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## Briefing Paper

# IPTL, Richmond and “Escrow”: The Price of Private Power Procurement in Tanzania

Framed as an “emergency” supplier to address an energy crisis in 1994-95, Independent Power Tanzania Ltd (IPTL) did not serve the national grid until 2002. It then became a permanent feature of the energy sector for the next 15 years. In the process, the facility burdened Tanzania Electric Supply Company (TANESCO) with overpriced, diesel-fuelled power that was not part of the country’s “least cost” strategy, while seriously undermining the development of gas fuelled power that was. To make matters worse, a second “emergency” project known as Richmond – later Dowans and finally Symbion – failed to address another energy crisis in 2006, and remained idle for two years after its eventual completion, while still collecting capacity charges of US\$4m a month. Finally, an escrow account, set up in the central bank to hold monies owed by TANESCO to IPTL while a dispute between the two parties underwent arbitration, was paid to the new “owner” of the facility in suspicious circumstances. This led to further litigation and, in July 2017, the arrest of the principals involved on charges of fraud and criminal conspiracy. This Briefing Note chronicles how politics and rent-seeking have subverted the development of Tanzania’s power sector during the past quarter of a century and offers tentative estimates regarding the extent of the irreparable damage caused.

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