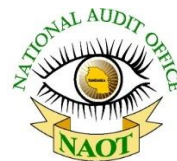




## THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE



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In reply please quote:

Ref.No.CAC.186/384/01/29

31 January 2023

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

**RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
IMPLEMENTATION OF TANZANIA COVID-19 SOCIAL-ECONOMIC  
RECOVERY AND RESPONSE PLAN (TCRP)**

In accordance with Article 143(4) of the Constitution of the United Republic of Tanzania and section 36(1) of the Public Audit Act, Cap 418, I am pleased to submit an audit report on the implementation of Tanzania COVID-19 Socio-Economic Recovery and Response Plan (TCRP) for the loan granted by International Monetary Fund (IMF) on 7 September 2021.

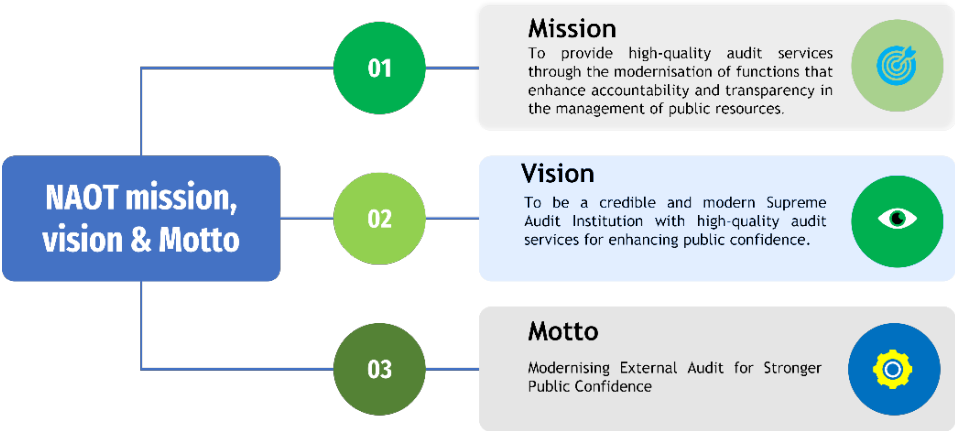
I humbly submit,

Charles E. Kichere  
**CONTROLLER AND AUDITOR GENERAL  
THE UNITED REPUBLIC OF TANZANIA**



# About National Audit Office Tanzania

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, 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.



## Independence and objectivity

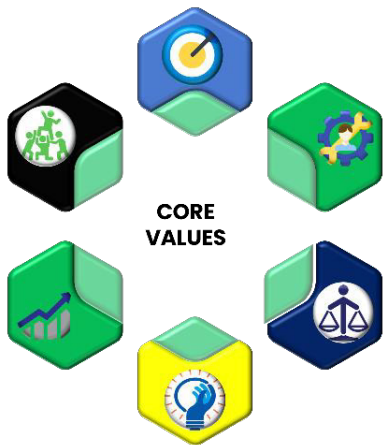
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## ABBREVIATIONS

AG	Attorney General
AEQSRB	Architect, Engineers, and Quantity Surveyors Registration Board
APP	Annual Procurement Plan
AUWSA	Arusha Urban Water Supply and Sanitation Authority
BoQ	Bills of Quantities
BoT	Bank of Tanzania
CC	City Council
COVID 19	Corona Virus Infectious Disease 19
DC	District Council
DVTC	District Vocational Training Centre
EAC	East African Community
EFDs	Electronic Fiscal Devices
EIA	Environmental Impact Assessment
EMA	Environmental Management Act
EMD	Emergency Medicine Department
ERB	Engineers Registration Board
FDC	Fold Development Colleges
FIFA	Federation of International Football Association
GCC	General Condition of Contract
GMH	General Military Hospital
GPSA	Government Procurement Services Agency
GRN	Goods Received Note
GVM	Gross Vehicle Mass
HQ	Head Quarter
ICT	Information Communication Technology
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPC	Interim Payment Certificates
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
ITB	Instructions to Bidders
JKU	Jeshi la Kujenga Uchumi
KCMC	Kilimanjaro Christian Medical Centre
LAN	Local Area Network
LGA's	Local Government Authorities
LPOs	Local Purchase Orders
WSSA	Water Supply and Sanitation Authority
MC	Municipal Council
MDAs	Ministries, Departments and Agencies
MNH	Muhimbili National Hospital
MNRT	Ministry of Natural Resources and Tourism
MoEST	Ministry of Education, Science and Technology
MoFP	Ministry of Finance and Planning
MoH	Ministry of Health
MOI	Muhimbili Orthopedic Institute
MoW	Ministry of Water
MSD	Medical Stores Department
MTEF	Medium Term Expenditure Framework
MUWASA	Musoma Urban Water Supply and Sanitation Authority
MWAUWASA	Mwanza Urban Water Supply and Sanitation Authority
MUWSA	Moshi Urban Water Supply and Sanitation Authority
NAOT	National Audit Office Tanzania

NCAA	Ngorongoro Conservation Area Authority
NCT	National College of Tourism
NEMC	National Environmental Management Council
NHC	National Housing Corporation
NMT	National Museum of Tanzania
NZUWASA	Nzega Urban Water Supply and Sanitation Authority
OPD	Outpatient Department
ORCI	Ocean Road Cancer Institute
PAA	Public Audit Act, CAP 418
Para	Paragraph
PDD	Physical Development Division
PEs	Procuring Entities
PMU	Procurement Management Unit
PO-RALG	President's Office- Regional Administration and Local Government
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
RCF	Rapid Credit Facility
Reg.	Regulation
RFI	Rapid Financing Instrument
RGZ	Revolutionary Government of Zanzibar
RRH	Regional Referral Hospital
RUWASA	Rural Water Supply and Sanitation Agency
RVTSC	Regional Vocational Training Service Centres
SCC	Special Condition of the Contract
SDL	Skills and Development Levy
SHUWASA	Shinyanga Urban Water Supply and Sewerage Authority
SITE	Swahili International Tourism Expo
SMZ	Serikali ya Mapinduzi Zanzibar
SN	Serial Number
SUMA - JKT	Shirika la Uzalishaji Mali - Jeshi la Kujenga Taifa
TAA	Tax Administration Act
TANAPA	Tanzania National Parks Authority
TANePS	Tanzanian National e-Procurement System
TANROADS	Tanzania National Roads Agency
TASAF	Tanzania Social Action Fund
TAWA	Tanzania Wildlife Management Authority
TC	Town Council
TCRP	Tanzania COVID-19 Social-Economic Response and Recovery plan
TFS	Tanzania Forest Services Agency
TPDF	Tanzania Peoples Defence Force
TRA	Tanzania Revenue Authority
TTB	Tanzania Tourist Board
TTCL	Tanzania Telecommunications Company Limited
TZS	Tanzania Shilling
UNICEF	United Nations International Children's Emergency Fund
UNWTO	United National World Tourism Organization
URT	United Republic of Tanzania
USD	United States Dollar
VAT	Value Added Tax
VETA	Vocational Education and Training Authority
VTC	Vocational Training Centres
ZAFICO	Zanzibar Fisheries Company Ltd
ZAWA	Zanzibar Water Authority
ZECO	Zanzibar Electricity Corporation



## STATEMENT OF THE CAG

The COVID-19 pandemic had a significant impact on Tanzania, leading to severe socio-economic consequences. To address these consequences, the Government developed the Tanzania COVID-19 Socio-Economic Response and Recovery Plan (TCRP), which focuses on health, education, water, tourism, social protection, energy, economic empowerment, and coordination and administration sectors for both Tanzania Mainland and Zanzibar. The cost estimated for carrying out the plan was TZS 3.62 trillion.



In September 2021, the Government successfully raised USD 567.25 million (equivalent to TZS 1,291.74 billion) through a loan from the International Monetary Fund (IMF) under the Rapid Credit Facility (RCF) window disbursement. The implementation of the TCRP involved the collaboration of various stakeholders across the Government, with the Ministry of Finance and Planning serving as the overall coordinator. The Ministry of Finance and Planning disbursed TZS 1.24 trillion (96.21%) to implementers of the projects in the prioritised sectors, leaving a commitment balance of TZS 48.93 billion (3.79%).

As part of the agreement with the International Monetary Fund, the government pledged to ensure accountability and transparency in the utilization of funds. This includes conducting a post-crisis audit to assess all spending. I am proud to present this audit report that highlights the shortcomings and proposes recommendations for improvement. Additionally, we will be monitoring the implementation of these recommendations as part of our audit process.

I commend the efforts of the Government, under the leadership of Her Excellency Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, in implementing the TCRP projects. I also acknowledge the support of the overall coordinator, the Ministry of Finance and Planning, all Government officials, stakeholders, and my staff, who made this audit a success.

A handwritten signature in green ink, appearing to read "Charles E. Kichere", with a long horizontal line extending to the right.

Charles E. Kichere  
Controller and Auditor General,  
January 2023

## EXECUTIVE SUMMARY

Tanzania COVID-19 Socio-Economic Response and Recovery Plan (TCRP) aimed to address the impact of COVID-19 in Tanzania and Zanzibar, focusing on sectors such as health, education, water, tourism, and social protection. The plan was funded through a credit facility from the International Monetary Fund (IMF) and the plan implementation was audited to ensure accountability and transparency in the use of funds. The audit included 184 Local Government Authorities, 26 Regional Administrative Secretariats, eight Ministries, Departments, and Agencies, and 42 Public Authorities.


### Financial Overview

The government of the United Republic of Tanzania received a total of TZS 1,291.74 billion, equivalent to USD 567.25 million, from the International Monetary Fund (IMF) under the Rapid Credit Facility (RCF) window. These funds were earmarked for the implementation of the Tanzania COVID-19 Socio-Economic Response and Recovery Plan (TCRP). The TCRP focuses on several critical sectors, including health, education, water, tourism, social protection, energy, economic empowerment, and coordination and administration. The details are shown in the Table below.

Sector	Mainland	Zanzibar	Total	%
Health	448,790,341,197	80,139,866,184	528,930,207,381	40.9%
Education	377,370,603,626	68,649,787,419	446,020,391,045	34.5%
Water	139,354,573,798	34,167,475,814	173,522,049,612	13.4%
Tourism	90,202,344,830	-	90,202,344,830	7.0%
Social protection	5,542,514,000	-	5,542,514,000	0.4%
Energy	-	11,469,388,737	11,469,388,737	0.9%
Economic empowerment	-	33,862,595,228	33,862,595,228	2.6%
Coordination and administration	297,800,000	1,895,364,867	2,193,164,867	0.2%
Total	1,061,558,177,451	230,184,478,249	1,291,742,655,700	100.0%

### Implementation status of TCRP projects

The Parliament of Tanzania recently approved the use of a credit facility through the Supplementary Appropriation (for the financial year 2021/22) Act, 2022. This funding was used to support projects in prioritized sectors and was managed using an Integrated Financial Management System (IFMS) to ensure accountability and transparency, as required by the government's commitment in the letters of Intent for Covid-19 related rapid instruments.



The Ministry of Finance and Planning successfully disbursed TZS 1.24 trillion (96.21%) to the implementers of these projects, leaving a remaining balance of TZS 48.93 billion (3.79%). The projects under the TCRP were implemented as planned and the funds were used to revamp various sectors, including health, education, water supply, financial support, tourism, and infrastructure.

The achievements of these projects were largely due to the effective coordination of the Ministry of Finance and Planning, who issued guidelines and directives, and monitored and evaluated the progress of the projects regularly. However, the implementation also faced some challenges, which have provided valuable lessons for the future.

In that view, the following are areas that require improvements:

**(i) VAT paid for the supply of goods and services on exempted projects**

- a) Ocean Road Cancer Institute paid Anudha Limited to supply and install emergency medical equipment for several hospitals. The invoice submitted by the supplier had no VAT, but payment made included VAT of TZS 333 million (Refer Para 3.2.1).
- b) RUWASA paid VAT amounting to TZS 166.61 million relating to procured building materials for construction and extension of water schemes which is VAT exempt (Refer Para 5.3.2).



**(ii) Non-deduction of withholding taxes**


- a) PO-RALG paid TZS 1.4 billion to a supplier of motor vehicles without withholding a tax of TZS 28.04 million (2% of the payment amount) (Refer Para 3.2.2).
- b) Also, Lugalo Hospital paid TZS 33.75 million to a supplier for consultation and design without withholding a tax of 1.69 million (5% of the payment amount) (Refer Para 3.2.2).

**(iii) Procured goods not delivered**

- a) 21 entities paid a total of TZS 17.92 billion for medical equipment but did not receive the equipment by November 2022 (Refer Para 3.3.2).



- 
- b) Ministry of Health in Tanzania paid TZS 18.85 billion to Toyota Tanzania and UNICEF for procuring motor vehicles, but as of November 2022, the vehicles had not yet been delivered (Refer Para 3.3.3).
  - c) MSD ordered reagents and medical supplies from three suppliers without a contract, valued at TSZ 962.64 million, but none of the supplies were received by the time of the audit in November 2022 (Refer Para 3.3.18).
  - d) A contract was agreed upon between the Ministry of Water and a supplier for the delivery of 15 dam construction support equipment within four months. However, the supplier did not deliver six of the equipment and is holding them until the Ministry of Water settles a claim (Refer Para 5.4.8).
  - e) The supplier, M/s PRD Rigs Tanzania Limited, was supposed to deliver 25 drilling rigs within four months of the contract signing date (8 February 2022), but at the audit visit on 5 December 2022, they had delayed delivery by 241 days and only delivered 11 out of 25 rigs (Refer Para 5.4.3).
  - f) In April 2022, the Ministry of Health entered into a contract with Zenj Motors Co. Limited for the supply of 12 ambulances to Zanzibar Hospitals for TZS 1.97 billion, with a delivery period of 90 days. However, as of November 2022, the ambulances had not been delivered and there was no evidence of an extension being granted (Refer Para 10.2.3(vi)).
  - g) The Ministry of Health in Zanzibar entered seven contracts with contractors to supply hospital equipment for eight hospitals, totalling TZS 10.41 billion. However, as of 22 November, 2022, no equipment had been delivered despite the contract stating a 90-day delivery requirement (Refer Para 10.2.3(vii)).
  - h) The Ministry of Blue Economy and Fisheries contracted COMFIX and Engineering to supply and install a fish meal machine for TZS 139.5 million with a deadline of 23 July 2022, but as of 23 November 2022, the machine had not been delivered, causing a delay of four months (Refer Para 10.4.2(iii)).
- 

- 
- i) Zanzibar Electricity Corporation entered a contract with Vuka Timbers Ltd on 3 February 2022 to supply 10,000 wooden poles for USD 1.25 million. By November 2022, the supplier had only delivered 1,089 poles (11%) and 8,911 poles (89%) were not delivered. The Ministry of Energy and ZECO agreed to extend the delivery for three months, up to December 2022, but the poles were not delivered even after the extension (Refer Para 10.5.1(iv)).

**(iv) Executed contracts without a performance guarantee**

- a) RUWASA signed four contracts worth TZS 7 billion for the supply, transportation, and commissioning of pumps and pipes, but the suppliers did not submit performance guarantees to secure the contracts. Despite this, RUWASA still proceeded with the contracts (Refer Para 5.4.14).
- b) Four medical equipment suppliers have failed to submit required performance securities for contracts worth TZS 8.09 billion within the 28 days specified in Clause 13.3.1 of the General Condition of Contracts between Bugando Medical Centre and the suppliers. The delays range from 122 to 155 days (Refer Para 3.3.5).
- c) The Ministry of Water entered a contract to supply groundwater geophysical investigation equipment worth TZS 766.75 billion without following the Attorney General's legal advice regarding the type of performance security required (Refer Para 5.4.1).
- d) Clause 9.1 of the contract between Arusha Urban Water Supply and Sanitation Authority and M/S Simba Pipes Industries Ltd required a 10% performance bond, but the bond submitted by M/S Simba Pipes Industries Ltd was only 5% of the contract sum (Refer Para 10.3.1(ix)).
- e) The Ministry of Education and Vocational Training signed contracts with seven contractors and suppliers worth TZS 7.12 billion for construction works and supply of desks, but none of them provided the required performance securities as per the regulations. As of 30 November 2022, all contracts were in progress (Refer Para 10.3.1(vi)).

- f) ZECO contracted suppliers to supply electrical equipment for a total of TZS 7.07 billion, but the suppliers did not submit their performance security worth TZS 706.84 million as required by the contract's clauses (Refer Para 10.5.1(v)).

**(v) Delivered items not as per specifications in the contract**

- a) Two signed contracts with Amana Regional Referral Hospital, and one contract between Ocean Road Cancer Institute and Anudha Ltd, resulted in suppliers delivering medical equipment that did not meet the required technical specifications (Refer Para 3.3.8).
- b) Lugalo Hospital procured medical equipment worth TZS 3.67 billion without specifications from the user department, as the Ministry of Health instructed that ORCI and MSD should procure the equipment (Refer Para 3.3.11).
- c) The supplier failed to deliver tractor trucks that met the requirements outlined in the Technical Specification for the contract, specifically regarding the auto-transmission speed and the inclusion of necessary equipment such as toolboxes and fire extinguishers (Refer Para 5.4.5).
- d) The assessment found that the pipes used for the water services project in Rombo District-Njoro II did not match the specifications and calculations outlined in the design. The procured pipes were smaller in diameter than the designed pipes. This poses a risk to the water flow and desired goals (Refer Para 5.5.2).
- e) The Tanzania Tourist Board entered a contract with a vendor to provide, install, and manage a digital command centre platform for TZS 69.8 million, but some specified requirement were not implemented by the vendor, contrary to e-Government Guidelines for Development, Acquisition, Operation, and Maintenance (Refer Para 6.3.3).
- f) Three fishponds worth TZS 76.84 million in Kitogani, Bumbwini, and Mkokotoni were renovated for Haturudi Nyuma, Makoba, and Umoja ni Nguvu Groups, but they were not done according to technical specifications (Refer Para 10.4.2(ii)(c)).

**(vi) Legal advice not incorporated in signed contracts**


- a) The Ministry of Water entered a contract with a supplier for the supply of groundwater geophysical investigation equipment without following the legal advice of the Attorney General, which resulted in a loss of TZS 76.68 million when the supplier failed to deliver (Refer Para 5.4.2).
- b) RUWASA Mtwara and NZUWASA signed contracts worth a total of TZS 2.73 billion and TZS 314.5 million, respectively, for water pipes and fittings without consulting their legal departments, contrary to Section 9.5 of the TCRP funds guideline. Also, the legal department did not review the Arusha WSSA contract documents before they were signed on 22 November 2021 (Refer Para 5.4.13).

**(vii) Goods received without inspection**

- a) Lugalo General Military Hospital failed to appoint a committee to ensure that a CT scan and an oxygen generating machine worth TZS 2.29 billion met the required specifications (Refer Para 3.3.9).
- b) 20 LGAs paid TZS 2 billion for goods and services from suppliers without being inspected by the Goods Inspection and Acceptance Committee (Refer Para 5.1.6).

**(viii) Delays in completing projects**

- a) Ligula RRH entered into contracts for the rehabilitation of EMD, OPD buildings, ICU construction, and staff houses, but as of the time of the audit on 10 December 2022, none of these contracts were completed (Refer Para 3.4.8).
- b) The National Laboratory Management Information System project plan indicated that 39 functionalities were planned to be finished by 31 August 2022, but only 18 were completed and 21 were still incomplete (Refer Para 3.4.12).
- c) Despite the allocation of TZS 5.72 billion to construct 23 Teachers' Colleges, 10 of the colleges were not fully completed by October 2022, with 113 days of delay in construction. The pending works included finishing touches such as skimming, painting, electrical installation and purchasing furnishings and mattresses. Additionally, there were




no funds available to complete the pending activities at 8 of the colleges, and the Ngorongoro TC had only TZS 61.83 million remaining to finish the construction (Refer Para 4.5.1).

- d) In October 2021, I visited two completed projects worth TZS 471.23 million that TAWA implemented. However, issues such as cracks in walls, poor workmanship, and a collapsed picnic hut had not been fixed (Refer Para 6.3.1).
- e) 138 completed classrooms in 10 LGAs with a value of TZS 2.78 billion were not in use due to various reasons, including lack of furniture, toilets, and delays in enrolment of students (Refer Para 5.1.3).
- f) Three fishponds valued at TZS 76.84 million have been completed in Kitogani, Bumbwini, and Mkokotoni, but have not yet been handed over to the Haturudi Nyuma, Makoba, and Umoja ni Nguvu groups for fish farming (Refer Para 10.4.2(ii)(a)).
- g) ZAWA entered into a contract with Osaju Company Limited and Shamjo Company to construct 52 pump contthe rol houses in Pemba and Unguja for a total cost of TZS 2.68 billion. The implementation status shows that 35 pump houses are currently in progress and 17 have yet to be constructed (Refer Para 10.6.2(ii)).

**(ix) Liquidated damages not imposed**

- a) The Ministry of Water did not impose a penalty for late delivery of 25 drilling rigs, which were supposed to be delivered within four months of the contract signing date (Refer Para 5.4.3).
- b) Zenji Motors Co Limited had not delivered the ambulances as of November 2022 and there was no evidence of an extension of time granted by the Ministry of Health. The Ministry of Health did not deduct liquidated damages, despite the provision in Clause 25.1 of the special condition of the contract which allows for the recovery of 0.1% of the contract price per delayed day, up to a maximum of 10% of the contract price, for a total of TZS 47.38 million (Refer Para 10.2.3(vi)).
- c) The Ministry of Health in Zanzibar entered into contracts for the supply of hospital equipment for eight hospitals with a total value of TZS 10.41 billion, but by November 2022, no equipment had been



delivered despite a 90-day delivery clause in the contract. The Ministry also did not deduct liquidated damages for the delay outlined in the contract's special conditions (Refer Para 10.2.3(vii)).

- d) According to GCC clauses, if a contractor fails to complete work on time, they must pay liquidated damages to the client at a rate of 0.1% per day, with a maximum of 10% of the contract price. However, ZAWA did not charge liquidated damages for delayed works on contracts worth TZS 30.50 billion (Refer Para 10.6.2(vi)).



# CHAPTER ONE

## INTRODUCTION



## INTRODUCTION

### 1.1 Background

COVID-19, a global pandemic, had economic and social effects on many countries, including the United Republic of Tanzania.

On 7 September 2021, the Government of the United Republic of Tanzania signed a concessional loan of USD 567.3 million (equivalent to TZS 1,310.65 billion on that date) from the International Monetary Fund (IMF) to implement the Tanzania COVID-19 Socio-economic Response and Recovery Plan (TCRP). This is a short-term plan which outlined Government preparedness to address the socio-economic effects of COVID-19 pandemic.

A total of USD 567.3 million (equivalent to TZS 1,291.74 billion) was received in September and December 2021, under the Rapid Credit Facility (RCF), which is more advantageous financing in terms of concessions.

Funds were allocated to health, education, water, tourism and women, youth and persons with disabilities, the most affected sectors. The earmarked funds were to reduce congestion in schools and health facilities; increase access to quality health services; increase vaccination uptake; improve availability and access to safe and clean water; support vulnerable households; and improve the quality of services in the tourism industry.

### 1.2 Audit objectives

Through the letter of intent, the Government assured IMF on its commitment to publish the audit report of the COVID-19 related spending financed with the debt relief received under the IMF.

The audit aimed to provide reasonable assurance on whether the funds received from IMF for TCRP were spent on intended purposes.



### 1.3 Audit scope

The audit was done to all recipients of TCRP funds, including 184 Local Government Authorities, 26 Regional Administrative Secretariats, Eight Ministries, Department and Agencies, 42 Public Authorities and Zanzibar.

In Tanzania mainland, the following Ministries were covered: Ministry of Water (MoW), Ministry of Health (MoH), Ministry of Education, Science and Technology (MoEST), President's Office-Regional Administration and Local Government (PO-RALG), Prime Minister's Office - Labour, Youth, Employment and Persons with Disabilities (PMO-LYED), Ministry of Natural Resources and Tourism (MNRT).

In Zanzibar, the following Ministries and their respective entities were covered, Ministry of Finance and Planning, Ministry of Health, Social Welfare, Elderly, Gender and Children, Ministry of Energy, Ministry of Water, Ministry of Blue Economy and Fisheries, and the Planning Commission.

The audit covered all transactions relating to TCRP activities from September 2021 to September 2022.

### 1.4 Audit Methodology

The audit was carried out in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and other appropriate audit procedures under the circumstances.

# CHAPTER TWO

## FINANCIAL OVERVIEW



## FINANCIAL OVERVIEW

This chapter presents the financial overview of TCRP resources by indicating the total funds received from the IMF, allocated by the National Assembly per prioritised sector and disbursement from the Ministry of Finance and Planning. The chapter also highlights funds allocated per planned activities in each economic sector.

### 2.1 The Funds received from IMF

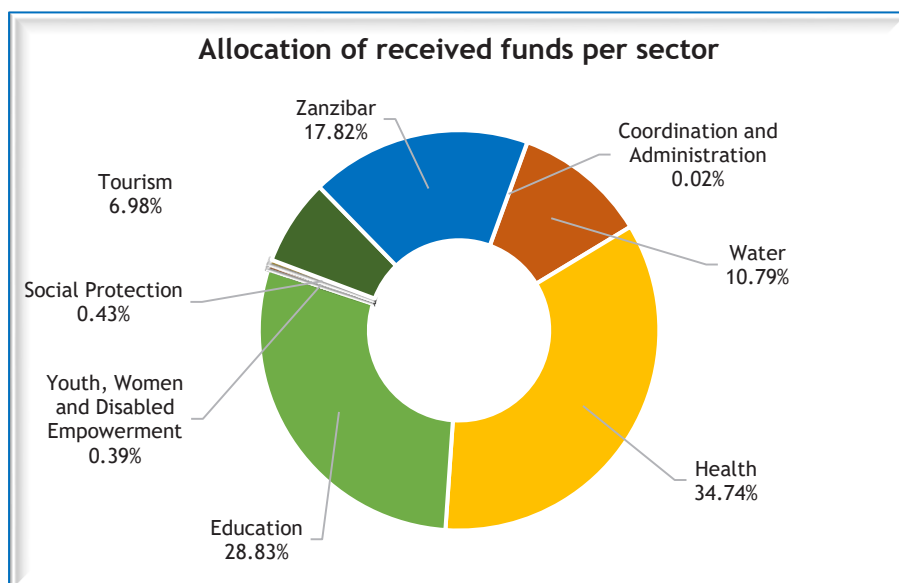
The funds received from IMF under the RCF window was USD 567.25 million, equivalent to TZS 1,291.74 billion, to implement the Tanzania COVID-19 Socio-economic Response and Recovery Plan (TCRP). The total funds were allocated to prioritised sectors as shown in **Table 1** and **Chart 1**.

**Table 1: Funds allocation per sector**

Allocation	TZS <sup>1</sup> Billion	Percentage	Implementer
Health	448,790,341,197	10.79	MoH and PO-RALG
Education	372,370,603,626	34.74	MoEST and PO-RALG
Water	139,354,573,798	28.83	MoW
Natural Resources (Tourism)	90,202,344,830	0.39	MNRT
Social protection	5,542,514,000	0.43	TASAF
Youth, Women and Persons with Disabilities	5,000,000,000	6.98	PO-RALG
Zanzibar	230,184,474,951	17.82	RGoZ
Coordination and administration	297,800,000	0.02	MoFP
<b>Total</b>	<b>1,291,742,652,402</b>	<b>100.00</b>	

*Source: Tanzania COVID-19 Socio-Economic Response and Recovery Plan (TCRP) and the Approved Budget for RCF*

<sup>1</sup> Indicative Exchange Rate 1US\$ = TZS 2,310.33



## 2.2 Funds disbursement by the Ministry of Finance and Planning

Out of TZS 1,291.74 billion received, the Ministry of Finance and Planning (MoFP) disbursed TZS 1,242.82 billion (96.21%) to implementers of the projects in the prioritised sectors, leaving a commitment balance of TZS 48.93 (3.79%) as at 30 June 2022. A comparison of the funds received against those disbursed by MoFP is as summarised in **Table 2** and **Appendix I**.

**Table 2: Funds disbursement from MoFP**

Sector	Received Funds by MoFP (A)	Disbursed funds to implementing Agencies (B)	Committed fund (C=A-B)
Health	448,790,341,197	401,317,801,799	47,472,539,398
Education	372,370,603,626	371,946,479,284	424,124,342
Water	139,354,573,798	139,354,573,798	-
Natural Resources	90,202,344,830	89,173,236,700	1,029,108,130
Social protection	5,542,514,000	5,542,514,000	0
Youth, Women and Persons with Disabilities	5,000,000,000	5,000,000,000	0
Zanzibar	230,184,474,951	230,184,474,951	0
Coordination	297,800,000	297,800,000	0
<b>Total</b>	<b>1,291,742,652,402</b>	<b>1,242,816,880,532</b>	<b>48,925,771,870</b>

*Source: Approved Budget for RCF/RFI Resources and exchequer release report*

The allocated funds were disbursed and spent as shown in Table 3.

### 2.3 Utilisation of disbursed funds

As of 30 September 2022, out of TZS 1,242.82 billion disbursed to prioritised sectors, TZS 1,100.03 billion (88.51%) was spent for planned activities, TZS 142.36 billion (11.41%) was committed for pending activities, and TZS 425.94 million (0.03%) were not spent. Table 3 refers.

**Table 3: Utilisation of disbursed funds**

Responsible sector/ministry	Amount Disbursed	Amount Spent	Commitment	Unspent
Health Sector	401,317,706,896	374,018,118,999	27,299,587,897	0
Education Sector	371,946,479,284	362,651,022,751	9,199,342,907	96,113,626
Water	139,354,573,798	139,354,573,798	0	0
Tourism	89,173,214,691	46,260,541,494	42,912,673,197	0
Social Protection	5,542,514,000	5,542,514,000	0	0
Youth, Women and Persons with Disabilities	5,000,000,000	3,418,691,008	1,581,308,992	0
MOFP - Coordination and Administration	297,800,000	297,800,000	0	0
Transfer to Zanzibar	230,184,478,249	168,485,282,385	61,369,365,274	329,830,590
<b>Total</b>	<b>1,242,816,766,918</b>	<b>1,100,028,544,434</b>	<b>142,362,278,267</b>	<b>425,944,216</b>

Findings and recommendations on utilisation of these funds for each sector are detailed in Chapters 3 to 9 of this report.



# CHAPTER THREE

## HEALTH



## HEALTH SECTOR

### 3.1 Introduction

The Ministry of Health successfully carried out a variety of initiatives to renovate and construct facilities such as ICUs, EMDs, radiology departments, treatment centers, and staff housing. Additionally, funds were utilized to acquire equipment for ICUs, ambulances, oxygen cylinders, and diagnostic service equipment. Furthermore, these funds were also allocated to enhance human medical resources by recruiting doctors, nurses, and radiographers.

This chapter highlights the findings and recommendations that have emerged from the health sector activities, despite the progress made in the sector.

### 3.2 Expenditure Management

#### 3.2.1 VAT paid on exempted medical equipment TZS 333 million

Ocean Road Cancer Institute entered into a contract of TZS 2.18 billion (VAT inclusive) with Anudha Limited for the supply and installation of emergency medical equipment for Mtwara Zonal Hospital, Ligula RRH and Morogoro RRH.

The supplier submitted an invoice with nil VAT but was paid an amount inclusive of VAT of TZS 333 million, contrary to Schedule 7 of VAT Regulation, CAP 148, which exempts VAT on medicine and pharmaceutical products, hence, caused a loss of TZS 333 million to the Government.

**I recommend that Management of Ocean Road Cancer Institute ensures the supplier refunds TZS 333 million wrongly paid as VAT.**

#### 3.2.2 Non-deduction of withholding Taxes from Services Providers TZS 29.73 million

PO-RALG paid TZS 1.4 billion to a supplier of motor vehicles without withholding a tax of TZS 28.04 million (2% of the payment amount). Also, Lugalo Hospital paid TZS 33.75 million to a supplier for

consultation and design without withholding a tax of 1.69 million (5% of the paid amount).

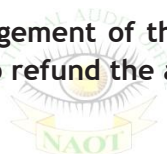
This is contrary to Section 83A of the Income Tax Act, CAP 332. Refer **Table 4** for details.

**Table 4: Non-deduction of Withholding Taxes from Services Providers**

Entity	Service provider	Services delivered	Contract amount	Withholding tax rate	Withholding tax
PO-RALG	Mohamed Enterprise Tanzania LTD	Procurement of 517 Motor Vehicles	1,402,034,420	2%	28,040,688
Lugalo Hospital	AQE consultants	Consultation and designing of diagnostic centre at Lugalo General Military Hospital	33,750,000	5%	1,687,500
<b>Total</b>					<b>29,728,1880</b>

*Source: Payment vouchers and contract files*

I recommend that management of the Ministry of Health liaises with service providers to refund the amount of tax not withheld, and remit to TRA.



### 3.3 Procurement and Contract Management

#### 3.3.1 Executed works paid TZS 217.80 million without being measured

Lugalo General Military Hospital paid SUMA JKT Construction Company Ltd TZS 217.80 million (100% of the contract sum) for construction of Oxygen Plant without supporting it with measurement sheets and certifications to justify extent of work completed.

Payments made without measurement is contrary to requirements of Regulation 243(2) of Public Procurement Regulations, 2013, and may lead to overpayment or payments for works not performed.

I recommend that management of the hospital (a) confirms the value of completed works to justify the payments made; (b) in future projects, ensures inspection and measurement of completed works are done before making payments.



### 3.3.2 Delay in delivery of procured medical equipment worth TZS 17.92 billion

21 entities paid a total of TZS 17.92 billion to suppliers for various medical equipment that had not been received by the time of this audit in November 2022 beyond the contract period. Despite the delay, no actions were taken in accordance with Regulation 242 (2) of the Public Procurement Regulations, 2013. Details are shown in Table 5.

**Table 5: Procured medical equipment not delivered**

S/N	Entity	Supplier	Items	Amount (TZS)
1	Tanga RRH	Computech-ICS (T) Limited	19 Patient monitor (GE Care scape B125)	463,933,609
2	Amana RRH	Computech-ICS (T) Limited	Digital X-Ray Machine	384,744,000
3	Mbeya ZRH	Computech - ICS (T) Ltd	Patient Multi parameter Cardiac Monitor (Wall Mounted)	136,920,000
4	Tumbi RRH	Pacific diagnostics limited	Portable Ultrasound with three probes	134,766,029
5	Mwananyamala RRH	Computech-ICS (T) Limited	Digital X-Ray Machine	384,744,000
		Bahari Pharmacy	2 vein viewers paediatric and adult	16,250,000
6	Sokoine RRH	MSD	Equipment for ICU & EMD	916,933,644
7	Chato ZRH	Computech ICS (T) Limited	Digital X-Ray Machine	350,064,000
8	Geita RRH	LAB EQUIP	STYLET	200,000
9	Iringa RRH	Computech-ICS (T)	18 Patient Multi parameter Cardiac Monitor	352,080,000
10	Kibong'oto Infectious Diseases Hospital	Computech ICS Tanzania Ltd	1 pc of ECG Machine with mobile stand	17,947,800
			10 pcs of patient Monitor (GE carescape B125)	244,148,110
		Pacific Diagnostic	1 pc of portable ultrasound	50,000,000
11	Maweni RRH	MSD	Medical equipment and medical supplies	904,847,158
12	Ligula RRH	Anudha limited	EMD equipment	250,091,000
13	Mbeya ZRH	Computech-ICS (T) Limited	18 Patient Multi parameter Cardiac Monitor	352,080,000
14	Mtwara ZRH	Pacific Diagnostics Ltd	MRI 1.5 Tesla machine	2,438,208,000

S/N	Entity	Supplier	Items	Amount (TZS)
15	Shinyanga RRH	Computech - ICS (T)	Portable Ultrasound with Cardiac Probe (GE Versana Active)	71,540,000
			Mobile Digital X-Ray (GE AMX Traveller)	228,548,000
16	Songwe RRH	Computech - ICS (T)	Digital X- Rays	316,249,676
		Kahogo Coy	CT, SCAN	1,446,929,999
			Two Table and Eight chair	6,840,000
17	Songea RRH	Computech - ICS (T)	Medical equipment	352,080,000
18	Mara RRH	Anudha	Medical equipment	526,936,600
		KAS Medics	Anaesthesia machine	165,000,000
19	Simiyu RRH	Computech - ICS (T)	Portable ultrasound machine	71,540,000
			Mobile digital X-ray	228,548,000
20	521 KJ Lugalo MH	MSD	Medical equipment for ICU and EMD	286,545,414
21	Muhimbili National Hospital	Pacific Diagnostic Limited	MRI 1.5 Tesla with 2-year warrant	2,600,000,000
			Ventilator Machine	51,800,000
			CT SCAN 64 slices with 2 years warrant	1,810,000,000
			Dedicate Angio Suite (Artis zee ceiling monoplane)	2,023,486,986
		Anudha (Medical Equipment)	Syringe Pump	105,000,000
			Portable/Table Pulse Oximeter	550,000
		Bahari Pharmacy Limited	Suction Machine	16,800,000
			Baby Warmer	22,400,000
			Cerebral Function Monitoring (Continuous EEG)	19,750,000
			Infant Radiant Warmer	158,400,000
			Electrical suction machine	5,600,000
			Nebulizer machine	1,000,000
			Suction machine for neonate patients	5,600,000
<b>Total</b>				<b>17,919,102,025</b>

Source: Contract files and Progress report

I recommend that respective hospitals follow up with suppliers to deliver the procured hospital equipment for utilisation as intended.

### 3.3.3 Procured motor vehicles worth TZS 18.85 billion not delivered

The Ministry of Health paid TZS 18.85 billion to Toyota Tanzania and UNICEF, as indicated in **Table 6**, for procuring motor vehicles.

Nonetheless, up to the time of this audit in November 2022, the said motor vehicles were yet to be delivered.

**Table 6: Procured motor vehicles not delivered**

Supplier	Items	Amount (TZS)
Toyota Tanzania	20 ambulances 8 mobile blood collecting bus	8,098,433,520
UNICEF	57 land cruiser hardtop basic ambulances 50 land cruiser hardtops (5 doors) 2 basic ambulances, 12 Double cabin pick-ups, 04 hard tops 10 motorcycles	10,751,084,251
<b>Total</b>		<b>18,849,517,771</b>

Source: Contract files and Progress report

I recommend that Management of the Ministry of Health closely follow up with suppliers to ensure the delivery of motor vehicles.

### 3.3.4 Executed contracts without a performance guarantee

Two Regional Referral Hospitals (RRH) executed construction projects with a total value of TZS 2.07 billion without performance guarantees, contrary to the requirement of Regulation 29 of the Public Procurement Regulations, 2013, as detailed in **Table 7**.

**Table 7: Executed contracts without a performance guarantee**

Entity	Contractor	Details	Contract amount (TZS)	Rate	Performance security (TZS)
Morogoro RRH	M/S Alex Techno Ltd	Construction of Emergency Medical Department	645,000,000	10%	64,500,000
Singida RRH	Luba Contractors Company Limited	Construction of Emergency Department block	766,017,864	10%	76,601,786
		Construction of Intensive care Unit block	660,236,211	10%	66,023,623
		<b>Total</b>	<b>2,071,254,075</b>		<b>207,125,409</b>

In the absence of performance securities, and in case of any default by the contractors, the hospitals will have no leverage to recover the preliminary expenditures associated with the given contract.

**I recommend that management of respective RRH ensure that two contractors submit performance securities per the requirement of Regulation 29 of the Public Procurement Regulations, 2013.**

### 3.3.5 Delay in submission of performance security by suppliers on medical equipment

Suppliers of four contracts for the supply of medical equipment worth TZS 8.09 billion delayed submitting the required performance securities ranging from 122 to 155 days since the date of notification award of the tenders. This is contrary to Clause 13.3.1 of the General Condition of Contracts between Bugando Medical Centre and medical equipment suppliers, which requires submission of performance security within 28 days from the date of notification of the award of the contract. Refer **Table 8**.

**Table 8: Extent of delay in submission of performance securities**

Contract number	Contract Price (TZS)	Date of notification of award	Date performance security submitted	Extent of delay (days)
PA/161/HQ/G/2021-2022/52	613,278,500	29/12/2021	27/05/2022	122
PA/161/HQ/G/2021-2122/41	2,541,212,000	14/12/2021	30/06/2022	137
PA/161/HQ/G/2021-2022/53	2,541,212,000	30/12/2021	27/06/2022	149
PA/161/HQ/G/2021-2122/51	2,393,439,400	24/12/2021	27/06/2022	155
<b>Total</b>	<b>8,089,141,900</b>			

*Source: Contract files and Progress report*

**I recommend that Management of Bugando MC, in future, ensures the performance security is submitted on time.**

### 3.3.6 Modification of equipment specifications

Specifications prepared by Amana RRH (the procuring entity) and attached to contracts were modified by skipping some of the requirements of the specifications in a signed contract between

Amana RRH and suppliers, as detailed in **Table 9**. This is contrary to Section 76(2) of the Public Procurement Act, Cap. 413.

**Table 9: Omitted and altered specifications**

Medical Equipment	Omitted specifications	Altered specifications
CPAP Machine	<ul style="list-style-type: none"> <li>• Five replacement inlet air filters</li> <li>• Five re-usable sterilizable masks and tubes (adult, paediatric, neonatal)</li> </ul>	<ul style="list-style-type: none"> <li>• Operating Pressure Range 0-45cm H<sub>2</sub>O (Altered)</li> <li>• Flow rate 4-40 l/m (Altered)</li> </ul>
CPAP Machine	<ul style="list-style-type: none"> <li>• Five replacement inlet air filters</li> <li>• Five re-usable sterilizable masks and tubes (adult, paediatric, neonatal)</li> </ul>	<ul style="list-style-type: none"> <li>• Operating Pressure Range 0-45cm H<sub>2</sub>O (Altered)</li> <li>• Flow rate 4-40 l/m (Altered)</li> </ul>

*Source: Standards Specifications for Medical Equipment by Ministry of Health, Technical Specifications for Medical Equipment from Contracts*

Also, in the signed contract between Amana Regional Referral Hospital and Pacific Diagnostics LTD to supply and install ventilators for adult and paediatric, the supplier delivered ventilators which becomes operational when the oxygen purity level reaches 96%. However, the oxygen purity level at Amana RRH is currently 94%; thus, the device will not operate and meet the objective for which it was bought.



**Photo 01:** Ventilator (Adult and Pediatric) at ICU Unit not operational because of high operational demand of oxygen purity level at 96%

The receiving team used incorrect specifications from the supplier, Pacific Diagnostics LTD, which were different from those defined by the government in the original contract.

I recommend that Management of Amana RRH (a) ensures that no technical specifications in the contracts are omitted or altered without prior approval of relevant authorities; (b) informs the supplier to deliver the ventilator that meets Amana RRH operational environment; (c) ensures adequate inspection of received goods in line with prescribed specifications.



### 3.3.7 Awarding of multiple tenders to a single supplier TZS 3.95 billion

Bugando Medical Centre awarded all seven contracts for supplying medical equipment worth TZS 3.95 billion to a single bidder (Computech ICS (T) Ltd). At the same time, tender evaluation reports indicated the existence of other bidders with similar experiences. This is contrary to the directive issued by MoH through a letter with Ref. No. CA.124/145/01/55 dated 2 February 2022, advising procuring entities to ensure one bidder does not monopolize all bids in presence of other bidders with similar qualifications.

Bugando Medical Centre gave all seven contracts for the supply of medical equipment valued at TZS 3.95 billion to a single company, Computech ICS (T) Ltd, despite the fact that the tender evaluation reports showed the presence of other bidders with comparable qualifications. This act goes against the directive issued by the Ministry of Health, which stated in a letter with Ref. No. CA.124/145/01/55 dated 2 February 2022 that procurement entities should avoid awarding all bids to a single bidder when there are other qualified bidders present.

**Table 10: Tenders granted to a single supplier**

s/n	Tender No.	Contract price (TZS)
1.	PA/161/HQ/G/2021-2022/38	41,701,060
2.	PA/161/HQ/G/2021-2022/46	130,335,100
3.	PA/161/HQ/G/2021-2022/51	2,513,439,400
4.	PA/161/HQ/G/2021-2022/52	613,278,500
5.	PA/161/HQ/G/2021-2022/53	373,025,100
6.	PA/161/HQ/G/2021-2022/78	196,310,000
7.	PA/161/HQ/G/2021-2022/101	84,800,000
	<b>Total</b>	<b>3,952,889,160</b>

*Source: Contract register*

I recommend that Management of Bugando Medical Centre, in future, complies with the directives of MoH requiring PEs to avoid monopoly arising from awarding many contracts to a single supplier and avoid future risks of inadequate maintenance services.

### 3.3.8 Medical equipment delivered contrary to specifications in the signed contract

In the three RRHs and one ZRH, suppliers delivered medical equipment worth TZS 154.11 million contrary to the specifications in the signed contracts despite being paid the whole amount. Up to November 2022, the noted anomalies were not rectified. Refer Table 11.

**Table 11: Medical equipment supplied contrary to the signed contract**

Entity	Supplier	Details	Amount (TZS)
Tabora RRH	Anudha Limited	Universal traction units for lumbar and cervical not functioning due to missing some parts	35,378,000
Singida RRH	Computech ICS (T) Ltd	The ultra-Sound is missing an ultra-Sound probe (phased array)	90,183,600
Chato ZRH	Bama Speciality Company	5 Gynecological sets (delivery kits) with Incomplete items in each delivery set	600,000
		7 Linen humper Weak tires	5950000
		11 Patient stretchers with head raising capacity not heavy-duty stretchers	22,000,000
			154,111,600

*Source: Contract files and Progress report*

**I recommend that the Management of the respective hospitals inform the suppliers to deliver the paid medical equipment as per the signed contract and specifications.**

### 3.3.9 Medical equipment worth TZS 2.29 billion received but not inspected

Lugalo General Military Hospital did not appoint a goods Inspection and Acceptance Committee for procured CT scan (64 Slices) and an Oxygen Generating machine worth TZS 2.29 billion to establish conformity to the required specifications that fit the intended use as per Para 10.1 of the PPRA COVID-19 projects implementation guideline of November 2021. Refer Table 12.



**Table 12: Delivered items without inspection**

Part No.	Description	Item	Amount (TZS)
30020022	CT Scan 64 Slices with five years Comprehensive Warrant & Services	1 Set	1,810,000,000
20060284	Oxygen Generating machine	1 Set	480,751,250
	<b>Total</b>		<b>2,290,751,250</b>

Source: Contract files and store's ledgers

The absence of this committee could result in procured goods that do not meet the desired specifications, leading to inefficiencies or even waste of resources.

I recommend that the Accounting Officer appoints a Goods Inspection and Acceptance Committee to inspect and test goods and services received from suppliers to establish if they are of the right model, quality and price and functioning as per specification.

### 3.3.10 Accepting equipment that did not meet the required specifications

In the two signed contracts with Amana Regional Referral Hospital, suppliers delivered medical equipment that did not meet the required technical specifications and intended functionalities, as in Table 13.

**Table 13: Delivered medical equipment at Amana RRH contrary to specifications**

Contract Number	Medical Equipment	Specification number	Required specification	Actual specification
PA/009/20 21- 22/HQ/G/ 06 LOT 14  (Pacific)	Ventilators	4	Expiratory Block should be Autoclavable	Expiratory Block is not Autoclavable
		5	Sensor Calibration should be possible	Sensor Calibration is not possible
		14	Should have inbuilt turbine to generate compressed air	Not capable
		15	Should have washable air filters	Not capable
		Accessories	Autoclavable Breathing Circuits - 02	Missing
			Nebulisation kit 01 set	Missing
PA/009/20 21- 22/HQ/G/ 06 LOT 8	ICU Beds and Mattress	9	Drainage bag holders must be located on both sides of the bed	No drainage bag holders
		13	The beds must come with a low-air mattress	The beds have a foam mattress

Contract Number	Medical Equipment	Specification number	Required specification	Actual specification
(Jaffery Ind. Saini)		15	The beds must have oxygen bottle holders	The beds do not have oxygen bottle holders

**Source:** Contract for Supply, Installation and Commissioning of Medical Equipment

Also, in the contract between Ocean Road Cancer Institute and Anudha Ltd, entered on 24 December 2021 to supply different types of medical equipment to Ligula Regional Referral Hospital, the supplier delivered equipment that did not meet the technical specifications and intended functionalities, as in **Table 14**.

**Table 14: Delivered medical equipment at Ligula RRH contrary to specifications**

Medical Equipment	Specification Number	Required Specification	Actual Specification
CPAP Machine	<i>Alarms</i>	Alarms for Sensor Failure, High/Low Temperature	No Alarms for Sensor Failure, High/Low Temperature
	<i>Breath Button</i>	Manual Breath Button	No Manual Breath Button
		Different connectors for Air and O <sub>2</sub> with Air/O <sub>2</sub> mixer	No connectors for Air and O <sub>2</sub> with Air/O <sub>2</sub> mixer
Diathermy Machine	<i>#Outputs</i>	Cut, Coagulate and Blend	Blend output missing
	<i>Autoclavable Electrodes</i>	10 Autoclavable Electrodes	8 Electrodes Missing
	<i>#Bipolar Forceps</i>	6 Bipolar Forceps	4 Forceps Missing
Digital Blood Pressure Machine	<i>#Main Unit Weight</i>	8000g	500g
Adult Weighing Scale	<i>#</i>	Transport Castors	No Transport Castors
Suction Machine		Disposable Suction Bags	No Disposable Suction Bags
		Pedal Action	No Pedal Action
Operating Table	<i>Accessories</i>	<i>Telescopic Tube</i>	Telescopic Tube Missing
	<i>Accessories</i>	IV Drip Stands attachable to the table	No IV Drip Stand

**Source:** Contract for Supply, Installation and Commissioning of Medical Equipment

Accepting equipment that does not meet specifications could lead to poor performance, malfunctions, and even safety hazards.

I recommend that Management of Ligula and Amana RRHs instruct the suppliers to recall the delivered equipment that does not meet the technical specifications and supply equipment as per technical specifications.

### 3.3.11 Procurement of medical equipment worth TZS 3.67 billion without user specifications

Lugalo Hospital procured medical equipment worth TZS 3.67 billion, as shown in **Table 15**, without specifications from the user department due to an instruction by the Ministry of Health that the equipment was to be procured by ORCI and MSD.

This implied no benchmark to verify whether the supplied equipment met Lugalo Hospital's requirements and specifications.

**Table 15: Medical equipment without user specifications**

S/N	Procuring entity	Transaction Details	Amount (TZS)
1	Ocean Road Cancer Institute	Supply of CT scan (CT System Somatom GO TOP, 64 Detectors/64 Slices) for the Diagnostic Centre	189,181,500
2	Medical Store Department	Supply of Hospital Equipment (ICU Equipment) for the General Military Hosp.521KJ/4000-1 of 17/1/22.	3,485,044,840
			<b>3,674,226,340</b>

*Source: Contract files*

I recommend that management prepare specifications/user requirements before initiating procurement proceedings.

### 3.3.12 Procurements were not done in TANEPS at Lugalo Military Hospital

Lugalo military hospital procured goods worth TZS 4.01 billion without using TANEPS, contrary to Reg. 342 of the Public Procurement Regulation, 2013 and Circular No 4 of 2019 issued by the Ministry of Finance and Planning. Failure to use TANEPS reduces efficiency and limits transparency and fairness.

I recommend that, in future, Lugalo military hospital should ensure all procurements are done through TANEPS.

### 3.3.13 Procurement without contracts

Regulation 233(1) of Public Procurement Regulations, 2013 requires the procuring entity and the person whose tender is accepted to sign a formal contract for the supply of goods, provision of services or undertaking of works.

Lugalo Military Hospital made various procurements worth TZS 447.55 million from various suppliers without contract agreements, because TPDF HQ and the Ministry of Health were responsible for initiating the contracts and used single source procurement from SUMA JKT. Refer **Table 16**.

**Table 16: Procurements made without contract agreements**

S/N	Payee	Transaction Details	Amount (TZS)
1	M/S Suma JKT Construction Co Ltd	Proposed Construction of Radiology Building	196,000,000
2	AQE consultants	Consultation and designing of diagnostic centre at Lugalo General Military Hospital	33,750,000
3	M/S SUMA JKT Construction company Ltd	Building of Oxygen plant for Lugalo General Military Hospital	217,804,724
			<b>447,554,724</b>

*Source: Contract register*

**I recommend that hospitals ensure all agreements with suppliers are in writing and signed to avoid legal disputes.**

### 3.3.14 Inadequate contract management at Mirembe Mental Hospital

The audit revealed irregularities in the agreement between the Ministry of Health and PSM Architects Co. Ltd regarding the renovation and rehabilitation of Mirembe Mental Hospital. Despite the expiration of the contract period, no final completion certificate was provided to verify the completion of the project. The lack of a status update on the implementation of the TOR duties makes it challenging to assess the consultant's performance.

Additionally, there was no evidence of the appointment of a clerk of work, making it impossible to confirm the appointment during the audit.

I recommend that management enhances project management by closely supervising contractors to perform work according to the agreed TORs.

### 3.3.15 Awarded contract without participating in the bidding TZS 55.11 million

The tender for the Supply of materials for construction of EMD, Tender Number RAS/019/2020-2021/G/37 Lot 1, was advertised and only one bidder participated. The evaluation committee corrected mathematical errors in the bid submitted by Mudathiru Environmental Cleaning Company Ltd and arrived at a corrected amount of TZS 461.48 million. However, the tender board did not award the contract to Mudathiru ECC Ltd due to the lack of financial capability and previous termination of a contract with Biharamulo DC after failing to make payment for delivered materials. The tender was eventually awarded to Zainabbas Enterprise for a higher contract price of TZS 516.59 million.

I recommend that the hospitals' Tender Board acts objectively during the execution of contracts.

### 3.3.16 Negotiation weaknesses on warranty and maintenance contracts at Bugando Medical Centre

The Ministry of Health instructed Bugando Medical Centre through a letter with Reference No. CA.124/145/01/55 dated 2 February 2022 to ensure that procured radiology equipment has two years warranty and three years comprehensive and collective maintenance period inclusive of spare parts for the entire CT-SCAN system. The respective letter further stated that a comprehensive maintenance contract must be quoted in the bid price for the next five years after expiration of the warranty period.

On the contrary, Bugando Medical Centre negotiated terms which did not match the directives of the Ministry of Health. The team negotiated for three instead of five years regarding the comprehensive and collective maintenance period. Refer Table 17.



**Table 17: Equipment whose prices, warranty and maintenance were negotiated**

Name of supplier	Type of equipment	Contract Number	Evaluated price/machine (TZS'000)	Negotiated price/machine (TZS'000)	Warranty period (Years)	Comprehensive and collective maintenance period (Years)
Pacific	CT-SCAN 64 Slices-4 pieces	PA/161/H Q/G/2021 -2022/95	2,177,376	1,850,000	2	3
Pacific	CT SCAN 128 slices-1 piece		2,314,000	2,060,000	2	3
Computech	Flow mounted Digital x-ray	PA/161/H Q/G/2021 -2122/79	350,064	335,000	2	3
Computech	Mobile Digital X-ray - 6pcs and Portable Ultrasound	PA/161/H Q/G/2021 -2122/28	262,577	250,000	2	3
Pacific	MRI	PA/161/H Q/G/2021 -2122/77	2,478,000	2,370,000	2	3
				6,865,000		

Source: Contract files and Negotiation report

This may result in inefficient use of public resources as Bugando Medical Centre will have to bear maintenance cost after expiration of the agreed warranty period.

For sustainability of the procured radiology equipment and efficient use of public resources, I recommend that management renegotiates the terms to match the MoH's directives.

### 3.3.17 Partial and non-delivery of goods worth TZS 4.94 billion by Medical Stores Department

Medical Stores Department (MSD) entered in various framework contracts and made call-off orders with suppliers, but the suppliers delivered partial quantities, and in some cases, did not deliver at all. Refer to **Table 18**.

**Table 18: Call off orders against the value of goods received**

Call Off References	Off Date	Timing requirement as per call-off	Quantity Ordered	Quantity received	Deficiency Quantity	Call Amount	Value of received goods	Deficiency in
IE-009/2021/2022/HQ/G/112/3/1	8 April 2022	Not later than 31 July 2022	1041	45	996	5,621,030,000	1,642,500,000	3,978,530,000
IE-009/2021/2022/HQ/G/112/1/1	22 April 2022	Not later than 31 July 2022	289	149	140	729,959,000	415,504,000	314,455,000
IE-009/2021/2022/HQ/G/112/2/1	8 April 2022	Not later than August 2022	8	0	8	40,421,392	Not yet received	40,421,392
IE-009/2021/2022/HQ/G/112/4/1	13 April 2022	Not later than 15 July 2022	268	0	268	606,487,356	Not yet received	606,487,356
<b>Total</b>			<b>1,606</b>	<b>194</b>	<b>1412</b>	<b>6,997,897,748</b>	<b>2,058,004,000</b>	<b>4,939,893,748</b>
Percentage of the value of goods received 29%								

Source: Contract files

I recommend that Management of MSD ensures all call-off orders' terms and conditions are adhered to. Also, a follow-up should be made by MoH to ensure delivery of the goods ordered as per the contract.

### 3.3.18 MSD engaged suppliers through urgent notifications without a contract

MSD engaged three suppliers in supplying reagents and other medical supplies through urgent notifications in delivering supplies without a contract. Total ordered quantities were valued at TZS 962.64 million; however, none was received at the time of this audit in November 2022, as shown in Table 19.

**Table 19: Goods procured through urgent notifications not delivered**

S/N	Ref No.	Notification date	Supplier	Descriptions	Amount (TZS)
1	IE-009/2021-2022/HQ/G/34	8 June 2022	Sciex Ltd	Reagents and Consumables	689,459,363
2	IE-009/2021-2022/HQ/G/46	12 July 2022	African Biosystem Tanzania Ltd	Supply of reagents for cancer and supplies	29,116,035
3	IE-009/2021-2022/HQ/G/46	25 July 2022	African Biosystem Tanzania Ltd	Revised Urgent supply of reagents for cancer and supplies	244,065,012
<b>Total</b>					<b>962,640,410</b>

Source: MSD Tender Files 2021/22

I recommend that MSD executes procurements with valid contracts. Also, follow up with suppliers to deliver the procured goods.

### 3.4 Physical Performance

#### 3.4.1 The use of unapproved and uncertified drawings for construction and rehabilitation works at Amana RRH

Regulation 63(1) and 4 of the Engineers Registration Regulation, 2010 (GN No. 35) requires all engineering designs and drawings to bear a standard title block indicating persons who designed, checked, and approved by initiating and stamping.

On the contrary, the structural and architectural drawings used for constructing and rehabilitating an OPD, EMD, Dialysis and Radiology Unit were not approved and stamped by the relevant professionals or authorities.

I recommend that Amana RRH follows the approved and stamped structural and architectural drawings, particularly for the ongoing construction works, to ensure standard work.

#### 3.4.2 Execution of concrete works at the Radiology Unit without appropriate tests at Amana RRH

Amana RRH did not comply with item 7 of the General Specifications for the Radiology Block by not testing the strength of the concrete and steel bars used in the building works. This non-compliance may result in a structure that does not meet the required strength specifications and may pose a risk to its safety.

I recommend that Amana RRH instructs the contracted local artisan for the radiology unit to undertake compressive strength tests of concrete works and steel bars to ensure the quality of the executed work.

### 3.4.3 Missing non-conformance reports for failed material strength tests

The ISO 9001 standard requires a documented quality management system for controlling non-conformities and implementing corrective actions. However, the test reports for concrete and steel used in construction at Ligula RRH show that non-conformities were not corrected. The test results show that 6 out of 9 concrete cubes failed strength tests and did not meet the required average strength of 25 Mpa. No actions were taken to address this non-conformity. This could affect other parameters of the structure built on top of the first floor.

I recommend that Ligula RRH instructs the consultant to produce the non-conformance reports and indicate what actions were taken to address the failed tests and all subsequent failed tests as the construction proceeds.

### 3.4.4 Procured medical items worth TZS 7.95 billion were not installed at Muhimbili National Hospital

Medical equipment worth TZS 7.95 billion procured by Muhimbili National Hospital (MNH) was not installed up to September 2022, as detailed in Table 20.

**Table 20: Procured medical equipment not installed at MNH**

Supplier Name	Description Procured Items	Qty	Unit Price	Total Price	Original Start Date	Original End Date	End After Extension Date
PACIFIC DIAGNOSTIC LIMITED	MRI 1.5 Tesla with a 2-year warranty	1	2,600,000,000	2,600,000,000	1/15/2022	4/15/2022	31/10/2022
	Ventilator Machine	1	51,800,000	51,800,000	1/15/2022	4/15/2022	31/10/2022
	CT SCAN 64 slices with a 2-year warranty	1	1,850,000,000	1,850,000,000	1/15/2022	4/15/2022	31/10/2022
	USS/ECHO MACHINE	1	92,160,000	92,160,000	1/15/2022	4/15/2022	31/10/2022
	PORTABLE DIGITAL XRAY MACHINE with a 2-year warranty	1	358,143,990	358,143,990	1/15/2022	4/15/2022	31/10/2022
	Dedicate Angio Suite (Artis zee ceiling monoplan)	1	2,023,486,986	2,023,486,986	1/15/2022	4/15/2022	31/10/2022
	Syringe Pump	42	2,500,000	105,000,000	1/15/2022	4/15/2022	30/10/2022

Supplier Name	Description Procured Items	Qty	Unit Price	Total Price	Original Start Date	Original End Date	End After Extension Date
ANUDHA (MEDICAL EQUIPMENTS)	Portable/ Table Pulse Oximeter	10	850,000	550,000	1/15/2022	4/15/2022	30/10/2022
	Infusion pumps	61	2,400,000	146,400,000	1/15/2022	4/15/2022	30/10/2022
	Laryngoscope	3	450,000	1,350,000	1/15/2022	4/15/2022	30/10/2022
	Neonatal infusion pump	2	2,400,000	4,800,000	1/15/2022	4/15/2022	30/10/2022
	Infusion pumps	61	2,400,000	146,400,000	1/15/2022	4/15/2022	30/10/2022
BAHARI PHARMACY LIMITED	Suction Machine	12	1,400,000	16,800,000	1/15/2022	4/15/2022	30/10/2022
	Baby Warmer	4	5,600,000	22,400,000	1/15/2022	4/15/2022	30/10/2022
	Cerebral Function Monitoring (Continuous EEG)	2	9,875,000	19,750,000	1/15/2022	4/15/2022	30/10/2022
	Infant Radiant Warmer	12	13,200,000	158,400,000	1/15/2022	4/15/2022	30/10/2022
	Electrical suction machine	4	1,400,000	5,600,000	1/15/2022	4/15/2022	30/10/2022
	Nebulizer machine	5	200,000	1,000,000	1/15/2022	4/15/2022	30/10/2022
	Suction machine for neonate patients	4	1,400,000	5,600,000	1/15/2022	4/15/2022	30/10/2022
MOKASI	ECG With Mobile Stand	3	15,000,000	45,000,000	15/01/2022	15/04/2022	30/10/2022
	Defibrillators	5	29,999,992	149,999,962	15/01/2022	15/04/2022	30/10/2022
TOL GASES LIMITED	Flow-meter	400	360,000	144,000,000	01/01/2022	28/02/2022	30/10/2022
<b>Total</b>		<b>636</b>		<b>7,948,640,938</b>			

*Source: Payment Vouchers and Store's ledgers*

Delays in installation were caused by delays in delivery of the respective equipment; and failure to timely complete machine rooms where the respective equipment would be installed.

**I recommend that MNH fast-tracks renovation of machine rooms, with more emphasis on remodelling three rooms in the radiology wing to accommodate new MRI, CT-Scan and Angio Suite.**

### **3.4.5 Procured medical equipment worth TZS 14.81 billion not put in use**

Nine Regional Referral Hospitals (RRH) and four Zonal Referral Hospitals procured various medical equipment with a value of TZS 14.81 billion; but were not put in use as at November 2022 due to



non-completion of radiology, EMD and ICU buildings. The detailed analysis is shown in **Table 21**.

**Table 21: Procured items not in use**

Entity	Equipment	Amount (TZS)
Tanga RRH	Telemedicine equipment	38,500,000
	CT scan	1,810,000,000
Tabora RRH	CT scan	1,810,000,000
Katavi RRH	CT Scan machine	1,800,000,000
	Equipment for ICU & EMD	790,026,345
	Furniture for Telemedicine	9,000,000
Mawenzi RRH	Digital x-ray	215,000,000
	CT Scan machine	1,810,000,000
Chato ZRH	CT-Scan Machine	1,030,000,000
Geita RRH	Equipment for ICU & EMD	1,134,976,708
Ligula RRH	ICU Equipment	537,798,500
	EMD Equipment	236,992,000
Singida RRH	Equipment for ICU & EMD	708,638,250
Mtwara ZRH	Mobile X-Ray Machine	264,000,000
Bugando Medical Centre	Manifolding	56,700,000
	Oxygen flow meter wall mounted - single flow	6,664,000
	Oxygen flow meter wall mounted - double flow	1,785,000
	Oxygen regulator with flow meter for cylinder	1,254,000
Benjamin Mkapa Hospital	Telemedicine equipment	109,250,000
Simiyu RRH	CT Scan	1,810,000,000
	Equipment for ICU & EMD	631,338,320
		<b>14,811,923,123</b>

I recommend that MoH, in collaboration with the respective hospitals, ensure that all medical equipment are delivered without further delays to allow the smooth provision of services to the intended patients.

#### 3.4.6 Completed buildings worth TZS 291.18 million not put into use

Four completed hospital buildings with a value of TZS 291.18 million were not in use up to November 2022, despite being completed, due to various reasons, including lack of ICT equipment for telemedicine rooms and medical equipment for EMDs. The detailed analysis is shown in **Table 22**.

**Table 22: Completed Hospitals Buildings**

Entity	Description	Amount (TZS)
Tanga RRH	EMD	100,000,000
Tabora RRH	Telemedicine room	100,000,000
Katavi RRH	Staff house	60,441,500
Simiyu RRH	Telemedicine room	30,736,000
	<b>Total</b>	<b>291,177,500</b>

I recommend that MoH ensures all completed hospital buildings are put in use to realise the expected benefits.

### 3.4.7 Delayed completion of construction projects

During site visits in November 2022, 11 construction projects in Regional Referral Hospitals were delayed for two to six months, as detailed in Table 23.

The delays were attributed to various reasons, including untimely release of funds by MoH and setting of unrealistic timeframes for completing the projects.

**Table 23: Delayed Completion of Construction Projects**

Entity	Details	Pending Activities	Months delayed
Tanga RRH	Staff house	Door fittings and varnish Windows Painting and decoration Electric installation Water Supply and sewage system	5
Mirembe Hospital	ICU	Door and Windows, finishing works, Painting and decorations, Electrical Installation, Plumbing Installation, Mechanical installation	3
	EMD	Door and Windows, finishing works, Painting and decorations, Electrical Installation, Plumbing Installation, Mechanical installation	3
	Consultation Block	Door and Windows, finishing works, Painting and decorations, Electrical Installation, Plumbing Installation.	4
	Fence and Gate	Substructure, Walling, Roof structure and covering, Door and windows, finishing works, Painting and Decoration, Electrical Installation, and Plumbing Installations.	4
	Administration Block	Door and Windows, finishing works, Painting and decorations, Electrical Installation, Plumbing Installation, Mechanical installation	5
Manyara RRH	ICU	Roofing, windows and doors installation, septic tank installation, skimming landscaping and painting	5
	EMD		
	Radiology		
Sokoine RRH	OPD	52%	3
Geita RRH	EMD	Window grills installation, Electrical second fix, plumbing second fix, Finishing and external plumbing and construction of the septic tank.	3
	ICU	Electrical second fix, plumbing second fix, Finishing and external plumbing, construction of the septic tank and Construction of Soak away pit	4
Maweni RRH	EMD and ICU	90%	3
Ligula RRH	EMD	80%	6

Entity	Details	Pending Activities	Months delayed
	ICU	90%	6
	OPD	45%	2
Shinyanga	X-Ray and CT Scan Building	<ul style="list-style-type: none"> <li>Electricity and water connection</li> <li>Fixing of doors and windows</li> <li>Fixing of X-Ray and CT scan</li> </ul>	5
	Construction of Three Bedrooms Staff House	<ul style="list-style-type: none"> <li>Septic tank and soak-away pits</li> <li>Paintworks</li> <li>Fence</li> </ul>	6
	Emergency Medical Department (EMD)	<ul style="list-style-type: none"> <li>Electricity and water connection</li> <li>Painting works</li> <li>Plumbing works</li> <li>Fixing of doors</li> </ul>	6
	ICU Block	<ul style="list-style-type: none"> <li>Electricity and water connection</li> <li>Painting works</li> <li>Plumbing works</li> <li>Fixing of doors</li> <li>Completion of floor works</li> </ul>	5
Temeke RRH	Radiology Building	Joinery and Metalwork Finishing and Painting	3
Simiyu RRH	ICU building	Hardwood panel door for entry and exit doors Architrave, 5mm glass with beads for door vents Medical gas installation AC Installations. Supply and Installation of sluice sink Door handles ICT second fix	6

I recommend that the respective Regional Referral Hospitals through the Ministry of Health ensure that projects are undertaken within the agreed timeline.

On the other hand, the Government should set aside adequate funds to complete the delayed projects to attain value for money.

#### 3.4.8 The construction and rehabilitation work not completed within the agreed period

Amana RRH entered into various contracts for rehabilitation of EMD and OPD buildings, construction of ICU & dialysis, and construction of radiology blocks. However, the contracts were not completed up to the time of my audit on 17 November 2022, as indicated in Table 24.

**Table 24: Projects not completed on time at Amana RRH**

S/n.	Project name	Contract Signed date	Contract period (days)	Expected completion	Commis sioned date	Delays (no of days)
1.	Rehabilitation of EMD & OPD (contract no. ME/007/ARRH/20 21-22/W/02)	17 December 2021	90	17 March 2022	Ongoing	245
2.	Construction of ICU & Dialysis contract no ME/007/ARRH/20 21-22/W/01)	17 December 2021	90	17 March 2022	15 May 2022	59
3.	Construction of Radiology Blocks (PA/158/HQ/2021 -2022/W/07)	22 April 2022	60	30 June 2022	Ongoing	140

**Source:** Contract Documents, Interviews and Site Observations in November 2022

On the other hand, Ligula RRH entered into various contracts for rehabilitation of EMD, OPD buildings, ICU construction, and staff houses. However, up to the time of my audit on 10 December 2022, the contracts were not completed, as indicated in **Table 25**.

**Table 25: Projects not completed on time at Ligula RRH**

Project	Agreed Completion Date	Actual Completion Date	Delays (Days)	Progress Level
Construction of EMD	30.05.2022	Ongoing	192	Incomplete
Construction of ICU	30.05.2022	Ongoing	192	Substantial Completion
Construction of Staff Houses	20.06.2022	Ongoing	172	Substantial Completion
Construction of OPD	11.09.2022	Ongoing	89	Incomplete

**Source:** Contract Documents, Interviews and Site Observations in December 2022

The delays were associated with delays in commencement of works caused by changing drawings before the construction. Also, there were delays in funds disbursement from the Ministry of Finance and Planning.

**I recommend that Amana and Ligula RRHs prepare action plans to ensure the remaining construction and rehabilitation works are completed without further delays.**

### 3.4.9 Absence of site geotechnical investigation for OPD building

Clause 8 of the Special Conditions of Contract and Clause 17.1 of the General Conditions of Contract required a geotechnical investigation to have been conducted and the geotechnical survey reports presented to the bidders before the commencement of the works. On the other hand, the contractor (NHC) was supposed to supplement the investigations by doing their investigation to an extent considered necessary to them.

On the contrary, the site investigation was not done.

**I recommend that Ligula RRH instruct Ardhi Built Environment Consulting Company (ABECC) LTD, the project consultant, to ensure that key project requirements are met.**

### 3.4.10 Low level of suppliers' performance on motor vehicles and equipment contracts

In March and April 2022 PO-RALG entered 12 contracts worth TZS 138.23 billion with different suppliers for supplying motor vehicles, motorcycles and medical equipment which were supposed to be delivered in three- and six-months period respectively.

At the time of audit in November 2022, only one supplier supplied 517 Motorcycles. The rest had not fulfilled their contractual obligations.

Also, in contracts No. ME/022/2021-22/HQ/G/22, ME/022/2021-22/HQ/G/23, and ME/022/2021-22/HQ/G/24 worth TZS 94.41 billion for supply, installation, commissioning and maintenance of health facilities, suppliers failed to deliver items procured for more 180 days.

**I recommend that PO-RALG ensures the procurement process is fast tracked to reduce delays in delivering of the respective equipment.**



### 3.4.11 Uncompleted works on construction of staff house and Emergency Medical Department (EMD) buildings TZS 245.04 million

In four LGAs, works valued TZS 245.04 million were not completed. These included staff houses and emergency medical department buildings due to various reasons, including inadequate funds and slow pace of local masons. The detailed analysis is shown in **Table 26**.

**Table 26: Uncompleted works**

S/N	Name of LGA	Value of uncompleted works (TZS)		Total value (TZS)
		EMD	Staff house	
1.	Ikungi DC		34,054,580	34,054,580
2.	Chunya DC	60,000,000	-	60,000,000
3.	Mbarari DC	90,982,000	-	90,982,000
4.	Nyang'hwale DC	60,000,000	-	60,000,000
<b>Total</b>		<b>210,982,000</b>	<b>34,054,580</b>	<b>245,036,580</b>

*Source: Procumbent files*

I recommend that PO-RALG enhance supervision for the construction of uncompleted buildings to realise the expected benefits.

### 4.1.1 Unconfirmed utilization of purchased items TZS 99.53 million

Contrary to Order 54 (3) of the Local Government Financial Memorandum, 2009, two LGAs procured building materials worth TZS 99.53 million for construction of EMD and ICU but did not maintain records for their utilization, as detailed in **Table 27**.

**Table 27: Unconfirmed utilization of stores items**

S/N	Name of LGA	Remarks	Amount (TZS)
1.	Shinyanga DC	Being payments with respect to the Procurement of Building materials for EMD building	62,482,437
2.	Masasi TC	Being payments with respect to the Procurement of Building materials for EMD building	37,051,834
<b>Total</b>			<b>99,534,271</b>

*Source: Individual Council's Management Letters*

In the absence of records of the procured items in the store's ledger, the authenticity of the utilization of the procured materials could not be confirmed.

**I recommend that PO-RALG record all goods procured and received in respective store's ledger and account their utilization.**

#### **4.1.2 Materials for construction worth TZS 66.71 million not tested**

Contrary to Regulation 246 of the Public Procurement Regulations, 2013, Longido District Council procured building materials worth TZS 66.71 million for construction of EMD and ICU such as blocks, aggregates, and reinforcements without testing their quality.

**I recommend that Longido District Council ensure testing of building materials before the commencement of any construction.**

#### **3.4.12 Delayed completion of Laboratory Management Information System functionalities**

The project implementation plan for developing the National Laboratory Management Information System showed that 39 functionalities were supposed to be completed by 31 August 2022; however, only 18 functionalities were completed, and 21 were yet to be completed, contrary to Para 2.2.9 (ii, iv) of the e-Government Application Architecture Guideline.

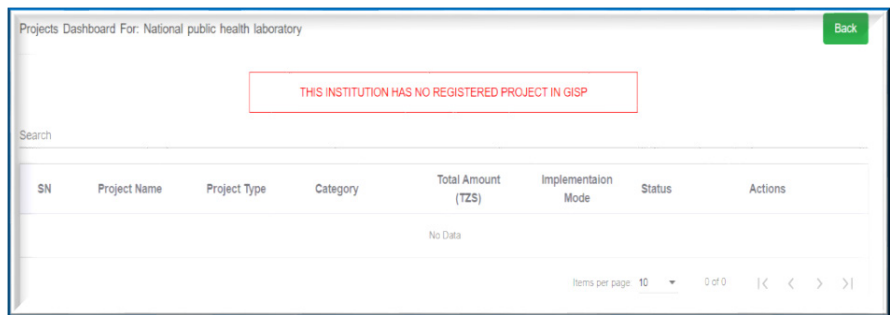
**I recommend that management expedites the implementation of pending Modules.**

#### **3.4.13 Non-approval of the project in the Government ICT Services Portal (GISP)**

Contrary to the requirements of Section 24-(1) of the e-Government Act 2019, the Laboratory Management Information System project has not been submitted to Government ICT Services Portal (GISP) for

review, approval, and technical guidance, although the project is currently under development.

Figure 1: The screenshot from the NPHL profile



Source: GISP

I recommend that management submits the Laboratory Management Information System project to e-Government Authority through GISP for review.



# CHAPTER FOUR

## EDUCATION



## EDUCATION SECTOR

### 4.2 Introduction

The activities of the education sector were implemented by various entities within the country, including the Ministry of Education Science and Technology (MOEST), Teachers Training colleges (TTC) and VETA. Also, the sector received funds for renovation of vocational training colleges for students with disabilities which were supervised by the Prime Minister's Office - Labour, Youth, Employment and Persons with Disability (PMO-LYED).

Ministry of Education, Science and Technology (MOEST) has achieved progress in various education initiatives, including provision of instructional materials, facilities for students with special needs, construction of vocational colleges, classroom and dormitory construction, and support for business opportunities for marginalized groups.

This chapter highlights findings and recommendations related to education sector activities implemented under central government through the Ministry of Education Science and Technology (MOEST), and PO-RALG and Local Government Authorities.

Despite achievements realised in the education sector, the following areas require improvements:

### 4.3 Expenditure Management

#### 4.3.1 Advance payment to suppliers without guarantee TZS 284.85 million

Mwanza Regional and Vocational Training and Services Centre (RVTSC) and Mara District Vocational Training Centre (DVTSC) paid in advance TZS 284.85 million to suppliers for purchase of various constructions materials such as doors, aluminium windows, and electrical materials without having any guarantee. Details are shown in **Table 28**.



**Table 28: Advance payments without security**

SN	Implementer	Amount (TZS)
1	Mwanza RVTSC	82,543,991.53
2	Mara DVTC	202,301,470
<b>Total</b>		<b>284,845,461.53</b>

Advance payment without collateral poses a risk of misusing public funds in case the supplier does not deliver the required goods or poor-quality goods.

I recommend that the respective training centres secure collateral whenever advance payments are made to suppliers.

#### 4.3.2 Excessive procurement of building materials worth TZS 84.63 million

Four LGAs procured building materials worth TZS 84.63 million above the required quantities, which were unutilized at the time of completion of the projects, contrary to Paragraph 11.3 of the PPRA Guideline for Carrying out Works using Force Account of May 2020, as detailed in **Table 29**.

**Table 29: LGAs with excessive procured building materials**

S/N	Name of LGA	Remarks	Amount (TZS)
1.	Bagamoyo DC	Being payments for Building materials unutilized	47,699,380
2.	Shinyanga DC	Building materials for the Emergence Medical Department building were used for the construction of other projects	28,921,500
3.	Kilolo DC	Construction of Intensive care unit at Kilolo District Hospital	5,595,200
4.	Njombe DC	Construction of staff house at Ninga Dispensary	2,417,536
<b>Total</b>			<b>84,633,616</b>

Source: Individual Council's Management Letters

I recommend that respective LGAs prepare accurate schedule of materials and Bills of Quantities for Projects to avoid procuring more than the actual requirements. Also, the respective LGAs

should ensure that the noted excess materials are efficiently and effectively used.

#### 5.1.1 Allocation of funds for construction of classrooms without considering geographical location

In 2021/22, MoFP allocated TZS 304 billion to 184 LGAs for construction of fully furnished primary and secondary school classrooms and dormitories, where TZS 20 million was budgeted for construction of one classroom, including procurement of furniture, while TZS 80 million was budgeted for one dormitory.

However, the allocation of these funds was generalized without considering geographical locations and market price for building materials in some localities, especially those in remote areas. As a result, five LGAs had project works not completed valued at TZS 156.74 million, as detailed in **Table 30**.

**Table 30: LGAs with uncompleted projects**

S/N	Name of LGA	Name of project	Amount (TZS)
1	Muleba DC	Construction of classrooms at Mashekuro Primary School	12,915,500
2	Babati DC	Dareda Kati Primary School-Construction of dormitory	58,957,599
		Construction of two classrooms at Nkaiti S/School	41,139,593
3	Chalinze DC	Construction of girls' dormitory at Chalinze Primary school	26,000,000
4	Kishapu DC	Construction of laboratory room at Mwamala Secondary School	17,729,500
<b>Total</b>			<b>156,742,192</b>

*Source: Auditor review of Projects documents*

There is a possibility of implementing sub-standard projects as LGAs are compelled to complete the classrooms using the scarce funds allocated to them.

I recommend that PO-RALG considers all important factors, including prices of building materials during funds allocation to schools to enhance quality of constructed classes. Also, LGAs evaluate the outstanding works for the respective projects and develop strategies to ensure they are completed.

### 5.1.2 Reallocation of construction funds due to shortage of land at Dar es Salaam schools TZS 920 million

Dar es salaam Region received TZS 920 million for constructing 46 classrooms in two LGAs, Temeke MC and Kinondoni MC. But funds were reallocated and transferred to other schools due to the absence of space for building classrooms within the planned schools despite those schools having a shortage of 173 classes. Refer **Table 31**.

**Table 31: Reallocation of construction funds in Dar es Salaam region**

S/N	Name of LGA	Planned classes	Reallocated classes	Value of reallocated classes (TZS)
1	Temeke MC	44	36	720,000,000
2	Kinondoni MC	146	10	200,000,000
<b>Total</b>		<b>190</b>	<b>46</b>	<b>920,000,000</b>

*Source: Audit analysis*

It is evident that no adequate feasibility study was carried out to ensure proper utilization of the scarce land available in those schools.

I recommend that PO-RALG look for other ways, including constructing storey buildings in Dar es Salaam to address the current shortage of space, as the number of students enrolled each year is rapidly increasing.

### 5.1.3 Completed classrooms not put in use TZS 2.78 billion

138 completed classrooms in 10 LGAs with a value of TZS 2.78 billion were not in use due to various reasons, including lack of furniture, toilets, and delays in enrolment of students. The detailed analysis is shown in **Table 32**.

**Table 32: Completed classrooms not in use**

S/N	Name of LGA	School Name	Number of Classes	Value (TZS)
1.	Ubungu MC	Makabe Secondary School	16	320,000,000
2.		Goba Mpakani Secondary School	2	40,000,000
3.		Ukombozi Secondary School	13	260,000,000
4.		Makurumla Secondary School	4	80,000,000
5.		Manzese Secondary School	2	40,000,000
6.	Longido DC	Mundarara Primary School	2	40,000,000
7.		Engikaret Primary School	2	40,000,000

S/N	Name of LGA	School Name	Number of Classes	Value (TZS)
8.	Kongwa DC	Ngereyani Primary School	2	40,000,000
9.		Ngereyani Primary School	4	80,000,000
10.		Ngereyani Primary School	2	40,000,000
11.		Ngereyani Primary School	2	40,000,000
12.	Kongwa DC	Iduo Secondary School	2	55,840,287
13.		Chamkoroma Secondary School	1	20,000,000
14.		Sagara Secondary School	4	80,000,000
15.		White Zuberi Secondary School	4	80,000,000
16.	Chalinze DC	Laikala Secondary School	2	40,000,000
17.		Vigwaza secondary	4	80,000,000
18.	Wanging'ombe DC	Kikaro secondary	5	100,000,000
19.		Maria Nyerere secondary school	2	40,000,000
20.		Mungelenge secondary school	4	80,000,000
21.		Mapogolo primary school	2	40,000,000
22.	Singida MC	Nkui Satellite School	2	40,000,000
23.	Chamwino DC	Chikoti Satellite Primary School	8	160,000,000
24.		Mbugani Satellite Primary School	5	100,000,000
25.		Matembe Satellite P/School	5	100,000,000
26.		Chiteleche Satellite Primary School	8	160,000,000
27.		Lugala Satellite Primary School	5	100,000,000
28.		Idifu Secondary School	1	20,000,000
29.	Uvinza DC	Sigunga Secondary School	4	80,000,000
30.		Ilagala Secondary School	1	20,000,000
31.		Nyangabo Secondary	4	80,000,000
32.		Mganza Secondary School	3	60,000,000
33.	Kalambo DC	Senje Satellite Primary School	5	100,000,000
34.		Kamkolwe Satellite Primary School	2	40,000,000
35.	Ileje DC	Shinji secondary school	4	80,000,000
<b>Total</b>			<b>138</b>	<b>2,775,840,287</b>

I recommend that PO-RALG provides all necessary facilities to enable utilisation of classrooms.

#### 5.1.4 Excessive procurement of building materials worth TZS 1.02 billion

36 LGAs procured building materials worth TZS 1.02 billion more than the required quantities, contrary to Paragraph 11.3 of the PPRA Guideline for Carrying out Works using Force Account of May 2020. These materials remained unutilized at the time of project completion, as detailed in Table 33.

**Table 33: LGAs that procured excess building materials**

S/N	Name of LGA	Amount (TZS)
1.	Ubungu MC	100,819,144
2.	Tunduru DC	89,094,408

S/N	Name of LGA	Amount (TZS)
3.	Geita TC	82,205,700
4.	Kilosa DC	68,295,136
5.	Kasulu DC	63,506,614
6.	Geita DC	57,696,000
7.	Mbarali DC	57,555,556
8.	Babati DC	45,336,822
9.	Momba DC	36,327,012
10.	Wanging'ombe DC	30,736,952
11.	Buchosa DC	27,375,580
12.	Kilindi DC	27,230,682
13.	Musoma DC	26,184,648
14.	Malinyi DC	24,951,400
15.	Mpanda DC	23,616,333
16.	Kilolo DC	22,120,787
17.	Sengerema DC	21,618,422
18.	Moshi DC	21,248,050
19.	Misungwi DC	20,357,372
20.	Mbogwe DC	20,336,477
21.	Temeke MC	19,832,507
22.	Chalinze DC	18,233,880
23.	Mbeya DC	15,485,478
24.	Muleba DC	14,740,500
25.	Tunduma TC	13,349,541
26.	Serengeti DC	11,645,476
27.	Singida MC	11,311,318
28.	Handeni DC	10,825,129
29.	Iringa DC	9,614,182
30.	Korogwe DC	8,831,000
31.	Uyui DC	8,624,000
32.	Karagwe DC	4,271,293
33.	Kilwa Dc	3,271,700
34.	Itilima DC	2,969,035
35.	Ludewa DC	2,838,050
36.	Njombe DC	2,417,536
<b>Total</b>		<b>1,024,873,720</b>

Source: Individual Council's Management Letters

It was further established that building materials worth TZS 48.99 million at Ubungo MC, Tunduru DC and Itilima DC were not delivered at the respective facilities.

I recommend that the respective LGAs prepare an accurate schedule of materials and Bills of Quantities for Projects to avoid excess material procurement and put the excessively procured materials in use. Also, respective LGAs should recover materials worth TZS 48.99 million not delivered.



### 5.1.5 Conflict of interest in respect of procured building materials TZS 517.58 million

Five LGAs procured materials worth TZS 517.58 million from either employees or family members of some council employees, contrary to Regulation 7 (4) of Public Procurement Regulations, 2013, as detailed in **Table 34**.

**Table 34: LGAs with conflict of interest in their procurements**

S/N	Name of LGA	Amount (TZS)
1.	Geita DC	361,576,867
2.	Uyui DC	72,899,750
3.	Mpanda DC	54,821,543
4.	Kasulu DC	22,414,500
5.	Songea MC	5,867,260
<b>Total</b>		<b>517,579,920</b>

Source: Individual Council's Management Letters

Procurement from the employee or family members of employees of the Councils brings about a risk of unfair competition and conflict of interest.

I recommend respective LGAs to abide with Regulation 7 (4) of the Public Procurement Regulations, 2013 by not procuring goods and services from Council Staff to eliminate the risk of conflict of interest. In addition, PO-RALG should take appropriate measures against all officials involved in such procurements which pose conflict of interest threat.

### 5.1.6 Receipts of supplies worth TZS 2 billion before being inspected

20 LGAs paid TZS 2 billion for goods and services from suppliers without being inspected by the Goods Inspection and Acceptance Committee, contrary to Regulations 244(1) and 245 of the Public Procurement Regulations, 2013, as detailed in **Table 35**.

**Table 35: Receipts of goods and services before inspection**

S/N	Name of LGA	Amount (TZS)
1.	Chunya DC	267,331,300
2.	Uvinza DC	244,923,504
3.	Mpanda DC	169,571,000
4.	Handeni DC	166,446,880
5.	Itigi DC	153,651,921
6.	Masasi TC	144,575,695

S/N	Name of LGA	Amount (TZS)
7.	Kilindi DC	133,615,484
8.	Mlele DC	127,511,860
9.	Arusha DC	92,977,349
10.	Nsimbo DC	92,758,764
11.	Dar es Salaam CC	85,689,300
12.	Singida MC	71,683,040
13.	Tanga CC	67,332,282
14.	Shinyanga MC	44,053,587
15.	Mbozi DC	32,651,900
16.	Mufindi DC	28,098,545
17.	Buchosa DC	25,123,150
18.	Mpimbwe DC	19,326,104
19.	Tunduma TC	17,426,322
20.	Kinondoni MC	17,360,540
<b>Total</b>		<b>2,002,108,527</b>

Source: Procurement files

Receiving goods and services without being inspected by the relevant Committees may compromise quality and conformance to the contract specifications and may lead to acquisition of substandard or low-quality goods by the procuring entity.

I recommend that respective LGAs comply with the relevant Regulations by inspecting the quality and quantity of goods and services before being received.

#### 5.1.7 Tenders which were neither advertised nor evaluated TZS 1.7 billion

Geita TC, Serengeti DC and Kasulu TC issued eight contracts worth TZS 1.7 billion without being advertised and evaluated, contrary to instructions issued by PO-RALG through letter with Ref No. CFC.133/307/01'L'/63 dated 13 October 2021. More details are shown in Table 36.

**Table 36: Contracted tenders without advertisement**

S/N	Name of LGA	Contract No.	Amount (TZS)
1.	Geita TC	LGA/160/HQ/2021-2022/G/01	680,638,600
		LGA/160/HQ/2021-2022/G/02	232,500,000
		LGA/160/HQ/2021-2022/G/03	22,680,000
		LGA/160/HQ/2021-2022/NS/01	94,250,000
		LGA/160/HQ/2021-2022/G/04	88,200,000
2.	Serengeti DC	LGA/SDC/063/2021/2022/W/G01	223,319,011
3.		LGA/SDC/063/2021/2022/W/G02	199,242,816
4.	Kasulu TC	M/s TSM and Sons investment Ltd	154,320,160
<b>Total</b>			<b>1,695,150,587</b>

Source: Procurement files

Failure to advertise limits fair competition to potential suppliers and hinders the Council from obtaining the best economical price.

**I recommend that respective Councils should always abide with directives issued by the relevant authorities.**

#### 5.1.8 Unconfirmed utilization of purchased items TZS 474.39 million

10 LGAs procured building materials worth TZS 474.39 million for construction of classrooms, but did not maintain records for their utilization, contrary to Order 54 (3) of the Local Government Financial Memorandum, 2009. Details are shown in **Table 37**.

**Table 37: Unconfirmed utilization of stores items**

S/N	Name of LGA	Amount(TZS)
1.	Itigi DC	151,010,282
2.	Mpanda DC	112,818,060
3.	Babati DC	47,259,660
4.	Dar es Salaam CC	41,659,336
5.	Masasi TC	37,051,834
6.	Muleba DC	33,646,667
7.	Mbarali DC	22,981,600
8.	Iringa MC	13,982,488
9.	Tunduru DC	11,008,993
10.	Itilima DC	2,969,035
	<b>Total</b>	<b>474,387,955</b>

*Source: Procurement files*

In the absence of records of the procured items in stores ledgers, the authenticity for utilization of the procured materials could not be confirmed.

**I recommend that PO-RALG record all procured goods in their respective store's ledgers and account for their utilization.**

#### 5.1.9 Building materials paid for but not delivered TZS 405.74 million

16 LGAs paid TZS 405.74 million for building materials which were not delivered up to the time of this audit in November 2022, contrary to Regulation 242 (1) of Public Procurement Regulations, 2013. Further details are shown in **Table 38**.

**Table 38: Building materials paid for but not delivered**

S/N	Name of LGA	Amount (TZS)
1.	Masasi DC	100,800,000
2.	Mbarali DC	61,622,788
3.	Sumbawanga DC	52,420,110
4.	Uvinza DC	28,740,000
5.	Itigi DC	26,108,400
6.	Kilosa DC	24,785,000
7.	Geita DC	22,698,000
8.	Shinyanga DC	15,346,000
9.	Musoma MC	15,220,620
10.	Kasulu DC	14,111,280
11.	Chalinze DC	12,240,000
12.	Geita TC	10,895,100
13.	Ubungu MC	7,500,365
14.	Mpanda DC	7,281,000
15.	Makete DC	4,700,000
16.	Mlele DC	1,268,800
	<b>Total</b>	<b>405,737,463</b>

*Source: Procurement files*

I recommend that PO-RALG ensures all paid for materials are delivered to obtain value for money.

#### 5.1.10 Materials for construction worth TZS 2.07 billion not tested

22 LGAs spent TZS 2.07 billion for procurement of building materials such as blocks, aggregates, and reinforcements for construction of several classrooms that were not tested contrary to Regulation 246 of the Public Procurement Regulations, 2013.

Using untested materials for construction may result in buildings that are substandard and of short life. A list of LGAs that used materials without being tested is shown in Table 39.

**Table 39: Analysis of materials not tested**

S/N	Name of LGA	Amount (TZS)
1.	Geita DC	525,945,340
2.	Sumbawanga DC	383,422,828
3.	Tunduru DC	236,056,500
4.	Songea DC	127,756,320
5.	Mbinga DC	117,940,101
6.	Mkuranga DC	91,024,517
7.	Moshi DC	83,074,136
8.	Dar es Salaam CC	74,099,200
9.	Kasulu TC	74,133,000
10.	Longido DC	66,708,600
11.	Malinyi DC	45,220,358

S/N	Name of LGA	Amount (TZS)
12.	Shinyanga DC	47,392,440
13.	Nkasi DC	43,114,000
14.	Tabora MC	35,036,806
15.	Sumbawanga MC	25,664,500
16.	Singida MC	24,947,918
17.	Mpimbwe DC	19,326,104
18.	Njombe TC	18,200,000
19.	Handeni DC	11,024,000
20.	Kilosa DC	10,000,000
21.	Kalambo DC	5,878,950
22.	Itilima DC	3,080,070
<b>Total</b>		<b>2,069,045,688</b>

Source: Procurement files

I recommend that the respective LGAs test building materials before commencement of any construction.

#### 5.1.11 Absence of tender board approval on procurement worth TZS 2.88 billion

Six LGAs made procurements worth TZS 2.88 billion that were not approved by the respective Tender Boards, contrary to Regulation 159 of the Public Procurement Regulations, 2013 as amended by regulation 60 of the Public Procurement (Amendment) Regulations, 2016. Details of the procurements are as shown in Table 40.

Table 40: Procurements not approved by tender board

S/N	Name of LGA	Amount (TZS)
1.	Nachingwea DC	1,380,000,000
2.	Masasi DC	984,922,422
3.	Ileje DC	279,395,319
4.	Tunduma TC	192,293,870
5.	Singida MC	22,175,440
6.	Makete DC	19,883,985
<b>Total</b>		<b>2,878,671,036</b>

Source: Procurement files

Making procurements without approval from Tender Board undermines powers of the Tender Board and might result to procurement of goods and services at higher prices.

I recommend that PO-RALG enforces compliance of procurement legislations by the respective LGAs and ensure that justification



for single source procurements is provided and approved by Tender Boards.

#### 5.1.12 Un-procured desks, chairs, and tables in schools

Constructed classrooms in 18 LGAs were not equipped with 752 desks in primary schools and 33,849 tables and chairs in secondary schools, contrary to Paragraph 4 (XX) of circular number CFC.133/307/01'L'/63 dated 13 October 2021 which requires the Local Authority to provide 50 desks per classroom for secondary schools and 15 desks per classroom for primary schools in the construction of classrooms., as detailed in **Table 41**.

**Table 41: Un-procured desks**

S/N	Council	Quantity of Classrooms in Schools		Quantity of Shortage	
		Secondary	Primary	Tables and chairs	Desks
1.	Dar es Salaam CC	236	-	10,699	
2.	Temeke MC	157	-	7,359	
3.	Kongwa DC	112	18	3,612	307
4.	Chamwino DC	82	64	2,457	305
5.	Uvinza DC	115	-	1,270	
6.	Meatu DC	56	-	1,116	
7.	Kigoma/Ujiji MC	48	-	590	
8.	Chalinze DC	66	-	950	
9.	Kasulu TC	55	-	504	
10.	Momba DC	49	-	450	
11.	Njombe TC	37	-	370	
12.	Ileje DC	11	-	270	
13.	Longido DC	-	22	0	140
14.	Misenyi DC	36	-	716	
15.	Karagwe DC	80	-	2,234	
16.	Musoma MC	17	-	470	
17.	Ngara DC	27	-	522	
18.	Mbozi DC	29	-	260	
<b>Total</b>		<b>1,213</b>	<b>104</b>	<b>33,849</b>	<b>752</b>

*Source: Procurement files*

In the wake of that, I believe academic performance depends on a conducive learning environment, and immediate intervention in handling shortage of school infrastructures is inevitable to serve the long-term goal of having a large number of literate citizens.

I recommend that PO-RALG, in collaboration with the Ministry of Education, Science and Technology and other educational

stakeholders, deliberately take measures to improve the situation to enhance quality education.

#### 5.1.13 Payments not adequately supported TZS 4.45 billion

35 LGAs paid TZS 4.45 billion to various suppliers of goods and services, without adequate and relevant supporting documents as shown in **Table 42**, contrary to Order 10 (2) (d) of the Local Government Financial Memorandum, 2009. Of this amount, TZS 2.08 billion was for transactions not supported by EFD receipts contrary to Regulation 55 (1) of the Tax Administration Regulations, 2016.

**Table 42: Payment not adequately supported by EFD**

S/N	Name of LGA	Amount (TZS)	S/N	Name of LGA	Amount (TZS)
1	Uvinza DC	1,160,803,583	19	Kilindi DC	69,202,900
2	Mpanda DC	482,348,135	20	Mbarari DC	59,318,305
3	Masasi DC	354,157,303	21	Maswa DC	55,597,378
4	Busega DC	211,627,140	22	Mlele DC	54,509,754
5	Buchosa	163,838,516	23	Uyui DC	40,787,520
6	Muleba DC	159,013,516	24	Kinondoni MC	37,686,497
7	Bagamoyo DC	157,363,875	25	Geita DC	33,256,300
8	Manyoni DC	157,244,650	26	Singida MC	30,171,352
9	Longido DC	154,993,215	27	Njombe DC	27,871,110
10	Itilima DC	142,889,364	28	Njombe TC	25,443,752
11	Nsimbo DC	130,442,921	29	Kishapu DC	24,819,914
12	Chato DC	107,494,773	30	Mlele DC	23,317,610
13	Nkasi DC	103,376,768	31	kilolo DC	20,263,442
14	Kilosa DC	88,452,600	32	Namtumbo DC	19,257,524
15	Mbinga DC	87,871,831	33	Mbeya DC	15,080,000
16	Tunduma TC	82,559,814	34	Moshi DC	9,790,592
17	Sumbawanga MC	81,311,903	35	Babati DC	4,429,350
18	Ikungi DC	78,397,329	<b>Total</b>		<b>4,454,990,536</b>

*Source: payment vouchers*

In the absence of proper supporting documents, it is difficult to validate the payments made. Also, failure to demand and retain EFD receipts promoted tax evasion that eventually denies the government to collect revenues.

I recommend that respective LGAs (a) ensure safekeeping of respective supporting documents, and (b) obtain and retain EFD receipts as per Regulation 55 (1) of the Tax Administration Regulations, 2016.

#### 5.1.14 Procurement of building materials at higher prices resulting to extra cost of TZS 2.74 billion

19 LGAs incurred extra costs of TZS 2.74 billion because of purchasing building materials from retailers, contrary to the directives issued by the Permanent Secretary PO-RALG through letter No. BD.291/298/03/204 dated 29 October 2021 requiring all LGAs to procure building materials in bulk from manufacturing companies to save purchasing and transportation cost. More details are shown in **Table 43**.

**Table 43: Procured building materials at higher prices**

S/N	Name of LGA	Amount (TZS)
1.	Geita DC	2,307,080,384
2.	Muleba DC	75,733,200
3.	Buchosa DC	50,656,974
4.	Uvinza DC	47,926,944
5.	Dar es Salaam CC	46,623,800
6.	Kongwa DC	43,396,043
7.	Songea MC	30,179,880
8.	Mbeya DC	22,859,380
9.	Busega DC	17,859,040
10.	kalambo DC	17,169,750
11.	Geita TC	14,628,600
12.	Chamwino DC	13,368,000
13.	Tabora MC	11,427,956
14.	Iringa DC	10,923,600
15.	Nyasa DC	10,651,397
16.	Uyui DC	7,243,500
17.	Njombe TC	4,700,530
18.	Babati DC	1,875,200
19.	Njombe DC	1,579,000
	<b>Total</b>	<b>2,735,883,178</b>

*Source: Procurement files*

Of the extra cost noted, TZS 75.73 million was paid twice by Muleba DC for the same procured building materials.

**I recommend that the Permanent Secretary PO-RALG takes appropriate actions against Council officials who violated the relevant procurement directives.**

### 5.1.15 Payment supported by forged EFD receipts of TZS 139.01 million

Masasi and Geita DCs paid TZS 139.01 million to various vendors who issued EFD receipts, however, my confirmation of the authenticity of the issued EFD receipts with TRA noted that they were all forged, contrary to Regulation 48 of the Tax Administration (General) Regulations, 2016. This implies that VAT for TZS 21.20 million was not remitted to TRA. Refer **Table 44**.

**Table 44: Forged EFD receipts**

S/N	Name of LGA	Amount (TZS)
1.	Masasi DC	105,749,620
2.	Geita DC	33,256,300
	<b>Total</b>	<b>139,005,920</b>

*Source: Payment Vouchers*

Presence of unfaithful vendors and inadequate TRA efforts to detect and take appropriate actions to perpetrators are considered as possible causes.

I recommend that TRA increase follow up on detection of unfaithful vendors and take appropriate actions in accordance with tax legislations. Furthermore, LGAs should regularly report all incidences detected or suspected to TRA for appropriate action.

### 5.1.16 Payments to local artisans without measurements of work done TZS 1.67 billion

22 LGAs paid TZS 1.67 billion to local artisans for executed construction works without being certified by the respective Council engineer/project manager, contrary to Regulation 243 (2) of Public Procurement Regulations, 2013. Refer **Table 45**.

**Table 45: Payments without measurement of executed works**

S/N	Name of LGAs	Amount (TZS)
1.	Mbarari DC	432,699,984
2.	Hanang' DC	394,146,740
3.	Songea DC	116,668,700
4.	Ngorongoro DC	105,032,415
5.	Nkasi DC	95,151,309
6.	Mlimba DC	81,134,000
7.	Kilindi DC	51,060,000
8.	Momba DC	48,714,262
9.	Sumbawanga MC	43,145,600

S/N	Name of LGAs	Amount (TZS)
10.	Kigoma/Ujiji MC	40,834,000
11.	Itilima DC	39,861,200
12.	Mtwara MC	37,029,046
13.	Namtumbo DC	36,847,750
14.	Mkuranga DC	32,130,330
15.	Mbozi DC	26,566,700
16.	Makambako TC	24,910,045
17.	Tunduma TC	24,430,000
18.	Mpibwe DC	18,207,500
19.	Makete DC	8,248,500
20.	Mbeya CC	7,481,340
21.	Shinyanga DC	4,025,599
22.	Babati DC	3,850,501
	<b>Total</b>	<b>1,672,175,521</b>

Source: procurement files

This practice could lead to payments for unperformed works resulting to loss of public funds.

I recommend that respective LGAs pay local artisans according to measured work certified by respective Council engineer/project manager.

#### 4.4 Procurement Management

##### 4.4.1 Goods received without inspection TZS 163.96 million

Two Technical Colleges paid TZS 163.96 million for goods from suppliers without being inspected by goods inspection and acceptance committee, contrary to Regulations 244(1) and 245 of the Public Procurement Regulations, 2013, as detailed in Table 46.

Table 46: Goods received without inspection

S/N	Name of Entity	Amount (TZS)
21.	SQA Ngorongoro	152,856,052
22.	Morogoro TC	11,106,509
	<b>Total</b>	<b>163,962,561</b>

I recommend that Technical Colleges accept goods after being inspected to ensure the quality and quantity conform with specifications.

#### 4.4.2 Procurement worth TZS 276.68 million without competitive quotations

Contrary to requirement of Regulation 131(5) of the Public Procurement Regulations, 2013, as amended by Regulation 42(b) of the Public Procurement (Amendment) Regulations, 2016, three colleges procured building materials worth TZS 276.68 million without seeking competitive quotations from suppliers. **Table 47** refers.

**Table 47: Colleges procured building materials without competitive quotations**

Sn	Implementer	Amount (TZS)
1	Monduli TC	10,780,000.00
2	Katoke TC	249,316,111.73
3	Murutunguru TC	16,587,725.86
<b>Total</b>		<b>276,683,837.59</b>

Source: Audit Inspection

I recommend that, in future, management of the colleges conduct mini competition in procurement to achieve the expected value for money.

#### 4.4.3 Legal officers did not vet signed contracts worth TZS 573.25 million

Contrary to Regulation 60(1) of the Public Procurement (Amendment) Regulations, 2016, seven Teachers' Colleges entered into contracts worth TZS 573.25 million with local artisans and suppliers of building materials without being vetted by the Legal Officer of MoEST or any delegated legal officer. Without proper vetting, the contracts may lack transparency and accountability, which can lead to mismanagement and abuse of public funds. **Table 48** refers.

**Table 48: Colleges with contracts not vetted by legal officers**

Sn	College	Contracts Amount (TZS)
1	Nachingwea TC	148,204,934.00
2	Kotoke TC	43,400,000.00
3	Mtwara K TC	5,795,000.00
4	Mtwara U TC	26,945,000.00
5	Korogwe TC	73,958,650.00
6	Butimba TC	223,944,056.36



Sn	College	Contracts Amount (TZS)
7	Murutunguru TC	51,005,700.00
<b>Total</b>		<b>573,253,340.36</b>

Source: Audit Inspection

I recommend that MoEST ensure Legal Officers vet all procurement contracts to minimise the risk of disputes.

#### 4.4.4 Procurement worth TZS 456.07 million from unapproved suppliers

Five Technical Colleges procured goods and services worth TZS 456.07 million from suppliers who were neither approved by GPSA in the list of approved suppliers nor approved by construction committee, contrary to Para 31.5 of the Guideline for Carrying out Works under Force Account issued by PPRA in May 2020. Details are shown in Table 49.

**Table 49: List of colleges that purchased materials from unapproved suppliers**

S/N	TC Name	Amount (TZS)
1	Patandi TC	107,524,873.56
2	SQA Ngorongoro	104,704,940.00
3	Monduli TC	124,455,933.00
4	Nachingwea TC	96,400,542.00
5	Mandaka TC	22,978,785.00
<b>Total</b>		<b>456,065,073.56</b>

Source: Contract files

I recommend that the respective colleges comply with existing guidelines by procuring goods from the approved suppliers.

#### 4.4.5 Procurement worth 141.96 million not made directly from the manufacturer or authorized dealers

Five TCs procured building materials worth TZS 141.96 million from suppliers for construction activities, contrary to Para 13.1 of the Guideline for Carrying out Works under Force Account issued by PPRA in May 2020, which emphasizes direct procurement from manufacturers or its authorized dealers considering value for money.

The colleges could have saved TZS 27.14 million had they purchased materials from the manufacturer instead of suppliers. A list of the colleges is provided in **Table 50**.

**Table 50: List of colleges that did not procure materials from manufacturers**

Sn	TC Name	Amount (TZS)
1	Patandi	6,370,167.96
2	Monduli TC	15,431,800.00
3	Mandaka TC	33,972,817.00
4	Butimba TC	41,844,000.00
5	Murutunguru TC	44,339,500.00
<b>Total</b>		<b>141,958,284.96</b>

*Source: Contract files and Payment vouchers*

I recommend that the respective colleges procure materials directly from manufacturers or their authorized dealers to attain value for money.

#### 4.4.6 Procurements worth TZS 7.57 billion not conducted in TANEPS

Three tenders worth TZS 7.57 billion were not conducted using TANEPS (Tanzania Electronic Procurement System) implying that the procurement process was not carried out in a transparent and fair manner contrary to Regulation 342 (1) of the Public Procurement Regulations, 2013, and Treasury Circular No. 4 of 23 October 2019. Details are provided in **Table 51**.

**Table 51: Tenders out of TANEPS**

S/N	Tender No	Tender Description	Procurement Method	Contract Sum (TZS)
1	ME-024/2021-22/HQ/G/25 COVID	Supply, installation and commissioning of training equipment and machinery (Lot 7, 8 and 9)	Single Source	5,333,226,180
2	ME-024/2021-22/HQ/G/25 COVID	Supply, installation and commissioning of training equipment and machinery (Lot 2 and 5)	Single Source	1,464,379,257
3	ME-024/2021-22/HQ/G/03/ COVID	Supply of assistive devices and equipment for students with special needs in 11 higher learning institutions.	Single Source	770,000,000
<b>Total</b>				<b>7,567,605,437</b>

*Source: Tender files*

I recommend that Management ensures all tenders are undertaken through TANEPS to enhance transparency and fair competition.

## 4.5 Physical Performance

### 4.5.1 Delays in implementation of planned activities at MoEST

The funds allocated for the construction of 23 Teachers' Colleges under the Action Plan for utilization of TCRP funds had been disbursed by March 2022. However, the construction and furnishing at 10 of the colleges were not completed, resulting in a delay of up to 113 days beyond completion date of 30 June 2022. Pending works include various finishing works, electrical and plumbing installations, and furnishing.

Also, there were no funds to complete the pending activities at eight TCs (as shown in Table 52), while Ngorongoro TC had only TZS 61.83 million to complete the construction.

**Table 52: List of Teachers' colleges that were not completed**

Beneficiary	Project Name	Amount Received (TZS)
Patandi TC	Construction of one dormitory and purchase of furniture	187,404,421.20
Monduli TC	Construction of one dormitory and purchase of furniture	187,404,421.20
Songea TC	Construction of one dormitory and two classrooms and purchase of furniture	264,047,340.00
Katoke TC	Construction of one dormitory and two classrooms and purchase of furniture	299,851,366.20
Mandaka TC	Construction of one dormitory and two classrooms and purchase of furniture	279,299,051.20
Ilonga TC	Construction of two classrooms and purchase of furniture	114,206,945.00
Mtwara U TC	Construction of one dormitory and two classrooms and purchase of furniture	262,369,051.20
Vikindu TC	Construction of two classrooms and purchase of furniture	74,964,630.00
<b>Total</b>		<b>1,669,547,226</b>

*Source: Financial Reports*

Of the completed structures, seven TCs exhibited a number of irregularities, including widespread cracks in the classrooms, the use of colored cement flooring instead of terrazzo in the corridors and bedrooms, and fitted aluminum windows that did not match the window structures.

I recommend that MoEST solicits additional financing to complete the pending activities and cause contractors to rectify the noted irregularities.

#### 4.5.2 Geotechnical investigation and soil tests not conducted for a new building construction

The construction for college infrastructure at 23 TCs took place without conducting geotechnical investigations and soil tests due to an oversight by management to involve experts.

Failure to undertake the geotechnical investigation and soil test may compromise structural designs and cause structural failure.

I recommend that MoEST ensures construction of new buildings is undertaken after performing preliminary studies on geotechnical investigation and soil tests.

#### 4.5.3 Materials for construction worth TZS 33.91 million not tested

Two TCs spent TZS 33.91 million to procure untested building materials such as blocks, aggregates, and reinforcements to construct several classrooms which was contrary to Regulation 246 of the Public Procurement Regulations, 2013.

A list of TCs that used materials without being tested is shown in Table 53.

**Table 53: Analysis of materials not tested**

S/N	Name of entity	Amount (TZS)
23.	Monduli Teacher's College	23,128,000
24.	Mandaka Teacher's College	10,786,500
Total		33,914,500

I recommend that the respective Teachers' Colleges, in future, ensure building materials tests are done before any construction is being undertaken.

# CHAPTER FIVE

## WATER





## WATER SECTOR

### 5.2 Introduction

The water sector is managed by the Ministry of Water, RUWASA, and WSSAs. RUWASA focuses on rural areas, while Water Supply and Sanitation Authorities (WSSAs) focus on urban areas.

The Ministry of Water successfully implemented various planned activities in the rehabilitation, expansion, and extension of water supply infrastructures to increase water availability in urban and rural areas and procurement of equipment.

This chapter summarizes the financial status of the sector, details the progress made on planned activities, and highlights any issues and recommendations for improvement.

Despite achievements realised in the water sector, the following areas require improvements:

### 5.3 Expenditure Management

#### 5.3.1 Payments not supported by EFD receipts TZS 706.18 million

RUWASA paid TZS 706.18 million to various suppliers of works, goods, and services without being supported by Electronic Fiscal Device (EFD) receipts, contrary to Regulation 55 (1) of the Tax Administration Regulations, 2016.

Failure to demand and obtain EFD receipts promote tax evasion that eventually denies the Government to collect revenues.

**I recommend that RUWASA demands and obtains EFD receipts for every procurement made to enhance tax collections.**

#### 5.3.2 VAT paid on exempted projects TZS 166.61 million

RUWASA paid VAT amounting to TZS 166.61 million relating to procured building materials for construction and extension of water schemes which is VAT exempt. This is contrary to Section 6 (2) (b) of the Value Added Tax Act, Cap 148.



I recommend that RUWASA follow up with the supplier for refund of the paid VAT.

### 5.3.3 Non-deduction of retention money from contractors' payments TZS 96.17 million

RUWASA did not deduct retention money amounting to TZS 96.17 million from payments made to contractors in Arusha and Tabora regions, contrary to Clause 58.1 of Special Conditions of Contracts.

This exposes RUWASA to a risk of losing fund in case the contractor fails to execute project as per agreed terms.

I recommend that RUWASA retains money when paying contractors to guarantee contract performance.

### 5.3.4 Outstanding payment of interim certificate amounting to TZS 486.64 million

RUWASA had outstanding IPCs of TZS 486.64 million to contractors involved in implementation of Water Supply Projects in Morogoro and Katavi regions, contrary to Regulations 10 (4) and 44 (1) of Public Procurement Regulations, 2013 and the respective contract clauses. Refer to **Table 54**.

**Table 54: Outstanding Payment of IPC**

Region	Name of Project	Contractor	No of IPC	IPC Amount (TZS)	Paid Amount	Outstanding Amount to date (TZS)
Morogoro	Construction of Sagamaganga Water Supply Project	Vibe International Company Limited	IPC 2 of 23/06/2022	299,549,595	0	299,549,595
Morogoro	Construction of Ikule Water Supply Project	Jemason Investment Co.Limited	Part of IPC 2 of 20/06/2022	100,041,287	0	100,041,287
Katavi	Extension of Kibaoni water supply scheme to sub-village and extension of Inyonga - Kalovya water supply	M/s Jemason Investment Co. Ltd	IPC 2 of 23/06/2022	446,604,394	359,556,432	87,047,462
<b>Total</b>						<b>486,638,344</b>

Source: IPCs and payment vouchers

The outstanding IPCs may delay completion of the projects and eventually increase the project costs.

I recommend that RUWASA pays the outstanding claims to contractors and ensure that, in future, IPCs are paid on time as per contract clauses.

## 5.4 Procurement and Contract Management

### 5.4.1 Post qualification not conducted for contracts worth TZS 30.73 billion

The Ministry of Water awarded eight contracts worth TZS 30.73 billion to suppliers without post-qualification assessment, contrary to Regulation 224 (1) of the Public Procurement Regulation of 2013. Refer to **Table 55**.

**Table 55: Contract awarded without carrying out post qualification**

Contract No.	Contract details	Contract sum
ME-011/2021-2022/CONTRACT/13 LOT 1B	Supply Dam Construction Equipment- Five (5) Hydraulic Excavators & Five (5) pad Foot Rollers	3,210,000,000
ME-011/2021-2022/CONTRACT/G/08 LOT 3	Supply Dam Construction Equipment- Five (5) Bull Dowsers	3,698,224,200
ME-011/2021-2022/CONTRACT/G/09 LOT 2	Supply Dam Construction Equipment- 10 Dump Trucks, 5 water Bowsers and 2 low beds	3,845,053,000
ME-011/2021-2022/CONTRACT/G/07 LOT 2	Supply of Borehole Drilling and Accessories, including Pump Test Equipment (Lot 2: Supply of Support Truck)	6,097,689,311
ME-011/2021-2022/CONTRACT/G/12 LOT 3	Supply of Submersible Pump and Accessories	260,000,000
ME-011/2021-2022/CONTRACT/G/14 LOT 4	Supply of Bore hole Drilling and Accessories including Pump Test Equipment (Lot 2: Supply of Two Generators)	101,157,266

Contract No.	Contract details	Contract sum
ME-011/2021-2022/G/23	Supply of Groundwater Geophysical Investigation Equipment	766,751,042
ME-011/2021-2022/CONTRACT/G/06 LOT 1	Supply of Bore hole Drilling and Accessories including Pump Test Equipment (Lot1: Supply of 25 Rigs)	12,746,401,005 <sup>2</sup>
<b>Total</b>		<b>30,725,275,824</b>

Source: Review of contracts awarded for COVID 19 projects at MoW

One of the suppliers who was awarded a contract for supply of Groundwater Geophysical Investigation Equipment worth TZS 766,751,042 without post qualification assessment, failed to execute the contract as agreed; eventually the contract was terminated on 15 November 2022.

**I recommend that the Ministry of Water conducts post qualification of suppliers to reduce the risk of engaging incapable suppliers.**

#### 5.4.2 Attorney General's legal advice not incorporated in a contract

The Ministry of Water entered into a contract with a supplier for Supply of Groundwater Geophysical Investigation Equipment worth TZS 766.75 billion without incorporating the Attorney General's legal advice, which required the performance security to be an unconditional bank guarantee instead of a performance bond. This was contrary to Regulations 2(1) (a) and 2(c) of Public Procurement Regulation G.N 121 of 2016.

As a result, the supplier failed to deliver, and the Ministry of Water was forced to recall the performance bond. However, since the performance bond was conditional, recovery could not be done immediately.

Had the Attorney General's advice been observed, the Ministry could have recovered TZS 76.68 million from the bank.

<sup>2</sup> For Exchange rate of TZS 2301/USD

I recommend that the MoW abides by Attorney General's comments before signing contracts.

#### 5.4.3 Delayed delivery of drilling rigs for more than 150 days

Clause 3 of Special Condition of Contract and negotiation between Ministry of Water and M/s PRD Rigs Tanzania Limited for the Supply of 25 drilling Rigs required delivery to be made within four months from the contract's signing date (i.e., from 8 February 2022). Otherwise, the delay could result into liquidated damage based on Clause 23 of SCC of the contract.

On the contrary, the following anomalies were revealed, as indicated in **Table 56**.

**Table 56: Status of the project execution**

Batch	Contract signing date	Intended delivery date	Audit visit date	Finding
1 <sup>st</sup> Batch (13 rigs)	8 February 2022	8 April 2022	5 December 2022	The supplier delayed delivering the rigs for more than 241 days and delivered 11 rigs out of 13
2 <sup>nd</sup> Batch (12 rigs)	8 February 2022	8 July 2022	5 December 2022	The supplier did not deliver the rigs

*Source: Contract document, Lot 1*

Furthermore, the Ministry of Water did not charge the supplier liquidated damage for delivery delays.

I recommend that the Ministry of Water imposes liquidated damage to suppliers for failure to meet the delivery timelines.

#### 5.4.4 Manuals and accessories for drilling rigs worth USD 5.54 million were delayed being delivered

Contrary to Section 6 of the Technical Specification for the contract no. me-011/2021-2022/contract/g/06 lot 1 for the contract of supplying borehole drilling and accessories, including pump test Equipment (Lot1: Supply of 25 Rigs), the suppliers delayed to deliver the following items: spanners; and tire air gauge, air pipes, workshop manuals, and spare part catalogue.

In this situation, operations and maintenance of the compactor will be a challenge.

**I recommend that the Ministry of Water ensures suppliers deliver all necessary manuals and accessories as per the contract.**

#### **5.4.5 Delivery of 2 tractor trucks worth TZS 324.76 million without the required auto transmission speed and accessories**

Section 6 of the Technical Specification of 2 Tractor Trucks for the contract no. me-011/2021-2022/contract/g/09 lot supply dam construction equipment (supply of 2 tractor trucks) for TZS 324.76 million requires the suppliers to deliver tractor truck with auto transmission speed with 12-14 speed forward. However, the delivered tractor truck had auto-transmission of 10 speed forward.

Further, the supplier delayed the delivery of wheel nut spanner, jack with a capacity of 30 tons, trye inflation hoses, set of tools for minor repair and operators manuals in English contrary to Section 14 of the Technical Specification for tractor truck.

**I recommend that the Ministry of Water ensures suppliers deliver the required tractor truck and accessories as per the contract.**

#### **5.4.6 Non-adherence to a specified length of Drilling Support Trucks worth TZS 6.09 billion**

According to section 1.2 of the technical specification for contract, ME-011/2021-2022/CONTRACT/G/07 LOT 2 for the supply of borehole drilling and accessories, including pump test equipment (supply of support truck) requires the overall length of the truck to be 9800mm.

On the contrary, the overall length of the delivered truck was 8440mm instead of 9800mm. However, the Tender document submitted indicated that the supplier offered to deliver the trucks with an overall length of 8223mm, which the Ministry wrongly accepted, and the Tender Board approved. Either the inspection and acceptance report inaccurately stated that the truck's overall length (9800m) was in accordance with the contract.

Also, the supplier delayed delivering the required accessories including, wheel nut spanner, jack with a capacity of 30 tons, tyre inflation hoses, set of tools for minor repair and operators manuals in English for 27 trucks.

I recommend that the Ministry of Water ensures: (a) full compliance with specifications issued by the Ministry of Works and Transport; (b) the accessories are delivered per the contract; and (c) inspection and acceptance are adequately conducted.

#### 5.4.7 Delivered under capacity engine for 10 Dump Trucks worth TZS 2.20 billion

Section 5 (engine) of the technical specification of dump trucks for contract no. me-011/2021-2022/contract/g/09 Lot to supply dam construction equipment- 10 dump trucks for TZS 2.20 billion required the diesel engine to be 4 strokes, six cylinders, and water-cooled, turbo charged, intercooled, and developing 300-360 HP.

On the contrary, the delivered 10 Dump trucks had the capacity of 335HP instead of 340HP as offered by the supplier during tendering.

I recommend that the Ministry of Water ensures the supplier deliver the required tractors and accessories as per contract.

#### 5.4.8 Non delivery of dam construction support equipment worth TZS 2.27 billion

In a contract between the Ministry of Water and a supplier, it was agreed that the supplier would deliver the dam construction support equipment within four months from the date of signing the contract. On the contrary, six equipment for dam construction support were not delivered, as indicated in **Table 57**.

**Table 57: Undelivered dam construction support equipment**

S / N	Item	Quantity as per contract	Undelivered	Unit price	Value undelivered TZS	of in	Contract signing
1	Hydraulic Excavator	5	2	398,000,000	796,000,000		28 February 2022
2	Compactor (Pad Foot Roller)	5	3	244,000,000	732,000,000		28 February 2022



S / N	Item	Quantity as per contract	Undelivered	Unit price	Value undelivered TZS	of in	Contract signing
3	Bull dowsers	5	1	739,644,840	739,644,840		8 February 2022
Total			6		2,267,644,840		

*Source: Review of contracts awarded for COVID 19 projects at MoW and audit verification*

It was established that the supplier holds the equipment until the MoW settles a claim.

**I recommend that the Ministry of Water settles the claim for the supplier to deliver the equipment.**

#### 5.4.9 Procurement of materials before the final design

A procurement of HDPE pipes and pipe fittings to improve water services in the peri-areas of Arusha was done before finalising the design to establish actual design requirements and specifications.

Whereas the design and cost estimates were approved on 11 January 2022, the Technical Department sent their requirements to PMU on 3 November 2021.

There is a risk of purchasing materials that are not compatible with other components of the project, which can result in the need for additional modifications or replacements, affecting project outcomes.

**I recommend that Arusha WSSA ensures, in future, designs and approvals are obtained before procurement of materials for projects.**

#### 5.4.10 Expiration of performance guarantee before full recovery of advance payment TZS 60.27 million

Paragraph 17.1 of the Guideline for Securities in Public Procurement, 2022 requires reduction of the advance payment bank guarantee in proportion to the repayment of the advance payment by the contractor and requires full recovery by the procuring entity when the contract reaches 80% implementation.

On the contrary, the performance guarantees for contract No. AE-102/2021-2022/GET/HQ-C/W/06 and AE-102/2021-2022/HQ-C/W/54 for RUWASA Geita and Njombe expired before the entities were able to fully recover the advanced amount of 144.41 million. The remaining amount of unrecovered advance was TZS 60.27 million. An early expiration of the guarantee before full recovery of the advance payment could lead to loss of public funds if the contractor were to abandon the project site.

**I recommend that RUWASA strengthens contract management by ensuring that advance payment guarantees remain effective until the advance payments have been fully recovered.**

#### **5.4.11 Execution of contracts without performance security amounting to TZS 769.49 million**

Contrary to Regulation 29 of the Public Procurement Regulations, 2013 RUWASA Kagera and Geita Urban Water Supply implemented contracts worth TZS 589.32 million and TZS 180.17 million, respectively, for the supply of water pipes without demanding performance security valued at 10% of the contract price.

Executing works without performance security exposes the procuring entity into a risk of loss in case the contractor fails to fulfil its obligations.

**I recommend that, in future contracts, performance security should be submitted prior to signing of contracts.**

#### **5.4.12 Delay in submission and renewal of performance security**

Clause 9 of the GCC between Arusha WSSA and M/S pipe supply limited requires the supplier to submit performance security within 30 days after receiving notification of contract award. This means, the performance security was supposed to be submitted before 22 December 2021.

On the contrary, the submitted performance bond was prepared on 6 January 2022, which exceeded its submission deadline.

Additionally, it had an expiration date of 4 July 2022, and the materials were supposed to be delivered on 29 September 2022.

Executing works without performance security exposes the procuring entity into a risk of loss in case the contractor fails to fulfil its obligations.

**I recommend that Arusha WSSA strengthens the project control system by ensuring that performance securities and bank guarantees are timely submitted by suppliers of goods and services.**

#### **5.4.13 Contracts signed without incorporating legal officers' advice**

Contrary to Section 9.5 of the Guideline for TCRP funds, RUWASA Mtwara signed four contracts worth TZS 2.73 billion, while Nzega Urban Water Supply and Sanitation Authority (NZUWASA) entered into contracts worth TZS 314.5 million for supply of water pipes and water pipes fittings at Nzega Town without incorporating legal advice from legal departments.

Similarly, Arusha WSSA contract documents were vetted by the legal department on 24 November 2021, while the contracts were signed on 22 November 2021, indicating that legal advice was not considered.

**I recommend that RUWASA, Arusha WSSA and Nzega Urban Water Supply and Sanitation Authority ensure that, in future, contracts are vetted by Legal Departments and any raised comments are addressed before signing contracts.**

#### **5.4.14 Non-submission of Performance Guarantee to contracts worth TZS 7 billion**

The suppliers of four contracts worth TZS 7 billion entered by RUWASA did not submit performance guarantees to secure contract execution on the supply, transportation, and commissioning of pumps and pipes. Despite the non-submission, RUWASA proceeded with signing contracts with the five suppliers. **Table 58** shows the contracts that were executed without performance guarantees.

**Table 58: Unavailability of performance guarantee**

Contract No.	The Contract Details	Contract Sum (TZS)
AE-102/2021-2022/HQ/C/G/10	Supply and Transportation of Pipes for Construction of Water Supply Projects in Five (5) Regions - Shinyanga, Mwanza, Geita, Simiyu and Kagera.	4,780,864,283
AE-102/2021-2022/HQ/ C/G/06	Supply, Installation and Commissioning for Construction of Water Supply Projects in Five Regions - Mtwara, Lindi, Pwani, Ruvuma and Morogoro	791,346,600
AE-102/2021-2022/HQ - C/G/05	Supply, Installation and Commissioning of Pumps for the Construction of Water Supply Projects in Six Regions - Songwe, Iringa, Njombe, Mbeya, Rukwa and Katavi.	755,542,173
AE-102/2021-2022/HQ - C/G/07	Supply, Installation and Commissioning of Pumps For Construction of Water Supply Projects in Three Regions - Kigoma, Dodoma and Tabora.	680,266,042
<b>Total</b>		<b>7,008,019,098</b>

*Source: Procurement files of 2021/22*

Executing works without performance security exposes the procuring entity into a risk of loss in case the contractor fails to fulfil its obligations.

**I recommend that RUWASA ensures that performance security is in place and valid during the contractual agreement.**

#### **5.4.15 Submitted performance bond which did not meet the contractual requirement for a project worth TZS 415 million**

Clause 9.1 of the specific conditions of contract No.AE/029/2021-22/G-49 between Arusha Urban Water Supply and Sanitation Authority and the supplier, for supply of water pipes for the Improvement of Water Supply Systems in the Peri-Urban Areas of Arusha City, including the Provision of a Distribution Network of a value of TZS 415 million required a bank guarantee or performance bond to be 10% of the Contract Price.

On the contrary, the performance bond submitted by supplier had a sum of TZS 20.76 million. This amount was only 5% of the contract sum.

I recommend that Arusha Urban Water Supply and Sanitation Authority ensure the supplier submits the performance bond that is in compliance with the contract terms.

#### **5.4.16 Failure to conduct an Independent Material Testing for Water Projects amounting to TZS 500 million**

Moshi Urban Water Supply and Sanitation Authority (MUWSA) did not conduct material tests to ensure the supplied pipes met the required quality specified in the contract and design but instead chose to rely on pipe test results from a supplier for a project worth TZS 500 million for Water Supply Project for Kimochi Ward.

This may result in poor water infrastructure if poor quality material was used hence posing health concerns to public.

I urge MUWSA to strengthen its controls to test materials supplied to ascertain whether they meet the required standards and specifications for project implementation.

#### **5.4.17 Delay to recover performance bond on the terminated contract No. AE-102/2021-2022/HQ/-C/G/04 amounting TZS 408 million**

Regulation 112 (1) of the Public Procurement Regulation of 2016 requires entities to impose on a tenderer, liquidated damages for undelivered materials or goods, undelivered or delayed services or delayed works. Further, GCC 10 of contract No. AE-102/2021-2022/HQ/ - C/G/04 of the contract between RUWASA and supplier requires performance security to be 10% of the contract amount of TZS 4.08 billion.

On 14 June 2022, the contract No. AE-102/2021-2022/HQ/-C/G/04 between RUWASA and supplier was terminated and RUWASA was to recover an advance payment of TZS 2.11 billion which was recovered on 30 June 2022.

From termination date to 2 November 2022 (the period under audit), SANLAM General Insurance (T) had not paid TZS 408 million from performance bond for non-performance of the supplier.

I recommend that RUWASA undertake the administrative proceedings to ensure the recovery of required amount from performance bond.

## **5.5 Physical Performance**

### **5.5.1 Commencement of construction Water Project worth TZS 995.99 million prior to material test**

Regulation 246 of the Public Procurement Regulations, 2013 requires technical or scientific test be sent to an expert or qualified person for test prior to commencement of works.

On the contrary, RUWASA Dodoma started the construction of Ijaka village water supply scheme, Kibakwe water supply and Kisokwe-Idilo water supply in Kongwa & Mpwapwa District worth TZS 995.99 million without material testing. The project started in February 2022, while material (soil, blocks, aggregates, and iron steel) test results were obtained in June 2022.

Use of inadequate or low-quality building materials might lead to structural failure or safety hazards.

I recommend that, in future, RUWASA conducts materials tests before making payment and before starting construction activities.

### **5.5.2 Use of pipes not in line with design requirements of a project worth TZS 667.10 million**

According to the longitudinal section drawings and design calculations for project Implementation of water services project at Rombo District-Njoro II to the constructed 300 m<sup>3</sup> storage tank and from the storage tank the design proposed an HDPE pipe of 200mm outside diameter and different PN values at different points.

My assessment noted that the pipes used for transmission from main to board storage tank and from board to nayeme - Rombo were different from the designed pipes.



In this case, RUWASA Rombo procured pipes that were of small diameter compared to the drawings' specification and hydraulic calculation. Changes in the pipe sizes pose a risk that the designed flows and project horizons could not be attained.

**I recommend that, in future, RUWASA ensures that the implementation of projects aligns with the design requirement.**

#### **5.5.3 Environmental impact assessment not performed to a project TZS 530.62 million**

MUWASA started the construction of the Kwangwa Water Supply Project worth TZS 530.62 million without conducting Environmental Impact Assessments (EIA) which is necessary to avoid environmental risk. This is contrary to Section 81(2) of the Environmental Management Act, 2004 which requires the environmental impact assessment study to be carried out before the commencement or financing of a project.

**I recommend that, in future, MUWASA ensures that environmental impact assessment is conducted during panning stage to avoid associated risks and have proper mitigation measures.**

#### **5.5.4 Delays in the completion of COVID -19 projects worth TZS 26.12 billion under RUWASA**

Contrary to Regulation 114 (b-d) of the Public Procurement Regulations, 2013, there were delays in completing contract works worth TZS 26.12 billion for a period ranging from 18 days to 150 days. The delays were mainly caused by the late release of funds and delayed VAT exemption processes. Details of the projects are referred in **Appendix II**.

**Management of RUWASA is advised to ensure the VAT exemption are timely obtained to enable timely completion of water projects and avoid cost overruns.**

### 5.5.5 Feasibility studies not conducted for water projects worth TZS 1.16 billion

Section 1.4.2 of the Water Design Manual of 2009 requires an implementing entity, during the project planning stage, among other things to conduct a feasibility study, and the study should achieve sufficient design data, discussion of project merits and demerits, and environmental social impact assessment.

Moshi Urban Water and Sanitation Authority implemented a Water Supply Project for Kimochi Ward worth TZS 500 million (which was the expansion of the existing water network that was constructed in the 1970's) without any feasibility study.

Similarly, I noted that no feasibility study was conducted for the implementation of the Njoro II water project worth TZS 667 million which was implemented by RUWASA in Kilimanjaro Region.

Lack of feasibility studies increases the risk of missed opportunities to identify and mitigate potential risks and uncertainties in construction projects.

**The Ministry of Water should ensure that feasibility studies are considered before commencement of any water projects.**

### 5.5.6 Under estimation of water demand

Chapter four of the Design, Construction Supervision, Operation, and Maintenance manual of 2020 requires the projection of water demand assessment to consider other needs such as livestock, institutions, and firefighting water demand.

My review of the design report of the improvement of water services at Rombo District-Njoro II implemented by RUWASA indicated that the population size used was 153,519, which was lower than the 157,259-population estimated in 2019. This indicates that the population of 3740 was not considered during the designing stage for the project.

Similarly, other users such as livestock, institutions and water demand for firefighting were not considered, which poses a risk of future water deficit due to underestimation of water demand.

**I recommend that RUWASA ensure feasibility studies are conducted at the planning stage of projects.**

#### **5.5.7 Deficiencies in the designed, procured, and constructed pipe networks for Projects worth TZS 1.16 billion**

From the layout drawings, procurement, and constructed pipe network for the Improvement of Water Supply Systems in the Peri-Urban Areas of Arusha City, including the Provision of a Distribution Network, there was a mismatch of the designed pipes, procured pipes and constructed pipes.

The procured 3-inch pipes length had a deficit of 2051m compared to design length requirements, while the procurement of 2-inch pipe had an excess of 1861m compared to design requirements. Additionally, during the construction, 1084m and 1420m of 3-inch pipe and 2-inch pipes respectively were not used. Also, there was additional scope where 16304m of 1-inch pipe and 1927m of 1.5-inch pipes were used but were not part of the procured materials for the projects. This was caused by procuring of materials before completion of the project design.

Similarly, the pipes used during construction at Rombo District-Njoro II project did not match those designed for the projects. The designed diameter was OD 200 mm, but the used pipes ranged between 160mm pipe to 90mm. Incompatibility of pipes, may lead to system failure or reduced system performance of the constructed networks.

Further, there were delays in the delivery of pipes; whereby, for Njoro Project the delay ranged between 27-107 days while for AUWSA project the delay ranged between 80 and 269 days. Arusha WSSA attributed this to the delays of granting VAT exemption. The VAT exemption was issued on 18 February 2022 while the contracts were signed on 22 November 2021.

I recommend that MoW procure materials on time after completing the design and that the implementation of the project aligns with the design requirements.

#### **5.5.8 Non- Installation of marker posts for a project worth TZS 555 million**

Sub-section 2.2.6 of the Design report requires installation of marker posts in all areas where pipes are laid for easy identification of pipe locations.

On the contrary, Water Supply Systems in the Peri-Urban Areas of Arusha City; a project implemented by Arusha WSSA worth TZS 555 million, had no marker post installed out of seven visited locations. This is equivalent to 14.3% of the areas, which means that 86.7% of the area had no installed marker posts.

I recommend that Arusha WSSA ensure that marker posts are installed in all locations where water pipes were installed.

#### **5.5.9 Pipes sizes and types designed without hydraulic modelling and calculations for a project worth TZS 555 million by Arusha WSSA**

Sub-section 2.2.7 of the design report explains that the distribution network is to be carried out using the EPANET computer program to perform simulation and track the flow of water in each pipe, pressure at each node and the use of Hazen-William's formula to compute head losses.

However, there was no hydraulic modelling and hydraulic calculation in the design report after population projections and water demand forecasting.

Despite this weakness, the design report concluded and suggested pipe sizes and types which were contrary to the design requirement.

Arusha WSSA management indicated that the hydraulic calculations and modelling were not done during design due to the assumption that the project area has lower pressure, which is below 100m.

I am of the view that the actual water pressure and flows in the provided pipes were not determined. This could lead to bursting of pipes and shortage of water in some areas, resulting from water pressure inside the pipes.

**I recommend that Arusha WSSA ensures it considers the hydraulic analysis during designing stage for distribution and transmission pipe network.**

#### **5.5.10 Pipes laid and backfilled without conducting pressure and leakage tests for a Project worth TZS 555 million by Arusha WSSA**

Sub-section 2.2.10 of the COVID-19 water supply project by Arusha WSSA requires pipelines to be subjected to pressure and leakage tests after being laid and installed before commissioning.

On the contrary, pressure and leakage test were not conducted for the laid pipes during implementation of Water Supply Systems in the Peri-Urban Areas of Arusha City, including the provision of a distribution network water supply.

**I recommend that Arusha WSSA ensures that, in future, during execution of water projects, pipe pressure tests and leakage tests are conducted to enhance quality assurance.**

#### **5.5.11 Missing 32 HDPE Pipes valued TZS 61 million from the Nzovwe-lyela Water Supply Project implemented by MUWSA**

Clause 16.1 of the Guideline for carrying out works under the Force Account requires records of procured pipes for the Nzovwe-lyela water supply Project to be properly kept and be retrievable on demand. Also, clause 31.8 of the same guideline requires MUWSA to have an inspection and acceptance team that should be responsible for the inspection of construction materials and works carried out.

However, at Mbeya Urban Water Supply and Sanitation Authority (MUWSA), 339m of HDPE 315mm PN 12.5 pipes and HDPE 250mm PN 12.5 of 46m length valued TZS 61 million were missing from Nzovwe-lyela Water Supply Project.

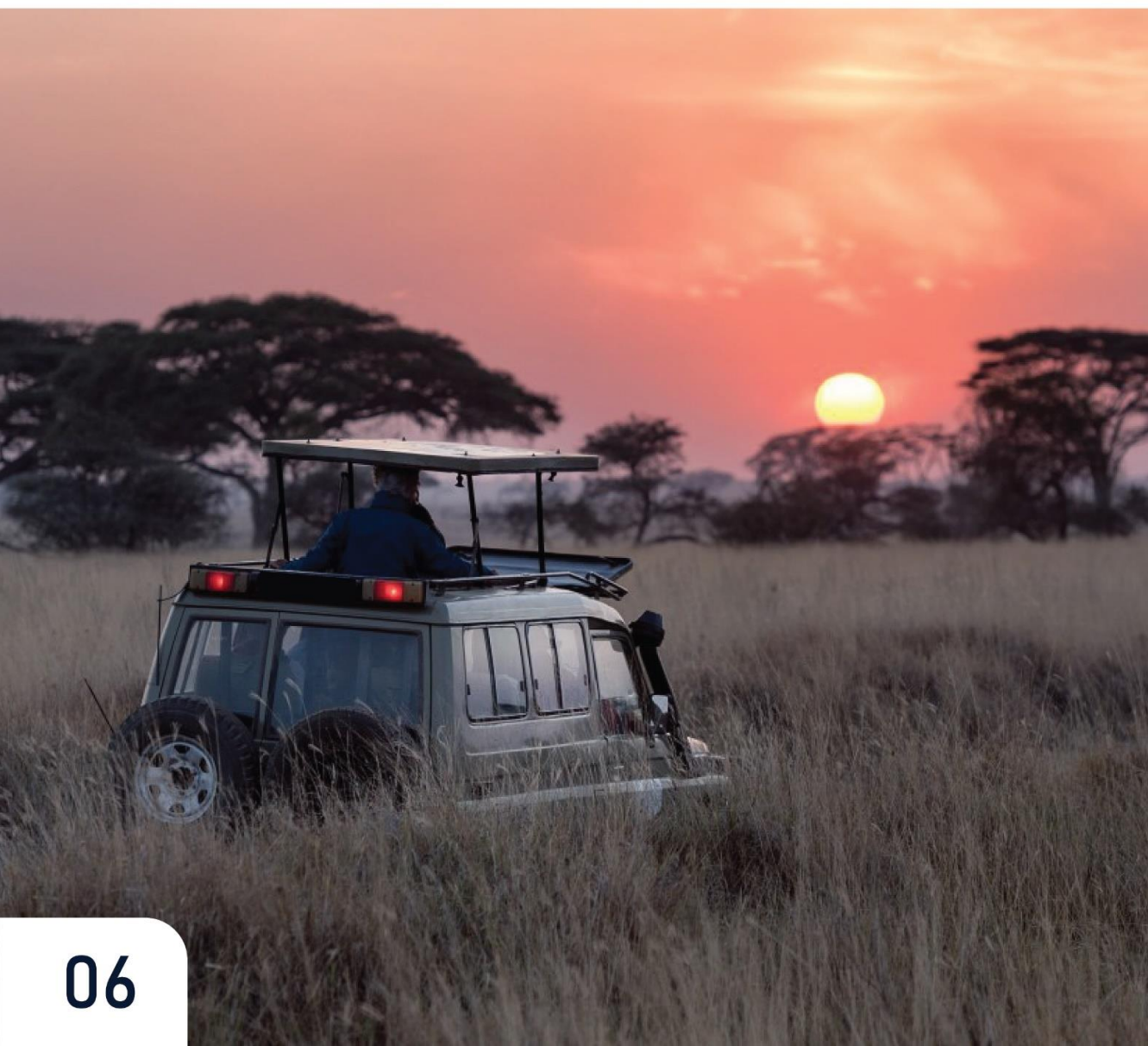
I recommend that MUWSA ensures that the lost pipes are recovered to enhance value for money spent on the respective project.





# CHAPTER SIX

## TOURISM



## TOURISM SECTOR

### 6.1 Introduction

This chapter covers tourism sector financial overview, implementation achievements of planned activities, and findings and recommendations for various deficiencies noted.

### 6.1 Introduction

The projects under the Tourism Sector were implemented through the Ministry, Authorities, Agencies and Parastatals. Some of the planned activities were to conduct repair and rehabilitation of road networks in tourist attractions, procurement of machinery and equipment for construction and rehabilitation of infrastructures and developing of ICT infrastructures to enhance revenue collections.

The Ministry of Natural Resources and Tourism (MNRT) implemented various planned activities including repair and rehabilitation of road networks in tourist attractions, procurement of machinery and equipment for construction and rehabilitation of infrastructures and developing of ICT infrastructures to enhance revenue collections.

Despite achievements realised in the tourism sector, the following areas require improvements:

### 6.2 Expenditure Management

#### 6.2.1 Delayed payment to contractors

TANAPA delayed paying TZS 590,337,640, where TZS 274,986,232 was for M/S CHECOTEC Tanzania Ltd, and TZS 315,251,408 was for 4BROTHERS & SISTERS CONSTRUCTION CO LTD, to rehabilitate roads from Naabi - Ndutu - Kusini and Kenyangaga- Lamai Junction contrary to Regulation 44(1) of Public Procurement Regulation, 2013.

This was due to delayed in disbursement of funds hence, the contractors could not continue with the rehabilitation works, posing a risk of possible penalties and not timely achieving the intended objectives.

I recommend that TANAPA ensures all contractors are paid on time as per the agreed contracts to avoid additional costs that may arise due to penalties.

### 6.3 Physical Performance

#### 6.3.1 Unattended snags in works construction

In October 2021, I visited two completed projects worth TZS 471.23 million, which TAWA implemented. Despite being completed, the projects had snags in walls cracks, inadequate workmanship and collapsed picnic hut, which was not rectified.

I recommend that TAWA ensures all the snags are rectified.

#### 6.3.2 As built drawing not submitted for Project worth TZS 169,398,676

TAWA entered contract No. AE/084/2021-2022/HQ/TCRP/W/03 - Lot 1 on 13 December 2021 for constructing Pande Campsite at a contract price of TZS 169.39 million.

The project was completed and handed over to the Authority; however, as-built drawings were not submitted during handing over, contrary to the requirement of clause 68.1 of the Special Conditions of the Contract.

Without as-built drawings, the Authority may fail to locate buried or hidden elements for subsequent changes or expansion.

I recommend that TAWA liaises with the contractor to ensure the “As built” drawing is obtained for future reference.

#### 6.3.3 Non-implementation of all software functionalities as per contract

Para 2.1 (1) (i) of the e-Government Guidelines for Development, Acquisition, Operation, and Maintenance of November 2018 requires public institutions embarking on e-Government applications to ensure the application fulfills institutional business requirements.

The Tanzania Tourist Board signed an agreement (No. PA/036/2019-2020/NC/03) with M/s Through Mobile Limited to set up, operate,

and maintain a digital command center platform. The total cost of the contract was TZS 69.8 million, with TZS 56.8 million being funded by the TCRP. To the contrary, some requirement specifications were not implemented by the vendor as shown in **Table 59**.

**Table 59: Requirement specifications not implemented by the vendor**

S/N	Specification	status
1	Provide Image processing libraries that support image enhancements such as changing contrast, zoom in/out, cleaning, etc., and other imaging features like compression and extraction etc. The software solution should include the Rubber band feature for the extraction of the data using OCR technology so that user can mark a zone on image at runtime during scanning stage & map the extracted data with the indexing field.	Not Implemented
2	The mobile capture should support image compression, B/w conversion from color images, G4 compression for B&W, JPEG for color and gray scale, multiple page document capture, auto cropping, auto orientation, perspective correction, noise removal and geo capture. The mobile capture app should have the facility to function both online and offline. Also, the solution should have the facility to provide the features of the Mobile Device Management.	Not Implemented
3	The system shall support versioning of documents with facility to write version comments. The system shall allow Locking of documents for editing and importing it back into the system through check-in/ Check-out features. Repository should be format agnostic.	Not Implemented
4	The System shall support integration with database-based authentication. The system shall support integration with PKI infrastructure as well as biometric solution for enhanced security.	Not Implemented
5	Mobile Device Management: MDM should be cloud based management software that is capable of contextually managing and monitoring devices. The solution also should be capable of pushing applications, content and group-based messages. The solution should be capable to manage the computing environment through a remote web-based control center, capturing usage information, and also helping to provide a web-based MIS dashboard.	Not Implemented
6	The command center is expected to cover the following activities: (a) pay Per Click (PPC), (b) Email Marketing	Not Implemented

*Source: Contract files*

**I recommend that the management of TTB ensures that the vendor implements all specifications as per the contract.**



# CHAPTER SEVEN

## SOCIAL PROTECTION AND EMPOWERMENT



## SOCIAL PROTECTION AND EMPOWERMENT

### 7.1 Introduction

The social protection and empowerment project focused providing financial support to poor households to support them to improve consumption to mitigate the socio-economic impact of COVID-19. The funds were received from the MOFP to President Office and Cabinet Secretariat (parent Ministry for Tanzania Social Action Fund) and then transferred to respective Local Government Authorities and paid to affected Households.

TASAF under President Office and Cabinet Secretariat provided financial support to 34,641 poor households to improve livelihood of poor households and meet their basic needs through provision of cash transfer.

Further, the Tanzanian government invested five billion shillings to improve the lives of vulnerable communities by constructing business places for youth, women, and disabled people in various regions, as detailed in Table 60.

**Table 60: Allocation of funds for empowerment of Petty Traders**

S/N	Region	Name of LGA	Amount (TZS)
1.	Mbeya	Mbeya CC	540,968,719
2.	Tanga	Tanga CC	540,340,273
3.	Mwanza	Mwanza CC	500,000,000
4.	Arusha	Arusha CC	500,000,000
5.	Dodoma	Dodoma CC	500,000,000
6.	Morogoro	Morogoro MC	490,207,971
7.	Dar es Salaam	Temeke MC	441,951,480
8.	Dar es Salaam	Kinondoni MC	441,899,165
9.	Dar es Salaam	Ubungo MC	398,500,000
10.	Songwe	Tunduma TC	383,000,000
11.	Dar es Salaam	Dar Es Salaam CC	263,132,392
<b>Total</b>			<b>5,000,000,000</b>

*Source: Monitoring and Evaluation Report*

Review of implementation of allocated funds revealed the following matters:



## 9.1 Slow pace in commencement of construction of business places for petty traders

Construction of business places for petty traders worth TZS 1.58 billion in three LGAs was not started up to the time of audit in November 2022, despite the funds being received by the respective Councils as detailed in **Table 61**.

**Table 61: List of Cities in which construction of business places has not started**

S/ N	Region	Council	Date	Exchequer reference	Amount committed (TZS)
1.	Mbeya	Mbeya CC	24/02/2022	EB/AG/159/21/0497	540,968,719
2.	Tanga	Tanga CC	24/02/2022	EB/AG/159/21/0497	540,340,273
3.	Arusha	Arusha CC	24/02/2022	EB/AG/159/21/0497	500,000,000
	<b>Total</b>				<b>1,581,308,992</b>

*Source: Audit reviews and Exchequer release report*

Delayed commencement is due to existing land disputes in located construction areas and unsatisfactory project planning, hindering the community benefits from such projects.

I recommend that Councils ensure adequate planning including identification of spaces for constructing business places as intended.

# CHAPTER EIGHT

## REHABILITATION OF TRAINING CENTRES OF PERSON WITH DISABILITIES



## REHABILITATION OF TRAINING CENTERS FOR PERSONS WITH DISABILITIES

### 8.1 Introduction

The Prime Minister's Office - Labour, Youth, Employment and Persons with Disabilities (PMO-LYED) was commissioned to administer projects for renovation of vocational training colleges for students with disabilities in four vocational training centres namely, Sabasaba, Luanzari, Yombo and Mtapika.

The PMO-LYED project is renovating and rehabilitating four Colleges of Vocational Skills for People with Disabilities. According to the October progress report and site visit, the level of progress was 68% at Luanzari (Tabora), 76% at SabaSaba (Singida), 81% at Mtapika (Masasi Mtwara), and 55% at Yombo (Dar es Salaam).

This chapter covers financial performance of TCRP funds issued to PMO-LYED, summary on achievements and provides noted findings related to the implementation of TCRP in the categorised areas of expenditure, procurement, and physical performance:

Despite the achievement realised on implementation of TCRP in the PMO-LYED the Following anomalies were observed:

### 8.2 Expenditure Management

#### 8.2.1 Payments made prior to delivery of materials

PMO-LYED paid TZS 137,879,154 in respect of supply of materials before being delivered and without collateral, contrary to Regulation 242(1) of Public Procurement Regulation of 2013 and Clause 18.1 of the SCC.

There is a risk that once payment is made, the procuring entity loses control over the delivery process and the quality of the goods or services.

**I recommend that PMO-LYED ensure: (a) Payment to supplier is made after inspection and acceptance of delivered goods; (b)**

Where appropriate to adopt the suppliers' arrangement such that an advance payment is being paid to supplier after submission of certain collateral.

### 8.2.2 Payment for undelivered building materials

TZS 100.17 million was paid to suppliers for building materials. However, materials of TZS 77.29 million were not verified to be delivered up to 17 September 2022. Further, TZS 5.5 million and TZS 1.07 million was paid to M/s SAO Hill and KEDA Tanzania Ceramic Co. Ltd respectively to supply treated timber and wall tiles but were not delivered up to 17 September 2022.

This is contrary to Regulation 242(1) of Public Procurement Regulation of 2013 which requires procuring entity to obtain reports on the receipt of goods or services which are delivered against contracts and promptly authorise payment to the supplier.

I recommend that Management makes follow up for all undelivered materials.

### 8.2.3 Payments made without supporting documents

Regulation No. 95 (4) of the Public Finance Regulations of 2001 states that, all payment vouchers which are incomplete because of its supporting documents are missing, shall be regarded as missing payment vouchers. On the contrary, payment vouchers amounting to TZS 353,869,901 were lacking supporting documents. Refer Table 62.

**Table 62: Payments made without supporting documents**

S / N	Date	PV No.	Payee	Description	Amount (TZS)	Missing documents
1	27/06/2022	00650000 V2202079	Emagid Investment LTD	Supply of building materials	41,864,400	Competitive quotations
2	25/06/2022	00650000 V2202084	Mwalimu Investment	Supply grill doors and windows	92,896,063	Competitive quotations,

S / N	Date	PV No.	Payee	Description	Amount (TZS)	Missing documents
3	26/06/2022	00650000 V2202094	Sirito Micro Supplies	Supply of building material	77,742,610	Competitive quotations,
4	27/06/2022	00650000 V2202080	Emagid Investment LTD	Supply of plumbing materials	114,824,456	Competitive quotations,
7	14/04/2022	00650000 V2201492	Tanga cement PLC	Payment for cement	26,542,372	Acknowledged receipts, Invoice
<b>Total</b>					<b>353,869,901</b>	

This type of payment may result in paying higher prices for goods or services and can lead to a lack of transparency in the procurement process.

I recommend that management of PMO LYD strengthens its internal controls to ensure that all payments are properly supported.

### 8.3 Procurement and Contract Management

#### 8.3.1 Procurement of service without quotations TZS 240,952,399

PMO-LYED procured services for rehabilitation of Sabasaba RVC in Singida from DIT through contract No. ME 003/2021-22/W/12 worth TZS 240.95 million without seeking quotation from other government entities contrary to Paragraph 15.2 of Guideline carrying out works under Force Account issued in May 2020 which requires where there is more than one public entity, procuring entity to request quotation.

I recommend that the management of PMO-LYED, in future, avoids the use of single source unless there are justifiable reasons.

### 8.3.2 Building materials delivered out of specification TZS 92,853,792.54

Regulation 244(1) of the Public Procurement Regulation, 2013 requires goods delivered shall be inspected, sampled, and tested by the procuring entity and they shall not be accepted if they are below standards stipulated in the contract.

The review of Contract No. ME/026/2021/2022/G/21 Lot. 2 Clause No. 12.3 states that PMO-LYED required floor tiles with a dimension of 400x400x9mm and wall tiles with a dimension of 400x400x8mm. However, Keda Tanzania Ceramic was paid TZS 92.85 million for supplying floor tiles with a dimension of 400x400x8mm and wall tiles with a dimension of 300X300x6.3mm, which is not in compliance with the requirements.

I recommend that Management instructs the supplier to comply with the contractual agreement and supply materials as per specifications required.

## 8.4 Physical Performance

### 8.4.1 Rehabilitation of buildings not yet started

On 18 January 2022 PMO-LYED entered a contract No. ME 003/2021-22/W/12 with Dar es Salaam Institute of Technology (DIT) for Rehabilitation of Sabasaba RVC in Singida region for a contract sum of TZS 240.95 million. The contract commenced on 18 January 2022 and was expected to be completed on 17 July 2022.

During a site visit in September 2022, it was revealed that rehabilitation of two staffs houses, one servant quarter, one guard house buildings and walkway were not yet started, while the contract had already expired. No reason was provided for the unsatisfactory situation.

I recommend that PMO-LYED management ensures that rehabilitation of the pending building is executed as planned.





### 8.4.2 Partial completed of rehabilitation of buildings

PMO-LYED entered a contract No. ME 003/2021-22/W/12 with Dar es Salaam Institute of Technology (DIT) for Rehabilitation of Sabasaba RVC in Singida region for a contract sum of TZS 240.95 million. The contract commenced on 18/01/2022 and was expected to be completed on 17 July 2022.

As at 15 September 2022, DIT had an overall performance of 78% and was already paid TZS 144.57 million out of the contract price of TZS 240.95 million; therefore, the outstanding amount not paid was TZS 101.2 million.

But up to the time of this audit in September 2022, the buildings were partially completed as analysed in **Table 63**.

**Table 63: Partial completion of rehabilitation of buildings**

Building name	% of completion	Pending activities
Carpentry blocks	98	Two doors not fixed
Boys' dormitory (16)	98	Electrical installation, doors and windows not fixed
Boys dormitory (20)	18	Roofing, gypsum, tiles, doors, and windows
Staff houses	97.8%	Plumbing system
Students Classroom	87%	Tiles, Painting, and electrical installation
Workshop	88	Painting, electrical installation and tiles
Girls' dormitory	15.5%	Roofing, gypsum, painting, tiles, electrical installation, doors, and windows
Principal's house	87%	Doors and windows, electrical bulb, switches, Painting servant quarter, doors, and tiles
Staffs' toilet	65%	Tiles, electrical bulb
Male Students' toilet	90%	Tiles and electrical bulb
Female Students' toilet	98%	Doors, electrical holders, and bulb
Dining hall	89%	Bulb, switch socket, doors, and windows
Extension of students' toilet	98%	Bulb and Plumbing
Administration blocks	62%	Electrical installation, Painting, tiles, Plastering and gypsum

Building name	% of completion	Pending activities
Fence	53%	Excavation of foundation, Fence wire Blocks foundation and 2 gates

Source: Project Manager Report as at 15 September, 2022 and site visit conducted

I recommend that the Management of PMO-LYED make close supervision to ensure that rehabilitation of the buildings is completed as soon as possible to realize desired objectives as planned.

#### 8.4.3 Payments for Works TZS 96.38 million Without Measurement sheet

PMO-LYED certified and paid TZS 96.38 million to DIT for the rehabilitation and extension of Sabasaba VRC in Singida region without measurement sheets to justify quantities of completed works, contrary to Regulation 243(2) of Public Procurement Regulations, 2013.

I recommend that management inspects and measures quantities of completed works before certifying payments to avoid overpayments and payments for unexecuted works.

#### 8.4.4 Material test not performed

PMO-LYED did not test the quality of building materials worth TZS 443.80 million, including sand, blocks, reinforcement bars and concrete, contrary to Para 17.4 of the Guideline for Carrying out Works using Force Account by Procuring Entities in Tanzania of May 2020.

As a result, the project may have been built below the required standards due to non-performing of material tests.

I recommend that Management ensures, in future, materials are tested before being used for construction.

#### 8.4.5 Procurement of materials worth TZS 137.38 million without approved schedule

Para 17.4 of Guideline for Carrying out Works using Force Account requires the project implementation team to closely monitor all risks associated with cost, time, and quality; and any variations during execution to have prior written approval of the Tender Board.

On the contrary, the college fence used blocks instead of chain link wire (15M). This change in the project scope led to the procurement of materials of TZS 137.38 million that were not in the original schedule of materials.

I recommend that management closely monitors all risks associated with cost and any variations during execution to have prior written approval of the Tender Board.



# CHAPTER NINE

## ZANZIBAR ECONOMY





## ZANZIBAR

### 10.1. Introduction

The Revolutionary Government of Zanzibar (RGZ) received TZS 230.18 billion for TCRP projects. The funds were used for various purposes, including education infrastructure, entrepreneurship development, economic infrastructure, rural electrification, water supply, and health system improvements.

This chapter covers sector financial overview, achievements on implementation of planned activities, and findings and recommendations for various deficiencies noted.

### 10.2. Health sector

The Zanzibar Ministry of Health, Social Welfare, Elderly, Gender, and Children has carried out numerous initiatives, such as building new and renovating existing Regional and District hospitals, providing medical facilities with necessary equipment, and supplying hospitals with ambulances.

The construction of 10 district and one Regional Hospital has greatly benefited the Health Sector, reduced overcrowding of patients and improved access to medical services. This has improved the overall healthcare system in the region and has made healthcare more accessible to the community.

Despite these achievements in implementing the projects, the following areas need improvement:

#### 10.2.1. Expenditure Management

##### (i) Overpayment of advance to contractors TZS 3.28 billion

On 7 January 2022, the Ministry of Health, Social Welfare, Elderly, Gender, and Children entered a contract with Ms Estim Construction Company Ltd for construction of a new regional hospital at Lumumba in Urban West Region, Unguja, for TZS 24.72 billion (VAT Inclusive).

According to Clause 25 of special condition of the contract, the Ministry was required to pay an amount of advance payment of 20% of the contract sum (less provisional sum) to the contractor.

To the contrary, the Ministry advanced payments of TZS 7.66 billion, equals to 35% of the contract sum, hence, overpaid TZS 3.28 billion as summarized in **Table 64**.

**Table 64: Overpayment of advance payment**

Details	Amount (TZS)
Contract sum VAT inclusive	24,717,192,531.32
Less: 15% VAT	3,223,981,635.00
Contract price VAT Exclusive	<b>21,493,210,896.52</b>
Less: PC and Provisional Sum	2,450,130,000
Contract sum excluding Provisional sum	<b>19,043,080,896.32</b>
Advance payment (19,043,080,896.32 x 35%)	6,665,078,313.71
Add: 15% VAT Amount	999,761,747.06
<b>Total advance amount paid (A)</b>	<b>7,664,840,060</b>
<b>Amount supposed to be paid (TZS)</b>	
Contract sum VAT inclusive	24,717,192,531.32
Less: 15% VAT	3,223,981,635.00
Contract price VAT Exclusive	<b>21,493,210,896.52</b>
Less: PC and Provisional Sum	2,450,130,000
Contract sum excluding Provisional sum	<b>19,043,080,896.32</b>
Advance payment (19,043,080,896.32 x 20%)	3,808,616,179.30
Add: 15% VAT Amount	571,292,426.89
<b>Total advance amount to be paid (B)</b>	<b>4,379,908,606.19</b>
<b>Amount Overpaid (A - B)</b>	<b>3,284,931,454</b>

*Source: Contract file*

According to management, the original contract indicated 20% advance payment but following negotiations (negotiation no 2) it was changed to 35% and this was paid per advanced payment guarantee of the same percentage.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children comply with clauses of the contract and should ensure that the advance amounts paid are fully recovered.**



**(ii) Verification works not approved by Tender Board and Paymaster General TZS 1.04 billion**

On 15 December 2021, the Ministry of Health, Social Welfare, Elderly, Gender, and Children entered a contract with Ms. Rans Company Ltd for the construction of district hospital at Mwera Pongwe at an agreed contract amount of TZS 5.07 billion (VAT Inclusive).

However, on 11 November 2022, the Ministry signed addendum No.1 for additional works (*external work*) valued at TZS 1.037 billion equivalent to 20.5% of the contract sum, without obtaining approval from Tender Board and Paymaster General, contrary to Regulation 49 (4) of the Public Procurement Regulations, 2020.

I recommend that the Ministry (a) seeks retrospective approvals from the Tender Board and the Paymaster General; (b) In future, conduct a feasibility study before starting construction to avoid variation in scope of work.

**(iii) Inconsistency of contract price**

A review of the contract agreement, Letter of Acceptance, and minutes of negotiation meeting between the contractor and the Ministry of Health for the construction of Panga Tupu Hospital in Northern District "B" Unguja revealed a discrepancy in the contract amount. During the negotiation session, it was agreed that the contract amount would be final, but this was not reflected accurately in the contract documents. This discrepancy could lead to misunderstandings and disputes. However, the amount stated in the contract agreement form was not the negotiated price as detailed in Table 65.

**Table 65: Inconsistency in contract price**

Letter of acceptance 14 December 2021 section (ii) of contract	Form of contract of 15 December 2021 section (i) of the contract	Negotiation meeting of 14 December 2021 section (ix) of the contract	Difference
4,478,584,783	4,478,584,783	4,385,864,538	92,720,245

*Source: Contract agreement and minutes of negotiation meeting*

This was caused by contract agreement not updated to accommodate agreement of negotiation meeting.

I recommend that the Ministry of Health accommodate agreements of negotiation meeting to contracts before signing.

#### 10.2.2. Procurement Management

(i) **Procurements without initiation from user department TZS 48.59 billion**

Procurement for the construction of a District Hospitals in Unguja and Pemba worth TZS 48.59 billion was initiated by procurement officers instead of user departments as required by Section 31 (1) (b) and (c) of the Public Procurement and Disposal of Asset Act, 2016.

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children complies with PPA, 2016 to achieve transparency, and value for money.

(ii) **Single source procurement of consultant without justification TZS 656.69 million**

On 15 November 2021, the Ministry of Health, Social welfare, Elderly, Gender, and Children signed a consultancy service contract worth TZS 656.69 million for designing drawings, tender document, and Bill of Quantities (BOQ) during construction of the Regional Hospital at Lumumba Premises in the Urban District, Urban West Region in Unguja with HAB Consultant Ltd without publishing a notice of inviting expression of interest. This is contrary to Sect. 79(2) of the Public Procurement and Disposal of Asset Act 2016 of Zanzibar which requires justifications for using single source procurement to be clearly stated.

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children avoid the use of single source unless there are justifiable reason(s) for using the method.

**(iii) Contract awarded to Blacklisted supplier TZS 4.98 billion**

The Revolutionary Council in its session held on 15 December 2021, among other matters, instructed the Ministry of Health, Social Welfare, Elderly, Gender, and Children that it should not award tenders to Group Six International Limited and Hainan Company due to its bad reputation in implementation of projects in Zanzibar.

To the contrary, on 15 December 2021, the Ministry of Health, Social Welfare, Elderly, Gender, and Children signed a contract with Group Six International Limited worth TZS 4.98 billion for construction of District Hospital at Kinyasini, Wete District, and Pemba.

According to Management, the contract with the company was signed on 15 December 2021 and the letter for blacklisting of the company was received after signing the contract so it was difficult to terminate the contract. However, Management was supposed to seek advice from the Revolutionary Council before executing the contract.

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children comply with decisions issued by the Revolutionary Council, to guarantee the quality of work performed.

**(iv) Contracts awarded to contractors not recommended by evaluation team**

The Ministry of Health, Social welfare, Elderly, Gender, and Children awarded contracts to contractors who were not recommended by evaluation team, contrary to Regulation 138 (1) of the PPR, 2020. Further, the contract price was higher than the recommended price by the evaluation team, as detailed in **Table 66**.

**Table 66: Contracts awarded to contractors not recommended by evaluation team**

Tender Description	Contractor recommended by Evaluation team and price		Contractor awarded the tender and price		Increased amount
	Name	Amount (TZS)	Name	Amount (TZS)	TZS
Lot -5 district hospital Kivunge North "B"	M/S WCECL Ltd	4,495,819,763	MAZRUI Building Construction	4,854,044,141	358,224,378
Lot -7 Mwera Pogwe Central Unguja	M/S CRJE Ltd	4,720,856,520	RANS Company	5,071,148,905	350,292,384
Lot - 8 Disrict Hospital Kinyasini - Wete - Pemba	M/S Mack Engineering	4,806,492,438	Group Six International	4,976,732,967	170,240,529
Lot -10 Disritct Hospital Vitongaji Chake Chake Pemba	M/S Group Six International	4,961,866,940	SALEM Construction	5,038,669,138	76,802,198
<b>TOTAL</b>					<b>955,559,489</b>

Source: Evaluation reports and procurement files

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children comply with the Regulation 138 (1) of the Public Procurement Regulations, 2020 during awarding of tenders.

### 10.2.3. Physical Performance

#### (i) Lack of incinerators in all constructed District Hospitals and Lumumba Regional Hospital in Zanzibar

According to Annex 2 (b) p.59-72 of the Basic Standards of Health Facilities of March 2015 Volume 3, the regional hospital is required to have a high technology incinerator for waste management.

There were no incinerators in all constructed district Hospitals and one Regional Hospital in Zanzibar. The construction of incinerators was designed in regional hospitals, but the contractors were instructed not to construct, instead there would be a centralized incinerator.

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children complies with budgeted resources and required standards for health when constructing incinerators. Also, the Ministry should give feedback to the Ministry of Finance and Planning on the unused funds before being reallocated.

(ii) **Inadequate design of District Hospital buildings**

The drawings and Bill of Quantities of constructed District Hospitals were missing important components and had limitations of some special requirements as detailed in **Table 67**, contrary to Section 58 (8) of the Revolutionary Government of Zanzibar Architect, Engineers, and Quantity Surveyors Registration Act, 2014.

**Table 67: Missing items and design limitations**

SN	Building	Missing items and design limitations
1.	X-Ray Room	230mm wall was constructed with no led sheet to prevent penetration of radiations.
2.	Mortuary	Lack of autopsy (a post-mortem room)
3.	Laundry	No dry areas
4.	Laboratory	Doors are opening inside and no epoxy floor finishing
4.	Theatre	Doors and Windows are not airtight, lack of sluice system, epoxy floor finishing was not indicated in design.
6.	External Area	No walkway shed

*Source: Contract Drawings of Constructed District Hospitals*

Photo No.1 shows the X-ray room with wall thickness of 230mm without any led sheet to prevent radiation. Also, there is hardwood frame door placed ready to be fixed with hardwood shutter, however this is not appropriate for an x-ray room.



**Photo No.1: Showing X-ray room**

*Source: Photo taken during physical verification on 19 October 2022*

I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children ensure all missing items and limitations of design are incorporated in construction of the respective district hospitals.

**(iii) Cost overruns on items priced as provisional and prime sums for Construction of Lumumba Regional Hospital**

There was an increase in cost estimated as provisional and prime sums against BOQ as shown in **Table 68**.

**Table 68: Changes of provisional sum in BOQ and after design**

SN	Description	PC Sum amount	BOQ	Additional Cost
1	Laundry	192,794,374	60,000,000	132,794,374
2.	Mortuary	206,903,662	170,000,00	36,903,662
3.	Isolation Ward	325,520,557	240,000,000	85,520,557
4.	Guard House	41,000,000	35,000,000	6,000,000
5.	Stabilizer House	30,636,860	20,636,869	9,999,991
6.	Underground water tank	82,634,780	65,000,000	17,634,780
7.	Sewerage/Bio digester	209,702,250	175,000,000	34,702,250
8.	Solar Hot water system	247,330,000	150,000,000	97,330,000
9.	Medical Gas	753,013,000	700,000,000	53,013,000
10	Garbage chute	99,628,726	70,000,000	29,628,726
	<b>Total</b>	<b>2,189,164,209</b>	<b>1,685,636,869</b>	<b>503,527,340</b>

*Source: Consultant PC and Provisional Sum with Ref No. HAB/LUM/HOSP/10/2021 dated 28 June 2022.*

The cost overrun on items of provisional sums were caused by over design of drawings provided to be executed for provisional sum items.

**Photo No 2: showing reinforced roof slab for constructed mortuary at Lumumba Regional Hospital.**



*Source: Photo taken during physical verification on 20 October 2020*

Photo No.2 above shows the mortuary building which was approved to have a roof slab which increased the amount set in the provisional sum from TZS 170 million to TZS 206.90 million.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children ensures a thorough review of building designs as submitted by the consultant to avoid unnecessary costs.**

**(iv) Lack of adequate feasibility study before construction of Lumumba Regional Hospital**

There was inadequate feasibility study conducted to identify nature of soil and other required features before construction of Lumumba Regional Hospital. As a result, there were changes of design during the construction which was caused by weak soil found at site. This is contrary to Section 2.3 of Guidelines for Project Planning and Negotiations for Raising Loans, Issuing Guarantees and Receiving Grants of November 2020.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children undertakes feasibility study prior to commencement of the construction projects.**

#### (v) Delay of construction of district hospitals

According to clause 1 of special condition of contract, the completion date for the whole of the Works was six months starting from the date of site possession.

During a site visit conducted on 18 October 2022, it was observed that the construction of district hospitals was still on progress, though there was extension of time. The hospitals were supposed to be completed by 31 August 2022, however, the status up to 25 October 2022 is as shown in **Table 69**.

**Table 69: Status of work executed**

No.	Name of Project	Status of Work Executed
1.	Proposed Construction of Regional Hospital at Lumumba in the Urban West Region, Unguja.	69%
2.	Proposed Construction of Northern A District Hospital at Kivunge.	90%
3.	Proposed Construction of Western A District Hospital at Mbuzini.	85%
4.	Proposed Construction of Northern B District Hospital at Panga tupu.	80%
5.	Proposed Construction of District Hospital at Chumbuni	85%
6.	Proposed Construction of Western B District Hospital at Magogoni.	92%
7.	Proposed Construction of Southern District Hospital at Kitogani.	90%
8.	Proposed Construction of Central District Hospital at Mwera Pongwe.	90%
9.	Proposed Construction of Chake chake Hospital at Vitongoji.	80%
10.	Proposed Construction of Wete District Hospital at Kinyasini.	85%
	Proposed Construction of Micheweni District Hospital at Micheweni	85%

*Source: Site Visit conducted on 18 October up to 25 October 2022*

The delay in completion of construction of schools in Zanzibar was due to unrealistic contract period established of 6 months. This was observed on the submitted program of works for construction of ground floor plus 2 floors, in which the sequence of activities was not corresponding. Also, change of design specification resulted into delay in the completion of the projects.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children set realistic contract periods to prior to commencement of any project.**

**(vi) Delayed delivery of ambulances worth TZS 1.97 billion**

The Ministry of Health, Social Welfare, Elderly, Gender, and Children signed a contract with Zenj Motors Co. Limited on 5 April 2022, to provide Zanzibar Hospitals with 12 ambulances. The total cost of the contract was TZS 1.97 billion, and the Ministry of Finance and Planning paid a 40% deposit of TZS 789.73 million on 1 June 2022. The delivery of the ambulances was expected to be made within 90 days after the signing of the contract, which was set for 5 July 2022.

On the contrary, up to the time of this audit in November 2022, the supplier had not yet delivered the ambulances.

It was further noted that the Ministry of Health did not deduct the liquidated damages amounting to TZS 47.38 million, despite the provision of Clause 25.1 of special condition of the contract which provides for the recovery of 0.1% of contract price per delayed day but limited to 10% of the contract price ( $1,974,324,600 \times 0.1\% \times 24 \text{ days} = 47,383,790$ ).

Further, the Supplier was required to submit documents which deemed to form part of the agreement including a Manufacturer authorization from the supplier who was specified in the Tender document as Toyota Japan.

However, up to November 2022, there was no evidence that the supplier submitted the required Manufacturer Authorization. According to Management, Manufacturer Authorization Forms were submitted from Western Auto Group Company. However, the tender document specified Toyota Japan.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children make close follow up to ensure the ambulances as well as manufacturer authorization forms are delivered.**

**(vii) Delayed delivery of Hospitals equipment worth TZS 10.41 billion**

On 29 June 2022 the Ministry of Health, Social welfare, Elderly, Gender, and Children entered seven contracts with different

contractors for supply of different hospital equipment for eight hospitals in Zanzibar. Total value of the contracts was TZS 10.41 billion.

According to the contracts, the equipment was supposed to have been delivered within 90 days after signing of the contract. However, up to 22 November 2022, no equipment was delivered. **Appendix III** refers.

In addition, the Ministry of Health did not deduct the liquidated damages amounting to TZS 249.83 million contrary to Clause 25.1 of special condition of the contract which provides for recovery of 0.1% of the contract price per delayed day but limited to 10% of the contract price.

**I recommend that the Ministry of Health, Social Welfare, Elderly, Gender, and Children: (a) follow up to ensure the hospital equipment are delivered without delay; and (b) enforce clauses of the contract on the number of days delayed for liquidated damages.**



### 10.3. Education Sector

The Education Sector projects in Unguja and Pemba included the construction of new schools, rehabilitation of old schools, building of inclusive schools, new classrooms in old schools, toilet blocks, purchase of a school building in Bweleo, and renovation and supply of school furniture. The aim was to improve the quality of education and provide students with better learning environments.

The project was successful in constructing new classrooms and schools and providing school facilities, which helped address the shortage of classrooms, reduce overcrowding, and improve enrollment and quality of education. This will have a positive impact on the sector.

Despite good achievement realised on implementation of TCRP in the Education Sector in Zanzibar the following areas need improvements.



### 10.3.1 Expenditure Management

#### (i) Delayed implementation of planned activities

The Ministry of Education and Vocational Training signed various contracts for construction of new schools, classrooms, toilets, teachers' houses, rehabilitation of schools and procurement of school desks. These projects were to be completed within six months from the contract signing in January 2022. The implementation status as of November 2022 is as shown in **Table 70**.

**Table 70: Status of project implementation**

Project name	Number of Projects	Completed projects	In progress
Construction of new schools	10	8	2
Construction of Classrooms	664	555	109
Construction toilets	1,693	1,237	456
Rehabilitation of schools	24	16	8
Procurement of Bweleo School	1	1	0
Procurement of School desks	4,012	2,727	1,285
Construction of Staff houses	10	0	0

*Source: Progress report*

Delays in completion of the projects was attributed to inadequate project monitoring.

I recommend that the Ministry of Education and Vocational Training devise a strategy to implement the remaining projects activities.

#### (ii) Missing Tenders' evaluation documents for awarded contracts TZS 20.53 billion

The Ministry of Education and Vocational Training failed to provide tender evaluation documents regarding contracts entered with various contractors for construction of schools, toilets blocks and rehabilitation of schools in different areas of Unguja and Pemba worth TZS 20.53 billion. This is contrary to Regulation 126 of the Public Procurement Regulations, 2020. A summary of contracts missing evaluation reports is shown in **Table 71**.

Table 71: Awarded contracts missing evaluation reports

Contract No.	Contractor name	Contract description	Amount (TZS)
SMZ/IMF/CW11, CW12, CW13, CW14 & CW15/2021-2022	Simba Developers Ltd	Rehabilitation of primary and secondary schools	9,520,209,419
SMZ/K01/W/NCB/2021-2022/61	RANS Company Limited	Rehabilitation of HaileSELLASSIE	1,168,701,300
SMZ/IMF/CW06/L OT16/2021-2022	Alhilal General Trading	Construction of Bweleo secondary school	2,053,274,500
SMZ/IMF/CW06/L OT015/2021-22	Progressive Engineering Company Ltd	Construction and completion of toilet blocks at South region Pemba	1,208,656,000
SMZ/IMF/CW06/L OT 3/2021-2022	Yassin and Sons Co. Ltd	Construction and completion of toilet blocks at South region Unguja	1,174,983,750
SMZ/IMF/CW06/L OT 4/2021-2022	KIN Investment Company Ltd	Construction and completion of toilet blocks at North region Pemba	1,696,842,500
SMZ/IMF/CW 03/2021-2022	Benchmark Engineering Company Ltd	Construction of Kwale primary school	1,287,664,820
SMZ/IMF/CW 04/2021-2022	Masasi Company Limited	Construction of Makangale primary school	1,222,412,570
SMZ/IMF/CW06/L OT01/2021-2022	BHCL Contractor	Construction of toilet blocks at urban west Unguja	1,200,000,000
<b>Total</b>			<b>20,532,744,859</b>

Source: Contract files

PMU staff transfers made it hard to find procurement documents and some contracts were awarded without proper evaluation and tendering, potentially leading to contracts being given to unfit contractors.

I recommend that the Ministry of Education and Vocational Training (a) ensure all tenders are evaluated before being awarded; and (b) contracts and improve record keeping.

**(iii) Contracts awarded to contractors not recommended by evaluation team TZS 8.48 billion**

The Ministry of Education and Vocational Training awarded contracts worth TZS 8.48 billion to contractors who were not recommended by the evaluation team contrary to Regulation 126 of the Public Procurement Regulations, 2020. Further, one contractor (Estim Construction Company Limited) was awarded a contract with a bid amount higher than the successful bidder by TZS 361.50 million. Details in **Table 72**.

This practice exposes a risk of unethical procurement practices, which can lead to reputation damage, decreased trust, and a waste of public funds.

**Table 72: Contract awarded to unsuccessful bidders**

Contract No.	Contract details	Successful bidder as per evaluation report	Unsuccessful bidder awarded the contract	Amount (TZS)
SMZ/IMF/CW5/2021-2022	New construction of Mwambe Primary School G+2 at South Region Pemba	M/s Modern Building Construction Ltd	M/s Mwamba Company Limited	1,781,126,325
SMZ/IMF/CW 06/2021-2022	Proposed new construction of Pujini Primary School at South Region in Pemba	Quality Building Contractors Ltd	Mwinyi Building Company Limited	1,607,863,642
SMZ/IMF/CW 02/2021 - 2022	Proposed new construction of Mwanakwerekwe primary school	M/s Modern Building Contractor Ltd	Estim Construction Company Limited	3,844,891,077
SMZ/IMF/CW03/2021-2022	Proposed new construction of completion of a toilet block at North Region in Unguja	M/s KIM Investment company Limited	MBH Hydrotech Co. Ltd	1,245,450,000
<b>Total</b>				<b>8,479,331,044</b>

Source: Bid evaluation reports

I recommend that the Ministry of Education and Vocational Training ensures recommendations by evaluations teams are considered in awarding of contracts.

**(iv) Contracts awarded without considering bids evaluation process  
TZS 11.17 billion**

The tender evaluation committee recommended for retendering of three tenders with a total contract amount of TZS 11.17 billion as all bidders failed to meet the commercial terms and conditions of the bidding documents.

However, contrary to Regulation 120 (1) (2) of the Public Procurement Regulations, 2020, the Ministry of Education and Vocational Training awarded contracts to bidders who were eliminated in the preliminary stages of the evaluation process (Table 73).

As a result, contract no. SMZ/IMF/CW 01/2021-2022 was terminated on 3 August 2022 after the contractor failed to execute and complete the project.

**Table 73: Contract awarded without considering bids evaluation process**

Contract No.	Contract details	Contractor name	Contract Amount (TZS)
SMZ/IMF/CW 01/2021-2022	Construction of Mtopepo Primary school	Associated Investment Ltd	4,500,739,103
SMZ/IMF/CW 07/2021-2022	Construction of Uwanja wa Farasi Primary School	Salem Construction Limited	4,070,052,515
SMZ/IMF/CW09/2 021-2022	Construction of Jendele Inclusive Primary school	Mwamba Company	2,596,192,380
<b>Total</b>			<b>11,166,983,998</b>

Source: Bid evaluation reports and signed contracts

I recommend that the Ministry of Education and Vocational Training awards contracts based on recommendations of the tender evaluation committees.

**(v) Non-delivery of 1,285 school desks by the supplier (JKU Zanzibar)  
TZS 546.13 million**

On 13 June 2022, the Ministry of Education and Vocational Training entered a contract with M/S JKU Zanzibar for supply and delivery of

1,285 school desks at a contract sum of TZS 546.13 million for 45 schools to be delivered within two months after signing the contract.

Up to November 2022, the desks were not yet delivered to 43 out of 45 schools.

**I recommend that the Ministry of Education and Vocational Training ensures the school desks ordered are delivered.**

**(vi) Non-submission of performance security for executed contracts TZS 7.12 billion**

The Ministry of Education and Vocational Training entered contracts with seven contractors and suppliers for execution of construction works and supply of desks worth TZS 7.12 billion. However, all seven suppliers did not submit performance securities as per the requirement of Regulation 29(1) of Public Procurement Regulations, 2020. As of 30 November 2022, all contracts were at various stages of executions. Details are given in Table 74.

**Table 74: Non-Submission of Performance Security**

Contract No.	Project Name	Name of Contractor	Contract Amount (TZS)
SMZ/IMF/CW03/2021-2022	Construction of Kwale Primary school	Benchmark Engineering	1,287,664,820
SMZ/IMF/CW06/2021	Construction of Pujini Primary School	Mwinyi Building	1,607,863,642
SMZ/IMF/CW/05/2021-2022	Construction of Mwambe Primary school	Mwamba Company Ltd	1,781,126,325
SMZ/IMF/CW06/LOT3/2021-2022	Construction and completion of toilets blocks at South Unguja	Yassin and Sons Co Ltd	1,174,983,750
SMZ/IMF/RNCB/G/2021-2022/1	Supply of desks	K/Chekundu Enterprises	362,715,750
SMZ/IMF/RNCB/G/2021-2022/1	Supply of desks	Mpely Furniture	544,921,750
SMZ/IMF/RNCB/G/2021-2022/1	Supply of desks	Bin Ali Workshop	363,423,000
<b>Total</b>			<b>7,122,699,037</b>

Source: Contract Files

Executing works without performance security exposes the Ministry into a risk of loss in case the contractor fails to fulfil its obligations.



I recommend that the Ministry of Education and Vocational Training ensures that the performance securities are submitted before commencement of the project.

**(vii) Performance securities expired before completion of the project TZS 980.85 million**

Five performance securities expired before completion of projects and there was no evidence of renewal, contrary to Regulation 29(6) of the Public Procurement Regulations, 2020. Details of contracts with expired performance securities are shown in **Table 75**.

**Table 75: Expired performance securities**

Contract No.	Project Name	Contract or	Contract Amount (TZS)	Performance security No.	Percent of performance security Value (TZS)	Performance Security Expired	Project status as on October 2022
SMZ/IMF/CW06/LO T 4/2021-2022	Construction of new toilets at North Pemba	M/S Kin Investment	1,696,842,500	AB.182/394/14/135	148,000,000	05.07.2022	On progress
SMZ/IMF/CW06/LO T2/2021-2022	Completion of toilet Blocks at Urban Western Unguja	M/S BHCL Contractor	1,200,000,000	AB.182/394/15/42	120,000,000	16.08.2022	On progress
SMZ/IMF/CW16/2021-2022	Completion of Bweleo secondary school	Al Hilal Trading Co Limited	2,053,274,500	234GULF221100001	205,327,000	20.07.2022	On progress
SMZ/IMF/CW06/LO T5/2021-22	Construction of toilets at Pemba	M/S Progressive Engineering Company	1,208,656,000	PBZ/IBD/GUAR.004/2022	120,865,600	09.03.2022	On progress
SMZ/IMF/CW07/2021-2022	Construction of Farasi Primary School at urban West	Salem Construction	3,866,549,889	PBZ/IBD/GUAR.004/2022	386,654,989	27.09.2022	On progress
<b>Total</b>					<b>980,847,589</b>		

*Source: Contract files*

Executing works with expired performance securities exposes the entity into the risk of loss in case the contractor fails to fulfil its obligations as the securities become invalid.

I recommend that the Ministry of Education and Vocational Training ensures that the performance securities are valid for the contract duration.

**(viii) Conditional survey for rehabilitation of primary and secondary schools not conducted**

The Ministry of Education and Vocational Training entered four contracts worth TZS 10.69 billion with M/S RANS Company Ltd (TZS 1.17 billion) and M/S Simba Developers Limited (TZS 9.52 billion) for rehabilitation of schools without conducting a conditional survey. This means the extent of work required for each school was not identified, and the estimates and specifications were not prepared by engineers and included in the bidding documents.

As a result, the base used to prepare the bill of quantities (BOQ) could not be justified, which is a violation of Regulation 102 (1c) of the Public Procurement Regulations, 2020 that requires the bidding documents to include technical and quality characteristics of the works to be procured, including technical specifications, plans, drawings, and designs.

Details of contracts for rehabilitation awarded without conducting conditional survey are summarized in **Table 76**.

**Table 76: Contracts for rehabilitation without conditional survey**

S/N	Contractor Name	Contract No.	Area	Contract Amount (TZS)
1	M/S Simba Developers Limited	SMZ/IMF/CW15/2021-2022, SMZ/IMF/CW12/2021-2022, SMZ/IMF/CW 11/2021-2022, SMZ/IMF/CW14/2021-2022, SMZ/IMF/CW13/2021-2022	Konde, Chasasa, Jumi, Uzi, Kombeni, Mikindani, Chaani, Wawi, Kiwani, Mlimani Matemwe, Muanda, Kwamtipura and Jang'ombe	9,520,209,419

S/N	Contractor Name	Contract No.	Area	Contract Amount (TZS)
2	RANS Company Limited	SMZ/K01/W/NCB/2021-2022/61	HaileSELLASSIE	1,168,701,300
	Total			10,688,910,719

Source: Contract files

This is due to inadequate controls over preparation of specifications and requirements for contracts execution. In the absence of conditional surveys for rehabilitation work, the quality of constructed building may be compromised.

I recommend that the Ministry of Education and Vocational Training conduct surveys before rehabilitation to establish the required work.

**(ix) Insufficient advance payment guarantees TZS 1.18 billion**

The submitted advance payment guarantees of two contractors were not sufficient by TZS 1.18 billion contrary to clause 25 and 54.1 of the special and general conditions of the contract that require amount of advance payment to be 10% of the contract sum. Table 77 refers.

**Table 77: Insufficient advance payment guarantee**

Name of constructor	Contract Amount	Guaranteed amount submitted (TZS)	Required amount of Performance guarantee (TZS)	Difference (TZS)
M/S Associated Investment and Services Ltd	4,500,739,102.50	200,000,000	900,147,820.50	700,147,821
M/S Simba Developers Limited	9,520,209,419	476,010,470	952,020,942.00	476,010,472
Total				1,176,158,293

Source: Contract files

Insufficient advance payment guarantee exposes the entity into the risk of loss in case the contractor fails to fulfil the obligations.

I recommend that the Ministry of Education and Vocation Training ensures that, the submitted advance payment guarantee covers the required amount as per contract.

#### 10.4. Economy Empowerment Sector

The Economic Empowerment Sector, managed by the Ministry of Blue Economy and Fisheries, focused on providing the necessary resources and facilities to boost the fishing and seaweed farming industries. This included the supply of 277 8-meter fiberglass fishing boats, 300 7-meter fiberglass fishing boats, and 500 5-meter fiberglass seaweed boats.

The sector also involved the creation of a new pelagic fishing area in Kama Unguja and the supply of tools and equipment for seaweed farmers. Additionally, the renovation of fishponds in both Unguja and Pemba was carried out, along with the construction of a seaweed processing factory and supporting facilities in Pemba.

Despite good achievement realised on implementation of TCRP in the Blue Economy Sector the following areas for improvement are essential:

##### 10.4.1 Expenditure Management

###### (i) Goods delivered but not paid for TZS 552.99 million and USD 934,200

Clause 18.6 of the contracts entered between the Ministry of Blue Economy and Fisheries and various contractors for supply and delivery of fishing and seaweeds boats requires payments in full within 30 days upon delivery and acceptance of goods.

On the contrary, the Ministry failed to pay TZS 552.99 million and USD 934,200 for boats and goods delivered between June 2022 and September 2022 because the funds were utilized for other purposes contrary to the approved work plan, as detailed in **Table 78**.

**Table 78: Delivered boats and other goods not yet paid**

S/N	Details	Qty	Contract Cost (USD)	Delivered Qty	Unpaid Qty	Unpaid Amount (USD)
1.	BOTI ZA UVUVI 7 MITA	75	793,500	35	20	211,600
2.	BOTI ZA UVUVI 7 MITA	75	793,500	40	20	211,600
3.	BOTI ZA UVUVI 5 MITA	500	1,022,000	500	250	511,000
4.	<b>Total (USD)</b>					<b>934,200</b>
5.	Machine Za Boti Za Mwani (9.9 Enduro)	500	2,200,000,000	235	122	536,800,000
6.	Mashamba ya Kufugia Majongoo	100	404,980,000	27	4	16,199,200
	<b>Total (TZS)</b>					<b>552,999,200</b>

Sources: Delivery notes

Failure to pay suppliers on time may attract interest and ruin image of the Ministry of Blue Economy and Fisheries.

I recommend that the Ministry of Blue Economy and Fisheries obtain funds used for securing loan from CRDB and use it for approved activities including settling suppliers' debts.

**(i) Boats manufactured and supplied contrary to contracts' specifications**

The Ministry of Blue Economy and Fisheries entered contract with various suppliers for construction of boats with specified length and depth. However, the delivered boats had different length and depth measurements as indicated in **Table 79**.



**Table 79: The contracts specifications against actual measurements**

S/n	Contract Number & date	Boat Type	Supplier Name	Qty (Pcs)	Contract Doc Specification	Actual measurements	Location - Boat Verified
1	SMZ/02/G/RT/2021-2022/22	5M Boat	Qiro Group Co Ltd	22	5.0M Length	4.96M Length	Kitogani - South Region Zanzibar
2	SMZ/02/G/RT/2021-2022/08	7M Boat	Songoro	4	Depth 0.64M	0.60M Depth	Kitogani - South Region Zanzibar
3	SMZ/02/G/RT/2021-2022/22	5M Boat	Qiro Group Co Ltd	25	5.0M Length	4.9M Length	Mkotoni Zanzibar

Deficiencies noted in the length and depth of the delivered boats has an impact in their stability and load capacity.

I recommend that the Ministry of Blue Economy and Fisheries renegotiate with contractors to refund the overpaid amount on reduced measurements.

#### 10.4.2 Physical Performance

##### (i) 427 boats not delivered

As of November 2022, six contractors for construction of fishing and seaweeds boats, failed to deliver 427 boats (85%) out of 502 while the contract delivery date was 2 and 8 July 2022. Table 80 and 81 refers.

**Table 80: Undelivered 8-meter boats**

S/N	contract Number	Suppliers of Boats (Seven Meters)	Date Signed Contract	End of the Contract	Contract Quantities/Boats (Eight (8) Meter)	Quantities/Boats Received (Eight (8) Meter)	Un Received Boats
1.	SMZ/02 /G/RT/ 2021-	M/s Songoro Marine LTD	02/03/2022	02/07/2022	73	0	73

S/N	Contract Number	Suppliers of Boats (Seven Meters)	Date Signed Contract	End of the Contract	Contract Quantities/Boats (Eight (8) Meter)	Quantities/Boats Received (Eight (8) Meter)	Un Received Boats
	2022/08						
2.	SMZ/02/G/RT/2021-2022/09	M/s Dar es Salaam Merchant Group LTD	08/03/2022	08/07/2022	131	0	131
3.	SMZ/02/G/RT/2021-2022/07	Amos Industrial Limited	02/03/2022	02/07/2022	73	0	73
		<b>Total</b>			<b>277</b>	<b>0</b>	<b>277</b>

Table 81: Undelivered 7-meter boats

S/N	Contract Number	Suppliers of Boats (Seven & Five Meter)	Date Signed Contract	End of the Contract	Contract Quantities/Boats (Seven (7) Meter)	Boats Received from Suppliers (Seven (7) Meter)	Un Received Boats
1.	SMZ/02/G/RT/2021-2022/08	M/s Songoro Marine LTD	02/03/2022	02/07/2022	75	35	40
2.	SMZ/02/G/RT/2021-2022/04	M/s Dhow-licious LTD	02/03/2022	02/07/2022	75	40	35
3.	SMZ/02/G/RT/2021-2022/02	Amos Industrial Limited	02/03/2022	02/07/2022	75	0	75
		<b>Total</b>			<b>225</b>	<b>75</b>	<b>150</b>

Source: Delivery Note

## (ii) Weaknesses on construction of fish ponds

The Ministry of Blue Economy and Fisheries contracted Scenic Construction and Consultancy Limited to renovate 10 fishponds for TZS 536.78 million. The following anomalies were noted on the implementation of this contract:

- (a) Three fishponds valued at TZS 76.84 million were completed in Kitogani, Bumbwini, and Mkokotoni, but the Ministry had not yet handed them over to Haturudi Nyuma, Makoba and Umoja ni Nguvu groups for fish farming.
- (b) As of November 2022, the renovation of three fishponds for Tupe Kheri, Kazi ipo Hapa and Unguja Kuu groups in Mafufuni and Chwaka valued at TZS 132.95 million, has not started since 25 August 2022.
- (c) Three completed fishponds worth TZS 76.84 million in Kitogani, Bumbwini, and Mkokotoni for Haturudi Nyuma, Makoba and Umoja ni Nguvu Groups were renovated contrary to technical specifications, as indicated in **Table 82**.

**Table 82: Fishponds renovated contrary with technical specifications**

Bill No.	Group Name	Location	Specifications per BOQ (M)	Specs per Measurement (M)	BoQ Amount (TZS)
Bill NR2	Haturudi Nyuma	Mkokotoni	25.695X 22.5 X 1.5	20.6 X 21 X 1.8	32,109,000
Bill NR4	Makoba	Bumbwini	21 X 20 X 1.5	18.9 X 17.5X 1.7	27,934,000
Bill NR9	Umoja ni Nguvu	Kitogani	15.59 X 14.095X1.5	10.5 X6.65X 2	16,800,000
		<b>TOTAL</b>			<b>76,843,000</b>

*Source: BOQ specifications & physical verification*

I recommend that the Ministry of Blue Economy and Fisheries ensure that: (a) specifications of completed fishponds match specifications in the BoQ; (b) completed fishponds are given to the respective groups, and (c) the remaining fishponds are completed.

**(iii) Fish Meal Machine not delivered and Installed TZS 139,500,000**

On 23 May 2022, the Ministry of Blue Economy and Fisheries contracted COMFIX and Engineering to supply and install one fish meal machine within two months (by 23 July 2022) for TZS 139.5 million.

As of 23 November 2022, the fish meal machine was not delivered, a delay of four months.

**I recommend that the Ministry of Blue Economy and Fisheries ensure the supplier deliver and install the fish meal machine and the supplier is charged liquidated damages for the delay.**

**(iv) Award of contract worth TZS 229.80 million to supply and install mud crab equipment without competitive tendering**

The Ministry of Blue Economy and Fisheries awarded contract to EasyFix Co. Limited to supply tools and equipment for mud crab fattening in 60 farms in Unguja and Pemba for TZS 229.80 million without following the evaluation committee recommendation which required the bid to be re-tendered. This is contrary to Section 2(1) (c) of the Public Procurement Act, 2016.

**I recommend that the Ministry of Blue Economy and Fisheries follow evaluation committee recommendation.**

**(v) Procurement of boat engines without competitive tendering TZS 2.2 billion**

The Ministry contracted Nile Fishnet to supply and deliver boat engines without involving other bidders to participate in the procurement process. The documents specified that the engines required were from Yamaha (brand name) instead of detailing performance specifications required contrary to Regulation 7(b) of the Public Procurement and Disposal of Public Assets regulation of 2016.

**I recommend that the Ministry employ competitive procurement tendering as per public procurement laws.**

#### (vi) Contract amendment without Tender Board approvals

The Ministry of Blue Economy and Fisheries signed two contracts with Qiro Group Company Limited each worth USD 511,000 to supply and deliver 500 seaweed boats with 9.9 HP Boat engines. However, the contracts were amended by removing the Boat engines item and awarded to Nile Fishnet Co. Ltd without obtaining Tender board approval. This alteration changed the contract price from USD 987,500 to USD 511,000.

**I recommend that the Ministry of Blue Economy and Fisheries seek Tender Board approval for any contract amendment.**

#### (vii) Undistributed 444 boats for fishing and seaweeds activities

Out of 600 boats received by the Ministry of Blue Economies and Fisheries from four contractors, 444 boats (74%) were not distributed to beneficiaries for fishing and seaweeds activities. **Table 83** refers.

**Table 83: Undistributed boats**

S/N	Contract Number	Details of Suppliers & Boats Specs	Boats received	Boats distributed	Undistributed Boats
01.	SMZ/02/G/RT/2021-2022/08	M/S Songoro Marine Ltd (7 Meters Boats)	35		
02.	SMZ/02/G/RT/2021-2022/03	M/S Captain Andy's Fishing Ltd (7 Meters Boats)	25		
03.	SMZ/02/G/RT/2021-2022/04	M/S Dhow-Licious Ltd (7 Meters Boats)	40		
		<b>Sub Total</b>	<b>100</b>	<b>52</b>	<b>48</b>
04	SMZ/02/G/RT/2021-2022/22	Qiro Group Company Ltd (5 Meters Boats)	500		500
		<b>Sub Total</b>	<b>500</b>	<b>104</b>	<b>396</b>
		<b>Grand Total</b>	<b>600</b>	<b>156</b>	<b>444</b>

*Source: Delivery Notes*

As a result, the undistributed boats got damaged due to poor storage and excessive exposure to sunlight and rain as shown in pictures below.



### Pictures of damaged boats



The Government will incur losses if the boats continue to be exposed on the destructive environment.

**I recommend that the Ministry of Blue Economy and the Fisheries take immediate steps regarding undistributed boats.**

### 10.5 Energy Sector

The Energy Sector aimed to supply of wooden and electric poles, service line and associated materials for high and low tension, associated cables and conductors and energy meters (single phase pre-paid meters).

The Government procured electricity tools and equipment (such as electricity poles, meter connector and power cable) and managed to reduce connection cost of electricity for lower income earners, increased number of new villages access to electricity and connected to national grid.

Despite good achievement realised on implementation of TCRP in the Energy Sector the following areas for improvement are essential:

### 10.5.1 Procurement and Contract Management

#### (i) Procurement of TZS 11.47 billion not initiated by user department and without approval of tender board

Procurements of TZS 11.47 were initiated by the Procurement officer instead of the user department and were not approved by tender board, contrary to Section 31 (1) of Public and Procurement and Disposal of Public Assets Act No. 11 of 2020 and Regulation 100 (2) and (3) of the Public Procurement Regulations of 2020. Details are shown in **Table 84**.

**Table 84: Procurements not initiated by user department**

S/N.	Procurement category	Amount (TZS)
1.	WOODEN POLES	4,040,907,500.00
2.	ELECTRICITY METER	1,514,366,784.00
3.	CONDUCTORS	3,163,274,123.00
4.	HIGH & LOW MATERIALS FOR LOT 2A	1,435,648,591.00
5.	HIGH & LOW MATERIALS FOR LOT 1	762,782,608.70
6.	HIGH & LOW MATERIALS FOR LOT 2B	552,139,130.00
	<b>Total</b>	<b>11,469,118,736.70</b>

Source: *Contract files*

Goods procured may not serve the purpose of users.

I recommend that the Ministry of Energy ensure that all procurements are approved by tender board and initiated from user departments.

#### (ii) Procured meters worth TZS 1.51 billion not put in use

In the contract between Zanzibar Electricity Corporation and Tanzania Clou Electronics for supply of meters worth TZS 1.51

billion, the supplier delivered 20,302 meters on 10 May 2022, but up to November 2022, the meters were yet to be put in use.

**I recommend that the Ministry of Energy put in use all procured meters to achieve the intended objective.**

### (iii) Delays in delivery of goods worth TZS 4.26 billion

Four contractors for supplying line materials and energy meters delayed delivering respective goods for a period ranging from three to six months, as shown in **Table 85**. This is contrary to Instructions to Bidder (ITB) Clause 1.1 and 1.2 of the Tender Document which requires delivery within three Months from the date of signing contract.

**Table 85: Delays observed in contracts execution**

Supplier	Contract Number	Procurement Activity	Value of items not delivered (TZS)	Contract delivery date	Actual delivery date	Delayed days
VISIWANI GENERAL SUPPLIERS	ZECO/GR /03/2022 /03	Procurement of lines Materials lot 1	74,817,385	08/05/2022	03/09/2022	118
FASIMA GENERAL SUPPLIERS	ZECO/GR /02/2022 /02	Procurement of lines Materials lot 2A	1,435,648,591	08/05/2022	28/07/2022	81
RAKAM GENERAL SUPPLY LTD	ZECO/GR /01/2022 /01	Procurement of lines Materials LOT 2B	146,287,354	08/05/2022	25/08/2022	109
TANZANIA CLOU ELECTRONICS LTD	ZECO/GR /06/2022 /06	Procurement Energy Meters	1,514,366,784	08/05/2022	09/11/2022	185
Total			3,171,120,114			

**Source:** Contract documents, Goods Delivery information for the COVID-19 projects

**I recommend that ZECO charge liquidated damages for delayed delivery beyond contract period.**

### (iv) Undelivered wooden poles

Zanzibar Electricity Corporation (ZECO) entered a contract with Vuka Timbers Ltd on 3 February 2022 for supply of 10,000 pieces of wooden poles for USD 1.25 million. Up to November 2022, the supplier had delivered 1,089 poles (11%) leaving 8,911 poles (89%)

not delivered. Following a supplier extension request, the Ministry of Energy and ZECO agreed to extend the delivery for three months, up to December 2022. However, even after extension given the poles were not delivered.

**I recommend that ZECO management ensures the liquidated damage charged thereto regarding breach of terms and conditions laid down in the contract.**

**(v) Contract execution without performance security TZS 706.84 million**

ZECO contracted various suppliers to supply electrical equipment with a total contract sum of TZS 7.07 billion who did not submit their performance security worth TZS 706.84 million from the bank or insurance company, contrary to Clause 9.1 of GCC and Clause 10 of SCC of the contract signed, as shown in **Table 86**.

**Table 86: Contracts without performance security**

S/N	Supplier Name	Contract Number	Contract Sum (TZS)	Performance Security (TZS)
1.	POLES (T) TANZANIA	ZECO/GR/05/2022/05	1,154,545,000.00	115,454,500
2.	KILIMANJARO CABLES TANZANIA LTD	ZECO/GR/07/2022/07	3,163,274,123.00	316,327,412.3
3.	FASIMA GENERAL SUPPLIERS	ZECO/GR/02/2022/02	1,435,648,591.00	143,564,859.1
4.	VISIWANI GENERAL TRADERS	ZECO/GR/03/2022/03	762,782,608.70	76,278,260.57
5.	RAKAM GENERAL SUPPLY	ZECO/GR/01/2022/01	552,139,130.00	55,213,913
<b>Total</b>			<b>7,068,389,452.00</b>	<b>706,838,944.97</b>

Source: Contract files for COVID-19 projects

Without performance securities, ZECO is exposed to the risk of loss in case contractors fail to uphold contract terms.

**I recommend that ZECO ensure suppliers submit their performance securities as per contract terms.**

(vi) **Advises from Attorney General not incorporated in the signed contracts**

On 31 January 2022, ZECO submitted draft contracts to Attorney General (AG) for vetting. On 1 February 2022, the AG responded with recommendation to correct the contracts before signing.

However, the signed contracts did not consider the advice of Attorney General contrary to Regulation 47 (1) to (4) of Public Procurement Regulations, 2020, as shown in **Table 87**.

**Table 87: Advises from Attorney General not incorporated**

S/N	Supplier & Contract Number	Contract description	Attorney General advice
1	FASIMA GENERAL TRADERS CO. LTD	Supply of High & Low Tension	1. use Standard documents of Zanzibar on writing the contract. 2. The documents forming part to the contract as mentioned in first article, it was advised as follows. (a) The documents to be named according to the names of the attached documents, for instance no document attached had a title " <i>Form of Contract</i> ", " <i>the Schedule of Requirements</i> " (b) Some of the documents are not mentioned in the article including documents to be submitted by " <i>Supplier</i> " that narrates item price i.e., schedule of price 3. AG advised the following words not related to the draft contract to be deleted " <i>This contract shall prevail over the other documents part of the contract</i> ". 4. Inadequacies observed by AG on the SCC Clause 3 including SCC Clause 3 not clearly referenced with mentioned GCC Clause 2, missing SCC details on GCC Clause 2 etc., 5. Clause 10.1 of GCC has given ZECO the <i>right to inspect</i> products but Clause 10.1 of SCC has narrated GCC 10.1 as "NOT APPLICABLE"
2	RAKAM GENERAL SUPPLY LTD	Supply of High & Low Tension	
3	VISIWANI GENERAL TRADERS CO. LTD	Supply of High & Low Tension	
4	TANZANIA CLOU ELECTRONICS CO. LTD	Supply of Meters	



S/N	Supplier & Contract Number	Contract description	Attorney General advice
5	VUKA TIMBERS TANZANIA	Supply of Wooden Poles	6. Clause 10 of the SCC has stipulated that the products must be packed in accordance with the product packaging standards specified by ZECO in the "Technical Specification", but the "Technical Specification" document does not specify those standards.
6	POLES (T) TANZANIA	Supply of Electric Poles	7. Inadequacy in SCC Clause 16 "Warranty" 8. AG advises corrections in Clause 18 of SCC concerning payments 9. Clause 21 of the SCC stipulates that the time for delivery of equipment shall be specified in the LPO. AG recommended that the time for delivery of equipment be specified in this article. In addition, ZECO should reconsider the use of LPO. 10. <i>Power of Attorney</i> has a signature of the "Donor" only, but missing the name of the signatory. Also missing the name of the "Commissioner for Oaths" Finally, the AG office advised ZECO to carefully review the draft contract to be able to detect all inadequacies and make necessary rectifications.

Source: Attorney General Comments and Signed contracts for COVID-19 Projects

Ignoring the advice of the Attorney General allows deficiencies in the contract signed to be overlooked and cause financial risks, which could bring a risk of disputes in the future.

**I recommend that ZECO incorporate advice of the Attorney General in the contracts before signing.**

## 10.6 Water Sector

Water Sector included supply of water network equipment and tools, supply of submersible borehole pumps, pipes and fittings equipment, supply of HDPE Pipes and fittings, construction of pump control houses, drilling, construction of 38 new boreholes, construction of on ground and elevated water tanks and construction of pump control houses and consultancy services for survey, design, and supervision for rehabilitation and construction of new water supply system for Zanzibar Water Authority (ZAWA). Funds were disbursed

to Ministry of Water and projects were ultimately implemented by ZAWA.

The Government drilled wells, constructed, and renovated water tanks to reduce water shortage and increase supply of clean and safe water to the community in urban as well as in rural areas.

Despite good achievement realised on implementation of TCRP in the Water Sector the Following areas for improvement are essential:

### 10.6.1 Expenditure Management

#### (i) Projects Executed without VAT exemption

Contrary to Regulation 4(1) (2) of the Value Added Tax Regulation, 2021, four contracts which were VAT exclusive were executed without obtaining VAT exemptions, as detailed in **Table 88**.

**Table 88: Projects executed without VAT exemptions**

Contract No	Details	Contract sum (TZS)(VAT exclusive)	Amount of VAT
SMZ/IMF/104/G/R NCT/2021/2022/02	Supply of submersible borehole pumps LOT 4	1,538,599,426	230,789,913.90
SMZ/IMF/104/G/R NCT/2021/2022/02	Supply of submersible borehole pumps LOT 1	623,220,364	93,483,054.60
SMZ/IMF/104/G/R NCT/2021/2022/04	Drilling and construction of new Boreholes	1,630,102,815	244,515,422.25
SMZ/IMF/104/G/R NCT/2021/2022/2	Supply of 23 submersible borehole pumps	3,146,975,740	472,046,361.00
		<b>6,938,898,345</b>	<b>1,040,834,751.75</b>

Source: Contract File

**I recommend that ZAWA liaises with the authorities such that qualified VAT exemptions are granted.**

#### (ii) Non-compliance with the payment terms to contractors

Four contractors were paid before full delivery and one supplier delivered items with defect which required replacement. Also, one supplier was overpaid. Details of the anomalies noted are in **Table 89**. This is contrary to Clause 18 of GCC requires final payment upon full delivery and inspection of goods.

Table 89: Anomalies noted in the contract management

Contractor	Contract No	Contract Sum Currency (TZS)	Total Paid Currency (TZS)	Percent of amount paid	Remarks
SANFRANSISCO	SMZ/IMF /104/G/ RNCT/2 021/202 2/02	623,220,364	625,644,298.50	100.39%	Contrary to the clause the contractor has been paid the whole amount while 2 pump are yet to be delivered worth USD 14,556,074
SANFRANSISCO	SMZ/IMF /104/G/ RNCT/2 021/202 2/02	1,538,599,426	1,542,951,255.41	100.28%	Contrary to the clause the contractor has been paid the whole amount while 3 pump are yet to delivered worth USD 99,583.00
AMTAS	SMZ/IMF /104/G/ RNCT/2 021/202 2/5	1,504,603,044	1,151,348,415.80	77%	Contrary to the clause the contractor has been paid the 77 % of the contract sum while 2 Rigs are yet to be delivered worth TZS 1,504,603,044
GAIA	SMZ/IMF /104/G/ RNCT/2 021/202 2/01	1,780,872,357	1,785,105,199.00	100%	Contrary to the clause the contractor has been paid the whole amount while 1 container with 47220 HDPE pipes are yet to be delivered worth TZS 1,504,603,046
SAPPHIRE	SMZ/IMF /104/G/ RNCT/2 021/202 2/2	573,657,000	573,657,000.00	100%	Contractor paid full amount though some items delivered had some shortcoming, the generator and electrical fusion machine and no replacement has been made

VAT exemptions can lower the cost of a project, allowing the saved funds to be used for other purposes. Without these exemptions, the cost of the project will increase, leaving less money available for other activities.

**I recommend that ZAWA recover overpaid amount from suppliers and seek replacement of defective delivered items.**

## 10.6.2 Procurement Management

### (i) Executed contracts without performance security

10 contractors did not submit performance security worth TZS 2.78 billion from the bank or insurance company contrary to Regulation 29(1) of Public Procurement Regulations, 2020, and clause 9 and 55.1 of the General Condition of Contract (GCC), as shown in **Table 90**.

**Table 90: Executed contracts without performance security**

SN	Contractor	Details	Contract No	Contract Sum (TZS)	Performance Security (TZS)
1.	Shamjo Company Lot 1 & lot 2	Construction of pump control house at Unguja	SMZ/IMF/104/G/RNC T/2021/2022/07	1,383,395,308	138,339,531
2.	Amtas Enterprises	Supply of Networking equipment and tools	SMZ/IMF/104/G/RNC T/2021/2022/	1,504,603,044	150,460,304
3.	Simplex Engineering Limited	Drilling and construction of new Boreholes	SMZ/IMF/104/G/RNC T/2021/2022/09	1,630,102,815	163,010,282
4.	Simba Developers Ltd	Construction of 10 on ground and elevated water tanks	SMZ/IMF/104/G/RNC T/2021/2022/10	9,790,851,686	979,085,169
5.	Gaia Globe	Supply of HDPE Fittings	SMZ/IMF/104/G/RNC T/2021/2022/	1,780,872,357	178,087,236
6.	Pumpfinder	Supply of 23 submersible borehole pump	SMZ/IMF/104/G/RNC T/2021/2022/	3,146,975,740	314,697,574
7.	Mansory Building Contract or Ltd Contract ors Ltd	Excavation and backfilling for Pemba Sites	SMZ/IMF/104/G/RNC T/2021/2022/11	565,112,300	56,511,230

SN	Contractor	Details	Contract No	Contract Sum (TZS)	Performance Security (TZS)
8.	Moona Noor Manufacturing	Supply of HDPE Pipes Lot 1	SMZ/IMF/104/G/RNC T/2021/2022/01	5,879,235,619	587,923,562
9.	Sanfransisco General Trading Enterprises	Supply of 38 submersible borehole pumps LOT 4	SMZ/IMF/104/G/RNC T/2021/2022/02	1,538,599,426	153,859,943
10.	Sanfransisco General Trading Enterprises	Supply of 13 submersible borehole pumps LOT 1	SMZ/IMF/104/G/RNC T/2021/2022/02	623,220,364	62,322,036
	<b>Total</b>			<b>27,842,968,659</b>	<b>2,784,296,867</b>

Source: Contract files

Without performance securities, ZAWA is exposed to the risk of loss in case contractors fail to uphold contract terms.

**I recommend that ZAWA ensures contractors submit performance securities as per contract and procurement regulation.**

#### (ii) Contracts awarded to non-responsive bidder

Three bidders: M/S Sapphire Engineering (T) limited, M/S AMTAS Enterprises and M/S Osaju Company Ltd were awarded contract to supply of networking equipment and tools. However, these bidders were non-responsive as per tendering documents, contrary to Regulation 118 (8)a of Public Procurement Regulations, 2020.

**I recommend that, in future, ZAWA award contracts to responsive bidders as required by public procurement regulations.**

#### (iii) Overpricing of contracts awarded

The awarded contract price was higher than the quoted price by TZS 280.16 million and USD 75,000 detailed as follows:

- (a) The evaluation team recommended that, tender for supply of pipe and fittings be awarded to M/S Plasco Limited for Lot 1 at TZS 1.09 billion inclusive of VAT and TZS 499.84 million inclusive



of VAT for Lot 2. Instead, the respective tender was awarded to Simba Pipe at a contract price of TZS 1.87 billion.

- (b) ZAWA awarded contract for supply of pumps to Sanfransisco General Trading Enterprise for USD 269,326. However, the bill of quantities price was USD 263,326.26, resulting to overpricing by USD 6,000.
- (c) Further, Lot 4 indicates that the quoted price in form of bid was USD 664,909 for the supply of 38 pumps, however, the bill of quantities price was USD 594,983; hence, the price was higher by USD 69,929.

This was caused by evaluation team, PMU and Tender Board failure to reconcile the prices in the Bid form and bill of quantities in awarding contracts.

I recommend that, in future, ZAWA reconcile the bid form, bill of quantities and signed contract prices and take appropriate actions.

**(iv) Delay in delivery of procured materials worth TZS 5 billion and USD 14.66 million**

Clause No.21 of SCC and 24.1 of GCC of the SMZ/IMF/104/G/RNCT/2021/2022/02 LOT 2, LOT 3, LOT 5, provides that the goods shall be delivered at ZAWA Head Office situated at Gulioni Zanzibar within 20 weeks from the date of signing the contract. If there is any change of the place of shipment, the purchaser shall bear the cost.

On the contrary, there was a substantial delay in delivery of procured goods by various suppliers worth TZS 5 billion and USD 14.66 million. Table 91 refers.

**Table 91: Delay on delivery of procured materials**

Contract number	Contract sum (TZS)	Type	No of items ordered	Balance not delivered	Value not delivered
SMZ/IMF/104/G/RN CT/2021/2022/02	1,538,599,426	Pump	38	3	USD 99,583.00
SMZ/IMF/104/G/RN CT/2021/2022/02	623,220,364	Pump	13	2	USD 14,556,074
SMZ/IMF/104/G/RN CT/2021/2022/2	3,146,975,740	Pump	23	23	TZS 3,146,975,740
SMZ/IMF/104/G/RN CT/2021/2022/10	212,501,600	Plastic tank	1	1	TZS 212,501,600
SMZ/IMF/104/G/RN CT/2021/2022/147	330,518,625	Pump, motor, control panel, MP204, Sluice valve	1 pump 1 motor 1 control panel 1 MP204 Slice valve	1 pump 1 motor 1 control panel 1 MP204 Sluice valve	TZS 330,518,625
SMZ/IMF/104/G/RN CT/2021/2022/5	1,504,603,044	RIGS	2	2	TZS 1,504,603,044
SMZ/IMF/104/G/RN C T/2021-2022/1	1,780,872,357	HDPE pipes	150,000	47220	TZS 220,512,720
SMZ/IMF/104/G/RN CT/2021/2022/01	5,879,235,618.94	HDPE pipes	318,879	892	USD 6723.27

Source: Payments Vouchers and Contracts Files for 2021/22

**I recommend that, in future, ZAWA enforce terms and conditions of contracts for timely delivery of procured goods.**

**(v) Advance payment of TZS 2.9 billion paid prior submission of bank guarantee**

Clause 54.1 of General Condition of Contract read together with Clause 25 of the Special Conditions of contract number SMZ/IMF/H03/W/EP-RNCT/2021/2022/09 for construction of on ground and elevated water tanks signed in March 2022 with contract sum of TZS 9,790,851,686, for a contract period of 9 months provides that, maximum amount of advance payment shall be 30% of the

contract sum less provisional sum  
(0.3\*9,790,851,656=2,937,255,505.80) payable by the employer  
upon submission of unconditional bank guarantee.

On the contrary, advance payment of TZS 2.937 billion was paid before submission of the unconditional bank guarantee (No.0010GTZ22000007 of 27 April 2022) that was submitted on 6 May 2022.

I recommend that, in future, ZAWA take measures as stipulated in the contract for the delays or non-submitted legal contractual documents.

(vi) **Failure to charge liquidated damages for delayed completion of projects worth TZS 30.50 billion**

Clauses 52.1 and 25.1 of GCC state that if the Contractor fails to perform the works within the time stated in the contract or within any extended time allowed for by the Client the contractor shall pay to the client as Liquidated Damages at a rate of 0.1 percent of the contract price per day to a maximum of 10 percent of contract price while other contracts require 0.2 percent per day of undelivered material good with maximum deduction is equal to the performance security

On the contrary, ZAWA did not charge liquidated damage for contracts worth TZS 30.50 billion for delayed works. **Table 92** refers.

**Table 92: Liquidated damages not charged for delayed work**

SN	Contract Number	Details	Contract sum (TZS)	Start	Completion	GCC	Status
1	SMZ/IMF/104/G/RN CT/2021/2022/02	Supply of 38 submersible borehole pumps LOT 4	1,538,599,426	29/01/2022	14 weeks from the date of order	25.1	0.2 percent per day of undelivered material good with maximum deduction is equal to the performance security
2	SMZ/IMF/104/G/RN CT/2021/2022/02	Supply of 13 submersible borehole pumps LOT 1	623,220,364	09/01/2022	14 weeks from the date of order	25.1	
4	SMZ/IMF/104/G/RN CT/2021/2022/5	Supply of Networking equipment end tools	1,504,603,044	29/1/2022	12/4/2022	25.1	

SN	Contract Number	Details	Contract sum (TZS)	Start	Completion	GCC	Status
5	SMZ/IMF/104/G/RN CT/2021/2022/01	Supply of HDPE Pipes Lot 1	5,879,235,618.94	29/1/2022	Deliver as per schedule of requirement	25.1	
6	SMZ/IMF/104/G/RN C T/2021-2022/1	Supply of HDPE Fittings	1,780,872,357	29/1/2022	Deliver as per schedule of requirement	25.1	
12	SMZ/IMF/104/G/RN CT/2021/2022/10	Supply of glass reinforced plastic water tank at Raha Pemba	212,501,600	13/4/2022	13/6/2022	25.1	
13	SMZ/IMF/104/G/RN CT/2021/2022/	Supply of 23 submersible borehole pump	3,146,975,740	9/3/2022	9/8/2022	25.1	
10	SMZ/IMF/104/G/RN CT/2021/2022/2	Supply of LOT 1 2GPS receiver, Electro fusion machine, pipe fusion machine Lot 3 Generator	573,657,000	04/04/2022	04/01/2023	25.1	
16	SMZ/IMF/104/G/RN CT/2021/2022/	Supply of electricity	118,122,214.62	27/6/2022	27/9/2022	25.1	
3	SMZ/IMF/104/G/RN CT/2021/2022/07	Construction of pump control house	1,383,395,308	12/2/2022	12/7/2022	52.1	0.1 percent of the contract price per day with maximum deduction of Liquidated damages must be equivalent to performance security
7	SMZ/IMF/104/G/RN CT/2021/2022/04	Drilling and construction of new Boreholes	1,630,102,815	16/7/2022	16/12/2022	52.1	
8	SMZ/IMF/104/G/RN CT/2021/2022/9	Construction of 10 on ground and elevated water tanks	9,790,851,686	04/04/2022	04/01/2023	52.1	
9	SMZ/IMF/104/G/RN CT/2021/2022/7	Construction of 26 pump control houses in North and South Pemba	1,299,027,097	After drilling boreholes with in specified areas	Not Known	52.1	

SN	Contract Number	Details	Contract sum (TZS)	Start	Completion	GCC	Status
11	SMZ/IMF/104/G/RN CT/2021/2022/147	Supply of Submersible pumps, motor and control panel, MP204 and sluice valve	330,518,625	27/6/2022	11/7/2022	25.1	
14	SMZ/IMF/104/G/RN CT/2021/2022/10	Maintenance of water tank at Saateni and Mnara wa Mbao	119,224,339	15/6/2022	15/8/2022	52.1	
15	SMZ/IMF/104/G/RN CT/2021/2022/11	Excavation and backfilling for Pemba Sites	565,112,300	27/6/2022	27/8/2022	52.1	
			30,496,019,534.56				

I recommend that ZAWA charge liquidated damages for delayed work as stipulated in the contract.

**(vii) Advance payment to contractors without payment guarantee**

ZAWA contracted various suppliers at a total contract sum of TZS 17.00 billion. However, Advance payment of TZS 8.13 billion was paid to various contractors without submission of advance payment guarantees as detailed in **Table 93**.

**Table 93: Advance paid to contractors without guarantee**

Contractor	Contract No	Contract Sum	Advance Payment guarantee required	Advance Payment Made to Contractors (TZS)
Sanfransisco	SMZ/IMF/104/G/RN CT/2021/2022/02	623,220,364	50%	311,610,182
Sanfransisco	SMZ/IMF/104/G/RN CT/2021/2022/02	1,538,599,426	50%	767,667,361
Amtas	SMZ/IMF/104/G/RN CT/2021/2022/	1,504,603,044	50%	752,301,522
Moona Noor Manufacturing	SMZ/IMF/104/G/RN CT/2021/2022/01	5,879,235,619	50%	2,927,290,466
Gaia	SMZ/IMF/104/G/RN CT/2021/2022/02	1,780,872,357	50%	896,593,040
Simplex	SMZ/IMF/104/G/RN CT/2021/2022/09	1,630,102,815	20%	489,030,844
Sapphire	SMZ/IMF/104/G/RN CT/2021/2022/	573,657,000	50%	286,828,500
Pumpfinder	SMZ/IMF/104/G/RN CT/2021/2022/	3,146,975,740	50%	1,574,852,875
Humble Engineering	SMZ/IMF/104/G/RN CT/2021/2022/	119,224,339	20%	23,844,867



Contractor	Contract No	Contract Sum	Advance Payment guarantee required	Advance Payment Made to Contractors (TZS)
Sapphire	SMZ/IMF/104/G/RN CT/2021/2022/	212,501,600	50%	106,250,800
<b>Total</b>		<b>17,008,992,304</b>		<b>8,136,270,457</b>

Source: Contract Files and Payment vouchers

I recommend that, in future, ZAWA adhere to contract clauses.

### 10.6.3 Physical Performance

#### (i) Delayed completion in drilling boreholes

ZAWA awarded Contract No. SMZ/IMF/104/G/RNCT/2021/2022/09 to M/S Simplex Engineering Limited at a contract price of TZS 1.63 billion for drilling and construction of new 38 boreholes with contract period starting from 16 March 2022 to 17 November 2022.

Instead, out of 38 planned boreholes, 20 were completed (52%), in which only four were in use. Further, the remaining 18 boreholes (48), five were in progress, 11 boreholes were not drilled, and two boreholes were defective, as detailed in **Table 94**.

**Table 94: Implementation status of 38 boreholes**

Details	Total number of boreholes	Unguja	Pemba
		No of Bore holes	No of Bore holes
Boreholes completed	20	11	9
Boreholes in progress	5	0	5
Boreholes not drilled	11	0	11
Drilled and Defective	2	0	2
<b>Total</b>	<b>38</b>	<b>11</b>	<b>27</b>

I recommend that ZAWA prepare action plan to complete the drilling of boreholes.

#### (ii) Delayed construction of pump control houses

ZAWA entered contract with Pemba by Osaju Company Limited and Shamjo Company for construction of 52 Pump Control House at Pemba and Unguja for a sum of contract price of TZS 1.3 billion and of TZS 1.38 billion respectively.

The implementation status indicated that, out of the planned 52 pump houses, 35 pump houses were in progress, and 17 were yet to be constructed, as detailed in **Table 95**.

**Table 95: Delayed construction pump control houses**

Details	Total number of pump control houses	Unguja	Pemba
Pump control house completed	0	0	0
Pump control house in progress	35	26	9
Pump control house not constructed	17	0	17
<b>Total</b>	<b>52</b>	<b>26</b>	<b>26</b>

The delay in constructing operating Pump Control House was caused by delayed completion of the drilled boreholes.

I recommend that ZAWA prepare action plan to complete the construction of boreholes to construction of pump control house.

#### 10.7 Monitoring and Evaluation by Planning Commission

Monitoring and Evaluation of TCRP projects implemented in Zanzibar was centrally coordinated by Zanzibar Planning Commission. Further as part of Monitoring and Evaluation (M&E) associated activities such as budget for internal and external audit was included under the component.

# CHAPTER TEN

## CONCLUSION AND GENERAL RECOMMENDATIONS



## CONCLUSION AND GENERAL RECOMMENDATIONS

In conclusion, this audit has evaluated the various processes and systems in place to address the social and economic impacts of the COVID-19 pandemic. The findings and recommendations presented in this report aim to support the government in improving its efforts to effectively disburse funds, maintain good management practices, and monitor the budget performance, procurement processes, expenditure management, and physical performance of projects. I endorse these recommendations and encourage their implementation to ensure maximum efficiency and effectiveness in addressing the impacts of the pandemic.

### Budget management

I recommend that the undisbursed funds from Treasury, amounting to TZS 48.93 billion, allocated for PO RALG-Health, Education Sector, and Tourism Sector, should be safeguarded to ensure they are utilized only for the designated sectors and activities. Additionally, I recommend that the committed funds held by implementing agencies which have not been used be expedited and utilized for the intended purposes.

These recommendations are crucial in ensuring effective management of public funds and proper implementation of projects aimed at addressing the impacts of the COVID-19 pandemic.

### Procurement

Procurement entities must adhere to the guidelines set by PPA 2011 and its Regulations, 2013 to ensure a transparent and effective procurement process. This includes using proper procurement methods, promoting fair competition, securing necessary approvals, and promptly completing the procurement cycle. During contract execution, entities must secure bid validity and performance bonds and inspect goods/projects for conformance to ensure value for money. The negotiation and post-qualification process must also be handled professionally to achieve the best outcome.

## Expenditure Management

To strengthen internal controls, government entities should ensure proper approval before payments, proper storage of payment vouchers and supporting documents, and compliance with tax laws when making payments. This will ensure the proper management of funds and compliance with regulations.

## Physical performance

For effective project execution, government entities should prioritize proper planning by conducting feasibility studies and site investigations, preparing accurate schedules and technical specifications, and closely supervising contractors. Completed projects should be put into use promptly and partially completed projects should receive necessary funding and expert oversight. This approach will ensure projects are executed efficiently and effectively, meeting standards, and delivering expected benefits.

I advise that government entities take prompt measures to implement the recommendations outlined in this report, to mitigate the risk of the recurrence of similar issues.

I acknowledge and appreciate the efforts of the governments of URT and Zanzibar, MDAs, LGAs, Parastatals, Agencies, and all other stakeholders, for their contributions to the successful completion of this audit. I trust that our collaboration will continue to be productive in the future.



Charles E. Kichere  
**CONTROLLER AND AUDITOR GENERAL  
THE UNITED REPUBLIC OF TANZANIA**



## Appendix I: Analysis of the Disbursed Funds by MoFP

S/n	VOTE CODE	VOTE NAME	AMOUNT
1	21	The Treasury	297,800,000.00
2	30	President's Off. & Cabinet Sect	5,542,514,000.00
3	46	Ministry of Education, Science and Technology	64,477,875,657.82
4	49	Ministry of WATER	139,354,573,798.37
5	52	Ministry of Health, Comm. Dev., Gender, Elderly and Children-Health	263,727,971,916.48
6	56	Regional Admin. & Local Govt	84,422,921,533.19
7	65	PMO-Labour,	3,468,603,626.43
8	69	Ministry of Natural Resources and Tourism	89,173,214,691.56
9	36	Katavi Region	10,478,900,577.55
10	47	SIMIYU	10,887,092,000.06
11	54	NJOMBE	6,531,033,440.06
12	63	GEITA	18,734,205,734.80
13	70	ARUSHA	12,877,430,117.31
14	71	PWANI	13,633,090,562.33
15	72	DODOMA	18,158,794,171.40
16	73	IRINGA	8,116,999,057.55
17	74	KIGOMA	15,885,222,445.08
18	75	KILIMANJARO	7,673,350,593.10
19	76	LINDI	10,045,412,000.06
20	77	MARA	17,076,023,773.02
21	78	MBEYA	15,367,080,992.10
22	79	MOROGORO	20,173,083,080.70
23	80	MTWARA	11,740,822,187.59
24	81	MWANZA	22,966,627,131.40
25	82	RUVUMA	12,301,981,539.82
26	83	SHINYANGA	10,966,073,440.06
27	84	SINGIDA	15,676,802,222.57
28	85	TABORA	19,387,703,645.08
29	86	TANGA	17,722,726,025.61
30	87	KAGERA	19,967,372,445.08
31	88	DAR ES SALAAM	17,771,434,734.55
32	89	RUKWA	8,186,237,395.04
33	90	SONGWE	9,670,156,177.55
34	95	MANYARA	10,171,157,778.53
Total Disbursement to URT			1,012,632,288,491.85
35	Zanzibar	Zanzibar	230,184,474,952.00
Total Fund transferred from Consolidated Fund for TCRP			1,242,816,763,443.85

## Appendix II: Delays in the completion of projects financed by TCRP Fund in Water Sector

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
Iringa	Construction of Nyamlenge (Neghabihi) and Ikengea Water Supply Scheme in Iringa District	AE-102/2021-2022-HQ-C/W/08	545,586,523	19/01/2022	10/08/2022	50 days
Iringa	Construction of Ihomasa Pumping Water Supply and Uole Water Supply scheme Mufindi DC	AE-102/2021-2022/HQ-C/W/11	508,021,500	09/02/2022	9/09/2022	20 days
Kagera	Extension of Lukindo Water Supply Scheme to Kashenge - Illogelo	AE-102/2021-2022/HQ/-C/W/10	739,359,775	02/02/2022	26/06/2022	125 days
Kagera	Extension of Water Supply Scheme from Kibondo to kakuraijo	AE - 102/2021-2022/KGR/W/09	381,770,344	15/2/2022	15/8/2022	76 days
Kagera	Construction of Murongo water supply project	AE-102/2021-2022/KGR/W/14	738,500,000	28/01/2022	22/06/2022	129 days
Kagera	Buyango Water Supply Project	AE - 102/2021-2022/HQ-C/W/11	575,852,899	21/01/2022	20/06/2022	130 days
Kagera	Rutenge Water supply	AE-102/2021-2022/HQ-C/W/12	600,186,717	14/01/2022	30/05/2022	150 days
Kagera	Ilemera Water supply	AE - 102/2021-2022/KGR/W/11 Lot 3	599,957,572	14/01/2022	30/05/2022	150 days
Kagera	Construction of Mubuhenge-Kirushya water supply project	AE-102/2021-2022/HQ-C/W/12	925,794,980	24/01/2022	24/06/2022	126 days
Katavi	Extension of Kibaoni water supply scheme to sub-village and extension of Inyonga - Kalovya water supply	AE-102/2021-2022/HQ-C/W/14	706,955,195	21/12/2021	19/04/2022	130 days
Katavi	Construction of Ikonda moyo Water	AE-102/2021-2022/HQ-C/W/15	684,764,053	28/01/2022	28/05/2022	90 days

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
	Supply Sheme at Nsimbo DC and Mwamkulu Water Supply Scheme at Mpanda MC					
Mwanza	Extension to Lumeya Water Supply	AE-102/2021-2022/HQ-C/W/50	231,699,176	13/01/2022	13/10/2022	18 days
Mwanza	Extension to Mayuya-Elikanilo Water Supply	AE-102/2021-2022/HQ-C/W/50	372,606,068	13/01/2022	13/10/2022	18 days
Mwanza	Mwamagili - Mwagiligili water supply project	AE-102/2021-2022/HQ-C/W/49	106,234,660	11/3/2022	11/7/2022	110 days
Mwanza	Rehabilitation of Kazilankanda -	AE-102/2021-2022/HQ-C/W/50	184,000,000	12/01/2022	13/07/2022	107 days
Morogoro	Improvement of water supply service at Kauzeni area in Morogoro Municipal	AE-102/2021-2022/HQ-C/W/38	698,787,059	17.01.2022	16.07.2022	105 days
Morogoro	Construction of water project at Kikundi	AE-102/2021-2022/HQ-C/W/37	467,123,902	17.01.2022	16.07.2022	105 days
Morogoro	Construction of Sagamaganga pumping Water Supply scheme	AE-102/2021-2022/MOR/W/25	456,569,139	17.01.2022	16.07.2022	105 days
Morogoro	Extension of Makuyu-Chiwaga Scheme to Kinyolisi and Iyogwe	AE-102/2021-2022/MOR/W/15	513,050,359	17.01.2022	16.07.2022	105 days
Morogoro	Construction of Malolo Water Supply Project	AE-102/2021-2022/HQ-C/W/40	728,076,048	17.01.2022	16.07.2022	105 days
Pwani	Construction of Ving'andi Water Supply Schemes.	AE-102/2021-2022/PWN/W/24	275,511,144	04/01/2022	03/07/2022	117 days
Pwani	Construction of Mahege Water Supply Schemes	AE-102/2021-2022/PWN/W/25	383,290,131	14/03/2022	14/09/2022	47 days

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October, 2022
Pwani	Water Project at Kimanzichana	AE-102/2021-2022/PWN/W/09	589,802,409	14/01/2022	14/07/2022	106 days
Pwani	Construction of Kimara Misale Water Supply Schemes	AE-102/2021-2022/PWN/W/15	438,709,537	11/01/2022	12/07/2022	108 days
Ruvuma	Construction of Amanimakolo and Kwambe Water Supply Scheme	AE-102/2021-2022/HQ-C/W/66	979,600,000	06/02/2022	30/05/2022	150 days
Singida	Extension of Kintinku/Lusile water supply project to Makutupora-Phase II and Construction of Ikungi water supply scheme in Ikungi and Manyoni DC-Singida Region	AE-102/2021-2022/SGD/W/27	494,110,040	07/01/2022	30-Aug-22	60 days
Singida	Construction of Migugu and Igombwe water projects	AE-102/2021-2022/SGD/W/26	630,123,248	07/01/2022	30-Aug-22	60 days
Dodoma	Construction of Manchali B Water Supply Scheme and Ndogowe water supply projects in Chamwino Dc Dodoma Region	AE-102/2021-2022/HQ-C/W/03	977,128,765	07/01/2022	30/06/2022	120 days
Dodoma	Construction of Pumped Water Supply Scheme for BUKULU Village, Bicha, Hamia and Rehabilitation of Songolo water supply projects in Kondoa and Chemba DC Dodoma Region	AE.102/2021-2022/HQ-C/W/04	996,381,051	22/01/2022	30/06/2022	120 days

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
Dodoma	Construction of Pumped piped scheme for Ijaka village in Kongwa District and Rehabilitation of Kisokwe Idilo Gravity water supply and Kibakwe Gravity water supply schemes in Kongwa and Mpwapwa Dc Dodoma Region	AE-102/2021-2022/HQ-C/W/05	995,989,224	16/02/2022	30/08/2022	60 days
Mbeya	Sinyanga water supply project	AE-102/2021-2022/HQ-C/W/52	300,591,312	09/01/2022	09/07/2022	110 days
Songwe	Construction of Mahenje water supply scheme	AE-102/2021-2022/HQ-C/W/76	397,509,113	11/01/2022	10/07/2022	110 days
Songwe	Construction of Bwipa water supply project Ileje DC	AE-102/2021-2022/HQ-C/W/75	140,682,788	11/01/2022	10/07/2022	110 days
Mara	Construction of the water project in Sanzate village	AE/102/2021-2022/HQ-C/W/31	457,518,561	02/02/2022	30/08/2022	60 days
Mara	Extension of Kung'ombe water project to Bitaraguru village	Force Account	294,449,306	02/02/2022	30/08/2022	60 days
Mara	Extension of the Iramba water project to Mugara, Nyarugoma and Namhula villages	AE/102/2021-2022/HQ-C/W/31 LOT II	232,008,325	02/02/2022	30/08/2022	60 days
Mara	Construction of water project in Nyamikoma village	Tender No. AE/102/2021-2022/HQ - C/W/32 LOT 1	294,449,306	02/02/2022	01/07/2022	120 days
Mara	Construction of water project for Bugoji,	Force Account	980,607,249	02/02/2022	30/08/2022	60 days



Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
	Kaburabura and Kanderema villages					
Mara	Extension of the Shirati water project from Raranya to Ingri juu and Malongo villages	RUWASA/MARA/RORYA/INGRI JUU/P4R/2021-2022/LOT 01	111,871,201	17/01/2022	01/06/2022	150 days
Mara	Construction of Sabasaba water project	Force Account	221,280,948	08/02/2022	30/08/2022	60 days
Mara	Construction of water project for Itiryo and Kangariani villages	Force Account	290,297,884	08/02/2022	28/06/2022	122 days
Mara	Construction of the Nyambureti-Monuna water project.	AE- 102/2021-2022/HQ-C/W/32LOTII	540,345,017	02/02/2022	02/07/2022	119 days
Manyara	Construction of Pumped Water Supply Project for Mewadani and Qaliyeda villages in Mbulu District	AE-102/2021-2022/MNR-C/W/26	596,828,977	07/01/2022	14/07/2022	106 days
Tabora	Extension of Lake Victoria Project to Mabisilo and Kipugala Villages	AE-102/2021-2022/TBR/W/29	283,522,608	1/15/2022	9/15/2022	16 days
Tabora	Construction of Water Supply Project at Mambali and Kikonoka Villages	AE-102/2021-2022/TBR/W/29	373,831,678	1/15/2022	9/15/2022	16 days
Tabora	Construction of Mbiti to Kalola water supply project	AE/102/2020/2021/TBR/W/29	323,222,087	12/30/2021	6/30/2022	120 days
Tabora	Construction of Mwamayunga water project( Phase I)	Na. AE-102/2021-2022/TBR /W/28	227,622,582	1/15/2022	9/30/2022	47 days

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
Tabora	Extension of Lake Victoria Project to Mabisilo and Kipugala Villages	AE-102/2021-2022/TBR/W/29	283,522,608	1/15/2022	9/15/2022	16 days
Kigoma	Construction of Kumshwabure Water Supply Project and Extension of Chilambo Water SupplyProject to Kasanda village in Kibondo and Kakonko Districts Council	AE-102/2021-2022/KGM/W/15	611,349,037	17/01/2022	17/06/2022	134 days
Kigoma	Construction of Pumped Piped Scheme for Kigondo Hamlets, Shughuliba village and Mlela/Kandaga Water Supply Scheme in Kasulu DC and Uvinza DC in Kigoma Region	AE-102/2021-2022/HQ-C/W/17	588,334,412	21/01/2022	21/07/2022	101 days
Kigoma	Construction of Pumped Piped Scheme for Kigondo Hamlets, Shughuliba village and Mlela/Kandaga Water Supply Scheme in Kasulu DC and Uvinza DC in Kigoma Region	AE-102/2021-2022/HQ-C/W/17	576,674,171	21/01/2022	21/07/2022	101 days
Kigoma	Construction of Pumped Piped Scheme for Kigondo Hamlets, Shughuliba village and Mlela/Kandaga	AE-102/2021-2022/HQ-C/W/17	471,579,633	21.01.2022	21.07.2022	101 days

Region	Name of Project	Contract No	Contract value	Start date	Completion date	Delayed period up to 31 October , 2022
	Water Supply Scheme in Kasulu DC and Uvinza DC in Kigoma Region					
Total			26,123,640,321			

**Source:** Contracts/Letters of extension



### Appendix III: Delayed delivery of hospital equipment

S/N	CONTRACT /Tender No	CONTRACTOR	Contract amount	DATE OF SIGNING THE CONTRACT	DATE OF DELIVERY OF GOODS	Date expected to be delivered	No of days delayed	Liquidated damages not deducted
1	SMZ/IMF/H03/G/EP-ICT/202/2022/01 Lot 1 Supply medical hospital equipment for Abdul Mzee Hospital	EDLINK LIMITED	900,715,000	29/06/2022	3 after signing the contract	30/10/2022	24	21,617,160
	Medical waste e incinerators for Zanzibar hospitals							
2	IFB SMZ/IMF/H03/G/EP-ICT/202/2022/02 Lot 2-Supply of medical equipment for blood transfusion services for Zanzibar Blood Bank	Nebule Heath Care Limited	90,192,119	29/06/2022	3 after submission of the order list by the purchaser.	30/10/2022	24	2,164,610.85
3	SMZ/IMF/H03/G/EP/202/2022/01Lot 3 the health commodities to the District Hospital at Panga tupu and Kivunge (Oxygen Plants)	LAB EQUIP Limited	1,364,068,000	29/06/2022	3 after signing the contract	30/10/2022	24	32,737,632
4	SMZ/IMF/H03/G/EP/202/2022/01 (1) Medical equipment for three District Hospital at Urban West (Chumbuni,	M&D Chemical and Surgical Limite	3,940,818,000	29/06/2022	3 after signing the contract	30/10/2022	24	94,579,632

	Magogoni and Mbuzini) Lot 2 and (2) Medical Equipment for three District Hospital Kinyasini, Vito ngojini and Micheweni - Pemba Lot 5							
5	SMZ/IMF/H03/G/EP/202 /2022/02 Lot 3. Supply, installation and commissioning of oxygen plant for two districts hospitals at Pangatupu and Vtongojini Lot 3	Hyper med Health Care Limited	862,100,000	29/06/2022	3 signing after the contract-	30/10/2022	24	20,690,400
6	SMZ/IMF/H03/G/EP/202 /2022/01 Lot 4-The health commodities to the District Hospital at Mweru Pongwe and Kitogani (Generators)	LAB EQUIP LITED	1,364,068,000	29/06/2022	3 signing after the contract-	30/10/2022	24	32,737,632
7	SMZ/IMF/H03/G/EP/202 /2022/01 Lot 6. Supply medical equipment for new Regional Hospital at Lumumba	LAB EQUIP LITED	1,887,645,770	29/06/2022	3 signing after the contract-	30/10/2022	24	45,303,498.48
	TOTAL		10,409,606,889					249,830,565.33