

# THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE



# PERFORMANCE AUDIT REPORT ON THE SUPERVISION OF CONSTRUCTION OF WAREHOUSES AND STORAGE SILO COMPLEX

# AS IMPLEMENTED BY

THE MINISTRY OF AGRICULTURE AND NATIONAL FOOD RESERVE AGENCY (NFRA)



REPORT OF THE CONTROLLER AND AUDITOR GENERAL OF THE UNITED REPUBLIC OF TANZANIA

MARCH, 2020



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#### PREFACE

Section 28 of the Public Audit Act No. 11 of 2008, authorizes the Controller and Auditor General to carry out Performance Audit (Value-for-Money Audit) for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministry Department and Agency (MDA), Local Government Authorities (LGAs), Public Authorities and other Bodies, which involves enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

I have the honor to submit to His Excellency the President of the United Republic of Tanzania, Dr. John Pombe Joseph Magufuli and through him to Parliament of the United Republic of Tanzania the Performance Audit Report on Supervision of Construction of Warehouses and Silo Complex conducted at the Ministry of Agriculture and National Food Reserve Agency (NFRA).

The report contains conclusions and recommendations that have focused mainly on Supervision of Construction of Warehouses and Silo Complex. Officials were given the opportunity to scrutinize the factual contents and comment on the draft report.

My office intends to carry out a follow-up audit at an appropriate time regarding actions taken by the audited entities in relation to the recommendations of this report.

In completion of the assignment, the office subjected the report to the critical reviews of Prof. Fredrick C. Kahimba and Prof. Ignas Rubaratuka who came up with useful inputs in improving this report.

This report has been prepared by Mr. Ishengoma Rweyongeza-Team Leader, and Ms Janeth M. Rutagengwa-Team Member under the supervision and guidance of Ms. Mariam Chikwindo- Ag. Chief External Auditor, Mr. James G. Pilly- Assistant Auditor General and Mr. Benjamin M. Mashauri - Deputy Auditor General. I would like to acknowledge the commitment of my staff and cooperation accorded to my audit team by respective Accounting Officers and their staff which has facilitated timely completion of this audit report.

Tuture

Charles E. Kichere CONTROLLER AND AUDITOR GENERAL

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# LIST OF ABBREVIATIONS

APP	Annual Procurement Plan		
ASDP	Agricultural Sector Development Programme		
BOQ	Bill of Quantity		
ВоТ	Bank of Tanzania		
СС	City Council		
DC	District Council		
ERPP	Expanding Rice Production Project		
FAO	Food Agricultural Organization		
GCC	General Condition of Contract		
GDP	Gross Domestic Product		
GPSA	Government Procurement Service Agency		
INTOSAI	International Organization for Supreme Audit		
	Institution		
ISSAIs	International Standards for Supreme Audit		
	Institutions		
LGAs	Local Government Authorities		
M&E	Monitoring and Evaluation		
MDAs	Ministry Departments and Agencies		
MoA	Ministry of Agriculture		
MoFP	Ministry of Finance and Planning		
NCB	National Competition Board		
NFRA	National Food Reserve Agency		
NGOs	Non-Governmental Organizations		
NPHMS	National Postharvest Management Strategy		
PH	Post-Harvest		
PIM	Project Implementation Manual		
PIM-OM	Project Investment Manual-Operation and		
	Maintenance		
PM	Project Manager		
PO-RALG	President's Office - Regional Administration and		
	Local Government		
PPA	Public Procurement Act		
RS	Regional Secretariat		

SAGCOT	Southern Agricultural Growth Corridor in Tanzania (SAGCOT)
SAI	Supreme Audit Institution
TANIPAC	Tanzania Initiative for Preventing Aflatoxin
	Contamination
ТВА	Tanzania Building Agency
USD	United State Dollar
WBS	Work Breakdown Structure

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#### EXECUTIVE SUMMARY

Agriculture is the main stay of the Tanzanian economy as it is contributing about 24.1 percent of the country's GDP, 30 percent of export earnings and employs about 77.5 percent of the total labor force. There has been an overall increase of agricultural GDP growth rates for an average of about 4.4 per cent for the period between 2018 and 2019<sup>1</sup>. This average growth rate is insufficient to lead to significant wealth to the society and alleviation of poverty. Given the observed very low level of agricultural growth rate of about 6 to 8 percent to attain poverty alleviation within the Country (National Agriculture Policy 2013).

In order for the sector to realize the expected agricultural growth level of not less than 8 percent for more than ten years consecutively, it is important to ensure that there are formal commodity marketing systems<sup>2</sup> in place. These systems should be capable of guaranteeing social and economic benefits to the producers, traders and consumers.

On the other hand, Food Self Sufficiency Ratio (SSR) has ranged between 102 percent and 113 percent with an average of 109 percent.<sup>3</sup> This ratio is lower than the recommended SSR ration of 120 percent or above. There are high rates of pre- and post-harvest losses caused by pests, diseases and climatic conditions. Pre harvest losses account for about 20% of all crop losses in the country while the postharvest losses range from 30% to 40%. These losses are a threat to food security, incomes and livelihoods of many households in sub-Saharan Africa (SSA). The lack of suitable storage structures for grain storage and absence of storage management technologies

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<sup>&</sup>lt;sup>2</sup>A commodity marketing system encompasses all the participants in the production, processing and marketing of an undifferentiated or unbranded farm product (such as cereals), including farm input suppliers, farmers, storage operators, processors, wholesalers and retailers involved in the flow of the commodity from initial inputs to the final consumer.

<sup>&</sup>lt;sup>3</sup> National Food Reserve Agency (NFRA) Storage Capacity Expansion Project Appraisal Report - Final Report, December 2015

often force farmers and the countries to sell their produce immediately after harvest.

Based on the above indications of unsatisfactory performance, the Controller and Auditor General decided to conduct a performance audit on the Construction of Warehouses and Storage Silo Complexes. The main objective being to determine whether the Ministry of Agriculture through Project Implementation Team and National Food Reserve Agency (NFRA) effectively supervise the construction of warehouses and silo complex executed under Expanding Rice Production Project (ERPP) and Storage Capacity Projects for the purpose of expanding grain storage.

## Major Findings

# Planning for Construction of Warehouses and Storage Silo Complex Projects were not Adequately Conducted

Prepared planning documents for ERPP had weaknesses which hindered implementation of the project activities. Among the noted weaknesses were:

# • Mismatch of Some Items in the Feasibility Study Reports and Project Appraisal Document

The budget proposed in the Feasibility Study Report for the construction of Silo Complex and warehouses under Storage Expansion Capacity Project was USD 128 million, while the Project Appraisal Document proposed the budget of USD 55 million. It was further noted that, the scope of works in the proposed budget of USD 55 million was wide in terms of the number of structures compared to the scope of works of USD 128 million. Furthermore, the feasibility study proposed a total construction storage capacity of 160,000 Metric Tons while the appraisal document proposed construction of storage capacity of 190,000 Metric Tons thus marking an increased difference of 30,000 Metric tons.

# • Huge Budget Deviation between the Program Appraisal Document and the Actual Budget

There were budget deviations of more than 63 percent in four warehouses of Mbogo Komtonga, Kigugu, Njage and Mvumi. Inadequate budget allocation was caused by inadequate needs assessment and poor formulation of the Project Appraisal Document. This resulted into the review of the project objectives as well as reallocation of funds set for other project components so as to suit the reality of the situation, and eventually make the project implementable.

# • The Project Manual was not aligned with the Project Appraisal Document

The Project Implementation Team under the Ministry of Agriculture prepared the Project Implementation Manual which was not aligned to the Project Appraisal Document and Grant Agreement. When the Project Implementation Manual was prepared, it assigned the responsibilities to undertake the procurement activities to LGAs since the Ministry of Agriculture wanted to increase project ownership to the LGAs. But LGAs failed to comply with the Word Bank requirements while implementing this role. This was contrary to the Project Appraisal Document and the Grant Agreement which required the Ministry of Agriculture through the Project Implementation Team to manage all the procurement aspects. As a result, the commencement of the construction activities was delayed for an average of 566 days.

# • Projects were Implemented without Thorough Feasibility Studies

Four (4) out of five (5) reviewed Feasibility Reports of the warehouse projects executed under ERPP had problems with their feasibility studies. Aspects which showed Feasibility Studies were not adequately conducted include: Construction of warehouses in high water table and swampy areas and the construction of warehouse along water streams. It was also noted that these challenges were noted while the construction had begun.

# • Inadequate Design of the Warehouses

For the construction of warehouses, it was noted that, M&M architect was assigned to prepare designs for five warehouses of Njage, Mbogo-Komtonga, Mvumi, Msolwa-Ujamaa and Kigugu. However, several discrepancies were noted during warehouse construction which led to several design modifications. If proper designs were carried out before, these discrepancies could have been avoided. It was noted that both architectural and structural drawings did not include Gusset plates to tie trusses, columns and beams to support the protruding canopy. Also, there was a change of Soak away pit to Bio digester Pit.

## Delay in Payments to Contractors

Despite the fact that, the Contractors were supposed to be paid immediately after the approval of payment certificates, the Ministry of Agriculture and NFRA failed to enhance timely payments to Contractors. It was noted that about 13 out of 19 IPC (68 percent) in the Warehouses Construction Project under ERPP were not paid on time. Further to that, three quarters (75 percent) of all IPCs raised by Package A Contractor were delayed for at least one month. Likewise, Package B experienced a maximum delay of half a year.

However, about 6 out of 19 IPC (32%) in the Warehouses Construction Project under ERPP were paid on time. On the other hand, it was noted that 13 out of 19 IPCs (68 percent) had delays ranging from 1 to 67 days. Consequently, delay in payments adversely affected services to the project beneficiaries since there was no any construction site which was completed at the moment.

## Inadequate Adherence to Procurement Procedures

Inadequate procurement procedures were observed in various aspects during project implementation. This audit identified issues of inadequate budgeting to pay the Project Manager, award of consultancy contracts to non-recommended Project Managers and recommend award of multiple contracts to one contractor without conducting thorough due diligence. For example, NFRA did not budget for the assessment at the time of engagement commencement. Tanzania Building Agency (TBA) was engaged to provide consultancy services for the construction of storage metal silo complex at a contract sum of TZS 4.2 billion. This resulted into implementing the project without being supervised by a Project Manager for the first four (4) months.

On the other hand, the evaluation team awarded two contracts to M/s. Humphrey Construction Ltd, despite having submitted the same equipment and staff for the two contracts. Because of this the World Bank objected the process and called for the Ministry of Agriculture to order the evaluation committee to ensure only one contract is awarded to M/s. Humphrey Construction Ltd. This process took 21 days to complete and hence contributed to delay in starting the work.

In addition to that, this audit noted that all the five (5) warehouse projects and all the five (5) reviewed storage silo complex projects were constructed with expired performance Bank Guarantee. It was noted that, Performance Bank Guarantee for Package A contractor expired on 31<sup>st</sup> December 2018. To the time of this report, the project has operated for more than 14 months without being secured. Since the project were not secured there is a risk of NFRA suffering losses in case the contractor defaults

Construction Activities for Warehouses and Silo Complex Projects were not Adequately Supervised

# • Project Managers were Not Fully Available at Sites During Construction Activities

We noted that, Project Managers visited the construction sites only during monthly site meetings. This was evidenced through review of Monthly Progress Reports and interviews with site engineers and the clerk of works from the Ministry of Agriculture at the visited sites of Kigugu, Mbogo-Komtonga and Njage. Further, inspection of works implemented based on the issued instructions were often carried out on a monthly basis. The absence of Consultants on a full time basis was contrary to the entered contracts between the Ministry of Agriculture and the consultants.

On the other hand, TBA did not deploy Resident engineers to supervise construction works for more than four months. This jeopardized the quality of the ongoing works.

# • Inadequate Time Control for the Constructed Warehouses and Storage Silo Complex

It was noted that, all the five (5) constructed projects under ERPP were delayed in completion. Up to the time of this report none of the Warehouse Project was completed.

It was indicated that the average delay was 147 days where as all the projects were more than 4 months overdue. It was further noted that four (4) out of five (5) warehouses were delayed for more than 130 days.

It was further noted that two (2) out of five (5) warehouses were delayed for more than five months. Njage warehouse construction project had the longest delay as it was delayed for 167 days, while Msolwa-Ujamaa project had the shortest delay of 131 days.

On the other hand, all the five (5) reviewed projects for the storage expansion capacity had an extension of time ranging from 92 to 547 days.

# **General Conclusion**

It is concluded that, the Ministry of Agriculture and NFRA do not effectively manage the Supervision of the Construction of Warehouses and Storage Silo Complex to ensure availability of proper grain storage facilities to farmers and other intended users. Planning activities for construction works were inefficiently conducted as there were weaknesses in the prepared Project Appraisal Document, designs and the feasibility study. This caused a prolonged time to start construction activities which also resulted into significant delays in completion of the warehouses and storage silo complex. Significant delays were noted in paying Interim Certificates for Contractors for both projects which also contributed to delays in projects completion. Procurement guidelines were not observed, specifically on the Expansion Rice Production Project. Further, Supervision activities are not given due consideration since Project Managers are not always available at sites during construction activities.

## Recommendations

The Ministry of Agriculture should:

- 1. Ensure that the prepared Project Appraisal Documents are comprehensive and, updated prior to the implementation phase.
- 2. Ensure that the consultants doing designs are closely monitored to ensure adequate surveys and investigations for each site are thoroughly conducted to avoid ending up with drawings that do not reflect actual site conditions.
- 3. Liaise with the Ministry of Finance and Planning as well as the donor partners to ensure funds are timely available to facilitate smooth implementation of the projects.

## NFRA should:

- 1. Ensure that a thorough feasibility study is conducted for each project, and project designs are based on results of the feasibility studies.
- 2. Ensure that the procurement of Project Managers and Contractors is well planned and budgeted including commitment of funds before engaging in any of procurement activities to avoid unnecessary payment delays.
- 3. Ensure that project managers are fully engaged or employed before the works commence in order to ensure quality of works performed.

## CHAPTER ONE

## INTRODUCTION

#### 1.1 Background

Agriculture is the mainstay of the Tanzanian economy contributing about 24.1 percent of the Country's GDP, 30 per cent of export earnings and employs about 77.5 percent of the total labor force. There has been an overall increase of agricultural GDP growth rates for an average of about 3.92 per cent for the period between 2001 and 2011<sup>4</sup>. Over the past decade, the agricultural sector grew at an average rate of 4.4 per cent. However, this average growth rate is insufficient to lead to significant wealth to the society and alleviation of poverty. Given the observed very low level of agricultural development in the country, it will require an annual agricultural growth rate of about 6 to 8 percent to attain poverty alleviation in the Country (National Agriculture Policy, 2013).

In order for the sector to realize the expected agricultural growth level of not less than 8 percent for more than ten years consecutively, it is important to ensure that there are formal commodity marketing systems<sup>5</sup> in place. These systems should be capable of guaranteeing social and economic benefits to the producers, traders and consumers. The current commodity marketing system in Tanzania is yet to attain such desired qualities. The marketing systems are still fragmented, uncoordinated and unpredictable<sup>6</sup>.

On the other hand, huge postharvest (PH) losses are a threat to food security, incomes and livelihoods of many households in sub-Saharan Africa (SSA). Past interventions to reduce huge postharvest losses targeted improvement of handling and storage practices particularly

<sup>&</sup>lt;sup>4</sup> United Republic of Tanzania, National Agricultural Policy, 2013

<sup>&</sup>lt;sup>5</sup> A commodity marketing system encompasses all the participants in the production, processing and marketing of an undifferentiated or unbranded farm product (such as cereals), including farm input suppliers, farmers, storage operators, processors, wholesalers and retailers involved in the flow of the commodity from initial inputs to the final consumer.

<sup>&</sup>lt;sup>6</sup> Tanzania Warehouse Licensing Board: The Warehouse Receipts System Operational Manual Made Under Section 6 Of Warehouse Receipts Act No. 10 Of 2005

for root crops and cereals. However, these efforts were channeled to few individual smallholder farmers<sup>7</sup>.

Since the food crisis that began in 2006, the global food situation has become a critical issue and it calls for the global consensus to food occur between harvesting mitigate losses that and consumption. Given changes in demographics and consumer needs that have taken place in the recent past, governments, development agencies, donors and research institutions must adopt new postharvest loss mitigation strategies relevant to specific conditions.<sup>8</sup>

Report on Fighting for Food Losses in Tanzania indicated that, adoption of postharvest interventions has often been poor because of such factors as costs of innovations, socio-cultural sensitivities and inadequate knowhow.

The interventions taken by the Government was to establish Warehouse Receipts System in Tanzania, which aimed at fostering the efforts of the government to formalize the existing marketing system and minimizing various constraints including post -harvest losses which hampered the effective production and marketing of the agricultural produce.

Likewise, to counteract the aforesaid challenges, the Ministry of Agriculture has initiated projects on storage capacity expansion and expanding rice production. These projects aimed at constructing warehouses and storage metal silo complex for the purposes of improving food security, marketing and reduction of post-harvest loses.

## 1.2 Motivation of the Audit

The conduct of this audit was influenced by various factors as explained below.

<sup>&</sup>lt;sup>7</sup> National Food Reserve Agency (NFRA) Storage Capacity Expansion Project Appraisal Report - Final Report, December 2015

<sup>&</sup>lt;sup>8</sup> Ibid

# i. Food Self Sufficiency Ratio is lower than Recommended

The Annual food production and supply assessments carried out by the Government in 2012/2013 indicated that the Food Self Sufficiency Ratio (SSR) from 2008/09 to 2012/13 has been ranging from 102 percent to 113 percent with an average ratio of 109 percent<sup>9</sup>. This ratio is lower than the recommended SSR ratio of 120 percent or above. This is not a comfortable surplus since the country's food situation can be adversely affected in the event of outflows of food to neighboring countries, posing a risk of the availability of enough food and food security. The main factor for this is reported to be inadequate storage infrastructure for produced grains.

# ii. Post-Harvest Losses caused by inadequate Storage Infrastructures

Another major factor is the high rate of pre and post-harvest losses due to pests, diseases and climatic conditions. Pre harvest losses account for about 20 percent of all crop losses in the country while the postharvest losses range from 30 percent to 40 percent. Huge postharvest losses are a threat to food security, income and livelihoods of many households in sub-Saharan Africa (SSA). The annual value of postharvest losses for grains alone was reported to exceed USD 4 billion<sup>10</sup>.

In Tanzania, domestic food production is sufficient to meet national food needs. However, many households are experiencing prolonged periods of food shortage due to post harvest losses. While preharvest loss accounts for 20 percent of all crop losses in the country, postharvest loss was reported to be higher and differed variably depending on the nature of the crop. For instance, postharvest loss for cereal grains and legumes ranges from 30

<sup>&</sup>lt;sup>9</sup> National Food Reserve Agency (NFRA) Storage Capacity Expansion Project Appraisal Report - Final Report, December 2015

<sup>&</sup>lt;sup>10</sup> http://www.fao.org/news/story/en/item/79444/icode/

percent to 40 percent; for roots and tubers the range is up to 45 percent; and for fresh fruits and vegetables the range is from 40 percent to 80 percent. The losses are mainly attributed to inadequate storage infrastructure. As a result, over USD 200 million is spent annually to import food.

# *iii.Selling of Agriculture Produce immediately after harvesting at lower Prices*

Traditional storage practices in developing countries including Tanzania cannot guarantee protection against major pests of staple food crops like maize. The lack of suitable storage structures for grain storage and absence of storage management technologies often force farmers and most of developing countries to sell their produce immediately after harvest. This seems to be the solution employed by most smallholder farmers to minimize postharvest losses. In this situation, market forces are never in their side due to the fact that when everyone is selling the same product at the same time, prices are usually at their lowest. Later on, farmers are forced to buy grains from retail markets at considerably higher prices to sustain their families. This tendency creates a circle of poverty among smallholder farmers.

#### iv. Priority area of Sustainable Development Goal (SDGs)

The audit is important as it is responding to four (4) out of seventeen (17) United Nation's 2030 Agenda for Sustainable Development (SDGs) as described hereunder:

#### a) Zero hunger

This is goal number 2 which is focusing on ending hunger, achieving food security and improving nutrition as well as promoting sustainable agriculture. Constructed warehouses and silo complex will have direct positive impact in assuring storage of the produced agriculture crops; hence food security will be achieved.

# b) Good health and well-being

With good storage of agriculture products in constructed warehouses and silo complex, farmers will be assured with availability of varieties of foods in the community. This will assist in the fight against malnutrition and diseases among the children and the elderly. The end results of this will be improving the health and well-being of Tanzanians, which is goal number 3.

# c) Infrastructure and sustainable industrialization

This audit is envisaged on building infrastructure for grain storage for the purpose of increasing food security and market accessibilities that directly responds to the SDGs goal number 9. Through this goal, manufacturing value will be added and proportion of small-scale industries in total industry value will be added.

# d) No Poverty

Expanding storage capacity on harvested agricultural produce will increase opportunities to business of the harvested agricultural products due to the assured storage facilities, hence poverty will be reduced.

Based on the above observed inefficiencies, the CAG decided to conduct Performance Audit on the Supervision of Construction of Warehouses and Silo complex Projects. Specifically, the CAG wanted to assess the planning, procurement process, flow of fund and supervision activities.

# 1.3 Design of the Audit

# 1.3.1 Audit Objectives

The main objective of the audit was to determine whether the Ministry of Agriculture (MoA) through the Project Implementation Team and National Food Reserve Agency (NFRA) effectively supervise the construction of warehouses and silo complex executed under Expanding Rice Production Project (ERPP) and Storage Capacity Projects for the purpose of expanding grain storage.

# 1.3.2 Specific Objectives

Specific objectives of this audit were:

- i. To assess the extent to which the Ministry of Agriculture and NFRA supervise the planning of the construction of warehouses and silo complex for the ERPP and Storage Capacity Expansion projects;
- ii. To assess whether the Ministry of Agriculture and NFRA effectively supervise the procurement processes of constructed warehouses and silo complex to ensure that procurement procedures were adhered to;
- iii. To assess whether the Ministry of Agriculture and the Ministry of Finance effectively supervise the flow of fund to implementers to facilitate smooth construction of warehouses and silo complex; and
- iv. To assess the extent to which the Ministry of Agriculture and NFRA supervised the construction of warehouses and storage silo complex in order to ensure the required specifications, cost, and completion time are met.

In order to address the above audit objectives, specific audit questions and sub - questions were developed as provided in **Appendix 2.** 

# 1.3.3 Audit Scope

The audit assessed the supervision activities on the construction of warehouses and silo complex implemented under ERRP and Storage Expansion Capacity Projects implemented by NFRA. Specifically, the audit assessed aspects of planning activities such as budgeting, feasibility studies and designing; and aspect of procurement and contract administration so as to ensure the project is completed within the required time, quality and without cost overrun. Likewise, the audit assessed the aspect of fund flow to ensure smooth implementation of construction activities. Lastly, the audit assessed supervision during construction phase to ensure that the required specifications, cost and time were met. The Ministry of Agriculture through Project Implementation Team and National Food Reserve Agency (NFRA) were the main audited entities. The Ministry of Agriculture is the prime overseer of all agricultural projects implemented in the country. Also, MoA through projects team is responsible for the implementation of the projects in the agricultural sector such as ERPP. Likewise, NFRA which is under MoA is responsible for guaranteeing national food security through procuring, reserving and recycling grain stocks in a cost effective manners. Furthermore, NFRA is the key implementer of the Storage Expansion Project which aims at increasing storage capacities to ensure national food security.

This audit involved different stakeholders who are playing different roles when implementing these two projects. Key stakeholders involved were the Ministry of Finance and Planning (MoFP); and President's Office Regional Administration and Local Government (PO-RALG). The Ministry of Finance and Planning was visited because it is a recipient of all projects' funds and plays a role of channeling projects' funds to the identified implementers.

Further, PO-RALG was visited because the projects were implemented by LGAs. PO-RALG through the Department of Sector Coordination is an overall coordinator of the day to day government activities implemented at the local government level. At the local government level, the project focal persons and engineers closely work with project teams from MoA and NFRA.

Furthermore, the audit visited five (5) regions and one LGA in each, by considering regions with construction of warehouses and silo complex; type of contractors for these projects; number of projects per region as well as geographical representation.

The coverage of the audit encompassed a period of four financial years from 2015/16 to 2018/19. The selected period allowed auditors to conduct an in-depth review and analysis for the purpose of establishing trend of the performance on the supervision of the

executed agricultural projects. Also it allowed auditors to develop reliable conclusions relating to the findings.

# 1.4 Sampling, Methods for Data Collection and Analysis

To achieve the objectives of the audit, the evidence and data were gathered from various entities in different regions through different methods, namely: documentary review, interviews and physical observations. Below are the detailed explanations of sampling techniques used, data collection methods and for data analysis.

# i. Sampling of Zones, Regions, LGAs, and Projects

The audit collected data from MoA and NFRA as they respectively implement ERPP and Storage Expansion Capacity Projects. Storage Expansion Capacity Project is implemented in six (6) administrative zones, namely:

- Arusha Zone (Arusha, Kilimanjaro and Manyara);
- Dodoma Zone (*Dodoma and Singida*);
- Shinyanga Zone (*Shinyanga*, *Tabora*, *Mwanza*, *Mara*, *Kagera*, *Geita*, *Simiyu and Kigoma*);
- Songea Zone (*Ruvuma*); and
- Makambako Zone (*Iringa*, *Mbeya*, *Songwe and Njombe*); and Sumbawanga Zone (*Rukwa and Katavi*)<sup>11</sup>. For more details of zones and districts see Appendix 3.

Therefore, non-probability sampling technique was used to identify areas (zones, regions, LGAs) to be visited and projects to be assessed under Storage Expansion Capacity Project. Purposively five (5) regions were selected by considering two factors, namely: type of contractors implementing the projects and number of projects (coverage) implemented by each contractor. Based on the above criteria, Manyara, Dodoma, Shinyanga, Njombe and Rukwa were visited.

<sup>&</sup>lt;sup>11</sup> In each administrative zone, project is only implemented in one region which is bolded; and each project implement one warehouse and one silo

Within the five selected regions, purposive sampling technique was used based on the same mentioned criteria to get the proportional weight (size) of projects to be assessed. Thus, five (5) projects were visited during the execution phase of this audit where by 3 out of the 5 projects, namely: Dodoma CC, Shinyanga MC and Makambako, were implemented by a contractor named Feerum; while 2 out of the 3 projects, namely: Babati and Sumbawanga MC were implemented by contractor named Unia Araj.

In total, the audit team assessed construction of five (5) warehouses and five (5) silo complex. This is because under each project the contract was to construct one warehouse and one silo complex.

On the other hand, the projects for Expanding Rice Production (ERPP) were implemented only in Morogoro region whereby three (3) LGAs were involved, namely: Kilombero, Mvomero and Kilosa. Kilombero and Mvomero were implementing two (2) projects each while Kilosa was implementing one project. Kilosa District Council was not included in the sample because it was covered during the pre-study phase and the results could be used to inform the main study.

To determine the projects to be visited in LGAs, the project budget was used as criteria for the selection, whereby projects with high budget were sampled from Kilombero and Mvomero. The audit team sampled one project with high budget from each of the two districts councils (Kilombero and Mvomero) as further presented in **Table 1.1**. Thus regarding to the ERPP, the project implemented in Morogoro region, the audit team visited Njage project (Kilombero District Council) and Kigugu project (Mvomero District Council).

Table 1.1: Project Implemented in Morogoro Region with the amount of Disbursed Funds

District Covered by Warehouse Project	Warehouse Project	Contract Sum (In TZS)
Kilombero	Msolwa-Ujamaa	967,248,624.00
	Njage	1,045,618,090.80
Mvomero	Kigugu	816,371,672.00
	Mbogo Komtonga	790,874,770.15
Kilosa	Mvumi	971,311,118.88

#### ii. Methods for data collection

Three different methods were used to collect data, namely: interviews, documentary review and physical observations.

## a) Document Review

The audit team reviewed various documents as shown in **Appendix 4**.

The review of documents was done in order to clarify and triangulate the information collected from the interviews and observations to assist the audit team to get comprehensive and reliable information on how the constructed warehouses and silo complex were supervised. Further, the review was done in order to identify the risks/impacts and the possible causes, and thereafter gather the evidence to establish clear findings and recommendations.

# b) Interviews

The interviews assisted in obtaining more information and clarifications on the current and previous practice of MoA in supervising the construction of warehouses and silo complex.

The audit team conducted interviews with officials from MoA, NFRA, MoFP, PO-RALG and LGAs. The interviewed officials were those who were at both the management and operational levels so as to acquire relevant information on how the projects were supervised.

**Appendix 5** provides the list of the interviewed officials and reasons for them being interviewed.

## c) Physical observation

The audit team visited six (6) LGAs to observe the construction of warehouses and silo complex. During the observation process, the auditors conducted interviews with contractors, consultants, district engineers, project focal persons and Project Managers on how they performed their roles with regard to constructed warehouses and silo complex. In addition, farmers were also interviewed to ascertain their views on the constructed warehouses and silos since these were the project beneficiaries.

Prior to the observations, the auditors communicated with contractors and consultants to get their activity plans for the aim of assessing the extent of coverage and gaps. In all the visited sites, the auditors took notes and pictures as evidence of what was observed.

# iii. Data Analysis

The audit team analyzed the data gathered by using both quantitative and qualitative methods and compiled them in order to support the findings. Various techniques were applied in presenting the audit findings which include tables, figures and graphs.

# 1.5 Audit Criteria

The audit criteria were drawn from different sources such as: Legislations (Acts and Regulations), Guidelines and Operational Manuals, Project Appraisal Documents and financing agreements. Detailed information for each criterion used is explained below:

# *i.* Supervision during Planning of Constructed Warehouses and Silo Complex

MoA is supposed to adequately supervise the planning process to ensure that the set targets are realistic and feasibility study is adequately conducted to meet the financial, economic and social criteria set for the constructed warehouses and silo complex.

Further, according to Section 3.2 (49) of the Project Implementation Manual (PIM) for Expansion of Rice Productivity Project (ERPP) MoA through the Project Implementation Team, is supposed to study and design the warehouses to be constructed.

# ii. Supervision of the Procurement Processes

According to Section 49(1) of the Public Procurement Act (2011), MoA as a procuring entity is supposed to supervise the Project Implementation Team (PIM) to ensure that PIM prepares the Annual Procurement Plan (APP) in a rational manner. Also, PIM is required to plan and ensure that funds are allocated or committed before commencing the procurement proceedings (Section 75(1) of the Public Procurement Regulation (2013).

For competitive tendering, MoA is supposed to advertise either nationally, internationally or both to invite tenderers to submit priced tenders for goods, services, works or purchase of public asset (Public Procurement Regulation (150 and 151).

MoA, being a procuring entity is supposed to supervise the evaluation process so as to make it consistent with terms and conditions prescribed in the tender document and should be carried out using the criteria explicitly stated in the tender document (Public Procurement Regulation (2013).

The project manager (who is representing MoA) is supposed to charge the liquidated damages to the contractor, supplier or service provider for undelivered goods or delayed services or work in accordance with the procedures stipulated in the regulations (Section 77 (4) of Public Procurement Act, 2011).

# iii. Supervision of the Funds Flow

The Ministry of Finance and Planning (MoFP) is supposed to mobilize funds from different sources in domestic and external supports such as loans, grants, donation, gifts and finances for the projects implementation through budgetary appropriation. MoFP is supposed to ensure that such funds are channeled to the project through MDAs, RSs and LGAs<sup>12</sup>.

Moreover, MoFP is supposed to coordinate the overall budget process of the NFRA Storage Expansion Project through the MoA. It is also responsible for managing fiscal and monetary aspects that are implied by the project such as granting tax exemption since the government-to-government agreement makes it clear that the goods and services to be financed by the loan are supposed to receive tax exemption<sup>13</sup>.

# iv. Supervision during the construction phase for the warehouses and silo Complex

According to Section 2.1 (21) of the ERPP Project Implementation Manual, MoA through its Project Steering Committee (PSC) and project implementation team is supposed to provide the overall technical guidance for project implementation and closely monitoring project progress. The monitoring was supposed to involve assessing aspects such as procurement, financial management performance, achievement of project objectives and quality of the work.

Also, MoA through the project implementation team is supposed to supervise the progress made and timely completion of works in accordance with the terms of each contract and take or initiate steps to correct or discipline deviations from the observance of contract condition (Government Notice No. 446 (310)(1-4)).

# 1.6 Data Validation Process

Both MoA and NFRA were given the opportunity to go through the draft report and comment on the information and figures presented.

<sup>&</sup>lt;sup>12</sup> Section 5.2 (5.2.4) Public Investment Manual-Operation and Maintenance

<sup>&</sup>lt;sup>13</sup> Project Appraisal Document for Storage Capacity Expansion

Both confirmed the accuracy of the information presented in this report. The comments and responses of MoA and NFRA are presented as **Appendix 1**.

# 1.7 Standards Used for the Audit

The audit was conducted in accordance with the International Organization of Supreme Audit Institution's (INTOSAI) performance auditing standards. The standards require the audit team to plan and perform the audit so as to obtain sufficient and appropriate evidence as well as to provide a reasonable basis for the findings and conclusions based on audit objective(s). The audit team believes that the evidence obtained provide a reasonable basis for the findings and conclusions based on the audit objectives.

## 1.8 Structure of the Report

The remaining part of the report is structured as follows:

- Chapter Two presents description of the system for Supervision of Construction of Warehouses and Silo Complex.
- Chapter Three presents findings of the audit;
- *Chapter four* provides overall conclusion and specific conclusions for the audit; and
- *Chapter five* outlines audit recommendations that can be implemented by Ministry of Agriculture and NFRA with a view to bring improvement.

# CHAPTER TWO

# SYSTEM FOR SUPERVISION OF CONSTRUCTION OF WAREHOUSES AND SILO COMPLEX

## 2.1 Introduction

This chapter describes the system for Supervising the Construction of Warehouses and Silo Complex. It covers the policy and legal framework, key stakeholders including their main responsibilities and relationship, and the processes for supervising warehouses and silo complex projects.

# 2.2 Policy and Legal Framework, Strategic Plans and Manuals

## 2.2.1 National Agriculture Policy, 2013

The National Agriculture Policy provides the general guidance for the implementation of agricultural development projects including the project for the constructions of warehouses and silo complex. The Policy was framed to facilitate transformation of the agricultural sector into modern, commercial and competitive sector in order to ensure food security and poverty alleviation through increased volumes of competitive crop products.

It also aims at developing an efficient, competitive and profitable agricultural industry that contributes to the improvement of the livelihood of Tanzanians and the attainment of broad based economic growth and poverty alleviation. It further aims at facilitating the identification of specific strategies targeted to stimulate agriculture. Based on these policy goals, any formulated agricultural development Project is expected to address these areas in their objectives.

# 2.2.2 Construction Industry Policy, 2003

Construction industry development is a deliberate and managed process to improve the capacity and effectiveness of the

construction industry to meet the national economic demand for buildings and other physical infrastructure. The policy envisaged to increase value for money to the clients as well as environmental responsibility in the delivery.

# 2.2.3 Governing Legislation National Food Security Act of 1997

The National Food Security Act Cap 8(1) (k-l) requires the Ministry of Agriculture (MoA) and National Food Reserve Agency (NFRA) to procure, store and release grain for security purposes and preparedness for any crisis in the country and distribution of the same.

# 2.2.4 Strategic Plans on Supervision of Construction of Warehouses and Silo Complex Projects

# National Post-Harvest Management Strategy-NPHMS (2019-2024)

The strategy is envisioned to reduce post-harvest losses and increasing storage capacity and efficiency through Collective Warehouse Based Marketing Schemes. It is aimed at addressing smallholders' lack of access to warehousing facilities and reduce their post-harvest losses. The warehouses created a more robust buying and selling platform to enhance supply and pricing for smallholders' crops as well as reducing postharvest losses<sup>14</sup>.

## Postharvest Management Strategy Implementation Plan

The Plan covers management of post-harvest losses and actors along the value chain from harvesting to consumption by establishing and strengthening of the existing produce handling systems such as transport and storage, pack houses, cold chain/rooms, warehouses and silos. Among the performance indicators set by the plan is to increase the number of storage facilities. The plan illustrates

<sup>&</sup>lt;sup>14</sup> Section 2.5.7 of the National Post-Harvest Management Strategy-NPHMS (2019-2024)
different mechanisms on postharvest storage and the importance of having modernized storage mechanisms. It further identified causes of food losses and waste in low-income countries being mainly connected to financial, coordination and technical limitations in storage and cooling facilities in difficult climatic conditions, infrastructure, and packaging.

#### Public Investment Management - Operational Manual

The Manual shows the institutional arrangements, that is, the roles and responsibilities of various actors in public investment process. It further provides guidance on the procedures and tools used in programming and evaluation of public investments i.e. the economic, financial and social analyses of public investment projects, project cycle, project selection criteria, financing, monitoring and evaluation (M&E) and the management of database for public investment projects.

## 2.3 Statutory Mandate and Roles of Key Players and Stakeholders

Supervision of Warehouses and Silo Complex Project involves various stakeholders including the Ministry of Agriculture (MoA); National Food Reserve Agency (NFRA); the Ministry of Finance and Planning (MoFP); and President's Office - Regional Administration and Local Government (PO-RALG). Other stakeholders include Regional Secretariats (RSs); Local Government Authorities (LGAs); farmers; Development Partners (DPs); and Non-Governmental Organizations (NGOs).

Each actor/stakeholder plays a significant role to ensure that the system is properly functioning. Below are the detailed responsibilities of each of the above mentioned stakeholders:

#### 2.3.1 Roles and Responsibilities of Key Players

#### i. Ministry of Agriculture (MoA)

The Ministry of Agriculture (MoA) is an overall supervisor of all projects executed by its agencies. Therefore, MoA through the Directorate of Policy and Planning is responsible for:

- i. Supervising NFRA which is the implementing agency of the Storage Capacity Expansion Project;
- ii. Appointing the project coordinators for the projects which are directly executed under the Ministry of Agriculture;
- iii. Appointing and supervising the project implementation team for the projects which are directly performed under its directorates. E.g. ERPP project is directly supervised by the Ministry of Agriculture;
- iv. Providing policy and sector guidance on projects;
- Preparing sector specific objectives and strategic plans of which all projects to be implemented should be aligned to; and
- vi. Collaborating with the Ministry of Finance and Planning to resolve different project matters arising in the course of the project implementation.

#### ii.National Food Reserve Agency (NFRA)

The National Food Reserve Agency (NFRA) is the champion of the Storage Capacity Expansion Project. The Agency has the following responsibilities:

- i. Ensure the availability of adequate and quality food in response to food shortage as it is mandated;
- ii. Food procurement and storage as well as provide all technical support for the project;

- iii. Execute the project and adhere to progress reporting requirements of the Ministry of Agriculture and the Ministry of Finance and Planning; and
- iv. Cooperating with the independent reviewers for the project evaluation.

#### iii.The Project Implementation Team

To ensure efficient supervision of the warehouses and silo complex project implemented through Expanding Rice Production Project (ERPP) and Storage Expansion Capacity Project. For this purpose, two implementation teams were formulated under MoA and NFRA respectively. The Project Implementation Teams set up for the Expansion Capacity and ERPP Projects are as illustrated in **Appendix 2 and 3**.

The teams under the leadership of project coordinator are supposed to perform the following responsibilities:

- i. Preparing project annual work-plans and budgets;
- ii. Managing the project account including all related financial transactions and disbursement of funds;
- iii. Overseeing all procurement and financial management activities and ensure that all the procurement and contracting arrangements are executed following the appropriate guide by ensuring technical quality of the project activities;
- iv. Reporting to project coordinator on project progress including finance, indicators (results framework) and safeguards e.tc.
- v. Safeguarding the project funds and assets.

### 2.3.2 Roles and Responsibilities of other Stakeholders

#### i. Ministry of Finance and Planning (MoFP)

The Ministry of Finance and Planning through its Planning Division is responsible for the following roles:

- Coordinating the overall budget for implementation of various projects; and
- Mobilizing, allocating and disbursing resources for financing projects (as the central ministry in charge of financing all projects).

#### ii. President's Office - Regional Administration and Local Government (PO-RALG)

PO-RALG is the overall coordinator of day to day government activities implemented at the local government level which include agriculture projects' activities.

For the ERPP project, PO-RALG guides the project implementation at the Local Government Authorities (LGAs) through the District Agricultural Offices responsible for:

- Supervising the implementation of project activities with all due diligence and efficiency, applying appropriate financial and technical management routines; and
- Tracking implementation and reporting progress to the Project Implementation Team

Meanwhile, for the Expansion Storage Capacity Project, the PO-RALG is responsible as the overall coordinator of day-to-day government activities and serving as the member of Joint Public Investment Management Committee. According to the Project Implementation Manual-Operation Manual may at its discretion call for update on the project<sup>15</sup>.

<sup>&</sup>lt;sup>15</sup> Storage Capacity Expansion Project Appraisal Report-Final Report, 2015

#### iii. Local Government Authorities (LGAs)

LGAs are a vital link in the implementation of development projects. The major functions of LGAs for the ERPP and Storage Expansion Projects are:

- To issue building permit when implementing projects;
- When required to report the projects progress to RS and PO-RALG; and
- For the ERPP, Site Engineer of the LGAs assists the Ministry's Engineers during work execution.

#### iv. Farmers

For the ERPP, farmers are the beneficiaries of the projects. They are required to own, maintain, protect and utilize the established projects as per stipulated requirements so as to realize value for money. Meanwhile, for the Storage Expansion Project, NFRA is the project beneficiary and has the sole mandate of ensuring that the project is constructed by adhering to value for money principle.

#### v. Development Partners (DPs)

Development partners are responsible for the following:

- Financing and providing technical assistance for the implementation of the proposed programs and projects; and
- Aligning their commitments to the national processes and priorities, including the project management processes.



Figure 2.1: System Description of Key Stakeholders for Supervision of Construction of Warehouses and Silo Complex Projects

#### 2.4 Process for Supervision of Construction of Warehouses and Silo Complex

#### 2.4.1 Planning

After the project has been approved by the Ministry of Finance and Planning, the Directorate of Policy and Planning includes the approved funds to the Ministry's budget. The accounting officer appoints the Project Implementation Team and Project Coordinator. Thereafter, Project Implementation Team through procured consultant starts to implement the preliminary activities such as feasibility studies and Work Breakdown Structure (WBS). Feasibility studies give an assurance to the financiers and project owner that the project is economically sustainable, environmentally friendly and socially acceptable within the framework of the government policies and laws in Tanzania.

The next task under the planning part is the detailed engineering design. This is done by the procured consultants after being given the terms of references. M+M consultant was engaged in ERPP project while Tanzania Building Agency (TBA) was engaged as a consultant for the Storage Expansion Capacity project. All procured consultants among other functions are responsible to prepare tender documents which are used during the procurement of contractor.

The procurement of contractors to execute construction of warehouses by NFRA followed both the World Bank guidelines and Public Procurement Act (PPA) and its Regulations. Meanwhile, for the Storage Expansion Project, the procurement of contractor followed Public Procurement Act (PPA).

#### 2.4.2 Execution of the Projects Activities

After the tendering process is over and the construction contract of warehouses and storage silo complex has been awarded to the qualified contractor the construction work begins. At this stage the parties involved are the client (NFRA and MoA), Project Manager (Consultant), and the Contractor.

The project owner (NFRA and MoA) hands-over the site to the accepted contractor and gives them some days as the mobilization period so as to allow them to start construction works and finish not later than the number of days specified in the contract. The Project Implementation team under the supervision of Project Coordinator performs the day to day activities on managing the project. The team is also required to report the progress made to the accounting officer who then reports to the implementing partners. Each project is implemented in accordance with the agreement entered.

#### 2.4.3 Supervision of the Project activities

Project Implementation Team is required to supervise the construction work and observe the guidance provided in Section 2.3.1(ii)

To make the supervisory work smooth, the client (MoA and NFRA) engaged the consultant to supervise the construction work. In addition, the consultant was also assisted by Clerk of Works (appointed engineers to work on behalf of client).

#### 2.4.4 Handing over and exiting the Project

Exit strategy entails the way the project will be maintained and assessing the capacity of the users of the project to maintain the project. This helps not only to keep the project in order, but also make its life span of giving service longer. To make this part function properly, training and capacity building on how to handle the project after it has been completed is important. Summary of project construction processes is shown in **Figure 2.2** below.

#### Planning: -Feasibility studies -Detailed design -Preparation of tender document -Procurement of contractractors and Consultanta

Projec execution (construction stage) -Site is handed over to the contractor -Consultants and Clerk of work

supervises the project(on client's behalfs) -Ensure timely completion, cost is controlled and quality is met

#### Project handling over

-Project users should be capacitated to use and maintain the project

-Project is handed over to users

Figure 2.2: Summary of the Project Construction Processes

#### 2.5 Resources for Supervision of Construction of Warehouses and Silo Complex

In managing the Supervision of Construction of Warehouses and Silo Complex, the responsible government entities allocated resources both human and financial as follows:

#### 2.5.1 Financial Arrangement

• Flow of Fund for the Construction of Warehouses and Storage silo Complex under Expansion Storage Capacity

On the other hand, the Expansion Storage Capacity Project received a loan of USD 55 million from the Government of Poland.When contractor finishes one of the activities from the work program, the Project Manager (TBA) inspects and valuates the work done. After satisfaction, TBA approves the Interim Payment Certificate (IPC). Then the IPC is sent to client for review and approval, thereafter NFRA sent the IPC to the Ministry of Finance and Planning (Bank Credit agent of Tanzania). The Ministry of Finance and Planning after being satisfied with the work done, the IPC is forwarded to the Ministry of Finance in Poland (Bank Credit Agent of Poland) through the Ministry of Foreign Affairs and East Africa Cooperation of Tanzania for the approval. Thereafter, via the same channel, the Ministry of Finance of Poland sent the IPC to the Ministry of Finance and Planning of Tanzania for final review, after MoFP has been satisfied, the IPC is sent back to the Polish's Ministry of Finance for payments to contractor as shown in **Figure 2.3**.



Figure 2.3: Mechanism of flow of funds for the Expansion of Storage Capacity Project

#### • Flow of Fund for the warehouses under ERPP

ERPP receives funds as Grant form GAFSIP, the fund is supervised by the World Bank. After the Contractor accomplishes any activity as per work program, the payment claim is raised to the Project Manager. Project Manager evaluates the work done and if satisfied, approves the payment and the raised certificate is sent to the Ministry of Agriculture as a client.

Thereafter, the approved certificates are sent to the World Bank (WB) for no objection vetting, and then the WB send them back to the Ministry of Agriculture who sends the claim to the Ministry of Finance and Planning. If the Ministry of Finance and Planning is satisfied, with the written approval it instructs the Bank of Tanzania (BoT) to release the requested amount. Then BoT transfers the requested funds to the commercial bank (CRDB) where it is processed by the Ministry of Agriculture for payment to contractors (See **Figure 2.4**).



## Figure 2.4: Mechanism of flow of funds for the Expansion of Storage Capacity Project

#### 2.5.2 Human Resource Arrangement

Human Resources for the Construction Supervision of Warehouses and Silo Complex Projects were from MoA and NFRA. Based on the nature of the project scope, there are established project implementation teams for each project as detailed in **Table 2.1**.

Entity	Staff to implement the Project	Available
	Project Coordinator	1
	Clerk of Work	8
	Procurement Specialist	1
	Accountant	1
	Project Coordinator	1
Ministry of Agriculture	Clerk of Work	5
Ministry of Agriculture	Procurement Specialist	1
	Accountant	1

#### Table 2.1 Human Resources at MoA and NFRA

Source: Data from NFRA and ERPP officials

#### CHAPTER THREE

#### AUDIT FINDINGS

#### 3.1 Introduction

This chapter presents audit findings regarding to the Supervision of Construction of Warehouses and Silo Complex Projects. The findings address four (4) specific audit objectives described in Section 1.2.2 of this report covering the following: planning; procurement processes; flow of funds to project implementers and supervision of construction activities.

The detailed findings for each specific objective are presented in the following sections:

## 3.2 Planning for Construction Projects was Not Adequately Conducted

The Ministry of Agriculture is supposed to supervise the planning process of the constructed warehouses and storage silo complex to ensure that project planning documents are well prepared to facilitate the implementation of the project. Also, MoA has a duty to ensure that feasibility study is adequately conducted to meet the financial, economic, and social criteria set as well as ensuring that the designs are prepared and reviewed before the construction work commences.<sup>16</sup>

Further, the audit noted that design and feasibility studies were not adequately conducted.

Review of documents at MoA and NFRA revealed weaknesses in the project documents such as mismatch between the items in the feasibility study and the prepared Project Operational Manual was also not aligned with the Program Appraisal Document. The identified weaknesses are further explained below:

<sup>&</sup>lt;sup>16</sup> Section 4.2.1 of the Project Investment Manual-Operation and Maintenance issued by Ministry of finance).

## 3.2.1 Mismatch of items in the Feasibility Study Reports and Project Appraisal Document

Review of Feasibility Study Report and Project Appraisal Document for Expansion Storage Capacity Project showed that there was a mismatch between the two documents in three proposed items, namely: budget, storage capacity and scope to be covered. Basically, the results of feasibility study are supposed to be inputs for developing the Project Appraisal Report. Thus the mismatch rendered the feasibility study useless. Major areas of mismatch are outlined below:

#### Mismatch between the Proposed Budgets

The budget proposed in the Feasibility Study Report for the construction of Silo Complex and warehouses was USD 128 million, while the Project Appraisal Document as the road map for the project implementation proposed the budget of USD 55 million. It was further noted that the scope of works in the proposed budget of USD 55 million was wide in terms of the number of structures compared to the scope of USD 128 million. The proposed structures for USD 55 included silo complex, warehouses, offices, canteen, laboratories, and the rehabilitation of existing structures.

The interviewed officials from NFRA pointed out that, the noted disparity was due to the fact that the feasibility study was conducted in 2013 before the assurance of funds while the Project Appraisal Document was prepared in 2015 after assurance of funds, hence there were reviews made in most of the information from the outdated feasibility study.

It was noted that there were no Terms of Reference and Memorandum of Understanding given to Muyang Group of Companies to guide the implementation of the feasibility study which could be the main factor for the noted disparity. Also there were no formal procurement done when the company was engaged to execute the feasibility study work. Furthermore, NFRA could not avail documents to verify the engagement with Muyang Group of Companies. This implies that, the feasibility study was not adequately done and NFRA did not consider the results as useful for the project appraisal. This resulted into having a Feasibility Study Report which was not conforming to the actual field situation.

#### Mismatch in the Storage Capacity of Constructed Warehouses

Review of the same documents showed mismatch in the proposed storage capacity of the warehouses as further detailed in **Table 3.1**.

#### Table 3.1: Identified Disparities on the Storage Capacity between Feasibility Study Report and Project Appraisal Document

Construction sites	Proposed Storage Capacity by Project Appraisal Document (Metric Tons)	Proposed Storage Capacity by Feasibility study document (Metric Tons)	
Dodoma	25,000	40,000	
Babati	20,000	14,000	
Shinyanga	20,000	10,000	
Makambako	20,000	30,000	
Sumbawanga	20,000	Not done	
Mbozi	20,000	20,000	
Ruvuma (Songea)	45,000	Not done	
Katavi (Mpanda)	20,000	16,000	
Total	190,000	160,000	

Source: Feasibility study Reports and Project Appraisal Document

**Table 3.1**, indicates that the feasibility study proposed a total storage capacity of 160,000 Metric Tons while the appraisal document proposed a construction of storage capacity of 190,000 Metric Tons resulting into a difference of 30,000 Metric tons.

#### 3.2.2 Huge Budget Deviation between the Program Appraisal Document and the Actual Budget

It was noted that the budget proposed to execute construction of five (5) warehouses did not conform to the actual budget required for the said activities.

An analysis to assess budget deviation for the individual warehouses project under ERPP showed that there were budget increases of more than 63 percent on the four (4) warehouses. Kigugu and Mbogo Komtonga had higher deviation of 72 percent and 71 percent respectively. Msolwa-Ujamaa deviated from the original budget by 14 percent. **Table 3.2** shows the detailed budget deviations for each warehouse.

Table 3.2	2: Deviatior	of Contract	Prices	from	the	Original	Budget
	for the C	onstructed W	'arehou	ses			

Project	Original	Revised	Deviated	Percentage
Name	Budget (TZS	Budget (TZS	Amount	Deviated
	Million)	Million)	(TZS Million)	
Mbogo-	230	790.9		
Komtonga			560.9	71
Msolwa-	828	967		
Ujamaa			139	14
Njage	391	1,046	655	63
Kigugu	230	816	586	72
Mvumi	322	917	595	65
Total	2,001	4,537	2,536	56

Source: Project Appraisal Document and Contracts

Based on **Table 3.2**, the revised budget was more than two times compared to the original budget.

Because of the budget increase, the Project Implementation Team had to seek the approval from the World Bank to review the project objectives and reallocate funds set for other project components so as to suit the reality and make the project implementable. This process took a long time to be finalized before the construction activities began. Inadequate budget setting was caused by inadequate needs assessment and poor formulation of the Project Appraisal Document.

#### 3.2.3 Project Implementation Manual was Not Aligned to the Project Appraisal Document

After the preparation of the Project Appraisal Document, the project implementation team being the responsible unit to manage implementation of the project was supposed to prepare a project implementation manual as a tool for guiding the project activities.

Review of Project Documents revealed that, the Project Implementation Team under ERPP project prepared the Project Implementation Manual that was not aligned to the Project Appraisal Document and Grant Agreement. Section 25 of the Project Implementation Manual assigned the responsibilities to LGAs to undertake the procurement activities because, MoA wanted to increase project ownership to the LGAs. This was contrary to Project Appraisal Documents and Grant Agreement which required MoA through the Project Implementation Team to manage all the procurement aspects.

As a result, LGAs, while implementing this role failed to comply with the Word Bank guidelines in evaluating and selecting responsive bidders. The selected contractors lacked technical staff and tools as they expected to hire tools but LGAs failed to provide written evidence with regard to where the contractor was expected to hire such tools. Further, the selected contractors did not have the required turnover of TZS 5.6 billion for five years consecutively and the annual cash flow of TZS 800 million.

Since, LGAs are independent, MoA could not ensure whether they complied with the World Bank Requirements. Because of this, the Word Bank did not issue a no objection to the Bid Evaluation Report and asked MoA to intervene and carry out its role.

It was further noted that, the identified weaknesses in the prepared project documents resulted into delays of an average of 566 days prior to the commencement of the construction activities for warehouses under ERPP. Because of this, MoA failed to implement all the planned activities as explained below:

#### Delays to Start Construction Activities for Warehouses

Review of contract documents and Annual Plans showed that, the project start time was expected to be in October, 2017. However, the actual construction started in April, 2019 as explained in Table 3.3.

Table	3.3:	Status	of	Delays	(Days)	from	Planning	to	the	Actual
		Constr	uct	ion of S	ilo Com	plex				

Project Name	Planned Construction date	Actual Start date for Constructio n	Delaye d time (Days)
Construction of Warehouse at Msolwa-Ujamaa	02-Oct-17	04-Apr-19	549
Construction of Warehouse at Njage	02-Oct-17	30-Apr-19	575
Construction of Warehouse at Kigugu	02-Oct-17	12-Apr-19	557
Construction of Warehouse at Mbogo Komtonga	02-Oct-17	29-Apr-19	574
Construction of Warehouse at Mvumi	02-Oct-17	29-Apr-19	574
Average delay	•		566

Source: Annual Plan 2017/2018 and Contracts 2019

Based on **Table 3.3**, the highest delay was noted at Njage warehouse which took about 19 months while the lowest was observed at Msolwa-Ujamaa warehouse which took about 18 months.

#### Failure to Implement all Planned Project Activities

The Program Appraisal Document indicated that upon timely completion of these five warehouses, the project intended to implement other four activities, namely:

- i. Link farmers to large agribusiness firms, traders and processors through different market arrangements;
- ii. Identify existing local and export markets opportunities and link them to local traders and processors;
- Promote value addition which will entail training of rice producers in postharvest handling, entrepreneurship skills, quality assurance, grading and packaging to meet domestic, regional and international requirements; and
- iv. Strengthening of rice marketing associations to access financial services.

It was noted that the planned activities were supposed to be carried out immediately after completion of warehouses construction in 2017. However, up to the time of this audit (March 2020), these activities were yet to be implemented due to the fact that none of the five warehouses was completed. All the five warehouses were given an extension time of three (3) months from the original completion date, which was November 2019. While the project life was expected to end on  $30^{th}$  April 2020, the physical progress in respect of four warehouses was less than 70 percent.

Consequently, the Ministry of Agriculture was not able to utilize all granted funds leading to a loss of about USD 6 million which is equivalent to TZS 13.8 billion.

In addition, NFRA was supposed to conduct two modes of trainings and occasionally out of country training/visits to acquaint staff with various technologies on storage management. Training and capacity building activities were supposed to be carried out from year one of construction<sup>17</sup>.

<sup>&</sup>lt;sup>17</sup> Section 4(4.2) of the Project Appraisal Document

However, up to the time of the audit, no training had been conducted although the construction was in progress. The budget for training was USD 0.225 million which is equivalent to TZS 517.5 million. Failure to conduct planned training timely was caused by inadequate planning of NFRA to adhere to the plans. This might result to unsustainability of the project as it will be operated by personnel who lack skills in operations and maintenance of silo complex.

#### 3.2.4 Inadequate Design of the Warehouses

Detailed designs are supposed to be carried out to ensure that the project is accurately costed, ready for tendering and implementation. The Ministry of Agriculture and NFRA were required to allocate sufficient resources to the designing stage to prevent significant and frequent design modifications<sup>18</sup>.

For the construction of warehouses, it was noted that, M&M architect was assigned to prepare designs for five warehouses of Njage, Mbogo-Komtonga, Mvumi, Msolwa-Ujamaa and Kigugu. However, several discrepancies were noted during warehouse construction which led to several design modifications which could be prevented if proper design were carried out.

Likewise, site visits at the warehouses construction sites of Mbogo-Komtonga, Kigugu, and Njage revealed the same situation. Both architectural and structural drawings did not include important parts as explained hereunder:

<sup>&</sup>lt;sup>18</sup> Section 4.4 of the Public Investment Manual

#### i) Gusset Plates to Tie Trusses

Review of structural drawings of warehouses showed that the roof trusses did not include gusset plates for strengthening trusses to safeguard the stability of the roof as shown in **Photo 3.1.** 



Photo 3.1: Structural drawing of trusses without gasket plate as it was taken at Njage's structural drawing on 18<sup>th</sup> January 2020)

The shortcoming was identified during roofing stage by the Permanent Secretary of the Ministry of Agriculture who saw the risk of roof failure. This necessitated the Project Manager to instruct all contractors during the progress meetings held in December 2019 to include gusset plates to all constructed warehouses. However, the instruction was issued late because in one of the visited construction site at Kigugu in Mvomero DC, the contractor had started to mount trusses on the structure without tightening them with gusset plates. Photo 3.2a and Photo 3.2b show the trusses with and without gusset plates respectively. The addition of gusset resulted to total cost of TZS 33.5 million.



Photo 3.2a, trusses were Photo 3.2b, trusses mounted mounted atop of the warehouse atop of the warehouse structure with gasket plate (circled red) structure (circled red) without at Niage warehouse project as being tied with gusset plate at observed by auditors on 17<sup>th</sup> Kigugu warehouse project as observed by Auditors on 17<sup>th</sup> January 2020 at 4:58 pm. January 2020 at 2:56 pm.

Roof trusses without gusset plates have a high risk of collapsing which may lead to injury, damage to stored crops and high cost of re-building.

## ii) Disparity between the Architectural and Structural Drawings

Review of structural drawings noted the absence of columns and beams to support the protruding canopy apart from being included in the architectural drawings. Because of this the contractor sought clarification from the Project Manager on the noted discrepancies. According to the interviews with the officials at Njage, incorporation of columns and beams did not result into a variation. Rather the columns and beams were taken on board using rates provided for other items. This disparity could have been detected if designs and drawings were reviewed prior to deploying the contractors.

#### iii) Change of Soak Away Pit to Bio Digester Pit

It was further noted that, the Project Manager issued an instruction to replace soak away pits with the bio digester pits. The instruction came after it was noted that the construction area was water logged which was not suitable for soak away pits. This was because soak away pits could be easily filled with water and spill off unlike bio digester system which does not spill water and it is more efficient as it uses bio organisms to digest the fecal content. Changing of this structure resulted into the approval of variation costing TZS 45,787,300.00 for all the five warehouses.

### 3.2.5 Projects were Implemented without Thorough Feasibility Studies

Section 4.2.1 of the Project Investment Manual-Operation and Maintenance issued by the Ministry of Finance and planning, required the Ministry of Agriculture to supervise the planning process to ensure feasibility study is adequately conducted. This was expected to assist in assuring if the project is technically feasible, economically justifiable and it was worth for investment or not.

Four (4) out of five (5) reviewed project files executed under ERPP had problems with their feasibility studies. Aspects that showed Feasibility Studies were not adequately conducted include: Construction of warehouses in high water table and swampy areas and the construction of warehouse along water ways. It was also noted that these challenges were noted after the construction had begun<sup>19</sup>.

This was further verified through physical observations and interviews with officials at Njage Warehouse Project who confirmed that Njage warehouse was constructed in swampy area. Reported that this caused difficulties during construction. As a result, the project delayed for almost six (6) weeks because water emerged

<sup>&</sup>lt;sup>19</sup> Internal Audit Reports

and filled the foundation. Review of correspondences with reference No VJMCL/NJAGE/2019/12 between the Contractor and the Ministry of Agriculture also revealed that the proposed warehouses, office block and toilets were located in a muddy swampy area which made the construction difficult.

The same scenario was noted at Mbogo-Komtonga warehouse in Mvomero which was built within a high water table area. The visit made to this warehouse revealed water emerging from the foundation of the warehouse's office block (See Photo 3.3).



**Photo 3.3:** Water emerged from the ground and logged at the foundation (see red arrow) at Mbogo-Komtonga warehouse in Mvomero DC. Photo was taken by auditors on 16<sup>th</sup> January 2020 at 1:03 pm.

Constructing warehouses along water stream and high water table might result into settlements and destruction of the structure in case of floods. Also high water table beneath the foundation might cause dampness of the foundation, and bringing moisture to the stored grains.

Review of drawings revealed that all five construction sites had the same set of drawings. This was an indication that the consultant did not conduct topographical survey in some or all construction sites during the feasibility studies. This contributed to an elevation of 300 mm plinth level to all five warehouses constructed under ERPP with the cost of more than 15 million for each warehouse which made a total variation of more than TZS 75 million.

#### 3.3 Delay in Payments to Contractors

Section 41 of the General Conditions of Contract and Section 41.1 of the Special Conditions of Contract required the Ministry of Agriculture to pay the Contractors the amounts certified by the Project Manager within 28 days of the date of each certificate.

#### 3.3.1 Delays in Payment of Interim Certificates

In the Expansion Storage Capacity Project, there was an average delay of 45 days in paying Interim Payment Certificates to Package A Contractor as shown in **Table 3.4**, and an average delay of 68 days for paying Interim payment certificate to the contractor in package B as shown in **Table 3.5**.

Table 3.4: Delays in Paying Interim Payment Certificates to Package A Contractor

Number of IPCs issued	*Dates Approved (A) <sup>20</sup>	Date Paid (B)	Delayed Days (B-A)-28 days
No.1 (advance payment)	23-01-18	26-02-18	6
No. 2	02-05-18	29-06-18	30
No. 3	03-05-18	29-06-18	29
No. 4	03-05-18	29-06-18	29
No. 5	09-10-18	28-11-18	22
No. 6	09-10-18	28-11-18	22
No. 7	10-10-18	28-11-18	21
No. 8	29-10-18	11-05-19	166
No. 9	12-12-18	28-02-19	50

<sup>&</sup>lt;sup>20</sup> **Note: \*** Date of approval from the Project Manager

Number of IPCs issued	*Dates Approved (A) <sup>20</sup>	Date Paid (B)	Delayed Days (B-A)-28 days
No. 10	13-12-18	28-02-19	49
No. 11	12-02-19	11-05-19	60
No. 12	12-02-19	25-04-19	44
No. 13	12-02-19	25-04-19	44
No. 14	01-04-19	29-05-19	30
No.15	01-04-19	29-05-19	30
No.16	24-06-19	05-11-19	106
No.17	14-08-19	20-11-19	70
No.18	12-09-19	20-11-19	41
No.19	01-11-19	19-12-19	20
	Average D	elays (Days)	45

Source: Interim Payment Certificates

Based on **Table 3.4** all IPCs were not timely paid and about three quarters (3/4) of the IPCs, were delayed for at least one month. IPC No 8 had the highest recorded delay of 5 1/2 months.

#### Table 3.5: Delays in Paying Interim Payment Certificates to Package B Contractor

Number of IPCs issued	*Dates Approved (A )	Date Paid (B)	Delayed Days (B-A)-28 days
No.1 (advance	23-01-18	01-06-	101
payment)		18	
No. 2	24-01-19	28-08-	188
		19	
No. 3	22-02-19	19-06-	89
		19	
No. 4	22-02-19	01-07-	101
		19	
No. 5	20-03-19	29-05-	42
		19	
No. 6	21-03-19	29-05-	41

Number of IPCs issued	*Dates Approved (A )	Date Paid (B)	Delayed Days (B-A)-28 days
		19	
No. 7	30-04-19	16-06-	19
		19	
No. 8	21-05-19	01-07-	13
		19	
No. 9	19-06-19	11-09-	56
		19	
No. 10	08-07-19	13-12-	130
		19	
No. 11	13-08-19	21-11-	72
		19	
No. 12	11-09-19	21-11-	43
		19	
No. 13	15-10-19	13-12-	31
		19	
No. 14	15-10-19	06-12-	24
		19	
Average Delays(D	ays)	•	68

**Note:** \* Date of approval from the Project Manager **Source:** Interim Payment Certificates

Based on **Table 3.5**, all IPCs were delayed ranging from 13 days to half a year. Only 3 IPC out of 14 (21 percent) were paid within 3 months upon the approval of IPC.

On the other hand, about 6 out of 19 IPC (32 percent) in the Warehouses Construction Project under ERPP were paid on time. About two thirds of the IPCs (13/16) had delays ranging from 1 to 67 days (See **Table 3.6**).

Project Name	Number of	Dates	Date Paid	Delayed Days (B-
	IPCs issued	IPCs issued		A)-28 days
	1 <sup>*21</sup>	06-05-19	06-06-19	3
Njage	2	16-08-19	17-10-19	34
	3	05-11-19	20-11-19	-13
	4	06-12-19	10-03-20	67
	5	06-12-19	10-03-20	67
Average Payments D	elays for Njag	e		32
	1*	07-10-19	05-11-19	1
Mbogo-Komtonga	2	05-11-19	21-11-19	-12
	3	20-12-19	10-03-20	53
Average Payments D	elays for Mbog	go-Komtonga	<u>.</u>	14
Kigugu	1	21-08-19	17-10-19	29
Ngugu	2	04-10-19	20-11-19	19
Average Payments D	elays for Kigu	gu		24
	1*	18-04-19	10-05-19	-6
	2	17-07-19	02-08-19	-12
Msolwa-Ujamaa	3	06-09-19	16-10-19	12
	4	05-11-19	20-11-19	-13
	5	20-12-19	10-03-20	53
Average Payments D	7			
Mvumi	1*	18-04-19	10-05-19	-6
	2	13-08-19	16-10-19	36
	3	13-11-19	12-12-19	1
	4	13-12-19	10-03-20	60
Average Payments D	elays for Mvur	ni		23

#### Table 3.6: Delays in Paying Interim Payment Certificate at Five ERPP Warehouses Projects

Source: Interim Payment Certificates

#### 3.3.2 Interest on Delayed Payments

In addition, Section 41 of the General Contract Conditions and Section 41.1 of the Special Contract Conditions required the

<sup>&</sup>lt;sup>21</sup> Advance Payment

contractor to be paid interest on the late payments in the subsequent payment. Based on the delays for Package A and Package B, NFRA was supposed to pay a total of USD 662,863.41, equivalent to TZS 1.52 billion to the contractors. Hence, this would be a loss to the government. **Table 3.7** and **3.8** provide analysis of interest that would be payable to Contractors in package A and B respectively. However, the money was not paid because the contractor did not show an intention to charge the interest.

IPC	IPC price (USD)	Chargeable days (Days exceeding 28 days)	Amount (USD) that would have been charged
	(A)	(B)	Interest=A*20%*B/365
No.1	3,042,135.90	101	168,359.30
No.2	341,557.60	188	35,185.11
No.3	217,821.11	89	10,622.51
No.4	323,310.00	101	17,892.77
No.5	200,339.48	42	4,610.55
No.6	323,310.00	41	7,263.40
No.7	503,922.75	19	5,246.32
No.8	1,131,585.00	13	8,060.61
No.9	833,223.37	56	25,567.40
No.10	306,290.48	130	21,817.95
No.11	201,692.55	72	7,957.19
No.12	202,736.34	43	4,776.80
No.13	230,625.67	31	3,917.48
No.14	568,811.62	24	7,480.26
Total			328,757.66

Table 3.7: Interest Amount that would have been Charged by Package B due to Payment Delays

Source: Interim Payment Certificates

Based on **Table 3.7**, a total of USD 328,757.66 was supposed to be charged to NFRA by Package B Contractor due to delay in payments. Chargeable interest ranged from USD 3,917.48 to 168,359.30.

IPC	IPC price (USD)	Chargeable days (Days exceeding 28 days)	Amount (USD) that would have been charged
N0.	(A)	(B)	Interest=A*20%*B/365
1.	4,971,118.77	6	16,343.40
2.	2,764,124.16	30	45,437.66
3.	2,259,933.79	29	35,911.28
4.	1,553,853.62	29	24,691.37
5.	378,677.59	22	4,564.88
6.	988,925.57	22	11,921.29
7.	569,589.80	21	6,554.18
8.	543,252.79	166	49,413.68
9.	984,409.62	50	26,970.13
10.	369,272.05	49	9,914.70
11.	638,225.45	60	20,982.75
12.	425,865.44	44	10,267.44
13.	631,477.45	44	15,224.66
14.	420,808.23	30	6,917.40
15.	537,586.94	30	8,837.05
16.	218,096.87	106	12,667.54
17.	342,824.32	70	13,149.43
18.	1,248,849.26	41	28,056.34
19.	222,668.02	20	2,623.98
Total			334,105.76

Table 3.8: Interest Amount that would have been Charged by Package A due to Payment Delays

Source: Interim Payment Certificates

**Table 3.8** shows that, a total of USD 334,105.76 was supposed to be charged to NFRA by Package A Contractor due to delay in payments. Chargeable interest ranged from USD 2,623.98 to 49,413.68.

Delays in paying Interim Certificates affected most of the local as they lacked enough capital to sustain the contractors construction processes in case of delays in payments. This was evidenced bv а correspondence with reference number AMI&VAI/KLM/2019/016 written to the Project Manager from the contractor. The contractor complained about the delay in payment of IPCs 1 and 2 that had a total amount of TZS 274.1 million. The contractor cited being in difficulties for not being able to timely pay for equipment, plants, materials including the execution of expenses for the contract.

## 3.3.3 Processing Time for the Interim Payment Certificates was Long

Assessment of IPCs processing time revealed that the average time spent by the Project Manager to process claimed IPCs was 13 days. IPC No. 1 took longer time for about 41 days while the shortest time was 4 days for IPC No.8 as shown in **Table 3.9**.

# Table 3.9: Assessment of Payment Processing Time for the IPCRequested by Package B Contractor to the DateApproved by the Project Manager

Number of	Date	Dates	Brocossing time by $\mathbf{PM}^{22}$ (Days)
IPCs issued	requested	Approved.	Processing time by PM (Days)
No.1			
(advance	13-12-18	23-01-19	41
payment)			
No. 2	11-01-19	24-01-19	13
No. 3	31-01-19	22-02-19	22
No. 4	17-02-19	22-02-19	5
No. 5	06-03-19	20-03-19	14
No. 6	16-03-19	21-03-19	5
No. 7	23-04-19	30-04-19	7
No. 8	17-05-19	21-05-19	4

<sup>&</sup>lt;sup>22</sup> Time taken by the Project Manager to approve certificates

Number of	Date	Dates	Processing time by $PM^{22}$ (Days)
IPCs issued	requested	Approved.	Processing time by PM (Days)
No. 9	10-06-19	19-06-19	9
No. 10	25-06-19	08-07-19	13
No. 11	08-08-19	13-08-19	5
No. 12	30-08-19	11-09-19	12
No. 13	26-09-19	15-10-19	19
No. 14	08-10-19	15-10-19	7
Average Payments Processing time			13

Source: Contract Files

In addition, review of correspondence<sup>23</sup> indicated the delay by the Ministry of Finance and planning to approve the payment bills submitted by NFRA with an average of 79 days for Package A contractor and 61 days for Package B Contractor. This is further explained in **Table 3:10** for Package A contractors and Table 3:12 for Package B Contractor.

# Table 3.10: Assessment of Payment Processing Time for the IPCRequested by Package A Contractor to the Date ofPayment by the Ministry of Finance

Number of IPCs issued	Submission Dates to MoF by PM	Dates of Payment by MoF	Processing time by MoF <sup>24</sup> (Days)
No. 2	22-05-18	29-06-18	38
No. 3	22-05-18	29-06-18	38
No. 4	22-05-18	29-06-18	38
No. 5	16-10-18	28-11-18	43
No. 6	16-10-18	28-11-18	43
No. 7	16-10-18	28-11-18	43
No. 8	19-09-19	05-11-19	47
No. 9	18-12-18	28-02-19	72

<sup>23</sup> letter from NFRA to the Ministry of Foreign Affairs with reference number

Na.CDA.112/179/042/"B"/35 dated 10<sup>th</sup> October 2018

<sup>24</sup> Time taken by the Ministry of Finance to Pay the IPC

Number of	Submission Dates	Dates of Payment	Processing time				
IPCs issued	to MoF by PM	by MoF	by MoF <sup>24</sup> (Days)				
No. 10	20-12-18	28-02-19	70				
No. 11	22-02-19	25-04-19	62				
No. 12	22-02-19	25-04-19	62				
No. 13	04-04-19	29-05-19	55				
No. 14	29-04-19	29-05-19	30				
No. 15	09-07-18	05-11-19	484				
No. 16	23-08-19	20-11-19	89				
No. 17	28-10-19	19-12-19	52				
Average	Average Payments Processing time by MoF						

Source: Interim Payment Certificates

Table 3:11 provides detail on processing time by the Ministry of Finance and Planning for Package B Contractor.

Table 3.11: Assessment of Payment Processing Time for the IPC Requested by Package B Contractor to the Date of Payment by the Ministry of Finance and Planning

	Submission	Date of	
Number of	Date To MoF	Payment by	
IPCs issued	Ву РМ	MoF	Processing Time by MoF
No.3	23-05-19	19-06-19	27
No.4	07-03-19	01-07-19	116
No.5	29-04-19	29-05-19	30
No.6	29-03-19	29-05-19	61
No.7	16-05-19	19-06-19	34
No.8	23-05-19	01-09-19	101
No.9	08-07-19	11-09-19	65
No.10	09-08-19	13-12-19	126
No.11	13-08-19	21-11-19	100
No.12	28-10-19	21-11-19	24

SubmissionDateNumber ofDate To MoFPayeIPCs issuedBy PMMoF		Date of Payment by MoF	Processing Time by MoF
No.13	08-11-19	13-12-19	35
No.14	13-11-19	06-12-19	23
No.15	13-01-20	04-03-20	51
Average Payn	nents Processin	61	

Source: Interim Payment Certificates

For the ERPP projects, the average processing time ranged from 20 to 56 days. The minimum average processing time of 20 days was observed at Msolwa-Ujamaa, while the maximum average processing time of 56 days was observed at Kigugu. **Table 3.12** provides more details.

Table	3.12:	Assessment	of	Payment	Processing	Time	for	Five
		Contractors	un	der ERPP				

Project Name	Number of IPCs issued	Dates Requested (A )	Date Approved <sup>25</sup> (B)	Processing time by PM (B-A)
	1*	03-05-2019	31 May 2019	28
Niage	2	15-08- 2019	15-10- 2019	61
Njage	3	04-11- 2019	19-10- 2019	15
	4	02-12- 2019	27-12 2019	25
Average Processing time for Njage				32
Mbogo-	1*	12-09- 2019	04-11- 2019	53
Komtonga	2	17-102019	19-11- 2019	33
Kullituliga	3	16-12- 2019	13-01-2020	28
Average Proc	essing time for	Mbogo-Komtonga		38
Kigugu	1*	20-08- 2019	03-10- 2019	44
Kigugu	2	06-09- 2019	13-11- 2019	68
Average Processing time for Mbogo-Komtonga			56	
Msolwa-	1*	4-04- 2019	03-05- 2019	19

<sup>&</sup>lt;sup>25</sup> Date of final Approval (from date of request by the contractor to the date approved by the Permanent Secretary of the Ministry of Agriculture)

Project Name	Number of IPCs issued	Dates Requested (A )	Date Approved <sup>25</sup> (B)	Processing time by PM (B-A)		
Ujamaa	2	9-07- 2019	01-08- 2019	23		
	3	01-09- 2019	16-10-2019	45		
	4	25-10- 2019	19-11- 2019	25		
	5	02-12- 2019	27-12-2019	25		
Average Proc	essing time for	Msolwa-Ujamaa		20		
	1*	15-04- 2019	10-05- 2019	25		
Myumi	2	19-07- 2019	27-09- 2019	70		
Mvuilli	3	16-10- 2019	29-11- 2019	44		
	4	19-11- 2019	27-12- 2019	38		
Average Proc	Average Processing time for Mvumi					

Source: Source: Interim Payment Certificates.

Table 3.12, shows that, the longest delay in processing time by the Project Manager was 70 days which was noted at Mvumi. Based on Table 3.11 it can be seen that 88 percent of IPCs needed at least 3 weeks to process.

The delays in processing payments were much attributed to the long internal processes<sup>26</sup> from the date a payment request was made to the day an approval was given. It was also noted that, for ERPP project, the evaluation process contributed to the delays because the Project Manager had to visit each warehouse project sites at least once in a month for evaluation of work done before approving the IPCs. Since there was one Project Manager responsible for all these projects, it took very long for him to finish the evaluations considering this, those IPCs were not raised at the same time.

Likewise, interviews conducted with ERPP officials indicated that, the delays in payment to Contractors were further attributed to change of funds flow procedures. Initially, the funds from the World Bank were released to the Bank of Tanzania (BoT), then (BoT)

<sup>&</sup>lt;sup>26</sup> Internal Process of the payment: Payment process starting from project manager, project coordinator, P/S ,chief

disbursed the funds directly to the project account. Thereafter the funds reached BoT less time was used to access funds to project account. However, review based on Treasury Secular No.2 dated 4<sup>th</sup> September 2019 concerning Requesting and Transferring Funds from the Project Stakeholders to Development Projects brought changes. The secular requires all Permanent Secretaries to seek permission from the Paymaster General when requesting and transferring project funds from BoT.

Furthermore, the interviews held with officials executing both ERPP and Expansion Storage Capacity projects indicated that, the delays noted were due to bureaucratic procedures caused by the Ministry of Finance and Planning. This was verified through a letter number CKA 455/622/01 dated 19/09/2018 from Poland through the Ministry of Foreign Affairs and East Africa Cooperation to the Ministry of Agriculture. The letter contained complaints about the bureaucracy in processing funds by the Ministry of Finance and Planning which caused unnecessary delays.

Interviewed officials from the Ministry of Finance indicated that, the possible cause of delay was the involvement of many stakeholders for an approval who were not part of the contract.

The noted impact of delay in payments to Contractors include suspension of works. According to Quarterly Progress Report of January 2020 Contractors suspended construction work in the all five sites for more than two months. Delay in payments slowed the work and sometimes the tools used for the construction were damaged due to long stay without being used. This was observed at Shinyanga where different silo tools shown in **Photo 3.4**, got rusted due to long storage that rendered them not suitable for use.


**Photo 3.4:** Rusted Silo elements due to long storage caused by stoppage of construction. Photo taken at Shinyanga Construction Lot on 27<sup>th</sup> January 2020 at 3:31 p.m.

## 3.3.4 Inadequate Utilization of Project Funds

Review of ERPP Financial Reports showed that up to February, 2020 a total of USD 8.29 million out USD 16.57 million was released and spent. This amount is equivalent to 50 percent. The unspent budget is equivalent to 50 percent of the total budget. The amount utilized is less compared to the time remained to finish the project which is  $30^{th}$  April 2020. This implies the underutilization of the project funds considering that only 2 months have remained to phase out the project.

Further analysis revealed that, the fund utilization for each project varied between 25-48 percent with an average of 41 percent. **Table 3.13** provides details.

Table 3.13: Percentage of Funds utilized by each Warehouse Project

Project Name	Revised Budget (in TZS millions)	Amount Utilized (in TZS millions)	Percentage of Fund Utilized)
Mbogo-	790.87	200.36	25
Komtonga			25
Msolwa-Ujamaa	967.25	444.94	46
Njage	1,045.62	470.53	45
Kigugu	816.37	277.57	34
Mvumi	917.31	449.48	49
Total Budget	4,537.42	1,842.88	41

Source: Project Contracts and Progress Reports

Based on **Table 3.13**, the utilization capacity for the constructed warehouses was less than 50 percent. The utilized funds for Mbogo-Komtonga warehouse project was 25 percent while that of Mvumi was 49 percent at the time of the audit.

The low utilization capacity of the project funds was mainly caused by weaknesses in project planning which caused delays to start construction of the warehouses. Another reason was delay in paying IPCs which affected Contractors' cash flows and projects productivity.

On the other hand, the utilization capacity for the warehouses and storage silo complex under Expansion Storage Capacity were higher compared to the physical progress. It was noted that at the time of audit, January 2020, the Contractor for Package A had utilized USD 21.55 million out of USD 33.14 million (equivalent to 65.03 percent); whereas USD 8.978 million out of USD 20.28 million (equivalent to 44.27 percent) had been utilized by the Contractor for Package B. In addition, it was noted that Physical progress noted was 49.99 percent for Package A while the progress for Package B was 41.08 percent. The same scenario repeated in January 2020 as further detailed in **Table 3.14**.

of the Project by January 2020						
Quarter	arter Contractor Physical Financial					
		Progress (%)	Progress (%)			
January 2020	Package A	49.99	65.03			
	Package B	41.08	44.27			

Table 3.14: Status of Physical Progress versus Financial Progress of the Project by January 2020

Source: Project Manager's Quarterly Progress Report, January 2020

Based on **Table 3.14**, payments for all Contractors were higher compared to the actual work done. This implies that, the Contractors were paid for the activities which were yet to be executed. This was contrary to clause 25(7) of the Special Contract Condition of the contract which requires payments to be made for completed works. Moreover, this was contrary to rule 2 of 17<sup>th</sup> schedule of the Public Procurement Regulations, 2013.

#### 3.4 Inadequate Adherence to Procurement Procedures

The Project Investment Manual for the ERPP Project required the procurement guideline issued by the World Bank to be used during the procurement of contractors. World Bank reviewed Public Procurement Act No. 11 of 2011 and found to be satisfactory and consistent with Bank Procurement Guidelines except for the provisions of Clause 54 of the Act. This clause permitted application of national preference in bid evaluation under National Competitive Bidding (NCB). Inadequate adherence to the procurement procedures were noted in the following aspects:

## 3.4.1 Inadequate budgeting for Procurement of Consultancy Services

Section 75(1) of the Public Procurement Regulation of (2013) requires the procuring entity to ensure funds are allocated or committed before commencing procurement proceedings.

It was noted that Tanzania Building Agency (TBA) was engaged to provide consultancy services for construction of storage metal silo complex at contract sum of TZS 4.2 billion. NFRA did not budget for the supervision at the time of the engagement commencement. Review of correspondences further indicated that logistics to get the funds were done while the Contractors were already at site. This resulted into implementing the project without being supervised by the consultant for the first four (4) months.

## 3.4.2. Awarding of Contract to non-Recommended Contractors and Project Manager

Section 60(4) of the Public Procurement Act and its subsequent amendments of (2016) requires the procuring entity to award contracts to qualified bidders.

Despite the awarding contract to TBA, the evaluation report pin pointed the following observations<sup>27</sup>:

- i. TBA did not have the experience to handle the assignment of similar nature. The agency had no any experience in silo complex technology;
- ii. TBA did not indicate laboratory and test facilities in the submitted proposal; and
- iii. TBA did not provide the detailed explanation of methodology and approach for undertaking the assignment

Based on the above observations, the evaluation report came up with recommendations that TBA could not adequately handle the project. However, it was noted that TBA was procured through single source method contrary to Section No. 159(1, a) which requires the procuring entity to single source a contractor or consultant or supplier, if and only if that service cannot be provided by anyone else. The impact of awarding the contract to TBA despite being doubted by the evaluation team was observed in all the five construction sites visited. It was observed that, though, there was no any record of doubtful test results, TBA did not have any equipment to counter test results obtained by contractors as required by the Terms of References. This made TBA to depend on the contractor's results during quality assurance processes.

<sup>&</sup>lt;sup>27</sup> Evaluation Report

## 3.4.3. Awarding of Multiple Contracts to One Contractor without Thorough Due Diligence

The reviewed tender adverts with reference number ME 012/2018-2019/ERPP/W/57 indicated that multiple-contract for single bidder should be awarded if the bidder has separated key project staff and equipment to be used and should not be the same in all projects. If the bidder won more than one contact, then it was the responsibility of the Ministry of Agriculture to undertake due diligence to ensure the equipment used and staff are not the same.

Interview with Procurement officials and review of Due Diligence Report for the ERPP project indicted that, the evaluation team awarded two contracts to M/s. Humphrey Construction Ltd. The winning bidder M/s. Humphrey Construction Ltd submitted the same equipment and the same staff for two contracts.

Because of this the World Bank did not issue a no objection for the process and called for the Ministry of Agriculture to order the evaluation committee to ensure only one contract is awarded to M/s. Humphrey Construction Ltd. This process took 21 days to complete and hence contributed to a remarkable delay in starting the work.

## 3.4.4 Prepared Evaluation Reports did not Meet World Bank Guideline Requirements

It was noted that, the Bid Evaluation Reports submitted to the World Bank<sup>28</sup> was rejected because of various noted weaknesses. The noted weaknesses were: potential Contractors lacked technical staff and tools hence they were depending on hiring tools however, they failed to present evidence of any written commitment from where they expected to hire such tools; failure to submit evidence to show a turnover of 5.6 billion for five years consecutively and; they did not have annual cash flow of 800 million. Interviewed members of the Project Implementation Team revealed that, the

weaknesses identified were reported to be caused by assigning procurement role to LGAs contrary to Word Bank Grants agreement and Project Appraisal Document which wanted the Ministry of Agriculture to undertake the procurement roles.

In addition to that, the inadequate procurement skills for procurement staff at respective LGAs caused the rejection of the Bid Evaluation Reports by the World Bank.

#### 3.4.5 Expired Performance Bank Guarantee were Not Renewed

Based on Section 50.1 of the GCC, the Performance Security is supposed to be valid until 28 days from the date of issue of the Certificate of Completion in the case of a Bank Guarantee, and until one year from the date of issue of the Completion Certificate in the case of a Performance Bond.

Construction of all five (5) warehouses projects under the ERPP were alowed to progress while the Performance Bank Guarantees had expired as shown in **Table 3.15**.

S/No	Warehouse Construction Project	Expiry Date of the Performance Bank Guarantee	Amount of contingent Liability (10% of the contract amount(in TZS millions))	Status in February 2020 (Renewed/Not Renewed)
1	Msolwa-Ujamaa	05 <sup>th</sup> -Nov-2019	96.7	Not renewed
2	Kigugu	9th -Nov-2019	81.6	Not renewed
3	Njage	19 <sup>th</sup> Nov-2019	104.6	Not Renewed
4	Mbogo-Komtonga	05 <sup>th</sup> -Nov-2019	79.08	Not renewed
5	Mvumi	20-Nov-2019	97.1	Not renewed
Total Gra	nt funds at risk		459.08	

Table 3.15: Projects Executed with Expired Performance Bank Guarantee

**Source:** Auditor's Analysis based on Reviewed Performance Bank Guarantee

**Table 3.15** depicts that TZS 459.08 million which is 10 percent of total contract sum for four projects that were at risk in case the contractors defaulted.

It was further noted that, none among these five warehouse projects with expired Performance Guarantee, progressed beyond 70 percent. Since the funding time frame was about to end in April, 2020, there was a possibility that contractors would not be able to meet the deadlines. This would either lead to the Ministry of Agriculture to find other sources of funds or to opt abandoning unfinished warehouses.

Failure by the contractor to renew their Performance Bank Guarantee was an indication of inadequate Supervision by the Project Manager and the Ministry of Agriculture. The Ministry of Agriculture through the Project Implementation Team failed to remind the Project Manager to execute his responsibilities of ensuring that Contractors timely renewed and submitted Performance Bank Guarantees.

The situation was the same for the Expansion Storage Capacity Projects executed by NFRA. It was noted that within the five sampled construction lots, Package A contractor did not renew Performance Bank Guarantee for its construction contracts. Review of progress reports from the Project Manager showed a reminder letter to the Contractor to renew the Performance Bank Guarantee. The Performance Bank Guarantee for Package A Contractor expired on 31<sup>st</sup> December 2018, and on 14<sup>th</sup> February 2019 the reminder letter was sent to the Contractor.

Through the interviews conducted with NFRA officials, it was pointed out that contractors refused to renew the Performance Bank Guarantees. Contractors disagreed with renewing the Performance Bank Guarantee on the ground that they have fulfilled their obligations by timely submitting Performance Bank Guarantee that covered two years of the project (2016-2018), however, NFRA delayed the starting of the project for two (2) years. This means that to the time of this audit (29<sup>th</sup> Feb-2020), all five construction lots performed by Package A Contractor were not secured for more than fourteen (14) months. Further, the audit noted the same situation in the Package B where the Contractor to the time of this audit had not renewed the expired Performance Bank Guarantees.

Moreover, no sanctions from the Project Manager concerning this contract breeching was imposed. This is further summarized in Table 3.16.

S/N	Construction lot	Contractor	Expiry Date of the Performance Bank Guarantee	Risked contract amount (10% of the contract amount(in USD millions))	Current Status (Renewed /Not Renewed
1	Shinyanga				
2	Makambako	Package A Contractor	e A Stor 31st December 2018		Nat
3	Dodoma				renewed
4	Mbozi				
5	Songea				
Total	loan funds at ris	ik		3.314	
1	Babati	Packago B	31st		Not
2	Mpanda	Contractor	December 2018		renewed
3	Sumbawanga		2010		
Total	Total loan funds at risk			2.228	

Table 3.16: Projects executed with Expired Performance Bank Guarantee by Package A and B Contractors

Source: Performance Bank Guarantee

#### 3.5 Construction Activities for Warehouses and Silo Complex Projects were Not Adequately Supervised

Section 4, subsection (4.2) of the ERPP Project Implementation Manual (2014) and grant agreement requires the Ministry of Agriculture through its Steering Committee and Project Implementation Team to closely supervise project progress in all aspects of procurement, technicalities, finances and assets to ensure achievement of intended Project Goals. Project supervision (contract management) plays a significant role of ensuring that contracts entered are well implemented to achieve the intended objectives. It also facilitates completion of the project within the agreed time, budget and standards.

The audit noted various weaknesses which were associated with weak supervision by the Ministry of Agriculture and NFRA during the construction of warehouses and storage silo complex. The noted weaknesses were: Project Managers were not fully available at site; Inadequate Time Control; Inadequate Cost Control; and inadequate Quality Control.

## 3.5.1 Project Managers were Not Fully Available at Sites During Construction Activities

Both the Ministry of Agriculture and NFRA entered into the contract with M&M Architect and TBA respectively to supervise the construction activities on their behalf<sup>29</sup>. The Project Manager is required<sup>30</sup> to supervise fully the construction works with due diligence and efficiency and in accordance with sound technical, managerial, administrative, financial and economic practices<sup>31</sup>.

Review of Site Meeting Minutes and Monthly Progress Reports showed that, the Project Manager visited the construction sites during the monthly site meetings. However, the Project Manager was not always available at the site when required, rather all instructions were issued during the monthly site meetings. Further, inspection of works implemented based on the issued instructions were often carried out on the monthly basis.

At the construction site of Njage, Physical observations and interviews with officials revealed that the contractor was regularly

<sup>&</sup>lt;sup>29</sup> Contract between the Ministry of Agriculture and M&M Consultant for the Supervision of five Warehouse Projects; Contract entered between the NFRA and TBA to supervise the construction of storage Metal silos and warehouses

<sup>&</sup>lt;sup>30</sup> Section 2.1(vi) and of the contract entered between the Ministry of Agriculture and M&M Architect

<sup>&</sup>lt;sup>31</sup> Section 3.2.1 (a) of the Term of References

supervised by the Clerk of Works from the Ministry of Agriculture and Representative Engineer from the LGA. When the Clerk of Works observed any discrepancy or substandard works he could not issue any instruction because they are not part of the contract and had no power.

Further, observations made at Kigugu Warehouse Project, also revealed similar cases of the Project Manager not being at the site as required. Due to absence of the Project Manager, there were roof trusses which were already mounted and only painted with silver color coat and ignoring the Red Oxide under coat color. Since this activity collided with the site meeting activity, then the Project Manager identified the discrepancy before much work was done and issued instructions of ensuring that Red Oxide is painted first as the under coat before painting the silver color. See Photo 3.5(a) and 3.5(b) for more details.



Photo 3.5(a) Metal purlins for roofing painted silver color Red Oxide without as the under coat. Photo was taken at Kigugu construction site on 16 **Photo 3.5(b),** Roofing in progress with the trusses painted silver instead of Red Oxide as the under coat. Photo taken at Kigugu construction site on 16 January 2020 at 2:52 pm.

January 2020 at 2:49 pm.

Likewise, reviews of correspondences between NFRA and TBA<sup>32</sup> indicated that there were no Resident Engineers at sites while the construction activities were in progress. This was the case in all five (5) lots of Songea, Makambako, Mbozi, Dodoma and Shinyanga which is contrary to Clause 2.3 (iii) of the Terms of Reference which requires TBA as a consultant to provide a Resident Engineer at site during construction stage. The five projects lacked supervision for an average of more than four (4) months from the starting date. **Table 3.17** provides more details.

Table 3.17: Absence of Resident Engineers at their Sites During the Implementation of Expansion of Storage Capacity Project

Project site (Lot)	Start date	Reporting date for resident engineer	Days of works without Resident Engineers
Songea	06-06-2018	29-10-2018	145
Makambako	08-06-2018	29-10-2018	143
Mbozi	10-06-2018	29-10-2018	141
Dodoma	12-06-2018	29-10-2018	139
Shinyanga	12 -07- 2018	29 -10- 2018	109

Source: Correspondence letter with Ref.No CDA.112/179/042/'B'/16From NFRA to TBA

Review of the Ministerial Advisory Board meeting minutes revealed that, work progressed without involvement of Material Engineer from the Consultant (TBA). It was further noted that, the TBA representative was not available during sample testing<sup>33</sup>; hence the counter checking of samples were not conducted. This was contrary to Section (29.1) of the Conditions of Contract between NFRA and contractors which required Project Manager (TBA) to supervise the sample taking and testing activities.

<sup>&</sup>lt;sup>32</sup> Ref.No CDA.112/179/042/'B'/16

<sup>&</sup>lt;sup>33</sup> Ministerial Advisory Board Meeting Minutes

Furthermore, the Consultant (TBA) was not available during concrete works of the Silo foundation at Babati construction sites. It was estimated that, more than 16 percent<sup>34</sup> of the concrete works were done without being supervised by the consultant at Babati construction site.

## 3.5.2 Inadequate Time Control for the Constructed Warehouses and Storage Silo Complex

The Project Manager was supposed to monitor the construction progress to ensure timely completion of works in accordance with the terms of contract<sup>35</sup>. Also the General Conditions of Contract require the Project Manager to extend the Intended Completion Date when a Compensation Event occurs or a Variation is issued which makes it impossible for the completion to be achieved without the Contractor taking other steps to accelerate the remaining work.

The review of Progress Reports as well as the requests for time extension showed that, all five (5) constructed projects under the ERPP delayed in completion. Up to the time of this audit report, none of the Warehouse Projects were completed.

**Table 3.18** shows that, the average delay was 147 days where as all projects were overdue for more than 4 months. It was further noted that two (2) out of five (5) warehouses were delayed for more than five months. Njage warehouse construction project had the longest delay as it was delayed for 167 days, while Msolwa-Ujamaa project had the shortest delay of 131 days.

<sup>&</sup>lt;sup>34</sup> Ministerial Advisory Board meeting minutes

<sup>35</sup> Government Notice No. 446)(310)(1-4))

Table 3.18: The Noted Delays on the Constructed Warehouses for ERPP Projects

Project Name	Original Completion date	Projected Completion date	Days delayed
Mbogo-	05 <sup>th</sup> -Nov-2019	15 <sup>th</sup> -April-2020	
Komtonga			162
Msolwa-Ujamaa	05 <sup>th</sup> Nov-2019	15 <sup>th</sup> -March-2020	131
Njage	31 <sup>st</sup> Oct-2019	15 <sup>th</sup> -April-2020	167
Kigugu	9 <sup>th</sup> -Nov-2019	31 <sup>st</sup> -March-2020	143
Mvumi	20-Nov-2019	31 <sup>st</sup> March-2020	132
Average days del	layed		147

Source: Progress Reports

The project delays were also identified for the Expansion Storage Capacity Projects. To the time of this audit, four (4) out of five (5) reviewed projects had time extension ranging from 92 to 789 days. Only Dodoma site remained on its original completion date as shown in **Figure 3.1**. With the exception of Dodoma Construction site, other construction sites of Package A the Contractor had not erected superstructures for warehouses, laboratories and offices being part of the contract as shown in **Photo 3.6 a and b**.



However, through the site visit to different construction sites, auditors noted that, progress seemed to be better for silo complex and worse for other project components. The progress was noted to range from 75 to 80 percent for storage silo complex under Package A Contractor, while for Package B Contractor the progress was more than 70 percent with the exception of Sumbawanga Storage silo complex which had 6 percent.



**Photo 3.6 a:** The Progress of Storage silo complex in construction process at Makambako. Photo taken on 20<sup>th</sup> January 2020 on 2:09 P.M

**Photo 3.6 b:** The Progress of Warehouse construction (only foundation) at Makambako. Photo taken on 20<sup>th</sup> January 2020 on 2:04 P.M

Review of Progress Reports showed that, delays for nine (9) projects executed by ERPP and Expansion Storage Capacity were mainly causes by:

**Delay of Payment of the Raised Interim Payment Certificate:** All five (5) warehouses projects executed under the ERPP and all five (5) Expansion Storage Silo complex Project had delays that were attributed to delay in paying Interim payment Certificates (IPCs) as explained in section 3.3.1.

**Change of Clearing Agent:** Before the starting of the project, both Packages A and Package B Contractors responsible for construction of 5 warehouses under Storage Expansion Capacity were required to

engage a private firm which would assist the Contractors in clearance of the imported consignments. However, it was noted that on September 2019, the Government of Tanzania released a circular which restricted the private companies from undertaking clearance of any consignment relating to the Government. Due to this the clearance mandate was then shifted from hired private firm to Government Procurement Service Agency (GPSA). The interviewed officials indicated that since the change of clearing agent, the consignments clearance started to have delays. For example, clearance of fourteen (14) containers with construction materials for storage metal silos was delayed for more than 80 days. As a result, the Contractor was charged by the Port total storage costs of about USD 120,000 (equivalent to TZS 277.25 million).

## 3.5.3 Inadequate Cost Control

The Ministry of Agriculture through the Project Implementation Team was required to monitor the construction works progress so that it is completed within the agreed contractual cost<sup>36</sup>. Inadequate cost controls were observed in the following aspects: payments to the contractor due to shifting of construction site; and payments of machinery without being installed and commissioned as per the requirement of contract.

# Payments to Contractor due to Shifting of Construction Site

A total of USD 271,786 (equivalent to TZS 625 million) was incurred by NFRA as a compensation event to Package B contractor for the construction site of Sumbawanga. This was due to change in site location which necessitated the contractor to request for compensation due to cancelled work and additional work resulting from the change of the location.

Through the interviews conducted with NFRA officials, it was revealed that the Sumbawanga site location was changed because the site was small to accommodate the project and the feeder roads

<sup>&</sup>lt;sup>36</sup> Project Implementation Manual

to the project could not handle trucks of more than 10 tones. It was also noted that, NFRA did not review any of the designs prior to deploying contractors.

Details for the compensation event paid to the construction lot of Sumbawanga is as indicated in **Table 3.19**.

Table	3.19: Compensation	Event	Paid	to	Pack	age	B Con	trac	tor
	due to Change	of Site	e Loca	tio	n for	Con	structi	on	Lot
	of Sumbawanga								

Detailed description	Claimed Amount	Agreed Amount
	(in USD)	(in USD)
Cancelled work due to change in	232,038.00	369,550.00
construction site location		
Addition of work resulting from	484,115.43	532,660.00
change of the location		
Other works and events generating	185,065.02	87,376.62
addition overhead cost		
Cost for conducting Geotechnical	14,000.00	14,000.00
study		
Cost for demobilization		7,300.00
Total Additional Cost		271,786.00

A mismatch between the size of the site and the required size suggests that the Consultant conducted feasibility study and design without visiting the respective site as expected.

# Payments of Machinery without being Installed and Commissioned

Review of correspondence<sup>37</sup> indicated that NFRA wrongly approved payments for machinery prior to installation, commissioning and setting to work contrary to contracts which required the payments to be made only when the machinery had been supplied, installed and commissioned. It was noted that NFRA paid USD 12,902,644

<sup>&</sup>lt;sup>37</sup> Dated 6<sup>th</sup> November 2018 with reference number BA.112/135/02/29

million to Package A Contractor and USD 4,035,783.86 million to Package B Contractor.

## 3.5.4 Weaknesses in Quality Control of the Project

Physical observation made at construction sites revealed various weaknesses on the quality of the work as detailed hereunder:

## i. Absence of Quality Testing Tools

The Project Manager is required to check the contractor's work and notify the contractor of any defects that are found.

Through our site visits in five construction lots of Dodoma, Babati, Makambako, Sumbawanga and Shinyanga, it was noted that there were no quality control tools possessed by the Resident Engineers. **Table 3.20** provides detailed information on the available tools and equipment.

Table 3.20: Status of Tools/Equipment Possessed by ResidentEngineer for Project Supervision

Quality Control Tool	Present	Required for this Project	GAP
Rebound hammer	1	8	7
Rebar locator	1	8	7
concrete cover			
meter			
Ultrasonic System	1	8	7

As shown in **Table 3.20**, it was noted that, despite TBA being the Project Manager in eight (8) construction lots which were being executed in parallel, it only had one (1) tool for each of the mentioned quality test tools. However, Table 3.21 further shows that, the mentioned tools are usually used to conduct tests on structures that are already built and there were no tools to test the quality of materials when the construction was in progress.

Interviews held with Resident Engineers in all the visited sites revealed that, samples for tests were carried out and tested in a registered laboratory by the contractors and witnessed by the Resident Engineers. However, review of eight (8) sampled Weekly Reports from Package B Contractor indicated that test results were not submitted timely and the Resident Engineers much depended on the test results submitted to them by the contractor. It was further noted that because of this, the construction work proceeded using only contractor's test results.

## CHAPTER FOUR

## CONCLUSION

#### 4.1 Introduction

This chapter provides general and specific conclusions based on the findings presented in chapter three. Further to that, the chapter draws the concluding remarks by focusing on the following four areas: planning, financing arrangements, procurement process and supervision of construction activities.

## 4.2 Overall Conclusion

It is concluded that the Ministry of Agriculture and NFRA do not effectively manage the Supervision of the Construction of Warehouses and Storage Silo Complex to ensure availability of proper grain storage facilities to farmers and other intended users. Planning activities for construction works were inefficiently conducted as there were some weaknesses in the prepared Project Appraisal Document, designs and the feasibility study. This prolonged the time for starting the construction activities which also resulted into significant delays in completion of the warehouses and storage silo Complex.

Significant delays were noted in paying Interim Certificates for Contractors which consequently delayed completion of both projects. It was also noted that Procurement guidelines were not observed, specifically with regard to the Expansion Rice Production Project. Further, Supervision activities were not given due consideration as the Project Managers were not always available at sites during the conduct of the construction activities.

## 4.3 Specific Conclusions

## 4.3.1 Planning for Construction Activities are Not Adequately Conducted

The planning activities for construction of warehouses and storage silo complex are not efficiently done by both the Ministry of Agriculture and NFRA. Despite being aware that a Feasibility Study is very critical to facilitate development of the Project Appraisal Document, less attention was being given when engaging a Consultant to conduct feasibility Studies. This was manifested by the practice of the Consultant conducting the feasibility study without being issued with Terms of Reference and a Memorandum of Understanding. Consequently, the resulting Feasibility Study Report needed adjustments before it could be used in preparing the Project Appraisal Document.

Moreover, it is noted that the Ministry of Agriculture does not sufficiently supervise the preparation of technical drawings. This act has led into omission of critical element in the structures. Further, both NFRA and MoA do not review the work of the Consultant such as design and feasibility study. As a result of these weaknesses, changes in scope of work happened when the contractor was at site. This situation ultimately caused the extension of time on the construction activities.

## 4.3.2 Inadequate Financing Arrangement

Payment delays were common and sometimes they reached up to half a year for both audited projects. Both the Ministry of Agriculture and NFRA failed to liaise with the Ministry of Finance and Planning to timely pay the contractors.

Consequently, MoA was not sure of when farmers and other project users will start benefiting from these projects due to these continuous delay of paying contractors. There are concerns about finalization of the construction works since the project is about to be phased out whereas the progress is far from completion.

NFRA is weak in controlling the payment to the contractors since its financial progress was noted to be higher compared to the physical progress. If payment control mechanisms are not well set and managed, contractors may utilize the large portion of the contract funds for less physical progress thus, the possibility of risking the project being left unfinished due to the cost overrun.

## 4.3.3 Inadequate Adherence of Procurement Procedures

Both the Ministry of Agriculture and NFRA do not adequately adhere to the procurement procedures.

This was demonstrated by engaging a consultancy contract with TBA without having any budget for the said activity. As a result, TBA failed to deploy resident engineers to the construction sites for more than four months.

#### 4.3.4 Construction Activities are Not Adequately Supervised

Both the Ministry of Agriculture and NFRA do not adequately control project time to ensure that the project activities are completed as per the schedule. All ten (10) projects executed experienced delays which led to a series of time extension.

Also, the Ministry of Agriculture and NFRA do not adequately supervise the Project Managers. Likewise, Resident Engineers are not timely deployed to supervise the project. We noted that project supervision was only done once the Project Manager attended site meeting. This affected the quality of works significantly.

Testing of the materials was always done by the Contractor, however test results were not counter checked because Engineers from TBA were not deployed to the construction sites on time.

## CHAPTER FIVE

#### RECOMMENDATIONS

#### 5.1 Introduction

This Chapter provides recommendations to the Ministry of Agriculture and NFRA with a view to address issues observed during the audit. The National Audit Office believes that these recommendations need to be considered to ensure Construction of Warehouses and Silo Complex are timely completed, according to agreed quality and at reasonable cost.

The audit findings and conclusions pointed-out weaknesses in the supervision of construction projects. Areas for further improvement were identified in planning prior to execution of projects; financing arrangements; procurement and supervision.

The National Audit Office believes that in order to promote adequate storage of farmers' crops for the purpose of increasing their economy and the economy of the country as well; the recommendations in this report need to be fully implemented. The recommendations are specifically addressed to the Ministry of Agriculture and National Food Reserve Agency.

#### 5.2 Recommendations to the Ministry of Agriculture

#### 5.2.1 Supervision of Planning

The Ministry of Agriculture should:

- 1. Ensure that the prepared Project Appraisal Documents are comprehensive and, updated prior to the implementation phase.
- 2. Ensure that the consultants doing designs are closely monitored to ensure adequate surveys and investigations for each site are thoroughly conducted to avoid ending up with drawings that do not reflect actual site conditions.

- 3. Ensure that project designs, BOQ and specifications are thoroughly reviewed to avoid discrepancies and unnecessary series of revisions and variations.
- 4. Ensure that the prepared Project Appraisal Document is aligned with designs and the feasibility study to avoid conflicting of documents.
- 5. Ensure that a thorough feasibility study is conducted for each project, and project designs are based on results of the feasibility studies.

#### 5.2.2 Flow of Funds

The Ministry of Agriculture should:

1. Liaise with the Ministry of Finance and planning as well as the donor partners to ensure that funds are timely available to facilitate smooth implementation of the projects.

#### 5.2.3 Supervision of Procurement Procedures

The Ministry of Agriculture should:

1. Ensure that the evaluation process is conducted in accordance with the specified procurement guidelines in order to obtain the qualified contractors so that the intended project objectives are achieved.

## 5.2.4 Supervision of the Construction of Warehouses and Silo Complex

The Ministry of should:

1. Monitor the consultants/contractors throughout the construction stage to ensure agreed milestones are achieved

## 5.3 Recommendations to National Food Reserve Agency (NFRA)

#### 5.3.1 Supervision of Planning

NFRA should:

- 1 Ensure that project designs, BOQ and specifications are thoroughly reviewed to avoid discrepancies and unnecessary series of revisions and variations.
- 2 Ensure that the prepared Project Appraisal Document is aligned with designs and the feasibility study to avoid conflicting of documents.
- 3 Ensure that a thorough feasibility study is conducted for each project, and project designs are based on results of the feasibility studies.

## 5.3.2 Flow of Funds

NFRA should:

1. Liaise with the Ministry of Finance and planning as well as the donor partners to ensure that funds are timely available to facilitate smooth implementation of the projects.

## 5.3.3 Supervision of Procurement Procedures

NFRA should:

1. Ensure that the procurement of Project Manager and Contractors is well planned and budgeted including commitment of funds before engaging in any of procurement activities to avoid unnecessary payments delays.

#### 5.3.4 Supervision of the Construction of Warehouses and Silo Complex

- 1. Monitor the Project Manager throughout the construction stage to ensure agreed milestones are achieved
- 2. Ensure that project managers are fully engaged or employed before the works commence in order to ensure quality of works performed.

#### REFERENCES

- 1. Agreement between the Government of the Republic of Poland and the Government of United Republic of Tanzania on Extending Tied Aid Credit (28/09/2015).
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- 3. United Republic of Tanzania (2013), Public Procurement Regulation
- 4. United Republic of Tanzania (2014), Ministry of Agriculture Project Implementation Manual (PIM), Expansion Rice Production Project
- 5. United Republic of Tanzania (2014), National Audit Office, General Report, Annual General Report of the Controller and Auditor General
- 6. United Republic of Tanzania (2015), Ministry of Agriculture, Contract for Design, Supplying, Construction, Installation, Testing and Commissioning of Silo Complex and Warehouses, and Rehabilitation of Existing Facilities for National Food Reserve between National Food Reserve Agency and FEERUM S.A.
- 7. United Republic of Tanzania (2015), Ministry of Agriculture, Contract for Design, Supplying, Construction, Installation, Testing and Commissioning of Silo Complex and Warehouses, and Rehabilitation of Existing Facilities for National Food Reserve between National Food Reserve Agency and FEERUM S.A and UNIA Araj REALZACJE
- 8. United Republic of Tanzania (2015), Public Investment Management - Operational Manual
- 9. United Republic of Tanzania (2015), Storage Capacity Expansion Project Appraisal Report-Final Report
- 10. United Republic of Tanzania (2017), Contract for Provision of Consultant Services Design, Supplying, Construction, Installation, Testing and Commissioning of Silo Complex and

Warehouses, and Rehabilitation of Existing Facilities between National Food Reserve Agency and Tanzania Building Agency

- 11. United Republic of Tanzania (2019), Contract for Construction of Warehouses facilities between Ministry of Agriculture and M/s AMI&VAI Investment Co.Ltd, M/s B.H Ladwa, M/s Humphrey Construction Ltd, MS/V.J MINISTRY CO, and M/s Shekemu Construction Company Ltd and
- 12. United Republic of Tanzania (2019-2024), National Post-Harvest Management Strategy-NPHMS

APPENDICES

## Appendix 1: Responses from Audited Entities 1.1: Responses from Ministry of Agriculture (ERPP)

#### General comments

The Ministry of Agriculture acknowledges the audit exercise regarding ongoing construction of five warehouses facilities and to intensify scrutiny to ensure adequate formulation of Project Appraisal Documents and ensure they are aligned with detailed feasibility study results. The findings are useful and will be applied to refine and mitigate anomalies in the projects which are ongoing and those under drawing boards. Lastly our thanks to the entire audit team for their guidance and cooperation during this assignment.

#### Specific comments

S/N	Recommendations	MoA comment/ response	Actions to be taken	Planned date/
				Timeline
1.	Ensure that the prepared Project Appraisal Documents are comprehensive and, updated prior to the implementation phase.	The Ministry agrees with the auditor's recommendation	Formulation of follow-up PADs to comprehensive ly accommodate findings of the Feasibility Studies.	The project is coming to an end by April 30 <sup>th</sup> 2020. Recommenda tion to be incorporated in the next formulation of the PADs with immediate effect.
2.	Ensure that the consultants doing designs are closely monitored to ensure adequate surveys and investigations for each site are thoroughly conducted to avoid ending up with drawings that do not reflect actual site conditions.	The Ministry agrees with the auditor's recommendation	To continue with closer supervision of the Consultant so as to ensure that the warehouses are constructed as per agreed	Ongoing

S/N	Recommendations	MoA comment/	Actions to be	Planned
		response	lakeli	Timeline
			designs.	Timetine
			designst	
3.	Ensure that the projects designs, BOQ and specifications are reviewed thoroughly to	The Ministry agrees with the auditor's recommendation	To continue with monitoring and inspection of	On going
	avoid discrepancies and unnecessary series of revisions and variations.	•	the ongoing construction works.	
4.	Ensure that the prepared Project Appraisal Document is aligned with designs and feasibility study to avoid conflicting of documents.	The Ministry accept the recommendation	The recommendati on to be observed during remaining time of this project but more importantly for coming projects	Ongoing
5.	Ensure that a thorough feasibility study is conducted for each project, and project designs are based on results of the feasibility studies.	The Ministry accepts auditor's recommendation	For the coming projects detailed feasibility study will be undertaken adequately and the outputs will be used for project design.	Immediately
6.	Liaise with the Ministry of Finance and Planning as well as the donor partners to ensure funds are timely available to facilitate smooth implementation of the projects.	The Ministry accepts recommendation	The Ministry is addressing the recent guidelines by the MoFP to apply for funds through DFUNDS	Ongoing

S/N	Recommendations	MoA comment/	Actions to be	Planned
		response	taken	date/
				Timeline
			system. Hopefully this will speed-up processes related to approvals.	
7.	Ensure that the evaluation process is conducted in accordance with the specified procurement guidelines in order to obtain the qualified contractors so that, the intended project objectives are achieved.	The Ministry accepts recommendation	To continue with complying with procurement procedures and monitoring contractors so as to complete the work as per signed contracts.	On going
8.	Monitor the consultants/contractors throughout the construction stage to ensure agreed milestones are achieved	The Ministry accepts recommendation	The Ministry will continue with site inspection and monitoring to control quality of the works, and ensuring full time availability of the key personnel for Consultant/Co ntractors at each site as per Clauses of the contracts.	On going

#### 1.2: Responses from NFRA

#### **General comments**

NFRA acknowledges the audit exercise regarding ongoing construction of five warehouses and storage silo complex facilities. The findings are useful and will be applied for the future projects.

## Specific comments

S/N	Recommendations	NFRA	Actions to be	Planned
		comment/res	taken	date/Timelin
		ponse		e
1.	Ensure that the projects designs, BOQ and specifications are reviewed thoroughly to avoid discrepancies and unnecessary series of revisions and variations.	Auditors' observation noted and it will be considered for future projects.	Review team will be formulated for future projects before commenceme	Will be with immediate effect before commenceme nt of future projects
			nt of	
2.	Ensure that the prepared Project Appraisal Document is aligned with designs and feasibility study to avoid conflicting of documents.	Auditors' observation. It will be considered for future projects	Review team will be formulated for future projects before commenceme nt of construction	Will be with immediate effect before commenceme nt of future project
3.	Ensure that a thorough feasibility study is conducted for each project, and project designs are based on results of the feasibility studies.	Auditors' observation noted.	Project formulation team will be in place that will guide all project formulation and implementati on procedures	Will be with immediate effect before commenceme nt of future project
4.	Liaise with the Ministry of	Auditors'	Follow ups	By September

S/N	Recommendations	NFRA	Actions to be	Planned
		comment/res	taken	date/Timelin
		ponse		е
	Finance and Planning as well as the donor partners to ensure that funds are timely available to facilitate smooth implementation of the projects	observation noted.		2020
5.	Ensure that the procurement of Project Manager is well planned and budgeted including commitment of funds before engaging in any of procurement activities to avoid unnecessary payments delays.	Auditors' observation noted.	Plan and budget will consider the procurement of project manager before commenceme nt of future project (if any)	Will be with immediate effect before commenceme nt of future project
6.	Monitor the Project Manager throughout the construction stage to ensure agreed milestones are achieved	Auditors' observation noted.	Continuously for the project implementati on period	On going
7.	Ensure that project managers are fully engaged or employed before the works commence in order to ensure quality of works performed.	Auditors' observation noted.	Procurement of project Manager will be Done before procurement of contractor	Will be with immediate effect before commenceme nt of future project

## Appendix 2: Main questions and Sub-questions

	To what extent does the Ministry of Agriculture and
Audit Question	NFRA supervise the planning of constructed
1:	warehouses and silo Complex for the storage of
	agricultural crops?
Sub-question	Do the Ministry of Agriculture and NFRA ensure the
1 1	established project goals are realistic and responds to
1.1	the needs of farmers?
Sub-auestion	Do the Ministry of Agriculture and NFRA ensure a
1 2.	feasibility study is conducted before construction of
1.2.	warehouses and storage silo Complex?
Sub-auestion	Do the Ministry of Agriculture and NFRA ensure designs
1 3	are prepared and reviewed before the construction
1.5	work commences?
	Do the Ministry of Agriculture and the Ministry of
Audit question	Finance efficiently supervise the flow of funds to
2	project implementers to facilitate smooth
	construction of warehouses and silo Complex?
	Do the Ministry of Agriculture and the Ministry of
Sub-question 2.	Finance ensure funds for implementing projects are
1	timely available?
	<b>-</b>
	To what extent do the Ministry of Agriculture and
Audit Question	NFRA supervise the procurement processes to ensure
3	procurement procedures as described in the Program
	Documents and PPRA are adhered and the aspect of
	Do MoA and NERA angura the Project Implementation
Sub-question	Toom sets the budget for the procurement of
3.1	contractor goods and consultancy services?
	Do Mod and NEPA opsure the activities to be precured
Sub-question	are in the procurement plan so as to avoid procurement
3.2	of unintended items?
	To what extent do MoA and NERA ensure the tendering
Sub-auestion	process is conducted in accordance with the Public
3.3	Procurement Act and its Regulations so as to get the
	qualified bidder for the construction and consultancy

	services?		
Sub-question 3.4	Do MoA and NFRA ensure the project implementation team does thorough post qualification/due diligence for the contractor to be awarded with construction contracts?		
Audit question 4:	To what extent does the Ministry of Agriculture supervise the construction of warehouses and storage silo Complex in order to meet the required specifications, cost and time?		
Sub-question 4.1:	Do the Ministry of Agriculture and NFRA ensure timely construction of warehouses and storage silo Complex to avoid delays of providing services to intended users?		
Sub-question 4.2:	Do the Ministry of Agriculture ensure the construction of warehouses and storage silo Complex is in accordance with the contractual price?		
Sub-question 4.3:	Do the Ministry of Agriculture and NFRA ensure the construction of warehouses and storage silo Complex adhere with the specified standards?		
Sub-question 4.4:	Do the Ministry of Agriculture and NFRA take sanctions to contractors when there is breeching of agreed terms and conditions of the contract?		

## Appendix 3: NFRA' Zones and Regions with Project Covered

NFRA Zone	Regional Covered	Regions with Project	LGA with Project	No. Projec t	Contracto r
Kipawa	Dar es Salaam, Pwani, Tanga, Morogoro, Mtwara and Lindi				
Arusha	Arusha, Kilimanjar o and Manyara	Manyara	Babati	1	Unia Araj
Dodoma	Dodoma, Singida	Dodoma	Dodoma CC	1	Feerum
Shinyanga	Shinyanga, Tabora, Mwanza, Mara, Kagera, Geita, Simiyu na Kigoma	Shinyanga -	Shinyanga	1	Feerum
Makambako	Iringa, Mbeya, Songwe na Njombe	Njombe	Makambako		Feerum
		Songwe	Mbozi	4	Feerum
Sumbawang a	Rukwa, Katavi	Rukwa Katavi	Sumbawang a MC		Unia Araj
## Name of Category Reasons Document Assess whether the projects were implemented as it was Annual plan planned. Assess if all performance indicators set were adhered during implementation. Strategic Plans To examine the information on warehouses and storage silo Complex to ascertain if they Plans were planned to be constructed Procurement Plans. documents To assess whether all aspects on organization specific agricultural projects has (ministry and NFRA been identified and prepared in ) Procurement plan and annual plans. Approved Medium То assess how much on Term Expenditure resources has been allocated on Framework for implementing the agricultural 2015/2016development of projects 2018/2019 Financing Τo examine if terms and agreement conditions agreed and assess if they were considered during project implementation To obtain and assess the pre if pre-determine evaluation consist key elements of designs Operational documents and feasibility studies: **Procurement Files** selected evaluation team and their gualification, key reviews and negotiation reports, minutes and correspondences before granting the award of contact

## **Appendix 4: List of Reviewed Documents**

Category	Name of Document	Reasons
	Projects Implementation Manual 2015	To examine if the project was implemented in accordance to the approved Project Implementation Manual
	Project Construction files	To review the implementation of projects through schedule of work, BOQs, site visits, meetings, identify the contract sum, duration, scope of work and Terms of Reference
Monitoring reports	Monitoring and Evaluation reports	the government to track the progress of implementation of agricultural development projects
	Projects implementation reports	To examine the extent achieved when implementing projects
	Progress Report on different implementing areas of the projects	To understand the status of projects

Appendix	5:	List	of	Interviewed	Officials
Арренаіх	•••		<b>U</b> 1	meet viewed	Officials

Instituti	Interviewee	Reasons
on		
	Project coordinators	Conducting preliminary screening of projects.
	for ERPP and Storage	Providing guidance on projects on
	Expansion Project	behalf of the ministry.
		He is responsible to all day to day
		matters on the project on behalf
MoA		of the ministry.
mor		Repot to the ministry all raised
		issues by the project manager.
	ERPP staffs	Responsible for decisions on
		matter related to projects
	Officials from Directorate of Policy	Collaborating by the Ministry of
		Finance on the project monitoring
		and evaluation.
		Responsible to set KPIs used when
	and planning (DPP)	monitoring the project.
		Responsible for budgeting for the
		projects.
		Implementing LGAs' projects.
PO- RALG	Officials from Directorate of Policy and planning (DPP),	Monitors projects conducted at the LGA
MoFP		Responsible for gathering,
		assessing and approving all
	Officials from Project Division	projects from different sector ministries
		Disbursement of funds to projects

Instituti on	Interviewee	Reasons		
LGA	Project Coordinator from LGA	Preparing plan and budget for the projects Managing projects finance according to public finance management regulations. Coordinating the project implementation team at the LGA and he is the focal person linking LGA, RS and MoA		
	Project Contractors and Consultants	To evaluate work progress and the challenges encountered during project implementation.		
	Farmers	To ascertain if the farmers are aware of the ongoing project. To assess if farmers have		
		benefited to the project goals		

Appendix 6: Project Implementation Team for the Expansion Storage Capacity Project



## Appendix 7: Project Implementation Team for ERPP

