



ISO 9001:2015 Certified

# **THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE**

## **ANNUAL GENERAL REPORT ON AUDIT OF DEVELOPMENT PROJECTS FOR THE FINANCIAL YEAR 2023/24**



**CONTROLLER AND AUDITOR GENERAL  
MARCH 2025**









**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL AUDIT OFFICE**



---

Controller and Auditor General, National Audit Office, Ukaguzi House, 4 Mahakama Road, P.O. Box 950, 41104 Tambukareli, Dodoma. Telephone: 255(026)2161200, E-mail: ocag@nao.go.tz, Website: www.nao.go.tz

---

**Ref. No. CGA.319/421/01**

**27 March 2025**

H.E Dr. Samia Suluhu Hassan,  
The President of the United Republic of Tanzania,  
State House,  
P.O. Box 1102,  
1 Julius Nyerere Road,  
11400 Chamwino,  
**40400 DODMA.**

**RE: ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR  
GENERAL ON THE AUDIT OF DEVELOPMENT PROJECTS FOR THE  
FINANCIAL YEAR 2023/24**

I am pleased to submit my Annual General Report on the audit of Development Projects for the Financial Year 2023/24, in accordance with Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 and Section 34 of the Public Audit Act, Cap. 418.

This report presents audit findings and the recommended measures of redress which aims at fostering accountability in collection and use of the public resources.

I humbly submit,

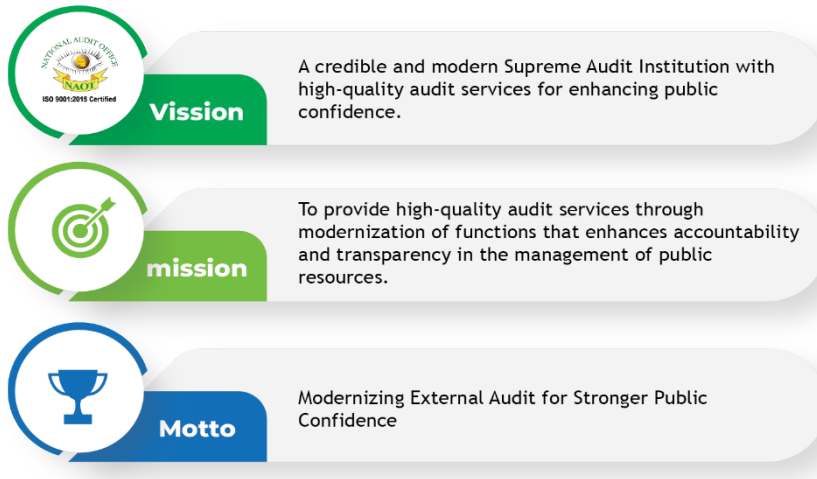
**Charles E. Kichere**  
**Controller and Auditor General**  
**United Republic of Tanzania**



## ABOUT THE NATIONAL AUDIT OFFICE

### Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.



### Core Values



## TABLE OF CONTENTS

LIST OF TABLES .....	iv
LIST OF APPENDICES .....	vi
ABBREVIATIONS .....	vii
STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL.....	x
EXECUTIVE SUMMARY .....	xii
CHAPTER ONE.....	1
BACKGROUND INFORMATION .....	2
CHAPTER TWO .....	5
AUDIT OPINIONS .....	6
CHAPTER THREE .....	10
IMPLEMENTATION OF PRIOR YEARS' RECOMMENDATIONS .....	11
CHAPTER FOUR .....	13
FINANCIAL PERFORMANCE, EXPENDITURE AND BUDGET MANAGEMENT .....	14
CHAPTER FIVE.....	24
PROCUREMENT MANAGEMENT .....	25
CHAPTER SIX .....	31
CONTRACT MANAGEMENT AND PHYSICAL PERFORMANCE .....	32
CHAPTER SEVEN .....	42
TECHNICAL AUDIT ON THE CONSTRUCTION OF JULIUS NYERERE HYDRO POWER PROJECT (JNHPP) .....	43
CHAPTER EIGHT .....	49
TECHNICAL AUDIT ON THE RURAL ELECTRIFICATION .....	50
CHAPTER NINE .....	55
TECHNICAL AUDIT ON THE CONSTRUCTION OF TELECOMMUNICATION TOWERS .....	56
CHAPTER TEN .....	66
TECHNICAL AUDIT ON THE REGULATION AND MONITORING OF ENVIRONMENTAL IMPACT ASSESSMENT IN THE CONSTRUCTION AND MINING SECTORS .....	67
CHAPTER ELEVEN.....	74
TECHNICAL AUDIT ON THE IMPLEMENTATION OF RURAL WATER SUPPLY PROJECT UNDER RUWASA .....	75

CHAPTER TWELVE .....	84
TECHNICAL AUDIT ON THE CONSTRUCTION AND MAINTENANCE OF WASTEWATER AND SANITATION INFRASTRUCTURES IN URBAN AREAS .....	85
CHAPTER THIRTEEN .....	89
TECHNICAL AUDIT ON THE CONSTRUCTION OF THE KIDUNDA DAM PROJECT ....	90
CHAPTER FOURTEEN .....	95
TECHNICAL AUDIT ON THE REHABILITATION AND NEW CONSTRUCTION OF KARIAKOO MARKET, MWANZA CENTRAL MARKET AND NYAMHONGOLO BUS TERMINAL.....	96
CHAPTER FIFTEEN .....	102
TECHNICAL AUDIT ON INSTALLATION AND MAINTENANCE OF ROAD FURNITURE AND TRAFFIC SIGNAL .....	103
CHAPTER SIXTEEN .....	108
TECHNICAL AUDIT ON THE QUALITY OF ROAD DESIGNS .....	109
CHAPTER SEVENTEEN .....	117
TECHNICAL AUDIT ON THE CONSTRUCTION OF KIGONGO - BUSISI BRIDGE .....	118
CHAPTER EIGHTEEN.....	124
TECHNICAL AUDIT ON THE CONSTRUCTION OF PANGANI BRIDGE AND ITS ACCESS ROADS.....	125



## LIST OF TABLES

Table 1: Audited projects per sector in 2023/24 .....	3
Table 2: Technical audits conducted in 2023/24 .....	3
Table 3: Summary of audit opinions issued in 2023/24 .....	7
Table 4: Trend of audit opinions issued .....	8
Table 5: Conclusions on compliance with procurement laws .....	8
Table 6: Conclusions on compliance with budget laws.....	9
Table 7: Implementation status of previous year's recommendations .....	11
Table 8: Analysis of financial performance per sector .....	14
Table 9: Borrowed project funds not refunded .....	15
Table 10: Works paid without work being measured .....	16
Table 11: Pending compensation for the PAPs .....	17
Table 12: Inappropriate use of cash payments .....	19
Table 13: Inadequately supported payments .....	20
Table 14: Delay in submission of withholding taxes .....	21
Table 15: Projects with restricted funds due to unachieved DLRs .....	23
Table 16: Un-implemented planned procurement.....	25
Table 17: Additional costs to the projects.....	27
Table 18: Additional work not approved by the Tender Board .....	28
Table 19: Items procured from unapproved suppliers.....	29
Table 20: Procurements conducted out of the NeST .....	30
Table 21: Contract signed without vetting.....	32
Table 22: Interest charged due to delayed payment to contractors.....	33
Table 23: Unsecured advance payments .....	35
Table 24: Long outstanding contractor's claims .....	35
Table 25: Completed project infrastructures not put in use.....	39
Table 26: Percentage deviation of cost estimates and contract signed.....	51
Table 27: Subsidies allocated to wards which were previously served .....	57
Table 28: Subsidies issued to service providers for sites which were not initially identified as underserved .....	58
Table 29: Variation between allocated and awarded subsidies .....	59
Table 30: Wards with network coverage but were subsidized .....	60
Table 31: Unclaimed liquidated damages .....	61
Table 32: Advance payment made without bank guarantee .....	62
Table 33: Projects sites executed without contracts for phases 5, 5A, 6 and BSZPH6..	62
Table 34: Analysis of the results of network availability for visited constructed towers on air.....	64
Table 35: List of sites reported on air by service provider for PAT .....	65
Table 36: The project design period and the considered base year .....	76
Table 37: Additional cost incurred after contract termination .....	78
Table 38: Terminated contracts and the amount that would be deducted from contractor's payments .....	80
Table 39: The summary of the variations in the sampled projects .....	81
Table 40: Payments made for unexecuted works for each project .....	87
Table 41: Payment status for the contractor.....	91
Table 42: Variation paid without an approval.....	92

Table 43: The status of the compensation payment .....	93
Table 44: Status of claims payments.....	93
Table 45: Variations resulted from the absence of a conditional survey to establish project requirements.....	97
Table 46: Variations occurred in Mwanza Central Market due to design deficiencies ..	98
Table 47: Reinforcement paid without specifying the quantities utilized per bar size .	99
Table 48: Road junctions with traffic flow controlled by traffic police.....	103
Table 49: Status of the required number of road furniture .....	104
Table 50: Analysis of vandalism of the road signs .....	106
Table 51: Effects of inadequate coordination among project stakeholders .....	110
Table 52: Analysis of designed traffic load class for selected roads.....	111
Table 53: Effects of inadequate hydraulic studies and designs.....	113
Table 54: Effects of inadequate soil and material investigations .....	115
Table 55: Price adjustment for new items.....	120
Table 56: Overpayment of the measured works .....	121
Table 57: Unclaimed replacement penalties for key personnel .....	122
Table 58: Contract awards timelines from tender submission deadlines .....	127
Table 59: Price adjustment due to delays in engaging the contractor .....	127
Table 60: Status of utilisation of loan funds from loan agreement .....	128
Table 61: Interest charged on delayed payments of the IPCs.....	129

## LIST OF APPENDICES

Appendix I: Audit opinions issued in the financial year 2023/24 .....	131
Appendix II: Funds spent contrary to projects directives.....	148
Appendix III: Budgeted activities not Implemented .....	149
Appendix IV: List of Projects experienced delays of fund disbursement .....	150
Appendix V: Execution of construction projects without conducting ESIA .....	151
Appendix VI: Contract information of the road projects for installation and maintenance of road furniture .....	152
Appendix VII: Audited Road projects information.....	153
Appendix VIII: Summary of Project Contract Particulars.....	154
Appendix IX: Reasons for the extension of time and days granted .....	155
Appendix X: Extent of a delayed payment from contractor's IPC .....	156
Appendix XI: Overpayment of remuneration for the consultants' personnel .....	157
Appendix XII: Project data for construction of Pangani bridge and its approach roads .....	158

## ABREVIATIONS

ADF	African Development Fund
AfDB	African Development Bank
AUWSA	Arusha Urban Water Supply and Sanitation Authority
BoQ	Bill of Quantities
BRT	Bus Rapid Transit
CDC	Centres for Disease Control and Prevention
DAWASA	Dar es Salaam Water Supply and Sewerage Authority
DIT	Dar Es Salaam Institute of Technology
DLI	Disbursement Linked Indicator
EASTRIP	East Africa Skills for Transformation and Regional Integration Project
EIA	Environmental Impact Assessment
EPforR II	Education Program for Results Phase II
ESIA	Environmental and Social Impact Assessment
ESPJ	Education and Skills for Productive Jobs
GAVI	Global Alliance for Vaccines and Immunization
GCC	General Conditions of Contract
GoT	Government of Tanzania
GPSA	Government Procurement Services Agency
GWh	Gigawatt Hours
HEET	Higher Education for Economic Transformation Project
ICT	Information and Communication Technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISO	International Organization for Standardization
ISSAI	International Standards of Supreme Audit Institutions
JICA	Japan International Cooperation Agency
JNHPP	Julius Nyerere Hydroelectric Power Project
KfW	Reconstruction Credit Institute (Development Credit Bank of Germany)
kVA	Kilp-volt-amperes
KOICA	Korea International Cooperation Agency
LANES	Literacy and Numeracy Education Support
LGAs	Local Government Authorities
MDAs	Ministries, Departments, and Agencies
MoEST	Ministry of Education, Science, and Technology
MoF	Ministry of Finance
MOH	Ministry of Health
MoU	Memorandum of Understanding

MoW	Ministry of Water
MW	Mega Watts
MWAUWASA	Mwanza Urban Water Supply and Sanitation Authority
NAO	National Audit Office
NBS	National Bureau of Statistics
NEMC	National Environmental Management Council
NeST	National e-procurement System of Tanzania
NGOs	Non-Governmental Organizations
NIRC	National Irrigation Commission
NM-AIST	Nelson Mandela African Institution of Science and Technology
NUFFIC	Netherlands Organization for Internationalization in Education
OPEC	Organization of the Petroleum Exporting Countries
PAA	Project Area Authority
PAP	People Affected by the Project
PERFAR	President's Emergency Plan for AIDS Relief
PMA	Project Management Assessment
PMU	Procurement Management Unit
Po-RALG	President's Office - Regional Administration and Local Government
PPC	Public Procurement Commission
PPF	Public Procurement Fund
PPP	Public-Private Partnership
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
PSSN II	Productive Social Safety Net II
REA	Rural Energy Agency
REF	Rural Energy Fund
RISE	Roads to Inclusion and Socioeconomic Opportunities Project
RUWASA	Rural Water Supply and Sanitation Agency
SACCOs	Savings and Credit Cooperative Societies
SADC	Southern African Development Community
SCC	Special Conditions of Contract
SEQUIP	Secondary Education Quality Improvement Programme
SGR	Standard Gauge Railway
SIDA	Swedish International Development Cooperation Agency
SRWSSP	Sustainable Rural Water Supply and Sanitation Program
TANAPA	Tanzania National Parks
TANePS	Tanzania Electronic Procurement System
TANESCO	Tanzania Electric Supply Company Limited
TANIPAC	Tanzania Initiative for Preventing Aflatoxin Contamination
TANROADS	Tanzania National Roads Agency
TARURA	Tanzania Rural and Urban Roads Agency
TASAF III	Tanzania Social Action Fund Project Phase III
TAZARA	Tanzania Zambia Railway Authority
TBS	Tanzania Bureau of Standards
TCCL	Tanzania Communications Company Limited
TCRA	Tanzania Communications Regulatory Authority



TCU	Tanzania Commission for Universities
TFCS	Ticketing and Fare Collection System
TFRS1	Tanzania Financial Reporting Standard No. 1
TECU	TANROADS Engineering Consulting Unit
TMA	Tanzania Meteorological Authority
TPDC	Tanzanian Petroleum Development Corporation
TRA	Tanzania Revenue Authority
TRC	Tanzania Railway Corporation
TSMP II	Tanzania Statistical Master Plan Second Phase
TSSP	Transport Sector Support Programme
TTCL	Tanzania Telecommunications Company Limited
TZS	Tanzania Shillings
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
WASH	Water, Sanitation, and Hygiene
WSDP	Water Sector Development Programme

## STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL



I am pleased to present the Annual General Report for Development Projects for the financial year ending 30 June 2024. This report provides an in-depth assessment of the financial performance, compliance, and technical execution of development projects implemented by public entities across Tanzania. The audits, conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI), covered 332 financial audits and 12 technical audits across key sectors, including energy, transport, water, telecommunications, and construction.

I commend the Government, under the leadership of **H.E. Dr. Samia Suluhu Hassan**, President of the United Republic of Tanzania, for its unwavering commitment to accountability and transparency in the management of public resources. I also extend my gratitude to project implementers and oversight bodies for their cooperation and provision of necessary information that has facilitated the preparation of this report.

The findings and recommendations outlined in this report aim to strengthen governance, enhance accountability, and improve financial management in project execution. While a number of projects have demonstrated compliance with financial and operational requirements, the audit has revealed challenges that require immediate attention. These include procurement irregularities, budgetary inefficiencies, delays in project implementation, and governance weaknesses affecting overall project outcomes.

Particularly concerning is the continued recurrence of unaddressed audit recommendations, ineffective contract management, and financial mismanagement in certain projects. Recurring financial losses, delays in compensation payments to affected communities, and weaknesses in environmental compliance remain key risks that need urgent corrective action.

I urge project implementers, relevant government authorities, and oversight institutions to take decisive steps in addressing these issues and ensuring that project funds are utilized effectively for the benefit of the nation. I also encourage Parliament and other stakeholders to use the insights from this report to strengthen oversight mechanisms, reinforce compliance with regulations, and uphold transparency in project execution.

The Office of the Controller and Auditor General remains committed to executing its oversight mandate with the highest standards of professionalism and independence, ensuring that public resources are managed efficiently and effectively.

Finally, I extend my sincere appreciation to the staff of the National Audit Office for their professionalism and dedication in fulfilling this constitutional mandate.

A handwritten signature in green ink, appearing to read 'Charles E. Kichere', is written over a large, sweeping green line that extends from the left towards the right.

**Charles E. Kichere**  
**Controller and Auditor General**  
**United Republic of Tanzania**

## EXECUTIVE SUMMARY

This report presents the results of audit of development projects implemented by public entities in Tanzania for the financial year ending 30 June 2024. The audits were conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) and included 332 financial and compliance audits and 12 technical audits covering multiple sectors including energy, transport, water, telecommunications, and construction.

The 332 audits were conducted using a combined approach, incorporating both financial and compliance audit methodologies to ensure comprehensive oversight of financial reporting, regulatory compliance, and internal control effectiveness. Meanwhile, the 12 technical audits were conducted using a real-time audit methodology to assess project implementation efficiency and effectiveness. As technical audits do not follow financial audit standards, no audit opinions were issued for these engagements.

### A. FINANCIAL AND COMPLIANCE AUDITS

#### Audit Opinions

A total of 332 financial reports were audited, with 331 (99.7%) receiving unqualified opinions, indicating satisfactory compliance with financial reporting standards. However, a qualified opinion was issued for the Health Basket Fund project implemented by Arusha District Council, due to insufficient supporting documents and unconfirmed payments, which highlights continuing risks in financial management.

#### Implementation of Prior Year Recommendations

Assessment of prior audit recommendations and PAC directives highlights the need for enhanced implementation efforts.

A total of 3,083 outstanding audit recommendations from previous years were identified, with 1,394 (45%) fully implemented. Additionally, 789 recommendations were in progress, and 477 were not implemented. Continued delays in addressing these recommendations heighten financial, operational, and compliance risks, reflecting persistent governance weaknesses.

## Financial Performance and Expenditure Management

For the year under review project funds totaling TZS 8.44 trillion were available for implementing projects activities. This amount includes the opening balances, and the funds received during the year. Out of the available funds, TZS 5.93 trillion were utilized, leaving a balance of TZS 2.50 trillion. The review of financial performance revealed critical issues including borrowed project funds of TZS 635.44 million not refunded by the Ministry of Education, Science, and Technology, TZS 892.92 million paid without verifying actual completed work, and inappropriate use of cash payments totaling TZS 2.01 billion. Furthermore, unpaid compensation of TZS 24.75 billion to People Affected by Projects (PAPs) remains outstanding, causing project delays and potential cost overruns.

### Budget Management

Inadequate budget management practices were observed during the year, with unimplemented budgeted activities amounting to TZS 428.46 billion. Additionally, delays in fund disbursements amounting to TZS 427.36 billion due to internal inefficiencies further hindered project execution. Furthermore, projects did not achieve Disbursement Linked Results (DLRs), leading to undisbursed funds of TZS 141.76 billion, which adversely affected project timelines and deliverables.

### Procurement Management

Procurement compliance issues were identified, including procurements conducted outside the National e-Procurement System (NeST), amounting to TZS 4.49 billion which undermines transparency and adherence to established procedures. Additionally, procurement from unapproved suppliers totaled TZS 3.1 billion, raising concerns over accountability and compliance with procurement regulations. Furthermore, unimplemented planned procurements valued at TZS 133.24 billion were noted, leading to critical delays in service delivery and infrastructure development.

### Contract Management and Physical Performance

Contracts amounting to TZS 13.45 billion were signed without legal vetting, exposing the government to substantial legal and financial risks. Additionally, delayed payments to contractors resulted in accrued interest charges of TZS 1.29 billion, further increasing project costs. Advance payments amounting to TZS 13.79 billion were issued without proper bank guarantees, increasing financial risk exposure.



Furthermore, 35 primary and 148 secondary schools were constructed on unsurveyed land at a total cost of TZS 125.14 billion, which could potentially result in land disputes and project sustainability challenges.

## **B. TECHNICAL AUDITS**

The results of 12 technical audits as re summarised below:

### **Julius Nyerere Hydro Power Project (JNHPP)**

The technical audit of the Julius Nyerere Hydropower Project (JNHPP) identified key deficiencies in planning, contract management, and corporate social responsibility (CSR) implementation. The project lacked an adequate Emergency Preparedness and Response Plan (EPRP) for downstream flood risks. Contract management issues included TANESCO's engagement of a foreign legal firm without prior Attorney General approval, leading to ineffective legal representation in a Dispute Adjudication Board (DAB) case. Payments of TZS 752.87 million were made to a consultant without a formal contract, while non-deduction of withholding tax (TZS 143.94 million) and delayed damages (TZS 327.93 billion) resulted in financial irregularities. The CSR component faced delays of over five years, with TZS 262.34 billion in unimplemented projects

### **Rural Electrification Projects**

The technical audit of the Rural Electrification Projects revealed: REA failed to conduct the required power market survey, instead relying on outdated data, leading to inaccurate demand estimations and inefficient resource allocation. In procurement, inconsistencies in cost estimates resulted in deviations amounting to TZS 15.34 billion, raising concerns over value for money.

Additionally, transformers of lower capacities than recommended in the feasibility study were procured and installed without a power demand analysis, risking infrastructure shortfalls and power outages. Contract management issues included the installation of materials without conducting Factory Acceptance Tests (FAT), undermining quality assurance and operational reliability, while an undocumented change in project scope led to the electrification of villages not initially designated in the contract.

## Construction of Telecommunication Towers

The technical audit of the construction of telecommunication towers under the Universal Communications Service Access Fund (UCSAF) identified weaknesses in planning, procurement, contract management, and quality assurance, which have impacted the efficiency and sustainability of rural and underserved area telecommunications infrastructure. UCSAF did not adequately plan and systematically identify underserved areas, leading to misallocation of funds, with TZS 4.28 billion spent on constructing towers in already-served areas and TZS 5.76 billion allocated to sites not initially identified as underserved.

In procurement management, awarded subsidies exceeded the maximum allowable amount by TZS 7.17 billion, while 14 lots, valued at TZS 1.75 billion, were granted to areas already covered by existing network infrastructure. Contract management deficiencies included unclaimed liquidated damages totaling TZS 3.80 billion due to project delays, advance payments of TZS 12.80 billion made without the required bank guarantees, and projects worth TZS 1.04 billion executed without formal contracts.

The audit also revealed severe quality control issues, with 42% of completed sites lacking Provisional Acceptance Tests (PAT), and 46% of tested sites failing to meet minimum call availability and success rate standards.

## Regulation and Monitoring of Environmental Impact Assessment

The technical audit of the National Environmental Management Council's (NEMC) regulation and monitoring of Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs) in the construction and mining sectors revealed weaknesses in compliance, monitoring, and enforcement.

NEMC failed to effectively monitor the registration and screening processes, with major projects such as Ngaka Coal Mine and John Pombe Magufuli Bridge commencing operations without an EIA certificate, leading to unassessed environmental risks. Inadequate baseline data in five out of eight sampled projects, including missing heavy metal analysis for water quality in Williamson Diamond Mine and the New Water Network in Arusha, compromised environmental monitoring and mitigation planning.

The review process of EIAs was also found to be deficient, with inadequate site verifications, limited stakeholder involvement, and poorly defined mitigation measures, increasing the risk of environmental harm. Furthermore, post-EIA monitoring was insufficient, with NEMC failing to verify pollution control measures, monitor solid and hazardous waste management, or enforce required

annual environmental audits, resulting in oil spills and inadequate erosion control at several sites.

Additionally, the regulation and monitoring of decommissioning plans were inadequate, as no construction projects had proper decommissioning strategies, and progressive rehabilitation in mining projects was either delayed or poorly implemented, increasing the risk of long-term environmental degradation.

### Rural Water Supply under RUWASA

The technical audit of the Rural Water Supply and Sanitation Agency (RUWASA) identified weaknesses in project planning, procurement, contract management, and quality assurance, which have adversely affected the efficiency and sustainability of rural water supply projects.

The assessment of water sources was inadequate, with one-time evaluations failing to capture seasonal fluctuations in water quality and availability. Inadequate assessment of water sources led to inappropriate treatment methods in Morong'anya and Kemondo-Maruku projects and reliance on pipelines not designed for additional supply in Kigwa-Uyui and Igogo-Igurubi projects, posing long-term risks. Failure to exclude project implementation periods from the 20-year design horizon further reduced operational lifespans.

Procurement weaknesses included awarding 14 out of 15 contracts without due diligence, causing delays of up to five years and additional costs of TZS 1.17 billion due to contract terminations. A non-responsive bid for the Morong'anya project resulted in an unplanned cost of TZS 1.26 billion due to missing Bill of Quantities (BoQ) items. Poor contract management led to a loss of TZS 493.08 million from improper contract terminations and cost overruns of TZS 4.04 billion due to inadequate project design. Delayed contractor payments further incurred TZS 711.79 million in interest.

Additionally, quality management deficiencies, including improper pipe installation, inadequate compaction, and use of unsuitable backfill materials, increased the risk of infrastructure failures, requiring urgent improvements in oversight, planning, and compliance with technical standards.

### Construction and Maintenance of Wastewater and Sanitation Infrastructure

The technical audit of wastewater and sanitation infrastructure projects under the Ministry of Water (MoW) and Water Supply and Sanitation Authorities (WSSAs) revealed weaknesses in project planning, procurement, contract management, and financial oversight. The design of the wastewater treatment

facility at Mbezi Beach did not comply with local environmental standards, allowing for a Chemical Oxygen Demand (COD) concentration of 125 mg/L exceeding the permissible limit of 60mg/L by 108.33%, posing a serious risk of water pollution. Inadequate feasibility assessments resulted in a variation order of TZS 1.66 billion for unconnected households in the Area C and Area D sewer projects in Dodoma, increasing the risk of overflow due to unaccounted demand growth.

Contract management issues were noted, with overpayments of TZS 1.60 billion identified in the Ilmela and Babati projects due to improper certification of unexecuted works, while delayed payments to contractors across five projects led to an accrued interest cost of TZS 273 million. The longest delays were observed in the Babati and Dodoma projects, averaging 252 and 161 days, respectively, primarily due to late disbursement of funds from the Ministry of Finance.

### Kidunda Dam Project

The audit assessed the effectiveness of DAWASA in planning, designing, and implementing the Kidunda Dam Project to meet water demand and improve sanitation. Key findings included the failure to incorporate check dams for sediment control, increasing the risk of sediment accumulation, reduced storage capacity, and higher maintenance costs due to an inadequate feasibility study. Contract management issues were also identified, with delays in contractor payments ranging from 16 to 299 days, leading to potential interest charges, while unapproved variations amounting to TZS 1.57 billion were identified in IPC No. 05 due to weak cost monitoring and approval processes.

Additionally, DAWASA paid an additional compensation amount of 4.02 billion after re-evaluation. This indicated that a total of TZS 9.07 billion was paid for compensations, making the cost overrun of TZS 5.24 billion, as the initial budget was TZS 3.83 billion.

### Rehabilitation and Construction of Markets and Bus Terminals

The technical audit of the rehabilitation and construction of Kariakoo Market, Mwanza Central Market, and Nyamhongolo Bus Terminal identified weaknesses in project planning, design, and contract management, leading to cost overruns and project delays. The absence of conditional surveys in Kariakoo and Mwanza Central Markets resulted in undefined project scopes, causing variations amounting to TZS 757.02 million. Design deficiencies in Mwanza Central Market led to additional works worth TZS 1.96 billion due to missing project

requirements. Contract management issues included payments for reinforcement bars totaling TZS 9.87 billion without specifying bar sizes, increasing the risk of inflated costs. Additionally, TZS 766.90 million was paid as reimbursable expenses to consultants without supporting documents, reflecting weak financial controls. Project delays of 13 months at Kariakoo Market and 44 months at Mwanza Central Market led to consultant claims amounting to TZS 1.35 billion for extended supervision costs. These delays were attributed to late approvals, delayed payments, and increased project scope.

### Installation and Maintenance of Road Furniture and Traffic Signals

The technical audit of the installation and maintenance of road furniture and traffic signals by TANROADS and TARURA identified deficiencies in planning, contract management, and maintenance, adversely affecting road safety and efficiency. Outdated traffic signal designs at key junctions in Dar es Salaam resulted in manual traffic control by police officers, while budget constraints severely limited maintenance efforts, with an annual allocation of TZS 1.8 billion against a required TZS 200 billion.

Road furniture deficiencies were noted, with Bagamoyo Road lacking 73% of required streetlights, while faded road markings and missing signs increased road safety risks. Quality control was inadequate, as road marking paints were not subjected to required confirmation tests, leading to potential durability concerns. Vandalism of road furniture on the Tabora-Nzega Road and Government City Roads caused losses of TZS 170.48 million, with weak security measures contributing to frequent theft.

Additionally, lack of routine grass mowing and tree trimming obscured road signs, further endangering road users.

### Conclusion

My audit reveals areas requiring urgent corrective action by management to enhance compliance, improve project management effectiveness, and ensure optimal resource utilization. Strengthening internal controls, enhancing stakeholder coordination, and proactive oversight will be essential for addressing identified gaps, reducing financial risks, and achieving desired project outcomes efficiently.





# AUDIT

## **CHAPTER ONE**

### **Background Information**

## BACKGROUND INFORMATION

### 1.1 Introduction

This report presents the results of the audit of the development projects for the financial year ended on 30 June 2024. It is structured into 18 chapters, each focusing on a different aspect, including compliance with procurement laws, contract management and physical performance of projects, financial performance, budget management, and technical audits. The report also provides recommendations aimed at improving the operations of the entities, enhancing transparency and accountability and promoting good governance.

### 1.2 Mandate

This audit is part of the statutory mandate and responsibilities of the Controller and Auditor General, as provided for under Article 143 of the Constitution of the United Republic of Tanzania, 1977, and in Section 10 (1) of the Public Audit Act, Cap 418.

### 1.3 Audit Objectives

The audit aimed to provide an independent opinion on whether the financial statements had been prepared in accordance with an acceptable financial reporting framework, considering all factors. Additionally, it aimed to evaluate development projects' compliance with Procurement Laws and Regulations and the Budget Act, Regulations, and guidelines. The audit also aimed to assess the development projects' effectiveness and efficiency in managing public funds and delivering services to citizens.

### 1.4 Audit Scope

In the financial year 2023/24, three audit types were conducted on development projects: financial, compliance, and technical audits. 332<sup>1</sup> financial audit reports were issued, focusing on financial systems, controls, and reporting, the financial audits also include an assessment of adherence to procurement laws and budget guidelines. Meanwhile, 12 technical audits were conducted across multiple sectors concerning electricity projects, construction

---

<sup>1</sup> The total excludes 11 reports from the holding account which are only used to transfer funds to the respective projects. There is no operations on these accounts, however audit opinions issued in the holding accounts are only for assurance purpose on the entrusted funds as proposed by the financiers.

of telecommunication towers, water projects, bus stands and markets, and the environmental audits.

**Table 1: Audited projects per sector in 2023/24**

SN	Sector	Technical audit reports	Financial audit reports	Audited projects	Project implementers	Total audit reports
1	Agriculture	-	9	7	5	9
2	Education	-	33	10	23	33
3	Energy and Mining	2	15	17	5	17
4	Health	-	209	15	192	209
5	Transport and Communication	5	18	22	9	23
6	Water	3	13	13	11	16
7	Social	-	11	11	10	11
8	Multi-Sector	2	24	26	18	26
	<b>Total</b>	<b>12</b>	<b>332</b>	<b>121</b>	<b>273</b>	<b>344</b>

*Sources: Financial, technical and compliance audits for the year ended on 30 June 2024*

**Table 2: Technical audits conducted in 2023/24**

SN	Sector	Name of the technical reports	Implementer
1	Energy and Mining	Technical Audit on the Construction of Julius Nyerere Hydro Power Plant (JNHPP)	TANESCO
2	Energy and Mining	Technical Audit on the Implementation of Rural Electrification Projects	REA
3	Transport and Communication	Technical Audit on the Construction of Telecommunications Towers	UCSAF
4	Multi-Sector	Technical Audit on the Regulation and Monitoring of Environmental Impact Assessment (EIA) and Environmental Management Plans (EMP) in the Construction and Mining Sectors	NEMC
5	Water	Technical Audit on the Implementation of Rural Water Supply Projects Under RUWASA	RUWASA
6	Water	Technical Audit on the Construction and Maintenance of Wastewater and Sanitation Infrastructure in Urban Areas	Ministry of Water, DAWASA, DUWASA, BAWASA and MWAUWASA
7	Water	Technical Audit on the Construction of Kidunda Dam	DAWASA
8	Multi-Sector	Technical Audit on the Construction of Markets and Bus Stops Under the Tanzania Strategic Cities Project (TSCP) and Urban Local Government Support Program (ULGSP)	Dar es Salaam City Council, Mwanza City Council and Illemela Municipal Council
9	Transport and Communication	Technical Audit on the Construction on the Installation and Maintenance of Road Furniture and Traffic Lights	TANROADS
10	Transport and Communication	Technical Audit on the Construction of Kigongo-Busisi Bridge	TANROADS
11	Transport and Communication	Technical Audit on the Construction of Pangani Bridge (500m span) and its Access Roads (Lot: Pangani-Bagamoyo Road Construction)	TANROADS

SN	Sector	Name of the technical reports	Implementer
12	Transport and Communication	Technical Audit on the Quality of Design of Roadworks	TANROADS

*Sources: Technical audits for the year ended on 30 June 2024*

## 1.5 Audit Methodology

The audit was conducted per the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organisation of Supreme Audit Institutions (INTOSAI) and International Standards on Auditing (ISA). This methodology used by the Controller and Auditor General included a combination of procedures, such as examining records and documents, conducting interviews, and carrying out site visits. The audit also involved testing the internal control systems of the development projects and assessing their compliance with relevant laws, regulations, and policies.



## CHAPTER TWO

### Audit Opinions

## AUDIT OPINIONS

### 2.1 Introduction

This chapter summarizes the audit opinions for development projects implemented by public entities during the financial year 2023/24, and the trend of opinions on financial statements issued for five consecutive years.

The opinions issued are based on the evaluation of the audit evidence obtained throughout the audit engagements, assessing whether the financial statements complied with the respective applicable financial reporting frameworks such as the International Financial Reporting Standards (IFRSs), the International Public Sector Accounting Standards (IPSASs), and the Tanzania Financial Reporting Standard No. 1 (TFRS1) in all material respects. This evaluation adheres to the International Standards of Supreme Audit Institutions (ISSAI) 1200.

### 2.2 Types of Audit Opinions

The types of audit opinions are unqualified, qualified, adverse, and disclaimer of opinion.

**An unqualified opinion** is issued when the financial statements are prepared in all material respects in accordance with the applicable financial reporting framework.

**A qualified opinion** is expressed when the financial statements are presented fairly, except for the effect of one or more matters. This can occur when sufficient appropriate audit evidence is obtained, and the auditor concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements.

Also, a qualified opinion may be issued when the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion, but they conclude that the possible effects of undetected misstatements on the financial statements could be material but not pervasive.

**An adverse opinion** is expressed when the auditor has obtained sufficient appropriate audit evidence to confirm that a misstatement exists and that the effect of the misstatement, either individually or in aggregate, is both material and pervasive to the financial statements.

**A disclaimer of opinion** occurs when the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. In

such cases, the auditor concludes that the possible effects of undetected misstatements on the financial statements, if any, could be both material and pervasive. In extremely rare circumstances involving multiple uncertainties, the auditor may disclaim an opinion, even if they have obtained sufficient appropriate audit evidence regarding each individual uncertainty. This is because the potential interaction of the uncertainties could have a cumulative effect on the financial statements.

### 2.3 Audit Opinions Issued During the Financial Year

For the financial year 2023/24, I have completed 344 audit engagements (332 financial audits and 12 technical audits) of the development projects implemented by the public entities<sup>2</sup> to which I issued the audit opinions on 332 financial audits.

Of 332 opinions issued, 331 were unqualified opinions, and one qualified opinion was issued to the Arusha District Council concerning the Health Basket Fund project. The qualification resulted from inadequate supporting documents, unconfirmed payments of staff allowances, and unconfirmed adjustments made to the cash book. Details of the audit opinions issued shown in **Appendix I** and summarized in **Table 3**.

**Table 3: Summary of audit opinions issued in 2023/24**

Sector	Opinions issued		
	Unqualified	Qualified	Total
Agriculture	9	-	9
Education	33	-	33
Energy and Mining	15	-	15
Health	208	1	209
Transport and Communication	18	-	18
Water	13	-	13
Social	11	-	11
Multi-Sector	24	-	24
<b>Total</b>	<b>331</b>	<b>1</b>	<b>332</b>

*Source: Financial statements of the financial year 2023/24*

### 2.4 Trend of Audit Opinions

Table 4 illustrates the trend of audit opinions issued to public entities for the five consecutive years from 2019/20 to 2023/24. The increase in the percentage of unqualified opinions from 99% to 99.7% reflects improvement in the

<sup>2</sup> Except one private entity which implemented one UNDP financed project



preparation of the financial statements that align with the financial reporting frameworks (IPSAS and IFRS).

**Table 4: Trend of audit opinions issued**

Financial year	Opinion Issued				Total
	Unqualified		Qualified		
	No.	%	No.	%	
2023/24	331	99.7	1	0.3	332
2022/23	296	99	3	1	299
2021/22	287	99	3	1	290
2020/21	293	100	-	-	293
2019/20	275	95	15	5	290

*Source: Audit reports 2023/24 and previous annual general reports 2019/20- 2023/24*

## 2.5 Conclusions on Budget and Procurement Management

My audit of the financial year 2023/24 issued 634 conclusions, covering two subject matters on compliance. Of those conclusions, 319 related to procurement laws and 315 were on budget laws and guidelines.

### 2.5.1 Conclusions of Compliance Audit on Procurement Laws

In 2023/24, 319 conclusions regarding compliance with procurement laws were issued to the project implementers, with 195 conclusions of general compliance and 124 of compliance with exceptions, as shown in **Table 5**.

**Table 5: Conclusions on compliance with procurement laws**

Sector	Generally Complied	Complied with exception	Total
Agriculture	4	3	7
Education	15	18	33
Energy and mining	13	2	15
Health sector	122	79	201
Transport and Communication	12	5	17
Water	6	7	13
Social	6	4	10
Multi-Sector	17	6	23
<b>Total</b>	<b>195</b>	<b>124</b>	<b>319</b>

*Source: Audit reports 2023/24*

### 2.5.2 Conclusions of Compliance Audit on Budget Laws

In 2023/24, I issued 315 conclusions to project implementers on compliance with budget laws. Of these, 246 complied with budget laws, and 69 complied with exceptions, as shown in **Table 6**.



**Table 6: Conclusions on compliance with budget laws**

Sector	Generally Complied	Complied with exception	Total
Agriculture	6	5	11
Education	28	5	33
Energy and mining	14	1	15
Health sector	150	51	201
Transport and Communication	15	2	17
Water	11	2	13
Social	2	0	2
Multi-Sector	20	3	23
<b>Total</b>	<b>246</b>	<b>69</b>	<b>315</b>

*Source: Audit reports 2023/24*



## **CHAPTER THREE**

---

### **Implementation of Prior Years Recommendations**

## IMPLEMENTATION OF PRIOR YEARS' RECOMMENDATIONS

### 3.1 Introduction

This chapter outlines the progress and measures that Accounting Officers implement in response to audit recommendations provided to management and governance bodies. It recognizes the endeavours of accounting officers to address the audit findings and devise plans to implement the recommendations.

### 3.2 Implementation Status of Previous Years' Recommendations

Implementing audit recommendations is vital as it fosters accountability, drives continuous improvement, mitigates risks, enhances overall performance, instills stakeholder confidence, ensures legal and ethical compliance, optimises resources, and reinforces effective governance within an organization.

My follow-up on the implementation of previous recommendations in 299 development projects found that a total of 3,083 were outstanding. Of those, 1,394 (45%) were fully implemented, 789 (26%) were under implementation, 477 (15%) were not implemented, 293 (10%) were reiterated, and 130 (4%) were overtaken by events. The overall implementation status is fairly satisfactory, as shown in Table 7.

**Table 7: Implementation status of previous year's recommendations**

Sector	Total outstanding recommendations	Implemented	Under Implementation	Not Implemented	Reiterated	Overtaken by Events
Agriculture	52	30	18	-	2	2
Education	487	269	139	14	41	24
Energy and Mining	64	27	20	4	9	4
Health	1858	844	359	409	168	78
Transport and Communication	182	75	50	19	29	9
Water	230	43	144	21	22	-
Social	49	18	14	4	5	8
Multi-Sector	161	88	45	6	17	5
<b>Total</b>	<b>3,083</b>	<b>1,394</b>	<b>789</b>	<b>477</b>	<b>293</b>	<b>130</b>
<b>Percentage (%)</b>		<b>45</b>	<b>26</b>	<b>15</b>	<b>10</b>	<b>4</b>

*Source: Management letters 2023/24*

Failure to implement audit recommendations could result in serious consequences, such as compromised financial integrity, increased operational

risks, hindered organizational effectiveness, erosion of stakeholder trust, potential legal and regulatory repercussions and perpetuation of systemic weaknesses. These could further exacerbate inefficiencies and lead to financial losses.

To address the outstanding issues, I recommend that the Accounting Officers of the respective entities prioritise resources, enhance implementation efforts and strengthen internal control systems across all sectors.



## **CHAPTER FOUR**

---

### **Financial Performance, Expenditure and Budget Management**

## FINANCIAL PERFORMANCE, EXPENDITURE AND BUDGET MANAGEMENT

### 4.1 Introduction

This chapter provides an overview of 332 financial audits, examining project financing, expenditure management, and key audit findings related to financial performance and budget management. It highlights key insights that can help the government improve financial efficiency, ensure responsible spending, strengthen accountability, and enhance transparency in financial reporting.

### 4.2 Project Financing

The Development Partners which fund Tanzania development projects include AfDB, AFD, BADEA, CDC, DFID, DFATD, EIB, EU, GAVI, GEF, Global Fund, IFAD, JICA, KfW, OFID, NUFFIC, OPEC, SFD, SIDA, Suzan Thompson Buffet Foundation, UNDP, UNEP, USAID, Government of the Kingdom of Norway, the United States of America, and the World Bank.

The analysis of 332 financial statements for 2023/24 showed that total project funds of TZS 8.44 trillion were available, out of which TZS 5.93 trillion were spent, making a balance of TZS 2.50 trillion as of 30 June 2024. The analysis is shown in Table 8.

**Table 8: Analysis of financial performance per sector**

Sector	funds available (TZS/Mil)	Fund Utilized (TZS/Mil)	Closing balance (TZS/Mil)
Agriculture	254,886.54	150,644.13	104,242.41
Transport and Communication	882,875.11	661,816.30	221,058.81
Education	1,753,803.33	820,339.03	933,464.30
Energy and Mining	243,918.99	179,247.18	64,671.81
Health	758,724.62	430,928.29	327,796.33
Multisector	642,609.07	336,733.38	305,875.69
Social	700,816.49	627,842.91	72,973.59
Water	3,204,688.42	2,729,803.67	474,884.75
<b>Total</b>	<b>8,442,322.58</b>	<b>5,937,354.88</b>	<b>2,504,967.69</b>

*Source: Individual audit reports 2023/24*



### 4.3 Expenditure Management

#### 4.3.1 Non-Refund of Borrowed Funds amounting to TZS 635.44 million

Schedule 1 of the SEQUIP Financing Agreement of 21 May 2020, and Component 2 Sub-component 4 of the EASTRIP Financing Agreement require project funds to be used on achieving projects objectives and that implementing partners must comply with financing agreements to ensure that funds are used exclusively for the intended project activities.

In the financial year 2023/24, the Ministry of Education, Science, and Technology (MoEST) borrowed TZS 635,447,342 from two projects East Africa Skills for Transformation and Regional Integration Project (EASTRIP) and Secondary Education Quality Improvement Programme (SEQUIP) under the education sector.

However, the amount was unrefunded, contrary to the terms and conditions set out in the project financial agreements and implementation manuals. Details on the outstanding borrowed funds are provided in **Table 9**.

**Table 9: Borrowed project funds not refunded**

S/N	Project name	Details of the borrowed fund	Amount (TZS)
1	EASTRIP	Finance MoEST activities	135,447,580
2	SEQUIP	Borrowed and used to finance MoEST activities	499,999,762
<b>Total</b>			<b>635,447,342</b>

*Source: Payment vouchers and their supporting documents, 2023/24*

Failure to refund the funds limits the intended achievement of the SEQUIP and EASTRIP program objectives, potentially causing delays in meeting their intended targets. This may also affect future funding opportunities, delay project implementation, and increase financial liabilities for the responsible entities.

I recommend that the Ministry of Education, Science, and Technology promptly refund the borrowed funds to the respective projects to prevent disruptions in implementing the planned activities.

#### 4.3.2 Payment to Contractors Without Measurement and Certification of the Work Performed TZS 892.92 million

Regulation 243(2) of the Public Procurement Regulations, 2013 requires procuring entities to authorize payments based on certified measurements taken at specified contract intervals. Paragraph 25.3 of the Guidelines for Carrying Out Works under the Force Account, issued by the Public Procurement Regulatory Authority (PPRA) in May 2020, mandates joint measurements of completed works by the Project Manager and the executing entity.

I learned that four projects disbursed TZS 892.92 million to local artisans and contractors for the construction and rehabilitation of school and teachers' college infrastructure, including classrooms, pit latrines, administration blocks, dormitories, and kitchens.

However, the works implemented were not certified using measurement sheets or formal approval from the Project Manager or engineer to verify the quantities of the completed work. Details are shown in **Table 10**.

**Table 10: Works paid without work being measured**

S/N	Project name	Implementer	Amount (TZS)
1	EPforR II	MoEST	132,135,785
2	WSSP II	MoW	320,565,827
3	ESPJ Program	MoEST	161,820,003
4	SEQUIP	PO-RALG	278,406,980
Total			892,928,595

*Source: Payment vouchers and their supporting documents, 2023/24*

Payments without inspecting and quantifying the completed work, increases the risk of overpayment, payments for incomplete work, and potential misuse of public funds.

I recommend that project implementers ensure, in future, that project managers inspect and measure all work prior to certification of the payments to prevent these risks.



### 4.3.3 Unpaid Compensations to People Affected by the Project (PAPs) TZS 24.75 billion

Section 3(1)(g) of the Land Act, Cap 113, requires full, fair, and prompt compensation to individuals whose land rights are revoked or affected by the State. Additionally, Section 15(1) of the Land Acquisition Act, Cap 118, mandates that if land is acquired before compensation is paid, the affected individuals must receive compensation along with 6% annual interest from the date of possession until payment is made.

A review of 360 projects found that seven projects still had outstanding compensation totalling TZS 24.75 billion impacting 1,879 PAPs. The issue remained unresolved while some projects were completed and others neared completion, as shown in Table 11.

**Table 11: Pending compensation for the PAPs**

S/N	Project name	Implementer	No. of PAPs	Unpaid amount (TZS)	Project Completion status
1	Msimbazi Basin Development Project (MBDP)	PO-RALG	1,034	10,915,731,297	In progress
2	The 220 KV Geita-Nyakanazi Transmission Line and Rural Electrification Project	TANESCO	392	1,352,808,948	99%
3	Kenya Tanzania Power Interconnection Project (KTPIP)	TANESCO	80	12,210,077,532	98%
4	Malagarasi Hydropower Project	TANESCO	52	4,880,844	In progress
5	400 KV Nyakanazi - Kigoma Transmission Line Project	TANESCO	274	176,696,538	94.3%
6	Arusha Sustainable Urban Water and Sanitation Delivery Project	AUWSA	15	45,231,723	100%
7	Regional Rusumo Falls Hydropower Project Tanzania Transmission Component	TANESCO	32	51,632,589.69	100%
<b>Total</b>			<b>1,879</b>	<b>24,757,059,472</b>	

Source: Compensation report 2023/24

I attribute this nonpayment to disputes on compensation rates, absence of some PAPs, incomplete documentation, and unresolved immigration issues.

These setbacks strain the relationship between the government and affected communities and increase the risk of PAPs claiming interest on delayed payments, leading to project cost overruns. Such delays could hinder future collaboration and engagement between the government and the communities.

**I recommend that Management of these projects (a) prioritize and speed up the payment process for PAPs, and (b) collaborate with local authorities and land registry offices to confirm land ownership and resolve any disputes.**

#### **4.3.4 Excess Payment Made to the Contractor Due to Incorrect Price Adjustment Calculation TZS 586.43 million**

On 1 August 2023, TANROADS paid M/s China Civil Engineering Construction Company (CCECC) TZS 3.89 billion for IPC No. 1 under the Tanzania Transport Integration Project (TanTIP). An excess payment of TZS 540,792,094 occurred due to an incorrect application of the price adjustment formula, resulting into overpayment of the contractor's IPC. The contractor applied the variable ( $P_{n-1}$ ) instead of ( $P_n$ ), and the former inflated the corresponding IPC amount.

Similarly, in the Iringa (Ipogolo-Kilolo) Regional Road project, overpayments amounting to TZS 45,640,034 were detected in IPCs No. 2 and 3. The overpaid items include TZS 9,462,996 (rock excavation), TZS 18,743,120 (laboratory tests), and TZS 17,433,918 (incorrectly inclusion of the Dispute Avoidance/Adjudication Board (DAAB) costs).

**I recommend that TANROADS reviews the payment process and ensure that price adjustment calculations adhere strictly to the contract terms, particularly the correct use of the formula as outlined in Sub-clause 3.7.2 of the General Conditions of Contract. Additionally, TANROADS to recover the excess payment from the contractors and implement a system to verify calculations before authorizing payments in the future.**

#### **4.3.5 Inappropriate Use of Cash Payments TZS 2.01 billion**

Regulation 93(1) of the Public Finance Regulations, 2001, mandates that payments be made directly to the named recipients via bank transfer or crossed cheques whenever possible.

My review of four projects found a total of TZS 2,014,922,360 which was inappropriately disbursed in cash for allowances, labour charges to local

artisans, and payments to suppliers and contractors. The anomaly was attributed to reliance on a single individual to handle and distribute large sums of money instead of depositing the money in respective payees' bank account or mobile money. **Table 12** outlines the projects that improperly used cash payments.

**Table 12: Inappropriate use of cash payments**

S/N	Project name	Implementer	Amount (TZS)
1	SRWSSP	RUWASA	353,735,825
2	RISE	TARURA	1,088,213,933
3	HEET Project	TCU	164,800,000
4	SEQUIP	PO-RALG	408,172,602
Total			2,014,922,360

*Source: Individual Management Letters 2023/24*

Such practices increase the risk of financial mismanagement, fraud, and unauthorized transactions. Handling large sums in cash could be difficult to track and verify expenditures, reducing transparency and accountability.

**I recommend that the respective entities enforce strict adherence to financial regulations by ensuring all payments are made through bank transfers or crossed cheques. A clear policy should be established for alternative payment methods in cases where electronic payments are not feasible.**

#### 4.3.6 Inadequate Supported Expenditure TZS 6.10 billion

Regulation 86 (1) of the Public Finance Regulations, 2001 requires that all disbursements of public money shall be properly vouched on the prescribed form of payment voucher which must contain or have attached thereto full particulars of the service for which payment is made, such as dates, numbers, distances, rates, to enable them to be checked without references to any other document. Further, Regulation 95 (4) of the Public Finance Regulations, 2001 requires that a payment voucher which is incomplete because its supporting documents are missing, shall be regarded as a missing voucher'.

My review disclosed that three project implementers paid a total of TZS 6,102,348,668 for purchasing various items without adequate supporting documents such as EFD receipts, due to inadequate internal control over documentary evidence supporting the payment made, as shown in **Table 13**.

**Table 13: Inadequately supported payments**

S/N	Project name	Implementer	Amount (TZS)
1	SRWSSP	RUWASA	327,901,927
2	TASAF III PSSN II	TASAF	390,684,853
3	SRWSSP	PO-RALG	220,727,951
4	TACTIC	PO-RALG	137,500,000
5	SEQUIP	PO-RALG	5,025,533,938
<b>Total</b>			<b>6,102,348,668</b>

*Source: Individual Management Letters 2023/24*

Payments made without supporting documents hamper transparency, making it difficult to verify transactions. This could lead to misuse or misallocation of public funds, impacting overall project accountability and performance.

**I recommend that all payments are backed by the necessary documentation, such as EFD receipts, invoices or contracts and the respective project implementers strengthen internal controls.**

#### **4.3.7 Funds Spent Contrary to the Projects Directives TZS 545.57 million**

Para 8.1 Guideline for Carrying out Works under Force Account issued by Public Procurement Regulatory Authority in May 2020 requires that in order to meet the objectives of financial aid application, a procurement entity shall endeavour to enhance quick implementation of projects in terms of procurement of materials and equipment to be used in the projects.

I discovered that 14 LGAs spent EPforR II funds amounting to TZS 545,576,889 for activities unrelated to the respective project due to inadequate planning and adherence to the guidelines. This resulted in misallocation of resources to activities unrelated to the approved projects. Details are shown in **Appendix II**.

Misallocation of project funds affects the timely implementation and completion of the planned activities, delaying the achievement of project objectives. It also creates inefficiencies in resource utilization, leading to potential cost overruns and financial mismanagement.

**I recommend that MoEST strictly adheres to project guidelines and financial regulations. Strengthening financial planning and cash flow management will help minimize budget shortfalls and reduce the risk of misallocation of funds.**

#### 4.3.8 Submission of TZS 46.66 Billion Withholding Tax Delayed and TZS 6.76 Billion Not Deducted

According to Section 84(1) of the Income Tax Act, Cap 322, R.E. 2019, withholding agent is required to remit withheld taxes to TRA within seven days after the end of each month's calendar. Additionally, resident corporations making payments for goods supplied by resident businesses must withhold and submit income tax as specified in the law.

I learnt that withholding taxes amounting to TZS 46.66 billion, was deducted from the SGR project contractors and consultants but their submission to TRA was delayed for the periods ranging from 57 to 241 days due to inadequate follow-up on timely remittance of the taxes as shown in **Table 14**.

**Table 14: Delay in submission of withholding taxes**

Month	Due date	Date submitted	No. of days delayed	Withholding tax declared (TZS)	Withholding tax declared related to SGR (TZS)
23-Jul	7/8/2023	4/4/2024	241	1,863,748,690	1,747,067,989
23-Oct	7/8/2023	4/4/2024	149	15,454,262,315	15,451,700,092
23-Nov	7/8/2023	4/4/2024	119	18,211,983,476	18,185,647,832
23-Dec	7/8/2024	4/4/2024	88	6,762,829,515	6,732,087,679
24-Jan	7/8/2024	4/4/2024	57	4,586,441,894	4,546,272,908
<b>Total</b>					<b>46,662,776,500</b>

*Source: Withholding taxes returns*

I further found that TANROADS did not deduct TZS 6.75 billion from contractors due to the direct payment method used for disbursements, allowing contractors to receive the full invoiced amount directly from the AfDB. As a result, the responsibility for remitting the required taxes fell on the contractors, who did not comply. In addition, TANROADS did not deduct withholding tax from an advance recovery amounting to TZS 1.29 billion as it calculated withholding taxes without factoring in the recovered advances. Failure to submit withholding tax on time exposes the entities to financial penalties and compliance risks.

I recommend that the Management of the SGR project ensures timely remittance of the withholding taxes and enhances monitoring mechanisms to track tax payments effectively. Also, to ensure that the contractor submits the withholding tax remittance for the previous IPC before processing the payment for subsequent IPCs.

## 4.4 Budget Management

### 4.4.1 Budgeted Activities not Implemented TZS 428.46 billion

Regulation 40(1) of the Public Finance Regulations, 2001 requires that the estimates of expenditure to be prepared under Section 18 of the Public Finance Act show as nearly as can be predicted the amounts which it is expected will be spent by the Government during the year, and it shall not include indefinite items such as "Unforeseen Expenditure" or "Contingencies" or "Miscellaneous".

My review identified inadequate implementation of the budgeted activities amounting to TZS 428,468,122,533 across 23 project implementers. This was primarily due to delays in procurement processes, contract signing, and the disbursement of funds from relevant authorities and donors. Such delays hinder project execution, affecting service delivery and overall project effectiveness. Details are shown in Appendix III.

I recommend that the respective project implementers improve procurement planning, streamline contract approvals, and enhance fund disbursement efficiency to prevent project delays.

### 4.4.2 Inadequate Achievement of the Disbursement Linked Results (DLRs) Limiting the Disbursement of TZS 141.76 billion

Funding for development programmes is performance-based, with disbursements made upon achieving predefined results as outlined in financing agreements and operational guidelines. Compliance with agreed-upon performance indicators is required, and all disbursements are subject to independent verification to ensure accountability and transparency. This approach ensures that financial support is aligned with programme objectives and released only when measurable progress is demonstrated. While specific requirements might vary across initiatives, all sectors must meet performance targets to qualify for disbursement.

I found that TZS 141,757,169,215 from six project implementers was not disbursed due to inadequate achievement of Disbursement Linked Results (DLRs), primarily caused by project delays and the absence of an extension agreement. The affected projects and their corresponding undisbursed amounts are summarized in Table 15.

**Table 15: Projects with restricted funds due to unachieved DLRs**

S/N	Project name	Implementer	Amount (TZS)
1	TSMP II	National Bureau of Statistics (NBS)	17,508,561,416
2	EASTRIP	DIT - Mwanza Campus	233,321,345
3	SEQUIP	PO-RALG	73,958,386,376
4	EPforR II	MoEST	3,812,810,478
5	SWASH Project	MoEST	39,021,721,600
6	SWASH Project	MoEST	7,222,368,000
<b>Total</b>			<b>141,757,169,215</b>

*Source: Individual Management Letters 2023/24*

Failure to DLRs and secure untimely disbursements could damage trust among key stakeholders, such as donors, government agencies, and the public. Additionally, the inability to access and disburse funds as planned could hinder the achievement of broader programme objectives and jeopardize long-term strategic goals.

**I recommend that the respective project implementers focus on meeting the performance targets outlined in the DLRs to achieve them and ensure that funds are disbursed on time and in full.**

#### **4.4.3 Delayed Disbursements of Budgeted funds TZS 427.36 billion**

The disbursement of project funds is expected to be aligned with the budget cycle and consistent with the implementation schedule of the project activities, as approved in the Annual Work Plan (AWP) for each project.

The review identified 17 project implementers who experienced delays in the disbursement of funds amounting to TZS 427,368,144,904. The delays were due to prolonged internal processes and issues with the D-Fund system. The delays of the 16 projects ranged from one month to one year, while SEQUIP faced a delay of four years as detailed in **Appendix IV**.

Delayed disbursement of funds affects the timely completion of the planned project activities and potentially the success of projects.

**I recommend that project implementers mitigate factors causing delays in fund disbursement. This will ensure that budgeted funds are received within the agreed timeframe and enable effective project implementation to achieve the intended objectives.**



# **CHAPTER FIVE**

---

## **Procurement Management**



## PROCUREMENT MANAGEMENT

### 5.1 Introduction

The governance of procurement of development projects in Tanzania is primarily dictated by the Public Procurement Act, Cap 410, its Regulations of 2013 (with the Public Procurement (amendment) Regulations, 2016), and supplementary procurement guidelines, mutually determined by the Government and Development Partners. This chapter outlines the key audit findings in the procurements concerning development projects.

### 5.2 Non-execution of the Planned Procurements TZS 133.24 billion

Regulation 69(3) of the Public Procurement Regulations, 2013 requires procuring entities to forecast their requirements for goods, services, and works as accurately as practicable, particularly for services and activities programmed in the annual work plan and included in the annual estimates.

I reviewed the procurement activities for the financial year ending 30 June 2024. I discovered non-execution of the approved annual procurement plans amounting to TZS 133,245,739,645 from six projects, as shown in **Table 16**. Failure to execute planned procurements underscores inefficiencies in adhering to procurement plans and delays in critical infrastructure projects aimed at improving water supply, food security and sanitation in rural areas.

**Table 16: Un-implemented planned procurement**

S/N	Project name	Implementer	Amount (USD)	Amount (TZS)
1	EHPMP	National Environment Management Council (NEMC)	1,888,953.33	4,962,148,171
2	SRWSSP	Rural Water Supply and Sanitation Agency (RUWASA)		55,445,157,515.57
3	NIRC	Tanzania Food Systems Resilience Program (TFSRP) - National Irrigation Commission (NIRC)		29,600,900,000
4	TFSRP	Ministry of Agriculture		41,406,397,858
5	CRTAES-FNS	Nelson Mandela Institution of Science and Technology Centre For Research in Agriculture Advancement	330,000	866,886,900
6	TSSP	Tanzania National Roads Agency (TANROADS)		964,249,200
<b>Total</b>				<b>133,245,739,645</b>

*Source: Contract files*

I recommend that the Ministry of Agriculture, Nelson Mandela Institution of Science and Technology Centre for Research in Agriculture Advancement, TANROADS, NEMC, RUWASA, and NIRC improve planning accuracy, expedite procurement processes, and strengthen monitoring to ensure timely execution of approved procurement plans and project completion, enabling the targeted public to benefit within the specified timeframe.

### **5.3 Conducting Negotiations Without Tender Board Approval for Contracts TZS 1.97 billion**

Regulation 227 (1) of the Public Procurement Regulation, 2013 requires the tender board to approve the negotiation plan before any negotiations begin. However, my review of the tendering files of the SRWSSP implemented by RUWASA indicated that the Lindi and Morogoro Regional Offices negotiated with contractors for contracts worth TZS 1,977,775,551 without getting approval for the negotiation plans from the Tender Board.

This was caused by weaknesses in the internal control environment governing the procurement process, whereby insufficient oversight and monitoring by the management allowed offices to bypass the mandatory tender board approval process.

Without proper checks and balances, the contracts awarded (TZS 1.97 billion) could be exposed to risks such as mismanagement or misuse of funds.

I recommend that RUWASA Management strengthen its internal controls over procurement processes to ensure full compliance with procurement laws.

### **5.4 Inadequate Project Design Resulting in Additional Cost TZS 1.94 billion**

Para 4.1 of the Design, Construction Supervision, Operation, and Maintenance (DCOM) Manual, Fourth Edition, Volume 1, 2020, by the Ministry of Water, emphasizes that accurate water demand assessments for both current and future needs are essential in the planning and design of a water supply project.

I found that RUWASA implemented two water projects valued at TZS 6,739,625,559.39 under SRWSSP in Rukwa and Kagera Regions. RUWASA Rukwa incurred an additional cost of TZS 1,057,354,508, while RUWASA Kagera incurred an additional cost of TZS 884,920,550, as shown in **Table 17**.

**Table 17: Additional costs to the projects**

Project	Implementer	Region	Contract sum (TZS)	Additional cost (TZS)
SRWSSP	RUWASA Rukwa	Rukwa	6,739,625,559.39	1,057,354,508
	RUWASA Kagera	Kagera	4,225,721,712.10.	884,920,550
<b>Total</b>			<b>6,739,625,559.39</b>	<b>1,942,275,058</b>

*Source: Contract files*

These extra costs were due to inadequate project design, which resulted in the omission of key items in the bills of quantities, such as storage tanks and intakes, and insufficient excavation quantities. The situation violated Para 4.1 of the Design, Construction Supervision, Operation, and Maintenance (DCOM) Manual, Fourth Edition, Volume 1, 2020, of the Ministry of Water.

**I recommend that RUWASA ensures comprehensive site assessments and accurate project designs per Para 2.3.1 of the Ministry of Water's Design, Construction, and Operational Manual to prevent additional costs and project omissions.**

## **5.5 Non-Approval of Quantity Changes and Cost Increases TZS 14.97 billion**

Regulation 110(7) of the Public Procurement Regulations, 2013 (as amended by the Public Procurement (Amendment) Regulations, 2016) requires that any changes that alter the scope, extent, or intention of a contract after its execution must receive prior written approval from the Tender Board.

On 13 September 2021, TANROADS signed the contract No. TRD/HQ/1013/2021/22 with M/S Sinohydro Corporation Ltd JV for the construction of Msalato International Airport, Phase 1, Lot 1, Package 1 (Infrastructure), valued at TZS 165,627,031,495.52, for 36 months ending on 20 April 2025. Subsequently, on 14 May 2022, TANROADS signed the Contract No. TRD/HQ/1064/2021/22 with M/S Beijing Construction Group JV for Package 2 (Buildings) at a value of TZS 194,403,506,327.45, with the initial completion date set for 29 November 2025, later revised to 31 March 2025.

A review of IPC No. 15 for Package 1 and No. 7 for Package 2 discovered additional works due to changes in quantities amounting to TZS 14,066,207,038.45 (TZS 12,658,079,407.86 for Package 1 and TZS 1,408,127,630.59 for Package 2) without approval of the tender board.

Similarly, on 20 August 2021, TANROADS signed the Contract No. TRD/HQ/1008/2021/22 with China Railway 15 Bureau Group for upgrading the Mkange-Tungamaa-Pangani Road (120.8 km), including Pangani Bridge (525), to bitumen standard. A review of IPC No. 9 for Lot 3 identified additional work

following changes in quantities amounting to TZS 906,699,474 which was also unapproved by the tender board, details are shown in **Table 18**.

**Table 18: Additional work not approved by the Tender Board**

Implementer	Contract details	Amount (TZS)
TANROADS	TRD/HQ/1013/2021/22	14,066,207,038
TANROADS	TRD/HQ/1008/2021/22	906,699,474
<b>Total</b>		<b>14,972,906,512</b>

*Source: Auditor analysis on IPC No.15 of package 1 & IPC No.7 package 2 & IPC No.9 Lot 3*

These changes in quantities, which resulted in increased costs, were executed without the necessary prior approval from the Tender Board, as required by Regulation 110(7) of the Public Procurement Regulations, 2013.

**I recommend that TANROADS enhance its controls over contract management to ensure the tender board approves quantity changes.**

## **5.6 Contract Awarded Prior Conducting Due Diligence USD 30.75 million (TZS 80.78 billion)**

Regulation 373(1) of the Public Procurement Regulations, 2013 requires a procuring entity to conduct thorough due diligence on the recommended private partner before awarding a contract. This includes verifying the partner's experience, qualifications, references, litigation history, financial capability, and past project performance.

I reviewed contract No. TZ-DAWASA-6497-CW-RFB between the Ministry of Water - Dar es Salaam Water Sanitation Authority (DAWASA) under the Second Water Sector Support Project (WSSP II) and M/S METITO for the Design, Build, and Operate Contract of the Wastewater Treatment Plant at Mbezi Beach, valued at USD 30,752,186.91 (excluding VAT and electricity costs).

I learned that DAWASA did not perform adequate due diligence even though the contract underwent technical and financial evaluation, considering the substantial value of the contract. As a result, the project was almost at a standstill, with no clear explanation, as the contractor failed to submit the required advance payment guarantee and progress in the work.

The Management was concerned that conducting due diligence would take time and could delay the signing of the contract and completion of the project.

I recommend that DAWASA ensures thorough due diligence is conducted for all high-value contracts, including verifying the contractor's capacity and performance history, to mitigate risks for adequate project implementation.

#### 5.7 Procurement of Building Materials Made from Unapproved Suppliers TZS 3.1 billion

My review of the procurement procedures for the construction materials used by the PO-RALG under the SEQUIP for the construction of various schools in Mara Region found that the procurement of materials worth TZS 3,100,824,370 was carried out in violation of the procurement requirements set forth in Para 31.4, 31.5, 32(2), and 32.3 of the Public Procurement Regulatory Authority Guideline for Carrying out Works using Force Account (May 2020).

The materials were procured from suppliers not listed as approved suppliers or shops identified within the community. There were no framework agreements between suppliers and the Government Procurement Services Agency (GPSA). The anomaly is attributed to a failure to engage approved suppliers and follow proper competitive procurement processes. As a result, procurement was made from unapproved suppliers, undermining the principles of transparency, accountability, and the effective use of public funds. This breach of procurement procedures raises concerns regarding the integrity of the procurement process. Details are shown in Table 19.

**Table 19: Items procured from unapproved suppliers**

Implementer	Amount (TZS)
Serengeti District Council	274,306,074
Tarime Town Council	883,591,555
Rorya District Council	430,993,665
Butiama District Council	464,917,208
Musoma District Council	438,024,996
Musoma Municipal Council	608,990,881
<b>Total</b>	<b>3,100,824,379</b>

Source: Contract files

I recommend that the respective LGAs ensure all procurements are made from the approved suppliers as required by the Guidelines.

## 5.8 Procurements Conducted Out of the NeST TZS 4.49 billion

Regulation 342(1) of the Public Procurement Regulations, 2013 requires all procuring entities to utilize the e-procurement system, either fully or partially, in conjunction with traditional manual procedures. In addition, the Ministry of Finance issued Circular No. 2 on 23 July 2023, requiring procuring entities to adopt the e-Procurement System known as NeST, effective 1 October 2023 replacing the use of TANEPS.

My review of the procurement reports and tender files for 2023/24 discovered that six project implementers conducted various procurement of goods and services amounting to TZS 4,497,053,164 out of the National e-procurement System of Tanzania (NeST) which is contrary to Regulation 342(1) of the Public Procurement Regulations, 2013. Details are shown in **Table 20**.

**Table 20: Procurements conducted out of the NeST**

Project	Implementer	Amount (USD)	Amount (TZS)
SEQUIP	PO-RALG		2,620,711,633
ESPJ Program	MoEST		1,311,013,027.
TSMP II	NBS		190,600,000
Global Fund HIV Grant (TZA-H-MOFP)	Ministry of Health	86,903.89	213,062,150
Health Basket Fund	Mwanza City Council		137,512,785
Health Basket Fund	Kilwa District Council		24,153,569
<b>Total</b>			<b>4,497,053,164</b>

*Source: Procurement reports and tender files for 2023/24*

I recommend that the project implementers ensure full compliance with Regulation 342(1) of the Public Procurement Regulations, 2013 by conducting all procurement activities through the NeST. Any procurement outside the system should be documented with valid justifications and approval.



## CONTRACT MANAGEMENT AND PHYSICAL PERFORMANCE

### 6.1 Introduction

This chapter highlights the key audit findings identified in contract management and physical performance of development projects audited in the financial year ending 30 June 2024.

### 6.2 Contract Management

#### 6.2.1 Contracts Signed Without Vetting TZS 13.45 billion

Regulations 59(1)(2) and 60(1)(3) of the Public Procurement Regulations, 2013, as amended by regulations 2 and 3 respectively of the Public Procurement (Amendment) Regulations, 2016 (GN No.121 of 2016) requires that any contract with a value above one billion shillings and that below one billion shillings be vetted by the Attorney General and Legal Officer respectively before signing of the contract.

My review found that contracts amounting to TZS 13,452,879,289.88 were signed without proper vetting. Of these, 251 contracts amounting to TZS 3,550,230,773 belonged to six projects, one contract worth TZS 9,902,648,516 (VAT inclusive) pertained to contract number 88Z5/2023/24/W/0 from Kigamboni Municipal Council for the SEQUIP project. Details are shown in **Table 21**.

**Table 21: Contract signed without vetting**

S/N	Project name	Implementer	No. of contracts	Amount (TZS)
1	ESPJ	MoEST	44	1,872,560,257
2	SEQUIP	PO-RALG	77	674,792,920
3	EPforR II	MoEST	79	494,622,845
4	BOOST	PO-RALG	39	297,060,000
5	SRWSSP	PO-RALG	11	159,133,751
6	BOOST	MoEST	1	52,061,000
Total			251	3,550,230,773

*Source: Management letters of 2023/24*

The anomaly primarily stems from urgent timelines, which led to bypassing legal review to expedite the process. Additionally, there was a lack of quality control mechanisms during the preparation and vetting of the contracts. There were no legal officers at the Folk Development Colleges (FDC) level for contracts under the ESPJ project. The laxity posed potential risk of legal disputes that could result in financial losses and damage to the reputation.



I recommend that the organization implement a more structured contract review process that ensures legal vetting is not bypassed, even under tight timelines. Additionally, quality control mechanisms should be established during the preparation and vetting of the contracts to ensure compliance with legal and regulatory standards. Legal officers should be assigned at the Folk Development Colleges (FDC) level for contracts under the ESPJ project.

### 6.2.2 Interest Charged Due to Delay in Payment of the Contractors TZS 1.29 billion

Clauses 14.7(c) and 14.8 of the General Conditions of the Standard Contracts require that if the contractor is not paid within 56 days after the Engineer (Project Manager) receives the statement and supporting documents, the contractor is entitled to interest on the unpaid amount. This interest is compounded monthly for the duration of the delay. Further, Clause 50 of the General Conditions of the Contract specifically for SRWSSP requires the Contractor to provide monthly statements of work estimates to the Project Manager, who must review and certify payment within 28 days. The Employer then has 28 days to pay the certified amounts. Late payments incur interest calculated from the due date to the payment date.

My review discovered that five projects in the transport and water sectors paid interest charges amounting to TZS 1,294,779,077.60 due to delays in settling contractors' claims, contrary to the terms of the contracts. The interest charges could have been avoided if the payments had been made on time. Details are provided in **Table 22**.

**Table 22: Interest charged due to delayed payment to contractors**

S/N	Project name	Implementer	Amount (TZS)
1	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu -Manyovu (260.6km) Road Upgrading Project	TANROADS	510,782,987
2	BRT Project - Phase II	TANROADS	360,780,035
3	Mwanza Urban Water Supply and Sanitation Authority for Lake Victoria Water and Sanitation Project	MWAUWASA	207,198,193
4	Construction of Msalato International Airport - Phase 1	TANROADS	110,662,937.60
5	Multinational: Bagamoyo - Horohoro/Lunga Lunga - Malindi Road Project: Phase I	TANROADS	105,354,925
<b>Total</b>			<b>1,294,779,077.60</b>

*Source: Project financial statement and general ledger and IPCs*

The anomaly was caused by a lack of coordination among key stakeholders, inefficiencies in payment systems, such as the D-Fund, insufficient funds from

the Treasury, prolonged review and approval procedures, delays in disbursing counterpart funds, and challenges associated with manual VAT exemption processes. The anomaly limits adequate implementation of the contract, causing project delays, escalating project costs, and requiring additional financial injections that could have been allocated to other priority activities.

**I recommend that the Government through the project implementers in collaboration with the Ministry of Finance and the Ministry of Works; streamline and review payment processes, ensure adequate fund flow, and fast-track approvals for Interim Payment Certificates and invoices to avoid penalties and interest charges; and adopt efficient systems by ensuring that D-Fund system approvals are completed promptly, and payments to contractors and consultants are made on time per the contract terms to avoid unnecessary delays in achieving project objectives and to mitigate interest costs arising from delayed payments.**

### 6.2.3 Unsecured Advance Payments TZS 13.79 billion

Clause 14.2.4 of the General Conditions of the Standard Contracts requires the employer to make an advance payment to the Contractor, provided the Contractor submits an Unconditional Bank Guarantee from a bank acceptable to the employer. The advance payment shall only be granted by the Procuring Entity upon receipt of the Advance Payment Bank Guarantee from a reputable bank.

During our audit, I found that advance payments totaling TZS 13,792,176,593.92 were made without securing the required Advance Payment Guarantees, posing a financial risk. Specifically, an advance payment of TZS 4,028,532,995.75 was issued for 15 contracts valued at TZS 32,422,363,559.26, executed by five regional offices of the Rural Water Supply and Sanitation Agency (RUWASA) under the Sustainable Rural Water Supply and Sanitation Program (SRWSSP), without the necessary guarantees. Similarly, under the Water Sector Development Programme Phase III (WSDP III), an advance payment of TZS 9,612,834,696 was made for a project with a contract sum of TZS 48,064,173,480.50, also without securing the required guarantee.

Additionally, upon reviewing Contract No. ME-011/2021-2022/W/CONTRACT/02 under the Second Water Sector Support Project (WSSP II) for the construction of the Water Resources Centre of Excellence (WRCOE) Building in Dodoma Municipality, valued at TZS 1,885,111,277.12 (VAT exclusive), I found that as of 17 October 2023, the contractor had already invoiced 88% of the contract amount, yet the advance payment of TZS 150,808,902. remained unsecured.

Furthermore, the period for recovering this payment had lapsed, as the contract expired on 30 October 2023, increasing the risk of non-recovery. I attribute the anomaly to weak contract management and oversight. Details are provided in **Table 23**.

**Table 23: Unsecured advance payments**

Project name	Implementer	No. of contracts	Contract amount (TZS)	Amount of performance security (TZS)
SRWSSP	RUWASA	15	32,422,363,559.26	4,028,532,995.75
WSSP II	MoW	1	1,885,111,277.12	150,808,902.17
WSDP III	MoW	1	48,064,173,480.50	9,612,834,696.00
<b>Total</b>		<b>17</b>	<b>82,371,648,316.88</b>	<b>13,792,176,593.92</b>

*Source: Project files*

I recommend that the government strengthen controls over contract management to ensure that no advance is paid without obtaining guarantees.

#### 6.2.4 Long Outstanding Contractor's Claims TZS 13.70 billion

Clause 14.7.1 of the General Conditions of the Standard Contracts between TANROADS and contractors requires TANROADS to pay contractors within 56 days from the date the Resident Engineers receive an application for payment from the contractors.

My review revealed long outstanding contractors' claims amounting to TZS 13,701,000,959.19 across three road upgrading projects under Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu -Manyovu (260.6km) Road Upgrading Project implemented by TANROADS. Of the amount, TZS 7,133,386,508.51 pertained to the contribution by the Government of Tanzania (GoT), while TZS 6,567,614,450.68 related to works funded by the African Development Bank (AfDB). The payment delays ranged from 57 to 781 days beyond the stipulated period of 56 days as required by Clause 14.7.1 of the General Conditions of Contract. Details are shown in **Table 24**.

**Table 24: Long outstanding contractor's claims**

Lot No.	IPC No.	Contractor	Source of fund	Amount (TZS)	Days delayed as October 2024 (Range)
1	6	Zhejiang	GoT	1,139,708,834.44	130-341
2	17	Sino Hydro	GoT	2,680,548,305.63	98-617
3	28	Stecol	GoT	3,313,129,368.44	57-781

Lot No.	IPC No.	Contractor	Source of fund	Amount (TZS)	Days delayed as October 2024 (Range)
			AfDB	6,567,614,450.68	57-547
Total				13,701,000,959.19	

*Source: Monthly progress reports and interim payment certificates for Lots 1, 2 and 3*

The anomaly was caused by insufficient funds released by the Ministry of Finance for the GoT contribution and delays in obtaining no objections from the AfDB for addendum works exceeding the approved contract amounts. Prolonged delays have implications, such as accrued interest charges, increased project costs, and cash flow disruptions for contractors. Such challenges adversely affect project progress, leading to further implementation delays and risking the timely delivery of critical infrastructure.

**I recommend that TANROADS collaborates with the Ministry of Works and the Ministry of Finance to ensure contractors' claims are paid on time to avoid interest charges. Ensures that requests for no objections are submitted on time to prevent delays in project implementation.**

#### **6.2.5 Works Executed Without Submission of the Performance Securities TZS 57.80 billion**

Regulation 29(5) of Public Procurement Regulations, 2013 requires that if a contract is amended after signing, leading to a cumulative increase of cost of over 10%, the procuring entity must require the contractor to provide extra performance security of 10% to cover the increase. Guideline 11.2 of the Guidelines for Securities in Public Procurement of February 2022 requires submission of performance security by the Tenderer prior to contract signing.

My review of contract documents for the executed projects noted anomalies related to the submission of performance securities by contractors and suppliers;

##### **(a) Non-Submission of the Performance Security TZS 9.90 billion**

Kigamboni Municipal Council entered contract No. 88Z5/2023/24/W/07 with Ramada Construction Engineers Company Limited for the construction of the New Regional Secondary School (Kidete Secondary School) at a contract price of TZS 9,902,648,516.44. My review disclosed that the contractor did not submit performance security for the works. This was contrary to the Public Procurement Regulation 29(1) of the Public Procurement Regulations, 2013 and Clause 62.1 of the General Conditions of Contract.

**(b) Extension of Contracts Without Extending Performance Securities TZS 5.70 billion**

The Ministry of Health signed a contract with T-MARC Tanzania on 25 November 2022. The contract aimed at procuring, storing, branding, promoting, and distributing social-market male condoms valued TZS 5,707,492,397.34 for one year under the Global Fund HIV Grant (TZA-H-MOFP), implemented by the Ministry of Finance. The performance bank guarantee, submitted on 2 November 2022, was valid until 31 December 2023. However, the Ministry extended the contract from 23 January 2024 to 22 July 2024 without extending the performance guarantee to cover the extended period.

**(c) Non-Update of the Performance Securities to Reflect the Revised Contract Price TZS 4.21 billion**

Suppliers of goods for Lots I to IV under the Digital Tanzania Project (DTP), implemented by MoEST noted that the original contract was revised from TZS 35,757,491,467 to TZS 42,193,839,931.14 to include 18% VAT that was initially omitted in the original contract, the revised contract requires Management to update the performance security to TZS 4,219,383,993.12 as 10% of the contract price.

The anomalies are attributed to inadequate follow-up by the MoEST management in demanding the performance security. However, failure to submit the performance security exposes the MoEST to potential financial risks and compromises the project's accountability and timely completion.

I recommend that the Management of project implementers strengthen controls to prevent such anomalies in future and ensure contractors and suppliers submit and update the performance securities in line with contract terms to fully cover the contract scope, thereby guaranteeing project performance and providing compensation in case of under or non-performance.

### **6.3 Physical performance**

#### **6.3.1 Construction of New 35 Primary Schools and 148 Secondary Schools in Un-surveyed land TZS 125.14 billion**

PO-RALG is implementing the BOOST project to improve equitable access to quality education in pre-primary and primary schools and the SEQUIP program to expand secondary education access, support girls' learning environments, and

enhance completion rates of quality secondary schools for all students in mainland Tanzania.

To ensure the sustainability of the projects, the Permanent Secretary of PO-RALG, through the letter with Ref. No. DB.291/297/04/51 of 22 March 2023, instructed the LGAs to ensure that the schools are constructed in the surveyed areas and title deeds of the corresponding plots are obtained within three months from the date of the instruction.

My review and site visit noted that the 35 new primary schools and 148 secondary schools costing TZS 15,819,500,000 and TZS 109,327,133,843 respectively, were constructed in un-surveyed land contrary to the Permanent Secretary's instruction.

Inadequate follow-up by the accounting officers in obtaining lands for the construction of the schools. The anomaly exposes the constructed schools to the risk of land disputes such as ownership and demarcations.

**I recommend that the management of the respective LGAs expedite the process to ensure that plots for 35 primary and 148 secondary schools are surveyed, and the title deeds are obtained without further delay.**

### **6.3.2 Completed Project Infrastructures Yet to be Put in Use TZS 10.15 billion**

PO-RALG issued an instruction with reference No. DA.291/297/06 on 9 August 2023 requires project implementers to ensure that construction and rehabilitation of the infrastructures are completed within three months after receipt of the funds.

In addition, Paragraph 3.3.8 of the Targeted Infrastructure (TI) Handbook for TASAF requires that completed projects must be inspected, certified according to quality and other pre-defined criteria, and officially commissioned through an inauguration ceremony, followed by issuing a completion certificate to the community.

My review of project documents and site visit conducted in August 2024 disclosed that school infrastructures worth TZS 10,159,860,156 including constructed toilet stances, classrooms, laboratories, libraries, and ICT rooms under three projects in the education and water sectors, were completed but remained unused.

Similarly, TI sub-projects in 15 Project Area Authorities (PAAs) under TASAF III-PSSN II amounting to TZS 2,853,955,649.90 were completed but not used. In addition, the TANIPAC project under the agriculture sector, the constructed quarantine facility, quality control lab and warehouses worth TZS 5,742,587,254 were also completed yet to be put in use, details are provided in **Table 25**.

**Table 25: Completed project infrastructures not put in use**

Project name	Implementer	Type of completed infrastructure	Time completed	Amount (TZS)
EPforR II	MoEST	Completed constructed classrooms and toilet stances	Within the financial year 2023/24	500,000,000
TASAF III-PSSN II	TASAF	Completed Targeted Infrastructure (TI) Sub-projects	Within the financial year 2023/24	2,853,955,649.9
SEQUIP	PO-RALG	Completed classrooms, laboratories, libraries, ICT rooms and stances toilets	Two projects in 15/08/2023 and seven projects on 30/06/2024	1,063,317,252
TANIPAC	Ministry of Agriculture	Constructed quarantine facility and quality control lab and warehouses	One project on 31/07/2023 and two projects on 22/8/2022	5,742,587,254
<b>Total</b>				<b>10,159,860,156</b>

*Source: Site visit conducted in August 2024*

I attribute the anomaly to the non-availability of furniture, laboratory equipment, IT Equipment, lack of water supply for use in the constructed pit latrines and delay in issuing the completion certificates to school management. In TASAF projects, PAAs had made inadequate preparation for the arrangement of the inauguration ceremony and completion certificates to allow the use of completed infrastructure while there was inadequate contract supervision for the TANIPAC project. The anomaly limits the value for money and intended benefits to the beneficiaries/community.

I recommend that MoEST liaises with PO-RALG to fast-track the purchase of furniture, equipment, and availability of water supply so that the completed school infrastructure can be put into use without further delay; Management of the respective Project Area Authorities fast-track arrangements for the inauguration ceremony and completion certificates so that the projects are put in use without further delay; and TANIPAC should strengthen contract supervision to resolve any outstanding obligation so that the project is put in use without further delay.

### 6.3.3 Structural Designs of Buildings for 83 Secondary Schools Were Not Approved by the Fire and Rescue Force

Regulation 248 of the Fire and Rescue Force (Fire Precautions in Buildings), 2015 requires that where it is proposed to erect a building or to make any extension of or structural alteration to a building and in connection with the proposals, and plans are in accordance with building regulations deposited with a Local Authority, the Local Authority must consult the Fire and Rescue Force before passing those plans.

I discovered that the structural designs of the buildings for 83 secondary schools from 78 LGAs under EPforR II were not approved or reviewed by the Fire and Rescue Force. The respective LGAs received a total of TZS 9,773,868,500 for the construction of dormitories and classrooms as of 30 June 2024.

I attribute the anomaly to management oversight that building designs were not diligently certified. While I acknowledge the non-incompliance with the Fire and Rescue Force regulations, there is a high risk that the structural designs of the 83 secondary schools may not be standard for adequate use for the students.

I recommend that the LGAs liaise with the Fire and Rescue Force so that the structural design of the buildings for the 83 secondary schools are prospectively reviewed, and the changes (if any) are accommodated. The LGAs should also ensure that the structural designs of the buildings are routed to the Fire and Rescue Force for their review before the commencement of the construction.

### 6.3.4 13 Projects Were Executed Without Conducting the Environmental and Social Impact Assessment (ESIA) TZS 47.42 billion

Section 81 (3) (4) of the Environmental Management Act, 2004 requires work not to be undertaken without an environmental impact assessment certificate issued by the National Environment Management Council (NEMC), and that any person who contravenes subsection (3) commits an offence.

My review found that 13 projects amounting to TZS 47,427,056,110 were executed without conducting the Environmental and Social Impact Assessment (ESIA). One project amounting to TZS 24,921,111,947 related to SRWSSP implemented by RUWASA while the other 12 projects amounting to TZS 22,505,944,163 related to the Secondary Education Quality Improvement Project (SEQUIP) implemented by the LGAs as shown in **Appendix V**.



Funds disbursed to the LGAs for implementation of the SEQUIP are exclusively earmarked for the construction without the ESIA component. The funds were disbursed with instructions for short-period implementation, normally three months after the date of receipt of the funds. There was management oversight for conducting the ESIA for the Sustainable Rural Water Supply and Sanitation Program (SRWSSP).

Failure to conduct the ESIA before the commencement of the project could expose it to the risk of environmental degradation, legal non-compliance, health, and safety, not only to the project but also to the community. However, without ESIA, negative impacts such as soil erosion, water pollution, or destruction of biodiversity, could not be identified or mitigated.

**I recommend that MoEST ensures the funds disbursed to the LGAs for the implementation of projects are inclusive of the ESIA component. Project implementers should ensure that ESIA is conducted before construction.**



## **CHAPTER SEVEN**

---

### **Technical Audit on the Construction of Julius Nyerere Hydro Power Project (JNHPP)**

## **TECHNICAL AUDIT ON THE CONSTRUCTION OF JULIUS NYERERE HYDRO POWER PROJECT (JNHPP)**

### **7.1 Introduction**

The Julius Nyerere Hydro-Power Project (JNHPP) aims to provide affordable hydroelectric power, control flooding, and support irrigation, water supply, environmental protection, and wildlife conservation. JNHPP has a capacity of 2,115 MW and an annual output of 6,307 GWh. It is implemented by TANESCO through the Consultancy of the TANROADS Engineering Consulting Unit (TECU) under the Arab Contractors and Elsewedy Electric JV. The cost of the project is TZS 6.56 trillion. It is fully funded by the Government of Tanzania.

The project was scheduled for completion on 14 June 2022 then extended to 31 May 2025. However, the overall progress was 99.35% as at the time of the audit in December 2024. By that month, there was no defined and consented time for project completion. The project contract was classified as a “Contract at Large” that the completion date of the project depended on circumstances/no specific completion date.

The audit assessed whether TANESCO managed the project with due regard to time, cost, and quality to achieve the intended objectives.

My audit covered the implementation for a period of four years, from December 2022 to December 2024. The overall progress was 85% in December 2022 and 99.35% as of 31 December 2024.

### **7.2 Project Planning, Design and Procurement**

#### **7.2.1 Inadequate Emergency Preparedness and Response Plan for Flood Downstream**

Regulation 6(1) (j) of the Environmental Management (Environmental Impact Assessment and Audit) Regulations, 2018, requires the preparation of an Emergency Preparedness and Response Plan to ensure the health and safety of the workers and neighbouring communities during the project life cycle.

I learned that TANESCO did not adequately prepare its Emergency Preparedness and Response Plan (EPRP) for downstream flood emergencies during the Plant's operation. The plan lacked a communication strategy with key stakeholders, such as the Prime Minister's Office - Disaster Management Division, Fire and Rescue Force, Rufiji Water Basin Board, Rufiji District Council, and TANAPA. It

also omitted measures to raise awareness among downstream communities residing in flood-prone areas.

The anomaly was due to TANESCO's inadequate preparedness during the takeover of the dam operations, and inability to consider the potential impacts of a dam failure and the downstream overflow when the spillway gates are opened, causing an increased quantity of inflow water in the reservoir.

The anomaly may escalate the risk in case of dam failure, leading to loss of life, extensive property and infrastructural damage, environmental degradation, and severe economic losses.

**I recommend that TANESCO develop a comprehensive Emergency Preparedness and Response Plan (EPRP) with a clear communication strategy for key stakeholders and awareness programs for at-risk communities to mitigate flood risks.**

### **7.3 Contract Management**

#### **7.3.1 Engagement of the Foreign Law Firm Without Obtaining Attorney General's Approval**

According to Section 20(1) of the Office of the Attorney General (Discharge of Duties) Act, CAP 268 [R.E 2019], any government ministry, agency, or entity must obtain written approval from the Attorney General (AG) before hiring a legal consultant. This requirement ensures that proper procedures are followed and that qualified legal professionals are engaged for government-related legal matters.

I found that Tanzania Electric Supply Company Limited (TANESCO) engaged a foreign law firm, M/s Fasken, to represent the company in a Dispute Adjudication Board (DAB) proceeding without obtaining the necessary prior approval from the Attorney General.

TANESCO officially wrote to the Office of the Attorney General on April 6, 2023 (Ref. No. DMDPRI/PC/JNHPP/06/298) to request approval for hiring legal consultants for the DAB proceedings. The Attorney General granted approval through a response letter (Ref. No. CBC.69/381/04/23) on April 18, 2023.

However, upon review of the documents, I found that the law firm had already been engaged before the Attorney General's approval was obtained. Specifically, the lawyer had been formally hired on March 15, 2023, as indicated in the letter of engagement.

By engaging a legal firm without prior approval, TANESCO violated legal procedures and risked appointing an incompetent law firm for the task.

The selected lawyer lacked sufficient experience in handling major construction projects, particularly those involving hydropower plants and contracts based on internationally recognized FIDIC contract standards, including the General Conditions of Contract (**Design and Build Contract, 1st Edition, 1999 - Yellow Book**), **EPC/Turnkey Contract, 1st Edition, 1999 - Silver Book**, and **Construction Contract, 1st Edition, 1999 - Red Book**).

Due to this lack of expertise, the legal representation was not effective in protecting TANESCO's interests. This was evident in the DAB decision issued in October 2024, where the contractor was granted favorable rulings in several cases. Specifically, two rulings favored the contractor both in terms of merit and compensation (quantum).

The other two rulings favored the contractor in terms of merit, but the compensation amount (quantum) was left to be determined by the Employer's Representative (ER). One case was entirely dismissed, and another ruling was partially awarded to the contractor, but the compensation claim was rejected.

**I recommend that TANESCO seeks guidance and approval from the Attorney General when engaging with foreign legal agencies during implementation of their activities.**

### **7.3.2 Payment Made to the Consultant Without Contract TZS 752.87 million**

Regulation 317(2) of the Public Procurement Regulations, 2013 requires the procuring entity and the firm to agree on the unit rates to be paid for the experts, and payments are made based on the time used.

My review found that TANESCO paid a total of TZS 752,873,457.90 for legal services provided between 30 June 2023 and May 2024 without a contract with the Law Firm (M/s Fasken). During this period, payments were based on the letter from the consultant (reference no DMDPRI/PC/JNHPP/06/223 of 12 June 2023). Subsequently, TANESCO and the consultant retrospectively signed a contract, but the agreement lacked a reference number for the service rendered.

The absence of a formal contract could expose TANESCO to financial, and compliance risks, as it may be difficult to enforce terms or hold parties accountable. Without a contract, the specific terms and scope of the legal

services rendered might not be properly defined, leading to ambiguity over deliverables and the quality of service provided.

I recommend that TANESCO ensure all future agreements are formalized with proper contracts in place, including reference numbers and clear terms, before making any payments. Additionally, TANESCO should implement stronger internal controls to ensure compliance with procurement and financial regulations to avoid similar issues in the future.

### **7.3.3 Non-Deduction of Withholding Tax TZS 143.94 million**

Section 83(A) and Para 4(c) of the First Schedule of the Income Tax Act, CAP 332 requires deduction for withholding tax for payments made in respect of the provision of services at the rate of 15% or 5% for non-residents and residents, respectively, and 2% for the supplier of goods for local companies.

I found that TANESCO did not withhold and remit the required 15% withholding tax amounting to TZS 143,947,108 on the payment made to the Law Firm and the Independent Hydropower Expert.

The anomaly is attributed to ineffective internal controls on payment processes and tax administration by TANESCO, leading to potential loss of government revenue.

I recommend that TANESCO strengthen its internal payment controls and improve tax administration processes to ensure compliance with financial and tax regulations. Furthermore, TANESCO ensures the withholding tax amounting to TZS 143,947,108 is recovered from subsequent payments from the Lawyer and Independent Hydropower Expert payments and remitted to the Tanzania Revenue Authority without further delay.

### **7.3.4 Non-Deduction of the Delayed Damages TZS 327.93 million**

Clause 8.7 of the General Conditions of Contract of the EPC Turnkey Contract requires that if the contractor fails to comply with the time for completion, the contractor shall pay the delayed damages to the employer for such default. Also, clause 8.7 of the condition of the contract requires the amount of the delayed damages to be 0.1% of the contract price per delayed day, and the maximum amount of the delayed damages to be 5% of the contract price.

My review of the contract and project files revealed that the EPC contract was signed on 12 December 2018, with an expected completion date of June 14, 2022. However, I found that TANESCO, through TECU, did not deduct delay



damages totaling TZS 327,931,025,254 from the contractor's payments, despite a project delay of 352 days from the revised completion date of 14 January 2024 up to the audit date of 31 December 2024.

TANESCO and TECU stated that the delay damages should have been TZS 273,788,089,010 based on the takeover agreements. However, there was no evidence confirming that the takeover process was complete. Consequently, claims remained valid under Clause 8.7 of the contract, amounting to TZS 327,931,025,254. The failure to deduct delayed damages resulted from inadequate monitoring of the contract by the project consultancy. Without enforcement, contractors may deprioritise timely completion, leading to project delays and increased costs.

**I recommend that TANESCO ensures the delay damages worth TZS 327,931,025,255 is deducted from the future contractor's payments.**

## **7.4 Implementation of the Corporate Social Responsibility**

### **7.4.1 Delay in Implementation of the CSR TZS 262.34 million**

Clause 2.1.6 of the Corporate Social Responsibility (CSR) Agreement requires that TANESCO and the Contractor negotiate and sign a detailed agreement on implementing CSR projects within one month after signing the contract. The Contract was signed on 12 December 2018; therefore, the CSR agreement was supposed to be concluded and signed by 13 January 2019.

My review of the Environmental and Social Management Plan (ESMP) report of August 2024 and the monthly Progress Report No.66 of October 2024 noticed a delay of five years and nine months in the implementation of the CSR projects amounting to TZS 262,343,199,340. The projects include; Technical Institutions of Electricity, ICT and Health such as; ICT College in Kigoma, Electricity College in Lindi, Health Institute in Tanga, and Health Institute in Dodoma.

A further review indicated that the CSR projects were initially planned to be completed by June 2023. However, at the time of the audit (31 December 2024) the CSR projects were not implemented even though JNHPP approached completion at a progress of 99.35%.

The matter was under review by the Government Negotiation Team (GNT), however it remained unresolved. On 11 October 2024, TANESCO sent a letter with reference number DMDPRI/PC/JNHPP/06/528 to the Office of the Attorney General seeking guidance on the pending CSR projects

I recommend that TANESCO collaborates with the Government Negotiation Team (GNT) to urgently ensure the contractor commits the delayed 1% of the contract Price as part of 4% of the contract price for CSR projects by issuing demand letters, accelerating negotiations, and enforcing the timely disbursement and implementation of CSR projects to achieve the project's social impact objectives and restoring stakeholder confidence on the JNHPP ownership.





## **CHAPTER EIGHT**

---

### **Technical Audit on the Rural Electrification**

## TECHNICAL AUDIT ON THE RURAL ELECTRIFICATION

### 8.1 Introduction

The Tanzanian Government recognizes the energy sector's role in driving growth and achieving national goals, including rural electrification by 2033. To support this, it established the Rural Energy Agency (REA) and the Rural Energy Fund (REF). A directive (Ref. No. CAB/72/416/02) from the Ministry of Energy in January 2020 tasked REA and TANESCO with electrifying mining areas.

The audit covered the period from 2020/21 to 2023/24 because REA has implemented electrification projects in small-scale mining, industrial, and agricultural areas to speed up access to energy and support development.

The audit assessed REA's efficiency and effective management of rural electrification projects to ensure sustainable energy access and improved livelihoods. An assessment of Lots 1, 3, 4, and 5, covered four (4) key areas including project planning and design; forecasting, disbursement and utilisation of project funds; procurement of contractor and materials for electrification; and contract management covering project cost, time, and quality aspects, environment, social, safety, health management, and human resources on rural electrification projects.

### 8.2 Planning and Design of the Project

#### 8.2.1 Absence of Power Market Survey

Part 3.1 on page number 16 of the Revised Feasibility Study for Electrification of Small Mining Sites, Agricultural Irrigation Schemes, and Industries Projects (2022) emphasized the need to conduct a power market survey to identify non-electrified sites, and potential customers and to estimate electricity demand.

REA did not conduct the required Power Market Survey as emphasized in the Revised Feasibility Study for Electrification of Small Mining Sites, Agricultural Irrigation Schemes, and Industries Projects (2022). Instead, REA relied on data from previous studies and assumptions, lacking the actual power demand in areas for electrification. This practice affected the accuracy of the estimates of the demand for electricity and the identification of non-electrified sites.

Without a proper power market survey, the accuracy of the estimated demand for electricity and identification of non-electrified sites could be uncertain. This increases the risk of planning inefficiencies, such as under- or

overestimation of electricity needs, which could lead to project delays, cost overruns, or resource misallocation.

I recommend that REA conducts a comprehensive power market survey for future projects to ensure accurate identification of non-electrified sites and potential customers and make precise estimate of demand for electricity. This will improve project planning and ensure that resources are allocated effectively based on reliable data.

### 8.2.2 Inadequate Preparation of the Price Schedules for Lots (1-6) Resulting to Deviation of TZS 15.34 billion

Regulation 69(3) of the Public Procurement Regulations, 2013 requires a Procuring Entity to accurately forecast its needs for goods, services, and works based on the annual work plan and budget estimates.

The audit found inconsistencies in REA's procurement price schedules across six lots, leading to discrepancies between cost estimates, signed contracts, and addenda pricing. Notably, deviations ranged from 3.14% to 32.63% above consulting engineers' estimates, with Lots 1 and 4 exceeding the original budget by over 20%, raising value-for-money concerns (see Table 26).

**Table 26: Percentage deviation of cost estimates and contract signed**

Lot	Estimates (Billion TZS)	Contract Signed (Billion TZS)	Deviation <sup>3</sup> (Billion TZS)	Deviation (%)
1	9.04	11.99	2.95	32.63
2	14.31	14.99	0.68	4.75
3	14.36	18.05	3.69	25.70
4	8.15	10.46	2.31	28.34
5	38.27	39.47	1.20	3.14
6	15.81	20.33	4.52	28.59
Sum	99.94	115.28	15.34	15.37

*Source: Auditors' analysis of the financial year 2023/24*

I attribute this to REA officials lacking realistic cost estimates for negotiations, which affected their ability to reject overpriced tenders, as required by Section 59(2)(d) of the Public Procurement Act, 2011. This increased the risk of ineffective negotiations and compromised value for money.

REA should enhance the accuracy of cost estimates by standardizing price schedules, strengthening coordination between procurement and user

<sup>3</sup> Between contract signed and estimates

departments. Additionally, REA should implement strict review mechanisms to justify deviations and improve negotiation effectiveness.

### **8.2.3 REA Used Transformers of Low Capacities than the Recommended in the Feasibility Study**

Section 39 (1)(b) of the Public Procurement Act, 2011, requires the User Department to prepare technical inputs as statements of requirements and/or terms of reference for procurement and submit them to the Procurement Management Unit.

I discovered that the feasibility study excluded 50 kVA transformers entirely and recommended 100 kVA and 200 kVA for all regions, and 315 kVA except in Simiyu, Arusha, Kilimanjaro, and Tanga. However, REA omitted 315 kVA transformers and replaced them with 50 kVA without conducting a power demand analysis. The 50kV, 100kV and 200kV were procured and installed in all regions, but those of 315kV were omitted, contrary to the feasibility study's recommendations. This suggests the revisions overlooked the forecasted demand, risking infrastructure shortfalls, power outages, and economic slowdowns.

REA explained that the MV and LV overhead line networks are designed to meet both current and future electricity demand. They use 100 mm<sup>2</sup> ACSR bare conductors and 95 mm<sup>2</sup> ABC conductors for the main feeders. REA also stated that once the project is handed over, TANESCO is responsible for managing the load, and H-pole structures are designed to support larger transformers.

However, I found no justification from TANESCO confirming the adequacy of this arrangement or a clear plan to address potential under-capacity issues in transformers. This raises concerns about whether the power infrastructure can reliably support the expected electricity demand in the project areas.

I recommend that REA prioritises the conducting of a comprehensive power market survey for future projects to ensure accurate identification of non-electrified sites and potential customers and make precise estimates for electricity demand. This will improve project planning and ensure that resources are allocated effectively based on reliable data.

#### 8.2.4 Contract Management Installation of Materials without Conducting Factory Acceptance Tests (FAT)

Clause 7.2 of the General Conditions of Contract and Procurement Procedural Form No.14A, materials must be experimentally tested and qualified for project execution. Additionally, qualified personnel and laboratories are required to conduct and witness the tests before applying the materials.

I found that although there were materials which underwent the Factory Acceptance Test (FAT), REA allowed the use of alternative materials in Lot 3 and Lot4, including materials procured and installed in Mwanza, Geita, Simiyu, Mara, Kagera, Iringa, Mbeya, Njombe, Rukwa and Songwe which did not undergo or pass the required FAT. The materials that did not undergo FAT included; line materials, cables, line wires, and earthing materials and meters.

REA clarified that the materials which underwent FAT were not imported due to restrictions of COVID-19. Those materials included insulators, cables, line wires, supporting materials, ACSR cables, and earthing components were already tested at M/S Yueqing Laurence Imp. & Exp. Co. Ltd in China, and meters tested at M/S Tanzania Clou Electronics Co. Ltd. The restrictions of COVID-19 led the contractor M/s Ok Electrical and Electronics Service Limited to request approval from the Director General of REA to use alternative local suppliers. The proposed suppliers included M/s Volex for line materials, cables, line wires, and earthing materials, M/s Everwell for ACSR cables, and M/s Bahdela for meters.

A letter dated 27 September 2023 with Ref. No. AG 143/355/04/6 from REA to M/s Ok Electrical and Electronics Services Limited approved these suppliers, subject to the condition that the contractor submitted warranties and inspection reports. Subsequently, REA relied on the Pre-export verification of conformity (PVoC) documents of the imported Line material, such as insulators, cables, line wires, supporting materials, ACSR cables, and earthing components from (Volex Electrical and Decorators Ltd), contrary to the requirement of performing the Factory Acceptance Test (FAT) of equipment or required warranties and FAT reports.

Furthermore, it was found that the contractor requested to use alternative meters from M/S Bahdela because they were locally available. However, the FAT report was conducted by Tanzania Clou Electronics Co. Ltd. Remarkably, based on the review of the FAT reports, I discovered that REA did not provide evidence of FAT being conducted at M/S Bahdela.

Using materials that did not undergo or pass the Factory Acceptance Tests (FAT) could have technical implications for the quality of the project, protection equipment/devices such as CB, isolators, fuses and auto-reclosers. Non-compliant materials might fail to meet the required performance standards, compromising the overall reliability and durability of the electrical infrastructure.

This could lead to increased susceptibility to failures, such as breakdowns in insulation, line wear, or structural integrity of supporting materials. Additionally, the use of unverified materials raised concerns about their ability to withstand environmental conditions, load demands, and operational stresses, potentially resulting in frequent maintenance, reduced lifespan of the infrastructure, and operational inefficiencies.

**I recommend that REA ensures crucial testing is undertaken and supervised according to the standard as required and strengthen quality control by enforcing regular inspections and corrective actions to ensure compliance with contract specifications for pole installation, bush clearance, material handling and safety measures and ensure works are undertaken by qualified personnel.**

#### **8.2.5 Undocumented Change of Villages for Lot 3 In Geita Region**

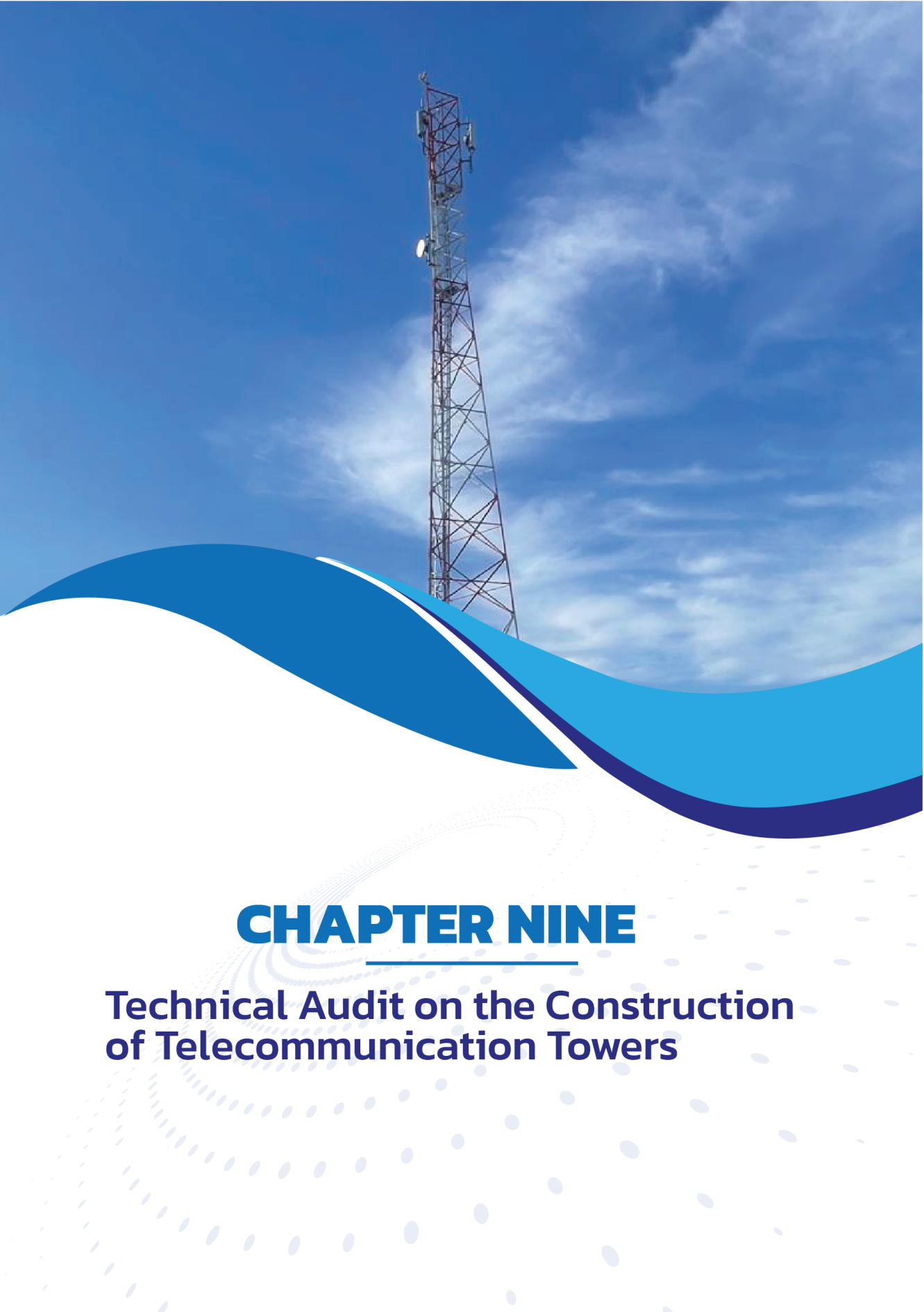
Clause 13.1 of special conditions of contract No. AE/008/2020-22/HQ/W/34 requires variations to be initiated by the Project Manager at any time prior to issuing the Taking-Over.

The audit found that REA made undocumented changes to the scope of the electrification project, including altering the villages to be electrified. The feasibility study initially allocated Magema village in Geita for electrification. However, during execution, REA shifted the focus to Ikumbayaga village without documenting those changes through project manager instructions or employer approval, as required by Clause 13.1 of Special Conditions of the Contract.

This consequently resulted in not meeting the intended goal of supplying electricity to designated areas. The undocumented change of scope was caused by inadequate supervision of REA during a survey by the contractor to ensure the project was implemented in the location designated in the contract.

**I recommend that REA implements a formal procedure to document and justify any changes in project scope, ensuring alignment with original feasibility or survey studies and or obtaining necessary approvals.**





## **CHAPTER NINE**

### **Technical Audit on the Construction of Telecommunication Towers**

## TECHNICAL AUDIT ON THE CONSTRUCTION OF TELECOMMUNICATION TOWERS

### 9.1 Introduction

In 2006, the United Republic of Tanzania established the Universal Communications Service Access Fund (UCSAF) to improve communication access in rural and urban underserved areas. Through UCSAF, the government has constructed about 2,185 telecommunications towers since 2006 to provide communication services in 1,974 Wards and 5,111 Villages. Under Phase 5, Phase 5A, Border and Special Zone (BSZ) Phase 5, Phase 6, Border and Special Zone (BSZ) Phase 6, and Phase 8, UCSAF subsidized the construction of 515 telecommunication towers in rural areas across all 26 regions of Mainland Tanzania.

This audit assessed whether UCSAF effectively managed the construction of telecommunication towers to ensure the availability and sustainability of communication services in underserved rural and urban areas. The audit covered the four financial years from 2020/21 to 2023/24.

### 9.2 Planning and Identification of Areas for the Construction of Communication Towers at Under-served Areas

#### 9.2.1 Inadequate Planning on the Identification of Underserved Areas

Section 6(a) of the Universal Communication Services Access Act, 2006, requires UCSAF to identify areas to be subsidized.

My review found that UCSAF did not plan to identify new underserved areas during the financial years 2021/22 to 2022/23 for the construction of telecommunication towers in underserved areas. This was evidenced by a lack of a comprehensive data bank for rural and urban underserved areas, having no systematic mapping or quarterly updates, as required. These shortfalls prompt inadequate identification of underserved areas.

UCSAF receives details of underserved areas from sources such as Tanzania Mobile Network Operators Association (TAMNOA), Tanzania Communications Regulatory Authority (TCRA), Local Government Authorities (LGAs), Members of Parliament (MPs), and the public. While TCRA's routine verifications provided a list of underserved areas for UCSAF's project consideration. UCSAF neither planned for their identification nor implemented necessary actions. UCSAF's officials clarified that the selection of underserved areas was based on verified complaints from MPs and LGAs, making the process both reactive and proactive,



which was contrary to Section 6(a) of the Universal Communication Services Access Act, 2006.

Inadequate identification of underserved areas to be subsidized caused expenditure amounting to TZS 4,284,985,000 to be incurred for the construction of areas that were already served. The disbursed subsidies were TZS 5,763,835,000 for the not initially identified areas, as underserved areas for Phase 6 BSZ and Phase 5 as described in (a) and (b):

**(a) UCSAF's Incurred Expenditure Amounting to TZS 4.28 billion for Construction of New Areas that were Already Served**

A review of UCSAF's phase six projects revealed that 24 wards were awarded to service providers for the construction of telecommunications towers, costing TZS 4,284,985,000. The wards were already covered in other or the same projects, details are shown in **Table 27**.

My enquiries revealed that topography and population growth were reasons for awarding similar wards to multiple providers. I was not availed with any evidence for justification on duplication of the served wards.

**Table 27: Subsidies allocated to wards which were previously served**

Region	District	Ward	Initial phase	Duplicated phase	Awarded amount in the initial phase (TZS)	Subsidy awarded in subsequent phases (TZS)
Dodoma	Dodoma	Chihanga	4	8	170,000,000	320,000,000
	Dodoma	Hombolo Makulu	BSZ PH6	8	50,000,000	170,000,000
	Kondoa	Kalamba	8	8	125,000,000	145,000,000
Pwani	Rufiji	Chumbi	BSZ PH6	8	165,000,000	174,400,000
	Rufiji	Ngorongo	1A	BSZ PH 6, 8	187,008	525,000,000
Tabora	Uyui	Ibiri	5	8	114,000,000	145,000,000
	Urambo	Itundu	5	8	123,500,000	145,000,000
Singida	Ikungi	Ighombwe	5	8	114,000,000	180,000,000
	Manyoni	Mwamange mbe	BSZ	8	170,974	180,000,000
Lindi	Mtama	Mandwan ga	4	BSZ PH6, 8	145,000,000	360,000,000
	Mtama	Namupa	BSZ PH6	8	145,000,000	360,000,000
	Mtama	Navanga	BSZ PH6	8	145,000,000	360,000,000
	Ruangwa	Matambar ale	BSZ PH6	8	145,000,000	320,000,000
Kagera	Biharamulo	Kaniha	2B	8	30,000	145,000,000
Simiyu	Meatu	Kisesa	5	5A	117,000,000	145,000,000

Region	District	Ward	Initial phase	Duplicated phase	Awarded amount in the initial phase (TZS)	Subsidy awarded in subsequent phases (TZS)
	Masasi	Namwanga	4	BSZ PH6, 8	123,000,000	491,835,000
K'manjaro	Rombo	Tarakea Motamburu	5	BSZ PH 6, 8	165,000,000	118,750,000
Total					1,846,887,982	4,284,985,000

*Source: Auditors' analysis of UCSAF's implemented projects, 2024*

**(b) Subsidies Amounting to TZS 5.76 billion were Issued to Wards not Initially Identified as Underserved for Boarder and Special Zone Phase 6 and 5**

My review of Phase 5 and 6 BSZ and 5 projects revealed that UCSAF subsidized service operators to build telecommunications towers in 39 wards not previously identified as underserved. 24 out of the 39 wards were awarded to Airtel in Phase 5 and 6 BSZ projects to construct telecom towers. These wards were neither identified as underserved nor included in UCSAF's annual plans. However, there was no evidence to justify whether the areas needed such support. Details are shown in **Table 28**.

**Table 28: Subsidies issued to service providers for sites which were not initially identified as underserved**

Phase	Service Provider	No. of Wards	Amount (TZS)
Phase 5	Airtel	3	294,000,000
	MIC (Honora/Tigo)	1	125,000,000
Phase 6 BSZ	Airtel	21	3,125,000,000
	Vodacom	3	408,000,000
	MIC (Honora/Tigo)	3	491,835,000
	Viettel	8	1,320,000,000
Total		39	5,763,835,000

*Source: Auditors' analysis of the list of implemented projects and signed contracts, 2024*

I recommend that UCSAF should revisit the awards made to the designated areas to avoid subsidising of the areas with pre-existing network coverage.

### 9.3 Procurement Management

#### 9.3.1 Awarded Subsidies Exceeded the Maximum Allowable Amount for Phase 8 TZS 7.17 billion

Schedule 1 Section (iv) of the Tender Document issued by UCSAF for the provision of communications services, specifies the subsidy amount allocated by UCSAF for each designated area or ward.

I found that Airtel and MIC Tanzania Limited (Yas/tigo) were awarded more than the maximum allowable set subsidy amount, totalling TZS 7,171,000,000 (MIC TZS 6,995,000,000 and Airtel TZS 176,000,000) as presented in **Table 29**.

**Table 29: Variation between allocated and awarded subsidies**

Service Provider	No. of Wards/ Designated Ares	Allocated Subsidy (TZS)	Awarded Subsidy (TZS)	Variation (TZS)
Airtel	50	10,020,700,000	10,196,700,000	176,000,000
MIC	38	6,685,000,000	13,680,000,000	6,995,000,000
<b>Subtotal (Subsidy Increases)</b>		<b>16,705,700,000</b>	<b>23,876,700,000</b>	<b>7,171,000,000</b>
Viettel	34	4,986,800,000	4,980,000,000	(680,000,000)

*Source: Auditors' analysis of tender documents and contracts for phase 8, 2024.*

The table indicates that the cost of subsidy for phase 8 telecommunications services exceeded the allocated amount by TZS 6,995,000,000 for MIC and TZS 176,000,000 for Airtel, totalling TZS 7,171,000,000.

Such an increased amount drained UCSAF's cash flow. This was evidenced by UCSAF's failure to pay the full advance payment of TZS 22.4 billion. Instead, only TZS 15.6 billion was paid with an outstanding advance payment of TZS 6.8 billion.

Inquiries with the management indicated that the over-allocation of the subsidy for MIC Tanzania Limited was caused by the proposed multiple towers per ward to enhance telecommunications. While the evaluation committee justified this, the audit found the exception applied only to MIC, with its costs exceeding the set amount by TZS 155,000,000 per site. Awarding subsidies per site instead of per designated area contradicted UCSAF's tender ceiling and requirement, marking the first time this approach was used, benefiting only MIC Tanzania Limited.

I recommend that UCSAF comply with the subsidy amount allocated for each designated area or ward to minimize cost overrun for the provision of communication services.

### 9.3.2 14 Lots were Awarded to Areas with Network Coverage which were Already Subsidised with a Total Quoted Price of TZS 1.75 billion

Section 6(a) of the Universal Communication Services Access Act, 2006, requires UCSAF to identify areas to be subsidized.

I learned that 14 out of 66 lots of allowable subsidies were awarded to successful bidders in areas with network coverage that were already subsidized as evidenced from the review of the Evaluation Report of 2024. These 14 wards, which already had network coverage, were awarded and qualified for a subsidy of TZS 1,756,290,000 without justification, however, this could have been avoided with proper verification. The details are shown in **Table 30**.

**Table 30: Wards with network coverage but were subsidized**

LGA	Ward	Village	Quoted price (TZS)
Mbogwe	Iponya	Iponya	125,000,000
Karagwe	Bweranyange	Chamchuzi	125,000,000
Karagwe	Nyakakika	Kaiho	125,000,000
Karagwe	Rugu	Ruhita	125,000,000
Kakonko	Gwarama	Gwarama, Kabare, Nyakiyobe	160,050,000
Gairo	Nongwe	Tarafa Nongwe HQ	99,875,000
Masasi	Mchauru	Maparawe, Mtuma, Mwitika	131,835,000
Masasi	Mkululu	Songambebe	99,875,000
Masasi	Namwanga [Mkundi]	Chipango, Mkolopola, Nakalola, Nangwale	131,835,000
Ludewa	Lupingu	Lupingu	104,750,000
Nyasa	Chiwanda	Mtupale, Ng'ombo	121,510,000
Songea	Ndongosi	Nambendu	125,000,000
Bariadi	Nkololo	Mwamoto, Nkololo, Bubale, Mwabadimu	160,050,000
Ileje	Chitete	Chitete, Ikumbilo	121,510,000
<b>Total</b>			<b>1,756,290,000</b>

*Source: Auditor's analysis of evaluation report 2024*

Awarded lots to the areas which had network coverage was attributed to inadequate identification of underserved areas. This resulted in a cost increase to the project amounting to TZS 1,756,290,000.

I recommend that UCSAF verify the non-existing networks in designated areas/wards that are already subsidized. This will mitigate the risk of duplicate subsidies.

## 9.4 Contract Management

### 9.4.1 Unclaimed Liquidated Damages for Phase 5, 5A, 6, and BSZ PH6 TZS 3.80 billion

Clause 26.1 of the Special Conditions of Contract requires the deduction of the liquidated rate of damages to be 0.1% of the final contract subsidy for delay in execution of the contract.

My review found that a total of TZS 3,803,279,081 liquidated damage was not claimed for Phases 5, 5A, 6, and BSZ6 due to delays in the execution of the contract. The delay ranged between two to 767 days in the construction of telecommunication towers by the service providers for phase five through the review of project status as of 30 September 2024. The details are provided in **Table 31**.

**Table 31: Unclaimed liquidated damages**

Phase	Service Provider	No. of days delayed	Unclaimed Amount (TZS)
Phase 5	Vodacom, Honora (Tigo) and Airtel	2 - 443	729,100,225
Phase 5A	Airtel for Mtwara (Lukuledi)	224	32,480,000
Phase 6	TTCL	529 - 865	1,088,000,000
Phase BSZPH6	Vodacom, Honora (Tigo), Airtel, TTCL and Halotel	14 - 767	1,953,688,854
<b>Total</b>			<b>3,803,279,081</b>

*Source: Auditors' Analysis of payment status and work executed as of September 2024*

My review and enquiries revealed that the liquidated damages were not claimed for project delays between two to 767 days to preserve the relationship with service providers. As a result, the providers were reluctant to offer communication services in remote rural areas, and UCSAF had to persuade them to bid for other projects.

Failure to claim the liquidated damages limited UCSAF's opportunity to receive compensation for delayed projects. UCSAF officials stated that liquidated damages were not claimed for project delays to maintain their relationship with service providers. The service providers were reluctant to serve in rural areas due to remoteness and low profitability, prompting UCSAF to persuade them to bid.

I recommend that UCSAF executes the clause for liquidated damages in the contract between UCSAF and service providers to enforce the timely completion of the projects.

#### 9.4.2 Advance Payment Made Without Bank Guarantee TZS 12.80 billion

Clause 36.1 of the Special Conditions of Contract requires that 70% of the contract subsidy as advance payment be paid against the submission of a bank guarantee or insurance bond of the same value.

However, my review revealed that TZS 12,803,295,000 was paid to service providers without the required bank guarantees detailed in Table 32.

**Table 32: Advance payment made without bank guarantee**

Project Phase	Service Provider	PV No	Advance Payment (TZS)
5	Tigo	T2290000V2300269	695,385,000
5A	Airtel	T2290000V2301867	464,000,000
6	TTCL	T2290000V2301327	224,000,000
BSZPH6	Halotel	T2290000V2401143	792,000,000
	Vodacom	T2290000V2500423	957,310,000
	TTCL	T2290000V2200056	94,600,000
8	Tigo	T2290000V2400893	9,576,000,000
Total advance payment paid without bank guarantee			12,803,295,000

*Source: Auditors' analysis of advance payment to telecommunications service providers without bank guarantee, 2024*

Payments made without submission of a bank guarantee or insurance bond posed high risks in recovering of funds or compensation in case of disputes, underperformance or potential breach of contract.

I recommend that UCSAF instructs the service providers to submit bank guarantees for the advance payments made to the service providers.

#### 9.4.3 Projects Executed Without Contracts TZS 1.04 billion

Section 60(7) of the Public Procurement Act, 2011 requires that, when a tender, offer, or proposal is accepted by the accounting officer, the procuring entity and the successful bidder must enter a contract. The contract format shall include the terms, conditions, and provisions outlined in the tender document.

My review found that eight project sites for Phases 5, 5A, 6, and BSZ6 amounting to TZS 1,041,172,000 were executed without contracts with service providers, as shown in Table 33.

**Table 33: Projects sites executed without contracts for phases 5, 5A, 6 and BSZPH6**

Project Phase	Service provider	No. of Sites	Amount (TZS)
5	Tigo	1	125,000,000

Project Phase	Service provider	No. of Sites	Amount (TZS)
5A	Airtel	1	145,000,000
6	TTCL	1	320,000,000
BSZPH6	Halotel, Vodacom, and TTCL	5	451,172,000
Total		8	1,041,172,000

*Source: contracts signed between UCSAF and service providers and project database as of September 2024*

The anomaly was due to inadequate identification of underserved areas which triggered the emerging of areas necessary to be subsidized in the middle of the execution of the project. The laxity was caused by delays in the finalization of the addendum by UCSAF, and accelerated shortfalls in the engagement of service providers and contract administration. Without a contract, the specific terms and scope of the legal services rendered might not be properly defined, leading to ambiguity over deliverables and the quality of service provided.

I recommend that UCSAF ensure all future agreements are formalized with proper contracts in place and clear terms before making any payments. Additionally, UCSAF should implement stronger internal controls to ensure compliance with procurement and financial regulations to avoid similar issues in the future.

## 9.5 Quality of Telecommunication Services for the Constructed Towers

### 9.5.1 Verified Projects on Air Did not Meet the Network Availability and Call Success Quality Standards

Regulation 9 of the Electronic and Postal Communications (Quality of Service) Regulations, 2018 requires Provisional Acceptance Test (PAT) to be performed to confirm call availability quality standards of more than 99% and call success rate to be more than 95%.

Contrary to the requirement, during my site verification and PAT conducted, I found that six out of 13 of on-air constructed sites had less than 99% call availability. The network availability in the six sites ranged from 55.32% to 96.3% which was contrary to the requirement. The PAT result found that 5 of 13 on-air sites did not meet the call success rate of 95%. Details are provided in Table 34.

**Table 34: Analysis of the results of network availability for visited constructed towers on air**

LGA name	Site Name/Ward	Results of call availability and success rate (%)	Status of Test Results (>99=Pass; <99=Fail)) and	Status of Test Results on call Success rate (>95=Pass; <95=Fail))
Rombo DC	Tarakea, Motamburu	86.11	Fail	Fail
Kisarawe DC	Kurui	55.32	Fail	Fail
Msalala DC	Jana	69.23	Fail	Fail
Mlele DC	Kamalampaka, Inyonga	96.3	Fail	Fail
Mlele DC	Songambebe, Kamsisi	61.54	Fail	Fail
Mpwapwa DC	Mpwapwa Mjini	90.18	Fail	Fail

**Source:** Auditors' analysis of testing performed during the site visits 2024

I attribute the anomaly to inadequate planning and quality control during the construction of the telecommunication towers. As a result, the network-desired areas experience service disruption, leading to dissatisfaction for the targeted population.

**I recommend that UCSAF monitors the sustainability of the telecommunication towers to ensure continuity for the provision of quality communication services.**

### 9.5.2 Provisional Acceptance Test (PAT) was not Conducted on 42% of the Completed Sites

According to the contracts between UCSAF and service providers for the period 2020/21-2023/24, UCSAF is required to inspect completed sites through a Provisional Acceptance Test (PAT) to ensure they meet the required standards and service quality.

By September 2024, UCSAF had not tested 119 out of 281 sites (42% of the total). Additionally, only 12% of the tested sites were inspected within three months of completion, while 88% took longer.

Furthermore, after a nine-month provisional service period, UCSAF did not officially launch 93 out of 141 projects that had successfully passed the PAT. Overall, PATs were conducted on less than half of the completed sites as shown in **Table 35**.



**Table 35: List of sites reported on air by service provider for PAT**

Project Phase	Total No. of Sites Completed	PAT Status		
		Done	Not Done	% PAT not done
BSZPH5	32	19	13	41
BSZPH6	94	76	18	19
5	62	62	0	0
5A	7	5	2	29
6	26	0	26	100
8	60	0	60	100
<b>Grand Total</b>	<b>281</b>	<b>162</b>	<b>119</b>	<b>42</b>

*Source: Auditor's analysis of UCSAF sites of September 2024*

Further review and enquiries made in August 2024 revealed that the reasons for PAT delays were caused by quarterly scheduling, remote site inaccessibility, and project completion delays. For instance, PATs for Rubondo Island 2 and Maisome in Mwanza, built by TTCL, were not conducted due to inaccessibility.

Inadequate Provisional Acceptance Tests (PAT) could result in undetected system faults, inefficiencies, and non-compliance with performance criteria. This would lead to costly rework, operational disruptions, safety risks, and potential regulatory issues.

I recommend that UCSAF adopts approaches to the timely provision of acceptance tests to ensure early anomaly detection in provision of communication services and recommending the rectification.



## **CHAPTER TEN**

### **Technical Audit on the Regulation and Monitoring of Environmental Impact Assessment in the Construction and Mining Sectors**

## TECHNICAL AUDIT ON THE REGULATION AND MONITORING OF ENVIRONMENTAL IMPACT ASSESSMENT IN THE CONSTRUCTION AND MINING SECTORS

### 10.1 Introduction

The construction and mining industries are vital to the economy of the country. The mining sector alone contributed 7.2%, 7.25%, 8.9%, and 9 % to GDP in 2020, 2021, 2023, and 2024 respectively. However, both sectors have caused environmental disruption due to poor enforcement of Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs).

I conducted a Technical Audit to evaluate the National Environmental Management Council's (NEMC) regulation and monitoring of EIAs and EMPs in those sectors. The audit covered five financial years from 2019/20 to 2023/24.

### 10.2 Registration and Screening Process

#### 10.2.1 NEMC did not Effectively Monitor the Registration and Screening Processes of projects

Regulation 4 of the Environmental Management (Environmental Impact Assessment and Audit) (Amendment) Regulations, 2018 requires that all projects undergo a Registration and Screening process by assessing factors including nature, size, location, and environmental sensitivity.

I found that NEMC did not effectively monitor the registration and screening of the construction and mining projects, specifically for projects like Msalato International Airport, John Pombe Magufuli Bridge, Dangote Cement Factory, and the New Water System in Arusha. This was reflected by the fact that the ToR and scoping reports were not well prepared, especially in identifying stakeholders, leading to inadequate engagement and missed information such as the baseline data.

Moreover, I discovered that both the Ngaka Coal Mine and John Pombe Magufuli Bridge projects began operations without an EIA certificate. The Ngaka Coal Mine operated from 18 March 2021 to 3 May 2023, while the construction of the John Pombe Magufuli Bridge proceeded from 20 February 2020 to 11 March 2021 without being registered for the EIA. This implied that important environmental factors, such as baseline data on water quality, flora, fauna, and soil quality, were not adequately considered.

The incomplete EIA leads to the inability to identify the environmental impacts of the projects and proper mitigation measures beforehand. Without the EIA key regulatory aspects are missed. NEMC did not adequately review the preparation of the baseline data. Moreover, registering Phases 2 and 3 as a single project disregarded their distinct environmental considerations. The scoping report and Terms of Reference (ToR) lacked adequate stakeholder engagement, leaving out important parties that should have been involved. As a result, EIA was not conducted before the commencement of the project.

**I recommend that NEMC develops measures for preparation of the Terms of Reference and Scoping Report, ensuring that they are adequately followed throughout the EIA process.**

### 10.2.2 Inadequate Preparation of Baseline Information

Regulation 18(1)(c) of the Environmental Impact Assessment and Audit Regulations, 2005 requires a developer or proponent to submit an environmental impact statement (EIS) to the NEMC.

However, through a review of ESIA reports, I learned that five out of eight projects lacked sufficient baseline information<sup>4</sup>. They lacked a brief overview of the baseline information, and any other pertinent details related to the project. These five projects, namely, the Williamson Diamond Mine in Shinyanga, Ngaka Coal Mine in Ruvuma, Buzwagi Gold Mine in Shinyanga, John Pombe Magufuli Bridge in Kigongo Busisi Mwanza and the New Water Network in Arusha did not have sufficient baseline information. Specifically, I identified items missing in the baseline information as follows;

#### (a) Five out of Eight Sampled Projects had Presented Baseline Information without Reliable Sources

I reviewed ESIA reports covering baseline data on the quality of river water, soil, climate, topography, vegetation, radiation, seismicity, biology, socioeconomics, and infrastructure. However, inadequate citation of sources hindered data verification. This stemmed from NEMC's weak review process, leading to the approval of substandard reports. Consequently, unreliable baseline data compromised environmental monitoring, mitigation, and evaluation throughout the project lifecycle.

<sup>4</sup> Original state of environment with its original existing nature and original quality such as air quality, river water quality, soil conditions, climate, topography, vegetation, radiation, seismicity, biological characteristics, socio-economic conditions, economic infrastructure etc



- (b) **Baseline Heavy Metals data in Water Samples was not analysed for the Williamson Diamond Mine in Shinyanga and the New Water Network Project in Arusha**

The proponents of the Williamson Diamond Mine in Shinyanga and the New Water Network Projects in Arusha did not analyse or establish baseline parameters for heavy metals in collected water samples. Instead, they focused on factors such as Electrical Conductivity (EC), Total Dissolved Solids (TDS), Dissolved Oxygen (DO), Oxidation-Reduction Potential (ORP), Salinity, and pH, alongside various cations and anions. Despite samples being taken from critical areas, including mining zones, NEMC failed to ensure effective monitoring during the hydrological survey to verify that baseline data on mercury, cadmium, chromium, lead, uranium, zinc, and other heavy metals were tested and reported, contravening Para 3.12 of the 2020 Guideline for Water and Wastewater Quality Monitoring for Water Supply and Sanitation Authorities, which mandates testing parameters based on human activities.

This shortfall stemmed from NEMC's inadequate review of EIA, as the Terms of Reference and scoping report overlooked heavy metal analysis, indicating a failure to properly assess the Environmental and Social Impact Assessment (ESIA) for completeness. The absence of heavy metal baseline data in groundwater and surface water samples could undermine future environmental audits, leaving no benchmark to determine whether the constructed facilities contribute to heavy metal seepage into nearby aquifers and water sources.

**I recommend that NEMC strengthen the means for verification and validation of information presented in the Environmental Impact Statements.**

### **10.3 Adequacy of Review of the Environmental Impact Statement**

#### **10.3.1 NEMC did not Adequately Review the Environmental Impact Statement**

Part VI of the Environmental Impact Assessment and Audit Regulation, 2005, as amended by The Environmental Management (Environmental Impact Assessment and Audit) (Amendment) Regulations, 2018, requires NEMC to thoroughly review the environmental impact statement.

I discovered deficiencies in the review of the EIA process by NEMC, such as the impact identification, prediction, and mitigation measures that did not cover all stages of project implementation, inadequate site verification and limited stakeholder involvement in the EIS review.

I noticed that only the Williamson Diamond Mine project in Shinyanga region effectively identified environmental impacts, predicted them, and proposed detailed mitigation measures. The mitigation measures for the other seven projects namely Ngaka Coal Mining in Ruvuma, New Water Network in Arusha, Dangote Limestone Mining in Mtwara, BRT Phase 3 in Dar es Salaam, Buzwagi Gold Mining in Shinyanga and Msalato International Airport in Dodoma were unclear and lacked implementation plans, which could reduce their effectiveness in addressing environmental concerns. This increases the risk of environmental harm, such as pollution and habitat disruption.

Furthermore, I observed that the NEMC did not adequately involve stakeholders during the review of the Environmental Impact Statement (EIS) for the sampled projects, such as Ngaka Coal Mining in Ruvuma, New Water Network in Arusha, Dangote Limestone Mining in Mtwara, BRT Phase 3 in Dar es Salaam, Buzwagi Gold Mining in Shinyanga and Msalato International Airport in Dodoma projects with exception for the Williamson Diamond Mine in Shinyanga. While stakeholders like local authorities and community representatives were identified in the Terms of Reference, there was no evidence of consultations involving these groups in the EIA review process. Additionally, no public advertisements were made to invite the public for their input on EIS.

In addition, I found that NEMC did not conduct the required site verification to assess project areas for the sampled projects including; the New Water Network in Arusha, Dangote Limestone Mining in Mtwara, Msalato International Airport in Dodoma and Williamson Diamond Mining in Shinyanga Projects except for the BRT Phase 3 in Dar es Salaam, Ngaka Coal Mining projects in Ruvuma and John Pombe Magufuli Bridge project in Kigongo Busisi Mwanza. This raises concerns about the thoroughness and accuracy of the EIA review, as site verifications would have allowed NEMC to directly assess environmental impacts and verify the developer's information in the EIS. Without these visits, environmental and social impacts were insufficiently identified and mitigated, compromising both the environmental sustainability of the projects.

I recommend that NEMC improves the EIA review process by ensuring comprehensive impact identification, prediction, and mitigation measures for all stages of project implementation. This should include conducting adequate site verifications for all sampled projects to directly assess environmental impacts and verify developers' information in the EIS.

NEMC should also enhance stakeholder involvement by ensuring meaningful consultations with local authorities, community representatives, and the public, particularly during the EIA review process. Public advertisements inviting input should be regularly issued to ensure transparency and inclusiveness.

Also, NEMC should establish clear and actionable mitigation plans for all projects, with proper implementation strategies to reduce environmental risks and ensure long-term sustainability.

#### 10.4 Monitoring of the Implementation of the Environmental Management Plans by NEMC

##### 10.4.1 Inadequate Monitoring of the Implementation of the Environmental Management Plans by NEMC

NEMC's implementation of Environmental Management Plans contradicts Regulation 50(1) of the Environmental Impact Assessment and Audit Regulations, 2005 requiring the project proponents or developers, following approval of the environmental impact statement or an initial audit, to implement the plan, conduct annual self-audits, prepare environmental audit reports, and submit them to NEMC annually or as directed.

I learned that NEMC did not consistently conduct monitoring to verify the implementation of mitigation measures across eight sampled projects, particularly in managing solid and hazardous wastes. Improper waste handling was observed at projects like Msalato International Airport in Dodoma, BRT - Phase 3 in Dar es Salaam, John Pombe Magufuli Bridge in Kigongo Busisi Mwanza, and Ngaka Coal Mine in Ruvuma, where waste was not well sorted by type. Additionally, the audit found oil spills at four visited sites, namely Ngaka Coal Mine in Ruvuma, Dangote Cement Factory in Mtwara, John Pombe Magufuli Bridge in Kigongo Busisi Mwanza and Msalato International Airport in Dodoma. This poses environmental and health risks, including contamination of soil, water, and air, and long-term harm to ecosystems and local communities.

Moreover, I discovered that NEMC did not verify the environmental pollution tests undertaken by developers as per the EMPs. The EMPs require regular monitoring of emissions, water quality and soil contamination. Non-verification of pollution levels prevented the identification and mitigation of environmental risks, such as air and water pollution, which could negatively affect ecosystems and communities.

Besides, I identified that NEMC did not monitor the execution of required annual environmental audits for the sampled projects, leading to non-compliance with the environmental measures outlined in the Environmental Impact Statement (EIS) and the EIA Certificate.

Improper hazardous waste handling and storage could cause long-term environmental damage, including soil contamination and water pollution, endangering ecosystems, wildlife, and human health, particularly for workers and nearby communities. In addition, site visits detected a lack of erosion control measures in quarries and borrow pits at Dangote Limestone Mining in Mtwara, Msalato International Airport in Dodoma, Ngaka Coal Mine in Ruvuma, John Pombe Magufuli Bridge in Kigongo Busisi Mwanza, and Williamson Diamond Mine in Shinyanga. This led to waste rock and accumulation of topsoil, posing environmental risks. Workshops also lacked proper drainage systems to contain pollutants like oil spills, further increasing contamination risks.

**I recommend that NEMC plans and implements regular site inspections to ensure that the environmental management plans are adhered to during project implementation (post-EIA monitoring).**

### **10.5 Inadequate Regulation and Monitoring of the Preparation and Implementation of the Decommissioning Plans**

Section 102 (1) of the Environmental Management Act, 2004 requires the proponent or operator, upon expiry of a project or undertaking, at his own cost, to undertake safe decommissioning, site rehabilitation and restoration of the ecosystem before the closure of the project or undertaking.

I found that NEMC inadequately regulated and monitored decommissioning plans, as evidenced by the absence of comprehensive plans in sampled construction and mining projects. The Williamson Diamond Mine's Closure Plan remained outdated, and no construction projects had developed decommissioning plans. Additionally, proponents of the eight sampled projects failed to submit the required environmental performance bonds. As a result, there was an increased risk of adherence to good environmental practices and mitigating measures of environmental impacts, particularly after project completion.

NEMC did not regulate or monitor the progressive rehabilitation of the sampled mining projects. At Dangote Cement Factory, planned tree planting was inadequate. At Ngaka Coal Mine, waste rock stockpiles were placed near the drainage line, increasing the risk of water contamination in natural drainage areas. At Buzwagi Gold Mine, revegetation was delayed until the mine was



closed instead of being done progressively during operations, as proposed in the EIA. These shortcomings heighten the risk of long-term environmental degradation and could leave unresolved environmental impacts after mining ceases.

The laxity by NEMC was due to ineffective regulation, monitoring, or overseeing the preparation and implementation of EIAs and EMPs to mitigate environmental impacts from construction and mining activities. This was also caused by inadequate project registration, review of environmental impact statements (EIS), and monitoring of environmental management plans (EMPs).

**I recommend that NEMC establishes and implements procedures to monitor the preparation and execution of Decommissioning Plans, including the progressive rehabilitation in the construction and mining sectors.**

MRADI WA MAJI KEMONDO – MARUKU  
UJAZO WA TANKI : LITA 3,000,000



## **CHAPTER ELEVEN**

---

**Technical Audit on the Implementation  
of Rural Water Supply Project Under  
Ruwasa**

## TECHNICAL AUDIT ON THE IMPLEMENTATION OF RURAL WATER SUPPLY PROJECT UNDER RUWASA

### 11.1 Introduction

The audit assessed whether the Rural Water Supply and Sanitation Agency (RUWASA) has planned, designed, and implemented rural water supply projects as per the stipulated standards and specifications to ensure the availability of water services in rural areas.

RUWASA is responsible for planning, designing, constructing and supervising rural water supply projects. The technical audit focused on assessing project planning, designing, procurement, contract management, and environmental, safety, and social impact considerations during project implementation.

I sampled five water projects implemented from the financial year 2020/21 to 2023/24. These projects were the Morong'anya Water Supply Project in Morogoro, Kemondo - Maruku Project in Kagera, Igando-Kijombe Project in Wanging'ombe, the Kigwa-Uyui Project in Tabora and the Igogo-Igurubi Project in Igunga, Tabora. The cost of these projects was TZS 8.08 billion for Kemondo-Maruku, TZS 23.18 billion for Morong'anya, TZS 12.4 billion for Igando-Kijombe, TZS 20.43 billion for Igogo - Igurubi and TZS 11.93 billion for Kigwa - Uyui project.

### 11.2 Project Planning and Designing

#### 11.2.1 Proposed Sources of Water Were not Effectively Assessed

I found that the capacity of the proposed source of water and the quality of raw water assessments were limited to one-time evaluations. This prevented the design team from identifying seasonal variations in sediment and water composition as required by Para 1.1.4.2 of the Ministry of Water Design Manual, 2009. This was attributed to the lack of a comprehensive feasibility study that would assess all project components to establish their viability.

I also discovered that the ineffective assessment of the seasonal fluctuation of the quality of raw water caused inappropriate methods of treatment of water employed in two out of the five audited projects (Morong'anya and Kemondo-Maruku). The employed method was chlorination, which was unable to lower

the turbidity<sup>5</sup>. It meant that organic and inorganic impurities in water would not be removed by chlorination hence risking the health of the users.

I further learned that two projects (Kigwa-Uyui, and Igogo-Igurubi) sourced water from Kahama and Shinyanga Water and Sanitation Authority (KASHWASA) pipelines, while the original design of KASHWASA did not accommodate supplying water to these projects. This posed a risk to the ability of KASHWASA to supply water to those two projects for the design period of 20 years. Also, one project of Igando-Kijombe sourced water from a river which experienced low water discharge during the dry season due to human activities upstream, hence posing a risk to the river to sustain the required water demand for the design period of 20 years.

I recommend that RUWASA conducts feasibility studies before project implementation to ensure that the capacity of the proposed sources of water and the quality of raw water are effectively assessed. Also, RUWASA shall ensure appropriate water treatment facilities are installed in the constructed project

### 11.2.2 Inadequate Selection of the Planning Base Date and Design Horizon for the Water Demand Forecast

Para 1.14.3 of the Ministry of Water Design Manual, 2009 requires that the design period of a project should be categorized as short term 5 years, future 10 years and ultimate period of 20 years.

I found that all five audited projects were designed to meet 20 years category. However, the design teams did not consider the project implementation period when selecting base years. I found that the duration for the implementation of the project was not excluded from the project period, which was a 20-year design horizon. As at the time of audit, (October 2024) all five projects were not completed. Table 36 details on the selected base years.

**Table 36: The project design period and the considered base year**

Project Names	Year of Project Design	Considered Base Year of (Starting Operation)	Period Elapse from base year (years)	Time remained in the Design Period out of 20 years
Morong'anya project	2020	2021	4	16

<sup>5</sup> Turbidity is a measure of how clear or cloudy water is. The more particles the higher the turbidity.

Project Names	Year of Project Design	Considered Base Year of (Starting Operation)	Period Elapse from base year (years)	Time remained in the Design Period out of 20 years
Igando - Kijombe project	2017	2019	6	14
Igogo - Igurubi project	2021	2022	3	17
Kemondo - Maruku Project	2020	2020	5	15
Kigwa Uyui Project	2021	2022	3	17

*Source: Auditors' Analysis of the Design Reports for the selected RUWASA Projects, 2024*

However, up to October 2024 (audit verification time), the implementation of the projects was not completed. This implied that the period for the operation of the project was reduced from 20 years to 16 years, 14 years, and 15 years for the Morong'anya, Igando-Kijombe, and Kemondo-Maruku projects, respectively; and 17 years for Kigwa Uyui and Igogo-Igurubi projects.

This inadequacy was attributed to a lack of effective and detailed project implementation plans that would reveal the realistic time for the project implementation, which would be excluded from the design periods.

**I recommend that RUWASA ensures the implementation period is excluded from the design to avoid reducing the later period of the project.**

### 11.3 Procurement Management

#### 11.3.1 Non-Performance of Due Diligence Before Awarding the Contracts

Regulation 124 of the Public Procurement Regulations, 2013 requires procuring entities to confirm the information submitted during evaluation by conducting a due diligence process before proceeding to the award.

However, during the audit, I found that 14 out of 15 contracts for the execution of five water supply projects were awarded to contractors without conducting due diligence. This led to awarding contracts to contractors with no capacity for the assignments, hence resulting in project delays which ranged between six months to five years in all contracts.

Further, due to the contractors' incapacities, four contractors failed to implement the project resulting in contract termination. After termination, RUWASA incurred additional costs of TZS 1.17 billion to implement the remaining works. The additional cost could have been avoided if due diligence

had been conducted to ensure that the awarded contractors had the required capacity to implement the project. The details of the incurred cost are shown in **Table 37**.

**Table 37: Additional cost incurred after contract termination**

Project name	Terminated contract	Additional cost (TZS)
Kigwa - Uyui Project	AE-102/2020-2021/TBR/W/03	296,374,100
	AE-102/2020-2021/TBR/W/22	650,467,920
Kemondo-Maruku Project	AE-031/2020-21/W/78	226,561,593
	AE-102/2022-2023/KGR/W/19 LOT 01	NIL <sup>6</sup>
<b>Total</b>		<b>1,173,403,613</b>

*Source: Auditors' analysis of BoQs for the terminated contracts, 2024*

The incurred additional cost was calculated as the difference between the cost of the remaining works as it could be implemented by the terminated contractor, and the new cost submitted by the new contractor for the remaining works.

The inability to conduct due diligence was attributed to weak internal controls over the procurement process. Instances for weak internal controls included a lack of proper checks and oversight mechanisms to ensure procurement officers complied with the procurement procedures and internally developed guidelines like “Mwongozo wa Kuingia na Kutekeleza Mikataba ya Ununuzi”. This guideline requires conducting due diligence before awarding the contract.

**I recommend that RUWASA strengthen its internal controls over procurement processes and ensure all procurement procedures, including adequate assessment of post-qualification.**

### 11.3.2 Acceptance of a Non-responsive Bid

Regulations 205(b) and 206 (2) of the Public Procurement Regulations, 2013 requires that all tenders shall be checked for substantial responsiveness to the technical requirements of the tendering documents and non-conformity to technical requirements, which are justifiable grounds for rejection of a tender including the inability to quote for a major item in the package. In this regard, the tender shall be rejected by the procuring entity and may not subsequently be made responsive by correction or withdrawal of the deviation or reservation.

My review of the tender submitted by the lowest evaluated bidder, who was awarded the contract for the Morong'anya Water Supply Project discovered that

<sup>6</sup> During the Audit, the remained works were not implemented

the bidder did not quote for the construction of water tanks that were within the project scope. However, the bidder was recommended for the award with the suggestion that the missing items be discussed in the negotiation meeting. Nevertheless, the missing items were not discussed in the negotiation meeting, and the contract was signed with the incomplete BoQs. The items were implemented as additional work for the project, amounting to TZS 1.26 billion, whereby the contractor was allowed to submit the price quotation during project implementation contrary to the procurement requirements. This interfered with the possibility of cost savings in the project because it was an undeniable fact that the price submitted by the contractor before and after the award would be different. The quotation before the award would have a competitive price following a tender evaluation with other bidders.

I detected the same scenario for tender No. AE/102/2022-2023/TBR/W/13, of the Kigwa-Uyui project in which the lowest evaluated bidder did not quote for the supply and installation of pipes in the distribution line. Despite non-compliance with the bid requirements, the evaluation team recommended awarding the contract to this bidder. However, the contract was not awarded due to an appeal submitted to the Public Procurement Appeals Authority (PPAA) by the second lowest evaluated bidder, challenging RUWASA's decision. The appeal referenced PPAA/APPEAL/01/12/2023-24, led to a ruling by PPAA directing RUWASA to award the contract to the appellant, as the initially recommended bidder was non-responsive.

Acceptance of the non-responsive tender was caused by the ineffective formulation of the evaluation team. The team consisted of personnel with engineering backgrounds only, contrary to the requirement of Para 9.1 of the PPRA Guideline for Tender Evaluation 2020, which emphasises the tender evaluation committee to have at least three people, including technical, economic, and financial experts to carry out the analysis.

**I recommend RUWASA conducts the tendering process effectively to promote competition, efficiency, and economical use of public funds.**

## **11.4 Contract Management**

### **11.4.1 Inappropriate Contract Termination Procedure Resulting in Loss of TZS 493.08 million**

According to Clause 69 of the General Conditions of the Contracts for constructing and supervising rural water supply projects between RUWASA and Contractors, a contractor's delay in the completion of the works by the number



of days for which the maximum number of liquidated damages can be paid shall be termed as a fundamental breach of contract by the contractor.

My review of the signed contracts for the implementation of the sampled water supply projects revealed that four out of 15 contracts signed were terminated due to the inability of the contractors to execute the activities. Despite the stated reason for termination, RUWASA accepted the request from the contractors to terminate the contract under mutual agreement rather than considering the terminations as a fundamental breach of contract by the contractor. As a result, the clause which required RUWASA to deduct the amount specified in the terminated contract was not applied, hence resulting in the loss of TZS 493.08 million, as specified in **Table 38** below.

**Table 38: Terminated contracts and the amount that would be deducted from contractor's payments**

Project	Terminated contracts	Contract amount (TZS)	Un-completed work (TZS)	Amount to be deducted (%)	Deductible amount (TZS)
Kemondo -Maruku Project	AE-031/2020-21/W/78	145,176,816	67,931,007	5	7,258,841
	AE-102/2022-2023/KGR/W/19 LOT 01	1,576,261,700	1,535,041,527	20	307,008,305
Kigwa - Uyui Project	AE-102/2020-2021/TBR/W/03	540,851,377	329,632,557	15	49,444,884
	AE-102/2020-2021/TBR/W/22	1,452,520,587	1,293,760,083	10	129,376,008
Total					493,088,038

*Source: Auditors' analysis of the terminated contracts, 2024*

Inadequate consideration of the contract termination was attributed to the failure of RUWASA to evaluate the grounds for the termination on a contractual basis before accepting the contractor's request for the termination.

I recommend RUWASA, in case of termination due to failure of the contractor, should apply a termination clause requiring contractors to cover additional costs for completing the unfinished work.

#### 11.4.2 Cost Overruns Due to Inadequate Project Designing TZS 4.038 billion

Para 2.1 of the Ministry of Water Design Manual, 2020 requires that before the commencement of any development of a water project, it is essential to



conduct project planning which should include conducting the design of the project components.

I discovered that four of the selected projects incurred additional costs due to design changes. The original design did not align with the actual site conditions. The discrepancies caused variation orders amounting to TZS 6.88 billion. During the audit, variation orders of TZS 4.038 billion had been approved by RUWASA. The details of variations are provided in **Table 39**.

**Table 39: The summary of the variations in the sampled projects**

Project	Description of Additional Works	Project Cost (TZS)	Variation Amount (TZS)	Percentage Increases (%)
Morong'anya Water Supply Project	Construction of water intake, Construction of Distribution line, Construction of Water Storage Tanks	23,186,021,991	2,540,789,104	10.9
Igando - Kijombe Project	Rehabilitation of Intake, Fencing at WTP and Intake, CBWSOs Office, and supply of vehicles	12,437,407,360	1,368,260,600	11
Kemondo - Maruku Project	Construction of a 3000m <sup>3</sup> water tank	8,088,405,067	129,398,800	1.5
<b>Total Approved Variation works</b>			<b>4,038,448,504</b>	
Igogo-Igurubi Project - Igunga	Construction of the Pumping Station (Unapproved Variation)	20,438,622,361	2,845,865,197	13.9
<b>Total Variation Orders</b>			<b>6,884,313,701</b>	

*Source: Auditors' analysis of the project cost variations, 2024*

**Table 45** above indicates that TZS 6.88 billion was raised by contractors as variation orders. Of the amount, TZS 4.038 billion was already approved by RUWASA. The variations were attributed to additional works that occurred during project implementation as the original project design and scope did not accommodate all project requirements.

This additional cost could have been minimised or avoided if the project planning and design had effectively ensured that all projects' requirements were well identified and incorporated in BoQs. Variations during project implementation created room for contractors to submit uncompetitive prices due to lack of competition, hence interfering with cost-saving.

**I recommend that RUWASA prepares comprehensive project requirements before initiating the implementation to reduce variations.**

#### **11.4.3 Accrued Interest due to Delayed Payment of Contractors' Claims TZS 711.79 million**

Clause 53 of the General Conditions of Contract for constructing and supervising rural water supply projects between RUWASA and contractors, requires the contractor's claims to be paid within 28 days from the day of approval by the project manager. Also, Clause 53.1 states that if the employer makes a late payment, the contractor shall be paid interest on the late payment.

I found delays in settling contractors' claims for periods ranging from 66 to 331 days, contrary to the cited regulations above. The longest delays were noted in the Morong'anya project, with IPC 3 delayed by 257 days and IPC 4 delayed by 331 days.

The contractor submitted a claim of TZS 711,792,597 as interest for delaying payments of the Morong'anya project. At the time of the site visit verification in October 2024, the claim was still under evaluation by the Project manager. I learned that the delayed payment was caused by late disbursement of funds from the Ministry of Finance. The delay in settling the contractor's claim could result in additional financial costs, such as accrued interest, and strain the project's cash flow.

**I recommend that RUWASA liaise with the Ministry of Water and the Ministry of Finance to ensure timely fund disbursement for the contractors' payments to avoid unnecessary costs to the projects.**

#### **11.4.4 Inadequate Quality Management**

Table 4.41 in the Ministry of Water Design Manual, 2009 requires that the installation of High-Density Polyethylene (DPE) pipes require a graded granular material (fine gravel) bed and surrounded with a thorough compaction to at least 80% Modified Proctor Density.

I discovered deficiencies in pipe installation in all five audited rural water supply projects. The contractors applied inappropriate backfill materials (e.g., soil with stones, organic matter, and black cotton soil) contrary to the design manual. In addition, the backfilling was done without compaction, increasing the risks of pipe settlement, joint weakening, and pipe bursts.

Inadequate installation of the pipes was attributed to inadequate preparation of project specifications. I initially stated that RUWASA did not have specifications of the installation pipes to have been included in the contract to bind the contractor.

Backfilling using inappropriate materials such as stones implied that during the operation of the constructed scheme, stones would impose tension on the surface of the water pipe, which would weaken the pipes. This could ultimately cause leakage and bursting of pipes, thus jeopardising the durability of the constructed scheme.

**I recommend that RUWASA ensures project specifications are effectively prepared and included in the contract and its implementation adheres to the specifications.**



## **CHAPTER TWELVE**

---

### **Technical Audit on the Construction and Maintenance of Wastewater and Sanitation Infrastructures in Urban Areas**

## TECHNICAL AUDIT ON THE CONSTRUCTION AND MAINTENANCE OF WASTEWATER AND SANITATION INFRASTRUCTURES IN URBAN AREAS

### 12.1 Introduction

The audit assessed whether the Ministry of Water and Water Supply and Sanitation Authorities (WSSAs) effectively managed the construction and maintenance of wastewater and sanitation infrastructures in their areas with due consideration for time, cost, and quality to achieve the intended project objectives.

The audited entities were the Ministry of Water (MoW) and the Water Supply and Sanitation Authorities (WSAs). These entities were responsible for constructing, maintaining, and operating wastewater and sanitation infrastructure in urban areas. The sampled projects spanned from the financial years 2010/11 to 2023/24, with all projects still under implementation at the time of the audit. The projects are; the Expansion of Ilemela Wastewater Stabilization Ponds, in Mwanza City implemented by Mwanza Water Supply and Sanitation Authority (MWAUWASA), the Construction of a Sewer Network for Musoma Municipality implemented by MoW, the Construction of a Wastewater Treatment Plant in Mbezi Beach implemented by Dar es Salaam Water Supply and Sewerage Authority (DAWASA), the Replacement of Concrete Sewer Lines at Area C and Area D in Dodoma implemented by Dodoma Water Supply and Sanitation Authority (DUWASA), and the Construction of Wastewater Stabilization Ponds Project in Babati implemented by Babati Water Supply and Sanitation Authority (BAWASA).

### 12.2 Project Planning and Design

#### 12.2.1 High Concentration of Chemical Oxygen Demand (COD) in Wastewater Treatment Facilities at Mbezi Beach

The Tanzania Bureau of Standards (TBS) National Environmental Standards Compendium (TZS 860:2005 - Limits for Municipal and Industrial Wastewaters), as referenced in Paragraph 3.5.6 of the project's ESIA Review Report (2021) and Paragraph 4.7.2 of the Feasibility Study Report, sets the maximum allowable discharge limit for treated domestic and industrial wastewater at 60 mg/L COD. Furthermore, Regulation 8 (2) of the Environmental Management (Water Quality Standards) Regulations, 2007, also mandates a permissible limit of 60 mg/L COD for municipal and industrial effluents.

However, my review of the project's bidding documentation revealed that the Employer's Requirement stipulated a COD concentration of 125 mg/L, which

was subsequently adopted in the design of the wastewater treatment facilities at the Mbezi Beach Project. This specified COD exceeds the maximum allowable limit set by TBS standards and relevant regulations by 65 mg/L.

The observed discrepancy and non-adherence to local regulatory standards by DAWASA in the preparation and design phases will potentially result in effluent discharge that exceeds the allowable COD limits by 108.33%. If this wastewater is released into receiving water bodies without additional treatment, it may lead to environmental pollution and pose health risks to the surrounding community.

Given that the Mbezi Beach wastewater treatment project is still incomplete, I recommend that DAWASA urgently re-evaluate the project's design parameters, ensuring alignment with local environmental standards. Necessary adjustments should be made prior to the commissioning of the facility to ensure that the treated effluent complies with the COD discharge limit of 60 mg/L. Failure to do so may lead to serious environmental degradation and adverse impacts on public health and local ecosystems.

#### 12.2.2 Failure to Consider Unconnected Customers Resulted in a Variation Order of TZS 1.66 billion

Para 2.2.2 of the Ministry of Water Design, Construction Supervision, Operation and Maintenance (DCOM) Manual for Sanitation Projects, 2020 requires a situation analysis to be conducted before implementation, which shall include the identification of local preferences for sanitation facilities.

The design report for the Area C and Area D sewer projects in Dodoma of 2018 indicates that not all existing householders were connected to the existing sewer line which was proposed to be replaced. It indicated that 1,000 households out of 1,064 and 570 households out of 741 were connected to the existing sewer line for Areas C and D respectively.

I learned that the design of the project did not consider the households that were not connected to the existing system. Also, it did not forecast the increase in households to ensure their provisions in the newly constructed sewer line.

As a result, during implementation, there was an additional cost of TZS 1.66 billion to cover households not previously connected. The cost was introduced as a variation which was pending approval by the Ministry of Water after approval by DUWASA.

I also detected a risk of overflow in the constructed sewer as the number of households increased because the design did not include provisions for new connections. The design accommodates 1,570 households for Areas C and D while the existing households were 1,805 in both areas.

Non-consideration of the unconnected households was due to the absence of an effective conditional survey and feasibility assessment that could capture all project requirements.

I recommend that DUWASA conducts an effective assessment on the constructed sewer line for area C and D in the Dodoma City to ensure sewer service demand is accommodated in the project.

### 12.3 Contract Management

#### 12.3.1 Certified Payment of Unexecuted Works TZS 1.60 billion

Clause 12.2 of the Public Procurement Regulatory Authority General Condition of Contract, 2022 requires payment to be made as per executed works.

During my review, I discovered that the Interim Payment Certificates (IPCs) were inadequately prepared for two out of the five assessed Wastewater Projects. A payment certification of TZS 1.60 billion was issued for works that had not been executed, as indicated in Table 40.

**Table 40: Payments made for unexecuted works for each project**

project	Description of unexecuted works	Certified amount (TZS Millions)
Construction of Wastewater Stabilization Ponds Project at Makatanini Area in Babati	HDPE liner 1.5 mm, a total of 20,369 m <sup>2</sup>	365.55
	BRC Reinforced concrete -118 m <sup>3</sup>	106.290
	stone riprap -510 m <sup>3</sup>	229.500
	work way - 1416 m <sup>2</sup>	10.620
BRC Reinforced concrete - 965 m <sup>2</sup>		868.500
<b>Sub-Total for Babati Project</b>		<b>1,580.37</b>
Ilemela Wastewater project at Mwanza City	Overpayment to nominated sub-contractor	12.906
	Overestimation of blinding thickness	4.789
	Paid Reinforcement not specified in as-built Drawings	8.042
<b>Sub-total Mwanza Project</b>		<b>3,186.567</b>
<b>Total</b>		<b>1,606.11</b>

*Source: Auditors' analysis of IPCs, 2024.*

The over-certification (unexecuted works) of equivalent to TZS 1.60 billion for the two projects of Ilemela and Babati. As of November 2024, the certified



amount for the Babati project remained pending, while the certified amount for the Ilemela Wastewater project was already paid to the contractor.

The payment for the unexecuted works was due to a lack of effective re-measurement before the certification of the contractors' payments, which resulted in payments being made based on works not completed.

**I recommend that the Ministry of Water, BAWASA and MWAUWASA implement a thorough re-measurement process before certifying payments to ensure that certification is based solely on actual completed works and deduct all overpaid amount.**

### **12.3.2 Accrued Interest Due to Delayed Payments to the Contractors amounting to TZS 273 million**

Clause 14.7 of the General Conditions of Contract requires the client to pay the amount certified in each IPC within 56 days after the engineer receives the statement and supporting documents. This clause was applied to three projects implemented in Musoma, Babati, and Ilemela districts.

For the Mbezi Beach project, the contractor was required to be paid within 28 days from the approval of the Project Manager. I discovered that all five audited projects experienced delays in contractors' payments, with the average delays ranging from 21 to 252 days. Babati and the Dodoma projects experienced the longest delays with average delays of 252 days and 161 days, respectively. The noted delays were mostly attributed to late disbursement of funds from the Ministry of Finance.

Further, I learned that delayed payments not only affected the timely achievement of the project objectives but also resulted in the additional cost of TZS 273 million. The additional cost was paid by the Ministry of Water in the Musoma Project as the interest charge for late payment of advance payment and IPC number two for 110 and 68 days, respectively.

**I recommend that Ministry of Water liaises with the Ministry of Finance to ensure timely payment of the contractors IPCs in order to ensure timely achievement of project objectives and avoid interest charges in the project.**





## **CHAPTER THIRTEEN**

### **Technical Audit on the Construction of Kidunda Dam Project**

## TECHNICAL AUDIT ON THE CONSTRUCTION OF THE KIDUNDA DAM PROJECT

### 13.1 Introduction

The audit aimed to evaluate whether the Dar es Salaam Water Supply and Sanitation Authority (DAWASA) has effectively planned, designed, and implemented the Kidunda Dam Project to meet water demand and improve sanitation in local communities. DAWASA, under the Ministry of Water, was the primary auditee responsible for executing the project with a budget of TZS 329.466 billion. As of the audit, the project was 21% complete, having commenced on 18 June 2023 with an expected completion date of 17 June 2026.

### 13.2 Project Planning and Designing

#### 13.2.1 Non-Inclusion of Check Dams for Controlling Sediments in the Main Dam

Guideline 2.3 of the Dams Safety Guideline of the Ministry of Water of April 2020 requires the detailed design to be accompanied by a Final Design Report which should contain all information necessary to support the selected design features.

My review of the design reports and drawings showed that the project's designs did not incorporate check dams to manage and control the inflow of sediments into the reservoir during the dam's operation. I observed that this omission was caused by an inadequate feasibility study that did not assess and establish the need for a check dam for monitoring sediments.

The absence of check dams for sediment control could lead to excessive accumulation of sediments in the reservoir, reducing the capacity of storage, affecting the quality of water, and increasing maintenance costs. The anomaly could compromise the dam's efficiency and sustainability, impacting its ability to meet water supply and sanitation objectives over time.

I recommend that DAWASA develops a comprehensive sediment management strategy and revise the project design to incorporate check dams where necessary as a control measure for mitigating sediment deposition within the reservoir to improve efficiency and the long-term sustainability of the dam.

### 13.3 Contract Management

#### 13.3.1 Delays in Payments to the Contractor Leading to Interest Charges

Clause 14.7 (a) of the General Conditions of Contract for the Works Contract mandated the Employer to pay the certified amount in each Interim Payment Certificate within 56 days after the Engineer receives the Statement and supporting documents.

During my review of the project payment records, I discovered a delay in payments to the contractors, as shown in **Table 41**.

**Table 41: Payment status for the contractor**

IPC No.	Amount (TZS)	Due Date	Date Paid	Delay (Days)
1	8,300,000,000	05/01/2024	06/06/2024 -	153
	1,036,032,177	05/01/2024	Not Paid	299
2	16,791,127,802	27/04/2024	Not paid	186
3	8,452,471,729	26/07/2024	Not paid	96
4	6,670,760,425	14/10/2024	Not paid	16
<b>Total</b>	<b>90,670,414,368</b>			

*Source: Auditors' Analysis of Contractor's Payment Records, 2024*

I attribute these delays to late disbursement of funds from the Treasury. Despite multiple reminders sent by DAWASA to the Ministry of Water. Continued late payments of IPCs to the contractor lead to accumulated interest, ultimately causing cost overruns.

I recommend that DAWASA liaises with the Ministry of Water and the Ministry of Finance to ensure timely disbursement of funds. Additionally, proactive financial planning and monitoring should be implemented to prevent delays in payments, minimize interest accumulation, and avoid cost overruns for the project.

#### 13.3.2 Payments of Unapproved Variations TZS 1.57 billion

Regulation 110 (5) of the Public Procurement Regulations, 2013 as amended by Regulation 36 of the Public Procurement (Amendment) Regulations G.N No. 333 of 2016 requires that where the execution of the contract has commenced, the cost increases involving all changes which alter the scope, extent or intention of such contracts shall have the prior written approval of the tender board.

In my review of Interim Payment Certificate No. 05, which included accumulated payments of the previous 4 IPCs, I observed unapproved variations amounting to TZS 1.57 billion that were paid to the contractor. The variations

were related to the increased quantities of executed works such as excavation and reinforcement works and others due to weaknesses in cost monitoring. This oversight led to cost overruns, causing the final cost to exceed the budget. (see Table 42)

**Table 42: Variation paid without an approval**

Item Description	Variation Amount (TZS)
4nos Double cabin 4WD Pick-up minimum 2500cc	312,810,772.08
Percentage Applied to all Provisional Sums	108,548,428.80
Operate vehicles specified for travel distances of more than an average of 2500 km per month	13,230,346.00
Excavating soft material situated between 0.5m to 1.5m below the surface level	1,981,915.36
Removal and grubbing of Large Trees and Trees	5,746,737.00
Removal and grubbing of Large Trees and Trees	1,513,820.00
Common excavation in soft material situated within the depth of 0m up to 2m	30,630,504.53
Steel reinforcement for structure: High-yield stress steel bars	361,003,301.55
Cast in situ concrete class 15/20 to blinding under-box culverts	34,497,862.01
Cast in situ concrete class 25/20 to box culverts, including formwork	707,834,631.20
Weep holes 50 mm in diameter	729,960.00
Total Variation Amount	1,578,528,278.53

*Source: Auditors' analysis of the project IPCs*

I recommend that DAWASA implement a more robust cost monitoring and approval process to avoid unapproved variations. Also, DAWASA seeks approval of all changes in the project to ensure that project cost is effectively monitored to minimise the risk of cost overrun.

### 13.3.3 Additional Cost of TZS 5.24 billion Due to Inadequate Evaluation of Compensation Cost and Delay in Compensation to the Persons Affected by the Project

Regulation 13 of the Land (Assessment of the Value of Land for Compensation) Regulations, 2001, requires compensation to be paid on time within six months after the subject land has been acquired. The regulation also requires that where the amount of compensation (for this case, TZS 4,353,208,777) remains unpaid for six months after the acquisition or revocation, interest at the average rate of interest offered by the commercial bank of fixed deposits shall be recoverable until such compensation is paid.

My review of the Final Resettlement Action Plan (RAP), 2014, and Compensation Books of 2014, 2015, and 2020 recorded a delay in compensating the Kidunda villagers who were affected by the Kidunda Dam Project that was supposed to be made before November 2013. This delay resulted in interest charges amounting to TZS 695.27 million, as shown in **Table 43**.

**Table 43: The status of the compensation payment**

Payment Phases	PAP'S	Amount by November 2013 (TZS)	Amount paid (TZS)	Interest amount (TZS)
First Payments in 2014	159	1,106,269,300	1,194,770,844	88,501,544
Second Payments in 2017/18	1239	3,124,895,677	3,644,553,349	519,657,672
Third Payments in 2023/24	44	122,043,800	209,161,844	55,421,644
<b>Total</b>	<b>1442</b>	<b>4,353,208,777</b>	<b>5,048,486,037</b>	<b>695,277,261</b>

*Source: Auditors' Analysis on Compensation Books, 2024*

**Table 49** shows that TZS 695.27 million was paid as interest due to delayed compensation that was done in the years 2014, 2017/18 and 2023/24 instead of 2013.

The delay was attributed to shortcomings such as a lack of documents of official land ownership to acquire compensation payments to beneficiaries and claims due to dissatisfaction of the affected people with the conducted evaluations.

Furthermore, my review of the November 2015 compensation books for 10 villages revealed that DAWASA paid an additional compensation of TZS 4.026 billion after a re-evaluation of the claims received from the Project Affected Persons, who were not satisfied with the original compensation. **Table 44** provides the details regarding the status of the claim payments.

**Table 44: Status of claims payments**

Village	No. of PAPs	Amount (in TZS)
Bwila Chini	118	261,416,086.53
Kwa Tupa	137	235,048,782.67
Kwa Wagonzi	219	417,049,823.87
Kariakoo	166	248,048,326.48
Kwa Nyagongo	253	372,981,218.22
Vikonge	247	547,021,064.23
Kiburumo I	193	515,677,725.15
Kiburumo II	235	781,126,295.04
Barabara	159	228,062,795.44
Manyunywe	96	420,329,871.45
<b>Total</b>	<b>1,823</b>	<b>4,026,761,989.08</b>

*Source: Auditors' Analysis on Compensation Books, 2024*



DAWASA paid an additional compensation amount of 4.02 billion after re-evaluation. This indicated that a total of TZS 9.07 billion was paid for compensations, making the cost overrun of TZS 5.24 billion, as the budget was TZS 3.83 billion.

This additional cost was attributed to an ineffective evaluation conducted by DAWASA to assess the realistic cost needed for compensation.

**I recommend that DAWASA conduct a thorough and accurate assessment of compensation requirements during the planning phase to avoid re-evaluations and additional costs. Future compensation budgets should be carefully reviewed and adjusted as necessary to ensure they align with actual requirements, minimizing the risk of cost overruns.**



## **CHAPTER FOURTEEN**

---

**Technical Audit on the Rehabilitation and New Construction of Kariakoo Market, Mwanza Central Market and Nyamhongolo Bus Terminal**

## TECHNICAL AUDIT ON THE REHABILITATION AND NEW CONSTRUCTION OF KARIAKOO MARKET, MWANZA CENTRAL MARKET AND NYAMHONGOLO BUS TERMINAL

### 14.1 Introduction

This audit aims to assess whether the Mwanza City Council, Ilemela Municipal Council, and the Dar es Salaam City Council adequately managed the construction of the markets and bus terminal projects.

The audit focused on three key entities: Mwanza City Council, Ilemela Municipal Council, and the Dar es Salaam City Council, responsible for Construction of Mwanza Central Market, Construction of Nyamhongolo Bus Terminal and rehabilitating the Kariakoo Market in Dar es Salaam respectively.

At the time of this audit, the Kariakoo Market project which commenced in January 2022 with a cost of TZS 28 billion had a progress of 95%. Mwanza Central Market at the cost of TZS 21.8 billion commencing in 2019 had a progress of 95%. The Nyamhongolo Bus Terminal project worth TZS 26.6 billion commenced in 2019, was completed and in use.

### 14.2 Project Planning and Design

#### 14.2.1 Lack of Conditional Survey in the Rehabilitation of Old Markets Contributed to Variations of Works TZS 757.02 million

Terms of Reference 4.4.1.1 (b) (ii) of the Consultant's Terms of Reference for Kariakoo Market requires the consultant to conduct a conditional survey of the old Kariakoo market building.

I discovered that the conditional survey was not conducted in two markets i.e., Kariakoo and Mwanza Central Market. As a result, the scope of work for the rehabilitation of the Kariakoo market was not clearly defined. This led to variations amounting to TZS 577.90 million, during project implementation. Also, BoQs and drawings for the rehabilitation works at Mwanza Central Markets were not established, contrary to Regulation 239(8) of the Public Procurement Regulations, 2013 which requires the procuring entity not to invite tenders for works unless the drawings and specifications are complete and firm estimates of cost have been prepared.

This led to the provision of a lumpsum amount (TZS 400 million) for rehabilitation works, though the provided amount did not suffice the requirements, hence the additional amount of TZS 179.12 million was incurred.



**Table 45** provides the details of the variation that occurred due to the failure of the established project scope to capture all requirements.

**Table 45: Variations resulted from the absence of a conditional survey to establish project requirements**

Project	Proposed variations	Amount (TZS)
Kariakoo Market	Additional plumbing and engineering installations in the old market	288,884,097
	Revision of air extraction system installation in the toilets and basement in the old market	241,718,676
	Revision of lift installations in the old market	47,303,792
	<b>Sub-Total</b>	<b>577,906,567.17</b>
Mwanza Central Market	Additional Works for rehabilitation of existing building at Mwanza Central market	<b>179,121,025</b>
<b>Total</b>		<b>757,027,592</b>

*Source: Auditor's analysis of the project's variation for Kariakoo and Mwanza Central Markets, 2024*

The contract sum increased by TZS 577.90 million and TZS 179.12 million for the rehabilitation of the Old Kariakoo Market and Mwanza Central Market respectively, marking the total additional cost of TZS 757.02 million.

The absence of a conditional survey was attributed to the failure of the project implementer (Dar es Salaam City Council and Mwanza City Council) to supervise the consultants to ensure that the Consultancy's Terms of Reference were effectively implemented.

I recommend that Mwanza and Dar es Salaam City Councils strengthen their supervision of consultants to ensure that the Consultancy's Terms of Reference (ToRs) are properly implemented, including the completion of comprehensive condition surveys before project commencement.

#### 14.2.2 Variations and Extra Works Due to Deficiencies in Design in Mwanza Central Market TZS 1.96 billion

Regulation 22 (2) of the Public Procurement Regulations, 2013 (as amended in 2016) requires all designs, drawings and specifications of building works to be prepared based on the relevant objective, technical and quality characteristics of such work.

My review of the variation orders revealed that several items amounting to TZS 1.96 billion were added as additional works to the original contract. Further, I discovered that those additions were due to deficiencies in design since the

original design did not establish all project requirements. Table 46 illustrates the items that were not initially considered in the original design.

**Table 46: Variations occurred in Mwanza Central Market due to design deficiencies**

Description	Amount (TZS)	Remarks
Addition of New Toilets (2. Nos)	232,403,600	Client's Requirements
Addition of new shops	172,302,500	Client's Requirements
Enlargement of external shops and demolition in various areas	14,720,940	Client's Requirements
Introduction of louvres to prevent rainwater	27,839,427	Design Review due to height
Addition of water bars to the substructure	140,616,000	Design Review due to water table
Additional water tank and connection ramps	85,424,950	Client's Requirements
Additional stalls grill doors	138,376,000	Design Review due to security
Addition of children's play area	33,377,550	Client's Requirements
Additional firefighting installations	995,700,040	Client's Requirements
Addition of kitchen facilities (gas piping installation)	74,108,800	Client's Requirements
Additional acrylic sheets	29,600,000	Design Review
Addition of PVC gutters for Machinga stalls	18,294,000	Design Review
<b>Total</b>	<b>1,962,763,807</b>	

*Source: Auditors' analysis of the Mwanza central market contract IPC No. 15 2024*

Mwanza Central Market project totalling TZS 1.962 billion came from client requirements that were not captured during project planning and design.

The design deficiencies were attributed to the failure of Mwanza City Council to ensure that all requirements of the client were effectively framed during project planning and that the designs captured all established requirements to minimize the changes that would occur during implementation.

I recommend that Mwanza City Council ensure that all client requirements are thoroughly defined and incorporated during the project planning phase. This will ensure that the designs accurately reflect these requirements, minimizing the need for changes during project implementation.

### 14.3 Contracts Management

#### 14.3.1 Payment for Reinforcement Bars Without Specifying the Quantity for Each Bar Size TZS 9.87 billion

My review of the contracts' BoQs and payments for reinforcement bars, of all three audited projects (Kariakoo Market, Mwanza Central Market and

Nyamhongolo Bus Terminal) revealed that the quantities of reinforcement bars were not specified by size. Instead, they were provided as one lumpsum quantity for various bar sizes, without individual quantities for each diameter of the reinforcement bar. This approach was contrary to Para F16(b) of Standard Method of Measurement of Building Works for East Africa (SMM), First Edition (Metric), 1976, which requires that bar reinforcement (measured as executed) including links, stirrups, binders, special spacers and the like to be given in weight stating the size. **Table 47** provides the summary of reinforcement that was paid without specifying the quantities utilized per bar size.

**Table 47: Reinforcement paid without specifying the quantities utilized per bar size**

Element	Item	Description		Quantity	Rate (TZS)	Amount (TZS)
Reinforcement Details for Kariakoo Market						
Substructure and Basement	3/1/2/6A;	Bar size 8mm to 32mm	Kg	527,952	3,226	1,703,173,152
Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> floors	3/1/3/1D		Kg	633,906	3,226	2,044,980,756
Fourth and fifth floors	3/1/4/1D		Kg	325,065	3,226	1,048,659,690
Staircase	3/1/5/1D		Kg	14,336	3,226	46,247,936
Lift shaft	3/1/6/1B		Kg	57,380	3,226	185,107,880
Reinforcement Details for Mwanza Central Market						
Substructure	2/2/U	Reinforcement bars 8-25 mm diameter	Tons	652	2,900,000	1,890,800,000
Frame	2/6/D	Bars size 8-25mm	Tons	422	2,900,000	1,223,258,000
Reinforcement Details for Nyamhongolo Bus Terminal						
Substructure	2/1/4j	Various bar sizes	Kg	402,516	2,417.04	972,897,272
Frame	2/2.1f	Various bar sizes	Kg	305,820	2,417.04	739,179,172
Staircases	2/3.1d	Various bar sizes	Kg	6,715	2,417.04	16,230,423
Total Amount for Reinforcement in all Three Projects						9,870,534,283

*Source: Auditor's analysis of the project BoQs and Payments records for Kariakoo Market, Mwanza Central Market and Nyamhongolo Bus Terminal*

This implied that the evaluation of the quantity of the size of each reinforcement bar used in the project was not specified, making it difficult to ascertain if payments reflected the size and quantity of reinforcement bars. The anomaly increased a possibility that the contractor were paid on inflated price of the reinforcement bars which increased the cost of the project.

My assessment of the project design and drawings revealed that the grouping of reinforcement bars, regardless of size, was due to a lack of a bar bending schedule, which would specify the bar's sizes and their quantities for each structural element in the building.

I recommend that the Management of Mwanza City Council, Dar es Salaam City Council and Ilemela Municipal Council establish a bar-bending schedule for future projects, as well as verify the reinforcement quantities used before payment to avoid the risk of overpayment to contractors.

#### **14.3.2 Payment of Reimbursable Expenses to the Consultant Without Supporting Documents TZS 766.90 million.**

Clause 54.2 of the General Conditions of Contract requires the client to pay the consultant within 60 days after receiving an invoice with supporting documents. Parts of a statement that are not satisfactorily supported may be withheld from payment.

My review of payments made to project consultants revealed that TZS 766.90 million was paid as reimbursable expenses to consultants without supporting documents. The amount included TZS 181.30 million paid for the new construction of the Kariakoo Market, and TZS 585.60 million paid for Mwanza Central Market, totalling TZS 766.90 million.

Payment for reimbursement without supporting documents implied that Mwanza and Dar es Salaam City Councils did not adequately manage the project cost by ensuring that all reimbursable expenses were paid after receiving the supporting evidence for validation. It further implied weak control on the part of the client that could constitute a loss to the government.

**I recommend that Mwanza and Dar es Salaam City Councils assess and recover the unjustified reimbursable payments of TZS 766.90 million made to the consultants.**

#### **14.3.3 Project Delays Resulted in a Consultant's Claim of TZS 1.35 billion**

Clause 1.1 of the special condition of the contract for contractors' contracts specifies that a contract duration for the Kariakoo Market project was 21 months, from 7 January 2022 to 6 October 2023, while for Mwanza Central Market was 18 months, from 22 August 2019 to 25 February 2021.

As of October 2024, both projects remained incomplete, with delays of 13 months and 44 months for Kariakoo Market and Mwanza Central Market

respectively. The delays were attributed to various issues including; late approvals of drawings and requests for information or appraisal by clients, whereby delays in approving the drawings for Kariakoo Markets ranged from 17 to 78 days; late payments to the project contractor which affected the speed of contractors in implementing projects and an increase in the project scope during implementation.

I found that project delays did not only affect the timely attainment of the objectives but also affected the cost. The review of claims noted the amount of TZS 209.98 million and TZS 1.14 billion claimed by the consultants for Kariakoo and Mwanza Central Market, respectively.

These claims aimed to account for the supervision cost of the consultant under the extended implementation period. However, during the audit, these claims were waiting for the client's approval.

**I recommend the Management of Mwanza and Dar es Salaam City Councils to ensure timely approval of drawings, variations and timely payments to contractors to avoid delay in the project completion.**



## **CHAPTER FIFTEEN**

---

**Technical Audit on Installation and  
Maintenance of Road Furniture and  
Traffic Signal**

## TECHNICAL AUDIT ON INSTALLATION AND MAINTENANCE OF ROAD FURNITURE AND TRAFFIC SIGNAL

### 15.1 Introduction

Tanzania National Road Agency (TANROADS) and Tanzania Rural and Urban Roads Agency (TARURA) have been implementing various projects related to the installation and maintenance of road furniture and traffic signals around the country.

To establish value for money, I conducted technical audits covering eight financial years from 2016/17 to 2023/24 on road projects in five regions (Dar es Salaam, Dodoma, Lindi, Pwani and Tabora) to assess whether the planning, installation, and maintenance of road furniture and traffic signals were effectively done with respect of time, cost, scope, and quality to enhance road safety for users. I assessed all key aspects, from the planning phase to completion and concluded on the progress made, cost control, and project quality. Details are shown in **Appendix VI**.

### 15.2 Initiation and Planning Aspects

#### 15.2.1 Road Junction Traffic Flow Controlled by Traffic Police Due to Outdated Design of the Traffic Signals

Para 6.3 of the Guide to Traffic Signing, 2009 requires the main objective when installing signals at junctions to reduce delays to traffic by eliminating or reducing the number of conflicts at the road junction, pedestrian crossings and railway crossings.

My physical verification on seven junctions in Dar es Salaam found that traffic flow and patterns were being controlled by traffic police instead of traffic signals as shown in **Table 48**.

**Table 48: Road junctions with traffic flow controlled by traffic police**

Road Junction	Road Name
Mwenge	Bagamoyo Road
Morocco	
Africana-Mbezi beach	
Kawe-Lugalo	
Goba - Mbezi Shule	Morogoro Road
Kimara Bucha	
Magomeni	

*Source: Auditors' Analysis on Physical Verification of the Sampled Roads, 2024*



The junctions experienced heavy traffic flow, highlighting the need for an adequate maintenance budget for traffic signals.

However, budget constraints have led to insufficient maintenance, limiting the ability to accommodate increased traffic and design changes on major roads. TANROADS receives an annual allocation of TZS 1.8 billion for road furniture maintenance, far below the required TZS 200 billion. Additionally, frequent motorcades, particularly along Bagamoyo Road, disrupt traffic signals, causing congestion and necessitating traffic police control.

I discovered that the traffic signals at the visited junctions do not effectively function to control traffic flow and pattern from different directions/junctions for smooth flow of the traffic during the peak and normal hours.

I recommend that TANROADS, in collaboration with the budget authorities, ensure a budget is allocated as per actual requirements to facilitate adequate maintenance of traffic signals. With the increasing traffic jams in the junctions, major maintenance and rehabilitation may be required or even construction of flyovers at Mwenge, Morocco, Magomeni and Africana-Mbezi Beach junctions.

### 15.3 Contract Management

#### 15.3.1 Unsatisfactory Status of the Road Furniture

Para 5.2.1 (c) of the National Road Safety Policy, 2009 requires the Ministry responsible for infrastructure development to ensure that their road schemes conform to standards and guidelines of road safety for the use of roads, intersections, road furniture and traffic management schemes.

My review and physical verification of the selected road projects identified inadequate compliance with the required number of road furniture (road signs, traffic signals, and streetlights) against the available number, as shown in **Table 49**. I detected shortage of 1,795 streetlights equivalent to 73% of the total required streetlights along Bagamoyo Road. The required streetlight was 2,445 compared to the available 650.

**Table 49: Status of the required number of road furniture**

Road Name	Road Signs		Traffic Signal		Street Lights	
	Required	Available	Required	Available	Required	Available
Bagamoyo Road	1,710	934 (55%)	28	24 (86%)	2,445	650 (27%)
Morogoro Road	1,635	1,221 (75%)	30	23 (77%)	2,335	1,840 (79%)

Road Name	Road Signs		Traffic Signal		Street Lights	
	Required	Available	Required	Available	Required	Available
Dodoma - Bereko Road	455	322 (71%)	1	1 (100%)	112	56 (50%)
Nzega - Tabora Road	485	325 (67%)	NA	NA	355	282 (79%)
Government City Roads	281	169 (60%)	2	2 (100%)	739	1635 (221%)
Visiga Zegereni Road	42	42 (100%)	NA	NA	350	350 (100%)
Nyengedi-Mnara Road	30	10 (33%)	NA	NA	8	8 (100%)
Nala Industrial Park Road	70	49 (70%)	NA	NA	114	150 (131%)

*Source: Auditors' analysis from the design report and as-built drawings, 2024*

Regarding road signs, Visiga-Zegereni Road is the only road with 100% availability of road signs. Nyengedi-Mnara Road has the lowest availability at 33% due to uncompleted works, and Bagamoyo Road has 55% due to ongoing construction of Bus Rapid Transit (BRT) Phase 4 which led to the demolition of the existing road signs which could impact road safety and navigation.

Bagamoyo Road has the lowest availability of streetlights at 27% and traffic signals at 86% due to the ongoing BRT constructions. Visiga Zegereni Road and Nyengedi-Mnara Road have 100% availability, which is ideal. However, Government City Roads and Nala Industrial Park Road show unusually high percentages, resulting from inadequate design which led to variation during actual implementation.

Non-compliance with the road furniture requirements was caused by inadequate maintenance and awareness in areas with high rates of vandalism. This impaired the sustainability of safety for road users.

I am convinced that the overall state of the road furniture is unsatisfactory, mostly characterized by faded road markings which pose a risk of conflicting road users, accidents, road user safety, and transportation inefficiency.

In addition, damaged and or missing signs, faded markings, and malfunctioning traffic signals impair drivers' ability for safe navigation due to a lack of clear guidance or warnings on hazards, speed limits, or road conditions. However, prevalence of the faded road markings reduces lane visibility and boundary clarity, especially at night or during adverse weather conditions.

### 15.3.2 Inadequate Quality Control Testing for Road Marking Paint

Clause 5502 of Tanzania Standards Specification of Roads Works of 2000 requires assurance of the quality of the applied road marking paint as specified in the

Special Specifications, hot-melt plastic road marking materials shall comply with BS 3262. Importation of material for road marking paints is subject to the Factory Acceptance Tests (FAT) for the employer's approval before importation of the materials to check origin and composition. The materials are then taken for confirmation tests to ensure the quality of the road marking paints against their ingredients and to strengthen checks and balances before the implementation of the road markings.

Contrary to the requirements, I discovered that TANROADS and TARURA did not perform confirmation tests on the imported road marking materials.

Lack of such quality assurance test during maintenance of the road furniture and road markings was attributed to inadequate supervision of road maintenance projects. Such activities were regarded as small works contracts which were not allocated with budget for quality control test items. This affects life span and quality of the roads, exposing road furniture to frequent maintenance which increases costs.

### 15.3.3 Vandalism of Road Furniture Worth TZS 170.48 million

Section 31 (2) of the Road Act, 2007 requires that any person who damages, removes or obscures road furniture commits an offence and shall be liable on conviction to a fine of not less than two hundred thousand Tanzania shillings or to imprisonment for a term not exceeding one year or both.

My physical inspection on 1 November 2024 for Tabora - Nzega Road (Tabora) found that 78 road signs and 153 guardrails were stolen while four road signs were stolen on the Government City Roads. The total cost of vandalized, and stolen furniture is TZS 170.48 million, as shown in **Table 50**.

**Table 50: Analysis of vandalism of the road signs**

Road Name	Vandalised Road Furniture		Cost of Road Furniture (TZS Million)
	Road sign	Guardrails	
Tabora - Nzega Road	78	153	168.00
Government City Roads	4	-	2.48
<b>Total</b>			<b>170.48</b>

*Source: Auditors' analysis from physical verification and Tabora report on road furniture of May 2018*

The high rate of vandalism in Tabora - Nzega Road was due to the inadequate installation of the road furniture and the use of valuable materials (aluminium and metal) which are more attractive to vandalism due to high resale value for the use in the manufacturing of iron equipment.

Stolen road furniture requires replacement that results in additional maintenance cost. In the financial years 2019/20 to 2022/23, TZS 30 million was spent for replacement of the stolen road furniture. However, delay or non-replacement of the stolen road furniture minimizes road safety for the users.

I recommend that TANROADS and TARURA ensure that all designed road signs, markings and guard rails are properly installed as per specifications. Increase collaboration with other government security organs for adequate road furniture control in mitigation of vandalism and hold accountable the perpetrators.

## 15.4 Environmental, Social and Health Aspects

### 15.4.1 Blockage Road Signs Due to Absence of Routine Grass Mowing and Tree Trimming

Para 4.1 of the Guide to Traffic Signing, 2009 requires road signs to be visible to drivers from the appropriate distance. This includes ensuring that vegetation, buildings, construction materials, or other objects do not obstruct the signs. Proper visibility of road signage is crucial for traffic safety, regulatory compliance, and minimization of accident risks.

My review and the site visit conducted on Tabora-Nzega Road, Dodoma-Bereko Road, and Government city roads disclosed the absence of routine maintenance for grass mowing and tree trimming. The trees bushes, utility poles, and construction materials partially or fully blocked road signs. The obstructions reduce the effectiveness of the signs, limiting drivers from accessing information on speed limits, directional guidance, and hazard warnings. The obstruction of the road signs defeats their purpose hence increasing the risks of accidents to road users, especially drivers.

I recommend that TANROADS and TARURA timely conduct routine grass mowing and tree trimming to curb the overgrown grasses, trees, bushes and other obstructions of the road signs for clear visibility of road users.



## **CHAPTER SIXTEEN**

---

### **Technical Audit on the Quality of Road Designs**

## TECHNICAL AUDIT ON THE QUALITY OF ROAD DESIGNS

### 16.1 Introduction

Road design is a crucial activity in the construction of a road project for successful implementation. I conducted a technical audit on ten road construction projects implemented by TANROADS, focusing specifically on the quality of the designs. The audit evaluated whether the design processes and specifications were adhered to, ensuring project implementation without cost implications resulting from design changes.

The technical audit covered ten years, from 2013/14 to 2023/24 financial years, focusing on completed, ongoing projects and projects which were in the design stage. This period was selected to allow assessment of the effectiveness of road design over its expected lifespan and to ensure the sustainability of road infrastructure over time. The road projects covered in the audit are presented in **Appendix VII**.

### 16.2 Insufficient Stakeholder Engagement and Risk Identification during the Design Stage

Para 3.2.2 of the Road Geometric Design Manual, 2011 requires a feasibility study to ensure adequate participatory planning and consultation with public and private sector stakeholders.

My review of the design reports of the selected road projects found that TANROADS involved relevant stakeholders, such as Persons Affected by the Projects (PAPs), Council Directors, TANESCO, TTCL, and authorities for Urban and Sewage Water Management during the project's feasibility stage. However, the involvement and coordination did not either reduce or eliminate the challenges of relocation and compensation during the project's implementation due to the persistence of the challenges.

I discovered that not all existing utilities were identified for relocation. The evaluation process did not include all properties and people affected by the project within the right of way on project roads for compensation. This was caused by a lack of as-built drawings to identify the location of the infrastructure of the utility owners to be relocated.

Furthermore, I learnt that there were no mitigation measures against the identified obstacles. Such hurdles were not fully addressed in the detailed design, and budget estimates to ensure all compensation and relocation issues were accounted for during project implementation.



For example, I found that inadequate coordination between TANROADS and Tanzania Railway Corporation (TRC) resulted in the stoppage of the construction of a section of 1km. The reason being non-construction of SGR overpass bridge at 49+200 in Dodoma City Outer Dual Carriageway Road (112.3km) to Bitumen Standard-Lot 1: Nala-Veyula-Mtumba-Ihumwa Dry Port (52.3km) section. Table 51 further shows the effects of inadequate coordination with relevant stakeholders during feasibility studies in respective projects.

**Table 51: Effects of inadequate coordination among project stakeholders**

Project Name	Observed Conditions	Effects
Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure - Phase 3: Lot 1- Road works (23.33km)	<ul style="list-style-type: none"> <li>- My review of letter CA.463/563/71/L/99/BIM.8950 dated 2<sup>nd</sup> October 2024 noted inadequate involvement of social centres such as Buguruni Market affected by the project.</li> <li>- Also, my review of project correspondence letters noted that there was inadequate consultation with utilities authorities such as TANESCO, TTCL and DAWASA.</li> </ul>	<p>Increase of quantities and change of project scope, which substantiated contractor claim for extension of time</p> <p>Contractor claims (claim No.4, 6, 9, and 10) and increased total electricity and TTCL cables relocation cost by TZS 1,905,878,387.27</p>
Tabora - Koga - Mpanda (lot 3, Kasinde-Mpanda 105.389 and Uruwira town Section 2.29km)	<ul style="list-style-type: none"> <li>- My review of the Final Contract Completion Report, September 2023, noted in section B.4.1 9 (ii) that there was non-evaluation of people affected by the project during the design stage to ensure their removal before project commencement.</li> </ul>	Shifting of horizontal alignment by 15m for a 2.752km section (km 349+800 - 352+552.39), which increased project scope.
Upgrading of Bagamoyo-Saadani-Pangani-Tanga (256km) to Bitumen Standard, Lot 1 (Pangani - Tanga, 50km)	<ul style="list-style-type: none"> <li>- My review of monthly progress report No.47, August 2024, in section 16.2, noted that there was inadequate identification of all people and properties affected by the project and inadequate identification of utilities within the roadway during the design stage.</li> </ul>	<ul style="list-style-type: none"> <li>- Delay in compensation and relocation of utilities which substantiated contractor claim for additional time.</li> </ul>
Upgrading of Itoni-Ludewa-Manda (211.4km) to Paved Standard, Lot 1 (Itoni-Lusitu 50km)	<ul style="list-style-type: none"> <li>- I noted that there was inadequate identification of all people and properties affected by the project, including graves and tea plantations for 3.15km section (9+950-10+300) and inadequate identification of utilities within the roadway during the design stage.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase of cost for relocation of utilities by TZS 250,000,000.00</li> <li>- Increase of cost for land acquisition by TZS 3,007,879,357.69.</li> </ul>
Construction of Sakina-Tengeru Road and Arusha Bypass	<ul style="list-style-type: none"> <li>- My review Para 3.7 of the Final project report, April 2019, noted that the origin design did not adequately collaborate with the relevant project in identifying and estimating costs for the relocation of utilities and land to be acquired for the project implementation.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase of cost for relocation of utilities by TZS 504,443,890.57.</li> <li>- Increase of cost for land acquisition by TZS 6,143,311,374.14.</li> </ul>



*Source: Auditors' Analysis of Design Reports and Project Correspondences for Respective Projects, 2024*

I am convinced that consultation with project stakeholders was conducted during project implementation and not during the planning and design phase to mitigate emerging obstacles, such as encroached houses, electric poles, water pipes and cables within the right of way.

**I recommend TANROADS to ensure proactive engagement with stakeholders, including utility owners, and implement mitigation measures before project implementation to minimize disruptions.**

### 16.3 Inadequate Traffic Study and Design Resulting in Premature Failure

Para 4.0 of Pavement Materials and Design Manual, 1999 requires the design of road pavement layers to ensure adequate study and analysis of traffic factors affecting the structural deterioration of paved roads, mainly magnitude of the loads (axle loads), contact pressure from loads (tyre pressure) and number of load repetitions for the optimal performance throughout the design period.

I discovered that TANROADS did not ensure that the carried traffic study adequately captured the economic growth of project locations and traffic growth rate, which affected the estimation of diverted and generated traffic and impacted the traffic projection for design purposes.

Also, my review of the design reports of the selected projects disclosed that the design was conducted to accommodate 20 years after the completion of the road project, hence expecting an increase in traffic identified during the design period, as presented in **Table 52**.

**Table 52: Analysis of designed traffic load class for selected roads**

Road Project	Design Life (years)	Design Traffic Load Class	Impact and Actual Condition During the Audit
Mbeya - Makongolosi Road Upgrading, Section I: Mbeya -Lwanjilo	20	TLC 3	For eight years since its completion in November 2015, has undergone premature failure. Notable defects, such as potholes and ravelling of the double seal, were evident
Construction of Dodoma City Outer Dual Carriageway Ring Road (112.3km) to bitumen standard-	20	TLC 20	Revised Pavement design report of 2022 after project commencement noted that projected traffic was cumulative axle 97,992,018 which was beyond TLC 50 while

Road Project	Design Life (years)	Design Traffic Load Class	Impact and Actual Condition During the Audit
Lot 1: Nala-Veyula-Mtumba-Ihumwa Dry Port (52.3km)			the project was designed for TLC 20, but this proposal was ultimately rejected by TANROADS due to budget constraints which were not initially planned for
Rehabilitation of Igawa - Uyole - Songwe -Tunduma Road and Construction of Uyole - Songwe Bypass Road	20	TLC 50	Bridges such as the Kimani and Songwe require periodic monitoring and maintenance measures to ensure continued structural integrity under TLC 50 conditions

*Source: Auditor's Analysis of 2024, from the Design Reports of the selected Projects*

Furthermore, I attribute the deviations of design to non-coverage of the design of rigid pavements, limiting the adequate structural design of the layers of pavement in the Pavement and Material Design Manual, 1999. Moreover, I noticed a contradiction between the specified design life in the Road Geometric Design Manual (2011), which is 30 years and that provided in the Pavement and Materials Design Manual, which is 20 years.

Challenges in traffic study, analysis and design were attributed to the insufficiency of the Ministry of Works design manuals, the failure of engaged consultants to conduct a thorough traffic study and inadequate design review by TANROADS to ensure the design reflects estimated traffic conditions.

**I recommend TANROADS to allocate resources for research into innovative construction techniques and collaborate with the Ministry of Works to develop updated roadwork standards to minimize design failures.**

#### 16.4 Inadequate Hydraulic Study and Hydrological Designs

Para 5.7 of the Road Geometric Design Manual of 2011 requires proper drainage design of highway design and planning for consideration of essential factors like hydrological considerations such as maximum rainfall and intensity, rate of runoff and nature and amount of stream flow; and nature and type of basin soils including their permeability and tendency to erode.

I discovered that TANROADS did not ensure that hydrological designs reflected actual site conditions and incorporated climatic resilience factors. As a result, the audit observed that the number of hydraulic structures provided was

underestimated, the sizes of hydraulic structures were smaller than the actual required openings, and the structures were incorrectly positioned.

**Table 53** shows the observed conditions and effects of inadequate hydraulic study and design during feasibility studies in respective projects.

**Table 53: Effects of inadequate hydraulic studies and designs**

Project Name	Observed Conditions	Effect
Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure - Phase 3: Lot 1-Road works (23.33km)	- Audit review of Contract Addendum No.1 of 4 April 2024 noted that there was inadequate estimation of the number of pipe culverts and drainage structures.	Increased cost for drainage structures by TZS 488,547,433.44
Tabora - Koga - Mpanda (lot 3, Kasinde-Mpanda 105.389 and Uruwira town Section 2.29km)	- Review of Final Contract Completion Report, September 2023 audit noted in section B.4 there was inadequate estimation of quantities for concrete lining for open drains and inadequate quantification of steel reinforcement.	Inadequate estimation of drainage works resulted in a quantity increase of more than 145% and an increase of cost for drainage works by TZS 6,021,608,010.23
Upgrading of Bagamoyo-Saadani-Pangani-Tanga (256km) to Bitumen Standard, Lot 1 (Pangani -Tanga, 50km)	- A review of monthly progress report No.47, of August 2024, Para 12.1 noted there was inadequate design of hydraulic structure sizes, which resulted in a change of sizes of 0.9m pipe culverts to large box culverts. - Moreover, review of addendum No.1, of 2022, it was noted that there were inadequate protection works for the Kirare bridge, which increased in quantities of stone pitching.	- Increased quantities for structures Concrete were 950m <sup>3</sup> , equivalent to the cost increase of TZS 239,400,000.00. - Increased quantities for structures high yield steel bars were 153 tons, equivalent to the cost increase of TZS 385,560,000. - Increased stone pitching quantities resulted in the cost of TZS 85,927,500
Construction of Sakina-Tengeru Road and Arusha Bypass	- Audit review Para 3.7 of the Final projects reports, April 2019, noted that there was an underestimation of hydraulic structures, which resulted in an underestimation of quantities for bridge structures.	The increase in steel bars and concrete quantities for bridge structures resulted in a cost increase of TZS 6,095,905,431.65.

*Source: Auditors' Analysis of Design Reports and Project Correspondences for Respective Projects, 2024*

Further, I observed that inadequate hydrology designs were attributed to insufficient data collection by engaged consultants to ensure the used catchment area provided accurate data for hydrology design. Also, inadequate

review of the consultants' design to ensure the proposed structure reflected actual site conditions.

Moreover, the absence of national customized hydrology studies and design manuals that consider current drastic climatic changes attributed to inadequate hydrology design. I learned that hydrological studies and designs were based on the Transport and Road Research Laboratory (TRRL) East African Flood Model, 1976, which does not account for major changes in land use and recent climatic changes, such as an increase in the intensity of rainfall.

TANROADS did not consider climatic resilient design to counteract climatic changes, as stated by the Tanzania Meteorological Authority (TMA) in 2019 and 2020. TMA reported increased average annual rainfall of 256.5 mm in 2019, equivalent to 125 % of the long-term average of 1981-2010, and by 100 mm in 2020, equivalent to 163.6 % of the long-term average of 1981-2010, attributed to the failure of hydraulic structures before the end of the design period.

**I recommend TANROADS to conduct thorough hydrological studies, traffic analysis, and subgrade soil investigations to optimize designs and ensure infrastructure resilience, safety, and cost-effectiveness.**

### **16.5 Inadequate Identification of Problematic Soils for Pavement Designing**

Para 5.0 of the Pavement Materials and Design Manual, 1999 requires comprehensive soil investigation surveys to be conducted early in the project. These investigations should begin with a desk study and review of secondary data to gather information about the project area. They should also include a detailed survey of the centreline, specified at the required design depth and intervals, along with an analysis of soil characteristics and the provision of improved subgrade layers as needed.

I found that TANROADS did not ensure that soil and material investigations conducted were thorough to capture characteristics of the existing soil. Also, I noted slight identification of problem soil sections, and designs did not provide appropriate treatment for expansive soils.

Also, I learned that inadequate soil investigation was attributed to the failure of engaged consultants to adhere to the required sampling frequency during data collection. Moreover, inadequate review by TANROADS to ensure that the conducted soil investigation complied with the Pavement and Material Design Manual, 1999, and the reported findings reflected actual site conditions that contributed to insufficient soil investigations.

However, TANROADS has responded that they have currently engaged the consultant to update the pavement manual. The observed natural complexities will be addressed during updating the manual by providing enhanced tools and methodologies, enabling more precise analysis and effective design processes.

Table 54 shows the effects of insufficient investigations of soil and material for the respective projects.

**Table 54: Effects of inadequate soil and material investigations**

Project Name	Observed Conditions	Effects
Tabora - Koga - Mpanda (lot 3, Kasinde-Mpanda 105.389 and Uruwira town Section 2.29km)	<ul style="list-style-type: none"> <li>-Review of the Final design report of June 2016; I noted inadequate soil sampling frequency, which was approximately 1km along the road contrary to 250m as required.</li> <li>-Review of Investigation on the premature longitudinal cracking of the pavement report (Report No. C334) of December 2020, I noted there was inadequate design against moisture regime effects on the subgrade soils and granular materials contrary to Para 2.2.0 of Pavement Materials and Design Manual, 1999.</li> </ul>	<ul style="list-style-type: none"> <li>- Increased height of finished road level, which also increased quantities and cost</li> <li>- Premature longitudinal cracking for the section between km 324 and km 331 on top of primed CRR near the edge of the shoulder resulted in a delay in project completion by 8.27 months and increase of supervision cost by USD 3,607,315</li> </ul>
Upgrading of Bagamoyo-Saadani-Pangani-Tanga (256km) to Bitumen Standard, Lot 1 (Pangani - Tanga, 50km)	<ul style="list-style-type: none"> <li>- In a review of the Final design report of June 2016, I found that the Sampling of the alignment soils was carried out at an interval of 1000 m instead of 250 m as required leading to the encounter of black cotton soil sections for 4.15km section (km 182+200-km, 218+500), which attributed to quantities increase as noted on monthly progress report No. 47.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase cut quantities to remove encountered black cotton soil by 910,347m<sup>3</sup>, equivalent to TZS 16,854,246,000.00.</li> <li>- Also, an increase of fill quantities to replace removed black cotton soil by 660,882m<sup>3</sup>, equivalent to TZS 4,097,470,725.</li> </ul>
Upgrading of Itoni-Ludewa-Manda (211.4km) to Paved Standard, Lot 1 (Itoni-Lusitu 50km)	<ul style="list-style-type: none"> <li>- I reviewed Para 3.7 of the contractor's extension time report dated June 2024, which indicated the presence of low-strength soil over a total</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in quantities to compensate filled sections after removal of problem soil up to 1m depth, which</li> </ul>

Project Name	Observed Conditions	Effects
	distance of 2.35 km. (Km 30+375-32+600 & 35+375-35+500)	increased cost and delayed project progress.

*Source: Auditors' Analysis of Design Reports and Project Correspondences for Respective Projects, 2024*

I recommend that TANROADS implements a structured design quality assurance process, including peer reviews and adherence to quality procedures, to address common design issues and improve project outcomes





## **CHAPTER SEVENTEEN**

---

### **Technical Audit on the Construction of Kigongo – Busisi Bridge**



## TECHNICAL AUDIT ON THE CONSTRUCTION OF KIGONGO - BUSISI BRIDGE

### 17.1 Introduction

The construction of Kigongo - Busisi Bridge is among the key components for implementing the development program in the country. It is expected to provide an important link between the Mwanza Region and the neighbouring countries of Rwanda, Burundi and Uganda. It is a catalyst for reducing poverty and spur economic growth in the large area. I conducted the technical audit on the construction of the Kigongo - Busisi Bridge to assess whether TANROADS has adequately implemented the project with due regard to cost, time, quality and scope to facilitate the achievement of the intended project objectives. Contract information is presented in **Appendix VIII**.

### 17.2 Contract Management

#### 17.2.1 Delay in Completion of the Project by 310 Days

Clause 1.1 of the Special Condition of the works contract required for the project to be executed for 48 months from the commencement date including 3 months of mobilization hence the expected completion date was 25 February 2024.

My review and physical site visit found that the project completion date was extended by 310 days until 31 December 2024. The extension was caused by various factors such as late mobilization, delay in advance payment, and management's late decision on pile cap elevation, as detailed in **Appendix IX**. I further learned that the contractor initially requested an extension of 444 days, including other reasons such as delay of interim payments, unexpected geologic conditions, and dry water levels during trestle construction. After the consultant had analysed the claim, only 311 days were valid, and the client was granted 310 days.

I attribute the anomaly to the employer's delay in paying the advance payment for 72 days and approval of the design changes on the pile cap level. Corona Virus Pandemic was also associated with the force majeure that delayed the project for 176 days.

The impact of the delay on completion of the project included additional indirect costs for maintenance costs and HIV/AIDS management costs amounting to TZS 696.03 million. There was also an additional fee of TZS 1.79 billion for consultant supervision.

I recommend that TANROADS strengthens the payment processes to ensure timely review and approval of design changes for smooth execution of the project without further delays

#### 17.2.2 Interest Charged as Penalty Due to Delay in Payment of the IPCs TZS 4.5 billion

Clause 16 of the Special Conditions of Contract and Sub-Clause 51.1 of the General Condition of Contract, require the Employer to pay the Contractor the amounts certified by the Project Manager within 28 days from the date of certification.

My review of the IPCs disclosed that TANROADS had delayed payments to the contractor beyond the due date for a period of up to 131 days, as shown in **Appendix X**. The minimum delay in the contractor's payment was 13 days for IPC No. 23, while the maximum delay stood at 137 days (4.6 months) for IPC No. 16, giving an average delay of 60 days per IPC. Therefore, according to Clause 16 of the SCC read together with Sub-Clause 51.1 of the GCC, the amount of TZS 4.5 billion was claimed by the Contractor and Certified for payment by the Consultant as cumulative interest charges on the delayed payment from IPC No.1 to No.23.

The anomaly was caused by an inadequate fund disbursement process by the Ministry of Works to TANROADS. The delay took a minimum of 41 days and a maximum of 193 days to release the requested funds to TANROADS. Additionally, delayed processing of the IPCs by TANROADS took about seven days to effect payment of the Contractor's dues after receiving funds from the Ministry of Finance through the Ministry of Works.

I recommend that TANROADS collaborates with the Ministry of Works and the Ministry of Finance to develop a mechanism that would ensure IPCs, and invoices are paid on time to avoid penalties from the interest charges. The mechanism should facilitate the timely request, disbursement, and settlement of IPCs, and invoices raised by both Contractor and Consultant.

#### 17.2.3 Overpayment Due to Price Adjustments for Items with New Rates TZS 16.4 billion

Clause 55.3 of the General Conditions of Contract restricts the price adjustment to be applied to works valued based on cost or current prices, variation, and day works.

My review of IPCs revealed that the contractors submitted their IPCs with a price adjustment for the works valued at the newly established rates after signing the contract. The new rates caused an overpayment of TZS 16.4 billion as shown in Table 55.

**Table 55: Price adjustment for new items**

Bill Reference	Item Description	Amount (TZS)
SS64.02 b. iv	PC house for Pier 3-30, Pier 36-64	2,539,230,708.63
SS64.02 b.vi	PC house for Pier 32, 33 and 34	470,632,494.68
SS64.02 b. iv	PC house for Pier 31,35	189,273,321.85
61.27 c	Permanent pile casing for piles diameter 2.5 metre	3,251,701,306.78
61.27 d	Permanent pile casing for piles diameter 1.5 metre	9,948,017,206.46
SS67.06	Design of LED Landscape Lights	10,928,791.97
<b>Total</b>		<b>16,409,783,830.38</b>

*Source: Auditors' analysis from IPC 6 to IPC 24, 2024*

I further learned that the consultant's opinion which was communicated in a letter with Ref. No. YS-TZ-KBS-202305127-27 disclosed that the contractor was required to exclude new rates for the items from the price adjustment for installing permanent pile casing and manufacturing concrete members.

The anomaly was caused by inadequate contract management of the project executed by the TANROADS. This triggered additional costs for the project that led to a loss of funds for the government.

**I recommend that TANROADS strengthens contract management during execution of the project and cost control to prevent changes in rates after signing the contract. Also, to recover the overpaid amount to contractors.**

#### **17.2.4 Overpayment Due to Inadequate Certification of the Work Done TZS 181.72 million**

Regulation 243 (2) of the Public Procurement Regulations, 2013, requires the procuring entity to authorize payments by measurement and certification at the intervals or stages stated in the contract. In addition, Clause 50.3 of the General Conditions of Contract requires the Project Manager to determine the value of the works executed.

My review of the IPCs on the items paid and the site visit revealed that TANROADS overpaid a total of TZS 181,720,066 due to overvaluation of the measured works. These included clearing and grubbing, removal of topsoil along

the constructed road, formwork on the bridge's abutment and concrete on bridge piers, as detailed in Table 56.

**Table 56: Overpayment of the measured works**

Bill reference	Item Description	Unit	Qty paid	Qty executed	Rate (TZS)	Amount per IPC (TZS) Million	Amount paid as per quantity executed (TZS) Million	overpayment (TZS) Million
31.1 a.i	Clearing and grubbing (Within the road reserve)	ha	10.2	5.91	14,575,847	148.67	86.13	62.55
31.1.b.i	Removal of topsoil (Topsoil in windrows alongside the work area)	M <sup>3</sup>	12,146	8863.15	7,288	88.52	64.59	23.93
62.01b. iv	Class F3 surface finish to abutment footing	M <sup>2</sup>	441.28	287.6	23,124	10.20	6.65	3.55
64.01 -b (ii)	Piers (Pier1-31), (Pier 35-65)	M <sup>3</sup>	71,732.74	71532.47	457,839	32,842.05	32,750.35	91.69
Total						33,089.44	32,907.72	181.72

*Source: Auditor's analysis of IPCs and measurements obtained on-site visit, 2024*

I attribute the overpayment to the inadequate measurement of the executed works by the Consultant, the absence of a standard method of measurement guide for civil works and the non-review of the accuracy of the quantities by TANROADS.

I recommend that TANROADS ensures the overpaid variation of prices for both consultant and contractor is adjusted based on actual indices. Similarly, all adjustments made on items with new rates after signing of the contract are recovered and offset its impact on interest charges for the delayed payments.

### 17.2.5 Unclaimed Replacement Penalties for Key Personnel TZS 627.19 million

Clause 14 Part II of the Special Conditions of the contract requires the employer to reduce 10% of the remuneration when the key personnel have been replaced, from 25% to 50% of the total man-months for reasons other than death or extreme medical grounds.

My review of invoice No. 22 revealed the replacement of two key personnel took a total of 63.74 man-months. Further review of form 5B2 of the summary of costs indicates that TZS 6.27 billion was allocated for key staff remuneration. Consequently, the replacement of key staff without adherence to the contract terms subjected the consultant to a penalty of TZS 627.19 million.

However, I discovered that TANROADS neither claimed nor collected the penalty up to Invoice No. 23 as shown in **Table 57**.

**Table 57: Unclaimed replacement penalties for key personnel**

Position	Replacement Status	Man Month (number)	Replaced Man Month	Replacement (%)
Project Manager	Replaced	48	5.27	2.43
Bridge Engineer	Replaced	48	10.47	4.82
Topographic Surveyor	Replaced	48	48.00	22.12
<b>Total</b>		<b>144</b>	<b>63.74</b>	<b>29.37</b>

*Source: Auditor's analysis of contract remuneration schedule and invoice no 22, 2024*

I attribute the non-collection of key personnel replacement penalties to inadequate verification by the TANROADS on the computed and claimed consultant staff's remuneration.

I am convinced that the replaced and un-mobilized key personnel without justified terms to the contract distorted the project supervision pace and slowed down the project milestone unreasonably.

I recommend that TANROADS ensures all penalties for remuneration of the replaced and missing personnel are recovered to enhance cost effectiveness on the supervision of the project.

### 17.2.6 Payment of the Consultant Remuneration Contrary to the Actual Time Spent on the Service Performed

Clause 53.2 of the General Conditions of Contract for the consultant services, requires the remuneration for the personnel to be determined based on actual time spent by such personnel in the performance of the services.

My review unveiled inconsistency in the number of days paid to the consultant for the service performed that resulted into the overpayment of TZS 1,414,317,330 (**Appendix XI**). The overpayment arose from the discrepancies between the recorded days in the site attendance register, physical verification and the actual days worked. A review of invoices number one to 24 revealed that key and supportive staff were remunerated for staff's holidays, leave days and absentee days despite standard working hours being Monday to Friday, with eight hours per day and five hours on Saturday, with additional costs for overtime. Moreover, on the reimbursable part, the contract allowed key personnel to receive a per diem allowance of full month calendar days for their presence if they were around site premises. These anomalies were primarily due to TANROADS' failure to review and verify the accuracy of the consultant's claims.

I recommend that TANROADS strengthen its review and verification processes for consultant claims to ensure payments accurately reflect the actual working days and reimbursable allowances. This will help prevent overpayments and ensure compliance with contractual terms.



## **CHAPTER EIGHTEEN**

---

### **Technical Audit on the Construction of Pangani Bridge and its Access Road**



## TECHNICAL AUDIT ON THE CONSTRUCTION OF PANGANI BRIDGE AND ITS ACCESS ROADS

### 18.1 Introduction

The construction of the Pangani Bridge (525m) and the selected road projects will open economic, transport, and transportation opportunities on the shores of Tanga, neighbouring regions, and the country of Kenya. The project will be a key connecting link that will strengthen the connectivity between the two countries.

I conducted the technical audit to assess whether construction of the bridge and its approach roads (14.3km), the Ushongo spur road (5.9km), and the Pangani access road (5.4km) was effectively done with due regard to time, cost, scope, and quality for adequate achievement of the intended project objectives. The audit covered all activities and works implemented in the last three financial years, from commencement of the project in 2020/21 to 2024/25. Contract information is shown in **Appendix XII**.

### 18.2 Project Planning and Initiation

#### 18.2.1 Additional Cost Due to Inadequate Coverage of Risk Features TZS 1.59 billion

Paragraph 3.3.1 of the Road Geometry Design Manual, 2011 requires that geology, geomorphology, and hydrology to be considered as key factors in the route corridor selection during the feasibility study, design, construction, and maintenance of roads.

The feasibility study report of June 2016 did not accurately reflect the actual project environment, as it lacked an on-ground survey, and to identify key features such as historical graves, houses, and visible topographical features like deep gorges.

The inconsistency prompted additional costs to the project amounting to TZS 1.59 billion related to land acquisition cost and reallocation of electric poles (TZS 935.19 million), and compensation to people affected by the project (TZS 657.58 million) as was also confirmed through a letter with reference No. DA.253/373/25B/78 of 9 June 2023.

The anomaly was caused by inadequate supervision and review of the submitted feasibility study report to ensure it covered all employer's requirements and key factors. However, the involvement of the local leaders was not satisfactory

during the feasibility study. Local leaders could have provided key information about the area on historical, cultural, and practical insights, such as the presence of a graveyard, utilities, and squatters.

The resulting additional costs are practically from inconsistency in the original ground level, ranging from 3m to 17m as recorded by the contractor, substantially increased the fill volume needed. Another notable inconsistency was identified in the design. The alignment, as specified, passes through a deep gorge, which would require a very wide and high embankment making its construction impractical.

### 18.2.2 Lack of Design Review Prior Commencement of the Civil Works

Para B5.16 of the Project Appraisal Report of 2019 under technical annexes, requires TANROADS to engage a supervising consultant to carry out a design review prior to commencement of the civil works.

My review disclosed that TANROADS conducted the initial project design in 2016. The civil works started in December 2022 (six years after the initial design) while the consultant commenced the activities in December 2021 without conducting the design review which was contrary to Para B5.16 of the Project Appraisal Report of 2019. Although the consultant's terms of reference (ToR) did not require conducting the design review, the elapsed six years would necessitate conducting the design review to allow flexibility on any adjustable circumstances.

Lack of design review elongated procurement of the Contractor due to raised queries on varied items and missing drawing details in the tender documents during the pre-bid meeting (from 14 August 2020 to 13 September 2020). The anomaly even accelerated the decision for the additional commitment of funds amounting to TZS 38.02 billion as evidenced from the review of variation claims submitted by the consultant on 26 April 2024, which were inadequately covered in the contract document.

**I recommend that TANROADS ensures that risk features are adequately considered during the feasibility study. Additionally, a design review should be conducted if the initial design becomes outdated before commencement of the civil works to reflect realistic circumstances/items, thereby avoiding unnecessary variations and additional costs.**

### 18.3 Project Procurement Management

#### 18.3.1 Overlapping Procurement Lead Time on Procurement of the Contractor and the Consultant

Regulation 191(3) of the Public Procurement Regulations, 2013 requires the employer to ensure that the contract is awarded at a maximum of 120 days from the final date fixed for submission of tenders.

My review of Lot 2 Pangani Bridge and its approach roads found extended procurement lead-time; excess 669 days (consultant) and 478 days (contractor). This is contrary to Regulation 191(3) of the Public Procurement Regulations, 2013, Details are shown in Table 58.

**Table 58: Contract awards timelines from tender submission deadlines**

Service nature	Date of the tender submission deadline (a)	Date of signing the contract (b)	Total days used [c=(b-a)]	Days over 120 days {d= c-120 days}
Consultant	23 October 2019	30 December 2021	789	669
Contractor	14 September 2020	05 May 2022	598	478

*Source: Auditors' analysis of the tender files, 2024*

The anomaly was caused by a delay in the commencement of the project execution. I attribute the anomaly that TANROADS incurred an additional cost of TZS 893.66 million from non-compliance with the loan agreement as a charge from the delay.

A price adjustment of TZS 1.8 billion was made in relation to the six interim payment certificates (IPCs) due to a delay of over seven months between the submission of the Bill of Quantities (BoQs) and the contractor's actual engagement. This delay necessitated an adjustment in material costs to reflect the prevailing market prices, leading to an increase of over 46% from the original contract amount compared to the price signed in the contract, as detailed in Table 59.

**Table 59: Price adjustment due to delays in engaging the contractor**

IPC No.	Adjusted amount (TZS)
2	371,874,718
3	255,339,063
4	333,992,448
5	215,909,944
6	282,907,733
7	382,874,206

IPC No.	Adjusted amount (TZS)
Total	1,842,898,112

*Source: Monthly IPCs raised by the Consultant*

I recommend that TANROADS ensures the timely commencement of the project to avoid unnecessary overlapping procurement lead time and additional costs or other penalties during the execution of the contract.

#### 18.4 Project Contract Management

##### 18.4.1 Penalty from the Unpaid Loan Commitment Charges by the Government of Tanzania TZS 893.66 million

The Government of Tanzania signed a loan agreement for the Multinational Bagamoyo-Horohoro/Lunga lunga- Malindi Road Upgrading project on 13 March 2020. The agreement included a clause (Article II Section 2.03) which required the Government of Tanzania as the borrower to pay the African Development Bank (AfDB) a commitment charge of 0.5% per annum.

My review found that at the time of the audit on 18 October 2024, the GoT did not pay a commitment charge of TZS 893.66 million for the period accumulated since 11 July 2020. During that period, the loan was not disbursed. However, the government remained liable for the commitment charge of 0.5% per annum which had to be paid without utilizing the loan. Analysis is detailed in Table 60.

**Table 60: Status of utilisation of loan funds from loan agreement**

Description	Contractor Service	Consultant Service
Amount disbursement in TZS	82,190,086,390.65	3,039,565,429.80
Amount to be disbursed by AFDB in TZS (P)	73,017,672,749.45	2,700,349,927.83
Start date of charges (A)	11 July 2020	11 July 2020
Date of disbursement (B)	6 December 2022	9 December 2022
Total delay month D=(B-A)	28.32	28.48
Commitment charge in TZS (P*0.5%*D/12)	861,687,052.07	31,975,917.83
<b>Total commitment charge = TZS 893,662,969.90</b>		

*Source: Auditors' analysis of the loan agreement and the payment record, 2024*

The payment was caused by the failure of the TANROADS to align with loan agreement arrangements and guidance from the Ministry of Finance during the loan negotiations with an anticipation and timeline on payments of the commitment charges.

I recommend that TANROADS ensures the loan received should be utilized without delay to avoid further interest costs as a penalty from commitment charges.

#### 18.4.2 Penalty from Interest Charges Due to Delayed Payments of the IPCs TZS 54.75 million

Sub-Clause 14.7.1(b) of the General Conditions of Contract concerns the loan agreement for the Multinational Bagamoyo-Horohoro/Lunga lunga- Malindi Road Upgrading project requiring the Employer to pay the amount certified in each IPC within 56 days. Any discrepancy is rectified in the next payment to the Contractor.

Further, Sub-Clause 14.8.1 of the General Conditions of Contract requires that the contractors be entitled to receive financing charges compounded monthly on the amount unpaid during the period of delay if they do not receive payment per Clause 14.7.1 of the General Conditions of Contract.

My review found that TANROADS owed the contractors a total of TZS 54.75 million from delayed payments of the four IPCs as in **Table 61**.

**Table 61: Interest charged on delayed payments of the IPCs**

IPC No.	No. of days delayed	Interest amount charged (TZS)
IPC 4	340	4,641,267
IPC 5	232	6,466,353
IPC 6	165	27,273,944
IPC 7	101	16,369,938
<b>Total</b>		<b>54,751,504</b>

*Source: Auditors' analysis of the IPCs, 2024*

The delay was caused by the unpaid Government of Tanzania portion to the contractor. The Government of Tanzania financial commitments to multiple ongoing projects exceeded its capacity to a foot based on the revenue collected. As a result, payments for some projects, such as the Pangani Bridge had been frequently postponed.

Since the project is in progress, continuing delays on payment of the IPCs does not only increase the risk of liquidity issues to the contractor but also expose the government to the nugatory expenditure from the penalties in form of the interest charges.

I recommend that TANROADS liaises with the Ministries of Finance and Works for timely payment of the submitted IPCs to avoid penalties from the interest charged on delays.

## Appendices

### Appendix I: Audit opinions issued in the financial year 2023/24

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Generally complied	Procurement	Budget	
						Complied with exception	Generally complied	Complied with exception
1	Adaptive Environmental Monitoring Networks for East Africa (Admnea) Project	Dar es Salaam Institute of Technology (DIT)	1		1		1	
2	African Centre of Excellence - East and Southern Africa Innovative Rodent Pest Management and Biosensor Technology Development [ACE IRPM & BTD] Project	Sokoine University of Agriculture (SUA)	1		1		1	
3	Agriculture and Fisheries Development Programme (AFDP)	Prime Minister's Office,	1			1		1
4	Ardhi University-Research Cooperation Programme - ARU SIDA	Ardhi University	1		1		1	
5	Arusha Sustainable Urban Water and Sanitation Delivery Project	Arusha Urban Water Supply and Sanitation Authority (AUWSA)	1		1			1
6	Big Results Now in Education (Performance for Results - PforR) (I) - EPforR I	MoEST	1			1	1	
7	Big Results Now in Education (Performance for Results - PforR) (II) - EPforR II	MoEST	1			1	1	
8	Boost Primary Student Learning (BOOST) - MoEST BOOST	MoEST	1			1	1	
9	Boosting Primary Student Learning (BOOST)	PO-RALG	1			1	1	
10	Building Sustainable Anti-Corruption Action in Tanzania (BSAAT)	President's Office and Cabinet Secretariat	1		1		1	
11	Building Systems for High, Quality Relevant Research in Tanzania, SIDA Program - COSTECH SIDA	Tanzania Commission of Science and Technology (COSTECH)	1		1		1	
12	Bus Rapid Transit (BRT)	TANROADS	1		1		1	



S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
13	Capacity Building Project CTZ 1026 - MoW	Ministry of Water	1		1		1	
14	Centers for Diseases Control (CDC)	TACAIDS	1					
15	Centre for Research in Agriculture Advancement Teaching Excellence and Sustainability -Food and Nutrition Security (CREATES-FNS)	NM-AIST	1		1		1	
16	Centre of Excellence in Water Infrastructure and Sustainable Energy (WISE-Futures)	NM-AIST	1		1		1	
17	Citizen Centric Judicial Modernization Justice Service Delivery (CCJMJD) Project	Judiciary of Tanzania	1			1	1	
18	Climate Change Research Program In Tanzania, NORAD Program - COSTECH NORAD	Tanzania Commission of Science and Technology (COSTECH)	1		1		1	
19	Combating Poaching and Illegal Wildlife Trade in Tanzania Through Integrated Approach	Ministry of Natural Resources and Tourism	1		1			
20	Cookfund	Ministry of Energy	1		1		1	
21	Dar es Salaam Maritime Gateway Project (DMGP)	Tanzania Ports Authority	1		1		1	
22	Dar es salaam Urban Transport Improvement Project (DUTIP)	TANROADS	1		1		1	
23	Digital Tanzania Project	MoEST	1			1	1	
24	Dodoma City Outer Dual Carriageway Ring Road	TANROADS	1		1		1	
25	Dodoma Resilient Unsustainable Water Development and Sanitation Program (DRSWDSP)	Ministry of Water	1		1		1	
26	EASTRIP - ATC	Arusha Technical College	1		1		1	
27	EASTRIP - DIT	DIT-Dar Main Campus	1			1	1	
28	EASTRIP - DIT Mwanza	DIT-Mwanza Campus	1		1		1	
29	EASTRIP - MoEST	MoEST	1		1		1	
30	EASTRIP - NIT	National Institute of Transport	1			1	1	
31	Ecosystem Based Adaptation for Rural Resilience in Tanzania (EBARR) project	VPO	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
32	Education and Skills for Productive Jobs (ESPJ) Program	MoEST	1			1	1	
33	Enhancing National Capacity for Implementation of the Environmental Management Act (EMA)	VPO	1			1	1	
34	Environmental Health and Pollution Management Project (EHPMP)	Vice President Office	1		1		1	
35	Gender and climate change adaption in Tanzania (Himili Pamoja)	UDSM	1		1		1	
36	Global Alliance for Vaccine & Immunisation (GAVI) HPV Campaign (GAVI HPV)	Ministry of Health	1			1	1	
37	Global Alliance for Vaccine & Immunization - Performance Based Financing (GAVI-PBF) Grant	Ministry of Health	1		1		1	
38	Global Alliance for Vaccine & Immunization (GAVI) Health System Strengthening Programme Phase two (HSS2) - (GAVI HSS 2)	Ministry of Health	1			1	1	
39	Global Alliance for Vaccine & Immunization (GAVI) Health System Strengthening Programme Phase Two (HSS2-Rota Campaign) - (GAVI ROTA)	Ministry of Health	1		1		1	
40	Global Alliance for Vaccine & Immunization (GAVI) Measles Rubella Campaign - GAVI MR	Ministry of Health	1			1	1	
41	Global Alliance for Vaccine and Immunization (GAVI) - Covid-19 Vaccine Delivery Support (CDS) - (GAVI CDS)	Ministry of Health	1		1		1	
42	Global Fund - HIV Grant	Ministry of Finance	1					
43	Global Fund for Malaria-RSSH Grant	Ministry of Finance	1					
44	Global Fund TB Grant	Ministry of Finance	1					
45	Global Health Security Agenda-CDC	Ministry of Health	1					
46	Global Partnership for Education - Literacy and Numeracy Education Support (LANES) II	MoEST	1			1	1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
47	Global Partnership for Education - Teacher Support Programme (TSP) Fixed Tranche	MoEST	1		1			1
48	Global Partnership for Education - TeachersSupport Programme (Variable Tranche)	MoEST	1		1			1
49	Growing Partnership for Higher Education and Research in Nutritional Epidemiology in Dr Congo and Tanzania (GROWNUT II) Project	Muhimbili University of Health and Allied Sciences (MUHAS)	1		1		1	
50	Health Basket Fund	Ministry of Health	1			1		1
51	Health Basket Fund	PO-RALG	1		1			1
52	Health Basket Fund	Arusha CC	1			1		1
53	Health Basket Fund	Arusha DC		1	1			1
54	Health Basket Fund	Babati DC	1		1		1	
55	Health Basket Fund	Babati TC	1		1			1
56	Health Basket Fund	Bagamoyo DC	1		1			1
57	Health Basket Fund	Bahi DC	1			1	1	
58	Health Basket Fund	Bariadi DC	1			1		1
59	Health Basket Fund	Bariadi TC	1			1	1	
60	Health Basket Fund	Biharamulo DC	1		1		1	
61	Health Basket Fund	Buchosa DC	1		1		1	
62	Health Basket Fund	Buhigwe DC	1		1		1	
63	Health Basket Fund	Bukoba DC	1		1			1
64	Health Basket Fund	Bukoba MC	1		1			1
65	Health Basket Fund	Bukombe DC	1			1	1	
66	Health Basket Fund	Bumbuli DC	1			1	1	
67	Health Basket Fund	Bunda DC	1		1			1
68	Health Basket Fund	Bunda TC	1		1		1	
69	Health Basket Fund	Busega DC	1			1	1	
70	Health Basket Fund	Busokelo DC	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
71	Health Basket Fund	Butiama DC	1			1		1
72	Health Basket Fund	Chalinze DC	1		1		1	
73	Health Basket Fund	Chamwino DC	1			1	1	
74	Health Basket Fund	Chato DC	1			1	1	
75	Health Basket Fund	Chemba DC	1			1	1	
76	Health Basket Fund	Chunya DC	1		1		1	
77	Health Basket Fund	Dar-es-salaam CC	1		1		1	
78	Health Basket Fund	Dodoma CC	1		1		1	
79	Health Basket Fund	Gairo DC	1		1		1	
80	Health Basket Fund	Geita DC	1			1	1	
81	Health Basket Fund	Geita TC	1		1			1
82	Health Basket Fund	Hai DC	1		1		1	
83	Health Basket Fund	Hanang' DC	1		1		1	
84	Health Basket Fund	Handeni DC	1			1	1	
85	Health Basket Fund	Handeni TC	1		1		1	
86	Health Basket Fund	Ifakara TC	1		1		1	
87	Health Basket Fund	Igunga DC	1		1		1	
88	Health Basket Fund	Ikungi DC	1			1		1
89	Health Basket Fund	Ileje DC	1			1	1	
90	Health Basket Fund	Ilemela MC	1		1		1	
91	Health Basket Fund	Iramba DC	1			1		1
92	Health Basket Fund	Iringa DC	1		1		1	
93	Health Basket Fund	Iringa MC	1		1		1	
94	Health Basket Fund	Itigi DC	1		1		1	
95	Health Basket Fund	Itilima DC	1			1		1
96	Health Basket Fund	Kahama MC	1			1	1	
97	Health Basket Fund	Kakonko DC	1		1		1	
98	Health Basket Fund	Kalambo DC	1		1			1

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
99	Health Basket Fund	Kaliua DC	1			1		1
100	Health Basket Fund	Karagwe DC	1			1	1	
101	Health Basket Fund	Karatu DC	1			1	1	
102	Health Basket Fund	Kasulu DC	1		1		1	
103	Health Basket Fund	Kasulu TC	1		1		1	
104	Health Basket Fund	Kibaha DC	1		1		1	
105	Health Basket Fund	Kibaha TC	1		1		1	
106	Health Basket Fund	Kibiti DC	1		1		1	
107	Health Basket Fund	Kibondo DC	1			1		1
108	Health Basket Fund	Kigamboni MC	1			1	1	
109	Health Basket Fund	Kigoma DC	1		1		1	
110	Health Basket Fund	Kigoma Ujiji MC	1		1		1	
111	Health Basket Fund	Kilindi DC	1			1	1	
112	Health Basket Fund	Kilolo DC	1			1	1	
113	Health Basket Fund	Kilosa DC	1		1		1	
114	Health Basket Fund	Kilwa DC	1			1	1	
115	Health Basket Fund	Kinondoni MC	1		1		1	
116	Health Basket Fund	Kisarawe DC	1		1		1	
117	Health Basket Fund	Kishapu DC	1		1		1	
118	Health Basket Fund	Kiteto DC	1		1		1	
119	Health Basket Fund	Kondoa DC	1			1		1
120	Health Basket Fund	Kondoa TC	1			1		1
121	Health Basket Fund	Kongwa DC	1			1		1
122	Health Basket Fund	Korogwe DC	1		1		1	
123	Health Basket Fund	Korogwe TC	1		1		1	
124	Health Basket Fund	Kwimba DC	1		1			1
125	Health Basket Fund	Kyela DC	1		1			1
126	Health Basket Fund	Kyerwa DC	1			1	1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
					Procurement		Budget	
			Unqualified	Qualified	Generally complied	Complied with exception	Generally complied	Complied with exception
127	Health Basket Fund	Lindi MC	1			1	1	
128	Health Basket Fund	Liwale DC	1			1	1	
129	Health Basket Fund	Longido DC	1			1	1	
130	Health Basket Fund	Ludewa DC	1			1	1	
131	Health Basket Fund	Lushoto DC	1			1		1
132	Health Basket Fund	Madaba DC	1		1		1	
133	Health Basket Fund	Mafia DC	1		1		1	
134	Health Basket Fund	Mafinga TC	1		1		1	
135	Health Basket Fund	Magu DC	1		1		1	
136	Health Basket Fund	Makambako TC	1		1		1	
137	Health Basket Fund	Makete DC	1		1		1	
138	Health Basket Fund	Malinyi DC	1		1		1	
139	Health Basket Fund	Manyoni DC	1		1		1	
140	Health Basket Fund	Masasi DC	1		1		1	
141	Health Basket Fund	Masasi TC	1			1	1	
142	Health Basket Fund	Maswa DC	1			1	1	
143	Health Basket Fund	Mbarali DC	1			1	1	
144	Health Basket Fund	Mbeya CC	1		1			1
145	Health Basket Fund	Mbeya DC	1		1		1	
146	Health Basket Fund	Mbinga DC	1		1		1	
147	Health Basket Fund	Mbinga TC	1			1		1
148	Health Basket Fund	Mbogwe DC	1		1		1	
149	Health Basket Fund	Mbozi DC	1			1	1	
150	Health Basket Fund	Mbulu DC	1			1		1
151	Health Basket Fund	Mbulu TC	1			1		1
152	Health Basket Fund	Meatu DC	1			1		1
153	Health Basket Fund	Meru DC	1			1		1
154	Health Basket Fund	Missenyi DC	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
155	Health Basket Fund	Misungwi DC	1		1		1	
156	Health Basket Fund	Mkalama DC	1		1			1
157	Health Basket Fund	Mkinga DC	1			1	1	
158	Health Basket Fund	Mkuranga DC	1			1	1	
159	Health Basket Fund	Mlele DC	1		1		1	
160	Health Basket Fund	Mlimba DC	1			1	1	
161	Health Basket Fund	Momba DC	1			1	1	
162	Health Basket Fund	Monduli DC	1			1		1
163	Health Basket Fund	Morogoro DC	1		1		1	
164	Health Basket Fund	Morogoro MC	1			1	1	
165	Health Basket Fund	Moshi DC	1			1	1	
166	Health Basket Fund	Moshi MC	1		1		1	
167	Health Basket Fund	Mpanda DC	1			1	1	
168	Health Basket Fund	Mpanda MC	1		1		1	
169	Health Basket Fund	Mpibwe DC	1		1		1	
170	Health Basket Fund	Mpwapwa DC	1			1		1
171	Health Basket Fund	Msalala DC	1			1	1	
172	Health Basket Fund	Mtama DC	1			1	1	
173	Health Basket Fund	Mtwara DC	1		1		1	
174	Health Basket Fund	Mtwara Mikindani MC	1		1		1	
175	Health Basket Fund	Mufindi DC	1		1		1	
176	Health Basket Fund	Muheza DC	1			1	1	
177	Health Basket Fund	Muleba DC	1		1		1	
178	Health Basket Fund	Musoma DC	1		1		1	
179	Health Basket Fund	Musoma MC	1		1		1	
180	Health Basket Fund	Mvomero DC	1		1		1	
181	Health Basket Fund	Mwanga DC	1		1		1	
182	Health Basket Fund	Mwanza CC	1			1		1



S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
183	Health Basket Fund	Nachingwea DC	1		1			1
184	Health Basket Fund	Namtumbo DC	1		1		1	
185	Health Basket Fund	Nanyamba TC	1		1		1	
186	Health Basket Fund	Nanyumbu DC	1			1	1	
187	Health Basket Fund	Newala DC	1		1		1	
188	Health Basket Fund	Newala TC	1		1		1	
189	Health Basket Fund	Ngara DC	1			1	1	
190	Health Basket Fund	Ngorongoro DC	1		1		1	
191	Health Basket Fund	Njombe DC	1		1		1	
192	Health Basket Fund	Njombe TC	1		1		1	
193	Health Basket Fund	Nkasi DC	1		1			1
194	Health Basket Fund	Nsimbo DC	1			1		1
195	Health Basket Fund	Nyang'hwale DC	1		1		1	
196	Health Basket Fund	Nyasa DC	1		1		1	
197	Health Basket Fund	Nzega DC	1		1		1	
198	Health Basket Fund	Nzega TC	1		1			1
199	Health Basket Fund	Pangani DC	1			1		1
200	Health Basket Fund	Rombo DC	1		1		1	
201	Health Basket Fund	Rorya DC	1			1		1
202	Health Basket Fund	Ruangwa DC	1			1	1	
203	Health Basket Fund	Rufiji DC	1		1			1
204	Health Basket Fund	Rungwe DC	1		1			1
205	Health Basket Fund	Same DC	1		1		1	
206	Health Basket Fund	Sengerema DC	1			1		1
207	Health Basket Fund	Serengeti DC	1			1		1
208	Health Basket Fund	Shinyanga DC	1			1	1	
209	Health Basket Fund	Shinyanga MC	1			1		1
210	Health Basket Fund	Siha DC	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
211	Health Basket Fund	Sikonge DC	1			1		1
212	Health Basket Fund	Simanjiro DC	1		1			1
213	Health Basket Fund	Singida DC	1		1		1	
214	Health Basket Fund	Singida MC	1			1	1	
215	Health Basket Fund	Songea DC	1		1		1	
216	Health Basket Fund	Songea MC	1			1	1	
217	Health Basket Fund	Songwe DC	1		1		1	
218	Health Basket Fund	Sumbawanga DC	1		1		1	
219	Health Basket Fund	Sumbawanga MC	1		1		1	
220	Health Basket Fund	Tabora MC	1		1		1	
221	Health Basket Fund	Tandahimba DC	1		1		1	
222	Health Basket Fund	Tanga CC	1		1		1	
223	Health Basket Fund	Tarime DC	1			1		1
224	Health Basket Fund	Tarime TC	1		1		1	
225	Health Basket Fund	Temeke MC	1		1		1	
226	Health Basket Fund	Tunduma TC	1		1		1	
227	Health Basket Fund	Tunduru DC	1		1		1	
228	Health Basket Fund	Ubungu MC	1			1	1	
229	Health Basket Fund	Ukerewe DC	1		1			1
230	Health Basket Fund	Ulanga DC	1		1		1	
231	Health Basket Fund	Urambo DC	1		1		1	
232	Health Basket Fund	Ushetu DC	1		1		1	
233	Health Basket Fund	Uvinza DC	1		1		1	
234	Health Basket Fund	Uyui DC	1		1		1	
235	Health Basket Fund	Wang'ing'ombe DC	1		1		1	
236	Higher Education Economic Transformation Project (HEET) - MJNUAT HEET	Mwalimu Julius K. Nyerere University of Agriculture and Technology (MJNUAT)	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
237	Higher Education for Economic Transformation (HEET)	MoEST	1			1	1	
238	Higher Education for Economic Transformation (HEET) - MUCE HEET	Mkwawa University College of Education (MUCE)	1		1		1	
239	Higher Education for Economic Transformation (HEET) - MUHAS HEET	Muhimbili University of Health and Allied Sciences (MUHAS)	1		1		1	
240	Higher Education for Economic Transformation (HEET) - MUST HEET	Mbeya Univeristy of Science and Technology (MUST)	1		1		1	
241	Higher Education for Economic Transformation (HEET) - SUA HEET	Sokoine University of Agriculture (SUA)	1			1	1	
242	Higher Education for Economic Transformation (HEET) Project - TCU HEET	Tanzania Commission for Universities (TCU)	1		1		1	
243	Higher Education for Economic Transformation (HEET) Project - UDOM HEET	UDOM	1			1		1
244	Higher Education for Economic Transformation project - ARU HEET	Ardhi University	1			1	1	
245	Higher Education for Economic Transformation Project (HEET)	NM-AIST	1			1	1	
246	Higher Education for Economic Transformation Project (HEET) - DUCE HEET	Dar es salaam University College of Education (DUCE)	1			1		1
247	Higher Education For Economic Transformation Project (HEET) - HESLB HEET	Higher Education Students' Loans Board (HESLB)	1		1		1	
248	Higher Education for Economic Transformation Project (HEET) - MoCU HEET	Moshi Co-operative University (MoCU)	1		1		1	
249	Higher Education for Economic Transformation Project (HEET) - MU HEET	Mzumbe University (MU)	1			1	1	
250	Higher Education for Economic Transformation Project (HEET) - OUT HEET	The Open University of Tanzania (OUT)	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
251	Higher Education for Economic Transformation Project (HEET) - UDSM HEET	UDSM	1		1		1	
252	Housing Finance Project (HFP)	Bank of Tanzania (BOT)	1					
253	Institutional Support Project for Domestic Resources Mobilization And Natural Resources Governance (ISP-DRM&NRG)	Tanzania Petroleum Development Corporation (TPDC)	1			1		1
254	Kenya -Tanzania Power Interconnection Project (KTIPI)	TANESCO	1		1		1	
255	Kibong'oto Infectious Diseases Hospital for Reducing the Burden of Tuberculosis in Tanzania Project (LHL 1 Project),	Kibong'oto Infectious Diseases Hospital	1			1	1	
256	Korea Foundation for International Health Care Project on Capacity Enhancement of Medical Equipment Services (KOFIH-CEOMETS)	Ministry of Health	1		1		1	
257	Lake Victoria Water and Sanitation Project (LVWATSAN)	Mwanza Urban Water and Sanitation Authority (MWAUWASA)	1			1	1	
258	Land Scape Restoration Project (LSRP)	VPO	1		1		1	
259	Land Tenure Improvement Project	Ministry of Lands, Housing and Human Settlements Development	1			1		1
260	Mainstreaming Poverty-Environment - Gender - Climate Change Objectives into LED and SDG Localization for Sustainable Development and Poverty Eradication in Tanzania	Institute of Rural Development Planning Lake Zone Centre, Mwanza	1		1			
261	Making Women's Options for Hiv Prevention in Tanzania Accessible and Joining Implementation Science Capacity Building (MWOTAJI)	Mzumbe University	1					
262	Malagarasi Hydropower Project	TANESCO	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
263	Ministry of Health (MoH) HN response under President Emergency Plan for AIDS (PEPFAR)-CDC-Consolidated COAG Office of Attorney General - (Vote 16)	Ministry of Health	1					
264	Morogoro Water and Sanitation Project	Morogoro Urban Water Supply and Sanitation Authority (MORUWASA)	1			1	1	
265	Msalato International Airport - Phase 1: Lot 1: Package 1 and Package 2-buildings	TANROADS	1			1	1	
266	Msimbazi Basin Development Project (MBDP)	PO-RALG	1		1		1	
267	Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project	Tanzania Shipping Agencies Corporations (TASAC)	1		1		1	
268	Multinational: Bagamoyo - Horohoro/Lunga Lungu - Malindi Road Project	TANROADS	1		1		1	
269	Multinational: Rumonge - Gitaza (45km) and Kabingo - Kasulu - Manyovu (260km) Road Upgrading Project	TANROADS	1			1	1	
270	National Fund for Advancement of Science and Technology (NFAST)-COSTECH NFAST	Tanzania Commission of Science and Technology (COSTECH)	1		1		1	
271	NORHED II - Safe Work Conditions by Innovative Research and Education (SAFEWORKERS)	Muhimbili University of Health and Allied Sciences (MUHAS)	1		1		1	
272	Preventing Serious Organized Crimes (SOC)	Zanzibar Director of Public Prosecutions (ZDPP)	1		1			
273	Promoting Legal Empowerment and Access to Justice Programme (LEAP) II	President's Office Constitution Legal affairs, Public Services and Good Governance -Zanzibar	1			1		
274	Promoting Peace and Security for Sustainable Development	Global Peace Foundation Tanzania	1		1			
275	REA - French Development Agency financed projects (REA - ADF)	REA	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
276	REA World Bank-financed projects	REA	1		1		1	
277	Regional Research School in Forest Sciences for Eastern and Southern Africa - "Reforest Africa" Programme - SUA SIDA	Sokoine University of Agriculture (SUA)	1		1		1	
278	Regional Rusumo Falls Hydropower Project - Tanzania Transmission Line Component	TANESCO	1		1		1	
279	Rehabilitation of Hale Hydropower Station Project	TANESCO	1		1		1	
280	Resilient Natural Resource Management for Tourism and Growth Project (REGROW)	MNRT	1		1			1
281	Reversing Land Degradation Trends and Increasing Food Security in Degraded Ecosystems of Semi-Arid Areas of Tanzania (LDFS)	VPO	1			1	1	
282	Roads to inclusion and socioeconomic opportunities project (RISE)	TARURA	1		1			1
283	Roads to inclusion and socioeconomic opportunities project (RISE)	TANROADS	1		1		1	
284	Rural-Urban Linkages for Enhanced Climate Resilience in Rural Tanzania Project (RUL4CLI)	UDSM	1		1		1	
285	School Water Sanitation and Hygiene (SWASH)	MoEST	1		1		1	
286	Second Water Sector Support Project (WSSP II)	Ministry of Water	1			1	1	
287	Secondary Education Quality Improvement Project (SEQUIP MoEST)	MoEST	1			1	1	
288	Secondary Education Quality Improvement Project (SEQUIP)-SEQUIP PO-RALG	PO-RALG	1			1		1
289	Sickle Pan African Research Consortium (SPARCO) Project - SPARCO MUHAS	Muhimbili University of Health and Allied Sciences (MUHAS)	1					
290	SIDA Research Collaboration on Health Research - MUHAS SIDA	Muhimbili University of Health and Allied Sciences (MUHAS)	1		1			1

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
291	SIDA Research Cooperation Programme - UDSM SIDA	UDSM	1		1		1	
292	Solar Development Project (TSDP)	TANESCO	1		1		1	
293	Southern African Centre for Infectious Diseases Surveillance - Africa Centre of Excellence for Infectious Diseases of Humans and Animals in East And Southern Africa (SACIDS-ACE)	Sokoine University of Agriculture (SUA)	1			1	1	
294	Standard Gauge Railway (SGR) Project	TRC	1		1		1	
295	Strategic Support to Tanzania to become Redd+ Ready by 2022 Project	VPO	1		1		1	
296	Strengthen Doctoral Education for Health in Tanzania (DOCEHTA) Project	Muhimbili University of Health and Allied Sciences (MUHAS)	1		1		1	
297	Strengthening MSMEs Capacity to Improve Competitiveness in Domestic Regional and International Markets for Selected value Chains	Ministry of Industry and Trade	1			1		
298	Support Implementation to Building Sustainable Anti-Corruption Action in Tanzania Programme (SOC Project)	National Prosecutions Services	1		1			
299	Susan Thomson Buffet Foundation Support	Ministry of Health	1			1		1
300	Sustainable Land Management of Lake Nyasa Catchment Project (SLM)	VPO	1		1		1	
301	Sustainable Management of Mineral Resources Project (SMMRP II)	Ministry of Minerals	1		1		1	
302	Sustainable Rural Water Supply and Sanitation Program (SRWSSP)-SRWSSP MoW	Ministry of Water	1		1		1	
303	Sustainable Rural Water Supply and Sanitation Program (SRWSSP)-SRWSSP PO-RALG	PO-RALG	1			1	1	
304	Sustainable Rural Water Supply and Sanitation Program (SRWSSP)-SRWSSP RUWASA	RUWASA	1			1	1	



S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
305	Sustainable Rural Water Supply and Sanitation Programme (SRWSSP) - Ministry of Health	Ministry of Health	1			1		1
306	Tackling Illegal Maritime Activities	Institute of Rural Development Planning Lake Zone Centre, Mwanza	1			1		
307	TANAPA - Resilient Natural Resource Management for Tourism and Growth Project (REGROW)	TANAPA	1		1		1	
308	TANESCO-220kV Geita - Nyakanazi Transmission Line and Rural Electrification Project	TANESCO	1			1	1	
309	Tanzania Agricultural Input Support Project(TAISP)	Ministry of Agriculture	1			1		1
310	Tanzania Cities Transforming Infrastructure and Competitiveness Project (TACTIC)	PO-RALG	1			1		1
311	Tanzania Food System Resilience Program (TFSRP) - IPF	Ministry of Agriculture	1		1		1	
312	Tanzania Food System Resilience Program (TFSRP) - MOA		1			1	1	
313	Tanzania Food System Resilience Program (TFSRP) - NIRC	NIRC	1			1		1
314	Tanzania Initiative for Preventing Aflatoxin Contamination (TANIPAC) Project	Ministry of Agriculture	1		1		1	
315	Tanzania Intermodal Rail Development Project (TIRDP)	TRC	1					
316	Tanzania Maternal and Child Health Investment Program (TMCHIP)-TMCHIP MoH	Ministry of Health	1			1	1	
317	Tanzania Maternal and Child Health Investment Program (TMCHIP)-TMCHIP PO-RALG	PO-RALG	1		1		1	
318	Tanzania Rural Electrification Expansion Programme (TREP) - MoE	Ministry of Energy	1		1		1	

S/N	Project name	Implementer	Audit opinion					
			Financial		Compliance			
			Unqualified	Qualified	Procurement		Budget	
					Generally complied	Complied with exception	Generally complied	Complied with exception
319	Tanzania Social Action Fund - Productive Social Safety Net (TASAF III- PSSN II)	TASAF	1			1	1	
320	Tanzania Statistical Master Plan II (TSMP II)	National Bureau of Statistics (NBS)	1			1	1	
321	Tanzania Transport Integration Project (TanTIP)	TANROADS	1		1		1	
322	Tanzania-Zambia Transmission Interconnector Project (TAZA)	TANESCO	1		1		1	
323	Teachers Education Support Project (TESP)	Ministry of Education, Science and Technology, (MoEST)	1			1	1	
324	Technical Assistance to Government of Tanzania (GOT) and Public Health Institutions (PHIS) Toward Sustained Health Systems Strengthening in Tanzania Under PEPFAR - COEHME	Mzumbe University	1					
325	The 400 Kv Nyakanazi - Kigoma Transmission Line Project	TANESCO	1			1	1	
326	the Higher Education for Economic Transformation (HEET) Project-COSTECH HEET	Tanzania Commission of Science and Technology (COSTECH)	1		1		1	
327	Transmission Grid Rehabilitation and Upgrade Project (TTGRUP)	TANESCO	1		1		1	
328	Transport Sector Support Programme (TSSP)	TANROADS	1		1		1	
329	Upgrading of Mtwara - Mnivata - Newala - Masasi Road Project	TANROADS	1			1	1	
330	Water Sector Development Programme Phase III (WSDP III)	Ministry of Water	1			1	1	
331	Widespread Use of Geothermal in East Africa (GEOAFRICA)	UDSM	1		1			1
332	Young People's Climate Change Engagement Project In Tanzania (Y-Engage)	UDSM	1		1		1	
<b>Total</b>			<b>331</b>	<b>1</b>	<b>195</b>	<b>126</b>	<b>246</b>	<b>67</b>

## Appendix II: Funds spent contrary to projects directives

S/N	Council	School Name	Amount Transferred (TZS)	Intended Activities	Activities Conducted
1	Kinondoni MC	Mbweni Teta Secondary school	29,350,624	Construction of three classes and nine pit latrines	Procurement of school library furniture
2	Temeke MC	Buza Primary School	9,000,000	Construction of four latrine pits	completion of classrooms
3	Bukoba MC	Omumwani Secondary School.	48,300,000	Construction of 23 piped water toilets	diverted from construction of 23 toilets to completion of one dormitory
4	Biharamulo DC	KABINDI Primary School	6,300,000	Construction of three Stances for students' toilet under the EPforR programme	Procure Students Meals
5	Madaba DC	Mkongotema Primary School	8,500,000	Construction of five toilets	supplying and fixing mild steel balustrades for Lipupuma Primary School
6	Namtumbo DC	Pamoja High School	128,000,000	Construction of new dormitory	construction of existing dormitory
7	Hai DC	Lyamungo Secondary School	8,400,000	Construction of four latrine pits	purchase of double deckers and desks.
8	Rombo DC	Kitirima Primary School	50,000,000	Construction of two classroom block	completion of eight (8) pit latrines
9	Mbozi DC	Itete Primary School	50,000,000	Construction of two classroom block	complete the five classrooms which were constructed by community
10	Nanyumbu DC	Jenerali Mabeyo Primary	8,500,000	Construction of toilets with five stances	Construction of toilets at Makong'ondera Primary School
11	Nanyumbu DC	Mangaka Primary	6,800,000	Construction of toilets with four stances	Construction of toilets at Mtokora Primary School
12	Arusha CC	Mrisho Gambo Secondary School	163,726,265	Construction of two dormitory	Completion of Construction of two dormitory
		Mrisho Gambo Secondary School	9,800,000		Procurement of 40 beds

S/N	Council	School Name	Amount Transferred (TZS)	Intended Activities	Activities Conducted
13	Ngorongoro DC	Bulati Primary School	8,400,000	Construction of pits latrines at Bulati Primary School	procurement of computers
14	Ngorongoro DC	Osinoni Primary School	10,500,000	Construction of pits latrines at Osinoni Primary School	procurement of computers
<b>Total</b>			<b>545,576,889</b>		

Source: Individual MLs 2023/24

### Appendix III: Budgeted activities not Implemented

S/N	Project Name	Project Implementer	Amount of unimplemented activities (TZS)
1	Education and Skills for Productive Jobs (ESPJ) Program	MoEST	2,987,684,842
2	Education and Skills for Productive Jobs (ESPJ) Program	MoEST	2,648,486,915
3	Multinational: Bagamoyo - Horohoro/Lunga - Lungu Malindi Road Project: PHASE I	TANROAD	10,956,927,950
4	Dar Es Salaam Urban Transport Improvement Project (DUTP)	TANROADS	59,499,980,355
5	Dodoma Resilient and Sustainable Water Development and Sanitation Program (DRSWDSP)	Ministry of Water	1,061,227,687
6	Education Programme for Results (EPforR) II	MoEST	3,798,596,179
7	Global Fund Malaria Resilient and Sustainable Systems for Health (RSSH) GRANT (TZA-M-MOF)	Ministry of Finance	1,175,381,801
8	Global Partnership for Education - Teachers Support Programme (Variable Tranche)	MoEST	8,707,800,000
9	Land Tenure Improvement Project	Ministry of Lands, Housing and Human Settlements Development	8,726,460,000
10	Resilient Natural Resource Management for Tourism and Growth Project (REGROW)	Ministry of Natural Resources and Tourism	4,983,762,544
11	Reversing Land Degradation Trends and Increasing Food Security in Degraded Ecosystems of Semi-Arid Areas of Tanzania (LDFS) project	VPO	3,609,967,279
12	Tanzania Agricultural Inputs Support Project (TAISP)	Ministry of Agriculture	149,967,483,275
13	Teachers' Education Support Project	MoEST	13,952,679,355
14	Skills for Transformation and Regional Integration Project (EASTRIP)	DIT	4,967,124,750

S/N	Project Name	Project Implementer	Amount of unimplemented activities (TZS)
15	Global Alliance for Vaccine & Immunization (GAVI) HPV Campaign Implemented	Ministry of Health	6,075,391,011
16	Global Alliance for Vaccine & Immunization (GAVI), Rota Campaign Under Health System Strengthening Programme Phase Two (HSS2) Implemented	Ministry of Health	2,456,750,500
17	Tanzania Maternal and Child Health Investment Program	Ministry of Health	24,215,973,279
18	Higher Education for Economic Transformation Project (HEET)	Mzumbe University	5,511,822,978
19	Higher Education for Economic Transformation (HEET) Project	SUA	15,913,296,495
20	Institutional Support Project for Domestic Resources Mobilisation and Natural Resources Governance (ISP-DRM&NRG)	TPDF	2,830,000,000
21	BOOST	MoEST	24,035,690,000
22	Citizen Centric Judicial Modernization and Justice Services Delivery (CCJMJD) Project	Judiciary of Tanzania	65,418,510,588
23	East Africa Skills for Transformation and Regional Integration Project (EASTRIP)	DIT	4,967,124,750
<b>Total</b>			<b>428,468,122,533</b>

Source: Individual MLs 2023/24

#### Appendix IV: List of Projects experienced delays of fund disbursement

S/N	Project Name	Project Implementer	Amount	Delayed Period
1	Gavi HPV Campaign Implemented by Immunization and Vaccine Department Unit (LVD)	Ministry of Health	4,290,393,000	Two Months
2	Global Fund HIV Grant (TZA-H-MoFP)	Ministry of Health	2,306,000,000	12 Months
3	Health Basket Fund	The Ministry of Health	5,700,893,624	2 Months
4	Susan Thomson Buffet Foundation Support	Ministry of Health (Vote 52)	5,125,330,206	36 Days (Approx. 1 Month)
5	Education and Skills for Productive Jobs (ESPJ) Program	Ministry of Education, Science and Technology (Vote 46)	1,653,492,410.50	11 Months
6	Health Basket Fund	Geita Town Council	465,509,000	5 Months
7	Health Basket Fund	Kinondoni Municipal Council	1,067,058,975	2 To 5 Months
8	Health Basket Fund	Kiteto District Council	451,436,000	1 To 3 Months

S/N	Project Name	Project Implementer	Amount	Delayed Period
9	Health Basket Fund	Mbogwe District Council	537,649,000	2 To 4 Months
10	Health Basket Fund	Mwanga District Council	150,713,000	1 To 3 Months
11	Health Basket Fund	Nyang'hwale District Council	203,648,000	3 To 7 Months
12	Health Basket Fund	Rorya District Council	171,456,500	4 Months 16 Days (Approx. 5 Months)
13	Boost Primary Student Learning	Ministry of Education, Science and Technology	2,537,100,000	12 Months
14	Teacher's Education Support Project	Ministry of Education, Science and Technology (Vote 46)	659,110,862	Nine Months
15	Cookfund Project (CFP)	Ministry of Energy	6,051,275,967	Three months
16	Sustainable Landscape Restoration (SLR) PROJECT	Vice President's Office	5,391,836,338	One month
17	Secondary Education Quality Improvement Program (SEQUIP)	President's Office - Regional Administration and Local Government (PO-RALG)	390,605,242,022	Four years
<b>Total</b>			<b>427,368,144,904.5</b>	

Source: Project AWP and Cash book 2023/24

## Appendix V: Execution of construction projects without conducting ESIA

S/N	Council	Name of school	Amount (TZS)	S/N	Council	Name of school	Amount (TZS)
1	Waging'ombe	Njombe Girls SS	4,100,000,000	8	Makambako DC	Kitandililo SS	583,180,028
2	Chamwino	Manchali SS	3,000,000,000	9	Makete DC	Tupevilwe SS	583,180,028
3	Uvinza DC	Kigoma Girls SS	3,000,000,000	10	Waging'ombe	Mtapa SS	583,180,028
4	Nanyumbu DC	Mkapa Girls SS	3,000,000,000	11	Kondoa DC	Intela SS	544,225,626
5	Siha DC	Kilimanjaro Gilrs SS	3,000,000,000	12	Morogoro DC	Kisaki Maji Moto SS	528,998,425
6	Sumbawanga DC	Rukwa Girls SS	3,000,000,000	<b>Total</b>			<b>22,505,944,163</b>
7	Ludewa DC	Lugarawa SS	583,180,028				

Source: SEQUIP Management Letter 2023/24

## Appendix VI: Contract information of the road projects for installation and maintenance of road furniture

SN	Road Name	Contract Name	Contract Sum (TZS Million)	Contract Duration (months)	Project Period		Physical Progress (%)	Financial Progress (%)
					Start Date	Completion date		
1	Morogoro Road (Dsm/Coast boarder - Kiluvya road section) - Pwani Region	Maintenance of traffic signals and streetlights along Trunk and regional roads along Morogoro Road	353.70	12	20/03/2023	19/03/2024	100	100
2	Bagamoyo Road (Dsm - Bunju B /Pwani boarder road section) - Dar es salaam and Pwani Region	Maintenance of traffic signals and streetlights along the trunk and regional along New Bagamoyo Road	678.55	12	03/10/2023	02/10/2024	100	100
3	Dodoma - Berekò (Dodoma/Manyara boarder) - Dodoma Region	Road Safety & Environmental intervention for people with disabilities along Dodoma urban paved road	129.76	240	26/12/2023	22/08/2024	100	100
4	Tabora - Nzega Road - Tabora Region	Periodic maintenance pangale-Miemba R/About & Spot Improvement works along Tabora - Nzega road and installation of solar streetlights.	637.88	8	10/10/2023	10/06/2024	100	100
5	Government City Roads - Dodoma Region	Construction of Construction of Government City Roads to Bitumen Standards Lot I and II	88,035.5	18	01/02/2020	31/12/2021	100	100



SN	Road Name	Contract Name	Contract Sum (TZS Million)	Contract Duration (months)	Project Period		Physical Progress (%)	Financial Progress (%)
					Start Date	Completion date		
6	Nala Industrial Road - Dododma Region	Construction of Access Road to Nala Industrial Park (2.3 Km) To Bitumen Standard	4,308.7	12	01/02/2023	01/02/2024	100	100
7	Visiga - Zegereni Road - Pwani Region	Upgrading of Visiga Zegereni Road (12.5 KM) to Bitumen Standard	16,406.1	16	21/03/2022	20/07/2023	100	100
8	Nyegedi - Mnara Rondo Road - Lindi Region	Upgrading of Nyengedi Mnara Rondo Forest to bitumen standard	3,054.32	12	12/10/2022	15/10/2023	100	100

Source: Auditors' analysis from Contract Documents

## Appendix VII: Audited Road projects information

Name of Projects	Criteria for selection of project		
	Contract Sum (TZS in Billion)	Length of Road (km)	Reported Issues Related to the Design Problem
<b>Completed Projects</b>			
Lot 2: Lusitu - Mawengi Section (Njombe)	179	50	Landslide issues not addressed, causing delays and cost variation of TZS 20 billion
Sakina - Tengeru Road and Arusha Bypass Road (Arusha)	183	14.1 and 42.4	Cracks post-construction due to geotechnical flaws, cost increase of TZS 44 billion
Lot 3: Kasinde-Mpanda Section and Urwira Town Section (Katavi)	133	105.4 and 2.3	Increased earthworks are required due to flawed geotechnical assessment
Mbeya - Makongolosi Road Upgrading, Section I: Mbeya - Lwanjilo (Mbeya)	55	36	Extended delay of 70 months, contractor abandonment, cost variation of TZS 27 billion
<b>Ongoing Projects</b>			
Lot 1: Nala - Veyula - -Ihumwa Dry Port Section, Dodoma Outer Ring Road (Dodoma)	100	52.3 and 112.3	Potential delays and budget concerns, design adequacy to be audited

Name of Projects	Criteria for selection of project		
	Contract Sum (TZS in Billion)	Length of Road (km)	Reported Issues Related to the Design Problem
Lot 1: Itoni-Lusitu Section (Njombe)	95.9	50	Utility relocation issues were not considered in the design
Upgrading of Bagamoyo - Pangani -Tanga Road, Lot 1: Pangani - Tanga (Tanga)	66.8	50	Underestimation of expansive soils, redesign and re-alignment required
Bus Rapid Transit (BRT) Infrastructure (Phase III) (Dar es Salaam)	231	23.3	Design challenges extended the project timeline
<b>Design Phase Project</b>			
Feasibility Study and Detailed Design for Upgrading of Kagwira-Ikola-Karema Road (Rukwa)	106.95	54.14	No design challenge was reported. The project is selected due to the highest value of the contract sum.
<b>EPC + F Project</b>			
Rehabilitation of Igawa - Uyole -Songwe -Tunduma Road and Construction of Uyole - Songwe Bypass (Mbeya)	1,133.01	218 and 48.9	No design challenge was reported. The project is selected due to the highest value of the contract sum.

*Source: Auditor's analysis from TANROADS's Annual Progress Report as of June 2024*

## Appendix VIII: Summary of Project Contract Particulars

Contract Title	Construction of the Kigongo-Busis (3.2km) and its approaches (1.66km) roads to bitumen standard
Employer:	Tanzania National Roads Agency
Contractor:	M/S China Civil Engineering Construction Corporation (CCECC) JV M/S China Railway 15 Bureau Group Corporation (CR15G)
Consultant:	Yooshin Engineering Corporation of South Korea in Joint Venture with Cheil Engineering Co. Ltd of South Korea and RINA Consulting S.P.A of Italy in Association with Afrisa Consulting Ltd of Tanzania
Financier	The Government of the United Republic of Tanzania
Contract Sum: (TZS)	592,608,692,836.00 (VAT exclusive)
Financial Progress	85.4%
Contract Period	48 Months inclusive of 3 Months of Mobilization
Physical Progress	92.7%
Contract Signing Date	27 <sup>th</sup> December, 2019
Revised Completion date	30 <sup>th</sup> December, 2024

Defect liability Period	36 Months
-------------------------	-----------

*Source: Auditors' review of the Project file for construction of the Kigongo-Busis (3.2km) and its approaches (1.66km) roads to bitumen standard, 2024*

## Appendix IX: Reasons for the extension of time and days granted

Reason for delay	Days granted	Justification provided	Auditor Analysis	Responsible side
Extension of time claim due to Corona Virus Pandemic	177	The project's critical path was delayed by 177 days in total. The primary cause was a 152-day delay in test pile and piling work, attributed to the late mobilization of the trestle and piling teams. Additionally, trestle erection work was suspended for 25 days due to a material shortage caused by pandemic-related port lockdowns.	Force Majeure is an event beyond the reasonable, foreseeable, and unavoidable. Its origin is not due to negligence or lack of care on the Party's performance of its obligations.	Force Majeure
Delay of the second instalment of Advance Payment	72	The contractor submitted the required documents on 15 July 2020 for the 2nd instalment of advance payment; the payment should be made by 12 Sept 2020 accordingly. The actual payday was 4 Dec 2020, with 72 days delay resulting from consultant analysis of the claim.	The project did not have a commencement to determine the validity of the period claimed GCC 53 entitle contractors to compensation.	Employer
Late approval of the design changes on pile cap level.	62	The main bridge test pile at P32 was conducted from 14 May 2021 to 16 May 2021, and from 26 May 2021, the permanent piles could be commenced. But without the decision of the top level of piles (bottom level of pile cap), the permanent pile couldn't be cast. The decision was made on 26 July 2021 and between 26 May 2021 and 26 July 2021, the pile construction work was delayed 62 days due to the late decision on pile cap elevation.	The Contractor completed an O-Cell test on the main bridge test pile at P32 on 16 May 2021 and submitted the results on 26 May 2021, which were approved. Its construction was delayed for 62 days due to the Employer's delayed decision on pile cap levels, which was finalized on 26 July 2021.	Employer

*Source: Analysis of claim and approval of the extension of time, 2024*

## Appendix X: Extent of a delayed payment from contractor's IPC

IPC No.	Amount applied (TZS)	Date submitted	Due date	Date paid	Delay (days)	Amount of interest claimed (TZS)
1	27,611,820,799	16/11/2020	13/12/2020	3/1/2021	78	400,473,304
2	17,788,943,515	30/01/2021	26/02/2021	09/06/2021	103	365,745,534
3	15,564,796,781	08/03/2021	04/04/2021	09/06/2021	66	201,741,119
4	14,420,260,106	15/04/2021	12/05/2021	09/06/2021	28	81,600,274
5	12,594,366,378	19/08/2021	19/08/2021	28/12/2021	131	36,333,253
6	16,439,034,065	16/11/2021	13/12/2021	28/12/2021	15	44,520,507
7	15,581,375,894	20/01/2022	16/02/2022	05/04/2022	48	135,879,751
8	12,194,477,416	25/03/2022	21/04/2022	11/05/2022	20	46,007,589
9	20,377,078,145	02/06/2022	29/06/2022	10/08/2022	42	184,546,077
10	12,919,101,478	02/06/2022	29/06/2022	14/09/2022	77	66,647,729
11	24,933,530,864	12/09/2022	09/10/2022	04/11/2022	26	157,244,684
12	30,297,567,507	01/11/2022	28/11/2022	23/12/2022	25	156,320,058
13	16,700,473,144	21/11/2022	18/12/2022	01/02/2023	45	165,539,451
14	15,288,699,609	31/12/2022	27/01/2023	21/02/2023	25	87,754,374
15	19,212,128,171	30/01/2023	26/02/2023	29/03/2023	31	130,172,362
16	12,410,992,284	28/02/2023	27/03/2023	11/08/2023	137	366,609,793
17	19,031,564,194	30/06/2023	27/07/2023	17/08/2023	21	84,961,086
18	15,067,060,895	13/09/2023	10/10/2023	08/01/2024	90	252,824,107
19	18,471,209,358	09/10/2023	05/11/2023	07/01/2024	63	287,594,538
20	20,003,092,581	23/12/2023	19/01/2024	02/04/2024	74	357,473,823
21	18,055,541,035	24/02/2024	22/03/2024	31/07/2024	131	564,542,162
22	18,065,371,085	25/04/2024	22/05/2024	31/07/2024	70	300,362,762
23	13,545,124,474	21/06/2024	18/07/2024	31/07/2024	13	41,616,100
<b>Total</b>						<b>4,516,510,436</b>

Source: IPC No. 01 to 23 and Consultant's Monthly Progress Report from 2020/21 to 2023/24

## Appendix XI: Overpayment of remuneration for the consultants' personnel

Invoice No.	Amount paid (TZS)	Amount supposed to be paid (TZS)	Difference (TZS)
1	620,733,907	536,151,584	84,582,323
2	236,150,772	198,933,632	37,217,140
3	311,826,168	255,037,208	56,788,960
4	281,089,704	226,084,576	55,005,128
5	279,072,576	229,808,188	49,264,388
6	795,932,874	680,608,832	115,324,042
7	282,805,210	244,829,540	37,975,670
8	289,275,081	231,732,792	57,542,289
9	289,275,081	200,344,196	88,930,885
10	249,284,264	209,817,292	39,466,972
11	302,770,038	253,072,728	49,697,310
12	314,941,075	269,450,676	45,490,399
13	259,589,300	221,216,604	38,372,696
14	259,589,300	221,216,604	38,372,696
15	303,962,180	241,281,812	62,680,368
16	382,232,705	282,123,172	100,109,533
17	330,147,438	277,159,796	52,987,642
18	330,575,016	268,867,460	61,707,556
19	327,616,080	257,950,060	69,666,020
20	304,246,224	246,620,956	57,625,268
21	296,088,840	223,481,204	72,607,636
22	280,902,768	219,388,600	61,514,168
23	486,860,945	405,472,704	81,388,241
<b>Total</b>			<b>1,414,317,330</b>

*Source: Auditor's analysis of invoices and site attendances, 2024*

## Appendix XII: Project data for construction of Pangani bridge and its approach roads

Contract Parameters	Description
Contract Title	Upgrading works for lot 2: Pangani bridge (525m span), including upgrading of approach road (14.3 km), Ushongo spur road (5.9 km), and Pangani access road (5.4 km) to bitumen standard.
Employer	Tanzania National Roads Agency (TANROADS)
Financier	African Development Bank (AfDB) and The Government of Tanzania (GoT)
Contractor	M/s Shandong Luqiao Group Co. Ltd., China
Consultant	LEA International LTD. in JV with LEA Associates South Asia Pvt. Ltd (LASA) in association with Ray Associates Ltd.
Consultant Contract Signing Date	30 December 2021
Works Commencement Date	07 December 2022
Original Completion Date	06 December 2025
Works Contract Period	36 Months Including Three (3) Months Mobilization Period
Consultant Contract Period	60 Months (36 Months of Defect Liability Date And 24 Months for Supervision)
Defects Liability Period	36 Months
Works Contract Amount:	TZS 82,190,086,390.65 (exclusive of VAT)
Consultant Contract Amount	USD 872,460 Plus TZS 1,024,941,870 (exclusive of VAT)
Overall progress up to October 2024	32.16%

*Source: Auditor's Analysis of Project Contracts, Correspondence Documents, Progress Reports, and Payment Certificates, 2024*

**National Audit Office of Tanzania (NAOT)**  
**4 Mahakama Road, Tambukareli**  
**P. O. Box 950, 41104 Dodoma**  
**Tel: +255 (026) 2161200**  
**Fax: +255 (026) 2321245**  
**Email: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)**



ISO 9001:2015 Certified

