert**

The current LIC team has provided a good job in setting up the initial PPD/PPP efforts and thus created a good foundation. For a more practical implementation phase we think a collaboration (full or part time) with a PPP expert could be beneficial assistance while planning the following steps. Such an (academic) assistance could help in avoiding long-term bottlenecks and in evaluating the current PPP procedures.

## **6. Strengthening of TCCIA in Dodoma**

A main focus area has to be the strengthening of the private sector in order to create a more balanced PPP relationship. As the TCCIA covers already most regions and rural areas, we recommend to continue the collaboration with it and to assist TCCIA in gaining influence. This should result in following outcomes: increase of membership, offering of more attractive programmes to members, reducing the high turn-over rate, establishing the TCCIA as “united voice of the industry”. In specific we recommend to evaluate together with the TCCIA its current structure, improve the service catalogue (conduct if necessary a survey, targeting the desired programmes among members) and determining the major bottlenecks. LIC could act as a consultant to TCCIA in their restructuring process.

## **7. Entry Point and Entry Level of PPP**

As mentioned in the discussion, we recommend focusing on the young generation. Our research produced the finding that the current focus group of high-ranking position in the already established system is rather tedious and scores rather low in terms of cost efficiency. Thus we recommend to shift the focus of PPD efforts towards young people. The “older generation” has to remain a part of the process as they are current decision-takers, young people have to gain a voice as they are most affected by the decisions taken and thus should have a more central vote in it. Also is the youth in general more likely to favour change and thus can be a important partner in the push for PPP.

## **Framework Support**

### **8. Perpetual Bond**

As shown in the thesis, graduates face a high challenge to gain access to starting capital. In order to address this problem, perpetual bonds (bond with no maturity date. Perpetual bonds are not redeemable but pay a steady stream of interest forever) could be explored as solution. The advantage is that the beneficiary has a higher responsibility compared to a donation, but remains a higher degree of flexibility in terms of payback procedures.

## **9. “Charity Stocks”**

This recommendation is an idea and thus would have to be explored further. The idea is based on the recognition that donations without a responsibility undermine the construction of competitive companies. Therefore the project team had the idea that funds could be created which raise donations (from private persons) in the western world. These funds provide starting capital to entrepreneurs within the Tanzanian society in exchange for stock options. If a company can establish itself in the market the donors could receive dividends from their stocks.

The role of LIC could be to advocate such an option. The actual implementation would be done by a partner in the long-run. The advantage for the PPP initiative could be a stronger private sector in the medium term.

## **10. Online Courses containing business advice and procedures**

Based on the our interviews (JOH) we learnt that it can be difficult for young entrepreneurs to start a business due to the lack of workshops and training facilities. Thus, some motivated graduates currently leave the country to gain practical skills (e.g. construction of green houses for agricultural purposes) in Kenya. As such a educational journey demands financial resources which are often not available, we recommend to lobby for online courses with instructional videos for certain key industries. These learning programmes provide an advantage especially for the rural areas, which are difficult to reach via physical infrastructure. The objective of this recommendation is to strengthen the private sector and thus create a more balanced relationship between the parties. LIC should not produce and distribute such materials by itself, however, lobby for a creation of such programmes.

# Bibliography

- A., Kiondo. 1995. *When the State Withdraws: Local Development, Politics and Liberalization in Tanzania*. In *Liberalized Development in Tanzania*, de P. Gibbon. Uppsala: Nordiska Afrika Institutet.
- All Africa. 2015. *Tanzania: Yes, Informal Sector Should Start Paying Taxes*. Available Online: <http://allafrica.com/stories/201403170434.html>. Accessed: 3/5/2015
- Andonova, B. Liliana. 2005. *International Institutions Inc: The Rise of Public – Private Partnerships in Global Governance*. Conference on the Human Dimensions of Global Environmental Change, Berlin, 2-3 December. Available Online: [http://userpage.fu-berlin.de/ffu/akumwelt/bc2005/papers/andonova\\_bc2005.pdf](http://userpage.fu-berlin.de/ffu/akumwelt/bc2005/papers/andonova_bc2005.pdf). Accessed: 13/04/2015
- Ambrose, T. Kessy, and Willy McCourt. 2010. *Is Decentralisation still Recentralization? The Local Reform Programme in Tanzania*. *International Journal of Public Administration* 659-697.
- Avinash Dixit, Barry Nalebuff. 2008. *Library of Economics and Liberty*. Available online at: <http://www.econlib.org/library/Enc/PrisonersDilemma.html>. Accessed: 24/03/2015.
- Bakhresa Group Azam - *Africa No.1 Choice*. Available Online: <http://bakhresa.com/>. Accessed: 10/03/2015
- Caiden, G. 1991. *Administrative Reforms Come of Age*. New York: Walter de Gruyter.
- CIA. 2007. *The World Factbook*. Available Online: <https://www.cia.gov/library/publications/the-world-factbook/>. Accessed: 12/04/2015
- Collier, Paul. 2007. *The Bottom Billion - Why the Poorest Countries Are Failing and What Can Be Done About It*. Oxford: Oxford University Press.
- Colebourne, Joshua. 2012. *An Appraisal of Robert Keohane: Neoliberalism and Neo-Institutionalism*. E-International Relations Students. Available Online: <http://www.e-ir.info/2012/12/22/an-appraisal-of-robert-keohane-neoliberalism-and-liberal-institutionalism-in-world-politics/>. Accessed 3/04/2015.
- Commission, European. 2015. *Glossary - Subsidiarity*. Available Online: [http://europa.eu/legislation\\_summaries/glossary/subsidiarity\\_en.htm](http://europa.eu/legislation_summaries/glossary/subsidiarity_en.htm). Accessed: 27/02/2015
- Dagne, Ted. 2011. *Tanzania: Background and Current Conditions*. Congressional Research Service. pp: 1-5. Available Online: <https://www.fas.org/sgp/crs/row/RS22781.pdf>. Accessed: 10/02/2015
- D.M.S. Mmari. 2005. Permanent Secretary, President's Office, Regional Administration and Local Government. *Decentralisation for Service Delivery in Tanzania. Building Capacity for the Education Sector in Africa*. Oslo, Norway 12th - 14th. pp: 1-30.
- Delmon, Jeffery. 2010. *Understanding Options for Public-Private Partnership in Infrastructure*. Policy Research Working Paper, The World Bank.
- Economics, Trading. 2015. *Rural Population growth annual in Sub Saharan Africa*. Available Online: <http://www.tradingeconomics.com/sub-saharan-africa/rural-population-growth-annual-percent-wb-data.html>. Accessed: 4/03/2015.

- The Economist. 2011. *Africa's impressive growth*. 6 of January. Available Online: [http://www.economist.com/blogs/dailychart/2011/01/daily\\_chart](http://www.economist.com/blogs/dailychart/2011/01/daily_chart). Accessed: 23/02/2015
- Eiletz-Kaube, Daniela. 2010. *KulturSchock Tanzania*. Bielefeld: Reise KNOW-HOW Verlag.
- Eisa, Electoral Institute For Sustainable Democracy in Africa. 2015. Available Online : <http://www.content.eisa.org.za/old-page/tanzania-political-parties>. Accessed: 07/04/2015
- Evans, Marissa. 2007. *BlackPast.org Remember and Reclaimed*. Available Online: <http://www.blackpast.org/gah/arusha-declaration-1967>. Accessed: 10/03/2015
- EY. 2013. *Ernst & Young Attractiveness Survey - Africa 2013 – Getting down to business*. Investment Report, London : Ernst and Young
- EY. 2014. *EYs attractiveness survey - Africa 2014 Executing growth*. Investment Report, London : Ernst and Young.
- Gehring, Thomas. 1996. *Integrating Integration Theory: Neo-functionalism and International Regimes*. *Global Society* Vol. 10,. No. 3, pp: 225-253 Available Online : [https://www.uni-bamberg.de/fileadmin/uni/fakultaeten/sowi\\_professuren/politikwissenschaft\\_insbt\\_int/Dateien/Mitarbeiter/Publikationen\\_Texterkennung/IntegratingIntegration\\_text.pdf](https://www.uni-bamberg.de/fileadmin/uni/fakultaeten/sowi_professuren/politikwissenschaft_insbt_int/Dateien/Mitarbeiter/Publikationen_Texterkennung/IntegratingIntegration_text.pdf). Accessed 17/03/2015.
- Gilpin, Robert. 2001. *Global Political Economy- Understanding The International Economic Order*. New Jersey: Princeton University Press.
- GIZ. 2014. *Cooperation with the Private Sector in Tanzania*. Country Report, Bonn: Federal Ministry for Economic Cooperation and Development .
- Glasbergen, Pieter. 2011. *Understanding Partnerships for Sustainable Development Analytically: the ladder of partnership activity as a methodological tool*. *Environmental Policy and Governance* pp: 1-13.
- Govindarajan, Vijay. 2013. *Reverse Education Starts with Education*. *Harvard Business Review*.
- Graham, Jesse, Jonathan Haidt, e Brian A. Nosek. 2009. *Liberals and Conservatives Rely on Different Sets of Moral Foundations*. *Journal of Personality and Social Psychology* Vol.96, No. 5, pp: 1029- 1046. Available Online: <http://www-bcf.usc.edu/~jessegra/papers/GrahamHaidtNosek.2009.Moral%20foundations%20of%20liberals%20and%20conservatives.JPSP.pdf>. Accessed: 12/03/2015.
- Haapanen, Toni. 2007. *Civil Society in Tanzania*. Helsinki: kepa.
- Hall, David. 2008. *Critique on PPP*. Greenwich: PSIRU University Greenwich.
- Hartmann, J. 1994. *The State in Tanzania! Yesterday, Today, Tomorrow*. In *African Perspective on Development*, de K. Kinyanjui, E. Mburugu U. Himmelstrand. Nairobi: E.A.E.P.
- Hassan, Dima El. 2015. *Toward a genuine public private partnership*. *The Daily Star*, 29 of January.

- Homkes, Rebecca. 2011. *Analysing the role of Public-Private Partnerships in Global Governance: Institutional dynamics, variation and effects*. Doctoral Thesis submitted to the Department of International Relations of the London School of Economics. Available Online: <http://etheses.lse.ac.uk/269/1/Homkes%20Analysing%20the%20role%20of%20Public-private%20partnerships%20in%20global%20governance.pdf>. Accessed: 19/03/2015.
- Ihucha, Adam. 2014. *Tanzania losing billions through poor transport systems – AfDB*. The East African
- Joseph, Adam. 2012. *Public-Private Partnerships: A double edged sword*. Available Online: <http://www.hcs.harvard.edu/hghr/print/features/public-private/>. Accessed: 28/03/2015
- Local Public Sector Initiative. 2009. *Local Public Sector Country Profile – Tanzania*. Available Online: <http://www.localpublicsector.net/profiles/tza0910.htm#profile>. Accessed: 5/04/2015
- Transparency International. 2015. *Corruption By Country*. Available Online: <https://www.transparency.org/country#TZA>. Accessed: 1/05/2015
- Ireland, Embassy of. 2013. *Doing Business Guide - Tanzania*. Business Guide Report, Dublin: Embassy of Ireland.
- Jackson, Robert. Sørensen, George. 2013. *Introduction to International Relations - Theories and Approaches*. UK: Oxford University Press.
- Jakutyte, Jurgita. 2012. *Analysing Public-Private Partnership*. Aarhus: Aarhus University, September.
- Kapoor, Kapil. 2013. *Supporting the Transformation of the Private Sector in Africa*. Development Strategy Report, African Development Bank Group.
- Keohane, Robert. 1984. *After Hegemony - Cooperation and Discord in the World Political Economy*. New Jersey. Princeton University Press. pp: 49-64.
- Kilonzo, Semkai. 2013. *Tanzania has shown how civil society can contribute to social justice*. *The Guardian*, 30 de September.
- Laurean Ndumbro, Andrew Kiondo. 2007. *The Third Sector in Tanzania*. Development Report, Aga Khan Development Network.
- Toute l'Europe. 2013. *Public Private Partnership - an innovative solution to boost the implementation of social policies*. 22 de February. Available Online: <http://www.touteleurope.eu/actualite/public-private-partnerships-an-innovative-solution-to-boost-the-implementation-of-social-policies.html>. Accessed: 3/03/2015
- Massoi, L, e A.S Norman. 2009. *Decentralisation by Devolution in Tanzania: Reflections on community involvement in the planning process in Kizota Ward in Dodoma*. *Journal of Public Administration and Policy Research Vol.1 (7)* pp: 133-140.
- Materu, Jossy. 2008. *Country Profiles*. Country Report, United Cities and Local Government.
- McLeod, Saul. 2008. *Case Study Method*. In *Simply Psychology*. Available Online: <http://www.simplypsychology.org/case-study.html>. Accessed: 6/04/2015

- Miraftab, 2004. *Public-Private Partnerships: The Trojan Horse of Neoliberal Development*. *Journal of Planning, Education and Research* pp: 98-101.
- United Nations. 2004. *Tanzania - Public Administration Country Profile*. Country Report, United Nations.
- News From Africa. 2014. *Tanzania: Country Tops Foreign Direct Investment Destination in EAC – UN*. 3 of July. Available Online: [http://www.newsfromafrica.org/newsfromafrica/articles/art\\_14291.html](http://www.newsfromafrica.org/newsfromafrica/articles/art_14291.html) Accessed: 29/03/2015
- Ngowi, Honest Prosper. 2009. *Economic Development and change in Tanzania*. *African Journal of Political Science and International relations* Vol. 3 (4) pp: 259-267. Available Online: [http://www.academicjournals.org/article/article1379789169\\_Ngowi.pdf](http://www.academicjournals.org/article/article1379789169_Ngowi.pdf). Accessed: 15/02/2015
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- O'Brien, Robert and Williams, Marc. 2010. *Global Political Economy - Evolution and Dynamics*. Hampshire: Palgrave Macmillan.
- OECD. 2013. *Overview of progress and policy challenges in Tanzania*. *OECD Investment Policy Reviews: Tanzania 2013* 23-54. Available Online : <http://www.oecd.org/daf/inv/investment-policy/IPR-Tanzania-2013-Overview-Progress-Policy-Challenges.pdf>. Accessed: 21/02/2015
- Pattberg Phillip and Biermann Frank and Chan Sanders. 2013. *Public – Private Partnership for Sustainable Development: Emergence, Influence and Legitimacy*. Cheltenham: Edward Elgar Publishing
- Prime Minister's Office. 2009. *National Public Private Partnership (PPP) Policy*. Dar es Salaam. Available Online: <http://www.tic.co.tz/media/PPP%20Policy.pdf>. Accessed: 9/02/2015
- The Institute for Public-Private Partnerships. 2009. *Public-Private Partnerships in E/Government: Knowledge Map*. Development Report, WashingtonDC: The World Bank.
- Pinaud, Nicolas. 2007. *Public-Private Dialogue in Developing Countries - Opportunities and Risks*. Development Study, Danvers: OECD.
- PPPIRC. 2014, *Build-Operate-Transfer and Design-Build Operate Projects*. Acedido em 1 de April de 2015. <http://ppp.worldbank.org/public-private-partnership/agreements/concessions-bots-dbos>.
- Ritchie, Jane, e Jane Lewis. 2003. *Qualitative Research Practice - A Guide for Social Sciences Students and Researchers*. London: SAGE Publications Ltd.
- Roehrich K. Jens, Michael A. Lewis, Gerard George. 2014. *Are public-private partnerships a healthy option? A systematic literature review Social Science & Medicine*. Vol. 113, pp: 110-119.
- Rouse, Magaret. 2009. *What is Boot?* December. Available Online: <http://searchcio.techtarget.in/definition/BOOT-build-own-operate-and-transfer>. Accessed: 24/03/2015.



- Schlesinger Jr, Arthur. 1956. The New York Times on the Web: *Conservative VS Liberal – A Debate*. Available Online: <https://www.nytimes.com/books/00/11/26/specials/schlesinger-debate.html>. Accessed: 3/04/2015.
- Shirvani, Hassan. 2014. *Conservatives vs Liberals: The Economic Debate*. Cameron School Of Business. Available Online: <http://blogs.stthom.edu/cameron/conservatives-vs-liberals-the-economic-debate/>. Accessed: 17/03/2015.
- SR, Ike Nnia MBA, e Eze Ukamaka Teresa. 2013. *Liberalism and Realism: A Matrix for Political Economy*. *International Journal of Business and Management Review* Vol. 1, pp: 15-25. Available Online: <http://www.eajournals.org/wp-content/uploads/Liberalism-and-Realism-A-Matrix-for-Political-Economy.pdf>. Accessed: 12/02/2015
- Tanzania Revenue Authority. 2011. *Review of Informal Sector for Taxation Purposes – First Draft Report*. Dar es Salaam. TRA HEADQUARTERS.
- Taylor, Ian. 2014. *Africa Rising?* Suffolk: James Currey.
- Tidemand, Per, e Jamal Msami. 2010. *The Impact of Local Government Reforms in Tanzania 1998-2008*. Dar es Salaam : Special Paper 10/1, REPOA. Available Online: [http://www.repoa.or.tz/documents/10-1\\_SP\\_lr.pdf](http://www.repoa.or.tz/documents/10-1_SP_lr.pdf). Accessed: 16/03/2015.
- The World Bank. 2001. *Using Business-Government Consultation to Promote Market-Oriented Reforms: When and How*. Development Report, The World Bank.
- The World Bank Group. 2001. *Decentralisation & Subnational Regional Economics*. Available Online: <http://www1.worldbank.org/publicsector/decentralization/admin.htm>. Accessed: 25/03/2015
- Worldbank.org. *Sub-Saharan Africa - Recent Developments*. Available Online: [http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015a/pdfs/GEP2015a\\_chapter2\\_regionaloutlook\\_SSA.pdf](http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015a/pdfs/GEP2015a_chapter2_regionaloutlook_SSA.pdf). Accessed: 28/04/2015.
- The World Bank. 2014. *Doing Business 2015 - Going Beyond Efficiency - Economic Profile Tanzania*. Group Flagship Report, Washington: The World Bank.
- Toby Sanger, Corina Crawley. 2009. *The Problem with Public-Private Partnerships*. 1 of April. Available Online: <https://www.policyalternatives.ca/publications/monitor/problem-public-private-partnerships>. Accessed: 10/04/2015
- UNESCO. 2011. *Tanzania - Education Sector Analysis*. Dar es Salaam: UNESCO

# Graphic Bibliography

Graphic #	Graphic Title	Source
1	Current Demographic - Tanzania	CIA. 2007. The World Factbook. Available Online: <a href="https://www.cia.gov/library/publications/the-world-factbook/">https://www.cia.gov/library/publications/the-world-factbook/</a> . Accessed: 12/04/2015
2	Demographic Forecast - Africa	Maurice Mubila. 2012. Briefing Notes for AfDB's Long-Term Strategy, African Development Bank Group
3	Income Distribution - Africa	EY. 2013. Ernst & Young Attractiveness Survey - Africa 2013 - Getting down to business, Investment Report, London : Ernst and Young
4	PPP position in theoretical framework	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
5	Practical Application of PPP support	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
6	Research Structure	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
7	Ease of Doing Business Indicators - Tanzania	The World Bank. 2014. Doing Business 2015 - Going Beyond Efficiency - Economic Profile Tanzania. Group Flagship Report, Washington: The World Bank.
8	GDP statistics and forecasts - Tanzania	Worldbank.org. Sub-Saharan Africa - Recent Developments. Available Online: <a href="http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015a/pdfs/GEP2015a_chapter2_regionaloutlook_SSA.pdf">http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015a/pdfs/GEP2015a_chapter2_regionaloutlook_SSA.pdf</a> . Accessed: 28/04/2015
9	Country Infrastructure	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
10	Government expenditure on education	(The World Bank Group, 2015. Government Expenditures on Education. Available Online: <a href="http://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS/countries/TZ-ZF-XM?display=graph">http://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS/countries/TZ-ZF-XM?display=graph</a> . Accessed: 26.04.2015
11	Preferred Sector Analysis	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
12	Predicted Employment Choice	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
13	Influence of Environment	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
14	Knowledge Distribution	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
15	Knowledge Gap	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
16	Individual Sector Characteristics	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
17	Reasons of Choice	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
18	Reasons of Choice - "Internal Motivation"	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015
19	Reasons of Choice - "personal growth" + "working environment"	Bruna Afonso and Christian Henne, Research for master Thesis in "Development and International Relations", 2015