Construction Sector Transparency Initiative

Assessment of procuring entity capacity to disclose project information in Tanzania

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1. Introduction

The CoST International Secretariat (IS) is administering the CoST International programme on behalf of the CoST Interim Board. Currently the programme is funded by the Word Bank through its Development Grant facility and GIZ. Activities being carried fall into one of two categories namely;

(a) strengthening CoST in current CoST countries and

(b) establishing CoST as an international programme.

This assignment therefore, aims at **making an assessment of the requirements for mainstreaming proactive information disclosure by Procuring Entities (PEs).** The findings from the assignment are intended to give support and advice to the International Secretariat (IS) in relation to the design and implementation of the global programme.

1.1 Objectives, activities and deliverables

To achieve the above, the assignment is expected to contribute through achievement of three objectives hereunder with specified deliverables.

Objectives 1

Work with Tanroads and Ministry of Health and Social Welfare each identifying 2 projects to assemble and collate the CoST Project Information at various stages of completion disclosing the information on the spread sheet developed by the IS noting any particular challenges that arise.

Objective 2

Assess the policies, procedures and systems that would allow each of the participating Procuring Entity (PE) to disclose CoST project information across their construction programmers on an ongoing basis.

Objective 3

Make an assessment of resources required to mainstream information disclosure, including the development of a software tool.

2. Assessment of Tanroads Policy on Disclosure

2.1 Tanroads as an Institution

Tanroads is an Executive Agency under the Ministry of Works established under Section 3(1) of the Executive Agencies Act (Cap 345) and it came into operation in July 2000. The Agency is responsible for the maintenance and development of the trunk roads and regional network in Tanzania Mainland. The total classified road network in Tanzania Mainland is estimated to be **86,472** km based on the Road Act of 2007.

The Ministry of Works through Tanroads is managing the national road network of about **33,891** km comprising of **12,786** km of trunk roads and **21,105** km of regional roads. The remaining network of about 53,460 km of urban, district and feeder roads is under the responsibility of the Prime Minister's Office Regional Administration and Local Government (PMORALG). Within its mission, *is to develop, maintain and manage efficiently and in a cost effective safe and environmentally sustainable manner.*

Tanroads has *Annual Reports, Legislations and Environmental Reports*, as **publishable** on their website. Under its organization structure, the institution is headed by the Chief Executive Officer (CEO) with five Directorates namely; *Planning,Procurement and Contracts, Projects, Maintenance and Business Support*.

This assignment was co-ordinated by the Director of Projects, Eng. Chrispianus Ako. Under the organization structure, Regional Managers report to the CEO. According to PPRA, Tanroads **ranks first** amongst **five top PEs** with volumes of procurement in the tune of **780.5 bn TSh**. followed by Tanesco **562.9bn/=,** Ministry of Water and Irrigation **199.4bn/=,** National Social Security Fund (NSSF) **197.5bn/=**, Tanzania Ports Authority (TPA) **124bn /=** and Ministry of Health **97.7 bn/**

2.2 Assessment of Policy on Disclosure

Within the objectives of the assignment, the spreadsheet has been completed on the two projects from the organization records with the rest of information obtained through interviews as detailed hereunder.

2.2.1 **Assessment for the existing situation in the PE in relation to its policies systems and procedures on disclosure and access to information**

   i. Tanroads **does have disclosure policy and protocols** for information management. However, as a matter of procedure, the approval for an outside party to obtain any information of a project within the organization must be sought from the CEO.

   ii. The organization however, **is bound** to submit certain projects information as per the requirement of the PPRA for which in turn is put to public domain. Such information includes projects adverts according to the Annual Procurement plans detailing nature of the project, whether it is under National Competitive Bidding or International and the time in the calendar year expected for tender.

   iii. Tanroads also **sends Quarterly Progress Reports** to PPRA who review and observe if all contractual matters have been complied with or any abnormal cost or time overruns disclosed. These **are not put on the public website** but only circulated **in hard copies to specific stakeholders**

   iv. Once the yearly Annual Procurement plans have been approved with budgetary allocations, (*and the plans come from the approved Business plans*), it is **published in press and submitted to PPRA for public disclosure** as well. **Any person** can get such information even on their mobile phones upon registering with PPRA

   v. Internally, **this disclosure is coordinated** by the Directorate of Procurement and Contracts.

   vi. All Tender Adverts and Procurement plans are **mandatorily submitted to PPRA for public disclosure.** The PPRA *conducts audits by randomly selecting projects* for audit looking at *project initiation, progress and closure of contract*. From the progress reports, PPRA looks for *any procurement or contractual anomalies, serious cost and time overruns and causes*. This is on **an annual basis** and rates the PE's performance which is publicly disclosed.

   vii. Further follow ups with PPRA (Dr Mlinga CEO) on (vi) above indicated that PPRA has all along being insisting that *these disclosures are a mandate of PPRA* giving them authority to monitor public procurement. To that effect, they have established the medium for doing that and that is the *Tanzania Procurement Journal* and *Tender Portal* http://tender.ppra.go.tz/. And to that effect, they have already designed formats for disclosure of information at

viii. tender award stage and at implementation stage (*See Annex – "Increasing Transparency"*). This may not be as comprehensive as required by CoST but they are open for suggestions and this *can avoid* duplication and optimization of resources. The PPRA Tender Portal is indeed a one stop place for all public tenders in Tanzania by all PEs categories i.e. *Local Government Authorities, Government Ministries, Parastatal Organizations, Government Agencies/Authorities, Independent Departments and Regional Secretariats.*

ix. (viii) PPRA is also currently designing a disclosure format that they plan for placing alongside the Construction Site Sign Board showing important project information in brief; thus, this is work in progress.

All said, the capacity of PEs to compile, store and submit/disseminate information disclosure, **is wanting in personnel capacity and ICT support,** in the consultant's view and supported also by the PEs staff who worked on this exercise.

2.2.2 On practice in terms of using ICT support for Project information management and public Disclosure.

i. Tanroads **discloses information on Tanroads website**.

Typical information on the website includes amongst others:

a) Completed Projects: i.e. length of roads or bridges, commencement date, completion time, cost, Contractor and Financier.

b) Ongoing projects: length of road or bridge , signing date , targeted finishing date , contractor, consultant, funding and status of progress i.e. % of completion

c) Under Procurement: Project name , Tender no, scope of project , category of works i.e. road rehabilitation, and deadline for submission of tenders

d) Under design : Project name, type and scope, and the financier

e) Contracts Awarded with name of firms or company , contract sum and signature date

ii. Tanroads **has office computing tools to manage information on projects** as above as well as to communicate externally

iii. Tanroads **keeps and stores information for retrieval using computerized backups system.**

However, **most** of the projects information provided to *the detail and scope* of the CoST assignment was obtained from projects files and not available from an electronic back system. Discussions with the Engineers, who worked on this assignment, have indicated that such a support to the organization would really be appreciated. The only information on projects reported kept for retrieval using computerized backups is on *payment details, claims details and special events during the project progress*. The information assembly became easy on one part because each project has a Project Engineer assigned to and therefore can help save time with benefits of *institutional memory*.

Tanroads estimates to have used **8 person days** to complete the information as submitted and that includes those of the other functional directorates apart from Directorate of Projects who are the custodians of the detailed projects implementation information, the rest had to be consulted mainly on the related policy matters in the **questionnaire part** of this exercise**.**

2.2.3 Organization's Staff Capacity

(i) Tanroads has over 600 staff country wide. However for the purpose of this type of undertaking, from the member of projects under the Directorate of Projects , more staff with ICT skills in addition are needed

   i. The Project Engineers who work under the Project Manager at the HQ will have at least two projects to work on at a given time and to assemble the information is not easy. They would also need their IT skills sharpened. The Regional Managers only deal with monitoring of projects progress from their regions and report to HQ. With the volume of work, ICT with software support is seen as definitely useful.
   ii. On budgetary allocation for information disclosure, Tanroads **does not have** adequate budget for this for the time being. It is worth noting that clearing the backlog of payment for the works ongoing is considered sensitive naturally, and support in this area is welcome.
   iii. When compared with other Institutions (PEs), Tanroads appears to be endeavouring to achieve CoST's aspirations as a matter of own approach with of course as a matter of national regulatory compliance as well.

2.2.4 On future Resources Needs for Mainstreaming

From the above, for mainstreaming, Tanroads indicated focus on:

- Staff training *for systems development including software development and ICT support in general*
- *More budgetary allocation* for more staff employment and training , as currently project management activities in the field take the lion's share
- A wider *public stakeholder scope to appreciate the value added of this need for information disclosure as a matter of good governance for national development* with accountability. This also requires political will.

3. Assessment of Ministry of Health and Social Welfare on Disclosure

The projects where information has been submitted are under the Ministry's Building section which is under the Directorate of Policy and Planning. The Unit is **critically understaffed** and looks at all the projects under the Ministry all over the country.

According to the interview with the Chief Engineer Eng. Kigula Charles Mwambene, the unit is responsible for **the setting and overseeing, technical building standards for all of the hospitals and dispensaries in the country .**

They have **no explicit institutional policy or procedure** for disclosing project information apart form that required by the PPRA as government ministry (See the attachment *Increasing Transparency* from PPRA). They **do not even have ICT support for information management** and public disclosure.

There is **no internal network to share or store information**. The staff relies on **filed hard copies of projects information** which when closed and put into archives, makes it difficult to collect or assemble information as was for this exercise. They have PCs and laptops where they **only keep limited information on the projects.** The limitation can be observed from the time it took them to fill in the spreadsheet and the amount of information that has been disclosed. A discussion with the Chief Engineer Building Section in the Ministry has put it that they spent **6 person days** but would have taken **10 person days** to compile all the information including internal peer review. As observed, there is a significant amount of information left out in the template. Given the volume of ranking procurement (MoHSW 5thnationally) as disclosed above, this is not healthy.

The Ministry's case *will probably* not be very different from other Ministries in Government. So **there is a limiting factor on staff capacity and ICT support infrastructure as well as training.**

4. The way forward

4.1 The CoST Agenda and the need of increased partnership

CoST is endeavouring to promote transparency in public construction by *ensuring that the basic information on projects is disclosed to the public at key points through the project cycle.* Thus within the participating countries the goal is to establish **a public disclosure process** for the constructions sector *that is viable and appropriate to the country conditions, that is sustainable in the medium and long term as a government system, and that achieves a credible and substantial level of compliance.* As seen from this exercise, that is still wanting; and hence the need for the support of the initiative.

In Tanzania , it is our considered opinion , that efforts should be directed as strengthening the PPRA and CoST forging a closer alliance since **it has the legal mandate and authority to direct and work with the PEs** on such matters as this assignment is trying to achieve. The PPRA through information collected from the PEs, public procurement has continued to demonstrate its importance in the implementation of government budget through ensuring transparency, fairness , effectiveness, efficiency and offering value for money.

According to PPRA information on procurement volume by 319 out of 397 PEs indicated that 100,164 contracts amounting to TSh 4,325,114 million were awarded during FY 2011.2012 and these awarded contracts represent a considerable proportion of the total government budgets of close to TSh 13 trillion in the FY 2011/12 (*PPRA Procurement Journal January 1, 2013*). Under the same publication, PPRA reports of *value for money audit* of 137 construction contracts in 36 PEs with a total value of TSh 239,268,626,099.84. And out of the 137 audited contracts , 63 contracts equivalent to **46% performed well** (*above 75% score*) , 67 contracts equivalent to **49% performed fairly** (*between 50% and & 75%*) and **5% performed poorly** (*below 50%*). Major weaknesses identified were *in contracts administration and quality of works particularly in LGAs caused largely by lack of knowledge in design, lack of quality control tools and equipment , lack of qualified staff and in adequate working tools.* These **have also emerged from the findings of this assignment**; The CoST Agenda is still relevant and needs further pursuit.

4.2 PPRA and National Public Procurement Policy

The PPRA through the Government Ministry of Finance is preparing a *National Procurement Policy* in a bid to address the challenges some as stated above. According to the press advert ("*Daily News" 21 December 2012*), the challenges include *policy, legal framework and Institutional framework to manage procurement more effectively and efficiently, human resources with requisite skills and knowledge in procurement, amongst others.* The Draft Policy (*Appended to this report*) is open for comments from the public and if adopted, will go a long way in supporting the CoST mission as well. In addition, PPRA is reported to be submitting their inputs into the United Republic of Tanzania Constitution Review Commission so that procurement matters feature in the new constitution as is for Kenya and South Africa. The new constitution is expected to be in place by 2014.

If these are taken up, then the Mainstreaming of information Disclosure by PEs can really go a long way in Tanzania by the PEs. This is from the possible result that *resources will be*

availed with the possibility of making information disclosure a necessity in public project initiation to completion under the law.

5. Conclusion and recommendations

It can cautiously be concluded and said that from the existing PEs studied *no concrete policies, systems and procedures on disclosure and access to information can be said to exist*. Tanroads have demonstrated a commendable effort and can be a good partner to move on with this initiative as a role model. Recommended would be, more resources being available, **extend the same study to include the remaining PEs in the top five PEs** identified in this report. This could enhance confidence levels to the stakeholders of the need.

The COST Agenda and mission *is still relevant and needed* to enable PEs organize information and key data with appropriate legal and institutional frame work put in place. Resources will be needed to support ICT for project information management and public disclosure including software development; and so highly recommended too.

Staff training and accompanying budgetary support is necessary. The PPRA for the Tanzania case appears to be a key partner in this process amongst others. As a matter of future agenda the CoST spreadsheet for information disclosure could be reviewed with the PPRA format of information solicited from PEs for audit purpose and identifying gaps and or synergies for mainstreaming information disclosure in PEs given PPRA's legal mandate. And this has been discussed under 2.2.1 above and is highly recommended (see Increasing Transparency from PPRA attached as an Annex also)

Recommended also is that, The Controller and Auditor General's (CAG) Office, which also conducts audits in PEs as well, could in future also be included in the exercise for collating the information they capture for public disclosure and see if can improve the spreadsheet developed for information collection in pursuit of CoST objectives.

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