THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL FOR PROJECTS

MARCH, 2022

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

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Ref. No. CGA.319/421/01A **30 March 2022**

H.E Samia Suluhu Hassan,
The President of the United Republic of Tanzania,
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RE: SUBMISSION OF THE ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE AUDIT OF DEVELOPMENT PROJECTS FOR THE FINANCIAL YEAR 2020/21

In accordance with Article 143(4) of the Constitution of the United Republic of Tanzania of 1977, and Section 34 of the Public Audit Act, Cap 418, I am pleased to submit to you my Annual General Report on the audit of Development Projects for the financial year ended 30 June 2021.

I humbly submit,

Charles E. Kichere
Controller and Auditor General

About National Audit Office

Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Sect. 10 (1) of the Public Audit Act, Cap. 418.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernisation of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernising External Audit for Stronger Public Confidence"

Core Values

In providing quality services, National Audit Office is guided by the following Core Values:

i. Independence and objectivity
ii. Professional competence
iii. Integrity
iv. Creativity and Innovation
v. Results-Oriented
vi. Teamwork Spirit

We do this by: -

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
AFROSAI-E	African Organization of Supreme Audit Institutions - English Speaking Countries
AGL	Airfield Ground Lighting
CAG	Controller and Auditor General
CDC	Centre for Disease Control and Prevention
DFATD	Department of Foreign Affairs, Trade, and Development
DFID	Department for International Development
DLR	Disbursement Linked Results
DMDP	Dar es Salaam Metropolitan Development Project
DMGP	Dar es Salaam Maritime Gateway Project
DP	Development Partners
DUTP	Dar es Salaam Urban Transport Improvement Project
DVTCs	District Vocational Training Colleges
EASTRIP	East Africa Skills for Transformation and Regional Integration Project
e-GA	e-Government Authority
EPforR	Education Performance for Results
ERB	Engineers Registration Board
ESIA	Environmental and Social Impact Assessment
ESPJ	Education and Skills for Productive Jobs
EU	European Union
FDCs	Focal Development Colleges
FYDP II	Five Year Development Plan Phase II
GAFSP	Global Agriculture and Food Security Programme
GCC	General Condition of the Contract
IFAD	International Fund for Agricultural Development
INTOSAI	International Organization of Supreme Audit Institutions
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
JNIA	Julius Nyerere International Airport
LGAs	Local Government Authorities
MoEST	Ministry of Education, Science and Technology
MoHCDGEC	Ministry of Health, Community Development, Gender, Elderly and Children
MSD	Medical Stores Department
MUHAS	Muhimbili University of Health and Allied Sciences
NACTE	National Council for Technical Education
NAOT	National Audit Office of Tanzania
NECTA	National Examination Council of Tanzania
NGOs	Non-Government Organizations
NIRC	National Irrigation Commission
NM-AIST	Nelson Mandela African Institution of Science and Technology
PAA	Project Area of Authority

PAD	Project Appraisal documents
PAPs	Project Affected People
PCCB	Prevention and Combating of Corruption Bureau
PO-RALG	President's Office-Regional Administration and Local Government
POM	Project Operational Manual
PPRA	Public Procurement Regulatory Authority
PSSN	Productive Social Safety Net
RRFHP	Regional Rusumo Falls Hydroelectric Project
RRH	Regional Referral Hospital
RUWASA	Rural Water Supply and Sanitation Agency
RWSSP	Rural Water Supply and Sanitation Programme
SATTFP	Southern Africa Trade and Transport Facilitation Project
Sect.	Section
SIDA	Swedish International Development Agency
SMMRP	Sustainable Management of Mineral Resources Project
STVET-TE	Support Technical Vocational Education Training and Teacher Education
SUA	Sokoine University of Agriculture
SWIOFiSH	South West Indian Ocean Fisheries Governance and Shared Growth Project
TAA	Tanzania Airports Authority
TANESCO	Tanzania Electric Supply Company
TANROADS	Tanzania National Roads Agency
TARURA	Tanzania Rural and Urban Roads Agency
TASAC	Tanzania Shipping Agencies Corporation
TASAF	Tanzania Social Action Fund
TCAA	Tanzania Civil Aviation Authority
TEITI	Tanzania Extractive Industry Transparency Initiative
TESP	Teachers Education Support Project
TPA	Tanzania Ports Authority
TVET	Technical Vocational Education and Training
TZS	Tanzanian Shilling
UDSM	University of Dar es salaam
UNDP	United Nations Development Programme
USD	United States Dollars
UTC	Upgrading Teachers College
VETA	Vocational Education and Training Authority
VPO	Vice President's Office
VTCs	Vocational Training Colleges
WSDP	Water Sector Development Programme
ZRH	Zonal Referral Hospital

STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL

I am pleased to present the Annual General Report of Development Projects for the year 2020/21.

The report covers significant audit matters noted during the year under audit relating to internal controls and operations only to the extent considered necessary for the adequate performance of the audit to form an opinion as to whether the financial statements were prepared fairly in all material respects in accordance with the applicable Financial Reporting Framework.

The audit was carried out pursuant to the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures deemed appropriate under the circumstances.

This report looks into all significant audit matters relating to financial statements of development projects, controls for operations and operational efficiency of the Entities in implementation of the mandate in which they were established.

The financial year 2020/21 was, in many ways, dominated by the wide-ranging impacts of the Covid-19 pandemic. It has been inspiring me to see how well the Government has responded to the pandemic during this year. The Government pulled significant resources and focused on saving lives, concurrently maintaining a vibrant and sustainable delivery of social services. My office was not spared from the impact of the pandemic. However, I appreciate the support rendered to my office by the Government under the leadership of Her Excellency, Samia Suluhu Hassan, the President of the United Republic of Tanzania that helped us adjust and adapt to the new working environment, which enabled us to maintain focus and energy, and we were able to attain our goals. I am also grateful to

Parliament of Tanzania for its support to ensure that I fulfil my constitutional mandate.

I also extend my sincere appreciation to the Accounting Officers, Management and staff of audited entities for their invaluable support and cooperation during the audit.

Finally, I must recognize the important contribution of my staff members who have been working tirelessly, driven entirely by professional call, to complete the assigned audit activities while maintaining high level of quality in line with professional standards. It is a strong sense of purpose and dedication that has made it possible to deliver this report within the statutory deadlines.

Charles. E. Kichere
Controller and Auditor General
March, 2022

EXECUTIVE SUMMARY

Pursuant to Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time) and Sect. 34 (1) (c) of the Public Audit Act, Cap. 418, I hereby submit to you my eleventh Annual General Report on audit of development projects for the year ended on 30 June, 2021.

This report aims at providing my stakeholders with analysis of the findings arising from audit reports and follow up audit conducted on the implemented projects for the year ended on 30 June, 2021. The Government of the United Republic of Tanzania and Development Partners mainly funded these projects. My analysis of 293 financial statements audited in the financial year 2020/21 shows that the projects had total available funds amounting to TZS 3,741,072,255,560 out of which TZS 2,363,915,704,840 was spent leaving a balance of TZS 1,377,156,550,718 as at 30 June, 2021.

My analysis revealed that there were 3,211 outstanding audit recommendations from 290 management letters of development projects issued in the financial year 2019/20. Of the issued recommendations, 1,140 equivalent to 36% were fully implemented; 711 equivalent to 22% were under implementation; 861 equivalent to 27% were not implemented; 329 equivalent to 10% were reiterated; and 170 equivalent to 5% were overtaken by events. In the financial year 2020/21, I conducted 293 financial audits and issued a total of 293 opinions on the financial statements and compliance with procurement laws; and 18 opinions on internal controls that related to the projects financed by UNDP, Global Fund and CDC.

My analysis of findings from management letters were mainly from physical performance of the projects, financial management, procurement and contract management. Below is a summary of key findings noted in the audit of development projects and technical audits on strategic projects.

(i) Bid Documents Lacking Clarity Resulting into Complaints and Procurement Process Time Overrun for Construction of a 280 Km Double-Circuit 400KV Rated Transmission Line From Nyakanazi to Kigoma

My review found that on 30 September 2020, TANESCO initiated procurement proceedings of component “A” for construction of a 280 km double-circuit 400KV rated transmission line from Nyakanazi to Kigoma through international competitive bidding. Due to several clarifications requested by bidders on clarity of the bid documents, I found that the planned bid submission date was from 18 November, 2020 to 29 January, 2021 where 10 bids for Lot 1 and seven bids for Lot 2 were submitted. However, I noted a prolonged bid validity of more than nine months from the expiry date up to the time of this audit in October, 2021. This is contrary to Clause 18.1 under Section II of Bid Data Sheet on tender documents No. SMP/MP/PMU/20/31/586 for component “A” which stated bid validity period of 180 days.

The delay was mainly caused by repetitive evaluation process which resulted into unfair disqualification of bidders during evaluation process and delays in attending to comments on negotiating with the lowest bidders which was raised by the bank upon submission of no objection. Delays in finalizing procurement process poses a risk of increase in project cost due to future escalation of prices of goods and services as a result of inflation and possible non-attainment of project objectives of the North West Grid (400KV Nyakanazi - Kigoma Transmission Line).

I recommend for TANESCO to finalize the procurement process for component “A” to facilitate immediate execution on the construction of a 280 km double-circuit 400KV rated transmission Line from Nyakanazi to Kigoma.

(ii) Amendment of the SCC Clauses Resulted in Overpayment of Advance by TZS 1.78 Billion Related to Construction of Dodoma Model Secondary School

I noted that during the implementation of EPforR project, the Ministry of Education Science and Technology (MoEST) and SUMA JKT approved addendum No.1 of contract No.ME-024/2019-2020/HQ/W/06 on 5 February, 2021 for the proposed construction works for Dodoma Model Secondary School at Iyumbu Area, Dodoma, with original contract sum of TZS 17,109,576,232 by introducing the sub-clause in the principal contract. The sub-clause requires the Employer (MoEST) to pay special advance payment to the contractor for purchasing the material after submission of updated Procurement Plan, Work Plan, invoice of material to be procured. The commencement date was on 23 June, 2020 while completion date was scheduled to be on 23 February, 2022.

However, the amended sub-clause resulted into payment of advance totalling TZS 4,349,777,372.48 (25.42%) of contract price instead of TZS 2,566,436,434.80 (15%) of TZS 17,109,576,232. This resulted into an overpayment of the advance amount of TZS 1,783,340,937.68 (10.42%) termed as special advance payment contrary to Sect. 9(1)(d) of the Public Procurement Act, 2011 as amended by Sect.5 of Public Porocurement (Amendment) Act, 2016 and Clause 41.1 of Standard Tendering Document, 2018, which requires prior approval of the PPRA in collaboration with the Attorney General's Chambers and Professional bodies on any deviation from the use of Standard Tendering Documents (STD) and the Advance Payment to be limited to a maximum of 15% of the Contract Price.

I attribute the anomaly to inadequate evaluation of the tender which deemed the successful bidder (SUMA JKT) substantial responsive in financial aspect while the contractor was required to have a financial capability. Deviation from the Standard Tendering Document has resulted into unjustifiable advance overpayment of TZS 1,783,340, 937.68.

I recommend to the Management of MoEST to adequately manage the contract in conformity with the Standard Tendering Document. In future, ensure successful bidders are substantial responsive in terms of financial capability. Where deviation from the standard tendering is necessary, a prior approval from PPRA in collaboration with the Attorney General's Chambers should be obtained.

(iii) Delayed Procurement of Consultant Resulted into Delay on Commencement of Construction Activities for EASTRIP Project at Arusha Technical College (ATC).

Through the EASTRIP financing, ATC planned to expand its training centre (Kikuletwa Renewable Energy Training and Research Centre (KRETC) located in Hai District in Kilimanjaro region by construction of buildings infrastructures, rehabilitation and building of power houses, as one among significant components of the project. ATC planned to expand KRETC operations so that it becomes a Centre of Excellency for renewable energy technologies that will contribute to human capital development to enable harnessing of the clean energy sources from nature. The project documents indicate implementation timeline of the construction such as; contract for the construction to be signed in the first year (2019/20); construction to progress by 50% in the second year (2020/21); and construction to be completed by 100% in the third year (2021/22).

My review found that at the time of the audit in October 2021, the planned construction activities were yet to commence even though the project implementation period was half way. I was informed that the commencement of the construction was delayed due to challenges encountered during the tendering process and withdrawal of the lowest evaluated bidder in engaging the consultant for designing and supervision, which prompted ATC to resume the tendering process that required another prior review and approval of the World Bank which was lengthy than anticipated.

Further review of ATC progress reports, annual work plan and procurement plan found that the pending procurement has resulted into inadequate utilization of the fund received for two consecutive financial years with burning rates of 1% and 11% for the financial years 2019/20 and 2020/21 respectively. A large amount of the funds available during the year amounting to TZS 11,056,019,000 was expected to have been utilised in the procurement of the consultant and the construction activities such that, its failure prompted a low burning rate of 11% since the only amount of TZS 1,238,882,000 was spent during the year.

It is my view that the construction of physical structures is significant to the project for improved quality of the trainings. However, much delay does not only increase the risk of escalation on price of the construction materials but also inhibit to achieve project's milestones, objectives and the value for money.

I recommend to the Management of ATC to fast-track procurement of the consultant and prioritize a follow up with the World Bank for their prior review and approval to conclude the procurement and commence the construction without further delay.

(iv) Delay in Achievement of the Disbursement Linked Results (DLRs) Limit Disbursement of Funds TZS 3.06 Billion

My review of documentation relating to the set DLRs and its status of implementation at Nelson Mandela- African Institution of Science and Technology for CREATES-FNS and WISE-FUTURES projects recorded delay in achievement of DLRs of up to four years that has limited disbursement of funds amounting to TZS 2,377,095,455. I also noted that two DLR implemented under WISE Futures project by Nelson Mandela- African Institution of Science and Technology were delayed to be achieved that has limited disbursements of funds amounting to TZS 689,679,750. This is contrary to ACE II Project Appraisal Document which requires Implementing Partner to achieve DLRs prior funds disbursements.

I attribute the anomaly to inadequate initiatives by the Management to ensure that the DLRs are achieved to attract funds to finance the planned activities. It is my view that failure to achieve the set DLRs has led into non-achievement of the project objectives due to non-disbursement of funds.

I recommend to the Management of the Nelson Mandela-African Institution of Science and Technology to ensure that DLRs are implemented and achieved timely for adequate disbursement of funds to the project.

(v) Untimely Release of Funds Leading to Abandonment of the Projects for Kasumulu/Songwe OSBP, Vigwaza OSIS and Health Facilities TZS 101.46 Billion

My review of SATTFP Project implemented by TANROADS found that after the closure of the World Bank credit on 31 December 2020, there were activities related to construction, refurbishment of 20 health facilities, emergency medical services facilities, training cost and supervision cost amounting to TZS 44,346,567,676.75 were yet to be completed as per contract agreements.

I further found that during the year 2020/21, One-Stop Border Post (OSBP) and One-Stop Inspection Station (OSIS) requested additional funds from the Government to cover the deficit for the remaining activities at the Kasumulu/Songwe OSBP as provided in the final architectural comprehensive design and detailed engineering report. According to budget, the required funds to complete project activities as per comprehensive designed of OSBP was TZS 14,169,820,818 for Phase 3, which included, utility building, services building, fire station, incinerator building and irrigation tanks 1 and 2 while the budget of Phase II of Vigwaza OSIS is TZS 42,946,097,952.02, involving the construction of TRA Blocks (2 in Numbers including parking yards), construction of TANROADS parking yards, renovation of existing TANROADS buildings, construction of shade and storage building, and construction of access roads.

However, I found that the Ministry of Works did not release the total amount TZS 101,462,486,446.77 for OSBP and OSIS activities which affected the timely completion of project. At the time of audit in September, 2021 there was neither funds release nor budget allocation to complete the projects activities.

I attribute the anomalies to limited budget that was set aside for implementation of this project in the Credit, thus additional funds had to be sourced to complete the implementation of the remaining phases. Since the credit facility window had already been closed, the government is likely to incur more cost due to price escalation.

I recommend the Management of TANROADS in collaboration with the Ministry of Works and Transport to prepare a realistic budget and solicit adequate funds to complete all pending project components.

(vi) Prepared Curriculum of Diploma for Pre-Primary and Primary Level Education Which Costed TZS 2.92 Billion Not Put into Use

During the financial year 2020/21 TIE under TESP project prepared a curriculum of diploma for pre-primary and primary level education, which was not put into use after receiving funds and directive from MoEST. The curriculum was expected to be put in use from September 2020. However, up to the time of the audit, i.e., September 2021, the prepared curriculum was not put into use.

This was attributed to inadequate planning and management of the project activities. Failure to put the produced curriculum into use limits the attainment of project objectives.

I recommend the Management of Tanzania Institute of Education (TIE) to liaise with the MoEST to put the produced curriculum of diploma for pre-primary and primary level education into use.

(vii) Nugatory Expenditure From Payment of Service Charge for Unutilized Funds USD 129,968.90 From Roads Construction Project

I noted unspent amount of credit facility and Grants of USD 17,329,184.29 and USD 6,999.67 respectively to IDA due to failure to utilize those funds timely resulted into payment of service charge for unutilized funds USD 129,968.90 (3/4 x 1% x 17,329,184.29). This payment of service charge was due to non-compliance with Clause 2.03 of the Finance Agreements between International Development Association and Tanzania National Roads Agency signed on 30 July, 2013. Clause 2.03 of the Finance Agreement requires the service charge to be paid by the Recipient on the withdrawn Credit Balance equal to three-fourths of one per cent (3/4 of 1%) per annum.

I am of the view that the amount of USD 129,968.90 was rather nugatory expenditure to the Government as no benefit was accrued to it.

I attribute the anomaly to delayed completion of the pending SATTFP activities which was caused by the complexity of the program, lack of designs or clear scope of these activities at inception and during project preparation, involvement of numerous stakeholders, long procurement procedures and at times re-advertisement, delay of payment after introducing D-Fund payment system by the Ministry of Finance and Planning and COVID 19 pandemic. Furthermore, management did not forecast and mitigate the risk of withdrawing funds in relation to service charges paid.

I recommend the Management of TANROADS in collaboration with Ministry of Works and Transport to ensure that:-

(a) Projects are implemented timely and avoid refunding funds;

(b) Based on the lesson learnt, develop a mechanism that will be used to forecast the reasonable amount to be drawn in relation to realistic project outstanding milestones to

avoid or minimize the risk of payment of high service charges on drawing of funds that cannot be utilized; and

(c) Mobilise funds to complete the outstanding activities for the benefit of intended community.

(viii) Overpayment of TZS 588.45 Million on the Installed Street Lights at Mtwara Municipal Council

During the audit, I found that street lights installed in various roads through the contract under package 5 were paid at price rates that are materially higher than the price rate agreed in the contract by TZS 588,449,414.

I attribute the anomaly to inadequate contract management which lead to increase the paid rate for each light.

I recommend the Management of Mtwara Municipal Council to ensure that the overpaid amount of TZS 588.45 million is recovered from respective contractor.

(ix) Additional Compensation Cost of TZS 22.35 Billion Due to Delayed Compensations for More Than 23 Years From 1,125 PAPs at JNIA Extension Project

In the year 1997 the Ministry of Works and Transport engaged a consultant to carry out survey and valuation of properties for PAPs compensation for extension of Julius Nyerere International Airport (formerly, Dar es salaam International Airport) to cover areas of Kipawa, Kigilagila and Kipunguni.

My review found that based on the year 1997 valuation, compensation was made to the PAPs but 1,125 PAPs remained unpaid with outstanding balance amounting to TZS 7,413,357,576 by the year 1997 due to insufficient budget on settlement of the PAPs claims. The last revaluation came up with a higher value of TZS 29,768,029,951 as compensation to the remaining 1,125 PAPs compared to the previous TZS 7,413,357,576 that made an increment of TZS 22,354,671,575 equivalent to 302% as addition to the original compensation cost.

In addition, I found that that increment of compensation cost of TZS 22,354,671,575 has not been certified by the Government Chief Valuer. I am concerned with the long outstanding of PAPs claim payments of TZS 7,413,357,576 for more than 23 years that emanates additional costs.

I recommend that Management of TAA in consultation with the Government Chief Valuer review and certify the compensation of 1,125 PAPs to ensure payment is made without further delay and avoid further accumulation of compensation costs.

(x) Delayed Clearance on Imported Materials Due to Non-Renewal of VAT Order Exemption Leading to Project Delays at Songea Airport

My review found that the Songea Airport project had been implemented under the VAT order exemption with GN. 1065 published on 25 December, 2020 which expired on 29 March, 2021 and was not renewed at the time of audit August, 2021. This situation has resulted into delay on clearance of imported materials due to absence of valid VAT order exemption for the project.

I attribute the weakness to the prolonged approval of the VAT order exemption and changed Government regulations on clearance of the imported materials at the port. Lack of a renewed VAT order exemption delayed clearance on importation of project materials so that at the time of audit, Airfield Ground Lighting (AGL), Fire Tender, Cement, and reinforcements were not yet delivered, causing delays in project implementation.

I recommend to the management of TANROADS to liaise with the Ministry of Finance and Planning to ensure that the VAT orders exemption (GN) are timely processed to avoid delays in implementation of projects to achieve the intended objectives and the value for money.

(xi) Delayed Payments Resulted into Interest Charged by Contractor on Roads Construction Projects TZS 4.79 billion

Clause 51.1 of the General Condition of Contract (GCC) states that "the employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment.

Contrary to the requirement, my review found that five projects under the transport sector accrued interest charges amounting to TZS 4,794,074,503.30 due to delay in paying contractors' Interim Payment Certificates (IPCs). These include Transport Sector Support Program, with overdue interest charges of TZS 1,395,025,009.50; SATTFP TZS 511,718,392.00; Arusha Holili; TZS 2,208,372,096; Dar es salaam Urban Transport Improvement Project (DUTP), TZS 349,876,071.04 and Multinational Project Rumonge-Gitaza-Kibondo-Kasulu-Manyovu; TZS 329,082,934.76.

I consider that the delayed payments do not only slow down the progress of works and completion of projects but also the accumulated interest charges escalate project costs compared to initial estimates.

I recommend the Management of:-

(a) TANROADS to clearly identify implementation hurdles to expedite payment process with other authorities involved and meanwhile expedite payments of pending certificates;

(b) The Ministry of Finance and Planning to streamline the procedures for processing funds so that the projects' budgeted funds are timely released to ease the settlement of contractor's claims on time and avoid interest payment.

Conclusion

Generally, the Government has made substantial efforts to ensure that the development projects undertaken by MDAs in collaboration with Development Partners achieve the overall goals set out in each project. I recognize the continued efforts made by the project implementers in preparing the financial statements that conforms to standards, showing true and fair view of the affairs and financial performance of development projects being audited. This achievement brings trust among stakeholders particularly development partners and the general public.

Despite of the commendable efforts above, I still insist the Government to continue addressing the recurrence of deficiencies noted in my previous reports regarding the management of development projects in the country. My emphasis is mainly on the procurement and contract management, expenditure management and timely release of funds which will enable the project implementers to fully utilize the available funds on project activities timely.

CHAPTER ONE

INTRODUCTION AND OVERVIEW OF AUDITED PROJECTS

1.0 Introduction

The Five-Year Development Plan Phase II (FYDP II) 2016/17- 2020/21 outlines new interventions to enable Tanzania industrialize in a way that will transform its economy and its society. There are four groups of interventions adopted in FYDP II: growth and industrialization, fostering human development and social transformation, improving environment for enterprise development and getting implementation right. In line with these broad interventions, the Government continues to establish various development projects in different sectors. This being the last year of implementation of this plan, the Government has approved the five-year National Development Plan Phase III (FYDP III) 2021/22-2025/26.

This chapter outlines the direction of the 2020/21 budget for development projects, the types of projects being implemented, the detailed history of development projects (in a sectoral setting), the role of the Controller and Auditor General, the responsibilities of Accounting Officers, objective and the scope and the structure of this report.

1.1 Focus of Budget on Development Projects for the Financial Year 2020/21

In the financial year 2020/21, the Government, through the Ministry of Finance and Planning (MoFP), developed a budget which supports the implementation of the development projects in line with the four groups of interventions adopted in the FYDP II. The Government also focuses on implementation of flagship projects in energy, transportation and water sectors, such as strengthening Air Tanzania Company Ltd, construction and rehabilitation of airports, railways, roads, bridges, ports, ships in major lakes and ferries; and strengthening of electricity and gas production, transmission and distribution infrastructure including expanding rural electrification.

In this year's development budget, the Government planned to borrow TZS 4.91 trillion from the domestic market; out of which TZS 3.32 trillion was planned for rolling over of maturing Treasury bills and Bonds, and TZS 1.59 trillion, equivalent to 1.0 per cent of Gross Domestic Product (GDP) comprised of new loans for financing development projects. To speed up implementation of the infrastructure projects, the Government planned to borrow TZS 3.04 trillion from external non-concessional loans sources.

Considering the substantial budget allocation on development projects, my office conducted financial and technical audits on development projects for the Financial Year 2020/21. Following the audits, I inform the Government, development partners, citizens and other stakeholders on performance of the projects and advise on the better way to improve efficiency, effectiveness and economy in implementation of the development projects.

1.2 Types of Audits Conducted

In the financial year 2020/21, I conducted three types of audits on development projects; financial, technical real time and compliance audits.

1.2.1 Financial Audits

The financial audit mainly focuses on the evaluation of financial accounting system, internal controls on financial management and reporting. Audit opinions are issued on financial statements, and in the financial year 2020/21, I conducted and issued 292 audit opinions.

1.2.2 Technical Real Time Audits

I conducted nine technical real time audits on construction projects relating to transportation, energy, water and agricultural sectors. The findings obtained in these audits are presented in four aspects namely; Planning, Design and Tender Documentation; Procurement; Health, Safety and Environmental (HSE); as well as Contract Management Aspects which were conducted in the Financial Year 2020/21.

1.2.3 Compliance Audit

In 2020/21, I was part of the Audit Commission, which was formed to conduct a compliance audit on the jointly owned project; Regional Rusumo Falls Hydroelectric Project (RRFHP). The findings from the audit of RRFHP are included in this report.

1.3 Scope of the Report

In the Financial Year 2020/21, 113 projects were audited implemented by 245 entities, comprising of 302 audit reports as shown in **Table 1-1**

Table 1-1: Number of Projects Audited Per Sector during the Financial Year 2020/21

SN	Sector	No. of projects audited	No. of project implementers	No. of audit report
1	Agriculture	9	4	9
2	Education	11	6	11
3	Energy and Mining	18	4	19
4	Health	16	188	199
5	Transport	14	5	16
6	Water	8	7	11
7	Social	14	14	14
8	Multi Sector	23	17	23
Total		**113**	**245**	**302**

Sources: *Financial, technical and compliance audits for the year ended on 30 June, 2021*

The findings extracted from the audit reports cover various sectors, including; Agriculture, Education, Energy and Mining, Health, Transport, Water, Social Sector, and Multi-sectors.

The types of audits conducted per project and technical audits conducted per sector are shown in **Table 1-2** and **Table 1-3** respectively.

Table 1-2: Types of Audits Conducted Per Sector during the Financial Year 2020/21

SN	Sector	No. of Financial audit reports	No. of Compliance Audit Reports	No. of Technical Audit reports	Total No. of Audit Reports
1	Agriculture	8	-	1	9
2	Education	11	-	-	11
3	Energy and Mining	18	1	-	19
4	Health	198	-	1	199

SN	Sector	No. of Financial audit reports	No. of Compliance Audit Reports	No. of Technical Audit reports	Total No. of Audit Reports
5	Transport	10	-	6	16
6	Water	10	-	1	11
7	Social	14	-	-	14
8	Multi Sector	23	-	-	23
Total		**292**	**1**	**9**	**302**

Source: *Financial, technical and compliance audits for the year ended on 30 June, 2021*

Table 1-3: Titles and Chapters of Technical and Compliance Audit Conducted during the Financial Year 2020/21

SN	Sector	Names of technical and compliance audit reports	Type of audit	Chapters reference
1	Agriculture	Design and Implementation of the Selected irrigation schemes in the country	Technical	12
2	Energy and Mining	• Compliance Audit of Regional Rusumo Falls Hydroelectric Project (RRFHP)	Compliance	16
3	Health	• The Construction of Regional and Zonal Referral Hospitals	Technical	14
4	Transport	• Construction, Rehabilitation and Upgrading of Airports • Planning, Designing and Implementation of Road Projects in Dodoma Capital City • Design And Supervision of Selected Water Supply Projects • Technical Audit on The Design and Construction of Kigongo - Busisi Bridge • Construction Of New Wami Bridge and Njombe-Ndulamo-Makete Road Projects	Technical	9, 10, 11,15

Source: *Technical and compliance audits for the year ended on 30 June, 2021*

Agricultural Sector

The Government continues to focus on transforming the Agricultural Sector to make it more advanced and productive, commercial, profitable and surplus producing to cater for domestic and international markets. In this regard, implementation of various agriculture projects mainly focuses on establishment and improvement of marketing infrastructure systems, supporting the increase of productivity and production of various crops through rehabilitation and expansion of irrigation infrastructures. The projects in the agriculture sector also focus on provision of farming equipment and tools; provision of consultancy and non-consultancy services as well as strengthening the capacity of agricultural institutions and communities by providing trainings; and supporting research and outreach programs to ensure food security in the country as shown in **Table 1-2 and 1-3**.

In the Financial Year 2020/21, I issued nine audit reports under this sector, out of which eight reports related to the financial audits and one report related to the technical audit on design and implementation of the selected irrigation schemes in the country.

Education Sector

The Education Sector Development Plan for 2016/17-2020/21 aims at ensuring the development of basic and tertiary education, more focusing on the expansion of technical vocational education and training, and prepare skilled work force as a critical part of the country's human resources development strategy. During the year, I issued 11 audit reports as shown in **Table 1-2.**

Energy and Mining Sector

Under the energy sector, the Government is determined to improve the availability and reliability of electric power in both rural and urban areas by engineering the institutional reforms for power generation, transmission and distribution reforms to improve operations of the Tanzania Electrical Supply Company (TANESCO) and Rural Energy Agency (REA). Based on the Five Year Development Plan Phase II (FYDP II), the Government aimed at increasing the capacity of electric power generation from 1,501MW available in year 2015 to 4,915MW by 2020. As a result of these efforts, by 2020, electric power supply had reached 60% of population, compared to 36% in 2014/15.

Meanwhile, under the FYDP II, the mining sector seeks to promote resources-based industrialization to add value in the endowed industrial minerals, precious metals, and gemstones. To achieve this, several projects that were implemented in the mining sector related to the construction of regional mining offices and capacity building under Sustainable Management of Mineral Resources Project (SMMRP), and Intervention in Transparency and Accountability under Tanzania Extractive Industry Transparency Initiative (TEITI). During the year under review, I issued 19 audit reports as shown in **Table 1-2.**

Health Sector

Strategies in the health sector mainly focus on improving the health and well-being of the Tanzanian society by strengthening national systems to enhance the delivery of and equal access to quality health services for all. The established government projects on the health sector aim at improving the quality of primary health care services nation-wide with a focus on maternal, neonatal and child health services, and providing capacity building of Regional Secretariats (RS) and Local Government Authorities (LGAs) on critical issues arising in the health sector. The projects also support the construction and rehabilitation of health infrastructures, procurement of medicines, medical supplies and equipment used in health facilities, as well as the use of Information and Communication Technology (ICT) in strengthening health services. During the year under review, I issued 199 audit reports as shown in **Table 1-2**. Corresponding technical audits conducted are as shown in **Table 1-3**.

Transport Sector

Under the transport sector, the Government is committed to improving the transportation infrastructure in line with the Implementation Strategy of the National Transport Policy 2011-2025. The Government continues to improve the country's airports, roads, railways and ports to ensure smooth running of economic and social activities, both internally and externally.

In the Financial Year 2020/21, I issued 16 audit reports as in **Table 1-2** while technical audits conducted are shown in **Table 1-3**.

Water Sector

The Ministry of Water has been implementing sector reforms aiming at improving the integrated water resources management, and water supply and sanitation services in rural and urban areas. To align with the objectives of the National Development Vision 2025, the Water Sector Development Programme (WSDP) was established under the guidance of the National Water Policy 2002. WSDP is the major programme in the Water Sector with some other projects that supplement the main objective of improving water supply and sanitation in rural and urban areas.

The Government established a Rural Water Supply and Sanitation Agency (RUWASA) through Water Supply and Sanitation Act, 2019. The Agency is responsible for development and sustainable management of water supply, sanitation projects and water service delivery in rural areas.

During the year under review, I issued 11 audit reports as in **Table 1-2** while technical audits conducted are shown in **Table 1-3**.

Social Sector

Main projects covered under this sector include Tanzania Social Action Fund Project Phase III (TASAF III)/Productive Social Safety Net (PSSN) and the projects financed by UNDP. TASAF III is part of the National Poverty Eradication Strategy established to empower communities to access opportunities that contribute to improved livelihood linked to the Millennium Development Goals (MDG) as stated in the Tanzania Poverty Reduction Strategy (TPRS). Its main objective is to improve access to lower income-earning opportunities and socio-economic services for targeted households while enhancing and protecting the human capital of their children. The PSSN program operates nationally covering 186 Project Area Authorities (PAAs) on the Tanzania Mainland and Zanzibar. PSSN II continues to target the poorest and most vulnerable households in Villages/Mitaa/Shehia. These beneficiaries are supported to have access to productive cash transfer, public works and basic livelihoods support. During the year under review, I issued 14 audit reports as shown in **Table 1-2.**

Multi Sector Projects (Other Projects)

The Government is also implementing projects with cross cutting activities on various sectors such as environment, tourism, fisheries, legal, capacity building, child protection and survival interventions, and poverty eradication. Funds for these projects come from a range of financiers under bilateral and multilateral arrangements. During the year under review, I issued 23 audit reports as shown in **Table 1-2**.

1.4 Responsibilities of Accounting Officers

Sect. 25(2) of the Public Finance Act, Cap. 348 (R.E. 2020) requires Accounting Officers[1] to prepare annual financial statements in accordance with acceptable accounting standards.

Similarly, Order 11, 14 and 31(1) of the Local Government Financial Memorandum of 2009 and the MOUs between project implementers and development partners require managements to ensure proper keeping of accounting records and maintaining sound system of internal controls within the entity.

In addition, Accounting Officers are required to ensure that operations of projects comply with terms and conditions of the respective project agreement between the Government and Development partners, and the applicable laws and regulations.

1.5 Responsibilities of the Controller and Auditor General

The Controller and Auditor General (CAG) is required by Sect. 10 of the Public Audit Act, Cap. 418 to satisfy himself that all accounts have been kept in accordance with Generally Accepted Accounting Principles as required by relevant laws and that all reasonable precautions have been taken on safeguarding the collection of revenue; and that all expenditure of public monies have been

[1] Accounting Officers of LGAs, MDAs, Public Authorities and other Government entities

properly authorized and utilized for the purposes for which they were appropriated; laws, directions and instructions applicable thereto have been duly observed; and economy, efficiency and effectiveness have been achieved on the use of public resources.

CAG is also required by Sect. 48(3) of the Public Procurement Act, 2011 to state in his Annual Audit Report whether the Projects Implementers have complied with the procurement laws and its regulations. This report provides highlights on the issues noted from individual audits conducted on development projects. It aims at assisting stakeholders including Members of Parliament, the Government, Media, the Public and others to make informed decisions to improve the performance of development projects in the country.

1.6 Applicable Audit Standards

NAOT is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and the African Organization of Supreme Audit Institutions of English-Speaking Countries (AFROSAI-E). Therefore, audit procedures applied are in line with the International Standards of Supreme Audit Institutions (ISSAI) issued by INTOSAI and International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).

CAG is required by these standards to comply with ethical requirements of planning and performing of the audit to obtain reasonable assurance on whether the financial statements are free from material misstatements and prepared according to the MoU.

1.7 Audit Methodology

My audit procedures include tests on accounting records and other procedures to satisfy the audit objectives. In doing so, my audit is mainly divided into four phases as shown in **Figure 1-1**;

Figure 1-1: Summary of the Audit Process and Procedures

1.8 Structure of the Audit Report

This report contains 16 chapters. Chapter one provides an overview of audited projects during the year in each sector, responsibilities of Accounting Officers and CAG, scope, methodologies as well as standards used in carrying out audits; Chapter two covers implementation status of the previous years audit recommendations; Chapter three covers financial performance and expenditure management which include financing, audit opinions issued and the findings from evaluation of internal control, risk management and governance systems and expenditure management; Chapter four covers procurement and contract management; Chapter five covers physical performance of projects; Chapter six to 13 covers technical real time audits; Chapter 14 covers compliance audit on Regional Rusumo Falls Hydroelectric Project while Chapter 15 and 16 covers conclusion and recommendations based on the audit findings.

CHAPTER TWO

IMPLEMENTATION STATUS OF PREVIOUS YEARS' AUDIT RECOMMENDATIONS

2.0 Introduction

This chapter provides a summary of implementation status and actions taken by Accounting Officers towards my audit recommendations issued to management and those charged with Governance. I appreciate the efforts made by the Paymaster General (PMG) in responding to my reports and providing an action plan on implementation of the recommendations.

There were 3,211 outstanding recommendations from 290 management letters of development projects for financial year ended on 30 June, 2020. My recommendations intend to assist Project Implementers to rectify anomalies that were pointed out during the audit and propose respective solutions for future improvement.

2.1 Implementation of Previous Years' Recommendations

My analysis in **Table 2-1** shows that out of the total outstanding 3,211 recommendations, 1,140, equivalent to 36% were implemented; 711, equivalent to 22% were under implementation; 861, equivalent to 27%, were not implemented; 329, equivalent to 10% were reiterated; and 170, equivalent to five per cent were overtaken by events. A detailed implementation status is provided in the management letters issued to respective project implementers.

Table 2-1: Implementation Status of Previous Year's Recommendations

Sector	Outstanding Issues	Implemented	Under Implementation	Not Implemented	Reiterated	Overtaken by Events
Agriculture	53	30	10	2	7	4
Education	207	78	74	7	41	7
Energy and Mining	94	29	39	6	11	9
Health	2,353	775	453	770	225	130
Social	77	48	4	16	4	5
Transport	134	53	31	32	7	11
Water	140	62	52	9	16	1

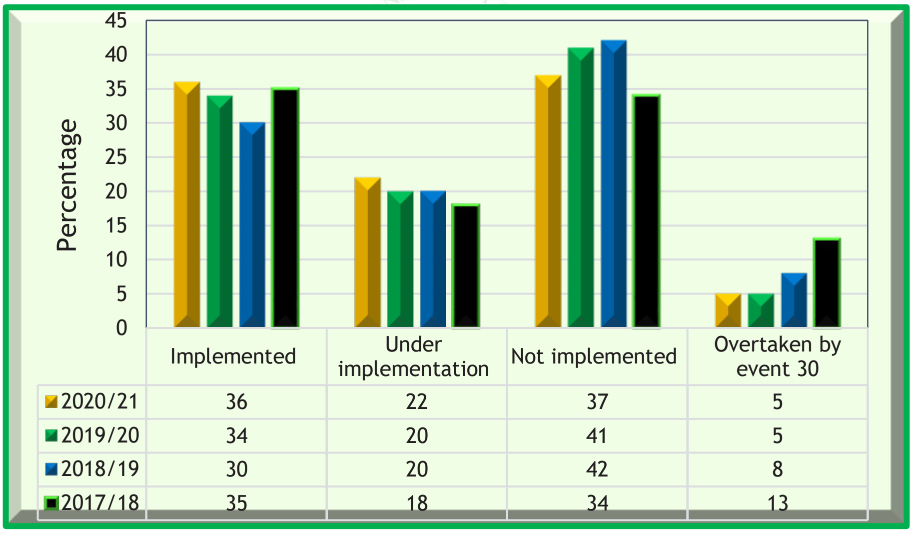
Sector	Outstanding Issues	Implemented	Under Implementation	Not Implemented	Reiterated	Overtaken by Events
Multi- Sector	153	65	48	19	18	3
Total	**3,211**	**1140**	**711**	**861**	**329**	**170**
Percentage		**36**	**22**	**27**	**10**	**5**

Source: *Management letters 2020/21*

Looking at **Table 2-1**, I am of the view that the implementation status is unsatisfactory as only 36% of the outstanding recommendations were fully implemented.

In addition, an analysis of implementation of my recommendations regarding development projects for four consecutive years indicates that the rate of implementation is unsatisfactory (below 50%) as shown in **Figure 2-1.** Therefore, I urge Accounting Officers to ensure that implementation of previous years' recommendations is improved to avoid recurrence of the same weaknesses in future.

Figure 2-1: Trend on Implementation of Audit Recommendations



Source: *Management letters 2020/21*

2.2 Repetitive Audit Findings

I have extracted the repetitive audit findings from my reports for three consecutive financial years from 2018/19 to 2020/21. Based on my analysis, I found 12 repetitive findings in the areas of fund release and utilization, expenditure management and procurement as shown in **Table 2-2**.

Table 2-2: Repetitive Audit Findings for Financial Years 2018/19 to 2020/21

Finding's category	Key repetitive findings noted
Release and utilization of fund	1. Insufficient Release of Funds to the Development Projects 2. Underutilization of funds
Expenditure management	1. Inadequately Supported Payments and Missing Payment Vouchers 2. Purchases of Goods and Services without Demanding EFD Receipts 3. Inadequate Management of Imprests 4. Borrowed Projects Funds Not Refunded
Procurement	1. Procurements Made without Competitive Quotations 2. Procured Goods and Services Yet to be delivered 3. Procurement without Tender Board approval 4. Goods Received and Put in Use without Certification of the Goods Inspection and Acceptance Committee 5. Stores not recorded in the Stores Ledger 6. Procurement of Medical Supplies from other suppliers without Out-of-Stock Notice from MSD

***Source:** Audit analysis*

2.2.1 Inadequately Supported Payments

My review of expenditure records for financial year 2020/21 found that expenditures amounting to TZS 3,263,044,938 from 42 audited entities were not attached with sufficient supporting documents such as acknowledgement receipts, delivery notes, invoices including missing payment vouchers contrary to the requirement of Reg. 95 (4) of the Public Finance Regulations, 2001. Similarly, I found that, same anomalies occurred in financial years 2018/19 and 2019/20 whereby 66 and 88 project implementers did not adequately support their expenditure amounting to TZS 4,290,397,933.87 and TZS 3,105,033,861.12 respectively. My analysis under this category shows that the entities involved were MoEST, MoHCDGEC and 36 LGAs under Education, Health and Multi sectors.

2.2.2 Purchases of Goods and Services Without Demanding EFD Receipts

I found that 42 project implementers made payments amounting to TZS 48,146,074,470.99 in financial year 2020/21 with respect to the procurement of goods and services without demanding EFD receipts, contrary to the requirements of Reg. 55(1) of the Tax Administration (General) Regulations, 2016. This was due to laxity by project implementers in demanding the receipts from suppliers and service providers. Failure to demand EFD receipts does not only increase the risk of tax evasion, but also undermines Government's efforts to increase tax collection. Same anomalies were noted in financial years 2019/20 and 2018/2020 whereby 38 and 58 project implementers purchased goods and services worth TZS 1,896,276,978.56 and TZS 6,509,405,047.03 respectively without demanding EFD receipts.

The finding involved projects under transport, education, health and social sector which are implemented by MoEST, PO-RALG, TASAF and LGAs that are implementing Health Basket Fund Programme.

2.2.3 Inadequate Management of Imprests

My review of imprest management in the financial year 2020/21 found that six project implementers had deficiencies in the management of imprests, including unretired and delays in retirement of imprests amounting TZS 127,467,534.76 contrary to the requirements of Reg. 103 of the Public Finance Regulations, 2001. In financial years 2019/20 and 2019/2020, I found that the same anomaly occurred, whereby 13 and 11 project implementers did not manage their imprests properly, amounting to TZS 625,886,455.49 and TZS 1,842,784,598.73 respectively. This issue involved project implementers from all sectors.

2.2.4 Borrowed Projects Funds Not Refunded

My review of project funds spent found that Accounting Officers from four project implementers had borrowed a total of TZS 1,707,435,600.99 in the financial year 2020/21 without refunding, contrary to the requirements stipulated in the respective project documents, including financing agreement, project implementation manuals, MOU and other guidelines that governed the operation of projects. Similarly, in financial year 2018/19 and 2019/20, I found similar occurance whereby TZS 972,822,256.31 and TZS 1,539,685,444 were borrowed by seven and two project implementers respectively without being refunded to respective projects' bank accounts. The sector involved were Education, Energy and Mining, Health, Water and Multi Sector. I attributed this anomaly to inadequate internal control exercised by Accounting Officers over financial management of project funds. Non refund of the borrowed funds hinders adequate implementation of the planned activities.

2.2.5 Insufficient Release of Funds to the Development Projects

Budget is an essential tool assisting project implementers in planning, controlling and evaluating resources assigned and utilized in implementation of projects activities. By its nature, it expresses what is to be undertaken in the respective financial year, and allocates the financial and other resources that are needed to specific activities to achieve the targeted objectives.

I found instances where project implementers had unimplemented activities at the year-end due to insufficient release of funds in comparison with the approved budget. For instance, in the financial year 2020/21, I found that out of TZS 311,494,146,142.02 budgeted for 69 project implementers, only TZS 136,091,207,263.32 was released leaving the outstanding balance of TZS 175,402,938,878.70 equivalent to 56% of the approved budget. I further noted that the same situation occurred in the financial years 2019/20 and 2018/19 whereby unreleased funds for 144 and 158 project implementers amounted to TZS 53,373,154,480.13 (22% of the budgeted funds) and TZS 164,227,953,051.19 (22% of the budgeted funds respectively.

The under release of funds originated from six sectors, namely; agriculture, education, water, health, energy and multi sector. Among the project implementers involved include MoA, MoEST, MoE, MoW, MOHCDGEC, PO-RALG, NM-AIST, and 56 LGAs which implemented HBF projects.

2.2.6 Inadequate Utilisation of the Available Funds

The project implementers are expected to use the actual funds available during the year in implementation of the approved activities. However, my review noted that apart from inadequate release of fund, some of the project implementers did not manage to spend all funds available in the respective financial year. For instance, in the financial year 2020/21, I noted that 287 project implementers did not manage to spend a sum of TZS 1,377,029,559,731 equivalent to 37% of the available funds that was not spent by 287 project implementers.

Similarly, the same situation occurred in financial year 2019/20 and 2018/19 whereby 267 and 287 project implementers did not spend TZS 1,156,889,698,990.4 and TZS 2,040,589,090,382.4 equivalent to 32% and 24% of the available funds respectively. The project implementers from all sectors were involved in this issue.

I am of the view that, inadequate utilisation of project funds within the agreed timeframe slows down the efforts of the government in provision of intended services and development to citizens.

2.2.7 Procurements Made Without Competitive Quotations

My review of procurement solicitation processes noted that 27 project implementers procured various goods and services worth TZS 1,518,890,530.30 without observing the competitive bidding process. The same was noted in the financial years 2019/20 and 2018/19 whereby 25 and 28 project implementers procured goods and services without competitive quotations amounting to TZS 917,644,344.5 and TZS 1,329,456,015 respectively. The entities involved include education, health, multi sector, social, and transport and water sector.

This anomaly was mainly attributed to inadequate enforcement of competitive bidding by accounting officers on the procurement initiated by their entities. Since the procurements were not competitive, there is a risk that the value for money was not attained.

2.2.8 Procured Goods and Services Yet to be Delivered

My review of procurement transactions and their related documents noted that 41 project implementers in financial year 2020/21 made payment to various suppliers of goods and services amounting TZS 1,932,758,844.59 without being delivered up to the end of the financial year 2020/21. My review of the same issue in the financial years 2019/20 and 2018/19 noted that 37 and 21 project implementers purchased goods and services worth TZS 1,865,730,431.72 and TZS 1,451,357,063.82 respectively, which were not delivered.

2.2.9 Goods Received and Put in Use Without Certification of the Goods Inspection and Acceptance Committee

My review of goods inspected by Goods Inspection and Acceptance Committee in the financial year 2020/21 found that the procured goods made by 23 project implementers worth TZS 2,539,287,159.30 were received without being inspected by the Goods Inspection and Acceptance Committee, contrary to Reg. 244 and 245 of the Public Procurement Regulations, 2013. Similarly, in the financial years 2019/20 and 2018/19 I found the same issue whereby 35 and 38 project implementers received goods without conducting inspection amounting to TZS 2,443,991,727.1 and TZS 2,443,991,727.18 respectively. The project implementers appeared under this finding originated from agriculture, education, health, social and water sectors.

The anomaly was attributed to reluctance of management of respective entities to exercise control related to inspection of goods, including non-formulation of responsible committees on time. It is my opinion that receiving goods without being inspected by the goods inspection and acceptance committee provide loopholes for acquiring of sub-standard goods resulting into non-attainment of value for money.

2.2.10 Stores Not Recorded in the Store's Ledger

My review of stores ledgers revealed that procured goods worth TZS 903,695,923.80 in respect of health, education and social sectors made by 25 project implementers in financial year 2020/21 were not recorded in the relevant store ledgers. This hinders effective control of movement of procured goods. I noted the same in financial year 2019/20 and 2018/19 whereby 39 and 35 project implementers did not record stores in the ledgers worth TZS 814,365,066.9 and 463,826,899 respectively.

2.2.11 Procurement of Medical Supplies Without Out-Of-Stock Notice From MSD TZS 401,732,587

In the financial year 2020/21, I found that 31 LGAs through health sector procured medical items worth TZS 401,732,587 from private suppliers without out-of-stock notice from the Medical Stores Department (MSD), contrary to Regulation 140(5) of the Public Procurement Regulations, 2013. The similar issue occurred in the financial year 2019/20 and 2018/19 whereby 27 and 26 project implementers procured medical supplies without out-of-stock notice from MSD worth TZS 402,609,089.08 and TZS 366,078,953 respectively.

The anomaly was caused by lack of effective communication regarding out-of-stock items between procuring entities and MSD. In the absence of evidence of out-of-stock notice from MSD, I could not confirm if procured items were out of stock at MSD before resorting to private suppliers, which mostly results into a risk of procuring of same medical supplies at relatively higher prices.

2.2.12 Procurement of Goods and Services without Tender Boards Approval

Under this sub category of repetitive finding, I found that six project implementers in agriculture and health sector were engaged in procurement of various goods and services amounting to TZS 381,654,221 without the approval of the respective Tender Boards, contrary to Sect. 35 (2) of the Public Procurement Act, 2011 (as amended in 2016). I established the same anomalies from agriculture and health sectors in financial year 2019/20 and 2018/19 whereby six and 18 project implementers procured goods and services worth TZS 441,166,183 and TZS 411,485,130 respectively without approval of the Tender Boards.

The anomaly was caused by control oversight by the respective project implementers. Such deficiency does not only increase the risk of awarding contracts to incompetent suppliers or service providers, but also limits transparency on the respective procurements.

Recommendation

I recommend the Chief Secretary in collaboration with Accounting Officers of the respective projects to come up with a strategy to end occurrence of the repetitive findings to address my recommendations thereof.

CHAPTER THREE

FINANCIAL PERFORMANCE AND EXPENDITURE MANAGEMENT

3.0 Introduction

Financial performance refers to the presentation of the achievement of the financial objectives of the entity to support implementation of the planned activities.

The chapter covers projects financing, audit opinions issued and key audit findings relating to financial management and review of internal controls.

3.1 Projects Financing

The funds for financing projects come from the Government of Tanzania (GoT), World Bank, AfDB, GAFSP, IFAD, SIDA, DFID, DFATD, and other Development Partners. The nature of financing is mainly in form of grants and loans. This part provides details of funds disbursed and utilized by the implementers of development projects in the audited sectors.

3.1.1 Agriculture Sector

The projects audited were mainly financed by the World Bank, AfDB, GAFSP, IFAD and the Government of Tanzania. Table 3-1 presents projects implemented with funds utilized against the available funds in the agriculture sector, as presented in the submitted financial statements.

Table 3-1: Projects Implemented Against Utilized Funds -Agriculture Sector

S/N	Name of Project	Project Implementers	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	African Centre of Excellence-East and Southern Africa for Innovative Rodent Pest Management and Biosensor Technology	SUA	5,011.26	2,018.90	2,992.35

S/N	Name of Project	Project Implementers	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
	Development [ACE IRPM&BTD]				
2	Centre for Research in Agriculture Advancement Teaching Excellence and Sustainability (CREATES) Project	NM-AIST	3,546.69	1,178.97	2,367.72
3	Ecologically Based Rodent Management for Sustainable Agriculture and Food Security in Africa (EcoRodMan) Project	SUA	1,084.17	255.63	828.55
4	Expanding Rice Productivity Project (ERPP)	MoA	11,987.82	10,225.05	1,762.77
5	Strengthening Skills and Training Capacity in Horticulture Sector Project (Orange Knowledge Program sponsored by Dutch)	NACTE	76.44	74.25	2.19
6	Tanzania Initiative for Prevention of Aflatoxin Contamination (TANIPAC)	MoA	2,653.79	2,426.32	227.48
7	Africa Centre of Excellence for Infectious Diseases of Humans and Animals in Southern and East (SACID) Project	SUA	4,627.02	3,151.20	1,475.81
8	SUA - SIDA	SUA	2,919.16	500.81	2,418.35
	Total		**31,906.36**	**19,831.14**	**12,075.22**

Source*: Financial statements for year ended on 30 June, 2021*

3.1.2 Education Sector

In the education sector, funds were received from the World Bank, SIDA, DFID, AfDB, DFATD – Canada and GoT, **Table 3-2** presents projects implemented, funds utilized against the available funds in the education sector, as per the submitted statements.

Table 3-2: Projects implemented against utilized funds - Education Sector

S/N	Name of Project	Implementers	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Big Results Now in Education Programme For Results (EPforR)	MoEST	295,036.52	214,425.14	80,611.38

S/N	Name of Project	Implementers	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
2	East Africa Skills for Transformation and Regional Integration (EASTRIP) - DIT Dar es Salaam	DIT Dar es Salaam	10,753.64	1,821.14	8,932.50
3	East Africa Skills for Transformation and Regional Integration (EASTRIP) - DIT Mwanza Campus	DIT Mwanza Campus	10,986.57	528.73	10,457.84
4	East Africa Skills for Transformation and Regional Integration (EASTRIP) - NIT	NIT	13,313.56	2,910.52	10,403.04
5	East Africa Skills for Transformation and Regional Integration (EASTRIP) -ATC	ATC	11,056.02	1,238.88	9,817.14
6	Education and Skills for Productive Jobs Program (ESPJ)	MoEST	76,159.13	73,221.82	2,937.31
7	East Africa Skills for Transformation and Regional Integration (EASTRIP) – MOEST HQ DODOMA	MoEST	3,645.19	2,754.25	890.93
8	Literacy and Numeracy Education Support (LANES) II	MoEST	31,770.11	31,761.64	8.47
9	Nelson Mandela African Institution of Science and Technology (NM-AIST)	NM-AIST	1,612.07	1,408.98	203.09
10	Teacher Education Support Project (TESP)	MoEST	24,049.69	14,246.37	9,803.32
11	Upgrading Teachers Colleges Project (UTC)	MoEST	11,762.44	9,857.32	1,905.12
	Total		**490,144.93**	**354,174.79**	**135,970.13**

Source: *Financial statements for year ended on 30 June, 2021*

3.1.3 Energy and Mining Sector

During the financial year 2020/21, the projects under Energy and the Mining Sector received funds from the World Bank, AfDB, UNDP, Department of Foreign Affairs, Trade, and Development (DFATD), KFW, AFD, SIDA, BADEA, OFID, EU, and GoT. **Table 3-3** presents projects, the available funds against utilized, as per the submitted financial statements;

Table 3-3: Projects Implemented Against Utilized Funds – Energy and Mining Sector

S/N	Name of Project	Project Implementer	Funds available (TZS/Mil)	Fund utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Backbone Transmission investment Project (BTIP) Phase II	TANESCO	20.22	20.22	-
2	Bulyanhulu- Geita 220kv Transmission Line and Rural Electrification for Villages in Geita District Project	TANESCO	12.62	12.09	0.54
3	EU - Human Capital Development	MoE	10.94	10.94	-
4	220kV Geita - Nyakanazi Transmission Line Rural Electrification Project	TANESCO	23,841.35	23,617.52	223.84
5	Kenya Tanzania Power Interconnection Project	TANESCO	73,111.47	69,437.91	3,673.56
6	Kikonge Multipurpose Dam, Hydropower and Irrigation Project	TANESCO	1,962.52	1,962.52	-
7	Makambako Songea 220kV Transmission Line and Rural Electrification in Njombe and Ruvuma Regions Project	TANESCO	42,808.58	37,810.90	4,997.68
8	North West Grid (400kV Nyakanazi - Kigoma) Transmission Line Project	TANESCO	6,011.00	3,348.85	2,662.15
9	Regional Rusumo Falls Hydropower Project Transmission Line Component	TANESCO	7,608.82	6,037.10	1,571.72
10	Rehabilitation of Hale Hydropower Station Project	TANESCO	18,272.38	69.39	18,203.00
11	Rural Energy Agency - World Bank Financed Projects (TZ-Rural Electrification Expansion Program)	MoE	282.14	2.13	280.01
12	Sustainable Energy for All Project	MoE	85.96	79.71	6.26
13	Sustainable Management of Mineral Resources Project (SMMRP)	MoM	3,422.03	3,380.93	41.10
14	Tanzania Extractive Industry Transparency Initiative (TEITI) - EU	MoM	71.14	0.22	70.92
15	Tanzania Extractive Industry Transparency Initiative (TEITI) – GoT & CIDA	MoM	641.95	621.69	20.27
16	Tanzania Zambia Interconnection Project	TANESCO	26,610.13	1,642.97	24,967.15

S/N	Name of Project	Project Implementer	Funds available (TZS/Mil)	Fund utilized (TZS/Mil)	Closing balance (TZS/Mil)
17	Transmission Grid Rehabilitation & Upgrade (TTGRUP)	TANESCO	10.03	0.03	10.00
18	Development of National Action Plan for Artisanal and Small-Scale Gold Mining (ASGM)	Vice President's Office	632.21	367.10	265.10
	Total		**205,415.50**	**148,422.22**	**56,993.28**

Source: *Financial statements for the year ended on 30 June, 2021*

3.1.4 Health Sector

The health sector projects received funds from DANIDA, World Bank, Canada, Ireland, Korea International Cooperation Agency (KOICA), Switzerland and UNICEF, NORAD, SIDA, CDC, AfDB, Global Fund, and Government of Tanzania. Projects implemented, the available funds against utilized, as per the reviewed financial statements shown in **Table 3-4**

Table 3- 4: Projects implemented against utilized funds - Health Sector

S/N	Name of Project	Project Implementer	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	East Africa Public Health Laboratory Networking Project	MoHCDGEC	949.20	949.20	-
2	Health Basket Fund - MoHCDGEC	MoHCDGEC	8,804.12	6,065.14	2,738.98
3	Health Sector Program Support (HSPS)	PO- LARG	24,528.08	21,979.86	2,548.22
4	MUHAS-Centre of Excellence in Cardiovascular Science Project	MUHAS	2,473.42	2,354.63	118.80
5	Strengthening Primary Health Care for Results Program - MoHCDGEC	MoHCDGEC	8,464.94	8,045.10	419.84
6	Strengthening Primary Health Care for Results Program (SPHC4R)	PO-LARG	2,036.42	198.64	1,837.78
7	COVID 19 Pandemic Financing Facility	MOHCDGEC	8,659.99	8,644.11	15.88
8	MUHAS-Sida "Research Collaboration on Health Research, Training and Innovation for Sustainable Development" Programme	MUHAS	1,282.25	1,244.59	37.66
9	Sickle Pan-African Research Consortium	MUHAS	2,031.54	1,585.36	446.19

S/N	Name of Project	Project Implementer	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
	(SPARCO) Managed by Muhimbili University of Health and Allied Sciences (MUHAS) through Cooperative Agreements Number: 1U24HL135881-03				
10	Health Basket Fund	LGAs	118,744.91	94,440.29	24,304.62
	Total		**177,974.87**	**145,506.92**	**32,467.97**

Source: *Financial statements for financial year ended on 30 June, 2021*

Also, among the projects, five of them relating to the Global Fund and CDC were audited in respect of financial year of 1 October 2019 to 30 September 2020. However, in the table of financial performance above, I did not include their respective figures. In the financial year 2019/2020, TZS 616,614,928,174.80 was available and TZS 455,778,474,093.27 was spent leaving the balance of TZS 160,836,454,081.53 for implementation of the outstanding activities as shown in **Table 3-5.**

Table 3-5: Projects Implemented Against Utilized Funds - Global Fund and CDC

S/N	Name of Project	Project Implementer	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Global Fund - HIV	MOHCDGEC	361,436.17	251,453.63	109,982.54
2	Global Fund - TB	MOHCDGEC	40,100.20	27,168.68	12,931.52
3	Globa Fund - Malaria	MOHCDGEC	205,189.43	167,939.55	37,249.88
4	Center for Disease Control and Prevention -PEPFAR- Consolidation (QI, NBTS, NTLB, NACP & LAB Support)	MOHCDGEC	8,295.90	7,879.91	415.99
5	Global Health Security - CD	MOHCDGEC	1,593.23	1,336.71	256.52
	Total		**616,614.93**	**455,778.47**	**160,836.45**

Source: *Financial statements for financial year ended on 30 September, 2020*

3.1.5 Transport Sector

During the financial year 2020/21, the transport sector received funds from AfDB, World Bank, EU, JICA, African Union Commission, USAID, DFID and GoT. **Table 3-6** presents projects implemented; the available funds against utilized as per submitted financial statements.

Table 3-6: Projects Implemented Against Utilized Funds - Transport Sector

S/N	Name of Project	Project Implementers	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Bus Rapid Transit (BRT) System Phase II	TANROADS	34,147.19	34,098.03	49.16
2	Dar es Salaam Maritime Gateway Project (DMGP)	TPA	227,241.25	129,557.14	97,684.11
3	Dar es Salaam Metropolitan Development Project (DMDP)	PO-RALG	153,308.07	151,243.18	2,064.89
4	Dar es Salaam Urban Transport Improvement Project (DUTP)	TANROADS	78,184.35	68,735.94	9,448.42
5	Multinational Lake Victoria Maritime Communications and Transport (MLYMCT)	Tanzania Shipping Agency Corporation	197.98	185.54	12.45
6	Multinational: Rumonge - Gitaza (45km) and Kabingo - Kasulu - Manyovu (260km) Road Upgrading Project	TANROADS	57,354.37	54,069.83	3,284.53
7	Reconstruction of Multinational Arusha-Holili/Taveta-Voi Road	TANROADS	27,039.34	22,081.00	4,958.34
8	Southern Africa Trade and Transport Facilitation Project (SATTFP)	TANROADS	95,587.31	49,247.73	46,339.58
9	Transport Sector Support Programme (TSSP)	TANROADS	130,116.02	128,232.13	1,883.89
10	Tanzania Strategic Cities Project Second Additional Financing (TSCP AF2)	PO-LARG	29.93	29.93	-
	Total		**803,205.81**	**637,480.45**	**165,725.37**

Source: *Financial Statements for financial year ended on 30 June, 2021*

3.1.6 Water Sector

The Water Sector received funds from the World Bank, AfDB, UNDP, KFW Germany and DFID, European Investment Bank, and AFD; the available funds against utilized, is as shown in **Table 3-7.**

Table 3-7: Projects Implemented Against Utilized Funds - Water Sector

S/N	Name of Project	Implementing Partner	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Arusha Sustainable urban Water and Sanitation Delivery Project	AUWSA	145,946.70	124,618.52	21,328.18
2	Centre for Water Infrastructure and Sustainable Energy Futures (WISE-Futures)-World Bank Project	NM-AIST	5,617.88	1,456.33	4,161.55
3	School Water Sanitation and Hygiene (SWASH)	MoEST	8,915.95	322.27	8,593.68
4	Second Tanzania Water Sector Support Project (WSSP II)	MoW and DAWASA	144,434.27	54,433.48	90,000.79
5	Sustainable Rural Water Supply and Sanitation (program for Result)	MoW	246,298.39	18,334.94	227,963.45
6	Sustainable Rural Water Supply and Sanitation Programme	MOHCDGEC	903.76	850.07	53.70
7	Water Sector Development Programme -Health	MOHCDGEC	631.83	527.52	104.31
8	Water Sector Development Programme- Phase II (WSDP II) - Basket Fund Funded	MoW	698,478.38	361,375.66	337,102.72
9	Sustainable rural water supply and sanitation (program for Result)-RUWASA	MoW	94,039.93	89,507.57	4,532.36
10	Lake Victoria Water and Sanitation Project (LV WATSAN)	MWAUWASA	60,121.44	27,655.12	32,466.32
Total			**1,405,388.53**	**679,081.47**	**726,307.06**

Source: Financial Statements for financial year ended on 30 June, 2021

3.1.7 Social Sector

In the financial year 2020/21, the social sector projects audited were funded by UNDP, IDA, SIDA, Bill and Melinda Gate Foundation (BMGF), TACAIDS, ILO, UNICEF, UN-Women, the Government and FSDT[2]. Projects implemented; funds available against utilized as per audited financial statements is as shown in **Table 3-8**.

Table 3-8: Projects Implemented Against Utilized Funds - Social Sector

S/N	Name of Project	Implementing Partner	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	TASAF III PSSN I	TASAF	376,214.3	249,153.53	127,060.77
2	Enhancing Capacity for Development Results and Effective Project (ECRD)	National Bureau of Statics (NBS)	255.50	240.32	15.18
3	Enhancing Capacity for Development Results and Effective Project	Ministry of Finance and Planning (MoFP)	647.77	647.76	-
4	Legislative Support Project Phase II	National Assembly Office	1,273.21	1,273.21	-
5	Preventing and Responding to Violent Extremism in Tanzania	Tanzania Police Force (TPF)	331.69	331.68	0.01
6	Preventing and Responding to Violent Extremism in Tanzania	Tanzania Prisons Services (TPS)	136.30	136.21	0.09
7	Security Watershed Services Through Sustainable Land Management (SLM) in the Ruvu and Zigi Catchment (Eastern Arc) Tanzania	Pangani Basin Water Board	1,470.10	1,470.10	-
8	1) Rapid Response Implementation Support 2) Mainstreaming Poverty-PECF & SDGs 3)Strengthening Innovative Financing Mechanism and Private Sector Participation	Economic and Social Research Foundation (ESRF)	2,987.46	2,952.56	34.90

[2] Financial Sector Deepening Trust

S/N	Name of Project	Implementing Partner	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
	Towards Agenda 2030 and Africa Agenda 2063 Project				
9	1)Mainstreaming Poverty-PECF & SDGs 2)Strengthening Innovative Financing Mechanism and Private Sector Participation Towards Agenda 2030 and Africa Agenda 2063	Institute of Rural Development Planning Lake Zone Centre Mwanza (IRDP)	2,003.29	1,921.82	81.47
10	Strengthening Access to Justice and Human Rights Protection	Ministry of Constitution and Legal Affairs (MoCLA)	1,153.60	1,152.45	1.15
11	Enhancing the Forest Nature Reserve Network for Biodiversity Conservation in Tanzania	Tanzania Forest Services Agency (TFS)	654.55	650.96	3.59
12	Connecting Youth and Women to Sustainable Agriculture	Tanzania Horticultural Association	1,991.46	1,806.28	185.18
13	Enhancing Capacity for Development Results Effective Project	President's Office Finance and Planning Zanzibar	291.59	291.14	0.46
14	Capacity Building for SDGs and MKUZA III Coordination and Reporting in Zanzibar	Zanzibar Planning Commission (ZPC)	1,034.19	1,033.84	0.35
	Total		**390,445.01**	**263,061.86**	**127,367.52**

Source: *Financial statements for the financial year ended on 31 December, 2020*

3.1.8 Multisectoral Projects

Multisector projects received funds from the World Bank, AfDB and other development partners. Projects implemented, the available funds received against the utilised funds as per audited financial statements, is shown in **Table 3-9**.

Table 3-9: Projects Implemented Against Utilized Funds – Multisector Projects

S/N	Project Name	Project Implementer	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
1	Citizen Centric Project (World Bank Project)	Judiciary of Tanzania	70,467.08	33,306.91	37,160.17
2	Development Support for Tanzania Statistics	National Bureau of Statistics	13,540.22	12,261.31	1,278.92
3	Institutional Support Project for Domestic Resources Mobilization and Natural Resources Governance Project (ISP-DRM&NRG)-TPDC	Tanzania Petroleum Development Corporation	12,648.06	9,877.29	2,770.77
4	National Fund for Advancement of Science and Technology (NFAST); Project under COSTECH	Tanzania Commission for Science and Technology	1,802.31	1,595.61	206.69
5	Public Finance Management Reform Program (PFMRP)-MOFP	MoFP	22,152.21	18,608.65	3,543.56
6	REGROW Project-TANAPA	TANAPA	6,386.43	5,074.95	1,311.48
7	Resilient Natural Resource Management for Tourism and Growth (REGROW) Project-Ministry of Natural Resources and Tourism	Ministry of Natural Resources and Tourism	6,825.89	4,051.00	2,774.89
8	National Carbon Monitoring Centre (NCMC)	SUA	878.42	124.76	753.65
9	South West Indian Ocean Fisheries Governance and Shared Growth (SWIOFiSH)	Ministry of Livestock and Fisheries	5,854.17	5,456.25	397.92
10	Buildings Systems for High Quality, Relevant Research in Tanzania (SIDA)	COSTECH	5,361.50	3,452.36	1,909.13
11	Reversing Land Degradation Trends and Increasing Food Security in Degraded Ecosystems of Semi-Arid Areas of Tanzania (LDFS) Project	VPO	3,704.12	1,804.54	1,899.58

S/N	Project Name	Project Implementer	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
12	Institutional Support for Climate and Seasonal Weather Information for Planning in North Tanzania	VPO	1,125.07	1,063.40	61.68
13	Institutional Support Project for Good Governance Phase III (ISPGG III)- (African Development Fund)	PPRA	5,074.12	3,552.17	1,521.95
14	Tanzania Housing Finance Project - BOT	BOT	57,243.26	2,847.56	54,395.70
15	Growth and Development Research Project (Phase II) Under University of Dar-es-salaam (GDRP -UDSM)	UDSM	514.14	448.44	65.70
16	The University of Dar-es-salaam Environment for Development Initiative Tanzania (UDSM EFDT) Project	UDSM	500.05	456.19	43.86
17	The Support to Establish a Behavioural Centre Nudge Unit with the University of Dar-es-salaam Department of Economics (Project) (UDSM CBS)	UDSM	1,762.03	884.01	878.02
18	Ecosystem Based Adaptation for Rural Resilience in Tanzania (EBARR)	VPO	1.21	0.46	0.74
19	Sustainable Land Management of Lake Nyasa Catchment Project in Tanzania,	VPO	292.62	177.12	115.51
20	Tanzania Revenue Authority Tax Modernization Program (TMP)	TRA	12,145.87	4,643.37	7,502.50
21	ARU -SIDA (31 March 2021)	Ardhi University,	699.69	231.06	468.63
22	Building Sustainable Anti-Corruption Action in Tanzania (BSAAT)	VPO	2,745.53	2,249.68	495.86
23	UDSM -SIDA Project	UDSM	3,898.02	3,347.54	550.49
Total			**235,622.02**	**115,514.64**	**120,107.38**

Source: *Financial statements for the financial year ended on 30 June, 2021*

3.2 Audit Opinions

Audit opinion is formed based on an evaluation of the conclusions drawn from the obtained audit evidence, indicating whether the financial statements were prepared in all material respects in accordance with the applicable financial reporting framework (such as IFRS or IPSAS). The opinion is expressed according to the International Standards of Supreme Audit Institutions (ISSAI) 1200.

In conducting financial audits on the development projects, I form opinions depending on the financial reporting frameworks used in the preparation of the financial statements. These areas include assurance on the financial statements, internal control, and compliance.

3.2.1 Opinions Issued on the Financial Statements

In the financial year 2020/21, I issued 292 unqualified audit opinions from the 292 financial statements, as summarized in **Table 3-10.**

Table 3-10: Summary of Audit Opinions Issued

Sector	Opinion Issued				
	Unqualified	Qualified	Adverse	Disclaimer	Total
Agriculture	8	-	-	-	8
Education	11	-	-	-	11
Energy and Mining	17	-	-	-	17
Health	199	-	-	-	199
Social	14	-	-	-	14
Transport	10	-	-	-	10
Water	10	-	-	-	10
Multi	23	-	-	-	23
Total	**292**	-	-	-	**292**

Source: *Financial statements of the financial year 2020/21*

Audit opinions issued for the past four years indicate a favourable trend regarding the development projects, as shown in **Table 3-11**.

Table 3-11: Trend of Audit Opinions Issued

Financial year	Opinion Issued						Total
	Unqualified		Qualified		Adverse		
	No.	%	No.	%	No.	%	
2020/2021	292	100	-	-	-	-	292
2019/2020	275	95	15	5	-	-	290
2018/2019	441	97	13	3	1	0.22	455
2017/2018	455	97	14	3	-	-	469

Source: *Current Year Audit Reports and Previous Development Projects Annual General Report*

Unqualified Opinions

An unqualified opinion is expressed when the auditor concludes that the financial statements of an entity give a true and fair view or presents fairly in all material respects the affairs of the project in accordance with the applicable financial reporting framework. During the reporting period all the 292 conducted financial audits were issued with unqualified audit opinion.

Qualified Opinion

A qualified opinion is issued when misstatements, individually or taken together, are material but not pervasive to the financial statements.

Adverse Opinion

Adverse opinion is expressed when I conclude that, based on the audit evidences obtained during the audit, the financial statements contain misstatement that are material and pervasive that mislead the users of the financial statements.

Disclaimer of Opinion

A disclaimer of opinion is expressed when I am unable to obtain sufficient appropriate audit evidence on which to base my audit opinion, and the possible effects on the financial statements of that inability are both material and pervasive.

As it is for the adverse opinion, by expressing a disclaimer of opinion, the key message to the users of the financial statements is that most of the amounts and disclosures in the financial statements cannot be relied upon. During the reporting period, I did not issue this type of opinion.

3.2.2 Opinions Issued on the Internal Control System

In the financial year 2020/21, I did not report any significant deficiency on the 18 internal control opinions issued.

3.2.3 Report on the Compliance with Legislations

Section 48(3) of the Public Procurement Act, 2011, requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Public Procurement Act and its Regulations. I fulfil this requirement by stating in each audit report of the financial statements of the audited entity whether has complied with the procedures prescribed in the Public Procurement Act and its Regulations.

In financial year under audit, I conducted 292 financial audits and issued opinion on compliance with Procurement Act and its Regulations on 283 project implementers, while the transactions for nine project implementers did not involve procurement. Out of 283 project implementers, 179 generally complied while 104 implementers complied with exceptions as shown in **Table 3-12**.

Table 3-12: Opinions on Compliance with Procurement Laws

Sector	Generally Complied	Complied with exceptions	Total
Agriculture	6	2	8
Education	7	4	11
Energy and mining	16	1	17
Health sector	105	88	193
Transport	8	2	10
Water	6	4	10
Social	12	2	14
Multi Sector	19	1	20
Total	**179**	**104**	**283**

***Source:** Audit Reports, 2020/21*

3.3 Review of Governance, Internal Control and Risk Management

Governance is concerned with structures and processes for decision-making, accountability, control and behaviour at the top of institutions. Public-sector entities must satisfy a complex range of political, economic and social objectives, which subject them to be accountable to various stakeholders. The stakeholders in the public sector include the Ministers, other government officials, parliamentarians, customers and clients, and the public, each with a legitimate interest in public sector entities. Clearly, the openness, integrity and accountability of individuals within the public sector entities is the cornerstone of effective governance.

In addition, effective and sound internal control system offers an organization with reasonable assurance, that it is in compliance with entity policies, regulations and applicable laws. In addition, risk management helps the management to identify and evaluate risks that may hinder the achievement of objectives or prevent an organization from accomplishing its mission.

3.3.1 Buildings Structural Designs for Four VTCs and 25 DVTCs Not Approved by Fire and Rescue Force

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

Arusha Technical College Production and Consultancy Bureau (ATC-PCB) was engaged through ESPJ funding for consultancy services through contract number No: ME-024/ 2018-2019/HQ/C/05 for design and supervision of four VTCs in Ruangwa, Kongwa, Kasulu and Nyasa and other 25 DVTCs being implemented by VETA. Contrary to the requirement, my review noted that the buildings structural designs for the VTCs and DVTCs were not reviewed and approved by the Fire and Rescue Force.

I attribute the anomaly to the oversight by the management of VETA and ATC-PCB. It came to my understanding that most Government buildings had been constructed without routing their buildings structural designs to Fire and Rescue Force which increase a risk that

Government buildings are either built with inadequate fire precaution infrastructures or without fire precaution infrastructures due to lack of approval from the authority. In this way, Government buildings are exposed to the risk of loss of property or life in case of fire incidences.

I recommend that:-

(a) Management of VETA to instruct ATC-PCB (the consultant) to liaise with the Fire and Rescue Force for review and seek approval of the buildings' structural designs for the four VTCs and 25 DVTCs; and

(b) Ministry of Home Affairs to conduct awareness programmes with Ministries and Government Institutions, such that their buildings structural designs are sent to the Fire and Rescue Force for review and approval.

3.3.2 Delay in Maintenance of Publicly Available Register for Beneficial Owner of Corporate Entities for TEITI

Para 2.3 of the EITI Standard 2019 requires the implementing countries to maintain a publicly available register or cadastre system(s) with timely and comprehensive information regarding each of the licenses pertaining to companies within the agreed scope of EITI implementation.

The requirement is further amplified in Para 2.5 (a) of the same Standard requiring implementing countries to maintain a publicly available register of the beneficial owners of the corporate entity (ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identity (ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted.

My interview conducted with the TEITI Committee officers revealed that the Central Register for Licensing Oil and Gas Companies and for Beneficial Owners was not yet prepared.

Further, my review of other submitted accounting documents established that non-availability of the mentioned registers was among the reasons that led Tanzania into non-attainment of a meaningful progress overall performance in the assessment of implementing the EITI Standards for member countries. The assessment was conducted in June 2020. A meaningful progress is the second level; the first level is satisfactory progress which is given when all aspects of the requirement have been implemented.

Failure to have Register of Beneficial owners could result into delay in accomplishing of TEITI requirements. Also, failure to make considerable improvements across several individual requirements could lead to suspensions in accordance with the EITI Standards.

The anomaly has been attributed to non-establishment of a Register of Beneficial Owners by the Business Registration and Licensing Agency (BRELA).

Management informed us that, On 15 June 2020, the Parliament of the United Republic of Tanzania passed the Public Finance Act, Cap. 348 [R.E. 2020]. The Act amended the Anti-Money Laundering Act, the Income Tax Act and the Companies Act through introducing new definition on beneficial ownership and register. This provides the framework for TEITI to be able to get information on beneficial owners and therefore provide legal mandate for better implementation of the Tanzania Extractive Industries (Transparency and Accountability) Act, 2015 and EITI Standard 2019 on the disclosure of the beneficial owners involved in the extractive industry in the country. Under the EITI, the public has the right to know the real owners of the extractive companies so that it can hold corporations accountable. In this way, extractive companies would be less inclined to engage in illegal activities.

I recommend the Management of TEITI Committee to ensure that Government puts in place a central register for beneficial ownership information pertaining to the Oil, Gas and Mining companies in Tanzania as required by TEITI Act, 2015 and EITI Standard, 2019.

3.3.3 Inadequate Accountability on Governance Structure in the Joint Implementation of WSDP worth TZS 3.64 Billion

Sect. 9 of the Water Supply and Sanitation Act, 2019 requires establishment of Water Supply and Sanitation Authorities by the Minister of Water. The service area of a water authority established pursuant to Subsection (1) may include the administrative boundaries of one or more local government authorities for the most efficient and economic provision of water supply and sanitation services. It is crucial that clearly defined memorandum of understandings is formulated when project implementation involves more than one party.

My review of the water supply projects at SHUWASA noted a joint implementation of construction of two water projects namely Mwawaza – Negezi (TZS 1,242,000,000) and Ngogwa – Kitwana (TZS 2,400,000,000) totalling TZS 3,642,000,000 was financed by the Ministry of Water through the National Water Fund. The projects are undertaken by three authorities; KUWASA, RUWASA and SHUWASA. However, I found that there was no Memorandum of Understandings defining responsibilities of each party and the ownership of the completed infrastructures.

It is my view that in the absence of defined roles and responsibilities for each party, the accountability of the funds in due course, for the implementation of project activities and ownership of completed infrastructures could be ambiguous.

I recommend the Management of MoW to closely supervise its implementing agencies of WSDP and provide clear guidance to define roles and obligations for each party for proper accountability of jointly executed projects.

3.3.4 Ministry of Health Did Not Remit its 4.8% Contribution to MSD TZS 18.31 Billion

Article 5 of the Memorandum of Understanding requires MoH and Global Fund to contribute 10.8% of the received medical items to cater for operational costs in the areas of receiving, storage and distribution costs in the country. The agreed contribution ratios are 6% and 4.8% for the Global Fund and MoH respectively.

My review found that during the financial year, MoH did not remit its 4.8% contribution amounting to TZS 18,306,145,306.80 to MSD to cater for the operational costs as per Customer Statement of Account of June, 2021 produced by MSD, **Table 3-13**.

Table 3-13: Government Debt for Malaria

Source	Amount (TZS)
Malaria- medicine and medical supplies clearing charges	15,902,351,524.22
Malaria medicine and medical supplies storage and distribution charges	2,403,793,782.58
Total	**18,306,145,306.8**

Source*: Customer Statement of Account 2020*

I am concerned that non-remittance of the Government contribution as required by MoU poses a risk that MSD could fail to finance its activities due to liquidity problems.

I recommend the Management of MoHCDGEC to pay MSD the pending contribution amounting to TZS 18,306,145,306.80 without further delay.

3.3.5 Project Transactions are Manually Processed for UTC Project

Reg. 117 of the Public Finance Regulations, 2001 [R.E 2004] states that "a book, account or record that is required to be kept under the provisions of the Public Finance Act or Regulations may be kept or prepared in a manner approved by the Accountant General." Accounting Circular No. 1 of 1999/2000 requires that all GoT transactions be processed on the Integrated Financial Management System (IFMS). I reviewed financial controls on recording and processing of Upgrading Teachers College (UTC) project financial transactions at Ministry of Education, Science and Technology (MoEST) and found that the project accounting transactions were manually recorded such that payment vouchers, cash books and ledgers are kept manually. I established that payment vouchers were not pre-numbered; expenditure codes were not recorded while the cash book was maintained in excel document and then payment vouchers were reviewed and posted into expenditures according to nature. During the year under review, UTC processed payments amounting to TZS 9,857,318,107.39 out of which TZS 8,511,987,013.43 equivalent to 86% were manually processed.

I attribute the failure of processing all project transactions in IFMS to inadequate initiatives taken by Project coordination Unit to ensure that all project transactions were electronically processed. I am of the view that failure to process project transactions electronically could result into generating unreliable financial information caused by human errors and mistakes.

I recommend MoEST Management to take appropriate initiatives to ensure that all transactions related to project are recorded and processed using Integrated Financial Management System.

3.3.6 Lack of Documented Exit Strategy on Closure Preparedness and Risk of Not Completing the New Construction of Three Teachers' College

The Ministry of Education, Science and Technology (MoEST) planned to construct three new Teachers College under EPforR project for the Financial Year 2020/21. Review of project documents and implementation reports at Sumbawanga Teacher's College, Dakawa TC and Kihonda TC revealed that, the completion strategy of the project to provide direction towards completion of the new established projects was not prepared.

As the program expected to close in December 2021, I found that there was pending implementation of two Disbursements Linked Results (DLRs); DLR 4.1 (meet annual target for LGAs achieving acceptable primary PTR range) that achieved 37.2% and DLR 4.2 (LGAs meet annual target for schools achieving acceptable primary PTR range) that achieved 25.2%. I consider that with the remaining four months towards program closure, it would be impractical to achieve full implementation of the two pending DLRs by December 2021 due to the remaining workload.

I assert that to evaluate whether the overall implementation of EPforR was successful or not, a documented closure strategy/plan should be prepared for program's closure preparedness including the way forward on the pending activities or unachieved DLRs.

This is attributed by inadequate Project Management in preparation for closure of the project and way forward for implementation of the remaining/pending activities.

It is my view that the unavailability of the exit strategy and the way forward for completion of newly established projects could result into failure to complete the construction of new infrastructures at TC's. In the absence of the closure strategy, it would be difficult to evaluate program's achievements, failures, challenges and the way forward for the improvement on future projects.

I recommend the Management of the MoEST to:-

(a) Establish the exit strategy of the project, state the commitment and the way forward for accomplishment of the newly established project.

(b) Ensure that, for the remaining months towards program closure, the strategy is documented for closure preparedness on the pending activities and obligations post program window after December 2021.

3.4 Expenditure Management

Public Expenditure Management is an approach to public sector budgeting that is oriented towards achieving three social outcomes; collective fiscal discipline, utilisation efficiency, and operational efficiency. It involves an act to regulate the expenditure management within the project Implementers to promote effective and efficient utilization of public resources, strengthen accountability and provide statutory authority and control for sound and sustainable public interests. This part presents the findings related to the expenditure management extracted from the financial audit conducted in Financial Year 2020/21.

3.4.1 Delayed Payments Resulted into Interest Charged by Contractor on Roads Construction Projects TZS 4.79 billion

Clause 51.1 of the General Condition of Contract (GCC) states that "the employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment.

Contrary to the requirement, my review found that five projects under the transport sector accrued interest charges amounting to TZS 4,794,074,503.30 due to delay in paying contractors' Interim Payment Certificates (IPCs). These include Transport Sector Support Program, with overdue interest charges of TZS 1,395,025,009.50; SATTFP TZS 511,718,392.00; Arusha Holili; TZS 2,208,372,096; Dar es salaam Urban Transport Improvement Project (DUTP), TZS 349,876,071.04 and Multinational Project Rumonge-Gitaza-Kibondo-Kasulu-Manyovu; TZS 329,082,934.76.

I found that the overdue interest claims by the contractors were caused by inadequate follow up by the Ministry of Works and Transport to the Ministry of Finace and Planning to ensure funds are secured for TANROADS to pay the contractor on time.

I consider that the delayed payments do not only slow down the progress of works and completion of projects but also the accumulated interest charges escalate project costs compared to initial estimates.

I recommend the Management of:-

(a) TANROADS to clearly identify implementation hurdles to expedite payment process with other authorities involved and meanwhile expedite payments of pending certificates;

(b) The Ministry of Finance and Planning to streamline the procedures for processing funds so that the projects' budgeted funds are timely released to ease the settlement of contractor's claims on time and avoid interest payment.

3.4.2 Nugatory Expenditure From Payment of Service Charge for Unutilized Funds USD 129,968.90 From Roads Construction Project

30 July, 2013 the Government of Tanzania signed a contract agreement with the International Development Association (IDA) to support the first phase (APL1) of the Southern Africa Trade and Transport Facilitation Project (SATTFP). The project funding includes IDA credit number 5248 – TZ of SDR 138.7 million (USD 210 million) to GoT and IDA grant number H844 – TZ of SDR 2.0 million (USD 3.0 million) to the Dar es Salaam Corridor Committee.

The planned project implementation period was five years that consisted of several sub components. The project was originally scheduled to be completed on 31 December, 2018 which was later extended twice to 31 December, 2020 to complete the remaining ongoing activities of various components. The disbursement of funds under the credit was closed on 31 July, 2021 as per Para 3.7 of the Disbursement Guideline of May 2006.

I found that the letter from TANROADS to Foreign Payment and Settlement Department of Bank of Tanzania, with reference number DA.30/253/01/59 and DA.30/253/01/60 dated 25 August 2021, requested the refund of unspent amount of credit facility and Grants of USD 17,329,184.29 and USD 6,999.67 respectively to IDA due to failure to utilize those funds timely. Therefore, BOT refunded to IDA USD 17,329,184.29 and USD 6,999.67 as requested.

I further established that during drawing of referred funds from IDA, the Government paid service charge amounting to USD 129,968.90 (3/4 x 1% x 17,329,184.29) as per the requirement of Clause 2.03 of the Finance Agreements between the International Development Association and Tanzania National Roads Agency signed on 30 July 2013. This clause states that, “the Service Charge payable by the recipient on the withdrawn credit balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum”. I assert that payment of services charges for unutilized funds is nugatory expenditure as it could be avoided or minimized.

I attribute the anomaly to delayed completion of the pending SATTFP activities resulted from complexity of the program, lack of designs or clear scope of these activities at inception and during project preparation, involvement of numerous stakeholders, long procurement procedures and at times re-advertisement, delay of payment after introducing D-Fund payment system by the Ministry of Finance and Planning and the COVID-19 pandemic. Furthermore, management did not forecast and mitigate the risk of withdrawing funds in relation to the service charges paid.

I consider that the amount of USD 129,968.90 (TZS 297,303,208.91) was rather nugatory expenditure to the Government as no benefit accrued to the Government.

I recommend that Management of TANROADS in collaboration with the Ministry of Works and Transport ;-

(a) Ensure that projects are implemented timely and avoid refunding back funds;
(b) Develop a mechanism, based on the lesson learnt, that will be used to forecast the reasonable amount to be drawn in relation to realistic project outstanding milestones to avoid or minimize the risk of payment of high service charges on drawing of funds that cannot be utilized and;
(c) Mobilise funds to complete the outstanding activities for the benefit of the intended community.

3.4.3 TZS133.2 Million Transferred to Unauthorized Bank Accounts at Primary and Secondary Schools Under EPforR Project

Reg. 117 of the Public Finance Regulations, 2001 (R.E 2004) states that "a book, account or record that is required to be kept under the provisions of the Public Finance Act or Regulations may be kept or prepared in a manner approved by the Accountant General." Accounting Circular No.1 of 1999/2000 requires that all GoT transactions be processed on the Integrated Financial Management System (IFMS). During the financial year 2017/18 the Government through PO-RALG started to record and process transactions at lower level which included primary and secondary schools using electronic accounting system known as Facility Financial Accounting and Reporting System (FFARS). The new accounting system required funds to be received through the authorized schools' bank accounts which were interfaced with FFARS.

My review of funds transferred by MoEST to Moshi District Council for construction of classrooms and toilets to two primary and one secondary school found that the project funds were transferred to unauthorised bank accounts which were not interfaced with FFARS, implying that transactions were processed manually. The total transferred funds were TZS 133,200,000, whereby TZS 80,000,000 was transferred to primary schools, namely; Maendeleo and Mikocheni, which received TZS 40,000,000 each and Mpirani secondary school TZS 53,000,000.

The funds for primary schools were transferred on 24 May, 2021 to account number 40310008635 which is owned and managed by Oria Village (for Maendeleo Primary School) and account number 40312001775, managed by Mikocheni Village (for Mikocheni Primary School) while for the secondary schools, the funds were transferred on 11 May, 2021 to account number 40301600292, which was opened by Mpirani Secondary School for transactions related to student's meal. The signatories of the account included both teachers and parents.

I was not able to audit the whole amount of TZS 133,200,000 which was sent by MoEST to the respective schools because these bank accounts contained other funds which did not belong to the respective schools. The bank account was also not interfaced with FFARS, hence they were processed manually.

The Council management informed us that the fund was transferred to avoid them from being returned to the Treasury. This situation has limited the audit scope since the receiving bank accounts were not for project activities and all transactions were processed manually. Also, the funds which were deposited in the unauthorized bank accounts could be misappropriated without detection by the Management since the same was not independently managed by the respective schools.

I recommend the Management of Moshi District Council to ensure that the funds which was inappropriately transferred to other bank accounts are transferred to the designated development accounts which have been interfaced with FFARS.

3.4.4 Existence of Outstanding Accounts Payables Despite Full Utilization of the Received Funds TZS 319.62 Million Under ESPJ Program

One of the Education and Skills for Productive Jobs Program (ESPJ) program's component is to improve and increase the number of vocational trainings through construction of District Vocational Training Center (DVTCs). In the financial year 2019/20 and 2020/21, ESPJ program planned to construct 25 DVTCs in various VETA regional offices and disbursed TZS 1,600,000,000 to each of the 25 VETA college for the constructions. My review of the projects progress, procurement and financial management found that out of 25 DVTCs, five[3] of them were found to have outstanding liabilities amounting to TZS 319,618,413.27 emanated from suppliers of construction materials even though the corresponding DVTCs had fully spent their respective funds, **Table 3-14.**

Table 3-14: Outstanding accounts payables

SN	Institution	Amount (TZS)
1	VETA Kilindi	42,870,549.00
2	VETA Chemba	45,252,552.39
3	VETA Bahi	115,429,148.88
4	VETA Dar es Salaam	71,243,663.00
5	VETA Kwimba	44,822,500.00
	Total	**319,618,413.27**

Source: *Based on project file and accounts records*

I learnt that the accounts payables were caused by inadequate supervision and monitoring of the construction that resulted into overspending on procurement of construction materials which were made beyond the disbursed project financing for the five DVTCs. The existence of the accounts payables beyond project financing implied that there was a risk of inadequate discipline in management of project funds. This could distort project implementation in case of

[3] The five DVTCs are; Kilindi, Chemba, Bahi, Dar es salaam and Kwimba.

inadequate future financing as it would require settlement of the account's payables.

I recommend that Management of VETA Kilindi, VETA Chemba, VETA Bahi, VETA Kwimba, and VETA Dar es Salaam to:-

(a) Adequately supervise and monitor the project activities so that project payments are made according to the schedule of payments and the received funds and;

(b) Liaise with MoEST for the plan on settlement of the account's payables amounting to TZS 319,618,413.27 to avoid possible distraction of projects' future financing.

3.4.5 Overpayment on the Installed Street Lights at Mtwara Municipal Council by TZS 588.45 Million

Clause 36.1 of the General Condition of the contract No. LGA/085/2017/2018/W/01 entered on 8 June, 2018 for TZS 23,176,087,870 for 18.5 months between Mtwara Municipal Council and contractor states that "the bill of Quantities is used to calculate the contract price and the contractor shall be paid for the quantity of work accomplished at the rate in the bill of quantities for each item". Item 8100 of the Bill of quantity that forms part of this contract shows the agreed rate of supplying, installation, commissioning testing, and three-year warrant for a single street light to be TZS 7,500,000.

Review of payments made to contractor noted that; the street lights were paid at price rates that are materially higher than the price rate agreed on the contract by TZS 588,449,414 as analysed in **Table 3-15**;

Table 3-15: Overpayments of Street Lights

Road/ Infrastructure	No of Lights paid	Rate As Per Contract (TZS)	Rate As Per Payment through IPC 11, 12 &14 (TZS)	Overpaid amount (TZS)	
				Per light	Total
Cotc Road	22	7,500,000	8,625,000.00	1,125,000.00	24,750,000
Senegal Road	20	7,500,000	8,625,000.00	1,125,000.00	22,500,000
Mashujaa Parks	30	7,500,000	10,254,166.67	2,754,166.67	82,625,000
Tilla Park	4	7,500,000	10,788,000.00	3,288,000.00	13,152,000
Maduka Makubwa	2	7,500,000	8,625,000.00	1,125,000.00	2,250,000
Chuno Extension	29	7,500,000	18,142,241.38	10,642,241.38	308,625,000
Chuno Market	10	7,500,000	18,142,241.38	10,642,241.38	106,422,414
Extension Senegal to Chuno/Masandube	9	7,500,000	8,625,000.00	1,125,000.00	10,125,000
Mikindani Approach Road	16	7,500,000	8,625,000.00	1,125,000.00	18,000,000
Total					**588,449,414**

Source: *Contract document, IPCs and Payment vouchers*

I attribute the anomaly to inadequate contract management which led to increase in paid rate for each light.

I recommend the Management of Mtwara Municipal Council to ensure that the overpaid amount of TZS 588.45 million is recovered from contractor.

3.4.6 Incorrect Payments of VAT From Exempted Project Procurements TZS 683.92 Million

Sect. 2.4.6 of the IDA Financing Agreement, 2015 requires that proceeds from credit not to be used to pay taxes or duties.

My review of payment documents found that Dar es Salaam Metropolitan Development Project (DMDP) made total payment of TZS 3,799,579,302.4 to various suppliers of goods and services which included VAT of TZS 683,924,274.43 which is contrary to the requirement.

I attribute the anomaly to inadequate management efforts towards adherence with requirements of the program (IDA) conditions. It is my view that non-compliance with Sect. 2.4.6 of the IDA Financing Agreement, 2015 has resulted into utilization of project funds in payment of taxes which could have been used in implementation of project activities.

I recommend Management to enhance follow up for VAT refunds from the Tanzania Revenue Authority to comply with Sect. 2.4.6 of the IDA Financing Agreement, 2015.

CHAPTER FOUR

PROCUREMENT AND CONTRACT MANAGEMENT

4.0 Introduction

The Public Procurement Act, 2011 and its Regulations of 2013 (and its amendment of 2016) mainly governs procurement and contracts management associated with development projects in Tanzania. I reviewed procurement and contracts management of development projects to determine whether high standard economic, social and environmental benefit were efficiently and effectively attained. This chapter therefore highlights weaknesses noted in the review of procurement processes and contracts management in implementing development projects.

4.1 Summary of Key Findings from Procurement and Contract Management

4.1.1 Delay in Payment of Contractors Claims Amounting to TZS 209 Billion for Period of More Than 220 Days

Reg. 243 (7) of Public Procurement Regulations, 2013 stipulates that when the services have been provided or works have been completed to the satisfaction of the procuring entity, and after any period provided in the contract has elapsed, the procuring entity shall promptly authorize payment.

My review on contractors' payment records noted delays in the payments made to the Contractors in accordance with specified terms of contract for the period ranging from 7 to 222 days for the certified works amounting to TZS 209,001,359,573.87 which were submitted timely by contractors. Details of delays in the payments made to the contractors are shown in the **Table 4-1.**

Table 4-1: Delay in Payment of Contractors' Claims

Name of the project	Amount Certified (TZS)	Number of days delayed
SATTFP	11,186,172,502.32	7 days to 191 days.
DMDP	25,763,357,539.87	24 to 203 days
Arusha-Holili	2,208,372,096.08	Not indicated

Name of the project	Amount Certified (TZS)	Number of days delayed
BRT II	81,820,440,115.60	25 to 109 days.
Second Water Sector Support Project (WSSP II)	7,110,538,780	62 to 189 days
TANIPAC	941,166,768.22	114 days
Education and Skills for productive jobs Program (ESPJ	1,687,236,998.29	35 days
Tanzania Zambia Transmission Interconnector Project (TAZA)	198,861,325	180 days-210 days
Rehabilitation of Hale Hydropower Station Project implemented by TANESCO	73,246,514	44 days
Arusha Sustainable Urban Water and Sanitation Delivery Project (ASUWSDP)	77,993,023,765	6 and 127 days
BRN in Education Programme for Results (EPforR)	18,943,169.49	222 days
Total	**209,001,359,573.87**	

Source: *Contract correspondences, IPCs and payment vouchers*

This anomaly was mainly attributed to delay in release of funds by responsible authorities including MoFP and long review and approval procedures of the interim certificates by project implementers.

I am of the view that delays in payment of respective contractors do not only attract financing cost but also damage the reputation of the Government before the contractors and lead to unnecessary disputes.

I recommend the project implementers to ensure that contractors are paid on time to avoid possible penalties and the risk of late projects completion.

4.1.2 Non-delivered 14,000 Pieces of Domestic Water Meter to DAWASA While Performance Guarantee Expired TZS 694 Million

I found that during the execution of the Second Water Support Project (WSSP II), the Dar es Salaam Water and Sewage Authority (DAWASA) entered into a contract No.TZZ-DAWASA-91670-GORFB on 19 June, 2020 for the supply of 50,000 pieces of domestic water meter for utility modernization and expansion, at a contract sum of TZS 2,478,812,500 VAT exclusive (i.e. TZS 49,576.25 per piece).The extended delivery due date was on 30 September, 2021 in order to allow time for Contractor to make clearance of meters and inspection at Weights and Measures Agency (WMA).

I further established that the supplier managed to deliver all 50,000 meters and submitted them to WMA for inspection. However, up to the date of finalizing this audit on 06 October, 2021 the inspection for 36,000 meters valued TZS 1,784,745,000 was completed and same handed over to DAWASA leaving 14,000 meters valued TZS 694,067,500 not delivered due to pending inspection at WMA.

Furthermore, I found that the contract performance Guarantee No. UBAT/GTEE/066/20 had expired since 3 June, 2021 while the goods were not fully delivered.

This was mainly caused by inadequate efforts by the Management of DAWASA in making close follow-up to the WMA to ensure that all ordered water meters were timely inspected.

I consider that DAWASA is in a potential risk of incurring loss when WMA confirm the pending meters for inspection do not conform to the standards required because the performance guarantee had already expired.

I recommend the Management of the Ministry of Water in collaboration with DAWASA to make close follow-up to the Weights and Measures Agency to hasten the inspection of 14,000 pieces of domestic water meter without further delay.

4.1.3 TIE failed to print 4,606,867 Standard Seven Completion Certificates Equivalent to 47% of the Total Targeted Printing

I found that through the execution of EPforR programme, on 16 February 2021, the MoEST transferred TZS 1,823,709,930 to Tanzania Institute of Education (TIE) to facilitate printing of 8,684,333 standard seven certificates for pupils who completed studies between 2008 and 2019, which was planned to be completed in the financial year ended 30 June, 2021. However, the TIE managed to print and distribute 4,606,867 standard seven certificates worth TZS 935,136,309 during the financial year ended 30 June 2021. This resulted into low implementation rate since 4,077,466 standard seven certificates worth TZS 888,573,621 equivalent to 47% were not printed and distributed.

I attribute the anomaly to delay in procurement process due to the unavailability of special printing paper in the country used to print the certificates because of the outbreak of COVID-19 pandemic in the World that hindered importation of the materials.

I consider that failure to print the targeted standard seven certificates hindered the achievement of the intended objective for the year 2020/21.

I recommend the Management of MoEST to expedite the procurement process to ensure that the remaining standard seven certificates are printed without further delay to attain the intended EPforR objectives.

4.1.4 Engaging Consultant Prior to Completing the Procurement Process

Reg. 84 of the Public Procurement Regulations, 2013 prohibits anticipation of acceptance of any tender until the necessary approval is received from the appropriate approving authority".

Contrary to the requirement, my review of EPforR implementation found that on 9 April 2021, MoEST transferred TZS 8,000,000,000 to three teacher's colleges namely Sumbawanga Teachers College (TZS 3,000,000,000), Muhonda Teachers College (TZS 3,000,000,000) and Dakawa Teachers College (TZS 2,000,000,000) for proposed construction of colleges through force account.

Further review in those colleges noted that as of August 2021, the three colleges made site clearance under the supervision of Arusha Technical College (ATC) as the project consultant. However, as of 31 August 2021, the colleges were on evaluation process, implying that the procurement process was not completed, therefore the consultant started consulting work without having a legal contract.

I attribute the anomaly to the oversight by management to ensure that procurement process is completed prior to starting of consulting work. This also pose an indication that there was unfair competition and the procurement was biased which pose a risk of not obtaining the lowest evaluated bidder.

I recommend the Management of MoEST to ensure compliance with procurement procedures by completing procurement process prior to commencement of consulting works.

4.1.5 Bid Documents Lack Clarity Resulting into Complaints and Procurement Process Time Overrun on the Construction of 280 km Double-Circuit 400KV Rated Transmission Line From Nyakanazi to Kigoma

My review noted that on 30 September 2020, TANESCO initiated procurement process of components "A" for the construction of a 280 km double-circuit 400KV rated transmission line from Nyakanazi to Kigoma through the international competitive bidding. Due to several clarifications requested by bidders, the planned bid submission date was from 18 November, 2020 to 29 January, 2021 where 10 bids for Lot 1 and seven bids for Lot 2 were submitted. However, I found that there was a prolonged bid validity of more than nine months from the expired date up to the time of the audit in October 2021. This is contrary to Clause 18.1 under Section II of Bid data sheet on tender documents No. SMP/MP/PMU/20/31/586 for component "A" which stated bid validity period of 180 days.

The delay was mainly caused by repetitive evaluation process resulted from unfair disqualification of bidders during evaluation process and delays in attending to comments on negotiating with the lowest bidders which was raised by the bank upon submission of no objection.

Delays in finalizing procurement process poses a risk of increase in project cost because of escalation of prices for goods and services in the future due to inflation. The delay also poses a risk in attaining the objectives of implementing the North West Grid (400KV Nyakanazi-Kigoma Transmission Line) project in agreed timeframe.

I recommend TANESCO Management to finalize the procurement process for component "A" to facilitate construction of a 280 km double-circuit 400KV rated transmission line from Nyakanazi to Kigoma without further delay.

4.1.6 Non-supply of Water Well Drilling, Laboratory Equipment, Pipe Testing Equipment and Meter Test Worth TZS 693 Million for SRWSSP

I found that during the execution of SRWSSP, the Ministry of Water entered the contract with contractor vide contract No. ME-011/2020-2021/Contract/G/01 for the supply of water well drilling, laboratory equipment, pipe testing equipment and meter test at a contract price of USD 303,284.95 equivalent to TZS 693,379,151.24 to be delivered to the Water Institute with a delivery due date of 28 October, 2021. However, I established that the equipment was not delivered even though the delivery period had elapsed.

This was mainly contributed by inadequate follow up by management on timely delivery of ordered goods. I consider that the delay in delivering goods denies the intended community to enjoy the expected benefits from the Government at a right time

I recommend the Management of the Ministry of Water for SRWSSP to make a follow up to ensure that the ordered water well drilling, laboratory equipment, pipe testing equipment and meter test are delivered and utilized as planned for public interest.

4.1.7 Performance Securities Deficiency in Covering the Defect Liability Period

TANESCO is implementing Tanzania Backbone Transmission Investment Project (BTIP) with the main objective of upgrading of the substations to facilitate transmission of power supply from Iringa to Shinyanga at 400KV level through a new constructed transmission line. Eventually this transmission line will become part of the infrastructure connecting the East and Southern African Power Pools (EAPP and SAPP) through Kenya and Zambia at 400kV level.

Clause 5.2.2 of the contract between TANESCO and KEC International Limited for the construction of Backbone 400 KV - Construction of two new 400 KV Substations in Dodoma and Singida regions, provides that the defect liability period shall be 540 days from the date of completion of the facilities (or any part thereof) or one year from the date of operational acceptance of the facilities (or any part thereof) whichever occurs first. Further, Clause 3.3.3 to 3.3.5 of the contract provides that, the amount of performance security as a percentage of the contract price shall be 10%; and the performance security shall not be reduced on the date of the operational acceptance.

My review noted that during execution of BTIP, the agreed arrangement between TANESCO and KEC International Limited on the performance guarantee No. CRDB17-ICT0823, 24 & 25 to cover the defective liability period, the performance guarantee was scheduled to expire on 31 December, 2021 while the defect liability period covers a period to 31 December, 2022 from 30 June, 2021; equivalent to 540 days.

I attribute the anomaly to inadequate enforcement of the contract clauses. There is a risk that TANESCO could incur significant loss of public funds in case of substandard work due to expiration of performance guarantee before completion of defect liability period.

I recommend TANESCO to speed up soliciting extension of the performance security to cover the whole defect liability period to be in compliance with the clauses of the contract.

4.1.8 Expired Advance Payment Guarantee Before Full Recovery TZS 1.95 Billion for DMDP Project at Temeke Municipal Council

Clause 49.1 GCC of contracts between Temeke Municipal Council and two contractors requires the Temeke Municipal Council to make advance payment to the contractor of the amount stated in SCC, against provision by the contractor of an unconditional bank guarantee in a form and by a bank acceptable to the employer in amounts and currencies equal to advance payment. The guarantee shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor."

My review found that DMDP Temeke Municipal Council paid advances to various contractors amounting to TZS 4,661,543,947.35 which were guaranteed by the bank advance guarantee number OG1914TZ0100298/308, 317020036228-GA, and 317020036004-GP. However, up to 30 June, 2021 a total of TZS 2,709,302,823.25 was recovered leaving an outstanding amount of TZS 1,952,241,124. Further, review established that the advance payments bank guarantees submitted by the contractors expired on 3 November, 2020 and 30 May, 2021 respectively before full recovery of the whole amount.

This was mainly caused by management fault in monitoring recovery of advance payment paid to contractors. I consider that in case of contractor's default, the DMDP had no legal recourse to recover the amount from contractors.

I recommend the Management of Temeke Municipal Council to closely monitor key contractual provisions in implementation phase to achieve the DMDP objectives and that extension of advance payment guarantees for un-recovered amounts are renewed.

4.1.9 Issued Practical Completion Certificate Prior to Completion of Significant BOQ Items From the Snag List in SWIOFiSH Project

Clause 53.1 of the GCC of contract ME/021/2/2017-2018/SWIOFiSH/W/01 signed on 24 April, 2019 between the Ministry of Livestock and the Contractor for the construction of wet lab TAFIRI's Research Centre at Kunduchi in Dar es Salaam at contract price of TZS 2,609,491,754.20 (VAT inclusive) for a period of 10 months, requires the Project Manager (consultant) to ensure that the whole works are completed before issuing certificate of completion.

My review found that the contract commenced on 07 May, 2019 with expected completion dated 24 February 2020, which was later revised to 08 February, 2021. However, the practical completion certificate which was issued on 8 February, 2021 with defect liability period ended on 7 February, 2022, was wrongly issued prior to attending of 12 snags related to construction works and 15 snags related to engineering works.

This was mainly caused by inadequate internal controls over contract management which could amount into disputes if not properly managed.

I recommend the Ministry of Livestock and SWIOFiSH project to fully abide by the contractual requirements such that the practical completion certificate is issued on wholly completion of works unless stated otherwise by the contract.

4.1.10 Contract Executed Without Performance Security in TAFIRI Wet Lab at Kunduchi

I found that during the execution of SWIOFiSH, a contract number ME/21/2/2020/2021/HQ/G/17 between the Ministry of Livestock and Fisheries and the Supplier with the contract price of TZS 128,673,100 for the supply of furniture for TAFIRI wet laboratory was signed on 15 March, 2021 with expected delivery due date of 13 May, 2021.

My intensive review found that the supplier failed to submit the performance security contrary to the requirement of Reg. 29 (1) of the Public Procurement Regulations, 2013 and clause 6.1 contract number ME/21/2/2020/2021/HQ/G/17 which requires the performance security of 10% of contract sum to be provided to the employer within 14 days from the date of receipt of notification of contract award.

This anomaly was mainly contributed by weak controls over enforcement of procurement laws and contractual requirements. In the absence of performance securities, SWIOFiSH is exposed to the risk of losing resources for the on-going projects in case the contractor fails to execute the contracted works.

I recommend that Management of the Ministry of Livestock ensures contracts implemented are secured by performance securities to safeguard the interests of the procuring entities towards successful implementation of the projects.

4.1.11 Amendment of the SCC Clauses Which Resulted into Excess of Advance Payment Limit by TZS 1.78 Billion Related to the Construction of Dodoma Model Secondary School

Sect. 9(1)(d) of the Public Procurement Act, 2011 requires prior approval of the Authority in collaboration with the Attorney General's Chambers and Professional bodies on any deviation from the use of Standard Tendering Documents (STD). Further Invitation to Tender (ITT) Clause 41.1 of Standard Tendering Document, 2018 requires the Advance Payment to be limited to a maximum of 15% of the Contract Price.

During implementation of EPforR, I found that MoEST and SUMA JKT approved the Addendum No.1 of the Contract No.ME-024/2019-2020/HQ/W/06 on 5 February 2021, for the proposed construction works for Dodoma Model Secondary School at Iyumbu Area, Dodoma City, with the original contract sum of TZS 17,109,576,232. The sub-clause that was introduced in the principal contract required the Employer (MoEST) to pay special advance payment to the contractor for purchasing the material after submission of the Updated Procurement Plan, Work Plan, invoice of material to be procured. The commencement date was on 23 June, 2020, while the completion date was scheduled to be on 23 February, 2022.

Contrary to the above cited requirement, the amended clause resulted into the payment of advance payment totalling TZS 4,349,777,372.48 (25.42 per cent) of the contract price, instead of TZS 2,566,436,434.80 (15 per cent) of contract price of TZS 17,109,576,232. This resulted in the overpayment of the advance amount of TZS 1,783,340,937.68 (10.42 per cent) termed as special advance payment.

The amendment made in the addendum contravened the Invitation to Tender requirement Clause 41.1 of Standard Tendering Document, 2018 which requires the advance payment to be 15% of the contract price. There was no evidence that the amendment of contract clauses was approved by PPRA in collaboration with the Attorney General's Chambers.

I further found that no guarantee was submitted for the paid advance payment as the clause was removed in the amended contract.

This anomaly was mainly attributed to inadequate evaluation of the tender which deemed the successful bidder (SUMA JKT) substantial responsive in financial capability while the fact was that contractor was not substantial responsive. Deviation from the Standard Tendering Document has resulted into unjustifiable overpayment TZS 1,783,340, 937.68 of the advance payment.

I recommend that Management of MoEST to adequately manage contract in conformity with the Standard Tendering Document. In future, the Management should ensure that successful bidders are substantial responsive in terms of financial capability and where deviation from the standard tendering is necessary, there should be prior approval from PPRA and the Attorney General.

CHAPTER FIVE

PHYSICAL PERFORMANCE OF PROJECTS

5.0 Introduction

This Chapter presents findings relating to physical performance of projects that were observed during financial audit of 292 entities in financial year 2020/21 other than technical and compliance audits.

5.1 Findings from Physical Performance of Projects

5.1.1 Incomplete Construction of Five NACTE Zonal Offices Due to Shortage of Funds TZS 289.78 Million

National Council for Technical Education (NACTE) with headquarters in Dar es salaam has been operating in Tanzania mainland through its rented five zonal offices, located in five regions; Arusha, Mbeya, Mtwara, Mwanza and Tabora. NACTE had been paying annual average rental cost for the five offices amounting to TZS 159,000,000 equivalent to TZS 1,431,000,000 for the period of nine years. This means that within a period of less than ten years, NACTE can manage to construct its own five offices in comparison with the total construction estimates of TZS 1,287,281,250. Due to such financial saving, convenience and confidentiality of its academic operations, it is meaningful for NACTE to construct its own offices.

The Ministry of Education, Science and Technology (MoEST) through the Education and Skills for Productive Jobs (ESPJ) program disbursed[4] a total of TZS 997,505,937 to NACTE headquarters between 2020 and April 2021 for construction of the five regional offices in Arusha, Mbeya, Mtwara, Mwanza and Tabora which were expected to be completed on 15 June, 2022. At the time of the audit in September 2021, I found that NACTE spent a total of TZS

[4] The disbursed amount made to NACTE was based on original construction cost estimates amounting to TZS 997,505,937 meaning that MoEST disbursed fully amount to NACTE as per submitted cost estimates.

866,698,871 with remaining balance of TZS 130,807,064 already commited to ongoing construction activities as shown in **Table 5-1.**

Table 5-1: Details of fund received and remained balances

SN	Region	Amount (TZS)		
		Disbursement from MoEST to NACTE	Funds utilized by September, 2021	Balance as at 30 September, 2021
1	NACTE Arusha office	199,501,187	216,547,303	(17,046,116)
2	NACTE Mbeya office	199,501,187	167,728,500	31,772,687
3	NACTE Mwanza office	199,501,187	148,005,066	51,496,121
4	NACTE Mtwara office	199,501,187	188,376,661	11,124,526
5	NACTE Tabora office	199,501,187	146,041,341	53,459,846
Total		**997,505,935**	**866,698,871**	**130,807,064**

Source: *Progress reports, payment vouchers and construction estimates*

My review of payment vouchers, progress reports and physical site visit made in September 2021 at the construction sites in Arusha and Mwanza found that the overall progress of the constructions for the five regional offices were at an average of 80% with pending finishing works on painting, decorations, doors, windows, electricity, water supply, sewage system, and the gypsum boards that the remaining balance of TZS 130,807,064 is insufficient to complete the remaining works due to escalation in the price of material, and under costing of the original estimates which was TZS 997,505,937. As such NACTE came up with the revised estimates at TZS 1,287,281,250 which required additional financing of TZS 289,775,313 to fully complete the remaining works as shown in **Table 5-2.**

Table 5-2: Revised estimates for additional financing and the remaining works

SN	Region	Amount (TZS)		
		Original estimates	Revised estimates	Underestimates
1	NACTE Arusha office	199,501,187	257,456,250	57,955,063
2	NACTE Mbeya office	199,501,187	257,456,250	57,955,063
3	NACTE Mwanza office	199,501,187	257,456,250	57,955,063
4	NACTE Mtwara office	199,501,187	257,456,250	57,955,063
5	NACTE Tabora office	199,501,187	257,456,250	57,955,063
Total		**997,505,935**	**1,287,281,250**	**289,775,315**

Source: *Progress reports and revised estimates*

I consider that insufficient financing does not only increase the risk of untimely completion of the constructions but also escalation of the price of building materials which could delay the economic and operational benefit to NACTE from self-ownership of the zonal offices.

I recommend the Management of NACTE to liaise with MoEST for the additional financing to sustain the deficit of TZS 289,775,313 for fully completion of the pending works so that the five NACTE offices are put into use at earliest convenient time.

5.1.2 Slow Implementation on Rehabilitation and Construction Works of 25 DVTC, Eight FDCs, Three Schools and Two TLSB Offices

Para 8.1 of the Guideline for Carrying out Works under Force Account issued by Public Procurement Regulatory Authority (PPRA) in May 2020 which requires procuring entities to enhance quick implementation of program's procurements. The physical verification made in October, 2021 found that out of the 25 DVTCs, constructions for 23 of them were not yet completed, with pending works on substructures and walling as shown in **Appendix I.**

MoEST transferred another TZS 7,402,045,450 to eight FDC's for the rehabilitation and construction of the buildings. My site visit to the construction sites on the eight FDCs made in October 2021 found that the rehabilitation was not yet completed with most pending finishing works as shown in Appendix II. I also conducted another site visit in October 2021 and noted that MoEST disbursed a total of TZS 3,811,547,946.15 to three schools and two TLSB offices for rehabilitation of the respective classrooms and offices which were not yet completed with pending works in various stages as shown in **Appendix III.**

I attribute the delayed completion of the works to inadequate supervision and non-compliance with the agreed implementation schedule.

Untimely completion of the construction and rehabilitation works delay the achievement of the intended objectives and the expected services to the beneficiaries.

I recommend the Management of the respective DVTCs, FDCs, Schools, and TLSB to ensure that the pending works are

completed without further delay so that the buildings are put into use.

5.1.3 Delay in Supply and Commissioning of Cranes for DMGP Project Berth 1-7 in Dar es salaam Port

The Dar es Salaam Maritime Gateway Project (DMGP) aims to improve effectiveness and efficiency of the Dar es Salaam Port including commissioning of cranes on constructed berths 1-7. As such, Tanzania Ports Authority (TPA), signed contract on 10 February 2020, with Liebherr Container Cranes Ltd with a contract price of Euro 32,255,544 for a period of sixteen months for the supply and commissioning of 3No. Ship to shore gantry cranes (2No. for DSM Port and 1No. for Mtwara Port). TPA signed another contract on 28 February, 2020 for the supply and commissioning of six units of rubber-tyred gantry cranes – Lot 3 at a price of USD 10,859,000 for a period of 10 months at Dar es Salaam port.

My review found that the supply, installation and commissioning of the cranes on the constructed berths 1-7 was delayed for a period of more than one year due to prolonged processes on issuing the letter of credit (LC) to the manufacturers of the project materials. I further noted on the ongoing feasibility study on the construction of berth 8-11 with the expected finalization of the detailed designing in April 2022. Through the detailed designing, TPA was expected to be advised on the best way to relocate TICTS operations into newly constructed berths 1-7 which will also allow the contractor to proceed with dredging and construction of berths 8-11.

Delay in supply of the berth 1-7 limit timely commissioning of the cranes and achievement of the intended project benefits. It also exposes the project to the risk of additional cost due to the escalation of the price, time and value for money.

I recommend the Management of TPA to fast-track processing of the Letter of Credit (LC) so that the cranes are supplied, installed and commissioned for berth 1-7 without further delay.

5.1.4 Delayed Procurement of Consultant Resulted into Significant Delay in Commencement of Construction Activities on EASTRIP Project at Arusha Technical College

In March, 2019 Arusha Technical College (ATC) started to implement EASTRIP five-year project which was scheduled to be completed on 31 March, 2024. The main objective of the project is to increase access and improve quality of Technical Vocational Education and Training (TVET) programs in selected Regional Flagship TVET Institutes (RFTI) and to support regional integration in East Africa. A loan amount of USD 16.25 million equivalent to TZS 37,375,000,000 from International Development Association (IDA) – World Bank Group was agreed to finance the project to five main beneficiaries namely MoEST, Arusha Technical College (ATC), National Institute of Transport (NIT), Dar es salaam Institute of Technology (DIT) in Dar es salaam and DIT Mwanza Campus.

Through the EASTRIP financing, ATC planned to extend its training centre (Kikuletwa Renewable Energy Training and Research Centre/KRETC) located at Hai District in Kilimanjaro region by construction of buildings, infrastructures, rehabilitation and building of power houses, as one among the significant components of the project. It therefore, planned to expand KRETC operations so that it becomes a Centre of Excellency for renewable energy technologies that will contribute to human capital development to enable harnessing of the clean energy sources from nature.

Annex 1.2 of the EASTRIP POM, 2019 indicates implementation timeline of the construction such as; contract for the construction to be signed in the first year (2019/20); construction to progress by 50% in the second year (2020/21); and construction to be completed by 100% in the third year (2021/22).

My review noted that at the time of audit October 2021, the planned construction activities were not commenced even though project implementation period was a half way. I learnt that the commencement of the construction was delayed due to challenges encountered during the tendering process and withdrawal of the lowest evaluated bidder in engaging the consultant for designing and supervision. This act prompted ATC to resume the tendering process that required another prior review and approval of the World Bank which was lengthy than anticipated.

Further review of ATC progress reports, annual work plan and procurement plan found that the pending procurements resulted into inadequate utilization of the funds received for two consecutive financial years with escalating rates of 1% and 11% for the financial years 2019/20 and 2020/21 respectively. The big portion of the funds available during the year amounting to TZS 11,056,019,000, was expected to be utilised in the procurement of the consultant and the construction activities such that, its failure prompted a low burning rate of 11% since only amount of TZS 1,238,882,000 was spent during the year out of the total available funds.

I consider that the construction of the physical structures is significant to the project for improved quality of the trainings. However, much delay does not only increase the risk of escalation of price of the construction materials but also inhibit to achieve project's milestones, objectives and the value for money.

I recommend the Management of ATC to fast-track engagement of the consultant and prioritize the follow up with the World Bank for their prior review and approval to conclude the procurements and commence the construction without further delay.

5.1.5 Delay of More Than Two Years in Completion of Rehabilitation of Hall 2 and 5 at UDSM

Through financing of the Education Performance for Results (EPforR) program, contract number PA/011/W/2018-2019/W/34 was signed on 12 November, 2018 between UDSM and SUMA JKT with an original contract sum of TZS 4,949,882,943 (revised TZS 5,581,206,780.44) for rehabilitation of hall 2 and 5 with a contract period of 32 weeks. The contract commenced on 26 December, 2018 and was planned to be completed on 24 August, 2019.

Review of the progress report of 24 September 2021, and the physical verification made to the project site on 27 September 2021, found significant number of pending finishing works. Although the overall construction progress was approximated at 90%, there were also some incomplete finishing works such as; fixing of louvre carrier frame and glass (0%), fire detectors installation (50%), grinding and polishing of existing terrazzo to floor and staircase (50%), fixing of door stoppers (70%), supply and fixing of wardrobes, shelves and tables (75%) and fixing of lift wall tiles (85%). At the time of audit in September 2021, the remaining balance for the rehabilitation project was TZS 1,499,868,601. Comparing to the initial completion date, I am concerned with significant delay in completion of the project for a period of more than two years which inhibit beneficiaries from enjoying the intended benefits.

I attribute the anomaly to financial challenges that hinder timely execution of the planned rehabilitation activities. Delay in completion of the rehabilitation works increases the risk of escalation of the price on building materials and unnecessary extension of the project which could cause hindrance achieving the value for money.

I recommend the Management of UDSM to ensure that the pending finishing works related to hall 2 and 5 are completed without further delay to achieve the intended value for money.

5.1.6 Lack of Approved Detailed Design and Bill of Quantity for the Ongoing Construction of Three New Teacher's Colleges

Reg. 239 (8) of the Public Procurement Regulations, 2013 requires procuring entity not to invite tenders for works unless drawings and specifications are complete and firm estimates of cost have been prepared.

During the audit of the EPforR project for the year under review, I found that on 9 April 2021, MoEST transferred TZS 8,000,000,000 through cheque No. 000751 to three Teachers' Colleges for the construction of new building infrastructures as follows; Sumbawanga Teachers College TZS 3,000,000,000, Muhonda Teachers College TZS 3,000,000,000 and Dakawa Teachers College TZS 2,000,000,000. In August 2021, physical inspection of the construction found that the projects were at clearance stage.

I noted that the detailed construction design for all three Colleges were not approved, contrary to Sect. 39 (1)(c) of the Public Procurement Act, 2011, which requires user department of procuring entity to prepare technical inputs to statements of requirements and, or terms of reference for procurements to the Procurement Management Unit.

Furthermore, a site visit and interview with the Consultant (Arusha Technical College) established the unavailability of any official documents for the preliminary preparation of the project. This weakness is an indication that, the construction could be done without considering the topographical, geological, geotechnical, environmental impact assessments and feasibility study of the project areas. This contravenes Reg. 241(3) of the Public Procurement Regulations, 2013 and Sect. 81(2) of the Environmental Management Act, 2004 which requires a procuring entity to assess the impact on the environment of any works at the planning stage of the project and in any case before procurement proceedings are commenced.

The anomalies were mainly caused by transferring of funds without any technical inputs to the statement of requirements. The absence of approved Detailed Design and Bill of Quantity could result into failure to achieve the planned project objectives.

I recommend the Management of MoEST to ensure that:-

(a) In future, all preliminary plans and studies are conducted and completed before transferring funds to implementers to reduce the risk of implementing the project without proper directives, leading to misuse of public funds;

(b) All necessary and required documents for the implementation of the project are available to facilitate smooth implementation.

5.1.7 Delay in Achievement of Disbursement Linked Results (DLRs) That Limit Disbursement of Funds TZS 3.06 Billion

Based on Paragraph 31 of the African Centres of Excellence (ACE II) Project Appraisal Document (PAD); to ensure the achievement of the targeted results, ACE II employ a performance-based financing mechanism to disburse funding to each ACE, against a set of agreed DLRs. Also, to ensure regional collaboration for greater impact, the project provide a mix of funding requirement and incentives to promote regional mobility of students and faculty and partnership with regional and international institutions as well as private sector. Therefore, for CREATES-FNS and WISE-FUTURES to attract funding of the project, must achieve the set DLRs which after approval are submitted to World Bank for release of funds.

My review of documentation relating to the set DLRs and its status of implementation at the Nelson Mandela- African Institution of Science and Technology established excessive delay in achievement of DLRs of up to four years. The delays have limited disbursement of funds amounting to TZS 2,377,095,455. The details are shown in Appendix IV. I also found that two DLRs (4.1 & 4.2) implemented under WISE Futures by the Nelson Mandela- African Institution of Science and Technology were delayed to be achieved. The delay has limited disbursements of funds amounting to USD 300,000 equivalent to TZS 689,679,750, contravening Par 31 of ACE II Project Appraisal Document.

I attribute the anomaly to inadequate initiatives by the Management to ensure that DLRs are achieved to enable disbursement of funds to finance the planned activities. I am of the view that, failure to achieve the set DLRs has led into non-achievement of the project objectives due to non-disbursement of funds.

I recommend the Management of the Nelson Mandela- African Institution of Science and Technology to ensure that DLRs are implemented and timely achieved for adequate disbursement of funds to the project.

5.1.8 Uncertain Continuation of Financial Support From the European Union

The Government of Tanzania through TEIT signed a financing agreement with the European Union in December 2013, for implementation of activities related to the governance of the mining sector, as earmarked under the 10 EDF support programme. The project is implemented by the Ministry of Minerals (MoM). The objective of the programme is to strengthen Government institutions to enhance promotion of transparency and accountability in the administration of Tanzania's extractive industries so that the exploitation of these non- renewable and finite resources can stimulate growth economy and help to reduce poverty.

My review found that TEITI was granted one million Euros for the period of four years from 2014/15 to 2017/18 to support the Government in promoting transparency and accountability in Tanzania's extractive industry. During the four years of financing, the funds were disbursed on four Programme Estimates (PE) amounting to Euro 250,000 each. The first PE (PE I) of Euro 250,000 equivalent to TZS 632,776,431 was signed on 10 July, 2014 covering implementation period from 15 July 2014 to 14 July, 2015. The second PE (PE II) amounting to Euro 250,000 equivalent to TZS 595,070,000 covered implementation period from 1 March, 2016 to 31 January, 2017 was signed in January 2016.

Although TEITI received funds for PE I and PE II, my review established discontinuation of financing by EU in the financial year 2017/18[5] due to non-compliance issues related to the PE Agreement as such TEITI did not receive the remaining fund amounting to Euro 500,000 for implementation of the earmarked programme activities.

I attributed the situation to a delay[6] in submission of final report and closure report, which is contrary to Clause 5.13 and 5.14 of the Programme Estimate Agreement respectively.

[5] The financial year 2017/18 also marks the end of programme's implementation period in July, 2018 as in accordance with the financing agreement.
[6] The final report was delayed for at least 30 days after the end of the period covering the PE II

My further review on the cause for discontinued financing revealed existence of unresolved claims from EU that required TEITI to refund a total of TZS 532,234,202.54 (TZS 333,157,969 for PE I and TZS 199,076,233.54 for PE II) due to ineligible expenditure related to Value Added Tax (VAT) and other unallowable expenditures under the programme agreement. EU demanded the refunds through debit notes number 4940170521 and 4940180348 dated 21 August, 2017 and 27 April, 2018 respectively. However, at the time of audit in October 2021, the remaining balance for the ineligible expenditure was TZS 215,856,169.66 which was not paid by TEITI, and or in collaboration with MoM.

I noted that this anomaly was caused by non-compliance with the Programme Estimate Agreement on submission of final implementation reports and closure reports including the possibility that un-refunded ineligible expenditure escalated the financial dispute which is also noncompliance with the financing agreement. This attributed uncertainty in financing and continuation of the programme, causing intended objectives to end in vain. Despite all the uncertainties, TEITI and the Ministry of Minerals are optimistic on continued financing of the programme. I am of the view that it is uneconomical to keep allocating resources and prepare reports for uncertain project.

I recommend the Management of TEITI in collaboration with the Ministry of Minerals to refund to the EU the remaining ineligible expenditure amounting to TZS 215,856,169.66 and subsequently launch negotiation with the EU for continued financing;

5.1.9 Anomalies Noted in the Implementation of the DMDP Project

PO-RALG is implementing Dar es Salaam Metropolitan Development Project (DMDP) financed by the International Development Association (IDA). The objective of the project is to improve urban services and institutional capacity in the Dar es Salaam Metropolitan Area, and to facilitate potential emergency response.

excluding closure period while closure report was delayed for two months. Both reports were submitted in July, 2017 after the end of the period covered by the PE.

My assessment on the implementation status of this project in the financial year 2020/21 found the following anomalies in Kinondoni Municipal Council, Temeke Municipal Council and Dar es Salaam City Council:

(i) Delayed Completion of Road Projects at Magomeni Mapipa-Urafiki and Sinza Mwanamboka-Makumbusho Roads, Kinondoni MC

My review of three contracts of works worth TZS 66,792,449,734.13 entered by Kinondoni Municipal Council and three different contractors were supposed to be completed on 30 September, 2021 as per the revised dates of completion. However, the projects' progress report of June 2021 and site visits conducted on 23 August, 2021 found that these projects were behind the plan as compared to actual status. The delays were ranging from 94 to 96 days. The three packages include package 4, 8 and 9. My analysis shows that Package 4 covers the Construction of Flood control and Storm water Drainage in Kinondoni Municipality- Sinza River with contract sum TZS 32,510,793,715.49, having delayed by 96 days; Package 8 covers the Rehabilitation and upgrading of selected local Roads in Kinondoni Municipality i.e., Magomeni Mapipa-Urafiki with contract sum of TZS 18,714,798,554.36 where by 94 days were delayed. Package 9 covers rehabilitation of Muhimbili Hospital and Mwanamboka-Makumbusho roads with a contract sum of TZS 15,566,857,464.28, having delayed by 94 days from the required completion date. The physical completion time of these three sub projects range from 70% to 74%.

The delay of projects completion was attributed to late release of funds from the Treasury for payments of PAPs that limited adequate implementation of some activities, as well as ineffective project supervision. The delay in completion of projects lead into cost overrun and delays in utilization of expected services.

I recommend PO-RALG to liaise with MOFP for timely release of funds for PAPs payments and strengthen supervision of project activities to avoid further delays.

(ii) Delayed completion of investment projects at Gerezani Greek, Bustani Sabasaba and Relini Subwards at Mtoni Dar es salaam, Temeke MC

My review of the physical performance of the contracted works found that contracts worth TZS 26,930,493,926 were not completed up to the completion date and no liquidated damages were surcharged to the respective contractors.

My assessment attributed the anomaly to inadequate follow up and supervision on implementation of development projects.

I am of the view that the delays in the completion of the projects could result into cost overrun which hampers beneficiaries to obtain intended benefits of project in timely manner. The details are shown in **Table 5-3** below:

Table 5-3: Delayed completion of projects

Contract No.	Contractor name	Contract details	Contract amount (TZS)	Commencement date	Completion date	No. of days delayed
LGA/016/2018-2019/W/DMDP/03	M/S CRJE(East Africa)	Construction of Flood control and storm water drainage systems in Gerezani Greek	8,496,720,207	1 July, 2019	29 Sept, 2020	357
LGA/016/2018-2019/W/DMDP/04	M/S CRJE(East Africa)	Construction of investment sub projects in Mtoni Ward (Bustani, Sabasaba and Relini Sub awards)	18,433,773,719	1 July, 2019	29/ Sept, 9/2020	357
Total			**26,930,493,926**			

Source: *Progress reports, 2021/22*

I recommend the Management of DMDP Temeke to:-

(a) **Enhance tender evaluation process to get assurance that tenders are awarded to contractors who have capacity in terms of skilled manpower, equipment and financial aspects;**

(b) **Supervise project implementation by ensuring that contractors comply with the contract agreement and liquidated damages are charged against the contractors for any unjustifiable delay on the completion of projects.**

(iii) Construction of the Community Market is completed and not used for more than 12 months at Bombom Kiwalani, Dar es salaam CC

My review of contract No. LGA/015/2016-2017/HQ/W/18 worth TZS 21,250,352,247.30 between Ilala Municipal Council and M/S Group Six International Ltd. under package 5 shows that construction of community market worth TZS 989,896,881.22 at Bombom area at Kiwalani in Dar es Salaam, was completed on 27 January, 2021. The market was not used at the time of audit on 11 October, 2021.

I attribute the anomaly to inadequate planning and strategy before and after the completion of project. It is my opinion that, the project lacked specific purposes which were meant to be accomplished in a specified period to yield value for money.

I recommend the Management of DMDP Dar es salaam City Council to ensure that the Bombom Market is put into use without further delay for the benefit of the community.

(iv) Lack Of Land Tittle Deeds Related to Community Markets at Kigilagila, Minazi Mirefu, And Bombom, Kinyerezi Bus Stand and DMDP Office Building

My review also found that the DMDP-Dar es salaam City Council had constructed community markets at Kigilagila, Minazi Mirefu, Bombom, Kinyerezi Bus Stand and DMDP Office building with a total cost of TZS 4,868,438,502.76 without title deeds.

This is contrary to the letters with reference No. CAB142/626/01/A/42 and CAN.32/572/01/96 issued on 26 September, 2014 by the Chief Secretary and the Treasury Registry respectively. The letters require all Accounting Officers to have title deeds for the land they own. I noted the anomaly was caused by the delay in initiating procedures for obtaining title deed. I consider that the Council is at the risk of losing its ownership rights should there arise a dispute regarding the land which could lead to possible future litigation and its associated costs. **Table 5-4** below shows details of constructed markets:

Table 5- 4: Lack of Land Title Deeds

Package No.	Market	Value of the land (TZS)
1	DMDP Office Building	1,440,375,614.76
5	Kigilagila Community Market	707,229,087.00
5	Minazi Mirefu Community Market	659,363,758.00
5	Bombom Community Market	1,057,339,326.00
7	Kinyerezi Bus Stand	1,004,130,717.00
Total		**4,868,438,502.76**

Source*: Contract files, 2020/21*

I recommend the Management of DMDP Dar es salaam City Council to liaise with the Commissioner for Land to fast-track the follow up process on the acquisition of the title deeds for the pending pieces of land.

5.1.10 Slow Pace in Implementation of North West grid (400 KV Nyakanazi-Kigoma) Transmission Line Project

My review of North West Grid (400 KV Nyakanazi-Kigoma) transmission line project implemented by TANESCO found that the financing of the project depends on two government loans. The first is the Loan agreement of USD 123.39 million with the African Development Bank signed on 15 November, 2018 to finance the implementation of North West Grid (400KV Nyakanazi-Kigoma transmission line) project. The loan withdrawal period is for five years, with closing date of 31 December, 2023.

The second Loan agreement involve USD 45 million with the Import-Export Bank of Korea (Government agency for EDCF), signed on 8 December, 2020 for financing the construction of the substations for

Kigoma-Nyakanazi transmission line project, having the withdrawal period of 48 months.

My review of the contract file, progress reports and enquiry made from the Project Manager, found that at the time of audit (October 2021) and at the lapse of three years, only components C, D, E and F were in progress, as shown in **Table 5-5**. Components A and B were in procurement process for acquiring the contractors. I noted that components A and B, which are the project's major components, could need more time and capital to be completed while the project was left with only two years as per the financing agreement.

The analysis of the contents of the contracts expected to be financed from the loan found that; as of 30 June, 2021, only 2% of the loan agreement (USD 3.64 million out of USD 168.39 million) was committed to consultants, contractors and materials for component C. Such utilization of funds was substantially low compared to the time elapsed since inception of the project. The status of six components that could be implemented in five years are as shown in **Table 5-5** below;

Table 5-5: Status of Project Component as at October

Component Name	Component Description	Status as at Oct 2021
Component A: 400KV Transmission Line	Construction of a 280 km double-circuit 400KV rated transmission Line from Nyakanazi to Kigoma	Procurement in progress
Component B: Substations	Extension of Nyakanazi substation and construction of a new Kigoma (Kidahwe) substation.	Procurement not started
Component C: Distribution networks including last-mile connections	Construction of approximately 70km medium voltage distribution networks including 100km of low voltage reticulations and supply of 10,000 last-mile connection materials and 7,500 ready boards for Kigoma region.	Only last-mile connections, yet procurement for the contractor.
Component D: Consultancy services	Consultancy firms will be engaged to undertake (i) Project supervision & Management of transmission Lines and distribution networks including ESMP Implementation and (ii) Design for Kigoma - Sumbawanga including RAP and economic/ financial analysis.	Consultant Engaged to support the Project.
Component E: Annual audit	Project Audits for 2019 – 2023	In Progress
Component F: Compensation and resettlement	Compensation and Resettlement for Project Affected Persons (PAPs)	Compensation on substation for component B is nearly to completion. Overall compensation made is 8%.

Source: *Loan Agreement*

Among the reasons that contributed to the anomaly were delay in signing of EDCF loan agreement which was to cover component B substations and prolonged procurement proceedings for component A, B and C. I am concerned that the delay in completion of the project means that the intended objectives will not be realised within the planned time. There is also a possibility of cost overruns associated with the overall delay of the project.

I recommend to the Management of TANESCO to ensure that procurement of major project components (A, B and C) are fast-tracked for timely execution of the pending project components.

5.1.11 Untimely Release of TZS 101.46 Billion Leading to the Abandonment of Projects for the Construction of Kasumulu/Songwe OSBP, Vigwaza OSIS and Health Facilities

My review of SATTFP Project implemented by TANROADs found that after the closure of the World Bank credit on 31 December, 2020, there were activities related to the construction, refurbishment of 20 health facilities, emergency medical services facilities, training and supervision cost amounting to TZS 44,346,567,676.75, which were not completed as per the contract agreements.

I further noted that during the year 2020/21, One-Stop Border Post (OSBP) and One-Stop Inspection Station (OSIS) requested additional funds from the Government to cover the deficit for the remaining activities at the Kasumulu/Songwe OSBP as provided for, in the final architectural comprehensive design and detailed engineering report.

TANROADs Management advised the Ministry of Works and Transport concerning the finance gap at the early stage of the project implementation, through letter with reference number TRD/D/GEN/P.341/01/VOL I/64 dated 15 March, 2018. According to budget, the required funds to complete project activities as per comprehensive designed of OSBP was TZS 14,169,820,818 on the Phase 3 which included, utility building, services building, fire station, incinerator building and irrigation tanks 1 and 2.

The budget of Phase II of Vigwaza OSIS was TZS. 42,946,097,952.02 which involved the construction of TRA Blocks (2 in Numbers including parking yards), construction of TANROADS parking yards, renovation of existing TANROADS buildings, construction of shade & storage building, and construction of access roads.

I found that the Ministry of Works did not release funds for OSBP and OSIS activities which affected the project's completion on time. At the time of the audit in September 2021, there was neither funds release nor budget allocation to complete the remaining projects activities.

On 15 June, 2021, TANROADS Chief Executive wrote a letter to the Ministry of Works and Transport with reference number DA.253/373/15/15 requesting funds from the Ministry of Finance and Planning amounting to TZS 101,462,486,446.77 to complete the remaining activities under SATTFP to achieve the objective of the project.

I attribute the anomalies to limited budget that was set aside for the implementation of the project in the Credit, thus additional funds had to be sourced to complete the implementation of the remaining phases. Therefore, the Government was asked to solicit funds to complete the remaining activities including refurbishment of 20 Health Facilities lot 1-5, Emergency Medical Services (EMS) Facilities, and Design of Igawa-Tunduma/Uyole Bypass, Training Equipment for EMS. Since the credit facility window had already been closed, the government was likely to incur more cost due to price escalation as long as the funds remained unreleased.

I recommended the Management of TANROADS in collaboration with the Ministry of Works andTransport to prepare a realistic budget and solicit adequate funds to complete the remaining components of the project.

5.1.12 Halted Construction of 19 "Search and Rescue Stations" Due to Cancelled Financing of USD 4.77 Million Since Year 2017 at TASAC

Tanzania Shipping Agencies Corporation (TASAC) is responsible for implementing of TASAC Multinational Lake Victoria Maritime Communications and Transport Project. The objective of the Multinational Lake Victoria Maritime Communication and Transport

(MLVMCT) Project is to contribute to the EAC's Vision and Strategy Framework for Management and Development of the Lake Victoria basin, "a prosperous population living in a healthy and sustainably managed environment providing equitable opportunities and benefits".

Annex 1 of the signed loan agreement (loan No: 2100150036245) between the United Republic of Tanzania and the African Development Fund (ADF) of 24 July 2017, on the improvement of Lake Victoria Maritime Communications and Transport described the establishment of 22 emergency search and rescue stations as among the salient subcomponents of the Multinational Lake Victoria Maritime Communications and Transport Project (MLVMCT).

MLVMCT Project Appraisal Report of September 2016, and its loan agreement document details that the project will construct 22 search and rescue stations through the European Union-Africa Infrastructure Fund (EU-AITF) with co-funding grants of USD 4.77 million.

However, I found that the MLVMCT mid-term review progress report of June, 2021 indicated that the EU-AITF had confirmed to cancel the grants of USD 4.77 million in October 2017. As a result of that cancellation, the project would only construct three search and rescue stations equivalent to 14% of the total planned 22 stations. There is high possibility that 19 (86%) stations will not be constructed if TASAC can not solicit for alternative source of financing.

The search and rescue stations to be constructed were planned to be equipped with fast rescue boats and trained crews. Thus, failure to have alternative source of financing to construct the planned stations risks high possibility of the negative impact on the regional ability for searching and rescuing the passengers/cargoes in case of maritime accidents.

I recommend the Management of TASAC to liaise with the member states and the implementing partner (LVBC) to seek for alternative financing to achieve full construction of the planned 22 stations.

5.1.13 Anomalies Noted in Implementation of TASAF Programmes

(i) Project Financing Gap of USD 237.3 Million (TZS 545 Billion) Equivalent to 27% of the Project Budget

Para 58 of the Project Appraisal Document (PAD) demonstrates that the life span, project cost and financing is implemented for a period of four years and total estimated project cost is USD 883.3 million equivalents to TZS 2.03 trillion. The operation is funded through IDA Credit, co-financing from other Developing Partners (DPs) and Government contributions.

However, up to the time of the audit in October 2021, the financial commitment secured was USD 646 million (TZS 1.48 trillion) making the financing gap of USD 237.3 millions equivalent to TZS 545 billion.

I attribute the anomaly to inadequate efforts by the Government and development partners to contribute the required resources for the implementation of the project. I am concerned that the financing gap would inhibit adequate implementation that could limit achievement of the intended project objectives.

I recommend the Management of TASAF to liaise with the Government to ensure that funds for the noted project financing gap of USD 237.3 is obtained from other development partners and the government contribution to facilitate adequate implementation of the planned project activities.

(ii) Lack of Validation for 56,810 Household Beneficiaries

As part of the initial start-up activities of the new TASAF PSSN II Programme, TASAF conducted validation exercise in 186 Project Area Authorities (PAA) to identify eligible households to be supported by the programme, as required by TASAF operation manual Part II in Chapter 3 section 3.3 on preparation, planning and start up activities of TASAF PSSN II programme. The first validation exercise was conducted in July, 2020 and the second validation was conducted in December, 2020.

During audit, I found that a total of 1,013,635 beneficiaries who were in the programme during TASAF PSSN I, were supposed to be validated during both exercises. However, the validation exercises managed to reach 886,724 beneficiaries equivalent to 87.48%, to end with unattended 56,810 beneficiaries equivalent to 5.6%, details are shown in **Table 5-6**:

Table 5-6: Lack of validation for household beneficiaries

	Unconfirmed Citizenship	Voluntary Quit	Leaders	Shifted	Death	No show	Present	Total
No. of beneficiaries	173	1,992	3,750	37,108	27,078	56,810	886,724	1,013,635
Percentage	0.02	0272	0.37	3.66	2.67	5.6	87.48	100

Source*: Validation report 2020 from 1 April, 2020 – 30 June, 2021*

I learnt that some beneficiaries vacated their villages without informing their leaders. Other factors that weakened the validation process include; poor network, transport problems and short notice of the exercise. I am of the view that the household beneficiaries who were not validated were not enrolled in the new PSSN II Programme, hence they were not receiving cash disbursements that could enable the households to improve their life standards as expected.

I recommend the Management of TASAF to ensure that the unattended household beneficiaries are reached and validated for enrolment in the PSSN II programme.

(iii) The Enrolled 4,360 Beneficiaries were not Included in Programme's Payroll

My review found that TASAF conducted validation exercise to household beneficiaries before being enrolled in TASAF III / PSSN II. The validation exercise was finalized in December 2020. Further review of the validation report, quarterly progress reports and the payment reports found that 4,360 household beneficiaries from 24 LGAs were validated but not included in the programme's payroll.

I attribute the anomaly to inadequate updation of of the programme's payroll system and the fact that verification of the payroll was not conducted timely to facilitate effective payment. I am of the view that non-payment of the household beneficiaries hinders achievement of the intended programme's objectives.

I recommend the Management of the respective LGAs to communicate with the TMU to ensure that the payroll payment system is updated and that payrolls are sent in advance to the PSSNC for verification of beneficiaries prior to processing of the payment.

(iv) 1,293 TASAF Beneficiaries did not Receive their Funds due to Authentication Challenges of Over the Counter (OTC) Payment System

Para 4.2.1.3 of TASAF III/PSSN II Operational Manual, requires the failed electronic payments to TASAF beneficiaries to be paid through OTC, once the beneficiary is biometrically authenticated. This method uses the biometric devices to authenticate beneficiaries through NIDA information by using National Identification number of beneficiaries, whereby the beneficiary will be paid upon successful authentication by the biometric device.

My review of electronic payment through OTC method from September 2020 to April 2021, established the challenge of having 1,293 TASAF beneficiaries from five telephone companies namely Tigo, Airtel, Vodacom, Zantel and Halotel companies who were not able to be authenticated in biometric device, denying them to receive their payments amounting to TZS 452,434,860.

I attribute the anomaly to:-

(a) Failure of biometric device to recognize the finger print of some TASAF beneficiaries paid through over the counter method;

(b) Incorrect capturing of National Identification Numbers of TASAF beneficiaries in PSSN-MIS system, resulting into failure to be retrieved by biometric device;

(c) In adequate network connectivity, since the biometric device compares the beneficiary's data from NIDA database.

I am of the view that this challenge caused the delay of TASAF beneficiaries to receive their payments.

A further test check made on funds transferred to the household beneficiaries vide electronic system reported a significant uncollected amount by the beneficiaries whose funds were transferred vide various telephone companies such as Tigo Pesa, Mpesa, Airtel money etc. The system described the unsuccessful payments to be attributed by mismatching of names of the beneficiaries; Invalid receiver, time out and receiver blocked. Details of the funds transferred are as shown in **Table 5-7** below;

Table 5-7: Unreceived Beneficiaries Funds

Period	Amount transferred (TZS)	Amount Collected (TZS)	Uncollected amount (TZS)	% of uncollected amount
Jan-Feb 2021	3,261,006,050	2,899,188,650	361,817,400	11
March-Apr 2021	3,291,780,770	3,201,163,310	90,617,460	2
Total			**452,434,860**	

Source: *E-Payment- Management Information System 2020/21*

I recommend the Management of TASAF to:-

(a) Institute alternative secure authentication method of beneficiaries receiving payments Over the Counter and strengthen controls in PSSN-MIS system in capturing beneficiaries' National Identification details; and

(b) Make close supervision at the PAA level by ensuring that, the above noted challenges are resolved in collaboration with National Identification Authority (NIDA) and other program stakeholders.

(v) Funds for Adolescent Girls and Young Women not Paid TZS 252.04 million

Para 6.2.2.2 of the Adolescent Girls and Young Women (AGYW) standard operations manual states that there are two cash transfer seed money instalments for AGYW within the IGA intervention – 60%

instalment one and 40% instalment two. These cash instalments are referred to as seed money. The objective of these cash funds is to support AGYW to start up their businesses.

Contrary to the requirement, my review of funds released to AGYW found that, six LGAs had not paid 40% equivalent to TZS 252,041,776.80 to the respective AGYW beneficiaries as shown in **Table 5-8.**

Table 5-8: Funds not Paid to AGYW Beneficiaries

SN	PAA	Amount (TZS)
1	Iramba DC	73,379,802.80
2	Singida MC	46,146,920
3	Singida DC	48,115,054
4	Mpwapwa DC	38,500,000
5	Ifakara DC	38,900,000
6	Mlimba DC	7,000,000
	Total	**252,041,776.80**

Source: *Payment Reconciliation forms 1 April, 2020 - 30 June, 2021*

This anomaly was contributed by delay in the agreed process of releasing the second instalment of the 40% in respective LGAs. The other factor was system misbehaviour as some AGWY beneficiaries were not linked to the AGYW system, while some other beneficiaries did not show up during the payment window. Another reason was failure for some beneficiaries to implement Income Generating Activities as some beneficiaries had shifted to another places, married and absenteeism.

I am concerned that non-payment of funds allocated to beneficiaries delayed in achieving the program objectives towards Adolescence Girls and Young Women.

I recommend the Management of the respective LGAs in collaboration with TMU to fast-track payment procedures so that the remaining 40% amounting to TZS 252,041,776.80 is paid to the respective AGYW without further delay.

5.1.14 Deficiencies from Teachers Education Support Project (TESP) Implemented by the Ministry of Education, Science and Technology

(i) Prepared curriculum of diploma for pre-primary and primary level education which costed TZS 2.92 billion not put into use

Para 1.3 (ii) of the Operation Procedures Manual, June 2018, indicates TESP major activities, including reviewing the pre-service teacher education and training curriculum.

During the financial year 2019/20 MoEST through a letter with Ref No. TTDB.244/317/01/41 of 26 February, 2020 instructed TIE to prepare and review the curriculum of Diploma for Pre-primary and Primary level education. The activity was incorporated in the TESP Annual Work Plan for the financial year ended 30 June 2020. The activity started to be implemented in May 2020 and completed in September 2020 with a total expenditure of TZS 2,920,633,378 followed by training of tutors, between 28 September, 2020 and 10 October, 2020. The curriculum was expected to be put into use in September 2020. However, up to the time of the audit; September 2021, the prepared curriculum was not put into use.

This was attributed to inadequate planning and management of the project activities. Failure to put the produced curriculum into use limits the attainment of project objectives.

I recommend the Management of Tanzania Institute of Education (TIE) to liaise with the MoEST to put the developed curriculum of diploma for pre-primary and primary level education into use without further delay.

(ii) Non-completion of e-marking System Costing TZS 2.2 Billion at NECTA

My review of project implementation at NECTA, found that NECTA, as one of the projects implementing institutions, planned to develop an Electronic Marking System (eMAS) to support electronic marking for Diploma in Secondary Education (DSE), Diploma in Technical Education (DTE) and Grade A Teachers' Certificate Examination (GATCE) to replace a manual Conveyor Belt Model (CBM). The project was planned to be designed, developed and deployed by internal staff within 14 months with an indicative budget of TZS 5,338,000,000 whereby TZS 495,000,000 was for design and development costs; TZS 4,843,000,000 was for the initial equipment investment, deployment and operational cost. As per the Gant chart, the project was scheduled to start in April 2020 to June 2021. NECTA through TESP received only TZS 2,200,000,000 out of the total estimated budget.

My review noted that at the time of the audit on 25 September 2021, the project activity was still on system training for a pilot. There was pending activities such as preparation of training materials, conducting zonal training pilot, enhancement of the e-marking system, system deployment and operationalisation and resource acquisition phase, with pending procurement of the laptops.

I attribute the deficiency to delay in soliciting the financing for the project and inadequate number of programmers to participate in various programming activities. The delay on the other hand hinders NECTA's efforts to replace manual CBM with eMAS.

I recommend the Management of NECTA to liaise with the Ministry of Education, Science and Technology to facilitate the sourcing of finance so that the pending project activities are completed without further delay.

(iii)Preparation of dummy text books related to "History of Tanzania" costing TZS 478 million yet to be printed and put in use

Para 3.2 of Annex A of contribution arrangement requires that, the Project Steering Committee (PSC) will be established to serve as the advisory body to the project and provide strategic leadership to the implementation of the TESP project. The PSC will review and approve all project plans, reports, products and tools produced by MoEST in the project context. The PSC will also guide policy issues and support the project to achieve the expected results and overcome project constraints. In the event of the need to modify the project, the PSC will make recommendations to DFATD for consideration.

During my review, I found that Tanzania Institute of Education (TIE) requested MoEST to approve TZS 478,144,988 from TESP funds to prepare the History of Tanzania Books for pre-primary to secondary level of education. MoEST through a letter with reference No. CA.128/191/144 dated 20 April, 2021 approved the expenditure to be financed from TESP funds allocated for the preparation of the curriculum. The books were supposed to be put into use by June 2021.

However, at the time of the audit in September 2021, TESP's funds incurred for the activity were not in the annual work plan of TESP and not approved by the TESP's Steering Committee, contrary to the above cited para.

Additionally, I found that the produced dummy text books[7] were not printed and put into use as scheduled. I further noted that TIE reallocated the funds before making the request and approval from MoEST, as the request was made on 1 March, 2021 through a letter with Ref No. TIE/FIN/C/II/V/77 and the permission to use the funds were granted by the MoEST on 20 April, 2021 through a letter with reference No. CA.128/191/144, while the expenditure for the activity started since February 2021.

I attribute the anomaly to inadequate planning and management of project activities. I am of the view that failure to put the produced books into use implies the intended project objectives could not be achieved.

I recommend the Management of MoEST to ensure that approval is sought from the Project Steering Committee and to collaborate with TIE so that the produced books are put into use without further delay.

5.1.15 Delay in Development and Implementation of Tanzania Electronic Single Window System (TeSWS) at TPDC

Tanzania Petroleum Development Corporation (TPDC) is responsible for implementing Institutional Support Project for Domestic Resources Mobilization and Natural Resources Governance project (ISP-DRM & NRG). The objective of the project is to support the development of

[7] Dummy text book refers to a copy of textbook from which other text books are produced

the natural resources sector and enhance domestic resources mobilisation.

The memorandum document/appraisal report of ISP DRM and NRG project dated March 2017 detailed the indicators to be achieved through the project. The indicators, among others, include the development of Tanzania Electronic Single Window System (TeSWS). The system aims at strengthening the capacity for tax revenue collection and management, thus enhancing domestic resource mobilization.

The TeSWS is developed by e-Government Authority (e-GA). The implementation of the system started in January, 2018 and was planned to end in August 2020.

My review of TeSWS implementation plan found that development of the system was divided into three phases as detailed below;

- Phase I requires development of modules for cargo management, automated permit/license requests, joint inspection, consolidated billing, information portal (General clearance procedures) and 11 Other Government Departments (OGDS) integration, from January 2018 to May 2019.

- Phase II requires development of modules for cargo management (stock and transit), complete clearance and monitoring and evaluation, rollout to more OGDS, from June 2019 to March 2020.

- Phase III requires development of module for implementing the remaining processes, (export processing zone, single customs territory, duty free shop), rollout to more OGDS, from April 2020 to August 2020.

During the audit, I found a delay of 14 months in developing the system since all system modules were expected to be completed by August 2020. As of October 2021, the progress of Phase I of the system was completed and the module was in use. Phase II was under user acceptance test, while Phase III was awaiting the completion of phase II. Furthermore, I found that there was no time extension granted to e-GA to complete the development of the system.

The Management of e-GA informed us that the delay was a result of technical issues that emerged during development of the system which demanded more time than expected and technical knowledge to fix them. Despite of the management response, I noted that, there were no revised and approved timelines for finalising and put into use by beneficiaries' institutions. This could affect the targeted users who expected to use the system for improving their performance.

I recommend the Management of TPDC to:-

(a) Liaise with the Project Steering Committee such that remaining phases of the system development are completed without further delays; among others this can be achieved by developers obtaining relevant training for system development

(b) Agree with the project timeline and approved system development utilization for completion of the remaining activities.

5.1.16 Abandoned Project Works for Drilling of 20 Boreholes at Ikungi DC TZS 783 Million

Ministry of Water is responsible for implementing Water Sector Development Programme II (WSDP II). On 20 February, 2019 the Ministry of Water granted permission to Singida Water Supply and Sanitation Authority (SUWASA) to supervise the drilling of 20 boreholes in 20 villages at Ikungi District council for estimated cost of TZS 783,125,400. SUWASA entered a contract with two contractors for hydrogeological and geophysical survey, drilling, well development, pumping test, water quality test and capping of productive boreholes as detailed in the **Table 5-9** below.

Table 5-9: Abandoned boreholes project works at Ikungi District

Contract date	Contractor	Contract No.	Contract sum (TZS)	No. of boreholes	Amount paid (TZS)	Audit remark
25/05/2019	RUWASA Drilling Section	AE/043/2018/2019/W/06 LOT 2	416,375,000	10	208,187,500	Completed but only two were productive

Contract date	Contractor	Contract No.	Contract sum (TZS)	No. of boreholes	Amount paid (TZS)	Audit remark
08/11/2019	RUWASA Drilling Section	AE/043/2019/2020/W/02	181,750,000	5	50,000,000	Three boreholes not completed
08/11/2019	Target Borewells Ltd	AE/043219/2020/W/01	185,000,400	5	156,693,327	Not Completed
Total			**783,125,400**	**20**	**414,880,827**	

However, review of the contract files and site visit made on 3 and 4 September, 2021 found that, the contractor for RUWASA-Drilling section abandoned the work for more than 12 months without notice to the employer, SUWASA. My further review found that out of 20 boreholes; six boreholes were operating; three boreholes were not drilled; two boreholes were unsuccessful; six boreholes were below the agreed benchmark of water yield; one borehole had water not suitable for human consumption and for the two boreholes, the pumping test was not done. Additionally, I found that SUWASA did not arrange for any distribution network for the successful boreholes. I attribute the anomaly to inadequate supervision of WSDP projects.

I am concerned that the noted deficiencies could delay the provision of water services to the targeted communities at Ikungi District and could attract cost overruns due to delayed completion of boreholes.

I recommend the Management of WSDP to:-

(a) Closely supervise its water projects to get best value for money;

(b) Review performance of each contractor against the contract requirement and take appropriate measures to ensure that 20 boreholes are completed and operarate as planned.

5.1.17 Delayed Completion of Water Project Worth TZS 7.49 Billion Due to Community Violence

Following the Government Notice issued on 6 September, 2019, Dareda Water Authority and Sanitation Authority (Dareda WSSA) was dissolved by the Minister and it handed over its operations to Babati Water Supply and Sanitation Authority (BAWASA). Prior to that, Dareda WSSA was implementing the Dareda- Singu – Sigino and Bagara water supply project whose intake was located at Bacho Village. The total project cost was estimated to be TZS 7,493,264,871.49. The project started on 1 February 2020 and was expected to be completed in 31 December 2021. The project received a total of TZS 400,000,000 and had spent TZS 105,300,235 as at 30 June, 2021.

Before BAWASA started the implementation of the project, it encountered community violence as villagers denied the project, destroyed the storage building and vandalized the project materials (60 cement bags and steel bars) worth TZS 3,052,000 which had been procured for the construction of the intake at Bacho village.

As per the project implementation report of 30 August, 2021, completion was at 10% only. Therefore, the project lagged due to community violence which resulted into inadequate involvement of the community during project formulation.

I am concerned that the remaining period to completion date of 31 December 2021 is not sufficient to finish the pending activities, and therefore, the project is at the risk of not meeting the deadline for completion. The delay also poses a risk of cost overruns hindering fully implementation of the project activities with allocated resources.

I recommend the Management of the Ministry of Water in collaboration with BAWASA and Regional Authorities to:-

(a) Settle the disputes with the surrounding community by effective involvement of the community to create community ownership for the viability of the project;

(b) **Speed up the implementation of the Dareda-Singu-Sigino project to enable water service provision to the community.**

5.1.18 Unsatisfactory Performance of Regional Flagship ICT Centre Project

My review of the Project Document and Operational Manual of East Africa Skills for Transformation and Regional Integration Project implemented by Dar es Salaam Institute of Technology (DIT) found that the World Bank agreed with DIT Dar es Salaam to disburse USD 16,250,000 upon fulfilment of eight DLIs. During the first year of the implementation WB disbursed 30% advance payment of USD 4,875,000 equivalent to TZS 11,106,078,750 to the institute to start implementing the project activities as stated in the Strategic Investment Plan (SIP).

My review on the rate of utilization of funds noted that for the two years of implementation, out of TZS 11,106,078,750.00 advance payment disbursed, only TZS 2,321,726,207.38 (21%) was utilized leaving the un-utilised sum of TZS 8,784,352,542.62(79%). Of the utilized funds TZS 407,090,938.23 and TZS 1,914,635,269.15 were in respect of financial year 2019/20 and 2020/21 respectively.

Further review of the World Bank comment during the National Steering Committee revealed that the World Bank did not disburse funds to the Institution due to non-fully utilization of advance payment.

I am concerned that slow pace of the project implementation could threaten the achievement of the desired objectives within the implementation timeframe, given that the grant period will come to an end in December, 2024.

I recommend the Management of DIT to fast-track implementation of the project activities to achieve the intended objectives.

5.1.19 Projects for Construction of One Stop Inspection Stations (OSIS) in Manyoni and Nyakanazi Abandoned for More Than Three Years Due to Tax Relief Disputes and Bankruptcy of the Contractor

The National Authorising Officer (NAO) for the European Development Fund at the Ministry of Finance and Planning entered into two contracts with Impresa di Costruzioni Ing. E. Mantovani SPA for the construction of OSIS, including the supply and installation of weighbridges in Manyoni (lot 1), and Nyakanazi (lot 2) on 16 December, 2016 and 20 December, 2016 respectively. Both contracts were financed by the European Union through the African, Caribbean and Pacific (ACP) cooperation.

The contract price for Manyoni (lot 1) station, was agreed to be Euro 9,537,609.90 whereas the contract price for Nyakanazi (lot 2) station was agreed for Euro 9,582,090.11. The duration for both contracts was agreed to be 18 months. The European Union Commission, as stipulated by the Financing Agreement did the procurement of the contractor. The contract was later amended through the Addendum No. 1, which increased the contract price to Euro 9,650,687.97 for lot 1 and Euro 9,677,475.17 for lot 2 without alteration of the contract duration.

My review of the physical progress through progress reports dated 21 September, 2018 found that up to the time of the termination of the contract by the contractor, the overall progress of works done by contractor was at 50.1% and 40.3% for lot 1 and lot 2 respectively, while the planned progress was 92.5% and 75% for lot 1 and Lot 2 respectively. No further works was done ever since. The Contractor stopped working on 10th September, 2018 for lot 1 and 11 September, 2018 for lot 2, allegedly for fundamental breach of contract by the employer, whereby the Contracting Authority (employer), that is the Ministry of Finance and Planning, failed to refund timely the claims for VAT and other duties incurred by the contractor amounting to TZS 759,226,404 as per contract, despite issuance of several reminder letters. The contractor opted on such termination pursuant of Article 63.2 (a) and (b) of the contracts in line with Article 31, Annex IV of the Contract Agreement of the year 2000.

The Contracting Authority reacted on this termination and invited the contractor for amicable settlement instead. However, no sooner had the Contracting Authority invited the contractor for amicable settlement, than the contractor filed for bankruptcy in Padua Court in Italy on 15 November, 2018 on the ground of financial difficulties. This act has created delays in concluding the way forward for the abandoned projects. However, the extension of financing the agreement to October 2024 guarantees financing of projects upon conclusion of court proceedings or attempt for amicable settlement being sought.

Upon my visit to the sites (i.e., Manyoni Station (Lot 1) and Nyakanazi Station (lot 2) to verify the progress on the implementation status and the actual work done to confirm if the status portrayed in the progress report reflected the actual condition on the ground, as well as confirming the security of the infrastructures already in place and unused materials at large, I observed the following;

(i) Manyoni Station (lot 1)

- The site was guarded by the security guards who were employed by TANROADS Regional Manager Singida. The security guards hired by the contractor guarded Contractor's campsite.

- Some of the infrastructure for the project were found damaged by rainwater due to poor drainage systems. The damaged areas include parking lots, roads and soak pits in the residential compound.

- The project area was fully secured and there was no encroachment.

(ii) Nyakanazi Station (lot 2)

- The security guard who was employed by TANROADS Regional Manager, Kagera, guarded the site, whereas the security guards hired by the contractor guarded Contractor's campsite.

- The infrastructure for the project such as buildings had already developed cracks. Parking lots, soak pits and roads were found damaged due to rainwater caused by poor drainage system.

- The project area was not fully secured as the project site was encroached by villagers who have started planting various crops.

I attribute the weaknesses to inadequate contract management caused by non-adhering to the contractual obligation by the employer that created a loophole for the contractor to terminate the contract legally. I consider that delay in completion of the project has deprived the beneficiaries of the opportunity to enjoy the benefit of the OSIS. Secondly, the delay in concluding the amicable settlement or bankruptcy proceeding exposes the contract to financing distress as the financing agreement could come to an end before the conclusion of the bankruptcy proceeding or resolving in amicable settlement.

I recommend the Management of Ministry of Finance and Planning as the implementer of the project to:-

(a) Fast track the process of achieving the amicable termination as an alternative option for paving way for procuring of a new contractor for completion of the remaining part of the projects before the expiry of the Financing Agreement by 2024, hence releasing the Government from incurring completion cost on its own

(b) Come up with a 'What if Rescue Strategy Package' upon which if all contractual identified rescue strategies prove futile, then the Contracting Authority would resolve to justify the value for money

(c) Review the process of granting tax exemption to the contractor such that the ultimate beneficiaries enjoy the same timely without frustrating the contracts/projects or Government operations at large.

CHAPTER SIX

AUDIT ON CONSTRUCTION, REHABILITATION AND UPGRADING OF AIRPORTS

6.0 Introduction

I conducted the audit of 12 airports located in Tanzania mainland; Arusha, Dar es Salaam, Dodoma, Geita, Iringa, Mtwara, Mwanza, Nachingwea, Songea, Songwe, Shinyanga and Tabora. The government spent a total of TZS 1,020,688,321,277.40 in these projects and that the audit covered the construction, rehabilitation and upgrading of the airports for the period from the financial years 2016/17 to 2020/21. The purpose of the audit was to assess whether activities were effectively executed with due regard to time allocated, cost and quality for the aim of improving the aviation sector.

6.1 Findings From the Airports Audit

6.1.1 Rehabilitation and Upgrading of Shinyanga Airport was Delayed to Commence for More Than 48 months

Tanzania Airport Authority (TAA) signed a contract No.AE-027/2016/2017/SHY/W/31 on 30 June 2017, for the rehabilitation and upgrading of Shinyanga Airport at the contract price of TZS 49,179,439,663.66 (VAT inclusive) for period of 18 months from the commencement date. The project is financed through agreement between the European Investment Bank (EIB) and the United Republic of Tanzania (Ministry of Finance and Planning).

The review of contract documents found that rehabilitation and upgrading works of Shinyanga Airport did not commence after signing the contract. It delayed for more than 48 months from the date of signing the contract due to prolonged financing endeavours between the Government and EIB, which emanated from the changed project ownership modality, such that the contract was transferred from TAA to TANROADS in the year 2017.

I learnt that the anomaly for the delay to release funds by EIB, was caused by ongoing dialogue on the implementation modality from the amendments of the financing agreement, which was re-signed in July, 2020. The rehabilitation and upgrading of Shinyanga Airport aimed at providing all weather operational capability, additional capacity of future traffic growth and to achieve compliance with International Civil Aviation Organization (ICAO), International Safety and Security Standards. The airport was earmarked as the main airport for the North-Western Region of Tanzania. The delay to complete the project hinders TAA to achieve the intended benefits.

I recommend the Management of TANROADS in collaboration with TAA to fast-track the follow up on the ongoing dialogue for financing agreement so that the funds are released to facilitate the commencement of work without further delay.

6.1.2 Additional Compensation Cost of TZS 22.35 Billion due to Unpaid Compensations for More Than 23 years for Extension of JNIA

In the year 1997, the Ministry of Works and Transport engaged a consultant (Land Consult Ltd. in Association with Tan Valuers and Property Consultants) to carry out survey and valuation of properties for Peoples Affected by Projects (PAPs) compensation for the extension of Julius Nyerere International Airport (formerly, Dar es Salaam International Airport) to cover areas of Kipawa, Kigilagila and Kipunguni.

My review noted that, basing on the year 1997 valuation, compensation was made to the PAPs but 1,125 PAPs remained unpaid leaving outstanding balance amounting to TZS 7,413,357,576 by the year 1997 due to insufficient budget on settlement of the PAPs claims. The situation prompted series of updation of the valuations[8] on the pending PAPs, with latest updation made on May 2020, which attributed to time value for money and compliance with Reg. 13(3) of the Land (Assessment of the Value of Land for Compensation) Regulations, 2001, which required adjustments of the year 1997

[8] On 31 December, 2019, TAA signed a Contract No. AE-027/2019-2020/HQ/C/06, with M/S Tan-valuers and Property Consultants for the Consultancy Services relates to Updating the Compensation Schedule. The contract aims to update the remaining PAPs claims (TZS 7,413,357,576) with latest update of May, 2020.

values at the compounded interest of 6% per annum up to 30 September, 2019. The latest updation made an increment of TZS 22,354,671,575 equivalent to 302%, as an addition to the original compensation cost of TZS 7,413,357,576 as shown in the **Table 6-1**.

Table 6-1: Adjusted PAPs Compensation Claims

Area	Value per Sept 1997	Adjusted value per annum 2006	Adjusted value per annum up to September 2019	Adjusted value as at 31st May 2020
Kipunguni Mashariki	710,768,800	2,150,504,636	2,709,635,842	2,854,059,432
Kipunguni A	6,702,589,576	20,279,401,939	25,552,046,443	26,913,970,519
Total	**7,413,358,376**	**22,429,906,575**	**28,261,682,285**	**29,768,029,951**

Source: *Valuation report as at 31 May 2020*

In addition, I found that that increment of compensation cost of TZS 22,354,671,575 has not been certified by the Government Chief Valuer.

I am concerned with the long outstanding of PAPs claim payments of TZS 7,413,357,576 for more than 23 years that emanates additional costs.

I recommend that Management of TAA in consultation with the Government Chief Valuer review and certify the compensation of 1,125 PAPs to ensure payment is made without further delay and avoid further accumulation of compensation costs.

6.1.3 Design for the Construction of Passengers' Terminal Building at Mwanza Airport was Not Approved by TCAA and Non-involvement of Key Stakeholders

Construction of Mwanza Airport project commenced in September 2019 and scheduled to be completed on 30 June, 2020. The project involved construction of the passengers' terminal building which was agreed to be implemented through "force account", at the estimated cost of TZS 13,245,670,551. At the time of audit August 2021, my review of the project files and the physical site visit found that the ongoing construction activities with total of TZS 8,031,417,601.

Reg. 34 (1) of the Civil Aviation Security Regulations, 2018 requires an airport operator before implementation of any renovation, remodelling or expansion works at the airport, or the construction of new or additional airport facilities submit to the authority for its approval, the designs and plans for the renovation and expansion works.

Contrary to the requirement of the law, my review found that the designs for construction of the passengers' terminal building at Mwanza Airport was implemented by the Regional Secretariat (RS) Mwanza, and was not approved by the Tanzania Civil Aviation Authority (TCAA). I noted correspondence between TCAA and RS Mwanza through letter with reference number AB.26/226/235/58 of 15 October 2019 requesting RS Mwanza to submit drawings and plans to TCAA for their review and approval. The requested information was however not submitted.

I further noted that RS Mwanza did not involve TAA and TANROADS in the construction. Involvement of TAA and TANROADS could have added value to the project.

I am of the view that conducting construction without involving the corresponding key stakeholders for their review, approval and or information could have risk on transparency and accountability in the project. It also raises the possibility of compromised quality and required standards in the construction due to lack of involvement of the responsible authorities (TAA and TANROADS).

I recommend Mwanza Airport Manager to liaise with RS Mwanza to ensure that: -

(a) The joint design review between TAA and RS Mwanza related to the construction of passengers' terminal building is fast tracked and that the pending facilities or snags are considered for adequate completion of the construction;

(b) There is full involvement of sector's potential stakeholders such as TAA and TANROADS for transparency and collective accountability in the project.

6.1.4 Loss Sustained as a Result of Expenditure Incurred on Suspended Construction of the Passenger Terminal Building Contract

My review of the contract files revealed that on 21 April 2016, Tanzania Airports Authority via Acting Director General wrote a letter with ref. No.DB.172/231/262H/28 to the Permanent Secretary-(Transport) explaining the intention of TAA to remove the construction of Passenger Terminal Building from the package of the items to be implemented in the Contract No AE-027/2011-2012/MWZ/W/44 (for upgrading of Mwanza Airport). TANROADS signed an Addendum No. 1 and the removed the Passenger Terminal building item from the original contract which was planned to be executed at TZS 19,364,413,384.

The removal of the item for Passenger Terminal Building was attributed to the following: Substantial change in size due to change of design from around 10,000 m^2 to over 30,000 m^2 due to increase in passenger traffic in the recent years; the estimated cost of the new proposed Terminal Building which is more than three (3) times of the original building; and the size and cost of the proposed new Passenger Terminal Building made it not to fit (be accommodated) in the original contract.

On 22 July 2021, Audit Team visited Mwanza Airport and noted that, the Passengers Terminal Building is being constructed under the supervision of RAS Mwanza.

Despite that the reasons for removal of the Passenger Terminal building were well explained. However, it came to my attention that TAA had already incurred TZS 5,815,839,960 for the new design for construction of the same passenger Terminal building as the original design was outdated. Due to that irregularity, it is my concern that the removal of the construction of Passenger Terminal Building while some of the funds have been incurred, it is a misuse of the public funds and TAA should be accountable. According to TAA, the decision to remove terminal building was due the fact that, by year 2016 there were technological advancement in which if the design were to be implemented could result into outdated facility and implementation with extensive variations to contract. They claimed that amounts of TZS 5,815,839,960 were accounted for re-design of the new terminal buildings, however such designed was not availed to my audit team to confirm if the same design is used by Regional Secretariat –Mwanza on the referred building.

Recommendation

I recommend that TAA management submit new design prepared for the construction of the Passenger Terminal building and confirm if the same design is being used by RAS Mwanza.

6.1.5 Commencement of Works Prior to Signing of the Contract on the Extension of Dodoma Airport

TANROADS entered into a Contract No. TRD/DO/R/2019-20/42 on 3 July, 2020 for the extension to bitumen standard (AC) of Apron, Runway and Taxiway at Dodoma Airport, at a contract price of TZS 3,506,892,667.38 with expected completion date of 3 October, 2020. Clause 53.1 of Special Condition of the contract requires the site possession date to be determine by the Project Manager after the date of signing the contract.

Contrary to the contract clause, my review of the contract documents, such as the site instructions and progress reports found that the contractor commenced work on 15 June, 2020, more than two weeks prior to the signing of the contract, **Table 6-2**. I further noted that the corresponding vetting of the contract from the Attorney General was made on 23 June 2020, through the letter with reference No. CBC.13/309/01. This meant the work commenced prior to vetting by the Attorney General.

Table 6-2: Commenced work prior to signing of the contract

Site instruction No.	Date of instructions	Instruction issued
2	15 June, 2020	Mark new displaced threshold at runway '27' to 250m from existing threshold marking
3	26 June, 2020	Excavate below roadbed at a depth determined by engineer
4	1 July, 2020	Clear and grub area of 100 m by 50 m to allow relocation weather station

Source: *Instruction notice*

The Management informed my audit team that the work commenced based on the letter of acceptance to fast-track activities due to the needful use of the runway. However, I consider that commencing work prior to the signing of the contract was a serious violation of the procurement regulations and it increases the risk of loss in case of future disputes between the contractor and the employer.

I recommend the Management to fully abided by the procurement regulations, and that in case of emergency, the underlying procurement procedures should be followed to accommodate the exigency needs in a lawful manner.

6.1.6 Foreign Staff Working Without Work Permits and Registration to Professional Boards for Upgrading and Rehabilitation of Iringa Airport

TANROADS signed a contract No. TRD/HQ/1044/2019/2020 with M/s Sinohydro Corporation Ltd. on 15 May 2020, for upgrading and rehabilitation of Iringa Airport at the contract price of TZS 41,126,191,516.55 (VAT exclusive) for a period of 20 months from the commencement date.

Reg. 10(1) of the Non-citizen Employment Regulation, 2015 requires a person who wishes to employ or engage non-citizen in any occupation to apply for a work permit to the Labour Commissioner prior to entry by that non-citizen. Further Reg. 19 and 20 of the Engineers Registration Regulations, 2010 requires "all foreign engineers or firms to register with the Board[9] before starting engineering operations in Tanzania" and that "all engineering job positions to be occupied by registered engineers in relevant categories".

Contrary to the requirements, my review of the contractor's progress report for the month of June 2021, contract correspondence files, and audit site visit made in July, 2021 found that out of the 16 contractor's staff, 13 of them were foreign staff, equivalent to 81% of the total staff. These foreign staff were working without having

[9] The Board refers to Engineers Registration Board (ERB)

work permits and professional registration from the respective professional boards such as ERB as shown in **Table 6-3**.

Further inquiries from the contractor and the consultant about foreign staff who were working without a valid work permit and professional registration indicated that the contractor was facing difficulties in obtaining the work permits and registrations due to prolonged process by the government authorities. The work permits were processed on arrival from abroad but took a length of time for screening of the respective staff by the government authorities which also delayed professional registrations by the respective bodies.

Table 6-3: Details of the Contractor's Foreign Staff

S/N	Name of staff	Designation	Sex	Date of site possession	Citizenship	Work permit	ERB registration
1	Wang Haitao	Site Agent	M	14-Apr-21	China	No work permit	Not registered
2	Yan Zhihui	Site Engineer	M	06-Feb-21	China	No work permit	Not registered
3	Zhang Cheng	Assistant quantity surveyor (QS)	M	29-Jun-20	China	Present	Registered
4	Mo Xiuguo	Human Resource	M	13-Mar-21	China	No work permit	Registered
5	Yuan Shuai	Assistant Land Surveyor	M	18-Jul-20	China	Present	Registered
6	Chen Kexu	Materials Engineer	M	18-Jul-20	China	No work permit	Not registered
7	Gao Deli	Materials Engineer	M	10-Mar-21	China	No work permit	Not registered
8	Yuan Rui	Structural Engineer	M	19-Apr-21	China	Present	Not registered
9	Wang Kunpeng	Workshop /Manager	M	30-Aug-20	China	No work permit	Registered
10	Xu Kaili	Chef	M	30-Aug-20	China	No work permit	Registered
11	Guo Feng	Supervisor	M	30-Aug-20	China	No work permit	Not registered
12	Liu Wenshuai	Workshop /Equipment Manager	M	28-Feb-21	China	No work permit	Registered
13	Gan Lin	Supervisor	M	20-Mar-20	China	No work permit	Not registered
14	Yan Qi	Supervisor	M	20-Mar-21	China	No work permit	Not registered
15	Chen Ronghua	Supervisor	M	20-Mar-21	China	No work permit	Not registered

S/N	Name of staff	Designation	Sex	Date of site possession	Citizenship	Work permit	ERB registration
16	Xiong Zujun	Supervisor	M	24-Mar-21	China	No work permit	Not registered

Source: *Progress report of June 2021, contract correspondence files and audit site visit*

The anomaly had been recurring and even raised in my previous audits. I urge the government to take appropriate measures because lack of work permits and professional registrations to the foreign staff does not only increase the risk of illegal workers and unapproved professionals, but also increases the risk of compromising the quality of work and loss of government revenue that could be earned from the work permits and registration fees.

I recommend the Management to strengthen the follow up with the contractor for the fast-tracked actions from the corresponding government authorities such as Labour Commissioner and the Engineers Registration Board such that work permits and professional registrations are obtained without further delay.

6.1.7 Delayed Clearance on Imported Materials Due to Non-renewal of VAT Order Exemption Leading to Project Delays at Songea Airport

Sect. 6(2) (b) (i) of the Value Added Tax Act, Cap. 148 (revised 2019) empowers the Minister of Finance and Planning with an order to exempt Value Added Tax (VAT) on importation by the government entity or supply to a government entity of goods or services to be used solely for the implementation of a project funded by the government. In line with the Act requirement, on implementation of rehabilitation and upgrading of Songea Airport, Permanent Secretary of the Ministry of Finance and Planning issued a circular No. 6 on 22 December, 2020 with a letter with reference No. CAB.481/547/01/58 which directs all Accounting and Chief Executive Officers on how to deal with application, operation and accountability of all VAT orders exemption issued on importations.

My review found that the Songea Airport project was implemented under the VAT order exemption with GN. 1065 published on 25

December 2020, which expired on 29 March 2021, but was not renewed at the time of audit in August, 2021.

I attribute the weakness to the prolonged approval of the VAT order exemption and changed Government regulations on clearance of the imported materials at the port. Lack of a renewed VAT order exemption delays clearance on importation of project materials that at the time of audit, Airfield Ground Lighting (AGL), Fire Tender, Cement, and reinforcements were not delivered, leading to delaying the implementation of the project.

I recommend the Management of TANROADS to liaise with the Ministry of Finance and Planning to ensure that the VAT orders exemption (GN) are processed timely to avoid delays on importation of materials to speed up the implementation of projects, attain the intended project objectives and the value for money.

6.1.8 Interest Totaling TZS 2.75 Billion Paid Due to Late Payment of the Contractor's Outstanding Claims

On 11 June 2012, Tanzania Airports Authority signed a contract with the Contractor for Mwanza Airport works. The Contract involved Lot 1 for the Construction of Terminal, Cargo and Power House buildings, including construction of standalone Control Tower; and Lot 2 for the completion of Civil and Miscellaneous Works - Extension of Runway and Passenger Apron, Construction of Cargo Apron & Linking Taxiway, Sewerage System, Water Supply System, Road Networks and Provision of Fire Tender. The Original Work Contract amount was TZS 105,943,140,184, VAT inclusive. The contract duration was set to expire on 30 September 2014. However, before the commencement of execution, the construction of airport was transferred to TANROADS for supervision and assumed employer's responsibility. On 13 December 2017, TANROADS signed an addendum with the Contractor and agreed to revise the Project completion date to 15 July 2018.

Sub-Clause 60.8 on part II-Conditions of particular applications requires the employer to pay interest in the event of failure to make payment within the time stated upon all sums unpaid from the date upon which the payment should have been paid. According to this clause the amount of interest should be calculated based on interest rates specified in the Appendix to tender (0.25% per month uncompounded yearly on the foreign portion and as per Central Bank Lending rates for the portion in local currencies).

A review of the Interim payment certificates raised by the contractor, payment vouchers and monthly Progress reports submitted by the Management of TAA and TANROADS from year 2012 to 2021 revealed an amount of TZS 2,753,388,441.79 being paid as interest which resulted from late payment of contractor's outstanding claims as per the certificates raised.

I attribute this anomaly with inadequate follow up by TAA and TANROADS and cash flow problem from MoFP which did not match with work progress. I am of the view that the delayed payments could lead to the extension of time for completing the project. The interest charges could also escalate project costs compared to initial estimates.

I recommend that Management of:-

(a) TAA and TANROADS to clearly identify implementation hurdles to expedite payment process with other authorities involved;

(b) MoFP to streamline the procedures for processing funds so that the projects' budgeted funds are timely released to ease the settlement of contractor's claims on time to avoid the accumulation of interest from delaying in paying outstanding claims.

6.1.9 Project Costs Escalated Due to Inadequate Involvement of Key Stakeholders Euro 384,624.8 (TZS 1,017,294,134)

My review of the project files related to design stage of the JNIA Terminal III revealed variations amounting to Euro 384,624.8 (TZS 1,017,294,134) which were paid to Contractor due to failure by TAA to engage in key stakeholders during design stage. The audit noted inadequate consideration of passengers' needs and experience which was a relevant factor when executing design and build contract. Further, I noted that these variations were also caused by new requirements that were often introduced by TAA. Although the project has been completed, still it is my concern that the variations paid could have been avoided if TAA would invite the key stakeholders during design stage.

Among the stakeholders which were not involved properly include Tanzania Civil Aviation Authority (TCAA), Immigration Department and Tanzania Revenue Authority (TRA). The nature of variations noted include changes in Meet and Great (M&G) hall which require segregation of the arrival and departure; introducing toilet at dispensary; additional immigration counters; upgrade store to make office for customs red channel and customer care counters both internally and externally. Failure to involve all major stakeholders have resulted in the increase of project costs that could have been avoided.

Recommendation

I advise TAA management to im all key stakeholders whenever executing any airport construction project to minimize unnecessary variations that increase project cost.

6.1.10 Increase in the Project Costs due to Amicable Settlement of Disputes -Euro 20,441,145 (TZS 54,064,784,410)

My review of project files related with JNIA terminal III project found that on 06 February 2018, TAA, TANROADS and the Contractor had unsettled claims and unresolved disputes relating to 12 unpaid claims and 39 disputed items resulted from changes in the legislations, introduction of Workers Compensation Fund (WCF) whose values were estimated at Euro 50 million. On the same date, I noted that Addendum No.1 (amicable settlement) was signed and TAA paid the Contractor Euro 20,441,145 (TZS 54,064,784,410[10]) instead of Euro 50 million required and hence resolved all claims and disputes amicably. Disputes occurred due to the weakness in contract drafting and designs used in undertaking a project (need

[10] BOT Exchange of 15/6/2018: TZS 2,644.9/Euro

identification and stakeholder's participation). It is my concern that due to weakness in preparation and supervising of contracts in all stages by TAA, the project costs were unnecessarily escalated.

Recommendation

I recommend TAA management to ensure that contracts for development projects are well drafted, and reviewed to minimize unnecessary disputes that always increase project costs.

6.1.11 Unrecovered Deductions From the Contractor TZS 6,532,253,784

Review of the TAA special report for detailed progress of the works and evaluation of performance of contractors prepared by the consultant in August 2017 noted that due to failure of the Main contractor to execute the works and his removal from site, the consultant prepared Final accounts in accordance with clause 3.6 of the contract in 2016 which revealed that the contractor owes the Employer (TAA) a total amount of TZS 6,532,253,784 as deductions for non-adherence to contractual terms including the deduction of liquidated damages TZS 3,217,972,292.94, consultancy services TZS 3,195,843,591.06 and absence of project manager from site TZS 118,437,900.

However, through interview with TAA officials I was informed that, the amount in question was pending subject to discussion with the management of contractor as it was not involved during preparation of the final account.

The reasons for non-recovery include bankruptcy of the former Contractor whose company was under receivership pending for completion of liquidation procedures. Lack of enough information regarding the receivership company involved in the liquidation process of Contractor since I was informed that the first Receiver Company has withdrawn from services. I am concerned with risk involved of non-recoverability of TZS. 566,655,000 incurred for milling the rejected asphalt wearing course and binder course

Recommendation

The management of TAA in collaboration with consultants has to;

(a) Communicate with the Joint Receivers and managers of Construction Company involved to reconcile the amount that the contractor owed which in turn facilitate conclusion of the contract with the contractor.

(b) Exert more efforts to ensure that current receiver Company is known after withdraw of the first Receiver Company from this hearing in order to fast track the payment of the amount that the contractor is owed.

6.1.12 Loss Sustained Due to Irrational Decision to Maintain the Airport While the Contractor for Upgrading Works was Under Procurement 1.1 Billion

Reg. 4 (2) of the Public Procurement Regulations, 2013, as amended by Regulations 4(2) of Public Procurement (Amendment) Regulations, 2016 requires Accounting Officers and Tender Boards when undertaking or approving procurement, be guided by the need for economy and efficiency in the use of public funds; the best interests in giving all eligible tenderers equal opportunities to compete in executing works; and the importance of integrity, accountability, fairness and transparency in the procurement process.

TAA commissioned regional manager TANROADS Iringa to enter into contract No. AE/001/2018-2019/IR/W/07/MTCE of Airport worth TZS 1,140,971,360.50 (Phase I-IV) with Contractor for maintenance of runway at Iringa Airport from 7 September 2018 to 25 June 2020. The activity was planned and financed by TAA where by funds amounting to TZS 999,781,720 was transferred to Regional Manager TANROADS Iringa to execute the respective works.

The contract includes maintenance/repair of runway 330m, increase turning pad by 1044sqm and clearance of runway shoulders to allow flow of runoff water outside the runway.

My review noted that the decision to conducting maintenance of the airport runway to accommodate operations of Bombardier Q400 aircraft at Iringa Airport which lasted from April 2019 and June 2020 (being 163 routes) was done without considering the performed feasibility study, detailed engineering design, environmental assessment and Abbreviated Resettlement Action Plan (ARAP) which was done prior to facilitate procurement of contract for upgrading the whole airport signed on 15 May 2020 between TANROADS and Contractor worth TZS 41.1 billion (VAT exclusive). This act suggests that the amount incurred on maintenance of runway aggregate into TZS 1,140,971,360.50 was a nugatory expenditure.

Management of TAA claimed that the reasons of conducting the ad hoc maintenance of the runway while there was earlier plan for rehabilitation and upgrading of airport was only a repair of the runway to accommodate the landing of bombardier Q400 as such using the earlier plans could have been impractical.

My concern is that, conducting the ad hoc maintenance of the runway while there was earlier plan for rehabilitation and upgrading of airport resulted into a fruitless expenditure as public resources could have been directed to other activities.

Recommendation

Management is recommended to ensure that concrete plans are in place and well analysed before are embarked on, so as to avoid such sustained loss.

6.1.13 Delayed Payments Attracting Interest Charges Amounting to TZS 11,393,464,629

Clause 5(b) (2) of the Contract Agreement No. AE 027/2017/18/JNIA/121 between TAA and Contractor for the supply, Installation, Testing, Commissioning and Maintenance of Airport Management Information Systems at Julius Nyerere International Airport (JNIA) states that, "Unless otherwise expressly stated herein, all payment shall be due within 30 calendar days from the date of applicable invoice". Furthermore, Clause 5(b) (3) of the same aforementioned Contract stipulates that, invoices or portions thereof not paid within thirty (30) days after the due date shall be subject to a finance charge calculated at the Bank of Tanzania offered rate per month applied daily on the amount in arrears. Such finance charge shall be paid by the TAA upon receipt of Contractor's written notes.

Contrary to the above cited requirements, I found that delays in payments to the supplier ranged from five days to 216 days thereby attracting interest charges amounting to TZS 11,393,464,629.57 after applying an average calculated rate of 5% offered by Bank of Tanzania per month applied daily on the amount in arrears. As of the time of the audit August, 2021, TAA had not paid the claimed interest amount of TZS 11,393,464,629.57. The main reasons for not paying contractor timely was delay in receiving funds from Ministry of Works and Transport and delay in processing funds by TAA.

Recommendation

The TAA is advised to ensure timely request for funds from the Ministry of Works and Transport and close follow-up to expedite payment approval processes to contractors in order to avoid loss of public money attributed to interest charges on delayed payments.

6.1.14 Overlapping of the Establishment Mandate Over the Development and Control of Government Owned Airports Between TAA and TANROADS

My review of the establishment mandate noted that Para 3.2 of the Schedule made to the Executive Agencies (The Tanzania Airports Authority) Establishment Order, 1999 GN No. 404 had given TAA the roles for operating, managing, maintaining, and developing the Government-owned airports. My review of implementation documentations noted that TANROADS was given the similar roles, in undertaking the procurement, and managing the contracts for the design, construction, and rehabilitation of 12 constructed airports.

The mandate for TANROADS was published through Government Notice No. 232 of 27 March 2020. Even though the overall roles for operating and maintaining the airports is still under TAA mandate. Still, it is not clear on how TAA will be managing these new airports. It is also my concern that the roles for designing, and supervising the construction by TANROADS had led to a duplicate in public resources and inefficiencies due to lack of clear line for ownership and responsibilities between TANROADS and TAA.

Recommendation

I recommend the Government to consider returning the roles for designing, constructing, and supervising and managing airports constructions to TAA while TANROADS should remain with roles for developing and maintaining roads and hence minimize the duplicates in allocating public resources.

6.1.15 Construction of Geita Airport Without Undertaking Feasibility Study

A feasibility study is an assessment of the practicality of a proposed project or system. A feasibility study aims to objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities and threats present in the natural environment, the resources required to carry through, and ultimately the prospects for success. In its simplest terms, feasibility study aims at establishment of required resources and value to be attained and the potentials for success.

Despite of the above stated advantages, my review of project implementation noted that Tanzania Airports Authority (TAA) and Tanzania National Roads Agency (TANROADS) did not conduct feasibility study prior to commencement of construction of Chato Airport (now known as Geita Airport).

I am of the view non-performance of feasibility study escalates the risk that the Government could have invested in the non-productive project and possible existence of uncontrolled cost and time overruns in implementation of the project.

I recommend to the management of TAA and TANROADS to ensure in future feasibility study is conducted prior to commencement of implementation of the project to set clearly the rationale for

the project, strengths and weaknesses, required resources and project viability.**

6.1.16 Inter Project Funds Transfer in the Form of Loans Not Refunded TZS 3,619,633,562.46

My review of payment vouchers and related documentations at TANROADS head office noted borrowing of funds amounting to TZS 3,619,633,562.46 from other projects to meet the maturing certificates for the project for construction of Geita Airport; with an anticipation of refund of the same upon release of funds by the Treasury.

However, up to the time of the audit, July 2021, I found that, all of the borrowed funds amounting to TZS 3,619,633,562.46 were not refunded to respective projects/activities.

Non-refund of the borrowed fund implies that planned activities to the tune of borrowed funds, TZS 3,619,633,562.46 were not implemented as intended. Details are shown in **Table 6-4** below:

Table 6-4: Funds Borrowed Not Refunded TZS 3,619,633,562.46

Date	Borrowed from	Project Received	Amount Borrowed TZS	Outstanding Balance TZS
14.8.2018	IT Application System	CHATO Airport	383,440,427.00	383,440,427.00
14.8.2018	Feasibility Study for Uyole -Mbalizi Project	CHATO Airport	212,229,853.00	212,229,853.00
14.8.2018	Construction of TANROADS HQ Project	CHATO Airport	1,309,263,321.46	1,309,263,321.46
14.8.2018	Upgrading of Tarime-Mugumu(50KM)	CHATO Airport	200,625,615.00	200,625,615.00
14.1.2019	Advance and Acquisition	CHATO Airport	382,155,680.00	382,155,680.00
14.1.2019	Construction of the Arusha- Holili Road Improvement Project	CHATO Airport	1,131,918,666.00	1,131,918,666.00
Total				**3,619,633,562.46**

Source: *Payment Vouchers*

I recommend that management of TANROADS ensure refund of an amount of TZS 3,619,633,562.46 borrowed from other projects to allow implementation of other planned activities and in future, comply with the budgetary control.

6.1.17 Expenditure Made Above the Budgeted Amount for Construction of New Chato Airport TZS 34,529,677,103

On 31 August 2016 the Tanzania National Roads Agency (TANROADS) signed a contract Mayanga Contractors Co. Ltd, for the construction of runway for Chato Airport (now known as Geita Airport). The Original Contract Sum was TZS 39,151,461,035.28 which was later revised to TZS 58,918,628,887.03 due to change in the original scope of the project to include construction of Special/VIP building, quantities for unexpected rock encountered on the project site and earthwork quantities which were underestimated in the original contract.

My review project implementation and budget execution for a period of five years from 2015/16 to 2020/2021 revealed that, TANROADS had an amount of TZS 34,529,677,103 spent in excess of the budgeted amount of TZS 17,795,000,000 by 194%. For the period of five years, approved budget (cumulative) for construction of Geita Airport (previously known as Chato Airport) was TZS 17,795,000,000 whereas cumulative expenditure was TZS 52,324,677,103.

Although management of TANROADS commented that in most cases the approved amounts were insufficient as compared to the actual requirement during execution of the projects and thus the Government had to reallocate funds from other sources, I still consider that, this practice affects the implementation of other approved activities.

I recommend that the management of TANROADS ensure large projects are implemented in phases if the funds allocated are not enough to complete the project at once to avoid expenditures in excess of budgeted amounts.

6.1.18 Delay of 150 weeks in Installation of Generator in Geita Airport

On 19 June 2018, Tanzania Airports Authority (TAA) signed a contract No. AE-027/2017-2018/HQ/G/03 with Delta Industrial Equipment Ltd for supply, installation and commissioning of standby generator at Geita Airport at a contract value of TZS 111,289,222 for a duration of eight weeks up to 18 August 2018.

My review of contract execution and site visit conducted in July 2021 revealed that, the generator was not installed at Geita Airport, a delay of about 150 weeks from agreed completion date of 18 August 2018. Further review noted that, on 3 September, 2018 Delta Industrial Equipment LTD submitted a request for delivery and installation of generator at Geita Airport through letter with reference No. DELTA/TAA/GEN/2018/09/03.

However, due to lack generator house for installation of generator at Geita Airport, the Tanzania Airports Authority (TAA) instructed Delta Industrial Equipment LTD to deliver the generator at TANROADS Geita Regional Office through letter with reference No. DB.208/231/310/8 of 1 November 2018. On 26 November, 2018 the Delta Industrial Equipment delivered the generator at TANROADS Geita Regional Office.

I noted that, parties agreed to close the contract on 09 April 2020 by signing the closing the contract No.AE-027/2017-2018/HQ/G/03 for supply, installation and commissioning of standby generator at Geita Regional Airport.

It is my view that the contractual obligations were not discharged for the contract to be closed as due to the contract, the supply and commissioning of the generator was to be made at Geita Airport and not TANROADS Geita Regional office. This will on the other hand call for unnecessary extra cost of installation and commissioning at the Geita Airport upon completion of a structure for installation.

I recommend for TAA management to;

(a) ensure that, the generator house at Geita Airport is completed so as to allow installation and commissioning of the generator; and

(b) liaise with contractor, Delta Industrial Equipment Ltd on the installation and commissioning of the generator at Geita Airport once the required structure is completed as the contractual obligations were not fully discharged at the time of the closure of the contract, 09 April 2020.

CHAPTER SEVEN

TECHNICAL AUDIT ON PLANNING, DESIGNING AND IMPLEMENTATION OF ROAD PROJECTS IN DODOMA CAPITAL CITY

7.0 Introduction

The Vision of the 2019 Dodoma National Capital City Master Plan (2019-2039) was to develop Dodoma City as a National Capital that embraces economic competitiveness, social inclusion, good and safe city and national identity for sustainable development. Proper planned road networks are one of the key requirements to support the growth of the Dodoma National Capital City. Various road projects commenced in Dodoma City being implemented by PO-RALG (through Dodoma City Council), TANROADS and TARURA.

Due to that, I decided to conduct the technical audit on road projects in Dodoma City to assess whether PO-RALG through Dodoma City Council has ensured that road projects in Dodoma Capital City are adequately planned, designed and implemented for sustainable improvement of the road network in the city. The audit covers a period from 2017/18 to 2020/21 and was conducted at Dodoma City Council, TANROADS and TARURA. In the following paragraphs, I present the summary of key findings.

7.1 Planning and designing of road projects

7.1.1 Road Layout Plan Hardly Addresses Identified Transport Challenges

I found that the proposed transportation routes were surveyed in developed areas. Other planned corridors for the roads' infrastructures were encroached with informal settlements. The encroached route alignment included the proposed 1976 Busway routes. Additionally, the Inner Ring Road, Middle Ring Road and Outer Ring Road were proposed on highly developed areas which requires relocation of the residents. According to the Master Plan, about 580 houses were encroached in the proposed busways. Those areas which were encroached in the proposed bus ways include the industrial area, Nkuhungu, Chinangali, Dodoma airport runway, Area D and Ipagala.

I also found that the section between Kisasa and Medeli, Central Business Districts and Chinyoya, and the last section from Chinyoya to Mkalama Community encroached the alignment of the proposed layouts. Hence, the development of proposed roads would require demolition of constructed buildings within the roads' alignment, which could cost the Government.

Likewise, the proposed corridor for the planned layout was found to be narrowed by developed houses within the corridor. For instance, the middle ring road corridor of 60m was found to have 13m right of way. Dodoma City Council did not manage to control and protect the planned corridors from informal development, since they are responsible for development control and protection of public spaces. During the site verifications which were conducted to witness encroachment of the planned open areas (corridors) set for construction of inner ring by the Dodoma City Council, the Audit Team noted that the area was divided, and it was ready for the construction of Machinga building(s) (Open Market). This implied that no reference was made to the Master Plan 2019-2039 prior to making the decision regarding the construction of the Machinga Building.

The Inner Ring Road Layout Plan in the Master Plan is shorter by 3.4 km from the coverage of Road Network recommended in the Feasibility Study.

I noted that, the layout plan for the inner ring road in the master plan was shorter compared to the coverage of road network. This is because it covered a small circumference compared to what was required to be designed. I also found that TANROADS conducted feasibility study of 15 km instead of 11.6 km as proposed in the Master Plan 2019. This implies that, the proposed Ring Road in the Master Plan is 3.4 km shorter as compared to designed road by TANROADs. This was due to inadequate planning of road layout in the Master Plan 2019 by the Dodoma City Council.

Additionally, I noted that TANROADS designed 23 km of the Middle Ring Road (half-circumference), compared to the proposed 47 km in Master Plan 2019. This implies that the Middle ring road would not serve its intended purpose for decongestion of road traffic as planned. This variation of length between the proposed ring roads could result into cost variations during implementation due to decreased circumferences of the proposed road layout plan. The variation (shortage of road length) also would result into inefficient connectivity of the public transport.

7.1.2 Inadequately Conducted Feasibility Studies by Implementing Agencies

I found that Hydrological studies was not conducted for 6 out of 8 selected road projects. Similarly, the Environmental Impact assessment was not conducted for 2 out of 8 road projects, as evidenced by the absence of Environmental Impact Certificates. This included the road projects under TARURA i.e., Swaswa - Mpamaa road and Mwangaza-Kisasa-Medeli road did not have the Environmental Impact Assessment reports.

Additionally, for the Government City roads, there was no NEMC certificate as an approval of prepared ESIA report. In the absence of both ESIA and ESMP for the project implies that the Implementing Agencies were not well informed on both positive and negative impacts that would be imposed on the environment and propose mitigation measures against the potential negative effects. Thus, it could be possible that the roads are not well responsive to challenges associated with the topography of the Dodoma City.

Further, the Geotechnical and Geological investigation was not done for the 6 out of 8 selected road projects. The investigation was done for the projects under TANROADS and TARURA but was not conducted for the selected projects under Dodoma City Council. For the six projects, analysis of data was done.

The analysis for determination of Subgrade California Bearing Ratio (CBR) for designing (known as Subgrade CBR - Design) for the Middle Ring Road was not appropriately done due to wrong interpretation of the method used. The detailed analysis for the determination of the subgrade CBR-design for the remaining five projects were not shown. Therefore, the subgrade CBR used in the design are questionable. The pavement performance will be impaired if wrong subgrade CBR-design values were used in the design.

The traffic studies for all-selected projects under TARURA and Dodoma City Council were not conducted. These projects include, Government City Roads, Rehabilitation of Mwangaza-Kisasa-Medelii Roads and Rehabilitation of Swaswa-Mpamaa under TARURA and Kikuyu-Itega Road and Ilazo-Ipagala Road under Dodoma City Council. The impact of constructing a road without conducting traffic study would either lead to over-designing or under-designing the road. There were no specific reasons given for not conducting the traffic studies for these projects.

Traffic studies were done for the inner, middle and outer ring roads under the jurisdiction of TANROADS. However, the analysis of the traffic study data for these projects were not appropriate. The estimated traffic volume expected to use outer and inner ring roads were higher than expected, while the estimated traffic volume expected to use middle ring road was lower than expected. The reason for inappropriate estimate of traffic volume was modelling/analysing the data for each project individually while the traffic expected to use one project is affected by the expected traffic volume in the other project(s). The volume of traffic expected to use the proposed roads is used to justify the project size. The impact of using inappropriate traffic data would lead to either under-designing or over-designing.

For the projects under TANROADS where traffic studies were conducted, the focus was mainly on Motorised Transport as less attention was given to Non-Motorised Traffic (NMT). The traffic count for NMT was partially done for these projects. Only Bicycle counts were reported for the Inner Ring Road, while for the Outer and Middle Ring Road, the NMT counts were not categorised to show the extent of pedestrians, bicycles and carts expected to use the proposed roads. This situation could lead to inappropriate design of the required Non-Motorised Traffic (NMT) facilities such as walkway, cycle path etc.

7.1.3 Transport System Plan not Adequately Aligned to Its Implementing Agencies Plan

Transport System Plan (TSP) did not adequately align its implementation strategy of roads infrastructure development with the implementing Agencies' strategic Plans of 2021/22-2025/26. The Audit noted that, TARURA's and TANROADS' Strategic Plans of 2020/21-2025/26 did not include the implementation of listed roads in the Master Plan. For instance, out of 4 planned ring roads which were expected to be implemented by TANROADS, only 1 Outer Ring Road was included in the TANROADS' Strategic Plan 2020/21-2025/26.

TARURA did not integrate the listed Roads as priority in Dodoma City Master Plan. For instance, 65 km of bus way which was planned to be implemented in first phase in the Implementation of the Master Plan was not done. Non alignment of the Transport system Plan with the implementing agencies' strategic plans could hinder smooth implementation of the Dodoma Master Plan.

7.1.4 Designing of the Road is Incompliant with the Master City Plan and Hardly Facilitate Sustainable Transport Service, Safety and Mobility

TARURA's design of roads of Ilazo-Ipagala, Medelii-Kisasa –Mwangaza and Swaswa-Mpamaa, did not consider the provision of Busway corridor of 40m right of way. The design did not consider the provision of busway because of lack of coordination between the implementing Agencies and the Planning Authority during the design of the roads in line with the Master Plan 2019. The design of the roads without consideration of busway requirements has led to failure on the implementation of the proposed transportation system, specifically busways that are to be constructed in Dodoma City Council. This would lead to the transportation challenges in future due to high rate of population increase.

Implementing Agencies such as TANROADS and TARURA inadequately complied with the Master Plan, as a result in the context of sustainable transport services performances, issues of safety and efficient mobility of traffic was not taken into account. This was because the design of major Junctions for Ring Roads did not comply with the Master Plan. The grade separation for the Ring Roads as trunk roads, were not provided. Instead, TANROADS provided round about which were discarded in the Master Plan 2019. Similarly, the study on whether the grade separation would be required was not conducted. The impact of noncompliance with Master Plan on not providing the grade separation which also required enough space would pose risk/challenges in future specifically on provision of grade separations. This will impair safety and efficient mobility in the city.

Additionally, the design speed adopted for the outer ring road was lower than the recommended speed. I found that the design speed had variation of 10kph to 20kph. For instance, at the flat terrain, in case of Dodoma, 100kph was used instead of 120kph. Therefore, there would be relatively low mobility and level of service to the road users compared to what was expected for the given road class and the volume of traffic.

The design parameters used for the outer ring road; Mwangaza–Kisasa- Medelii and Swaswa-Mpamaa roads were not appropriate. The adopted stopping sight distance for the outer ring road were lower than the recommended values, by up to 45m. The K-values used to establish the length of the curve and subsequently sight distance for these roads were far lower than recommended values. Shorter sight distance is a potential safety hazard feature, as the driver will not be able to see from a distance and take the necessary action, therefore posing high risk for the road accidents.

7.2 Execution of Plan and Designing of Roads Towards Project Implementation

7.2.1 Construction of Roads, Walkway and Installation of Street Lights Did Not Comply with the Design Standard

I found that the size of walkway was less than the recommended walkway in the Master Plan. The roads under TARURA which included; Government City Road, Ilazo-Ipagala roads as well as Kikuyu – Kinyambwa-Itega road under Dodoma City Council had a walkway design of 1.05-1.5 m instead of 2-3m recommended in the Master Plan.

Additionally, the constructed road of Kikuyu – Kinyambwa-Itega under DCC, did not comply with the Design Standards. The Zebra Crossing signs between the staggered bus parking was improperly marked on either direction. This poses danger to the pedestrians crossing from both directions. This anomaly was caused by inadequate design reviews prior to the implementation of the projects.

I also noted that 70% of the street lights were installed on pedestrian walkway, instead of 200cm offset from the pedestrian edge break point. This was non-adherence to the design and drawings used for the construction. The street lights erected within the pedestrian walkways obstruct pedestrians and reduce the size of walkaways. During crossing, some pedestrians are forced to use vehicle carriage ways, making them vulnerable to accidents.

Furthermore, I established that the bus bays for constructed roads of Ilazo-Ipagala and Kikuyu-Chidachi-Itega under Dodoma City Council were inadequately constructed. The constructed bus bays did not meet the requirements of the Geometric Design Manual of 2011. The merging lanes were below 15m, having the total length of 28 m, which was below the requirement. Increase of traffic volume especially passenger buses could lead to blockage of lane and rear collision of moving vehicles due to inadequate size of the constructed bus bays.

7.2.2 Absence of Resettlement Plan

Despite the requirement of demolition of 580 houses and other buildings to allow for the construction of busways, roadways and ring roads, a review of the Master Plan did not provide a resettlement plan as requirement for communities that would be affected by the proposed projects. There was no Resettlement Plan for the relocation of houses that would be affected by the Master Plan 2019-2039, specifically for development of infrastructure.

Interviews held with the officials from the Planning Division (Dodoma City Council) revealed that, it was not necessary for the planning authority to provide resettlement plan. They instead proposed paying them money so that they would decide for themselves where to relocate. I consider that those affected by the projects would have been relocated as per the Resettlement Plan.

In many cases in the developing countries, low-income citizens opt for informal settlement development as an alternative way of accessing housing. Thus, absence of resettlement plan poses a challenge on how the relocated people would be taken care of. Among the risks which attributed to lack of resettlement plan included the emergence of informal settlement and high risk of sprawl development.

7.2.3 Variation in Total of the Length of Roads Between the Master Plan and Implementing Agencies

Review of Capital City Master Plan 2019-2039 with respect to the proposed road projects established a variation of the total length between the Master Plan and the Implementing Agencies in the Inner ring road, Middle ring road, Outer ring road and Outer most ring road as detailed below;

(i) Variations in inner ring roads

Proposed inner ring road by the Master Plan intends to pass through Arusha roundabout, Bahi roundabout, Kikuyu roundabout, Chinyoya roundabout, Ntyuka roundabout, RC roundabout, Makulu round about to Shabiby roundabout with an estimated length of 11.6 Km. The proposed plan by TANROADS, currently under the feasibility study, consist of the proposed ring road in the Master Plan and provides two extensions; one from RC roundabout to Chimwaga roundabout and the other one from Makulu traversing through Emmaus to Wajenzi Junction with a length of 15 km.

(ii) Variations in middle ring roads

TANROADS is currently undertaking a feasibility study for the Middle Ring Road Project of about 23.0 km from Nanenane-Miyuji-Arusha Road to Mkonze Road (Singida Road). The Audit noted variations between the proposed middle ring road layout by the Master Plan and the proposed middle ring road by the implementing agency (TANROADS). The major variation is the proposed layouts between the proposed ring road in the Master Plan and the one by the implementing agency (TANROADS). Despite that both plans intend to achieve the same goals, the proposed layouts differ in their alignment. Also, according to the Master Plan, the middle ring road is supposed to have 80 meters right of way but the analysis of the layout through coordinates provided by TANROADS shows that 60 meters right of way was planned to be established.

(iii) Variation in the outer ring road

TANROADS proposed the outer ring road of 110 km-long dual-carriageway circumferential road with its radius of approximately 15 km, which differs with the one proposed in the Master Plan, having the length of 108.1 Km from the city centre. The audit had also revealed some minor variations in the proposed layouts of the outer ring road in the Master Plan and the one proposed by TANROADS. Through the interviews held with TANROADS' officials, it was noted that the variation of the outer ring roads was due to diversion of existing structures that required high compensation cost which included the areas within the road sections trace passed DUWASA boreholes, SGR marshalling yard and military area. Thus, the re-allocation was inevitable for increasing the length of the outer ring road.

The Audit Team had the view that during the planning of the Master Plan 2019, the Planning Committee did consider to take into account to divert with existing developed areas within the route alignment of outer ring road.

(iv) Variations in the outermost ring road

According to the Capital City Master Plan 2019-2039, there is a proposed outermost ring road which will terminate at Chamwino, providing an outer ring to trunks roads of Iringa and Arusha. The outermost ring road has a right of way of 150 meters and a total length of 90.7 kilometres. The Master Plan proposes the construction of the outermost ring road in phase one of its implementation. Upon interview, officials from the implementing agency (TANROADS) were not aware of the outermost ring road, **Table 7-1**;

Table 7-1: Summary of the Length of the Roads

Type of proposed Ring Road	Total Length as Per Implementing Agency (TANROADS) (in km)	Total length as Per Master Plan	Variance
Inner ring road	15	11.6	3.4
Middle ring road	23	47	24
Outer ring road	110	108.1	1.9
Outermost Ring Road	-	90.7	90.7

Source: *Master plan*

The impact of deviation of the designed road networks from the Master Plan could result into variation in the implementation costs due to difference in the proposed circumferences. It also results into the extent to which the proposed roads affect the existing buildings and increases socioeconomic disturbances due to development of ring roads. Additionally, it would likely result into relocation of the developers in the areas identified for the provision of the intended corridors, thus leading to socioeconomic disturbances, which could pose high risk of emerging of new informal settlements and sprawl development.

7.2.4 Encroachment of the Proposed Public Transportation Routes

Sect. 50 (1)(e) of the Road Act, 2007 stipulates that, any person encroaching on any public road by making or causing to be made thereon without proper authority any building, platform, hedge, ditch or fence or other obstruction; commits an offence and upon conviction shall be liable to a fine of not less than three hundred thousand shillings or to imprisonment for a term not exceeding one year or both.

The audit found encroachment as one of the key issues affecting the implementation of the proposed public transportation in the Capital City Master Plan. Both individual developers and government institutions have encroached the proposed corridors meant for bus ways. There are also some areas where the proposed busway route crosses over already established planned settlement.

According to the Master Plan, out of the 65 kilometres stretch of the busway, five spots had encroached the busway network in which 580 informal houses have been built in those spots. The areas that have been affected include the segment connecting WIA industrial Area and Nkuhungu, Segment between Nkuhungu and Chinangali, Extension of the Dodoma Airport has also broken the busway link between area D and Ipagala.

It was recommended to demolish the houses to pave way for the citywide continuity of the bus network. The recommended right of way of the bus network adopts the existing size of the reserves of 40 meters. The total length of new network for the busway is 386.8 kilometres. Busways have been also recommended to accommodate cyclists' and pedestrian ways. The encroachment was caused by inadequate enforcement and development control, lack of demarcation of the indicated routes for busways and failure to compensate developers on the planned areas. This could pose the risk of high cost of integrating busway and airport busway, obstruction of the road implementation by the public building and high risk of emerging of new informal settlements.

7.2.5 Significant Variance Between the Estimated Cost in the Master Plan Against the Actual Road Designs

I found that the earmarked implementation cost in the Master Plan 2019, was lower than the subsequent cost in the contract sum of projects. The variation of the estimated cost and implementation of the outer Ring Road was 97% while for upgrading of the Government City was 104.2%. This was because, the estimated cost in the Master Plan was based on the best practice in comparison to the previous projects of similar nature. Interviews with officials from Dodoma City Council revealed that the cost in the Master Plan were estimated before the detailed design work took place. As a result, there were variations of 97% and 104.2% of planned budget compared to contract price.

7.2.6 Street Lights Installed Inside the Pedestrian Walkways Contrary to Design

According to the detailed design drawings for both Kikuyu-Itega Road and Ilazo-Ipagala road, street lights were required to be installed on the Normal Ground Level (NGL) with an off-set of 7.65m on both sides from the Centre Line for typical cross section type 1. Similarly, they were required to be installed on NGL with an off-set of 7.75m from the CL at side of open drain and 6.15m at the side without an open drain for typical cross section type 2.

During the site visit for both Kikuyu-Kinyambwa-Itega and Ilazo-Ipagala road, the Auditors observed that almost 70% of the street lights were installed inside the pedestrian walkways/bicycle lane which is contrary to the design and as-built drawings, see **Figure 7-**

Figure 7-1: Street Lights Installed Inside Pedestrian Walkways

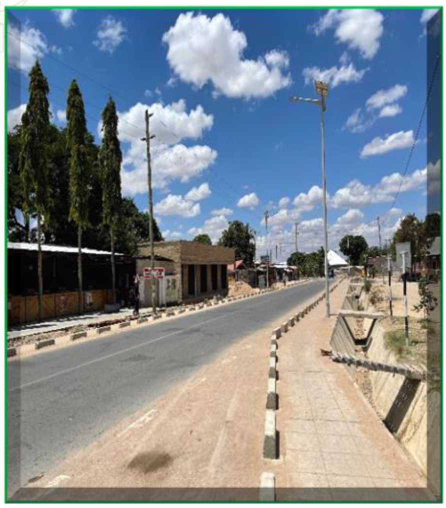


Photo: *Section of Kikuyu-Kinyambwa Road*

Figure 7-1 shows installed street light inside the pedestrian and break line that is different from design drawings requirements while the street lights were supposed to be installed at the outer edge of the pedestrian walkways. Existence of street lights within the pedestrian walkways reduces its size and during crossing some would be forced to use vehicle carriage way and making them vulnerable to accidents.

7.2.7 Size of Combined Pedestrian Walkway and Bike Lane Below the Minimum Requirement

Sect. 5.13 of the Road Geometric Design Manual, 2011 Edition requires combined footways/cycle ways to be 3.0m wide (2.0m absolute minimum). It is important for footway and cycle way surfaces to be at least as smooth as the adjacent traffic lanes and shoulders. Also, Section 5.13.2 of the same Manual requires raised kerbed footways to be provided in urban areas. Cycle ways, where necessary, to be constructed behind the footway.

The review of design drawings and measurements from the site visit revealed that Kikuyu Chidachi –Kinyambwa-Itega road and Ilazo-Ipagala road, the design combined pedestrians with cyclists. The design provided 1.05m and 1.5m which is below the minimum requirements as shown under **Table 7-2**.

Table 7-2: Size of Combined Pedestrian Walkway and Bicycle Lane

Name of Road Project	Recommended Size as per Standard (m)	Implemented (m)	Difference (m)
Kikuyu-Chidachi-Kinyambwa-Itega	2	1.05-1.5	0.95-0.5
Ilazo-Ipagala	2	1.5	0.5

Source: *Auditor's Analysis from Final Design Report and Site verification*

Table 7-2 indicates that implemented sizes of combined pedestrian walkway and bake lane is below the design requirements by 0.5m for Ipagala-Ilazo road and 0.5m - 0.95m for Kikuyu-Itega Road.

The audit noted that the Dodoma City Council did not review the design drawings, which resulted into non-adherence to design requirements. The small size of the walkway/bake lane would force cyclist to share the same carriage way with vehicles and increase the risk of accidents.

7.2.8 Design and Construction of New Roads in the Busway Corridor Without Consideration of Requirements

Dodoma Master Plans of 1976 and 2019 proposed the construction of busways that link all district centres. The busways are supposed to be provided with right of way of 40m with connection of the pedestrian walkways and bicycle lanes.

The review of drawings for Medeli-Kisasa-Mwangaza road revealed that the design was proposed on the same corridor with busway, but the design did not consider the provision of pedestrian walkway and bicycle lane. The design has the carriage way of 6.5m and a shoulder of 1.5m on both sides.

Furthermore, during the site visits, I found that there were some sections of the roads e.g., Ilazo-Ipagala road, whose design and construction provided only pedestrian walkway of 1.8m but without a bicycle lane.

Interviews with officials from TARURA revealed that the design did not consider the provision of busway requirements as the available corridor was not able to support all elements of the busways. There was also lack of enough funding to meet the size and standard of the proposed road, including the addition of walkways and cycle ways as it could lead to cost escalation.

The design of roads without consideration of busway requirements has led to failure on the implementation of proposed transportation system specifically busways that are to be constructed in Dodoma City Council. This would lead to transportation challenges in future due to high rate of population growth.

7.2.9 Length of the Constructed Bus Bay for Ilazo-Ipagala and Kikuyu-Chidachi-Itega Road is Below the Minimum Requirements

Section 9.4 of the Geometric Design Manual, 2011 Edition requires deceleration lane or taper to permit easy entrance to the loading area. It must be long enough to enable the bus to leave the through traffic lanes at approximately the average running speed of the highway without undue inertial discomfort or sideway to passengers. Due to higher entry speeds, more clear space for lateral movement is required on the approach to a bus stop than on the departure side.

During the site visit, after taking measurements on the selected location of bus bays, I found that the length of both decelerating lane and merging lanes were below 15m, and bus bays had total length of 28m which is below the minimum requirements of 50m. This was for Kikuyu-Itega Road. The Ilazo-Ipagala road bus bay had a total length of 40m which was also below the minimum requirements. This is contrary to Section 9.4 of the Geometric Design Manual, 2011 Edition.

The interviews with DCC Engineer revealed that DCC did not review the designs to ensure that they adhered to the standards and requirements as per Tanzania Geometric design manual.

Increase of the volume of traffic, especially passenger buses could lead to blockage of lanes and rear collision of moving vehicles due to inadequate size of the constructed bus bays.

7.3 Conclusion

Based on the technical audit findings, I conclude that PO-RALG has not ensured that road projects in the Capital City of Dodoma are adequately planned, designed and implemented in a bid to achieve safe transport infrastructure that could support economic development of the city.

The objective was insufficiently met as evidenced by weak coordination between the key implementers of projects as stipulated in the Master Plan 2019-2039, and non-alignment of key stakeholders' Strategic Plans of 2020/21-2025/26 on the implementation of development projects within Dodoma City Council for both phases, (Phase I- Phase IV) from year 2019-2024 and year 2034 to 2039.

I also conclude that, there was much dependency on secondary information, thus the preparation of the Capital City Master Plan did not exhaust the efforts to go beyond detailed studies of the existing situation. This led to developing plans which require demolition of the existing buildings to pave way for the construction and provision of transportation services, as it is the case with the proposed busways and tram line.

Moreover, PO-RALG through Dodoma City Council in collaboration with implementing agencies (TARURA and TANROADS) did not ensure that the design of roads projects adhered to the standards. The geotechnical and geological investigations, hydrological studies, EIAs and traffic counts was not effectively done. The assumptions made were not adequate to the extent that they did not have any analytical study.

Furthermore, the budgeting and funds' forecasting for the implementation of TSP was ineffectively done. The Planning Authority did not conduct a thorough needs assessment of funds for effective implementation of TSP. There were noncompliance of designs and standards for construction of ongoing and completed projects.

The non-alignment and non-conformity of implementing agencies was caused by weak coordination on implementation of TSP. Therefore, the constructed roads did not attain the mobility, safety, efficiency and safety for all road users because pedestrian walkway widths, inadequate provision of bus bays and the design speed used for the roads do not conform to the set standards hence leading to obstruction of walkways.

7.4 Recommendations

The audit findings and conclusions pointed-out weaknesses on the planning, designing and implementation of Dodoma Capital City Master Plan.

The following are audit recommendations to the Dodoma City Council, the owner of the Master Plan; TARURA and TANROADS as project implementers, regarding planning, designing and implementation of road projects in Dodoma Capital City.

7.4.1 Recommendations to Dodoma City Council

Dodoma City Council is recommended to;

(a) Establish a mechanism that will be used to monitor implementers of Dodoma Capital City Master Plan. The plans should align with technical supplements for smooth implementation of the plans and arrangements;

(b) Ensure all corridors needed for implementation of transport services are acquired and demarcated by the respective implementing agencies;

(c) Institute an effective mechanism to coordinate Implementers and Key Actors engaged in the implementation of Dodoma Capital City Master Plan. There should be regular sharing of plans and progress reports to achieve the intended goals within the planned time frame;

(d) Develop an effective mechanism that will be used to re-allocate 580 houses found within the vicinity of busway corridor to enhance implementation of busways. This will include preparation of the resettlement action plans;

(e) Ensure that the development of the city and all spatial plans comply with the Master Plan;

(f) Improve layouts of the busways in some areas where implementation will be difficult. Such areas include the airport where the proposed busway is crossing the runway. Similarly, connectivity of the busways, cyclist and pedestrians' ways should be improved;

(g) Review of the proposed transport layout plan to avoid challenges related to conflicting each other, especially areas where SGR intersects with other modes of transport; and

(h) Establish a development control mechanism to achieve recommended compact city rather encouraging sprawl development.

7.4.2 Recommendations to Tanzania National Road Agency

Tanzania National Roads Agency is recommended to;

(a) Ensure the strategic plans align with the Master Plan technical supplement for implementation and arrangements to enhance the implementation of planned four phases of the Master Plan;

(b) Ensure traffic data is obtained during the feasibility study and use the inputs during design and in HDM-4 for proper geometric designs, pavement designs and economic analysis;

(c) Ensure consideration of pedestrians and cyclists during the design of roads in Dodoma Capital City to comply with the Master Plan; and

(d) Develop a suitable plan for demarcation of Right of Way for all roads proposed in Dodoma Capital City Master Plan as encroachment control mechanism.

7.4.3 Recommendations to Tanzania Rural and Urban Roads Agency

Tanzania Rural and Urban Roads Agency is recommended to;

(a) Ensure the strategic plans align with the Master Plan technical supplement for implementation and arrangements enhance the implementation of planned four phases of the Master Plan; Ensure NEMC certificates are obtained after carrying out and preparation of Environmental and Social Impact Assessment (ESIA) reports prior to the commencement of the project.

(b) Ensure feasibility studies are conducted and traffic data are obtained as inputs during design and in HDM-4 for proper geometric designs, pavement designs and economic analysis.

(c) Ensure consideration of pedestrians and cyclists during design of roads in Dodoma Capital City to comply with the Master Plan;

(d) Develop a suitable plan for demarcation of Right of Way for all roads proposed in Dodoma Capital City Master Plan as encroachment control mechanism; and

(e) Strengthen the monitoring mechanism during the implementation of all road projects to ensure that implementations comply with the Master Plan requirements, design standards and drawings.

CHAPTER EIGHT

TECHNICAL AUDIT ON DESIGN AND SUPERVISION OF SELECTED WATER SUPPLY PROJECTS

8.0 Introduction

The Government of Tanzania allocated significant amount of funds for the construction of earmarked water projects, as among the strategic development projects in the country. I conducted this audit to assess planning, implementation and the way in which the water projects are managed. The audit covers a period from the Financial Years 2016/17 to 2020/21 as well as all phases of the project implementation.

The audit was conducted at the Ministry of Water, covering activities spanning from the project appraisal, planning, designing and implementation of water supply projects in the country at the earmarked locations; Mgango-Kiabakari-Butiama, extension of Lake Vitoria pipeline to Tabora-Nzega-Igunga, Arusha new, Orkesmut, Sumbawanga, and Chalinze, **Table 8-1.** The objective of these water projects is to facilitate the availability of clean and safe water to the residents of the selected project areas.

Table 8-1: Summary of Technical Audits on Water Projects

SN	Name of Water Supply Projects	Financing Amount		Budget/Contract	
		Foreign (USD/EURO/Saud Riyal)	GoT (USD)	USD/EURO	TZS
1	Arusha New Water Supply Project	USD 210.96 mil.	USD 22.95 mil.	USD 110.42 mil.	
2	Orkesumet Water Supply Project	USD 16 mil.	USD 2.42 mil.		TZS 38.02 bil.
3	Chalinze Water Supply projects	USD 14.55 mil.		USD 20.69 mil.	
4	Sumbawanga Water Supply Project	Euro 17.52 mil.		Euro 14.48 mil.	
5	Extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town	USD 268.35 mil.		USD 237.23 mil.	

SN	Name of Water Supply Projects	Financing Amount		Budget/Contract	
		Foreign (USD/EURO/Saud Riyal)	GoT (USD)	USD/EURO	TZS
6	Mgango - Kiabakari - Butiama	Saudi Riyal 56.25 mil. and USD 15 mil.	USD 5.69 mil.	USD 24.44 mil.	

Source: *Loan and grant financing agreement*

8.1 Audit Findings

8.1.1 Absence of National Water Master Plan to Guide Water Supply Projects

My review found that the Ministry of Water does not have any National Master Plan to facilitate the implementation of water supply projects, hence subjected to institutional decisions. The presence of Water Master Plan would be used as a roadmap. In addition, identification of the water sources would be selected based on the National Water Master Plan, as well as the criteria which would be used to prioritize construction of the water supply projects. The highest consideration would base on the affordability of the Water Project, contrary to the current practise in which the selection of water source considers the affordability of the water source.

I am of the view that the absence of Master Plan could affect proper determination of the unit cost, environmental consideration, per capital investment, affordability analysis, funds forecasting, source identification and wider stakeholders' involvement.

8.1.2 Water Demand Forecasting was Inadequately Guided During Planning

I found that the demand forecasting was inadequate. Out of the six water supply projects, only one project (Mgango-Kiabakari-Butiama Water Supply Project) had adequately forecasted water supply demand. The remaining water supply projects for Tabora-Nzega-Igunga Town, Orkesumet, Sumbawanga, Arusha New and Chalinze, were designed using underestimated demand due to either negligence or lack of competency in the planning.

The Ministry of Water and the respective Consultants were not paying attention to the practical base-dates or base -year and its implications to the water demand forecast. When designs were reviewed after securing financing, they did not revise the planning horizon. This meant that the implemented projects were useful, but with short time span.

8.1.3 Presence of Unutilized Capacity Due to Inappropriate Pump Design

I found that the water transportation systems in all six water supply projects were contrary to the design requirement of Reg. 5(1) and 110(1) of the Public Procurement Regulations, 2013, which calls for efficiency and economy on utilisation of public funds. For instance, in the extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town, the capacities of pumps were overdesigned, implying that there was unutilized capacity (idle investment).

I also found that the pumping heads for Arusha New, Mgango-Kiabakari-Butiama, Chalinze, Orkesumet and Sumbawanga water supply projects were overdesigned. This implies that there were unnecessary high investment costs and high operational and maintenance costs due to the size of pumps used. Also, the current high energy consumption would have been avoided if right sizes of pumps were used. Additionally, the recorded pumping hours per day for the three water supply projects; Tabora-Nzega-Igunga, Mgango-Kiabakari-Butiama and Orkesumet, recorded less than 24 hours. This increases the power consumption costs per month of high starting current due to high number of on-off operation per month.

8.1.4 Water Treatment Method Inadequately Addresses the Problem of Quality

My audit found that the constructed water treatment method for the sampled water projects were inappropriately done. I found that, Sumbawanga water supply project indicated that the boreholes had high level of Manganese that would raise water turbidity. The recommended minimum water treatment method required for both intake types would be the raw water aeration for oxidation to dissolve iron and Manganese. Review of Design Report for treatment plant and site visit made to Majengo Treatment Plant and site visits, revealed lack of aeration unit for removal of Manganese, contrary to the recommendation in the feasibility study.

Furthermore, based on the analysis done, it was noted that the proposed treatment units in Arusha, Orkesumet, Chalinze, Mgango-Kiabakari-Butiama Water Supply Projects was not adequate. The design in Arusha New Water Supply Project has skipped Fluoride treatment plan in phase one of the project on the assumption that blending of water would suffice. However, this was found to be a risky decision because ground water yield and quality cannot be guaranteed.

8.1.5 Inappropriate Sizes of Pipes and Tanks as per the Forecasted Water Demand

I noted that pipes and tanks in all the six water supply projects were of inappropriate sizes because either they were designed using inappropriate design horizons (extension of Lake Victoria pipeline to Tabora-Nzega-Igunga Town, Orkesumet, Arusha, Sumbawanga and Chalinze) or the hydraulic calculations were wrong, resulting into wrong location of tanks and inappropriate decision to introduce pressure breaker tanks in pumping mains (Arusha and Sumbawanga). Mgango-Kiabakari-Butiama water supply project was still under design validation. There is likelihood that the pipes could be inappropriate because the pumps were designed to operate in few hours.

The extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town made wrong assumption on the maximum storage capacity of reservoirs, while the Design Manual recommends 37.5% of the maximum day demand to be a maximum allowable storage capacity, M/S WAPCOS used 50% of the maximum demand and they also added 10% of to the maximum demand for firefighting, to make the storage capacity to be 60% of the maximum demand.

I am of the view that the addition of 10% for firefighting was a repetitive calculation as the calculated maximum demand of the project area included also the demand for firefighting, hence the storage capacity of 37.5% of calculated maximum demand would have included the storage for firefighting. The extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town distribution network was also overdesigned. This causes pipes to burst due to high pressure leading to the destruction of the houses built within the vicinity of the pipelines.

8.1.6 Budget Forecasting and Release of Funds Inadequately Support Effective and Efficient Implementation of the Water Projects

My review found that the forecasting of funds could not facilitate the timely implementation of water supply projects, because funds were not available on time as planned. In other water supply projects, such as Orkesumet and Mgango-Kiabakari-Butiama, there were delays in the procurement of contractors because of the delayed approval (no objections) from the financer. While in most cases projects got funds as per the design cost estimates, Mgango-Kiabakari-Butiama Water Supply Project did not receive fund to cover the full scope of the project as planned.

As noted above, delayed financing of the project activities, to a large extent, has affected projects because implementers had to redesign or re-scope the project. Unfortunately, during this process, designers were not keen enough to change the project base dates and change demand to reflect revised completion dates.

8.1.7 Failure to Comply with the Design of Water Projects for Sustainable Water Project Performance

I found that none of the six water supply projects complied fully with the design requirements, as per the Design Manual of the Ministry of Water, used as reference to get sufficient data for the preparation of good designs.

Furthermore, I found that the designs were made using wrong demand forecast. Five out of six water supply projects were designed using wrong demand forecast. These projects were Arusha New, Sumbawanga, extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town, Chalinze and Orkesumet. In addition to the suppressed demand in five projects, there was use of wrong Per Capita Demand for Villages in Extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town water supply project and suppressed the growth rate in Arusha New and Sumbawanga water supply projects.

Furthermore, it was found that the installed pumps were overdesigned, having inappropriate sizes in the following water supply projects; Extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town, Mgango-Kiabakari-Butiama and Arusha New. This implies that there was unutilized capacity (idle investment), hence incurring high operational and maintenance costs, high energy consumption due to the size and mode of operation (high starting current due to high number of on-off operation in a day). The pumping equipment for the Extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town, Orkesumet, Arusha New, Sumbawanga and Chalinze water supply projects had short time span because of wrong designated horizons.

In addition, it was found that there was wrong design of maximum water storage capacity. For instance, the design for the Extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town made wrong assumption on the maximum storage capacity of reservoirs. While the Design Manual recommends 37% of the maximum demand per day, M/S WAPCOS used 60%, and added firefighting of 10%. That was already included in the peak demand per day calculations, used to calculate the storage capacity. The extension of Lake Victoria Pipeline to Tabora-Nzega-Igunga Town distribution network was also overdesigned, causing pipes to burst due to high pressure leading to the destruction of the houses built within the vicinity of the pipelines.

Furthermore, the design for Arusha New water supply project skipped fluoride Treatment Plant in phase one on the assumption that blending would suffice. The decision was risky because ground water yield and quality could not be guaranteed. The flocculation of Chalinze water supply project could not achieve the desired quality because of wrong sizes of pumps adopted in the design.

8.1.8 Inadequate Consideration of Requirements of the Feasibility Study (Pump Capacity, Tank Size, Treatment Plant and Pipe Size)

I found that the water supply projects were constructed without having a proper feasibility study which could have been used as key inputs in the development of adequate designs. The audit noted that out of the six sampled projects, only Orkesumet water supply project had an outdated feasibility study, while the other five projects implemented by the Ministry of Water were implemented without any feasibility studies.

I further noted that even the conducted feasibility study for Orkesumet carried out in the year 2004 was not updated at the eve of the project. Besides, the design of this project did not consider the requirements in the feasibility study. For instance, the Ministry of Water did not carry out full soil investigation along with all pipe's routes and where other civil structures were located, to get realistic information about the composition of soil, cost estimate and improved work plan. Additionally, the Ministry of Water did not conduct hydrology study, resulting into variations due to extra rock excavation, which could have been avoided if the requirements were adhered to, as stipulated in the feasibility study conducted in 2004.

I also noted that detailed research and designs were not carried out prior to the preparation of drawings for the six reviewed water projects. This is because feasibility studies were not conducted to assist in developing design layouts. The projects delayed leading to incurring additional cost caused by variations associated with mismatch between documents and additional quantities for Orkesumet, Chalinze, Tabora –Nzega-Igunga and Sumbawanga water supply projects. The quality of some of the facilities that were constructed in the projects were below the required standards.

Generally, the premature failure as discussed above, lack of data and inappropriate design layouts, coupled with non-adherence to standard specifications resulted into overdesigning pumps, pipelines and tanks and wrong positioning of tanks. This increase Operation and Maintenance costs of water supply projects, or extended downtime, hence the intended objectives will not be achieved.

8.1.9 Non-Consideration of Risks Associated with Environment, Safety and Social Impact in Line with the Requirements of the Environmental Management Act, 2004

A review of project document indicated that, there were sections on Health Safety and Environment (HSE) which listed possible risks associated with environment, safety and social impact. However, the audit found that mitigation measures were not fully implemented. The following were noted in the sampled water supply projects.

Furthermore, it was found that the hydrological data used in design of Orkesumet water supply project was not comprehensive to address climate changes and weather forecast. The design used the outdated weather forecast data for 20 years, which has deficiency on flooding, instead of adopting the best practise of using the weather forecast data for 30 years. This contributed to unnecessary delays and additional cost for time extension caused by erosion of the intake.

Although the Arusha New water supply project was confirmed that the fluoride content was high in some boreholes, the design did not adequately consider realistic measures to mitigate the risks.

8.1.10 Inadequate Supervision of Water Projects

My audit found that there was inadequate system for enforcing quality control mechanisms during the execution of water supply projects. None of the projects had quality control and quality assurance plans in place. This implies that there is no guarantee of quality for all water supply projects implemented by the Ministry of Water.

Furthermore, the Audit found that the water supply projects were implemented under very minimal supervision by the Ministry of Water at the execution stage. Project supervisors were representing the client during the day- to- day activities for coordination with other agencies and monitoring the quality and progress work. However, the nomination of the project supervisors did not have a quality control plan to ensure that the projects were implemented at the agreed quality and milestones.

The Audit further revealed that the nominated project supervisors were not available at the sites on full time basis to supervise the day-to-day activities. This was observed at Mgango-Kiabakari-Butiama, Chalinze and Orkesumet Projects, where the supervisors located off the projects' sites. The interviews and my site visits, revealed that project supervisors and counterpart staff in all the six visited projects did not have the required working experiences in similar projects, and technical competencies in designs, contract management, including interpretation of technical specifications used in the contracts.

On the water projects in Tabora-Nzega-Igunga, Chalinze and Sumbawanga, I noted that, the Ministry of Water issued acceptance certificates and discharged the contractors without remedying the defects emanated from the use of wrong standards, relaxed specifications, or use staff with irrelevant qualifications contrary to Reg. 64(1) of The Engineers Registration Regulations, 2010.

Generally, the quality of work was unsatisfactory due to non-compliance with contract requirements.

I further identified that substantially and finally completed project work was not properly closed. Sufficiently closed projects faced financial challenges while there was still pending works such as blower system, laboratory, sludge lagoon, access road intake and staff houses at water treatment plant for Orkesumet water supply project. Furthermore, the final inspection was not sufficiently conducted as they did not capture all the defects and outstanding issues.

(i) Inadequate monitoring and evaluation of the implementation of the water supply projects

I found that the Monitoring and Evaluation system at the Ministry of Water had weaknesses that led into insufficient execution of its roles in monitoring the quality of the constructed water project. The audit further found that the monitoring and evaluation functions for quality control activities during the construction of the water projects were not clearly spelled out in all the guidelines and other documentations. I further established that the MoW conduced monitoring visits on quarterly basis to project sites without having the performance indicators and reporting mechanism, which could guide them to identify and address issues on the quality of constructed water projects.

The Ministry of Water said in the interview that they developed the Integrated Water Sector Monitoring and Evaluation System in July 2021, but had not started to use it. The System would help them to track performance of the water sector interventions and assist all key players in improving performance for achieving the desired results in the sector to attain value for money.

Inadequate monitoring and evaluation on Water Supply Projects led to lack of;

(a) Regular feedback on the performance of water sector programmes and projects;

(b) Benchmark for making informed decisions on the sector;

(c) Adequate tracking of the progress and demonstration of the impact of projects.

(ii) Inadequate Monitoring of the Financial Performance of Water Supply Projects

The Review of Reports and data collected from the Ministry of Water found that monitoring of the financial performance of Water Supply Project was not adequate. This was evident from delays in payments and additional cost related to interest on late payment as reported in the Monthly Progress Reports in all projects. I noted delays in payments of suppliers in all the six visited water supply projects mostly attributed by delays in the approval of funds from financiers as the Ministry of Water does not have control over financing agreements.

I futher noted that, in Chalinze Water Supply Project, the Employer engaged the Contractor without confirmation from the financier committing funds for the project, contrary to Regulation 75(1) of the Public Procurement Regulations, 2013, which requires procurement entities to initiate procurement only if they have allocated or committed funds.

(iii) Inadequate contract administration

Reg. 59(1) of the Engineers Registration Regulations, 2010 requires instructions to be issued on the instruction book issued by ERB. However, I noted that instructions were issued timely, but some instructions were wrongly issued. I found that five water projects did not comply with the requirements of the above quoted sections with exception of Sumbawanga water supply project.

I further found that Orkesumet water supply project did not prepare the progress meetings as per the Terms of Reference. I also noted that the reports from Chalinze, Tabora-Nzega-Igunga and Orkesumet water supply projects were not adequately prepared as they were not comprehensive as required in the Terms of Reference since they were lacking report on Schedule of Inspection, tests, and site meetings undertaken during the period, schedule of claims submitted for payment, delays, extensions of work and variations.

The schedule of site instructions issued, problems encountered and actions taken, breached the environmental protection requirement, breached health and safety requirements, program of work with cash flow projections, test and inspections to be undertaken and photographs of important events during the month.

Furthermore, I found that the designs for all six water supply projects did not comply with the requirements stated in the Sub regulation 63(1) of the Engineers Registration Regulations 2010, and to the requirements of the MoW's design manual and applicable standards. There was non-compliance with specifications, drawings, Bills of Quantities (BoQs) and other provisions in the contract documents. Verification for Payment was not adequate because payments included poor quality work.

(iv) Inadequate quality control of constructed water projects

I found that the designs for all six water supply projects did not comply with the stated and agreed requirements in the contracts.

In the six visited water supply projects, I noted that the Engineers' design calculations were not prepared, checked, initiated, and stamped by a professional or consulting engineer. There was also no evidence to confirm that the drawings of the completed and ongoing construction of water supply projects were approved by the Ministry of Water.

Additionally, there was poor workmanship on concrete works in Tabora-Nzega-Igunga, Sumbawanga and Chalinze water supply projects. I noted poor installation of pipes in Arusha New Water, Mgango-Kiabakari-Butiama, Orkesumet, Chalinze and Tabora-Nzega-Igunga water supply projects and non - compliance to quality check on drawings and designs in Arusha, Chalinze, Orkesmut, Chalinze and Tabora-Nzega-Igunga respectively.

Similarly, I found that, the designs were prepared without following the requirements laid down in the Ministry of Water Design Manual Applicable Standards, especially on Base- date (base- year) and design horizon. Hence, water demand forecasts were found to be wrongly done. The size of Pumps, Transmission Pipelines and Tanks were not appropriate. The designs did not consider efficiency and economy, contrary to the requirements of Regulations 5(1) &110(1) of the Public Procurement Regulations, 2013.

I also found that there was non-Compliance with Specifications, Drawings, Bills of Quantities and other Provisions in the Contract Documents. The quality of compliance in all water supply projects was not adequate. There was minimum compliance with specifications especially in pipe installation and concrete works in all the six visited water supply projects where they used inferior concrete grade for reservoirs, poor quality of pipe backfill soil, staff were not using Personal Protective equipment and trenches were left open without safety signs.

The Audit confirmed that there was non-compliance with concrete specifications regarding concrete strength and finishing. Also, all contractors did not adhere to the specifications on pipe installation (compaction and backfilling). This implies that the pipes would fail prematurely and they would not attain the intended design life of 40 years.

(v) Inadequate time management of water supply projects

I found that the Ministry of Water does not have a proper system for the management of timely implementation of water supply projects. I noted that 4 out of 6 projects reviewed were out of the originally planned time. The delays ranged from 5 to 32 Months. My analysis noted that the reasons for inadequate time management was the absence of supervision strategies and plans, delays in approval of various levels where they were referred to Ministry of Water in Dodoma for approvals, which were taking more time. As a result of poor management, the cost of water supply projects was escalated.

8.2 Conclusion

The audit leads to the conclusion that overall coordination in the planning, designing, and implementation of water supply projects by the Ministry of Water was not sufficient to ensure sustainable availability of water in the country.

Overall, in 5 out of 6 visited water supply projects the aspect of planning was not adequate in the sense that forecasting of water demand was not sufficient due to wrong designed planning horizons. Likewise, the observed water transportation system for all six water supply projects was not suitable due to wrong demand as proposed in the designs. Furthermore, for all six water supply projects, inadequate planning was attributed to inconsideration of crossings during designs of the projects.

In addition, the design of water projects was not adequate because there were no detailed feasibility studies conducted before the actual design of the respective projects as per the requirement of the Design Manual. Despite the fact that water supply projects are considered Type 'A' projects necessitating conducting of full EIA, for some projects there was low priority given on the environmentally associated risks for instance: Arusha New Water Supply Project had EIA conducted without fully considering the risks of fluoride content of water source; Orkesumet water project implemented without consideration of mitigation measures against erosion at the intake and without mitigation measures against high Lead content in raw water; and

Sumbawanga water project did not put emphasize to mitigate possible effect of manganese and iron.

On the other hand, supervision of water supply projects was not adequate as evidenced by unsatisfactory quality of work and non-compliance with contract requirements which were due to inadequate contract management by the Ministry of Water.

Specific Audit Conclusions

Inadequate Planning of Water Projects at the Ministry of Water

There have been under estimation of demand of water in five out of six water supply projects, due to application of wrong planning horizon.

Water transportation systems (pump's capacities) in all the six Water Supply Projects were inappropriate, due to poor designing and wrong selection of pumps. It has been observed, that most of the pumping stations had been designed to operate just for a few hours-daily and thus, they were being underutilized.

The method applied in the selection of water treatment was unsuitable. For example, in New Arusha Water Supply Project, the Consultant, postponed planning for a water treatment plant, to remove fluoride, on assumption that blending of water from other boreholes would have been sufficient in water treatment. The measure is considered improper as it was not supported with scientific analysis on water yield and quality of water. As long, as no analysis was made to establish the quantity and amount of underground water, the decision to drop construction of water treatment plant to remove fluoride was health hazard. Selected water sources in Sumbawanga, have been found to contain high contents of both iron and manganese.

However, the project designer did not propose a mechanism to filter-out iron and manganese. Thus, the plant is incapable of filtering -out iron and manganese from the supplied water. The sizes of both pipes and tanks sizes have been overdesigned or located in wrong locations.

This has added investment costs and operation cost to deliver water to customers.

In all the six water supply projects, mechanisms for crossing roads, rivers, gullies and swamps are insufficient. The Ministry of Water did not draw Master Plans for the water supply projects. The only master plan, seen during the audit, is that of Orkesmut Water Supply Project's prepared in 2004. However, the plan was incomplete as some of data collection and investigation remained pending.

Inefficiently Designed Water Projects

There was no compliance of designed dimensions and layout of water facilities as per acceptable standards. The designs of water projects were not effectively done to facilitate sustainable water project performance.

Since no detailed feasibility studies were done prior to the designing of the projects, none of the project adequately adhered to the requirements, as stated in the detailed feasibility study. The requirements, included Pump's capacities tanks sizes, treatment plants, pipe's sizes, and structures relevant for the management of water projects.

8.3 Recommendations

I recommend the Management of the Ministry of Water to:-

(a) Take initiative of building the capacity of its staff in the preparations of comprehensive Terms of Reference, Tender documents, field supervision tools; designing feasibility study reports, design reviews and approval mechanism, internal controls and contract's management;

(b) Develop a template of well-structured Terms of Reference to be adopted in all projects implemented in the water sector;

(c) Consider standardizing general specifications for water supply projects, to be used by all water supply project implementers in Tanzania and make them mandatory;

(d) Establish the mechanism that will enhance the review of progress reports and payment applications from consultants and contractors, and carryout thorough verification of payment requests to avoid overpayments and payments on unsatisfactory work;

(e) Take contractual measures, against consultants who failed to properly advise an employer in respect to poor designs, payment on work and failure to follow specifications;

(f) Carry-out rapid assessment to ascertain the efficiency of the proposed water treatment plants in Arusha, Chalinze, Sumbawanga, Mgango-Kiabakari-Butiama and Orkesumet, with the aim to mitigate possible health hazards caused by high concentrations of harmful minerals including Fluoride and Manganise.

(g) Consider sharing good practices with other agencies which are managing projects nationwide such as TANROADS Engineering Consulting Unit (TECU) on effective project implementation and contract management.

(h) Develop a mechanism of building the capacity of staff managing water supply projects and on better understanding of the Public Procurement Act, Environmental Management Act, Engineers Registration Act, PPRA Conditions of Contract, FIDIC Conditions of Contracts, Claims Management, Water Design Manual, and Operational and Maintenance Manuals;

(i) Develop a mechanism for collecting, storing and updating data, needed for the planning and designing of water supply projects in the country. Data such as Topographic survey Data, Geotechnical Investigation Data, Water Quality Data, Hydrological Data, Weather Data from Hydro-met Stations, Hydraulic calculations and results, design calculations, population data retrieved from the National Bureau of Statistics, etc.;

(j) Prepare Master Plans for future investment, adopting the National Water Supply and Sanitation Master Plan for the implementation of projects (NWSSMP). The Master Plans will provide guidance on unit cost, environmental consideration, per capital investment, affordability analysis, potential funds identification of sources and a wider stakeholders’ involvement and;

(k) Fast track the implementation of the proposed Integrated Water Sector Monitoring and Evaluation Systems, prepared in July, 2021.

CHAPTER NINE

TECHNICAL AUDIT REPORT ON THE PROJECTS FOR CONSTRUCTION OF IRRIGATION SCHEMES

9.0 Introduction

The National Irrigation Master Plan, 2020 and the National Agricultural Policy of Tanzania of October, 2013, recognize irrigation development, as an effective model, to achieve food security and poverty reduction. In particular, the Policy emphasizes the importance of addressing the adverse impact on agricultural production, caused by variations in precipitation and rainfall patterns due to the global climate changes.

I conducted an audit which aimed at assessing performance and the manner, in which the irrigation scheme projects were implemented. I looked at verified design standards, norms, specifications, construction quality and workmanship, physical status and overall functionality.

In line with the National Policy and the Master Plan, the Ministry of Agriculture implements construction of nine irrigation schemes (**Table 9-1**) covered a period from 2017/18 to 2020/21.

Table 9-1: Irrigation schemes covered

SN	Region	District	Name of the Irrigation Scheme
1	Morogoro	Kilosa DC	Kilangali Seed Farm
2	Morogoro	Kilombero DC	Msolwa Ujamaa
3	Mbeya	Busekelo - Rungwe	Katelantaba
4	Mbeya	Busekelo - Rungwe	Mbaka
5	Kilimanjaro	Mwanga DC	Kirya
6	Mara	Bunda DC	Maliwanda FC
7	Kagera	Karagwe DC	Mwisa FC
8	Manyara	Simanjiro DC	Ngage
9	Manyara	Katesh	Endagaw

Source: *Contracts*

9.1 Audit Findings

9.1.1 Construction of Irrigation Schemes Without Detailed Feasibility Studies

I noted that the Ministry of Agriculture and National Irrigation Commission had no detailed reports on feasibility studies for all audited projects, contrary to Sect. 20 (3) (g) of the National Irrigation Act, 2013 which requires construction of irrigation works to be accompanied by detailed feasibility studies.

Since there is no detailed feasibility study, I noted that NIRC only made the design of the canal for each project which is deduced to only topographical survey and engineering aspects. It was noted that, two projects of Msolwa-Ujamaa and Kilangali seed farm were the only projects that implemented the hydrological and environmental impact assessment component.

Implemented projects are likely be impaired by flooding, over irrigation or under irrigation, over sedimentation abandonment by the community, over or under priced. I found that, the designing of Endagaw Irrigation Scheme, was inefficiently conducted. Consequently, 128 acres belonging to potential beneficiaries of farms close to Endagaw Dam, were bypassed by the irrigation canals. Thus, the project management team was compelled to re-design the canal to incorporate, the previously excluded farmers.

Failure to draw comprehensive feasibility study reports, adversely impact the preparation of bills of quantities, drawings, and methods of construction. In conclusion, it is hard to establish whether the projects were economically, socially and technically viable. The projects which are devoid of comprehensive feasibility studies exacerbate the risk of investing in non-productive projects, which are liability to the Government.

The Lack of comprehensive feasibility studies, is a major weakness in designing of projects, which has culminated into a hurdle in project implementation, sustainable operation, management and maintenance of the projects. There was variation of BOQ, time overrun and cost overrun. Additionally, the room for inefficient use of land and water resources were high. It also resulted into water ponding in some areas under the projects due to failure to properly determine the targeted areas. Consequently, unsatisfactory quality of engineering designs had adverse environmental impacts on development projects.

9.1.2 Inadequate Adherence to Design Reports Requirements

Sect. 20(3) of National Irrigation Act, 2013 requires the design reports to be approved before the construction of irrigation commences.

My review noted that, all design reports were incomplete, they lacked the following information:- Crop water requirements, Selection of canal route based on the topography, Engineering estimates (BoQ), and Rates per unit quantity.

I also found, NIRC as a Consultant for the Projects implemented under LGA was supposed to implement all detailed designs of irrigation projects, implemented under the commission (Para 4.2.1.6(ii), of the National Irrigation Development Strategy, 2016). At the same time Supervising Consultant was supposed to undertake detailed designs of the projects implemented by the Ministry of Agriculture.

Reviewed implementation reports revealed that, drawing in the design reports differed to that in the contract document. There was no evidence that BoQ and specifications were prepared in respect of detailed drawings, the design were presented without estimates of quantities and rates and there were incomplete calculations of quantities and dimensions of canal sections for all projects.

9.1.3 Incomplete Design for ERPPs Due to Level of Competency

My review, established that the Ministry of Agriculture paid TZS 324,095,142 to a Consultant for Expanding Rice Production Project (ERPP). However, the designing of the projects was incomplete. Based on the reviewed reports, on designs and contract documents, I established that the prepared tender documents, did not draw inputs from the design reports and the executed works of Kilangali and Msolwa Ujamaa were not inline with contract drawings.

The anomaly was mainly caused by the inadequate capacity/competency of the consultants in managing the assignment, coupled with inadequate due diligence of the Ministry.

9.1.4 Unrealistic Projects Design

My audit, established that all irrigation projects executed under NIRC, and all irrigation projects executed under MoA, were based on unrealistic designs. Engineers designed construction works without visiting the sites to collect information on actual conditions. For example, the engineering designs for Katela Ntaba and Mbaka were not adequately conducted as reports had some little information not updated including some information of Katela Ntaba appearing in Mbaka report.

A site visit to selected irrigation schemes, found that Endagaw Irrigation Project, was undergoing re-designing of the weir by raising it by 1.2 metres higher than its existing height and increased weirs thickness. The re-design came in the aftermath of a concern from the contractor on inappropriateness of the original contract design. The original contract design did not consider the possible nearby existing farm plots in the irrigable command area due to their topography being at higher levels than the original design considered. However, review design of the new design was not availed to auditors for review because NIRC was still working on the new design.

Moreover, the issue of inappropriate designs was also found in ERPP projects. The problem is mainly attributed to the level of incompetency of the Consultant. The initially designed work, was exhaustively changed during execution of work, causing delays as the contractors could not proceed without the new design.

9.1.5 Environmental Impact Assessment (EIA) Study not Conducted

Sect. 81(2) of the Environmental Management Act, 2004 (EMA, 2004) requires the study to be conducted and approved by NEMC before project starts.

My review noted that, except for two projects (Msolwa Ujamaa and Kilangali) irrigation projects, the remained projects were executed by the Ministry of Agriculture and NIRC without conducting Environmental Impact Assessment (EIA) study as the result there were no early identification of alternative to solve environmental problem. This was mainly caused by budget constraints. The noted impacts of ignoring ESIA in these projects included creation of conflicts in the community, lack of sustainability of the project and destruction of natural ecology beyond repair. All projects experienced cost and time variation of issues which could have been detected from the EIA. Ngage irrigation scheme for instance was found to experience the salinity problem on an area sized around 1.5ha, and this is the only part of the observed problem each project experience similar challenges associated with lack of EIA.

9.1.6 Delay in Completion of Irrigation Projects

Clause 9 of the SCC, Sub-clause 23.1 of GCC of project contracts require the site possession dates to be one week or two weeks depending on the specific contact requirement

My review has shown that the reviewed contracts were out-side original contractual periods. There were substantial delays in project completion, whereby contracts were extended by periods ranging from 80 days to 450 days.

I further learnt that, five out of eight irrigation schemes, had been delayed due to site possession, while, seven out of nine irrigation schemes had a delay in completion of work. It was found that, Katela-Ntaba had experienced delay more than other projects. The project was delayed for 450 days, followed by Mbaka which delayed for 340 days. It was noted that, in all completed works, Maliwanda had recorded lowest delays of 80 days. A detailed analysis of every aspect of time control is as shown in **Table 9-2** below;

Table 9-2: Details of the Number of Days Delayed

SN	Aspect of time control	Number of days delayed for each project								
		Endagaw	Kirya	Ngage	Maliwanda	Mwisa	Kilangali	Katelantaba	Mbaka	Msolwa ujamaa
1	Site possession delay	14	14	0	7	-	39	0	5	13
2	Contract period delays	In progress	In progress	120	80	180	240	450	340	180
3	Force account delays	In progress	In progress	-	0	180	-	-	-	-

***Source:** Contracts and progress reports*

Delays in scheduled completion of projects, could exacerbate additional deterioration of infrastructures and unnecessary overhead costs to the Government.

9.1.7 Delays in Paying Contractors

Reg. 44 of Public Procurement Regulations, 2013 requires the procuring entity (Ministry of Agriculture and NIRC) to promptly pay the contractors given that, works have been completed to their satisfaction. Further, Clause 41 of the GCC of the contract requires payments of certified amount to be made within 28 days from the date the amount is certified by the Project Manager, failure of which attract interests.

Examination of interim payment certificates (IPCs) and review of monthly and quarterly progress reports showed that, there were delays of up to 68 days in paying the contractor at Msolwa Ujamaa Irrigation Scheme and 53 days, in paying contractor at Kilangali. The delayed payments significantly affected the implementation of projects as it affected the contractors' cash flows. In addition, the delayed payments attract payment of interest to the contractors, which could lead to additional costs to the projects.

Review of seven out of eight IPCs raised by the contractor noted delayed payment at various stages for a period ranging from nine to 68 days. Following that, the contractor would have charged the interest amounting to TZS 26,576,319.36 to compensate for delays in payments.

It was established that, five out of six IPCs reviewed against delayed payments to contractors; the longest delay in payment was 53 days while the shortest delayed was four days. Contractors would have charged total interest amounting to, TZS 28,836,475.86 which could have been Government loss.

Delays in payment to contractors were attributed to changes in disbursement of funds. Initially, funds from the World Bank, were being released to the Bank of Tanzania (BoT), and then disbursed directly to the project account. Another reason for the delay in payments of contractors were long internal processes[11] from the date a payment request was sought to the date an approval was granted by the consultant.

9.1.8 Materials Brought to Site and Constructed Structures were Not Tested for Quality

Contract Specifications require fine aggregate for concrete to be complying with BS 882 specification and to be from approved sources, crushed sand may only be used with the approval of the Project Manager and sands for use in mortar and rendering to conform to all respects with BS 1199 and 1200" specification for building from the natural sources" respectively.

Review of the on-going sampled irrigation projects which are Endagaw and Kirya noted that, materials ordered and brought to site by the contractors were not tested to ascertain whether they met the requirements/standards. Additionally, the executed contract items by the contractors inadequately conducted tests to ascertain quality control of the executed works. As such four out of seven sampled irrigation projects equivalent to 57% did not conduct testing as the requested material testing records were not availed to auditors for review. However, the remaining 43% of sampled projects, there were records which indicated that the tests were conducted.

[11] Processing IPC payment started from Contractor, then Project Manager, then Project Coordinator, Permanent Secretary-MoA and Finally Permanent Secretary-MoFP who sent the payment approval to the World Bank to transfer funds

This was mainly caused by non-prioritisation on testing the materials because contractor had put effort on bringing the material to site rather than testing them first to satisfy the Project Manager prior to bringing them to site. Bringing materials to site such as fine aggregates (sand), stones and coarse aggregate prior to testing have significant negative impacts such as: the material may be unfitted for instance if they have dust or other unwanted materials. In such situation they affect the outcome which is strength of the constructed structures.

Because of this some sections or parts of the executed concrete works/structures experience defects such as cracking, inadequate compaction aside the canals which impacts the sides of canal by undergoing soil erosion and falling into the canal which act as blockage in the flow of water (siltation).

The defects were attributed to inadequate supervision of the project execution by project Manager as majority of the Project Managers of the sampled irrigation projects were supervised by the Zonal Irrigation Engineer/Regional Irrigation Engineers who because of their administrative duties in some instances they did not manage supervision of day-to-day activities.

9.2 Conclusion

Basing on the findings I conclude that both the National Irrigation Commission (NIRC), and the Ministry of Agriculture did not adequately manage the audited irrigation projects. Generally, NIRC and MoA did not effectively manage the planning, designs and tender documentation, procurement processes, specifications and drawings, construction quality and workmanship, cost control, and time overrun.

MoA has depicted the critical weak experience in procurement of the supervising consultant for Msolwa-Ujamaa and Kilangali seed farm. This consultant was not competent to pursue the assignment. To large extent the consultant did not comply with the design and all drawings. As a result, there had been a series of change of specifications and BoQ quantities with significant variations.

On the other hand, both NIRC and MoA has given low priority on primary activities of the project. It was unexpected to find important activities such as feasibility studies to have not been conducted. As a result, the input for tender preparation was inadequately done. Most of them were based on assumptions and experience. As a result, during implementation there has been a series of re-design and change of drawings and specification, as the site conditions, were different from the assumed conditions. This has led to overrun cost, wastage of time and low- quality projects.

On quantity, and workmanship of executed works on site and their compliance with technical specifications, the audit concludes that the quality and workmanship of execution was adequate, however, the quantity of works was altered to some projects therefore inadequate.

9.3 Recommendations

The National Irrigation Commission (NIRC) is recommended to;

(a) Fully assume its roles to coordinate, promote, regulate all functions in the irrigation development sector;

(b) The National Irrigation Commission should strengthen supervision of the selection process to ensure that works are awarded to contractors with adequate human resources, working equipment and financial resources to implement the works. The capacity should also be confirmed when the contractor is at site.

(c) Improve its documentation and record keeping system; so that key documents can be readily found; and

(d) Device a quality control mechanism to ensure that all designed works and tender documentation are reviewed and approved before commencement of construction so as to reduce unnecessary variations.

The Ministry of Agriculture is recommended to;

(a) Ensure the Ministry does not directly engage in the construction of irrigation works instead the irrigation works should be done by the

National irrigation Commission as per the requirement of National Irrigation Act of 2013;

(b) Monitor and asses the performance of consultant and take contractual measures for non-compliance with contractual obligations;

(c) Device a quality control mechanism to ensure that all designed works and tender documentation are reviewed and approved before commencement of construction so as to reduce unnecessary variations; and

(d) Adhere to procurement process including the evaluation and approval processes in order to obtain qualified services providers (Consultants and contractors) so that, the intended project objectives are achieved.

CHAPTER TEN

TECHNICAL AUDIT ON CONSTRUCTION OF KIGONGO - BUSISI BRIDGE

10.1 Introduction

Government of the United Republic of Tanzania, through the Tanzania National Roads Agency (TANROADS) is implementing the project for construction of Kigongo-Busisi Bridge (3.2km) and its approach roads (1.66km) that will provide an important link between Mwanza region (Tanzania) and neighbouring countries of Rwanda, Burundi and Uganda as a catalyst for reducing poverty and spur economic growth in the larger area. The project is financed by the Government of Tanzania and commenced on 24 February, 2020 and expecting to complete on 24 February, 2024. Cost for the construction works is TZS 592.61 billion (VAT exclusive) while supervision cost is TZS 9.58 billion (VAT exclusive).

I conducted the audit to assess the project implementation on six components; procurement management, financial management, contract administration, technical aspects, environmental and human resources issues. The audit covers a period from December, 2019 to 31 January, 2022. The audit noted some anomalies as described hereunder.

10.2 Procurement Management

10.2.1 Tender Board Disqualified Two Consultants Without Justification

Reg. 299 (2) of the Public Procurement Regulations, 2013 requires that "subject to regulation 297 (1), a procuring entity shall evaluate each technical proposal taking into account several criteria which had previously been disclosed in the request for proposals".

Review of the procurement files showed that, Tender Evaluation Committee shortlisted and recommended to TANROADS Headquarters Tender Board six consultants for approval. However, the Tender Board disqualified two consultants. I further noted that, criteria used to disqualify the two consultants was not stipulated in the solicitation documents.

Further review of the procurement files showed that, TANROADS replaced one consultant who was not in the shortlist recommended by Evaluation Committee to TANROADS Headquarters Tender Board for approval. Audit noted that, this was done by TANROADS to meet the requirement of Reg. 281 of the Public Procurement Regulations, 2013 which requires that "A new shortlist shall be prepared for every new request for proposals and shall comprise of five to ten firms at least three of which shall be national firms".

Interview and review of procurement files did not provide justifiable reason for such misconduct. As a result, it deprived the right of bidders who participated in the tendering process, it also caused unfair evaluation of proposal which may result into procuring of incompetent consultant or a relatively higher cost of service.

10.3 Contract administration

10.3.1 Delay in Engaging Supervising Consultant

Reg. 252 (1) of the Public Procurement Regulations, 2013 as amended in Reg. 77(b) of the Public Procurement (Amendment) Regulations, 2016 requires the Accounting Officer to appoint a consultant on time to supervise contracted works wherever necessary.

Review of works contract for construction of Kigongo-Busisi Bridge and consultancy service contract of the same project showed that, the Contract for Construction works between employer and contractor was signed on 29 July, 2019, while the contract for Supervision of Construction works between Employer and Consultant was signed on 27 December, 2019. This noted a delay of five months, implying the construction activities started in absence of the supervising consultancy.

Interviewed officials from TANROADS indicated that, in absence of the supervising consultant, the supervision work was performed by the employer i.e., TANROADS. It was further noted that, reason for delay in engaging a consultant was inadequate planning for the project because, the interviewed official from TANROADS knew that procedures for engaging a consultant takes longer than the ones for engaging a contractor.

A review of a letter with reference number CCECC/TANROADS/20190805/002 dated 5th August 2019, showed that, delayed engagement of the consultant resulted to failure of the Contractor to commence the works since the consultant was not available to give him guidance.

10.3.2 Delaying Advance Payment of Consultant Service

Clause 26 of Special Conditions of Contract requires an advance payment of 15% of the Contract price in TZS to be made within 30 days after the effective date. The advance payment will be paid upon submission of acceptable unconditional and irrevocable bank guarantee of the same amount.

Review of the contract files showed that, Advance Payment Guarantee was submitted on 1 June, 2020 but the advance was paid to consultant on 2 December, 2020 which marked a delay of 154 days.

It was noted that, this delay was caused by delayed release of funds from the Ministry of Works and Transport as the funds were released on November, 2020. Delay in paying advance to consultant is likely to have an impact of delaying rendering of the intended services by the consultant.

10.4 Management of Technical Requirements

10.4.1 Constructed Engineer's Office Did Not Meet the Required Specification

Standard Specifications 1404 of the contract specifies the minimum floor area of the meeting room to be $20m^2$ and minimum floor area of two stores to be $5m^2$ each.

Based on the physical observation and audit test performed, it was noted that the dimensions for the meeting room and store were less than given minimum specifications. For instance, audit noted that, the floor area of a meeting room was $18.33m^2$ which is contrary to the specified minimum floor area in the Contract which was $20m^2$. Also, the measured floor area of each store was noted to be $3.87\ m^2$ while the required minimum specification of the floor area was $5m^2$ for each store room.

Interview with officials of the Supervising Consultant indicated that, this was caused by lack of close supervision during the construction of such rooms.

Failure to meet the specified dimensions in the construction of a meeting room and store are likely to cause overpayment to contractor compared to implemented work. However, I could not quantify how much the contractor was overpaid because the item (Engineer's office) was paid under lump sum.

10.4.2 Contractor Did Not Supply all Required Number of Furniture and Equipment to Engineer's Office

Standard specifications 1404 of the Contract specifies the dimensions and quantity of furniture to be supplied by Contractor.

Review of project correspondence files and physical verification revealed less supply of furniture/equipment for the engineer's office were either insufficient or not supplied by Contractor. **Table 10-1** below provides the list of provided furniture/equipment against the required.

Table 10-1: Supplied Furniture for Engineer's Office Vs Requirement

Name of the Furniture	Required No. of the Furniture	Actual No. of the Supplied Furniture	Variation	% of Variation
Desk 2.4mx1.0m with lockable double chest of drawers	6	1	5	83.3
Steel filing cabinets	6	4	2	33.3
Portable fans	10	8	2	20
Total	**22**	**13**	**9**	**41**

Source: *Analysis of Data collected from Project Site (2021)*

In addition, the audit noted that 10 units of wall boards with 1.0mx1.0m were fixed instead of ten units with 2.4mx1.2m. A reason for supplying less amount of required furniture/equipment in engineer's office was lack of close contract supervision by the supervising consultant. Failure to supply furniture and equipment in Engineer's Office as specified is likely to cause nugatory expenditure.

10.4.3 Less Air Conditions Installed in Engineer's House Against the Requirement

Standard specifications 1403 of the contract (houses for engineer), required the contractor to install the number of air conditions in each house. The specifications required number of air conditions to be three per house for house type II and one (1) in each unit of multiple accommodations.

Based on physical verification conducted to engineer's houses, the audit noted that, the quantity of air conditions installed in Type II House were 2 instead of 3, and quantity of constructed engineer's houses type II were four which make a total of 8 air conditions instead of 12 as per requirement making a shortage of 4 air conditions. Further, it was observed that, there were no air conditions that were installed in all four units of multiple accommodations which were inspected by auditors. This is as summarized in **Table 10-2** below;

Table 10-2: Quantity of Air Conditions Supplied by the Contractor Against Required

Air conditions Supplied for	Quantity required	Quantity supplied	Variance
Type II houses	12	8	4
Units of multiple accommodation	4	-	4
Total	**16**	**8**	**8**

Source: *Auditors Analysis of the Supplied Air Conditions Vs the Requirements as per Standard Specifications (2022)*

Interviewed officials from the Supervising Consultant indicated that, failure to install all air conditions as per established specifications was caused by inadequate contract supervision by the supervising consultant. Audit further noted that, this has resulted into nugatory expenditure as the contractor was paid for non- supplied items.

10.4.4 Contractor Did Not Supply Equipment to Engineer’s Laboratory

Standard specification 1410 provides a list of tests allowed to be performed under engineer’s laboratory which necessitated the need for having equipment to perform those tests.

Review of contract files and physical verification conducted in the engineer’s laboratory noted that, engineer’s laboratory was not supplied with all required apparatus/equipment to perform various tests as listed in Table 1410/2 of standard specification (tests on soils and gravels); Table 1410/3 of the standard specification (tests on aggregates and concrete); and Table 1410/4 of the standard specification (tests on asphalt and bituminous materials) as shown in **Appendix V**. It was observed that, equipment not available were: 24 equipment to perform tests on asphalt and bituminous materials; 15 equipment to perform tests on soils and gravels; and 12 equipment to perform tests on aggregates and concrete.

Further review noted equipment namely two Troxler or similar sets of Nuclear Field Density Testing Machine; two Rapid Density set complete including speedy moisture tester; one Dynamic Cone Penetrometer with adequate supply of disposable cones for the DCP; and two electronic top pan balance 2500g capacity, sensitive to 0.01g were not available in the engineer’s laboratory.

In addition, I noted that total budget of TZS 205,272,420 was allocated for this activity and payment of TZS 201,166,971.60 was made to the contractor through Payment Voucher No.00038044 of 1 March, 2021, still the contractor did not supply all these equipment.

Review of monthly progress reports Number 21 and 22 Section 3.2.1(b) and interviews with officials from supervising consultant showed that, this equipment were yet to be supplied because the space of the engineer’s laboratory was not enough to accommodate all the equipment, hence they only supplied equipment to facilitate tests which were due for testing. Therefore, all equipment which were not supplied means their test time is not due, and will be supplied prior to testing period.

The noted impact with regards to this was that, there is a risk of delayed delivery of the equipment once the construction stage requires the usage of those equipment become due.

10.5 Findings on Financial Aspects

10.5.1 Cost overrun Due to Penalties Charged for Delayed Payments to Contractor TZS 1.55 Billion

General Condition of Contract No. TRD/HQ/1006/2019/20 Section (51.1) requires the employer to pay the contractor the amounts certified by the project manager within 28 days of the date of each certificate. If the employer makes a late payment, the contractor shall be paid interest in the next payment. Interest shall be calculated from the date by which the payment should have been made up to the date when the late payment is made at the prevailing rate of interest issued by the Bank of Tanzania on the date of contract signature for each of the currencies in which payment are made.

Based on the payment conditions and actual delays, the employer was supposed to pay interest to the contractor of TZS 1,647,512,028.19. Review of payment documents for consultant for supervision and contractor noted that, employer paid interest sum of TZS 1,553,097,096.80 for the late payments to the contractors as shown in **Table 10-3** below;

Table 10-3: Interest paid on Delayed Payments for Contractor

PV No.	IPS No.	Interest Paid (TZS)
PV00034063	1	234,678,285.46
PV00037716	2	338,028,442.30
PV00037715	3	350,477,702.50
PV00038104	4	182,932.610.70
PV00041634	5	446,980,055.84
Total		**1,553,097,096.80**

Source: *Payment Documents*

Delay of payments to contractor and consultant was attributed by the fact that, Ministry of Works and Transport delayed to disburse funds to TANROADS for payment of certified payments to contractors. I am of the view that, if these noted delays are not addressed, the interest charges with respect to contractor will significantly increase and leading to project cost overrun.

10.5.2 Payment Made to the Contractor for Unsupplied Laboratory Equipment TZS 201.17 Million

On 29 July, 2019 TANROADS entered contract No. TRD/HQ/1006/2019/20 for construction of Kigongo/Busisi Bridge (3.2km) and its Approach Roads (1.66km) at a contract price of TZS 592,608,692,836.00 exclusive of VAT. Review of contract file, payment documents and site visit revealed that, TANROADS made payment of TZS 201,166,971.6 equivalent to 98% of budgeted fund of such item to contractor for laboratory equipment to be used by consultant in fulfilling the contractual requirements.

My review of letter with reference No. YS-TZ-KBS-CC-20200923-115 dated 23 September, 2020 noted that, some of the equipment have not been delivered into engineer's laboratory.

10.6 Findings on Environmental, Health, Social and Human Resources Aspects

10.6.1 Construction Project Commenced with Absence of EIA Certificate

Sect. 81(2) of the Environmental Management Act (EMA) No. 20 of 2004 requires EIA to be carried out prior to the commencement or financing of a project. This will enable the entity to know both positive and negative impacts that will be imposed on the environment.

However, according to the Minutes of Site Progress Meeting No. 01 it was noted that, the construction work commenced on 25 February, 2020 while EIA Certificate was awarded to TANROADS on 11 March, 2021 implying EIA Certificate was issued a year later after the construction of the Bridge project had already commenced. This shows that, for the period of one year, the project was executed without following specific conditions stipulated in the EIA Certificate and that the project was only using ESMP.

10.6.2 Lack of Work Permits to 14 Non-Citizens Employees

Sect. 9 (2) (a) of the Non-Citizen Employment Regulations Act No. 1 of 2015 prohibit employment of any non-citizen unless he/she possess a valid work permit in a specified occupation.

Review of the Immigration Files showed that, 45 (80.4%) out of 56 foreign employees of the contractor had working permits while the remaining 11 (19.6%) had no working permits.

Further review of the Immigration Files showed that, 10 out of the remaining 11 workers were possessing Residence Permit Enrolment Notification and one worker was possessing a Business Visa. It was further noted that, for the 10 workers who were issued with Residence Permit Enrolment Notification, they were further required to undergo more procedures for them to get Residence Permits. However, until the time of this audit, there were no details showing efforts undertaken by the workers (non-citizens) to get Residence Permit from which they could possess Working Permits.

Similar assessment was done with the consultant's staff and it was noted that, two out of three non-citizens key personnel had valid working permits and one key personnel whose procedures for immigration including acquiring working permit was expected to be completed by 31 January, 2022.

Reviewed Files on Immigration Details and interviewed Human Resources Officials indicated that, failure to have work permit was caused by foreign workers who did not complete procedures for acquiring residence permit

10.6.3 Inadequate Succession Plan to Citizen Staff

Sect. S 7(1) a of the Non-Citizen Employment Regulations Act, 2015 requires preparation of succession plan setting out a well-articulated plan for the succession of non-citizens knowledge or expertise to the citizens. The audit noted the following weaknesses:

(i) Few counterpart staff were involved in the project

Interview with the TANROADS officials noted that as a plan for succession, TANROADS planned to engage three staff[12] from the commencement of the project in February, 2020. This was purposely planned as part of preparing them for the operation of the bridge project after its completion. The project planned to engage 11 graduate engineers through SEAP program under Engineers Registration Boards (ERB).

However, up to the time of this audit, there was only one staff from TANROADS Mwanza Regional Office, while the remaining two staff had not yet reported. The interviewed official of TANROADS showed that, there was a delay in issuing appointment/engagement letters to respective staff.

I further noted that, appointment letters from TANROADS headquarters were issued to TANROADS staff one week before the auditors visited the project.

Few numbers of counterpart staff deprive opportunities for TANROADS staff to gain knowledge on supervision during construction and maintenance after completion of the projects. As a result, it may lead to inadequate transfer of knowledge and challenge in take-off of the project after its completion in terms of human resources who have relevant skill, knowledge and competencies.

(ii) Delay in preparation of training plan for counterpart staff

I interviewed TANROADS official to assess availability of training plan for the counterpart staff and it showed that, the training plan was not in place as it was still under preparation.

Interviewed human resources officers revealed that the preparation of the training plan had started and that it would provide a room for counterpart to participate in all departments in the project namely;

[12] Two (2) staff are from TANROADS Mwanza Regional Office and one staff from TANROADS headquarters in Dar es Salaam.

surveying, materials and quality control, structural works, bridge work, etc.

The delay in preparation of the training plan has resulted into counterpart staff being not participating in departments in the project for learning purpose. Since, there are no milestones on when the training will start, there is a risk that, the counterpart staff will not be in position to learn key stages of project as not all stages are repetitive.

10.7 Conclusion

More interventions are needed by TANROADS to ensure both Consultant and Contractor are adhering to the signed contract for the purposes of achieving the intended goal of improving efficiency and effectiveness in transportation in lake zone and other socio – economic benefits.

Chances of achieving the specified specification of the Kigongo Busisi Bridge which is still under construction are high only if TANROADS would strengthen the supervision that would ensure adherence to given specifications.

To avoid unnecessary cost overruns of the project and ensure attainment of value for money for the project, TANROAD need to ensure noted gaps are improved and are not repeated. This is because TANROADs inadequately implemented financial controls to ensure project funds were well managed. Other noted gaps were related to non-adherence to procurement procedures and contract administration; inadequate implementation of requirements on Health, Safety, Social and Environmental mitigation measures; and failure to adhere to all requirement of human resources when employing foreign experts.

The following are recommendations for improvement;

10.8 Recommendations

I recommend TANROADS Management to;-

(a) Ensure that engineer's laboratory is equipped as per Contract requirement;

(b) Evaluate the actual costs incurred regarding constructed engineer's office and recover the excess if the money paid to the contractor exceeded the value of implemented work;relate with implemented work;

(c) Strengthen mechanisms that will ensure consultant is timely engaged to avoid unnecessary delay of the project and quality control;

(d) Ensure that, Environmental and Social Impact Assessment (ESIA) is carried out prior to commencement of executing any construction Project;

(e) TANROADS to implement internal controls that will prevent non-citizens from working without permits and other necessary legally binding requirement;

(f) Liaise with the Ministry of Work and Transport to ensure a steady and timely release of funds to finance the project to avoid cost overruns due to delayed payments to both contractor and consultant; and

(g) Institute a proper and close follow-up of the terms and conditions of contract during implementation of the project and recover TZS from the consultant.

CHAPTER ELEVEN

TECHNICAL AUDIT ON THE CONSTRUCTION OF REGIONAL AND ZONAL REFERRAL HOSPITALS

11.0 Introduction

In the year 2018/19, the Government of Tanzania allocated TZS 75.533 billion for the construction of two Zonal Hospitals in Mtwara and Mbeya and three Referral Regional Hospitals for Njombe, Katavi and Mara. The allocated amount of funds and the utilized amount is as shown in **Table 11-1** below;

Table 11-1: Status of Funds Allocated and Utilized in the Construction of Zonal and Regional Referral Hospitals

Name of Project	Planned Amount (TZS Billion)	Amount Utilized (TZS Billion)
Completion of Construction of Health Facilities of Mara Referral Hospital at Kwangwa Area in Mara Region. Contract No. ME/007/2018-2019/HQ/W/48	17.20	13.58
Construction of Health Facilities at Njombe Regional Referral Hospital. Contract No. ME/007/2018-2019/HQ/W/47	21.54	23.59
The Proposed Construction of Health Facilities at Mtwara Zonal Referral Hospital.	16.50	12.12
Proposed Construction of Katavi Region Referral Hospital Complex-Maternity Block, Contract No. ME/007/2018-2019/HQ/W/47	10.90	4.21
Construction of Proposed Extension of Meta Maternity Hospital at Mbeya. Contract No. MZRH/META/2019/09	9.39	9.39
Total	**75.53**	**62.89**

Source: *Analysis from the Contracts Documents, 2021*

The construction of Zonal and Regional Referral Hospitals was financed by the Government of Tanzania. The funding was done directly from the Ministry of Finance and Planning to the Referral Hospitals through the MoHCDGEC. As of December, 2021, only two Referral Hospitals (Njombe RRH and Mbeya ZRH) out of five were fully disbursed with fund, however, none of these hospitals was completed 100% as detailed in **Table 11-2** below;

Table 11-2: Implementation Status on the Construction of Zonal and Regional Referral Hospitals

Referral Hospital	Implementation Status (%)	
	Physical Progress	Financial Progress
Mara RRH	93	70
Njombe RRH	95	98
Mtwara ZRH	95	89
Mbeya ZRH	93	100
Katavi RRH	22	20

Source: *Progress reports*

In particular, the MoHCDGEC was the key actor responsible for planning, managing, coordination, monitoring and evaluation of procurement and construction works of the Zonal and Regional Hospitals covered under this audit.

Objective of this audit was to review and assess whether the MoHCDGEC had effectively managed the construction of the Zonal and Regional Referral Hospitals to ensure the constructed health buildings and facilities were of the required standards to accelerate provision of referral health services at Zonal and Regional Levels. This technical audit covered three financial years from 2018/19 to 2020/21 to cover all phases of project initiation to implementation.

11.1 Findings on Procurement Management

11.1.1 Construction Projects Implemented Out of Annual Procurement Plan

There was no evidence to show that the construction works on all five Referral Hospitals were included in the Annual Procurement Plan (APP) of the MoHCDGEC since the same was not availed for verification. This is contrary to Sect. 49 (1) (a) of Public Procurement Act, 2011 which requires the procuring entities to prepare their Annual Procurement Plan in a rational manner and to avoid emergency procurement wherever possible. This may lead to poor allocation of resources for the construction projects.

11.1.2 Construction Works Executed Without Feasibility Studies

Guideline No. 4.4.3 24(e) of Ministry of Finance and Planning for the Preparation of Annual Plan and Budget of 2016/17 requires all projects to be considered for financing must be accompanied by Feasibility Study and Environmental and Social Impact Assessment.

Contrary to the requirement, my review noted that, the construction projects for Mara RRH, Mtwara ZRH, Mbeya ZRH and Katavi RRH were commenced without having a completed and detailed feasibility study report. I further noted the feasibility study for Njombe RRH did not include hydrology studies of the project area instead only a geotechnical investigation was done.

This was mainly caused by failure to comply with the legal and technical requirements before commencing of construction projects. In this manner, the projects were at high risk of not meeting the intended financial, economic and social objectives.

A sample case some of the construction works in Mara RRH had to be phased out due to lack of funds. Moreover, the construction of Katavi RRH stopped for 10 months due to relocation of fund to implement other projects under the MoHCDGEC. This implies that, the MoHCDGEC did not conduct proper planning for construction of Referral Hospitals.

11.1.3 Inadequate Consideration of Needs in Designs and Specifications of the Buildings

Reg. 184 (1) (c) of Public Procurement Regulations, 2013 requires Procuring Entities to ensure the nature and required technical and quality characteristics, of the goods, works or services to be procured, including, but not limited to, technical specifications, plans, drawings and designs are provided for tenderers to bid. My review noted the following anomalies;

(a) Architectural Drawings Did Not Consider Requirement

My review noted that in all five Referral Hospitals, the architectural drawings were inadequately prepared. This was evidenced through the existence of unstamped and unsigned architectural drawings, floor level and finish were not indicated in the drawings for areas such as maternity and paediatric block, surgical, medical and orthopaedic wards, emergency medical department and ICU, laundry block and blood centre.

Further, doors and windows schedules were not provided in all architectural drawings as it was noted in four construction projects namely Katavi RRH, Mbeya ZRH, Mtwara ZRH and Njombe RRH.

In Njombe RRH, review of the architectural design revealed that wet areas were not properly zoned. There was extensive double banking (spaces located at both side of the corridors) as well as lots of wasted spaces, single swings doors were fixed instead of double swings in areas such as in theatres.

This was due to failure to comply with the laid down architectural requirements resulting to higher cost of construction and wastage of resources and impaired functionality of the constructed Referral Hospitals.

(ii) Specifications of the drawings were not detailed enough

No detailed specifications were provided in all architectural drawings. For Njombe RRH, I noted that specifications in drawings were not properly written for instance, specifications of work tops were written as “WT (Work Top) materials to match Simiyu specifications”.

I noted that the waste water design was not satisfactory as waste water pipes were designed to pass through both ground and first floor in maternity and paediatric block. This may lead to demolishing of the floor during maintenance. Further, water access to the washing machines was not provided in the laundry block.

Regarding construction of Katavi RRH, the architectural drawings prepared by consultant provided wrong specifications whereas stainless steel pipes were specified to be painted. This was noted to be wastage of resources as stainless steel come with a ready to use external finish.

(iii) The structural design was incomplete for Njombe RRH

The structural design missed structural calculations thus the bearing soil capacity used in the structural design cannot be ascertained. Therefore, comparison of the bearing capacity recommended in the geotechnical investigation and structural design could not be determined. This may result into structural failures.

11.1.4 Environmental Impact Assessment was Not Conducted in All Five Construction Projects

Sect. 81 (1) & (2) of the Environment Management Act, 2004 requires an Environmental Impact Assessment (EIA) to be carried out prior to the commencement or financing of a construction project or undertaking.

Through the review of the project documents on the construction of all five Referral Hospitals revealed that an Environmental Impact Assessment were not conducted prior to or during implementation project activities.

This was caused by non- prioritization to the environmental matters and mitigation measures. Due to absence of EIA, the environmental effects from the project were unknown and even the mitigation measures were not in place. It was likely that the surrounding community might have been affected from the results of construction activities such as dusts, noise, water pollution and results from the use of the facility constructed including untreated wastes.

11.1.5 Inadequate Estimates of Contingencies, Prime Costs and Provisional Sums in the BoQ

Clause 45 of the General Conditions of the contractor's contract states that the Bill of Quantity shall contain items for the construction, installation, testing and commissioning work to be done by the Contractor.

Review of the Priced Bill of Quantities (BoQs) for Mtwara Zonal Regional Hospital noted that the prime costs and provisional sum, were priced by Contractor without taking into account details and specifications amounting to TZS 5,188,267,703.20 as the cost for prime costs and provision sum.

An intensive review of the design report, prepared by consultant established the prime cost and provisional sum as TZS 15,935,063,381.89. It entails that, BoQ used during tendering, was insufficient since the prime cost and provisional sum were missing details and specifications.

At Njombe Project, the BoQ excluded prime cost and provisional Sum. Preliminary works also excluded from the Bills of Quantities. Nonetheless, the review found, works relating to external soil and waste water drainage were excluded from BoQ in Mtwara Zonal Regional Hospital project.

Exclusion of billed items from BoQ in the projects was caused by non-involvement of consultants during drawing stage, prior to tendering. It resulted into variations/additional cost of the prepared contract sum.

11.1.6 Three Construction Projects not Registered by Professional Boards

Reg. 69 (2) of the Engineers Registration Regulations, 2009 requires Engineer to report to the Board on all the engineering Projects he is involved in prior to commencement.

Review of project documents, established that Mara Referral Regional Hospital (RRH), Njombe RRH and Katavi RRH projects, had not been registered by the respective Professional Boards, namely; ERB, AQRB and CRB. The projects have remained unregistered because the project consultant and contractor have failed to comply with construction requirements, as regulated by the Professional Boards. I am of the view that, monitoring of the projects by the professional bodies was halted.

11.2 Procurement and Contracts Awarding Processes

11.2.1 Absence of performance guarantee by the consultant in Mbeya Zonal Referral Hospital

Reg. 29 (1) of the Public Procurement Regulations, 2013 requires successful tenderer to submit a performance security to guarantee the faithful performance of the contract and payment of all laborers, suppliers, mechanics and subcontractors.

My review noted that, during execution of extension of Meta Maternity Hospital at Mbeya ZRH, the consultant for contract MZRH/META/2019/09 did not submit the performance guarantee. Based on the negotiations, the consultant explained that, since the consultant belonged to the Government, they would not offer the performance guarantee.

This reduced the commitment of the consultant which led to offering services of low quality as evidenced in poor workmanship exhibited by the contractor. Consequently, absence of performance security poses a risk of performance when the contractor fails to perform as per term and condition of the contract.

11.2.2 Unverified Procurement Process of a Consultant

Sect. 61 (1) of the Public Procurement Act, 2011 requires a procuring entity to maintain a record of its procurement proceedings in which it is involved, including decisions taken and the reasons for it.

My review noted that a consultant was engaged through letter with Ref. No. BC.13/465/02/61 dated 15 September, 2021 but the entire procurement documentation was missing.

Consequently, the MoHCDGEC issued an Addendum to the contract with No. ME/007/2019-20202HQ/05E for design and review, development of construction documents and supervision of construction works at Songwe RRH, Katavi RRH and laboratory and maternity buildings at Geita RRH signed on 10 September, 2021, however, the addendum to the contract did not show any connection to the activities of the previous contract of the consultant of the project.

This was mainly caused by missing procurement file due to improper documentation. I am of the view that, failure to verify procurement process of the consultant pose a risk whether procurement was properly conducted and that value for money was attained.

11.2.3 Contract Extended Without Tender Board Approval

Sect. 33 (1), (b) of the Public Procurement Act, 2011 requires the Tender Board to review all applications for variations, addenda or amendments to ongoing contracts.

My review noted that, on 25 February, 2021 an addendum for contract No. ME/007/2018-2019/HQ/W/48 for completion of construction works at Mara Referral Hospital was signed between the MoHCDGEC and the Contractor valued TZS 2,120,605,204.31 (VAT inclusive) for additional works, re-measurements, variations and adjustment of prime cost and provisional sums without Tender Board approval.

Further review of construction works at Mtwara Zonal Referral Hospital noted that, the variation amounting TZS 375,313,691.27 was issued by the consultant on 15 March, 2021 and paid to a contractor on 23 June, 2021 without review and approval by the Tender Board. Additionally, variation for IPC No.6 to the tune of TZS 493,880,208.17 was issued by the consultant on 07 May, 2021 without review and approval of the Tender Board.

The anomaly was caused by inadequate supervision of the project. Consequently, failure to seek Tender Board approval could lead into unjustified cost overruns and hence, loss of Government funds.

11.3 Contracts Execution

11.3.1 Failure to recover advance payment and deduction of retention monies TZS 745.42 million

My review of construction works at Njombe RRH noted double payment amounting to TZS 324,545,925.30 as a labour cost for fixing aluminium windows and doors but at the same time a sub-contractor was engaged to execute a contract for the supply and fixing of the same windows and doors.

Further review noted that, Njombe RRH contractor was paid TZS 2,481,840,191.34 instead of TZS 2,261,513,562.11 which was 98% of the contract sum while the physical progress was 94% resulting in overpayment of TZS 220,326,629.23.

In Mtwara ZRH, there was overpayment of TZS 200,544,000 in IPC No. 5 to the contractor for the suspended ceiling and its associated timber framing. The Bill of Quantities had a quantity of 12148 m^2 and 42427 m^2 respectively while the actual value of work executed had quantities of 2940 m^2 and 10267 m^2 respectively. Therefore, in total there was overpayment of TZS 745,416,554.53 as shown in **Table 11-3** below;

Table 11- 3: Overpayment of IPCs

Name of the RRH	Reasons for overpayment	Overpaid amount (TZS)
Mtwara RRH	Miscalculated value of work	200,544,000.00
Njombe RRH	Miscalculated value of work	220,326,629.23
Njombe RRH	Inflated labour cost	324,545,925.30
Total		**745,416,554.53**

Source: *Payment vouchers and IPCs*

This was mainly caused by lack of a consultant who could prepare valuation of work done by the contractor. The Clerk of works did not establish valuations when certifying interim payments and thus, creating incorrect payment certificates resulting into financial losses.

11.3.2 Advance payment made without submission of unconditional guarantee in Mtwara ZRH TZS 6.32 billion

Review of project documentation noted that TZS 6,322,095,857 was paid as advance payment to the contractor without submission of Unconditional Guarantee from NIC contrary to Clause 25 and 59.1 of SCC and GCC respectively of contract between Contractor and Client which requires the advance payment to be 40% of the contract sum payable after submission of Unconditional Guarantee from National Insurance Corporation (NIC).

This increases the risk to the client as the advance payment was not insured against any default by the contractor.

11.3.3 Overpaid Advance Payment by TZS 8.85 Billion

Review of the tender documents in the four referral hospitals, showed that, the MoHCDGEC had set an advance payment of 40% of the contract price, contrary to the requirement of ITT Clause 41.1 of the PPRA's standard tender document on procurement of medium and large works, 2018, which requires the advance payment to be limited to a maximum of fifteen (15%) of the contract price.

The review also showed that advance payments on four- out of five construction projects, were paid at 40% which is more than the required 15%, thus, leading into overpayment. Details of each construction projects are indicated in **Table 11-4** below;

Table 11-4: Advance payments paid to contractors

Name of Referral Hospital	Contract Sum (TZS)	40% Advance Payment (TZS)	Overpaid Advance Payment 25% (TZS)
Mara RRH	15,082,481,832.82	6,032,992,733	3,770,620,458.21
Njombe RRH	2,532,489,991.16	1,012,995,996	633,122,497.79
Mtwara ZRH	15,805,230,643.02	6,322,092,257	3,951,307,660.76
Mbeya ZRH	1,978,565,000.00	791,426,000	494,641,250.00
Total		**14,159,506,986**	**8,849,691,866.75**

Source: *Analysis of the Tender Documents, 2021*

This was mainly attributed to fault on the part of MoHCDGEC by uplifting the advance payment limit from 15% to 40% due to engagement of the Government Entity contractors. This might affect the project implementation in case of defaults by the contractors.

11.3.4 Delayed Payments to the Contractors

Reg. 44 (1) of the Public Procurement Regulations, 2013 requires the procuring entity to ensure timely payments to the tenderers. This is purposely done to support the growth of local firms and enable such firms to meet their contractual obligations.

My review of IPCs noted that the contractors were not paid on time. For example, the average delays of the payments to contractor in Mara RRH was 133 days, while that of Mtwara ZRH was 101 days. The delay was 14 days in Mbeya ZRH whereas the maximum delayed IPC in Katavi RRH was IPC No.2 whose delay took 250 days.

The observed delays were caused by bureaucracy in obtaining the project funds, which had consequently resulted in delays in implementation of project activities.

11.3.5 Use of Unapproved Drawings and BoQs by the Client in Four Out of Five Projects

My review noted that the BoQs and drawings, prepared by the consultants, in Mara RRH, Njombe RRH, Mtwara ZRH and Mbeya ZRH, had not been approved by the client. The use of unapproved drawings was evidenced by the absence of client prior approval in hardcopies or electronic forms of the projects' documentation.

In Katavi RRH, the BoQs and drawings were approved after commencement of the works. The project commenced early in June, 2018 and drawings by a consultant were approved in August, 2018.

The use of unapproved drawings was caused by inadequate supervision on implementation of project by the client and could result into unnecessary disputes during implementation of the project.

11.3.6 Inadequate contractor superintendence

My review noted that, the contractor's superintendence was inadequate as portrayed by poor workmanship due to lack of skilled workmen in Mara RRH, Njombe RRH, Mbeya ZRH and Katavi RRH contrary to Clause 6.7 of GCC between the contractor and client.

11.4 Conclusion

In conclusion MoHCDGEC, did not conduct due monitoring of the construction of the Zonal and Regional Referral Hospitals to ensure that the constructed health buildings and facilities were up to the required standards.

The planning and designing of the buildings and facilities were unrealistically done, as all projects did not have proper feasibility studies to guide the designs. Scheduling of projects funds was inadequate, as all projects suffered a delay of funding for procuring materials and payments of contractors.

Architectural designs and specifications had minimum consideration for natural lighting and ventilation. I observed inadequate provisions of toilets for pregnant women consideration on environmental protection, health and safety matters.

The procurement and contract awarding processes, and procedures, did not adhere to the Public Procurement Act and its Regulations, where extensive single source was used without proper justification. Record keeping was poor, as evaluation reports, bidding documents and relevant approvals by the accounting officer and tender board were missing.

The constructed buildings, did not comply with all technical specifications and standards, as there were several cracks, honey combs in concrete, poor skimming and plastering and the dimensions of the works differed from the drawings.

The client was inefficient in monitoring the construction works and in facilitating the achievement of the intended objectives. There were extensive delays in disbursement of funds for procurement of materials and payment to contractors. Likewise, engagement of consultants was delayed leaving the projects unsupervised for long.

MoHCDGEC, did not put in place, a robust system to monitor the works, as the appointed Project Coordinators, had too many projects to oversee and they were not effectively coordinated thus could not discharge their duties effectively.

11.5 Recommendations

MoHCDGEC is recommended to ensure;

(a) Adequate feasibility studies are conducted prior to implementation of construction projects;

(b) Sufficient funding is allocated in the budget to ensure completion of projects, as planned;

(c) The design process, involves all key stakeholders from the beginning and all standard drawings and guidelines are, timely issued to the consultants;

(d) All processes including approvals are done in accordance with Procurement Act and other relevant Regulations;

(e) Preparation of a strategy for monitoring of construction of referral hospitals, with an emphasis on providing adequate and competent manpower with equitable resources for effective supervision and monitoring of the works;

(f) Ring fence funding for procurement of materials and payment of contractors to enable smooth disbursement of funds when required; and

(g) All double payments and overpayments are investigated and recovered in the subsequent payments.

CHAPTER TWELVE

TECHNICAL AUDIT ON CONSTRUCTION OF NEW WAMI BRIDGE AND NJOMBE-NDULAMO-MAKETE ROAD PROJECTS

12.0 Introduction

Tanzania National Roads Agency (TANROADS) has been mandated for development of Regional and Trunk Roads in the country. Among the roads projects implemented in 2016/17 included, the construction of New Wami Bridge TANROADS with a contract worth TZS 67.7 billion. Another contract worth TZS 217.54 was signed for upgrading of Njombe–Ndulamo–Makete Road (107.4 Km) to bitumen standard TZS 217.54 billion.

To assess adequate implementation of the projects by TANROADS, I conducted the technical audit for period covered from financial years 2016/17 to 2020/21 for both Wami-bridge and Njombe-Ndulamo-Makete on which I present a summary of key findings.

12.1 Summary to Audit Findings

12.1.1 Inadequate Projection of Funds for the Construction

Reg. 69 (3) of the Public Procurement Regulations, 2013 requires a procuring entity to forecast its requirements for goods, services and works as accurately as it is practicable with reference to services or activities already programmed in the annual work plan and included in the annual estimates.

On contrary to the cited Regulation, I noted a significant gap between the projected and disbursed funds for the construction of Njombe-Makete road project. Further, review of the TANROADS business plans and quarterly progress reports from 2016/17 to 2021/22 revealed that TANROADS did not adequately forecast the funds for the construction of Njombe-Makete road project. Based on available data, I noted that, the amount of funds disbursed for the implementation of the project was TZS 60.6 billion which exceeded the budgeted amount of TZS 35.1 billion for the implementation of the project by TZS 25.5 billion equivalent to 73% of the budgeted amount.

It is my view that funds estimate for the projects are determined prior to commencement of the project.

12.1.2 Lack of Comprehensive Feasibility Study

According to the Ministry of Works Road Geometry Design Manual, 2012, TANROADS was required to ensure the feasibility studies include the assessment of slope stability and the location of pre-existing landslides.

I noted that, both original and updated feasibility studies were not done comprehensively. This was revelealed by the fact that, in both studies, TANROADS did not assess potential risks of slides, slope instability or floods as required by the manual.

Furthermore, I noted that, despite of not assessing potential risks of slides, slope instability or floods, the updated feasibility study, did not consider the issues of Human resettlement following the road construction.

This is attributed to inadequate valuation and budgeting before commencement of the project were among the reasons for not including human resettlement and risks of slides, slope stability or flooding aspects in the ToR for carrying out feasibility study.

It is my view that non assessment of potential risks of slides, slope instability or floods and issues of human resettlements may result into the future risks of slides. Likewise, non-assessment of human settlements poses risk for area that have been affected by the road construction not to be compensated as per valuation requirements such as cost and might also affect project implementation schedules.

12.1.3 Delayed Design Review for the New Wami Project

I made review of Project’s correspondence files together with the interviews held with Project Engineer, I noted that design review was not conducted prior the implementation stage. Instead, the design review was done 270 days after commencement of implementation of the project works contract.

Failure to conduct design review before implementation of project, has been caused by delayed engagement of consultant during planning stage due to unavailability of funds to align both contractor and consultant. It is my view that there is likelihood of inefficiency in constructed works during the time of no design review.

12.1.4 Inadequately Conducted Ground Investigation

According to the Ministry of Works Road Geometry Design Manual, 2012, TANROADS was required to ensure the feasibility studies include with assessment of slope stability and the location of pre-existing landslides.

I noted that TANROADS did not ensure that geological investigation was adequately done, to include geological features such as ground profile, natural or man-made cavities, degradation of rocks, soils, or fill materials, hydrogeological effects, faults, joints and other discontinuities, creeping soil and rock masses, expansible and collapsible soils and rocks, presence of waste or man-made materials.

Review of geotechnical report, has shown that, natural or man-made cavities, fill materials, hydrogeological effects, faults, joints and other discontinuities were not covered. Furthermore, the geotechnical report did not provide the recommendation(s) on treatment of the weak rocks with less rock quality, since the study noted that rocks underneath the foundation contained fractures which could affect stability of bridge under influence of the earth movement.

Exclusion of key issues has been caused by insufficient ToR prepared for the Consultancy to conduct design review. My observation and ToR on review of design, without guiding the Consultant on key specific issues to be covered.

12.1.5 Lack of Environmental Impact Assessment Certificate (EIA) for the New Wami Project

Sect. 86 (1) of Environmental Management Act, 2004 requires the proponent of a project to carry out an Environmental Impact Assessment study and prepare an Environmental Impact Statement which shall be submitted to NEMC for review.

However, I noted that Environmental Impact Assessment (EIA) study was conducted during the feasibility study and original design stage but TANROADS did not seek EIA certification from the National Environmental Management Council (NEMC).

It is my view that in absence of EIA certificate has contributed to variation on the preparation of ESMP by the Contractor whereby 9 out of 13 environmental mitigation issues which were proposed in the feasibility study were not included in the prepared ESMP.

12.1.6 Delayed Payments to the Supervising Consultant and Contractor Attracting Interest Charges of TZS 923.46 Million

My review of payment records and invoices related to the project of construction of New Wami Brige, revealed that TANROADS delayed in effecting payments to supervising consultant contrary to Clause 48.3 of General Condition of Contract and Clause 24 and 25 of Special Condition of Contract. Up to December, 2021, the Consultant had submitted 28 invoices, whereby except for invoice No. 1 and No. 28, the remaining 26 invoices (equivalent to 93% of the submitted), were delayed in payments. The delay ranged from 3 to 387 days with an average delay of 126 days. As a result, the delays have attracted interest charges amounting to TZS 89,476,316.99[13] as of 31

[13] Consultant's letter ILSHIN/AES/YCC/2021/1119 dated 1 November, 2021 transmitting Fee Note No. 31

December, 2021. In addition, TZS 40,271,528.76 related to Invoice No. 2 is still unpaid to date, which 881 days after its due date.

Further, I noted that the Contractor had submitted certificates for approval whereby the Project Manager certified 13 IPCs as at the time of this audit. However, all the 13 IPCs were delayed which was contrary to Clause 45.1 of GCC and Clause 16 of SCC. The delays ranged from 1 day to 603 days with an average delay of 176 days. As a result, the delays have attracted interest charges amounting to TZS 833,986,615.00 as of 31 December, 2021.

12.1.7 Delay In Procurement of the Project Consultant

Reg. 69 (1) of the Public Procurement Regulations, 2013 requires that the procurement planning to commence at the design stage during the identification and preparation stages of the project cycle.

Contrary to this Regulation, through review of TANROADS' Annual Procurement Plans for the financial years 2016/17 and 2017/18, I noted that, TANROADS planned to procure a Contractor, before engaging Consultant for designs review and supervision. This is because Tender No.AE/001/2016-17/HQ/W/74 for constructions of New Wami Bridge projects was included in the Annual Procurement Plan of 2016/17, while tender for the Consultancy services for design review and supervision of New Wami Bridge was included in the Annual Procurement Plan of 2017/18.

As a result, consultant was procured 270 days after the commencement of the construction work. It also contributed to delay in project completion due to the variations which were identified by the Consultant, after conducting a thorough project design reviews which was conducted after starting implementation of the project.

12.1.8 Delayed Payments to the Contractor Attracting Interest Charges amounting to TZS 5.19 Billion and TZS 5.78 Billion for Lot 1 and Lot 2 Respectively

Clause 45.1 of GCC states that payments shall be adjusted for deductions for advance payments and retention. The Employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the Employer makes a late payment the Contractor shall be paid interest on the late payment in the next payment. Clause 16 of SCC states that the interest rate to be used for late payment shall be that of the Bank of Tanzania Overall Time Deposits interest rate on three months category prevailing on the due date of payment.

On the contrary, I observed that the Contractor for Njombe Ndulamo Makete had submitted and the Project Manager certified 13 IPCs for Lot 1 up to the time of this audit. All the IPCs were delayed which was contrary to Clause 45.1 of GCC and Clause 16 of SCC. As a result, the delays have attracted interest charges amounting to TZS 5,187,081,460.79 as at the time of this audit in December, 2021.

It was also observed that the Contractor had submitted and the Project Manager certified 14 IPCs for Lot 2 at the time of this audit. All the IPCs were delayed which was contrary to Clause 45.1 of GCC and Clause 16 of SCC. As a result, the delays have attracted interest charges amounting to TZS 5,776,951,439.16 as at the time of this audit in December, 2021.

Similarly, I noted delays in paying consultants in both Lot 1 and 2 which attracted interest of TZS 166,364,060.65 and TZS 157,638,347.92 respectively up to in December, 2021 contrary to respective clauses under GCC.

12.1.9 Inadequately Conducted Feasibility Study on Slope Stability and Flood Hazard

Sect. 3.3.1 of the Ministry of Works Road Geometry Design Manual, 2011 states that Road Design, Construction and Maintenance is highly influenced by the terrain of the area through which the road traverses. Frequently, topography, slope stability, flood hazard and erosion potential are likely to be the most significant controls in the choice of the most suitable alignment and design of cross-section.

I noted that, the consultant who was engaged in conducting feasibility study for the Lot 2 Moronga – Makete (53.4 km), did not assess the slope stability and flood hazard. Hence, resulted to engaging of a consultant who was paid TZS 175 million, and the study resulted to Addendum No. 1 with a total cost of TZS 19 billion which was contributed by implementing the recommendations to address the slope instability problems.

I attribute the anomaly to non-inclusion of slope stability assessment in the terms of reference.

It is my view that in presence of adequate feasibility study, the additional cost for hiring consultant would have been avoided and multiple slope failures would have not occurred along the project area.

12.1.10 Non-Payment of Royalty and Inspection Fees From Minerals Mined and Consumed Amounting to TZS 713.1 Million

Sect. 87(1) of the Mining Act Cap. 123 (R.E. 2019) stipulates that every authorised miner shall pay to the Government of the United Republic a royalty on the gross value of minerals produced at the rate of 3% in case of building material and 1% for inspection fee. TANROADS, through the Ministry of Works and Transport, has also signed a Memorandum of Understanding (MoU) with the Mining Commission to facilitate the payments of royalties as required by Mining Act.

I noted that the Contractor for Lot 1 had not paid the required royalties and inspection to the mining commission from the start of the projects to the time of this audit in December, 2021 amounting TZS 713,131,277.50.

The non-payment of royalties and inspection fee has been caused by lack of required information from the mining commission to the employer (TANROADS) and unwillingness of the contractor to pay the same.

Non-payment of royalties leads to under collection of government revenues.

12.1.11 Use of Inadequate Hydrological Data Design for Drainage Structure

Sect. 5.7 of the Ministry of Work Road Geometric Design Manual, 2011 states that, proper drainage design is thus an essential feature of overall highway design and planning. In drawing up a drainage plan hydrological consideration such as maximum rainfall and intensity, rate of runoff and nature and amount of stream flow.

The Tanzania Meteorological Authority (TMA) report of 2020 reads; in year 2019, Tanzania received the highest rainfall ever since 1970. The report stated that in 2019 the annual mean rainfall was 1283.5mm in October, 2019 and it was the highest rainfall intensity since 1970. Also, the final design review was submitted in 25 November, 2019 thus it could have reconsidered it which is contrary to the RGDM, 2011 requirements.

I reviewed the hydrological design prepared during the original design and noted that source data for hydrological design was not effectively used.

The review of the original design done by consultant revealed that rainfall data that were used during the hydrologic design of drainage structures were from 1988 to 2008 where the average monthly rainfall intensity was 296.9mm. The design did not cover other years such as from 2009 to 2014 which was the year of design also was contrary to Chapter 5.7 of the Road Geometry Design Manual, 2011.

Furthermore, the design review by Consultant for Lot 1 also adopted all the hydrologic report established by the original design which used information even before the year of design. Also, Lot 2 design review conducted has considered that among all drainage structures, the culverts were designed as per requirements and some of culverts were relief culverts alongside the road pavement. But still did not consider change of rainfall intensity variation. It has been attributed to negligence of design requirements. It is my view that the use of the low discharge drainage structures may lead into over flooding of runoff water at the repetition of rainfall volume as of recorded intensity in October, 2019.

12.1.12 Expatriates Engaged Without ERB Registration

Sect. 14 (2) of the Engineers Registration Board Act, 2007 requires that no person shall employ or continue to employ as its professional engineer any person who is not a registered engineer.

My review of the consultant progress reports revealed that lot 1 have a record of 27 expatriates of which all 6 expatriates do not have ERB registration while for lot 2 Moronga-Makete road project have a record of 53 expatriates of which 15 expatriates do not have ERB registration which was contrary to Sect. 14 (2) of the Engineers Registration Board Act, 2007. This has resulted to lack of professional assurance of the service provided during the construction period.

12.1.13 Expatriates Working Without Work Permits

Sect. 3(1) of the Non-Citizens (Employment Regulation) Act, Cap. 436 states any employer based in mainland Tanzania and wished to engage in any work shall apply to the Labour Commissioner for a work permit.

My review of the consultant progress reports, revealed that Lot 1 has 27 expatriates, out of whom 20 expatriates do not have work permits. I also found that, Lot 2 Moronga-Makete road project has 52 expatriates of whom all 27 expatriates do not have work permits. The government is losing revenues through non-collection of work permits fees due to lack of enforcement measures by the employer.

12.2 Conclusion

Based on the findings and in-line to the overall objective of the audit; I have concluded, that TANROADS did not adequately prepared itself to ensure that the construction of New Wami Bridge and Upgrading of Njombe-Ndulamo-Makete Road, to Bitumen Standard were effectively done within the agreed time, cost and quality of work, to achieve intended project objectives.

12.3 Recommendations

Specific Recommendations for Improving Management of the Construction of Projects

TANROADS is recommended to;

a) To ensure funds availability before signing of the contracts, to timely effect payments of contractors in compliance with the terms and conditions of contract to avoid interest charges on delayed payments.

b) Ensure that it conducts comprehensive feasibility studies focused on relevant factors which could adversely affect performance of the project and obtain necessary approval from other government authorities; includes the EIA certificate.

c) Prepare adequate TOR and ensure comprehensive designs are prepared in future projects;

d) Ensure that procurement of consultants is properly conducted prior to the commencement of the project implementation;

e) Ensure adequate coordination between the Procurement Management Unit and the Tender Board, with a view to promote effective and efficient procurement proceedings.

f) Ensure implementation of project is conducted effectively by considering the planned time for each activity with timely payments for all service rendered;

g) Faciliate the availability of Work and Resident Permits and registration to all expatriate.

h) Take actions relevant to ensure the Government monies in the projects effectively managed.

CHAPTER THIRTEEN

CONSTRUCTION OF FLOOD CONTROL AND DRAINAGE INFRASTRUCTURES PROJECTS UNDER THE DAR ES SALAAM METROPOLITAN DEVELOPMENT PROJECT (DMDP)

13.0 Introduction

Dar es Salaam Metropolitan Development Project (DMDP) is among the ongoing development projects in Tanzania intending to improve urban services and institutional capacity in the metropolitan Dar es Salaam City. The project is implemented by President Office Regional Administration and Local Government (PO-RALG), and the Local Government Authorities of Temeke, Kinondoni and Ilala which are implementing agents of the DMDP projects.

The objective of the audit was to assess the implementation of the construction of Flood Control and Storm Water Drainage infrastructures in the DMDP. Specifically, it focused on reviewing the adequacy of the designs and tender documentation, procurement processes, specifications and drawings, construction quality and workmanship, cost control, time management and physical status of the project. I audited DMDP in a period from 2019/20 to 2021/22. My audit focus on the construction of; flood control and stormwater drainage in Sinza River in Kinondoni Municipality, Gerezani Creek in Temeke Municipality, Kizinga River in Temeke Municipality and Yombo River Basin in Ilala Municipality which in total worth TZS 87,475,953,783.10, Euro 6,997,636.10 and USD 6,002,654.

13.1 Key Audit Findings

13.1.1 Planning and Design Findings

Inadequate Design at the Junction Between Mkwajuni and Msimbazi River

Sect. 1212 (J) of the Standard Specification for Road Works in Tanzania, 2000 puts an emphasis for engineering designs to conform with requirements which the design seeks to address. My review of project documents noted incompatibility between the hydraulic characteristics of Sinza river and the proposed design solution at the section between Mkwajuni and Msimbazi River in Kinondoni.

The hydraulic capacity of the earlier mentioned section is highly impeded by general sedimentation enhanced by tidal effects from the Indian ocean. As such, siltation of the riverbed results into storm water overtopping of Kawawa road. The design puts an emphasis on increasing the hydraulic capacity of the existing box culverts, an intervention which will not address the root cause of the present problem. A similar observation was raised by the engineer (the consultant reference KND.DMDP/KC. JK/371) and an alternative was requested. However, the improvised design was not found in the correspondence documents. As a result, the expected DMDP objectives will not be realized.

13.1.1 Specifications, Design and Drawings of the Ponds did not Adequately address the Green Aspects

Among other objectives, for the constructed infrastructure in DMDP projects was to enhance amenities of the city. However, this requirement was included in the setup and overall design of the DMDP project. My review noted that amenity potentials associated with the proposed detention ponds (in Kinondoni and Temeke) were not fully realized and were not reflected in the project design. It was expected the ponds to be designed to deliver multi-objective functions like nourishment of urban ecosystems, recreation, aesthetic, and modification of urban microclimate in addition to flood control functions. Activities such as provision of sand trap and retention of some water for watering green structures could have a design aspect to be considered for Sinza River. As at the time of audit, the watering of the envisioned green structure is destined to draw water from the already constrained municipal supply sources.

13.1.2 Feasibility studies and preliminary design inadequately performed

Task B of the consultancy’s terms of reference explains the role of consultants about design reviews on all the four projects. The Consultants were supposed to carry out design review, review detailed engineering design reports including design reports, maps, and drawings; verify the correctness of survey data on site and previous studies, if any; and update the detailed engineering design of the various bid package and provide an overview and recommendations.

I noted that the design review was timely done by the consultant in all DMDP implementing municipalities but review of feasibility studies and preliminary designs were not adequately done. As a result, designs with inadequate details were approved for implementation to the contractors which later caused delays in execution of the project.

However, my further review of project correspondences indicated that, the consulting engineer for DMDP in Kinondoni did not receive a final copy of the preliminary design for drainage works on time. This was according to what was reported in technical meeting No. 1 of 19 February, 2019.

I also noted that, almost in all drainage sub-projects, there were design details that were implemented while the construction was on progress. Furthermore, most of the design improvements needs were raised by the contractor which implies that there was inadequate field investigations and insufficient design review aiming at identifying areas that required timely client's attention. The situation prompted re-designing of some sections of the projects while the construction was ongoing which resulted into modification of the drawings and BOQ that emanates project time overrun.

13.2 Procurement and Contract management

13.2.1 Non-Compliance issues in the procurement process

My audit noted issues related to noncompliance with bid evaluation criteria, noncompliance in the formation and composition of the evaluation team and procurement of unqualified contractor. For instance, the procured contractor to administer package 4-the Sinza river in Kinondoni did not meet all the bid evaluation criteria, its bid was technically and financially not responsive. Because of that, the evaluation team proposed a lowest evaluated firm, however, the tender board and the world bank team provided inputs in the process by waving some criteria and suggesting a re-evaluation to be conducted. After this second evaluation the current contractor was obtained. The reason for waving some criterial was not genuine.

However, the effect to procuring the compliant contractor was noted during the implementation of the project. The Project experienced the temporarily suspension of work for two months. The suspension was because of the delayed payment as the contractor was facing the serious cash flow problem. The project has undergone many extensions and yet the works were incomplete. At the time of this audit (December, 2021) the contractor was extended for more than 12 months and the executed work was 80.22% instead of 100 % as planned.

13.2.2 Time Overruns due to Inadequate Management of Contract

All audited projects were not adequately managed in term of control of time overrun. All projects were behind the approved program of work. Each project was granted at least three extensions of time. The additional works, design modification and late payment of IPC also contributed to the delay.

However, lack of stringent measures to curb work delays by the contractor and failure of the consultant to instruct the contractor to develop a plan to recover the lost time have ill-affected the project.

13.3 Financial Management Aspect

13.3.1 LGAs Implementing DMDP Delayed in Making Payment

The LGAs implementing DMDP were not better positioned in managing the flow of funds in in line with the contracts. Lack of an integrated review and approval system has led into prolonged reviews and certification of the interim payment certificates. The payment procedure laid- down by DMDP project is bureaucratic and creates redundant bottlenecks. Payment certification process start from the consultants, then to Municipal Director, then to PO-RALG Project Coordinating Unity, to PO-RALG, ending-up at the Ministry of Finance.

The LGAs are devoid of a simplified system to ensure that all the approval process was completed within time stipulated in the contract.

13.3.2 Delays in Payment to Contractor Claims Lead to Interest Charges of TZS 972.57 Million

Caluse 41.1 of signed contracts requires payments related to the certified IPC to be made within 28 days from the date the amount is certified by the project manager, failure of which attract interests. However, examination of interim payment certificates (IPC) and review of monthly and quarterly progress reports shows that, there were a delay of of all interim payments made to contractor from 47 to 476 days for Package four and 51 to 122 days for Package five in Temeke MC; 5 to 86 days for Package four in Kinondoni MC and three to 100 days in Ilala MC. This attracted interest of TZS 554,946,409.08 total in Temeke MC; TZS 204,357,263.37 in Ilala MC and TZS 213,264,460.89 in Kinondoni MC that leads to a penalty amounting to TZS 972,568,133.34 as shown in **Table 13-1**. The delayed payments significantly affect implementation of the projects due to unpromising contractors' cash flows and may cause additional project costs due to interest charges as penalty from the delays.

I further noted that, delays in making payments to the contractors were caused by prolonged approval process from the consultant, responsible LGAs, project manager under PO-RALG, and disbursements of funds from the Ministry of Finance and Planning. It came to my understanding that availability of funds for the project was not guaranteed from onset of the project as evidenced by erratic and serious delays of payments during contract implementation. This is contrary to Sub Regulation 75(1) of GN No. 446 of 2013 (as amended in 2016) which requires procuring entities to ensure that funds are allocated or committed before commencing procurement proceedings.

Table 13-1: Interest Charged from Delayed IPC Payments

Contract No.	Total Number of IPCs	Interest (TZS)
Package 4: Sinza River	12	213,264,460.89
Package 4: Gerezani Creek	8	433,474,966.00
Package 5: Kizinga River	6	121,471,443.08
Package 3: Yombo River	11	204,357,263.37
Total		**972,568,133.34**

Source: *Analysis of financial reports, 2021*

13.4 Health, Safety and Environment Aspect

13.4.1 Baseline Environmental Conditions and its Associated Impacts were not Adequately Addressed in the ESIA

My review of Environmental and Social Impact Assessment (ESIA) for the four projects noted that, the baseline environmental condition against which the impact of the project will be measured was not well presented. This is because the conducted ESIA did not provide adequate account of factors affecting the stormwater quantity and quality. As a part of a preliminary project design, ESIA was supposed to establish baseline environmental conditions of the project area that includes the status of land use pattern and land use changes. These two are crucial in estimating the imperviousness coefficient of the project areas. As highlighted earlier, the estimation of this important hydrological parameter (imperviousness coefficient) was done in detail. The course resolution digital elevation model used was (90mx90m), this scale was big (e.g., 10 times more) for the catchment areas of the rivers under the investigation.

Based on the interview with project officials, this report was approved by NEMC the regulatory authority on environmental issues. However, the audit point of view is that the review was not adequately done. I further noted that, basing on the ESIA report, the identified impacts were not mitigated before the establishment of the project. There were no mitigation and implementation plan for the impacts such that, the soil pollution, surface, and ground water contamination. However, all these parameters were not adequately dealt with before the establishment of the project.

13.4.2 Non-Incorporation of Stakeholders' Comments into ESIA Report

ESIA is used as a tool to solicit stakeholders' concerns on design, implementation, and sustainability plans of the project. Based on review of the environmental report related to the DMDP project, the auditors learnt concerns and issues raised during the stakeholder's consultation, as follows;

Among concerns raised, was from the Wami/Ruvu Basin Authority. The Wami/Ruvu Basin Authority, being a key stakeholder, recommended that the design of stormwater management infrastructure under DMDP should take the Dar es Salaam aquifer recharge, as a high priority case. However, the audit noted that, the design introduced the construction of the detention ponds (dry ponds) instead of promoting aquifer recharge through a retention pond (wet ponds). Thus, the concerns of the Wami/Ruvu Basin Authority who are the custodian of the affected watershed was not adequately incorporated.

13.5 Overall Conclusion

Despite the efforts of the PO-RALG and the LGAs in administering the Dar es Salaam Metropolitan Development Project in improving City Drainage Systems, appropriate actions were not taken to ensure the contractors, and consultants were fulfilling their obligations in accordance with terms and conditions in the contracts. Design of projects and tendering activities, including preparation of specifications, drawings, BoQs, procurement process, administration of the projects were not efficiently done, resulting into substantial changes in the scope of works, thus ill- affecting the overall completion time of the projects and quality standard.

13.6 Recommendations

Based on the audit, I noted a number of efforts made by both, the PO-RALG and the Dar es Salaam Metropolitan Development Projects, in ensuring Projects meet the required standards and are completed within the fixed timeline of each project. However, the Ministry and

DMDP are required to make necessary improvements, on areas that need to be improved for future projects.

Recommendations to the PO-RALG

(a) PO-RALG through the DMDP projects Coordinating Unit should enhance its review process and quality assurance system to ensure that, consultants doing the feasibility studies and designs are well managed and monitored to ensure all employer requirements are addressed in the design to have sustainable and long-term stormwater management plan, flood control in Dar es Salaam region.

(b) PO-RALG through the DMDP projects Coordinating Unit should review the project designs, Specifications, Drawings and BOQs to avoid omissions and inadequacies in Tender Documents which will ultimately require alterations to the contracts during construction; and

(c) PO-RALG and Ministry of Finance and Planning ensure that the payment certificates are disbursed within the stipulated timeline to reduce the government burden in paying interest charges as penalty.

Recommendations to the Local Government Authorities implementing DMDP Projects

The management of DMDP in each respective LGA should:

(a) Ensure full compliance with the existing procurement procedure and regulations to acquire the appropriate bidder for works and should ensure that non-compliance bidders are not considered in further evaluation process;

(b) Strengthen its contract Management mechanism to ensure that the project adhere to the approved schedule of work, and Environmental Management Plan is implemented, and all contractual documents are properly kept for ease retrieval;

(c) Ensure it strengthen its system for review of design and other technical aspects of the projects to minimize the risk of approving incomplete designs, drawings and BOQs. This will reduce incidence of re-designing and modifying of drawings and BOQs while the project is on progress.

(d) Strengthen supervision of construction projects by ensuring that, both consultants and contractors comply to the safety requirement, timeliness and attain the required quality of the built infrastructure; and

(e) Address all social economic activities for the affected communities as well as implementation of mitigation measures of risks related to environmental and social impact.

CHAPTER FOURTEEN

COMPLIANCE AUDIT OF REGIONAL RUSUMO FALLS HYDROELECTRIC PROJECT (RRFHP)

14.0 Introduction

The Republic of Burundi, the Republic of Rwanda and the United Republic of Tanzania have received funds from the World Bank to implement Regional Rusumo Falls Hydroelectric Project (RRFHP). The three countries through the shareholding Agreement and the Implementation Agreement, jointly seek to develop the 80MW Regional Rusumo Hydroelectric Plant through a Special Purpose Vehicle Company, the Rusumo Power Company Limited (RPCL). The project started on 11 July, 2014 with expected completion date of 31 December, 2020 which was later revised to 31 March, 2023.

This compliance audit was conducted jointly (audit commission) by United Republic of Tanzania, Republic of Burundi and Republic of Rwanda. Objective of the audit was to determine whether RRFHP complied with applicable laws, regulations, guidelines and realized value for money in incurring expenditure for the period from 24 January, 2014 up to 30 June, 2021. In the following paragraphs I present key findings from the audit;

14.1 Planning, Design and Procurement

14.1.1 Irregularities Noted During the Evaluation of the Tender Related to CP1- Civil Works and Design, Supply and Installation of Hydro-Mechanical Equipment

On 15 January, 2015, Rusumo Power Company Limited (RPCL) advertised through the International Competitive Bidding (ICB) a specific tender notice (Invitation to prequalification) whereby a total of 35 contractors or Joint-Ventures (JVs) submitted their application documents for pre-qualification. Out of the 35 applicants, 8 were not submitted, 27 applicants comprised 18 who applied to be prequalified for Construction Package CP-1 only, while 9 applied for both CP-1 and CP-2). The Audit Commission noted that only 17 applicants were pre-qualified after meeting the requirements set for CP-1.

In April 2015, the bidding documents were prepared based on the World Bank's guidelines using the standard bidding document for procurement of works.

On 17 December, 2015, the World Bank (IDA) gave the no-objection on the bidding documents. The bidding document for the construction of civil works (CP-1) of the RRFHP was subsequently issued on 21 December, 2015.

On 27 December, 2015, 17 pre-qualified bidders were invited to submit their bids up to 15 March, 2016, this was afterward changed to 1 April, 2016 (which was the date of opening of bids). On 27 January, 2016, the project made a site visit with the interested bidders. The Audit Commission noted that out of 17 pre-qualified only nine applicants submitted their bids.

On 13 April, 2016, the tender Committee jointly evaluated by representatives of NELSAP, REGIDESO[14] of Burundi, EDCL[15]/REG of Rwanda, and the project consultant, AECOM met and the following evaluations were made namely preliminary examination of the bids; technical evaluation and commercial or financial evaluation.

During evaluation exercise, the evaluation committee assessed 9 bids whereby four bids were rejected during the preliminary and technical evaluation, namely Mota-Engil Engehnaria-Contrucao Africa SA; CATIC-/HBWCEB Joint Venture; CGCOC-JWHC Joint Venture; and CGGC - SOMA Joint Venture.

Five bids that passed evaluation after the preliminary and technical evaluation are from Ozaltin-Maltauro JV; STRABAG-DYWIDAG JV; CMC-ITINERA Rusumo JV; SBI International Holdings AG; and SINOTEC-ZZHPC Consortium.

[14] Régie de Production et de Distribution de l'Eau et de l'Electricité
[15] The Energy Development Corporation Limited

After the financial evaluation, the evaluation committee recommended that the tender related to Civil Works and Design, Supply and Installation of Hydro-Mechanical Equipment (CP-1) be awarded to Ozaltin-Maltauro JV. The bid was qualified as responsive in all technical and commercial aspects with USD 93,960,447.99 for a period of 36 months as detailed below:

On 19 April, 2016, the evaluation committee submitted the evaluation report to World Bank and requested for a no-objection. On 26 April, 2016 the World Bank responded by recommending the evaluation committee to conduct due diligence on successful bidder. However, the Procurement and Disposal Committee was unable to provide results of the due diligence despite the audit commission repeated the requests.

Despite the failure to provide the due diligent results, Audit Commission noted that in July 2016, three months later, the evaluation committee conducted another evaluation for the said tender whereby CGCOC-JWHC Joint Venture was awarded the same tender for USD 75,134,641.16 without any evidence that the due diligence was required and conducted on CGCOC-JWHC Joint Venture as well. The evaluation committee prepared an evaluation report and submitted it to WB for No-Objection.

The review of the procurement process of the tender relating to Civil Works and Design, Supply and Installation of Hydro-Mechanical Equipment (CP-1), revealed the following irregularities:

14.1.2 Awarding Tender to Bidder who did Not Fulfil the Preliminary Requirements

Sect. 2.59 of World Bank Guidelines Procurement of Goods, Works, and Non-Consulting Services of January 2011, revised in July 2014, states that the Borrower shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined to be substantially responsive to the bidding documents; offer the lowest evaluated cost and a bidder shall neither be required nor permitted, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

Contrary to the above provision, the Audit Commission noted that due to major deviations from the above requirements the CGCOC-JWHC Joint Venture did not fulfil the preliminary requirements and was therefore disqualified at the preliminary evaluation stage. The Audit Commission failed to understand under what circumstances, the tender was subsequently awarded to this joint venture which was not among the five bidders who passed preliminary and technical evaluation.

The lowest bidder did not meet key technical criteria and therefore was not supposed to be considered for financial evaluation.

14.1.3 Overstated Contract Amounts Due to the Wrong Choice of the Successful Bidder

The Audit Commission noted a difference of USD 25,648,355.31 between the amount of the successful bidder USD 93,960,447.99 and the contract amount plus its variation orders of USD 119,608,803.30 as per the progress report of July 2021 (990.010811: National Bank of Rwanda's exchange rate on 30 July 2021). The total payments made amounted to USD 85,943,042.40 as at 30 June 2021.

As a result, the project will unnecessarily use funds that would have been saved by awarding the tender to the successful bidder. This will increase the cost overrun.

The explanations provided to the Audit Commission revealed that the financier rejected the evaluation report and recommended that the lowest price bidder be retained highlight serious flaws in the procurement process, which include the following:

(a) The technical criteria were disregarded and best practices in procurement that put technical considerations above financial considerations were not observed;

(b) There was a conflict of responsibilities between the financier and the evaluation committee. The response indicates that, the financier recommended the lowest bidder be kept. The tender was subsequently awarded to the mentioned bidder. While the response indicates that the evaluation exercise was reviewed, no explanations have been provided on how technical deficiencies of the bidder were addressed or redressed. Based on these circumstances Audit Commission believes that, the evaluation committee did not make an independent decision to second the bidder that was to be approved through a no-objection by the financier.

Furthermore, while Audit Commission acknowledge that contract cost was likely to increase because of prices adjustments, Audit Commission remain concerned that technical capacity issues on the contractor side identified during the tender evaluation contributed to the variation orders and therefore overall increase of the contract cost.

Audit Commission recommend to the management to;

(a) ensure that the value for money is considered during tender evaluation and ensure that RRFH Project is acquiring quality works and services at a competitive price;

(b) ensure that bids evaluation and comparison are based on the procedures and criteria set out in the tender document and nothing can be added or deleted thereon; and

(c) investigate circumstances surrounding the cost overrun and follow up to ensure that any amount that might have been paid in excess is recovered. In addition, the management of the project should exercise due care in contract negotiation and management to avoid unnecessary variations which constitute ineligible expenditure.

14.1.4 The Conducted Feasibility Studies Did Not Reflect the Actual Conditions of the Construction Site Resulting in Additional Cost for Site Investigations

The final feasibility design report on the geological and geotechnical Site Investigation of January 2012 indicated that, the conducted feasibility study was inadequate. The geological and geotechnical site investigations of 2009 were deemed to complement the previous geological studies which were conducted from October 1977 to May 1978 and pre-feasibility study report of March 1979[16].

According to the final feasibility design report, the projected location of the Dam, Cofferdam, tailrace tunnel and Power House lacked fundamental information on foundation condition and rock quality. This report indicates that the past feasibility studies were questionable on the quality of rock due to incorrect assumptions which could lead into unexpected changes in the design of certain hydraulic structures once the project is at detailed design engineering and construction stage. Likewise, the final geological and geotechnical site investigations as final Feasibility Design was conducted in 2012 to ascertain the complementary studies conducted from 1977 to 1978, 1979 and 2009 consecutively.

Consequently, the final feasibility design report Volume 5 of January 2012 regarding geology and geotechnical site investigation provided conclusions based on the 2009 site investigations which did not provide accurate information on the condition and nature of existing insitu rock in the location of constructed hydraulic structures (i.e., Dam, Cofferdam, tailrace tunnel and Power House) which lacked accurate geo-engineering information of rock in their respective locations.

Audit Commission is of the view that, the conducted feasibility studies and additional feasibility study conducted by the Owner’s engineer were inadequate and did not provide clear engineering details to the actual properties and technical aspects of Rusumo Hydroelectric Plant. This is because, there are a lot of changes and

[16] Final Feasibility Design Report; January 2012

claims raised due to methodological changes, change of type of materials as stipulated in previous and current studies.

This had led to the project cost overrun amounting to USD 15,263,167.56[17] (comprising Frw 347,939,297.43 and USD 14,289,631.52, CAD 137,726.00 and Euro 430,112.00) due to lack of detailed engineering information. In addition, the presence of inadequate information of geological features could transform into a significant increase in cost due to the increased quantity of rock excavation and construction timeframe due to inadequate designs.

This has contributed to delays in the overall project milestone, hence the value for money could not be realised as the project was not ready to serve its intended purpose and to bring positive impact to beneficiaries' citizens and residents of Burundi, Rwanda and Tanzania.

Audit commission recommend to the Management to ensure that, there are measures in place to minimize the project cost due to inadequate geological and geotechnical investigations due to rock excavation work and adhered to recommended suitable methods for protection of rock type.

14.2 Contract Management Aspects

Audit Commission noted the following anomalies in management of contract signed between Rusumo Power Company Ltd (RPCL) with CGCOC Group Ltd-JIANGXI Water & Hydropower Construction company Ltd Joint Venture on 09 November 2016 for the civil works and design, supply and installation of hydro mechanical equipment. The initial contract amount was USD 67,735,409 and Frw 5,693,043,217.

14.2.1 Unjustified Project's Cost Overrun

Review of cost management of the above contract found that since the start of the execution of the contract, significant cost variations were noted and the cost of works certified by Owner's Engineer has

[17] Exchange rate used is the average of 30 June, 2021

exceeded the initial contract amount by USD 15,117,206.83 as shown in **Table 14-1** below;

Table 14- 1: Cost Variations

Contract name	Amount	
	USD	Frw
Civil works and design, supply and installation of hydromechanical equipment (CP-1)		
Initial contract amount (A)	67,735,409.00	5,693,043,217.00
Interim Payments Certificates (IPC) accumulated up to May 2021 as per Owner's Engineer progress report of July 2021 (B)	82,852,615.83	4,052,924,418.76
Cost overrun (C=B-A) for CP-1	**15,117,206.83**	**Not applicable**
Percentage of excess costs to the initial contract amount (C/A) *100	**22%**	**Not applicable**

***Source**: Progress reports, contract files and IPCs*

Further review of the Owner's Engineer report for July, 2021 shows that among the causes of the cost overrun are amounts of change orders and price adjustments amounting to USD 45,206,151.25 and Frw 907,599,477.84 as shown in **Table 14-2** below;

Table 14- 2: Amounts of Change Orders and Price Adjustments

Description	Amount in USD	Amount in Frw
Contract amount (A)	67,735,409	5,693,043,217
Variation orders (B)	25,369,662.06	298,571,781.76
Price adjustments (C)	19,836,489.19	609,027,696.08
Total D=(B+C)	**45,206,151.25**	**907,599,477.84**
Percentage of increase to the initial contract amount E=(D/A) *100	**67%**	**16%**

***Source**: Progress reports, contract files and IPCs*

The above weaknesses were derived from poor contract negotiation whereby the contractor was provided with a room to vary costs at any time. This was noticed in article 8-part A of the contract whereby it was stated that only variations resulting in an increase in the accepted contract amount more than 5% shall require approval of the RPCL (Employer). This means that variations below the specified rate were granted without approval of the Employer.

The likelihood of cost increase is high as works have not yet been completed and the overall status of the Regional Rusumo Falls Hydroelectric Project is now at a combined total of 81.4% of completion rate as per Project Implementation Unit (PIU) report of June 2021.

It worth noting that request for all documentation of all changes in costs was sent and there were no any verifiable documents provided to auditors to validate the groundness and efficiency of each variation.

14.2.2 Abnormal Price Adjustments and Variation Orders Amounting to USD 45,206,151.25 and Frw 907,599,477.76

The review of management of the above contract, the Audit Commission revealed unjustifiable adjustments through changes in cost and variation orders added up to each interim payment certificate (IPC). The total amount of price adjustments and variations accumulated up to IPC No. 44 amounted to USD 19,836,669.22 and Frw 609,027,646.09 for price adjustments and USD 25,369,662.06 and Frw 298,571,781.76 for variation orders as per current supervision report of the Owner's Engineer, details are shown in **Table 14-3** below;

Table 14-3: Abnormal Price Adjustment and Variation Orders

Description	Amount (USD)	Amount (Frw)
Total amount of 44 IPCs before price adjustments (A)	47,690,873.56	4,040,933,199.24
Adjustment for change in costs (B)	19,836,489.19	609,027,696
Percentage of adjustment to original IPCs (B/A) *100	**42%**	**15%**
Total amount of 44 IPCs before price adjustments (C)	47,690,873.56	4,040,933,199.24
Variation orders (D)	25,369,662.06	298,571,781.76
Percentage of variation orders to original IPCs (D/C) *100	**53%**	**7%**
Total (B+C)	**45,206,151.25**	**907,599,477.76**

Source: *Contract documents January 2014-June 2021*

The Audit Commission requested for all documentation of all price adjustments and variation orders from the management. However, Management was unable to provide any verifiable documents up to 23 August, 2021 to validate the grounds and efficiency of the above adjustments and variations.

Unsupported price adjustments could be attributed to poor contract management.

Audit Commission recommend to the Management of the project to investigate circumstances surrounding the above price adjustments and follow up to ensure that any amount that had been paid in excess is recovered. In addition, the management of the project should exercise due care in contract negotiation and management to avoid unacceptable price adjustments which might constitute irregular expenditure.

14.2.3 Wasteful Expenditure Related to Delay Damages Paid to Contractors USD 3,733,506.51

The review of the execution of the contracts for Civil Works and Design, Supply & Installation of Hydro-Mechanical Equipment (CP-1) and for the design, supply, installation and commissioning of electromechanical equipment (CP-2) revealed that the Employer paid avoidable costs for cases lost after ruled by the Disputes Board (DB). The total amount paid amounted to USD 3,733,506.51[18] (comprising Frw 206,773,340; USD 1,786,098; and Euro 1,465,875).

Further, it was noted that the DB had a conviction that the Employer's failure to give the access road to the contractor was the main cause of the Powerhouse delayed Completion and in turn, delayed completion of the milestones of the contract. The payment of the unnecessary costs could be attributed to lack of due care in contract management by the Employer. Hence, the amounts paid constitute wasteful expenditure.

Audit Commission recommend to the Management of the project to exercise due care and avoid any possible payment of wasteful expenditure.

14.2.4 Inadequate Management of Owner's Engineer Contract Phase 2 Leading to Increase of Contract Cost

On 21 April, 2014 NELSAP and joint venture of AECOM Consultant Inc & Artelia EAU Environment entered a 58 months contract for provision of consulting services on phase-2 being design and

[18] Exchange rate used is the average of 30 June, 2021

construction stage worth CAD 7,562,789.10, Euro 2,719,148.36 and Frw 2,430,808,744.

The review noted that eleven (11) addenda of contract for provision of consultant services on phase 2 have been signed between NELSAP and joint venture of AECOM Consultant Inc & Artelia EAU Environment as of 30 June, 2020. The addenda contracts have increased the contract costs to CAD 14,159,474.12, Euro 8,357,222.48 and Frw 6,028,408,486.31 as shown in the **Table 14-4** below;

Table 14- 4: Total Costs of the Contract Inclusive of the Addenda

Contract/Addendum	Costs (CAD)	Costs (Euro)	Costs (RWF)
Original Contract (A)	**7,562,789.10**	**2,719,148.36**	**2,430,808,744**
Addendum no. 1	137,726.00	430,112.00	-
Addendum no. 2	-	-	-
Addendum no. 3	38,463.00	-	-
Addendum no. 4	8,550.00	-	-
Addendum no. 5	83,046.00	-	-
Addendum no. 6	83,575.99	45,848.55	-
Addendum no. 7	837,785.91	565,390.41	458,447,509.80
Addendum no. 8	17,720.54	1,445,893.05	480,192,157.61
Addendum no. 9	729,754.38	449,904.38	306,515,457.50
Addendum no. 10	1,934,198.70	1,352,517.73	874,719,033.90
Addendum no. 11	2,725,864.50	1,348,408.00	1,477,725,583.50
Total addenda (B)	**6,596,685.02**	**5,638,074.12**	**3,597,599,742.31**
Total (A+B)	**14,159,474.12**	**8,357,222.48**	**6,028,408,486.31**
Percentage of addenda costs to initial contract amount (B/A*100)	**87%**	**207%**	**148%**

Source: *Original Contract and Addenda contracts January 2014-June 2021*

However, during the review of the addenda, the Audit Commission noted that there are addenda which are of duplication of work and some have no justifiable reasons as to why there should be an addendum since they are result of inadequate design work by owner's engineer under consultant contract of phase 1 and failure of project implementing unit to effectively supervise and monitor the progress of work as per contract. This resulted unnecessary costs incurred by NELSAP on duplicated and unjustifiable activities.

In addition, the Audit Commission noted that Owner's Engineer worked over five months, without a valid contract from January 2021 to 11 June, 2021 until when addendum Nº. 11 was signed. The supporting Addendum No. 10 expired on 31 December, 2020. Total amount paid for the work of that period without valid contract totalled USD 1,422,945.84 of which includes USD 102,397.60 paid on 22 June, 2021 after signing the contract. The supporting Addendum No. 10 expired on 31 December, 2020 and there was no addendum for 5 months and 20 days up to 11 June, 2021 when addendum No. 11 was signed. The above anomaly could be attributed to lack of due care in contract management by the implementors of the project.

Audit Commission recommend to the management of the project to investigate and provide clarifications or reasons as to why such addendum were approved and payments were made to consultant by the project implementing unit without having valid contract by the project implementing unit. In addition, the management should enhance contract management skills to its project implementing unit to avoiding signing addenda which are of duplicated and unjustifiable activities that lead to unnecessary additional costs.

14.2.5 Unsupported Payments from Provisional Sum

The Rusumo Power Company Limited (RPCL) entered into Agreement on 9 November, 2016 with CGCOC Group Ltd-JIANGXI Water and Hydropower Construction Company Ltd Joint Venture of the People's Republic of China for Civil Works and Design, Supply & Installation of Hydro-Mechanical Equipment (CP-1), a part of Rusumo Falls Hydroelectric Project. The Contract Price is USD 67,735,409 and Frw 5,698,043,217 excluding taxes. The effective date of project commencement was 13th February 2017 and expected completion date was 13 February, 2020 equivalent to 36 months.

Paragraph 13.5 of the above contract specified that each provisional sum shall only be used, in whole or in part, in accordance with the Engineer's instructions, and the contract price shall be adjusted accordingly. The total sum paid to the Contractor shall include only such amounts, for the work, supplies or services to which the provisional sum relates, as the Engineer shall have instructed. The Contractor shall, when required by the Engineer, produce quotations, invoices, vouchers and accounts or receipts to substantiate claim for payment of provisional sum.

However, the Audit commission noted that from the start of execution of this contract up to Interim Payment Certificate 45 (IPC 45) the employer paid amount totalling Frw 33,290,839 and USD 315,375.66 as Provisional sums/day work activities which were not substantiated by any supporting document.

Further, paragraph 13.6 of the contract relating to day work states that for work of a minor or incidental nature, the Engineer may instruct that a variation be executed on a day work basis. Before ordering Goods for the work, the Contractor shall submit quotations to the Engineer. When applying for payment, the Contractor shall submit invoices, vouchers and accounts or receipts for any goods.

However, it was noted that day work was paid as provisional sum while it is a separate contract provision. The payment of the above costs without supporting documents could be attributed to lack of proper contract management by the Employer.

Audit commission recommend to the Management of the project to exercise due care and ensure that terms of the contract are complied with before approving any payment to the contractor.

14.2.6 Evaluation of Interim Payment Certificates (IPC 1 to IPC 45) for CP -1 were not Based on Actual Executed Works as Indicated in BoQ

Sub clause 12.3 of GCC for CP-1 Project requires to execute determination as per sub clause 3.5 of GCC to agree of determine the Contract Price by evaluating each item of the work, applying the measurement the measurements agreed or determined in accordance with the above sub-clause 12.1 and 12.2 and the appropriate rate or price for the item.

It was expected Owner's Engineer and NELSAP-CU to ensure payments for CP-1 are as per actual executed works as required by the entered agreement terms and conditions.

However, through reviews of the availed payment invoices for CP-1 Interim Payment Certificate (IPCs) we noted that the IPCs (1 to 45) lacked justification and supporting document of executed works amounting to USD 85,943,042.40. This was due to inadequate cost control for executed works. The measurements of each item in BoQs were not attached with the submitted IPCs' Payments. As a result, Audit commission were not able to scrutinize if the payment made for CP-1 was as per actual executed works.

The above loophole was due to inadequate cost control on the execution of RRFHP and non-adherence to terms and conditions of Contract.

Audit Commission recommend to the Management to submit supporting evaluation or determination reports, measurement sheets for the paid and executed CP-1 works. In addition, the Management need to adhere to terms and conditions of contract on payments to be made or made to CP-1 executed works.

14.2.7 PC Raised and Paid for Works Below 1% of the Contract Amount Contrary to the Contract

According to conditions of the contract signed between Rusumo Power Company Ltd (RPCL) and CGCOC Group Ltd-JIANGXI water &hydropower construction company Ltd Joint Venture for the civil works and design, supply and installation of hydro mechanical equipment, the minimum amount of interim payment certificates should be at least 1% of the agreed contract amount.

Contrary to the above requirement, RRFHP paid an amount of Frw 728,682,567 and USD 3,328,902.44 whereby the amount certified was less than 1% of the contract amount. These weaknesses could be attributed to lack of due care in contract management by the implementors of the project.

The payments made below set minimum threshold implies underperformance of the project and this contributed to the delay in completing the works because the contractor has been reluctant to perform the works.

Audit Commission recommend to the Management of the project to ensure that it approves only the interim payment certificate above the threshold and this will speed up works and the project be completed without unnecessary delays.

14.3 Quality Control and Assurance

14.3.1 Lack of Quality Control and Quality Assurance Plan for RRFHP

Sub clause 4.9 of Contract CP-1 requires the Contractor to constitute a quality assurance system to demonstrate compliance with the requirement of the Contract. The system expected to be in accordance with details stated in the contract whereby the Engineer was entitled to audit any aspect of the system. It also requires all detailed procedures and compliance documents to be submitted to the Engineer for information before execution of works. Similarly, it requires any document of technical nature issued to the Engineer, evidence of prior approval by the Contractor himself should be apparent on document itself.

Moreover, it stated that, the Compliance with the quality assurance system should not be to perform his duties, obligations or responsibilities under the contract.

Furthermore, section 6.6.1 of Technical Specifications of contract CP-2 requires the Contractor to submit its Subcontractors' quality Assurance plan or plans for Project Manager's Approval. Section 6.6.2 also requires the Contractor to submit its subcontractor's inspection and testing procedure specifications for Project Manager's approval.

Thus, it was expected that Contractor(s) CP-1 and CP-2 to have Quality Control and Quality Assurance Plans (System) in place with detailed procedures, method statements, inspection test plans, Testing and Acceptance, Testing and Commissioning of plant. The compliances and non-compliances with the executed activities was not ascertained for the executed works excluding ESHS activities.

However, Audit Commission noted that, the project lacked Quality Control and Quality Assurance Plan (s) (QA/QC) for the CP-1 and CP-2 works. This brought about to the questionable quality of executed woks for CP-1 and CP-2. Despite the lack of QA/QC plans, Audit Commission requested information regarding conducted tests however neither test results nor approved methods statement and inspection test plans (ITP) were availed to auditors for further scrutiny to ascertain the quality of RRFHP executed works.

Lack of quality assurance and quality control plans was due to non-adherence to terms and condition stipulated in the contract.

Audit Commission expected that RRFHP to have an approved Quality Assurance and Quality Control (QA/QC) Plan for both CP-1 and CP-2. However, RRFHP has neither approved Quality Assurance nor Quality Control Plans for CP-1 and CP-2. Similarly, the letter ref No. OE-CJ-00159 dated 30 September, 2017 indicated that the QAP document was incomplete. The reference is also made to letter No. OE-CJ-00319 dated 30 December, 2017 the QAP for CP-1 was rejected due to some missing activities.

The review of availed Quality assurance Plan (QAP) for CP-01 Contractor Audit Commission noted that, the QAP was irrelevant and unreliable to justify that, the RRFHP has QA/QC Plan.

Further review of QAP for CP-1 Audit Commission noted the following weaknesses: the document was not approved and stamped; the ISO certificates had expired since 15 September, 2018; the document was not coded (numbered) as referred to the ISO Quality Assurance system.

Therefore, Audit Commission conclude that, there is no evidence of Quality Control and Quality Assurance (QA/QC) plans leading to unreversible quality gaps for the Regional Rusumo Falls Hydroelectric Project (RRFHP)

Questionable quality of executed work due to noncompliance with specified specifications and standards.

Audit Commission recommend to the Management to ensure that, there is quality control and quality assurance plan(s) system to have assurance of quality on the executed works.

CHAPTER FIFTEEN

CONCLUSION

15.0 Introduction

Despite the detailed findings and recommendations made in this report, it is important to remind the Government and Project Implementers, on key issues and suggest overall actions to be taken and a Way Forward.

15.1 General Conclusion

In bird's eye view the Government has made substantial efforts in ensuring the development projects undertaken by MDAs in collaboration with Development Partners (DPs) achieve its year 2020/21 budget objectives and overall, Five Year Development Plan Phase II (FYDP II) - 2016/17-2020/21 whose implementation is ending in the financial year 2020/21.

The Government, has taken serious initiatives in developing various sectors, especially those sectors which are supporting infrastructures, a key component, in transforming Tanzania into a middle-income country through industrialization and human development. For instance, in the financial year 2020/21, Government continued to implement flagship projects in energy, water and transportation sectors apart from other projects which cater for education, agriculture, social and multi sectors.

I also acknowledge the Government's initiatives in addressing the challenges encountered by the communities; particularly in Social Sector by introducing TASAF III PSSN Project, launched on 1 April, 2020 which operates nationwide covering 186 Projects Area Authorities (PAAs) on the Tanzania Mainland and Zanzibar. It is my expectation, that projects will improve access to low- income earning opportunities and socio-economic services for targeted households.

It is my expectation that, the objective will be achieved by effectively and efficiently supporting the beneficiaries to have access to productive cash transfer, public works and basic livelihoods support, with facilitation of committed employees in allocating and disbursing funds.

Apart from the efforts taken by the Government, my analysis, shows, a recurrence of deficiencies, observed in my previous reports; about the management of the development projects in the country. The main challenges noted, emanate from internal controls on financial management, procurement and project performance management. There are various deficiencies, derived from technical reports, related to the implementation of construction of development projects in transport, water, energy and agriculture sectors in the country. The major challenges also encountered in contract management, as repeatedly observed in most of the audited construction projects, including the joint compliance audit conducted by my office in collaboration with Supreme Audit Institutions of Rwanda and Burundi on implementation of Regional Rusumo Falls Hydroelectric Project (RRFHP). It is my hope, that, this report, will be used as an input in efficient implementation of the Five Years Development Plan III (FYDP III) - 2021/22-2025/26.

15.2 Specific Conclusion

15.2.1 Financial Performance

My conclusion in the financial management covers the status of the opinions issued, implementation of prior years' matters, as well as issues relating to financial management.

My analysis shows that more than 90% of Projects sustained unqualified opinions for five consecutive years, from 2016/17 to 2020/21. It is my view that, this favourable trend will improve the decision-making process among, the users of financial statements and elevate the credibility of Project Implementers in the eyes of stakeholders, that funds entrusted to the projects are being used for the intended purposes.

I am concerned with unsatisfactory implementation of prior year's audit recommendation as the rate of implementation is still below 50% for four consecutive financial years i.e., 2017/18 to 2020/21.

Unfortunately, I am compelled to repeat some recommendations and audit reports could be translated into non-prioritization of my recommendation by the respective project implementers. The very presence, of long outstanding audit recommendations, exposes respective Project Implementers to financial and operating risks.

In my opinion, Accounting Officers, need to adopt strategies which will facilitate mitigation of repetitive outstanding issues, especially those related to expenditure management and non-compliance with projects' agreements.

In view of that, expenditure management area should be given closer attention since it is critical to the sustainability of Development Projects in the Country.

For instance, I have observed that there were delays in paying the contractors for a period that ranged from seven to 222 days for certified work, amounting to TZS 209,001,359,573.87 though their claims were submitted on time, by respective contractors of projects under transport, energy, education and water sectors. Delays in paying contractors attracts financing cost and are tempering with the Government's reputation and occasionally, could lead into unnecessary disputes.

I also noted payments of TZS 2,600,000,000 which was made through Health Sector Program Support (HSPS) to ten health facilities and one District Council in respect of rehabilitation activities. However, up to the time of audit in October, 2021, there was no evidence that the targeted health facilities were rehabilitated as intended.

I learnt that re-allocation of project funds of Arusha Urban Water Supply and Sanitation Authority Project to un-intended activities amounting to TZS 836,991,418.75 under water sector which affected the implementation of GoT projects, planned activities. This was mainly attributed to inadequate supervision and monitoring over funds transferred by PO-RALG to health facilities as well as inadequate control over the management of GoT Project funds in the Capital Account.

15.2.2 Procurement Management

Based on the criteria, established under the Procurement Act, 2011 and its Regulations of 2013, there was reasonable assurance that the Project implementers, generally complied with the requirement of Procurement Act and its Regulations, in implementing the project activities in the financial year 2020/21 except for the specific anomalies noted in my audits.

I observed in a review common imperfection in the procurement process and procedures, mainly due to inadequate compliance with the requirements of procurement legislations. Some of the imperfections included, non-competitive procurements TZS 1,518,890,530, goods and services procured without Tender Board's approvals TZS 510,108,700, and receipt of uninspected goods and acceptance committee TZS 2,539,287,159.80, and procurement of medical supplies without MSD out of stock approval worth TZS 483,384,516.81. Non-delivery of 14,000 pieces of domestic water meter to DAWASA worth TZS 694,067,500 while performance guarantee under contract had expired. The challenge was contributed with delays of WMA inspection.

My analysis established that, the anomalies related to the non-compliance with Procurement Act and Regulations among project implementers, were mainly attributed to an inadequate mechanism used by Tender Boards of respective entities in monitoring the activities of Procurement Management Unit. This Unit is very crucial in ensuring the procurement operations related to the development projects complied with requirements by advising properly the Tender Board and Accounting Officers as well as guiding appropriately the user departments in the process of establishing and initiating their needs.

I am convinced that, since most of the government resources are spent through procurement of goods and services, non-compliance to the Procurement Act and Regulations especially on the principles of public procurement, significantly hinders transparency and accountability. Non-compliance to Procurement Act, threatens Value for Money aspect and under-mines the trust, credibility and the ability of Government in procuring its supplies from suppliers and other stakeholders.

15.2.3 Contract Management and Performance of Projects

I have linked the implementation of projects with contract management, as it performs a vital role in project management, especially those related to constructions. I have noted anomalies in managing contracts by both the contractors and the project implementers, in projects related to construction, energy, water, transport and agricultural sectors.

Among the most significant findings, that emerged from this audit report, could be grouped under; performance securities deficiency in covering the faithful performance of contract, expired advance payment guarantee before full recovery, failure to update project securities for construction contract, issued practical completion certificate prior to completion of significant bill of quantities from the snag list and contract executed without performance security. The anomalies, are predominantly, attributed to inefficiency in contract management.

There were also specific issues that occurred in administering development projects which could be associated with inadequate mechanism for administering contracts. For instance, there was an overpayment of advance, amounting to TZS 1,783,340,937.68, due to amendment of the Special Condition of the Contract for EPforR project. Likewise, I noted goods and services procured worth TZS 30,284,100 under Teacher Education Support Project were procured without seeking competitive quotation. Under such circumstance, it is impractical for the procuring entity, to obtain competitive prices and achieve value for money, without quotation from other prospective suppliers.

Regarding implementation, I am concerned with unsatisfactory performance of Secondary Water Support Project (WSSP II) for construction of three reservoirs at Vikawe, Mbweni and Tegeta A and construction of distribution lines of which its implementation status is behind the time schedule i.e the physical completion of the project was approximately 57% while time lapse was 83% at the time of physical site visit on 29 September, 2021.

15.3 Specific Conclusion on the Results of Technical Audits

15.3.1 Financial Management

My technical audits, has found several weaknesses in expenditure management, thus, redressing of the weaknesses, compels a close attention of Project Implementers on expenditure management.

For instance, I have observed that there is risk of the Government to pay interest charges amounting to TZS 4,883,321,137.39 to contractors due to late payment of contractors' claims as per Interim Payment Certificates (IPCs), thus, disturbing the completion of planned project activities, increasing project cost; as well as distorting the project's approved budget.

Institutions facing interest charges, include; Transport Sector Support Program, with overdue interest charges of TZS 1,395,025,009.50; Southern Africa Trade and Transport Facilitation Project (SATTFP) TZS 511,718,392.00; and Dar es Salaam Metropolitan Development Project (DMDP); TZS 89,246,634.09; Arusha Holili; TZS 2,208,372,096; Dar es salaam Urban Transport Improvement Project (DUTP), TZS 349,876,071.04; Multinational Project Rumonge-Gitaza-Kibondo-Kasulu-Manyovu; TZS 329,082,934.76.

15.3.2 Procurement Management

I am banking on a reasonable assurance that the Project Implementers, generally, comply with the requirement of Procurement Act and its Regulations, based on the criteria established under the Procurement Act, 2011 and its regulations of 2013 (as amended in 2016).

Common issues observed in my technical audits relating to procurement cycle, include lack of justification on selection of single source procurement method, awarding tender to bidder who did not fulfil the preliminary requirements, overstated contract amount due to the wrong choice of the successful bidder, projects implemented without being included in the Annual Procurement

Plan, disqualification of contractors and consultants without justification and procurement made outside the Annual Procurement Plan.

I am of the view that lack of justification for selection of single source procurement method and the significant shortened overall bidding period raise scepticisms on the transparency in awarding contracts. I am also concerned that the bidding period was insufficient for TANROADS and the contractors, to adequately assess the complexity of the project.

In concluding my analysis, I point out that the anomalies, related to the non-compliance with Procurement Act and Regulations among project implements, were mainly attributed to inadequate mechanism used by Tender Boards of respective entities, in monitoring the activities of Procurement Management Unit.

The unit is very crucial, in ensuring the procurement operations related to the development projects, complied with the requirements.

The unit is tasked to properly advise the Tender Board and Accounting Officers as well as guiding appropriately other departments.

I am of the view that non-compliance to the Procurement Act and Regulations, especially on the principles of public procurement, tempers with transparency and accountability and threatens attainment of value for money and undermines the trust, credibility and ability of the Government in securing its supplies and services.

15.3.3 Contract Management and Project Performance

I observed various contract management, as well as performance in respect of the conducted technical audits. The anomalies in managing contracts involve contractors and Project Implementers in construction projects.

Among the significant findings, which came –out from the audit, is, delay in implementing construction of proposed projects, commencement of works prior signing of contact, construction of projects without conducting feasibility studies, incomplete design for projects and non-compliance with the design of projects, commencement of projects without conducting Environmental Impact Assessment, delay in completion of projects, delay in engaging supervising consultant, expiry of performance bond before contract completion date.

For instance, I learnt that the Performance Guarantee, amounting to TZS 42,668,025.01 on supply, installation, configuration and commissioning of Circuit Television and Surveillance System (CCTV) at JNIA expired on 31 October, 2019 before the project was completed on 23 November, 2019.

Similarly, I observed that the Performance Guarantee for the Contract that relates to the Construction of 13 KM inner security fence and gate house for TZS 2,620,233,214 expired on 30 November 2020, and was not renewed to cover the extension of time which was set on 27 March, 2021.

TAA risked losing resources for on-going projects in case the contractor would have failed fails to implement the contracted works.

I further observed that a project of rehabilitation and upgrading works of Shinyanga Airport at a contract sum of TZS 449,179,439,663.66 was yet to commence by more than 48 months from the contract signing date. In addition, I observed that the contractor commenced works on 15 June, 2020, that is more than two weeks, prior to contract signing. I am of the view that, commencing works prior signing of the contract, is a serious violation of the procurement regulations and it increases risk of loss, in case of possible disputes between contractor and the employer.

Furthermore, I observed that the project under Ministry of Agriculture and NIRC for irrigation schemes in the country were executed without conducting Environmental Impact Assessment (EIA) study due to budget constraints; as the result there were no early identification of environmental problems

The noted impacts of ignoring ESIA in the projects, exacerbating of conflicts in the communities, lack of sustainability of the project and excessive destruction of natural ecology. All projects experienced cost and time variation on which could have been detected by EIA.

I observed an improper design for construction of Flood Control and Drainage Infrastructure Project under the Dar es Salaam Metropolitan Development Project (DMPD) at the junction between Mkwajuni and Msimbazi River.

Also, structural design for Construction of New Wami Bridge and Njombe Market Road to bitumen standard, did not cover all the requirements of design necessary for bridge stability. Likewise, implementation of road design projects was ineffectively done and did not comply with the City Master Plan under the Road Projects in Dodoma Capital City.

The Ministry of Agriculture paid TZS 835,433,858 to a consultant for ERPP projects, however the design of the projects was not completed. The non-completion of the design was mainly caused by the low capacity/competency of consultants to manage the assignment. The consult was not subjected to due diligence by the Ministry

On physical implementation, I am concerned with unsatisfactory performance of the projects.

Apart from the common issues, there were also specific issues, which occurred, in administering implementation of development projects. The specific issues could be associated with an inadequate mechanism for administering contracts.

For instance, there was double payment to the consultant amounting to TZS 53,750,000 paid while supervising the construction of Kilangali and Msolwa Ujamaa Irrigation Schemes. Likewise, there was overpayment made to consultant amounting to TZS 49,154,727.06 without justification who was involved in the feasibility study, ESIA, detailed engineering design and preparation of tender documents under construction of Kigongo – Busisi Bridge project.

CHAPTER SIXTEEN

RECOMMENDATIONS

16.0 Introduction

The recommendations in this chapter are based on the conclusion drawn from Chapter 15. It provides recommendations to the Chief Secretary, based on the conclusions made in respect of what should be done to address the identified weaknesses and improve the performance of development projects in the country.

In view of that, my recommendations have been designed to address anomalies that are generally affecting the development projects across all sectors.

16.1 General Recommendations

The Chief Secretary is advised to:

Establish the Government Project Coordination Office to support and monitor the implementation of all development projects in the country.

Design key indicators that will be used to monitor performance of projects in key areas, including financial management, implementation of previous recommendations and take action on Project Implementers who perform below the minimum performance requirements.

Develop an electronic system which will assist project implementers, to efficiently manage and administer construction projects.

Develop and monitor the implementation of specific action plan that will redress all anomalies noted in implementation of projects; namely Construction of Airports, Construction of New Wami Bridge and upgrading of Njombe-Ndulamo- Market Road (107.4 Km) to bitumen standard, construction of Flood Control and Drainage Infrastructure Project under the Dar es Salaam Metropolitan

Development Project, Construction of Road Projects in Dodoma Capital City, Construction of Regional and Zonal Referral Hospitals, Construction of Kigongo - Busisi Bridge, Regional Rusumo Falls Hydroelectric Project, Construction of Water Supply projects and Irrigation Schemes.

Introduce control system to ensure that all construction projects were subject to the Environmental Impact Assessment (EAI) and the respective EIA certificates are issued.

Secure adequate sources of financing, tor pay timely outstanding claims of the contractors in implementation of respective projects to avoid future disputes and payment of interests.

Institute an effective mechanism that will ensure development projects, are allocated with sufficient financial resources; funds are timely utilised to implement planned activities and uncompleted projects are taken care of.

APPENDICES

Appendix I: Status of Construction Level for VETA buildings

Implementer	Building	Pending works
VETA Mbeya	Administration Block	Ceiling works, blocks and rouvers, frames, painting, grill window, tiles work, soak way, aluminium window
	Construction of Secretarial Workshop and Computer Lab	Ceiling works, blocks and rouvers, frames, painting, grill window, aluminium window
	Construction of Tailoring Workshop	Painting, frames, painting, aluminium window
	Construction of Electrical and Mansory and Brick Laying Workshop	Frames, painting, grill window, terrazzo works, aluminium window
	Motor Vehicle Mechanics and Welding and Metal Fabrication Workshop	Ceiling works, blocks and rouver,frames, painting, grill window, terrazzo works, aluminium window
	General Classroom	Ceiling works, door shutter, grill window, aluminium window
	Ablution Block for Staff	Frames, door shutter, painting, grill window,
	Ablution Block for Students	Frames, painting, grill window
	Guard House	Ceiling works, frames, painting, grill window, tiles work, aluminium window
	Power House	Ceiling works, roofing, frames, door shutter, painting, grill window,
	Girls Hostel	Blocks and rouvers, roofing, painting, grill window, soak way, septic tank, aluminium window
	Boys Hostel	Ceiling works, blocks and rouvers, roofing, painting, grill window, tiles work, soak way, septic tank, aluminium window
	Kitchen and Dining Hall	Ceiling works, painting, grill window, tiles work, soak way, septic tank, terrazzo works
	Principal's House	Ceiling works, door shutter, painting, tiles work, aluminium window
	Semi Detached Staff House	Ceiling works, painting, grill window, tiles work, soak way, septic tank, aluminium window
	Electricity Service Line	On progress
	Water Storage Tanks and Distribution	On progress
	Power House	Door shutter,painting,grill window,
	Water Main Connection	On progress
VETA Mpanda	Staff single family	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation
	Two family staff houses	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation
	Girls Hostel	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming,

Implementer	Building	Pending works
		Painting and Decoration, Electrical Installation, Plumbing Installation
	Boys Hostel	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation
	Dinning and Kitchen	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	General Classroom	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Masonry and Brick Laying	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Computer and Secretatial	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Design Sewing and Cloth Technology	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Welding and Metal Fabrication	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Ablution	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	General Store	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Plumbing Installation and ICT installation
	Power House	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Ceiling fan
	Guard House	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical Installation, Ceiling fan
	Administration Block	Roofing gutters, Gypsum board, Door, Aluminium Windows, Tiles, Skimming, Painting and Decoration, Electrical

Implementer	Building	Pending works
		Installation, Plumbing Installation and ICT installation
VETA Tabora	Administration	-
	Computer Laboratory	Plastering, windows, doors, grill windows
	Tailoring Workshop	Plastering, windows, doors, grill windows
	Electrical Workshop	Plastering, windows, doors, grill windows
	Car Workshop	Plastering, windows, doors, grill windows
	Classroom Building	Plastering, windows, doors, grill windows
	Teachers Pit Latrine	Plastering, windows, doors, grill windows
	Student Pit Latrine 1	Finishing
	Student Pit Latrine 2	Finishing
	Guard House	Finishing
	Power House	Plastering, windows, doors, grill windows
	Girls Hostel	Plastering, windows, doors, grill windows
	Boys Hostel	Plastering, windows, doors, grill windows
	Kitchen Building	Plastering, windows, doors, grill windows
	Principal House	Plastering, windows, doors, grill windows
	Staff house	Plastering, windows, doors, grill windows
	Store House	Plastering, windows, doors, grill windows
VETA Shinyanga	Administration	Plastering, windows, doors, grill windows
	Computer Laboratory	Plastering, windows, doors, grill windows
	Tailoring Workshop	Plastering, windows, doors, grill windows
	Electrical Workshop	Plastering, windows, doors, grill windows
	Car Workshop	Plastering, windows, doors, grill windows
	Classroom Building	Plastering, windows, doors, grill windows
	Teachers Pit Latrine	Plastering, windows, doors, grill windows
	Student Pit Latrine 1	Plastering, windows, doors, grill windows
	Student Pit Latrine 2	Plastering, windows, doors, grill windows
	Guard House	Plastering, windows, doors, grill windows
	Power House	Plastering, windows, doors, grill windows
	Girls Hostel	Plastering, windows, doors, grill windows

Implementer	Building	Pending works
	Boys Hostel	Plastering, windows, doors, grill windows
	Kitchen Building	Plastering, windows, doors, grill windows
	Principal House	Plastering, windows, doors, grill windows
	Staff house	Plastering, windows, doors, grill windows
	Store House	Plastering, windows, doors, grill windows
	Transformer House	-
	Soak Away Pit	Top cover
	Soak Away Pit Principal House	Top cover
	Soak Away Pit Dinning and Kitchen	Top cover
	Septic Tank Boys Hostel	Top cover
	Septic Tank Staff Ablution	Top cover
	Soak Away Pit Staff Toilet	Top cover
	Soak Away Pit Girls Hostel	Top cover
VETA Rufiji	Principal's House	Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Administration Block	Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	General Classroom	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Kitchen & Dinning	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Computer and Secretarial Workshop	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Tailoring and Needle Works Workshop	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Civil and Electrical Installation Workshop	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Motor Vehicle Mechanics Workshop	· Finishing (plastering)
		· Painting and decoration
		· Electrical installation, air conditioning and networks
		· Plumbing and sanitary installation
	Boys Dormitory	Ceiling (blundering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation

Implementer	Building	Pending works
	Girls Dormitory	Ceiling (blundering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Semi-Detached House	Ceiling (blundering), Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks
	General Store	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Power House	Finishing (plastering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Students' Toilets (2)	Ceiling (blundering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Staff Toilet	Ceiling (blundering), Painting and decoration, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
	Security House	Painting and decoration, Electrical installation, air conditioning and networks, Electrical installation, air conditioning and networks, Plumbing and sanitary installation
VETA Mtwara	Computer Workshop	Floor finishing, Electrical Second Fix, Painting, Grilles
	DSCT Workshop	Floor finishing, celling finish, doors & windows, electrical second fix, painting, grilles
	Masonry Workshop	Floor finishing, celling finish, doors & windows, electrical second fix, painting, grilles
	MVM Workshop	Floor finishing, celling finish, doors & windows, electrical second fix, painting, grilles
	Girls Dormitory	Floor finishing, celling finish, doors & windows, electrical second fix, painting, grilles
	Boys Dormitory	Floor finishing, celling finish, doors & windows, electrical second fix, painting, grilles
	General Classes	Floor finish, cilling finish,doors&windows,electrical second fix&painting
	Dining Hall	Floor finish, cilling finish,doors&windows,electrical second fix,painting,plumbing complete system
	Principal House	Floor finish, windows&doors&windows,grille&doors,cilling finish,plumbing complete system,electrical second fix,painting
	Administration Block	Floor finish, windows&doors,windows grille&door grille,cilling finish,plumbing

Implementer	Building	Pending works
		complete system,electrical second fix,painting
	Semi Detached House	Floor finish, cilling finish,doors&windows,electrical second fix,painting,grilles,plumbing complete system
	General Store	Floor finish, window &doors,window grille&door grille,cilling finish,plumbing complete system,Electrical second fix and Painting
	Staff Toilets	Floor finish, window&doors,window grille&door grille,cilling finish,plumbing complete system,Electrical second fix and Painting
	Girls Toilet	Floor finish, window&doors,window grille&door grille,cilling finish,plumbing complete system,Electrical second fix and Painting
	Boys Toilet	Floor finish, window&doors,window grille&door grille,cilling finish,plumbing complete system,Electrical second fix and Painting
	Power House	Floor finish, cilling finish,doors&windows,electrical second fix,painting
	Guards House	Floor finish, cilling finish,doors&windows,electricalsecond fix,painting,plumbing complete sysyem
Mikumi DVTC	Administration Block	Skimming, floor, tiles, door frames, window grills and painting
	General Classroom Block	Skimming, floor, tiles, door frames, window grills and painting
	Masonry Workshop	Gypsum, skimming, floor, tiles, door frames, window grills and painting
	Motor Vehicle Workshop	Plastering, skimming, floor, tiles, door frames, window grills and painting
	Secretarial and Computer Lab	Floor, tiles, door frames, window grills and painting
	Design, Sewing and Cloth Technology	Gypsum, skimming, floor, tiles, door frames, window grills and painting
	Ablution Block For Staff	Skimming, floor, tiles, door frames, window grills and painting
	Ablution Block for Female	Gypsum, skimming, floor, tiles, door frames, window grills and painting
	Ablution Block for Male	Gypsum, skimming, floor, tiles, door frames, window grills and painting
	Girls Hostel	Gypsum, skimming, floor, tiles, door frames, window grills and painting
	Boys Hostel	Plastering, gypsum, skimming, floor, tiles, door frames, window grills and painting
	Kitchen and Dining Hall	Skimming, floor, tiles, door frames, window grills and painting
	Principal’s House	Skimming, floor, tiles, door frames, window grills and painting
	Semi-detached House	Skimming, floor, tiles, door frames, window grills and painting

Implementer	Building	Pending works
	Power and Transformer House	Skimming, floor, tiles, door frames, window grills and painting
	Guard House	Skimming, floor, tiles, door frames, window grills and painting
	General Store	Gypsum, skimming, floor, tiles, door frames, window grills and painting
VETA Ulyankulu	Administrative Block.	Electrical & plumbing second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering and ceiling work.
	General Classroom	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Dinning And Kitchen	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Girls Hostel	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Boys Hostel	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Staff Hostel	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Principal House	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Power House	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Guard House	
	Design Sewing And Cloth Technology	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Computer Workshop	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Building And Electrical Workshop	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Motor Vehicle Workshop	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	General Store	Electrical & plumbing, second fix, finishing work, door aluminum,

Implementer	Building	Pending works
		windows, grill, floor tiles, blundering ceiling work
	Staff Toilet	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Boys Toilet	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
	Girls Toilet	Electrical & plumbing, second fix, finishing work, door aluminum, windows, grill, floor tiles, blundering ceiling work
Buhingwe DVTC	Guard's House	· Plastering, finishing and decorations
		Electrical works phase II
	General Classrooms	Plumbing and fittings
	Three Ablution Blocks	Fixing windows grills and aluminium, door frames and shatters
	Girls Dormitory	Floor tiles
	Boys Dormitory	Fixing Gypsum board
	Administration Block	Electrical works phase I and II
		Plumbing and fittings
		Fixing windows grills and aluminium, door frames and shatters, Floor tiles,Fixing Gypsum board
	Masonry and Electrical Block (MB & EL Workshop)	Plastering, finishing and decorations
		Electrical works phase II
	General Store	Plumbing and fittings for general store
	Secretarial and Computer Block (SC & Computer Lab)	Fixing windows grills and aluminium, door frames and shatters
	Kitchen and Dining Hall	Terrazzo floor
	Motor Vehicle Mechanics and Welding Block (MVM& WF Workshop)	Plastering, finishing and decorations, Electrical works phase II
		Electrical works phase II, Fixing gypsum board on two theory classes,Fixing gypsum board on two theory classes,Fixing windows grills and aluminium, door frames and shatters,Terrazzo floor
	Design Sewing & Cloth Technology Block (DSCT Workshop)	Plastering, finishing and decorations
		Electrical works phase II, Fixing gypsum boards,Fixing windows grills and aluminium, door frames and shatters,Terrazzo floor
	Principal House	Plastering, finishing and decorations
		Electrical works phase II, Plumbing and fittings,Fixing windows grills and aluminium, door frames and shatters,Floor tiles,Fixing Gypsum board
	Staff House Two in One (Semi-detached House)	Sewage pitch
	Power House	Plastering and finishing
		Electrical works fittings and fixings, Fixing entrance gate ,Terrazzo floor
VETA Longido	4 Workshops, 2 Classroom, Kitchen & Dinning, Principal's House, Semi	Skimming work, painting and decorations, floor finishing (Tiles), door frame and shutter work window

Implementer	Building	Pending works
	Detached House and 2 Dormitories,3 Ablution Block, Power House, Guard House & General Store	aluminium, fixing, external works and roads, fence and gates, and electrical distribution (from power house to buildings
VETA Monduli	4 Workshops, 2 Classroom, Kitchen & Dinning, Principal's House, Semi Detached House and 2 Dormitories,3 Ablution Block, Power House, Guard House & General Store	Skimming work, painting and decorations, floor finishing (Terazo & tiles), door frame and shutter work window aluminium, plumbing 2nd fixing, electrical installation 2nd fixing, external works and roads, water drilling and distribution, fence and gates, and electrical distribution (from power house to buildings
VETA Manyara	4 Workshops, 2 Classroom, Kitchen & Dinning, Principal's House, Semi Detached House and 2 Dormitories,3 Ablution Block, Power House, Guard House & General Store	Skimming work, painting and decorations, floor finishing (Terazo & tiles), door frame and shutter work window aluminium, plumbing 2nd fixing, electrical installation 2nd fixing, external works and roads, water drilling and distribution, fence and gates, and electrical distribution (from power house to buildings
Shinyanga VETA (Kishapu)	Administration block	Plastering
	Electrical and ICT workshop	Plastering
	Welding and Plumbing workshop	Plastering
	MVM and Masonry Workshop	Plastering & Blundering
	Toilets	Plastering
	Girls Dormitory	Plastering
	Boys Dormitory	Plastering
	Principle House	Plastering & Blundering
	Power House	Plastering
	Guard House	Plastering
	Store	Plastering
	Dining Hall	Plastering & Blundering
	General Class Room	Plastering & Blundering
	Staff House	Plastering & Blundering
	Staff Toilet	Plastering
VETA Ruangwa	Dining hall and Kitchen	Door and windows not fixed
		Terrazzo not yet completed
		PVC works, & gutter works
	Administration block	Pending for gutter works
	Two Classrooms block	gutter works
	Tailoring workshop	gutter works
	Masonry workshop	gutter works
	MVM Workshop	gutter works
	Electrical workshops	gutter works
	Ablution block	gutter works

Appendix II: Status of Construction for FDC's and Other Institutions

Implementer	Building	Pending works
FDC Mto wa Mbu	2 classrooms	Field attachment is in progress. Due to the limited number of hotels and tour companies currently operating in Mto wa Mbu (due to COVID 19) our participants attend field attachment in groups
Musoma FDC	Girls Dormitory	Finishing level
	Kitchen	Finishing level
	Administration Block	Finishing level
	Electrical And Tailoring Workshops	Finishing level
	MVM And Masonry Workshops	Finishing level
	Classroom Block	Finishing level
	External Public Toilets	Finishing level
	Incinerator	Finishing level
	ICT And Staff Offices (to be used as ICT And Library with Offices)	Finishing level
	Classrooms Block I	Finishing level
	Classrooms Block Ii with Sick Bay	Finishing level
	Dining Hall	Finishing level
	Boys Dormitory I	Finishing level
	Boys Dormitory II	Finishing level
	Ablution Block for Dormitories (Boys)	Finishing level
	Power House	Finishing level
Bigwa FDC	Girls Dormitory	Door ventilation
	Dining Hall & Kitchen	Painting, Fixing of 11 Doors, Fixing floor tiles ,Fixing of 22 aluminium Windows,Gutter,PVC ceiling,Terrazzo at the kitchen,Skimming of some parts of external walls
	Administration block	No Gutter
	Library & ICT	Fixing Doors, Fixing Windows, Gutter
	Boys Dormitories	Fixing toilet doors, Gutter
	Boys Dormitories	Painting, Fixing of Doors & Windows,Fixing floor tiles,Gutter
	Carpentry & Welding Workshops	Door fixing, Gutter,Two ramps
	Food Production Buildings	Gutter, Window fixing
	MVM Workshop	Painting, Door fixing, Window fixing, Floor screed finishing
	Two Classrooms have two Offices	Replacement of iron sheets, Plastering External surface wall,Floor replacement and painting,Building new concreate of 600mm width epron around the building,Replacement of 4 doors,Ceiling
Singida FDC	Electrical Workshop & Computer Laboratory	Non
	Social Building	Electrical installations
		Fixing of gutter
	Girls Dormitories	Electrical installation, Fixing of Gutter
	Toilets Building	Installation of urinal dish, Installation of disabled toilets

Implementer	Building	Pending works
	Dining Hall	Fixing of casement window, Door fixing and door frames,Painting,Fixing of Fisher board,Fixing of Gutter,Tiles floor
	Kitchen	Fixing of window and it's frames, Skimming, Painting, Electrical installation, Plumbing installations
	General Toilets	Electrical installation, Plumbing works
Nzega FDC	Three Classrooms Block	Window glass Fixing and electrical fittings
	Construction of Azimio Dorminatory (Extension)	Window glass Fixing and electrical fittings
	Girls Dormitory	Window glass Fixing and electrical fittings
	Ablution	Window glass Fixing and electrical fittings
	Welding and Plumbering Workshop	Window glass Fixing and electrical fittings
	ICT and Tailoring workshop	Plastering and other finishing works remaining
Nzovwe FDC	Administration Block	Next stage is blundering
	Three Classroom Block	Next stage is blundering
	Electricity and Tailoring Workshop	Next stage is blundering
	Masonry and MVM Workshop	Next stage is Roofing structure members
	Carpentry and Agro-Mech Workshop	Next stage is Roofing Covering
	Dining and Kitchen	Casting Concrete
	Girls Dormitory	Casting oversite concrete
	Principal House	Blundering
	Staff House 2 IN1	Roofing Covering
	Ablution Blocks	Chasing for conduit of wiring, plumbing system, blundering
	Day Care Block	Plustering
	Doctors House	Roofing Covering
	Dispensary	Remained part of blundering, gypsum board fixing, gutter system and aluminium window installation
Malampaka FDC	Workshop.	Skimming, Gypsum board to store areas, Colouring, Door vents
Tango FDC	Buildings	Painting
	new buildings	Painting
Mwanva FDC	Administration block	Finishing works
	Electrical and ICT Workshop	Finishing works
	Welding and Plumbing Workshop	Finishing works
	MVM and Masonry Workshop	Finishing works
	Toilets	Finishing works
	Girls Dormitory	Walling
Buhangija FDC	Administration block	Waiting for fixing of venting glass
	Tailoring and Electrical workshops	Waiting for venting glass and in use
	Girls Dormitory Block	fittings fixing and in use
	Ablution Block	Completed and in use
	Carpentry And Welding Workshop	Preparation for painting
	Dining and Kitchen	skimming
	Three Class Rooms	Door fixing and in use
	Boys Dormitory I	Toilets finishing and in use
	Boys Dormitory II	Door fixing

Implementer	Building	Pending works
Ulembwe FDC	New Two Classroom	Casement window, Floor finish on classroom
	Masonry and Welding Workshop	Casement window
	Dinning and Kitchen	Casement window, floor terrazzo door shutter, painting and electrical work
	Ablution Block	Electrical fittings
	Administration Block	Floor tiles, toilets finishes and window glass repair
	Carpentry and Electrical Workshop	Window repair and toilet general finishes,
	ICT and Tailoring Workshop	Window shutters, and door shutter
	General Store to Classroom Bock	Casement, door shutter and painting
	Girl's Dormitory	Door frame and shutter, aluminum window
	Boy's Dormitory	Window repair and toilet general finishes
Njombe FDC	Electrical and Auto-Electrical Workshop	Window glasses
	Bore Hole with Elevated Tank	Door frame and shutter, aluminum window
	ICT, Classrooms and Office	Casement windows
	Food Processing	Casement windows and door shutter
	Small Social Hall to be used as Library	Window drills, aluminum window and door shutters
	Nyerere and Serengeti Dormitory	Casement and black bituminous paint
	Electrical Classrooms to be used as Tailoring and Masonry Classrooms	Casement window
	MVM and Welding Workshop	Window glasses and sliding door grill

Appendix III: Status of Construction and Rehabilitation of Schools and Other Institutions

Implementer	Building	Pending activities
Lukuledi Special School	12 Classrooms	Student Chairs and Tables
	4 Resource rooms	Door fixing
	4 Pupils dormitories	Painting, plumbing works and electric works
	9 Teachers house	Plumbing works, electric works and lamp for 4 houses.
	3 Workshops	Putting Terrazzo and electric works
	1 Dinning Hall	Plumbing works, gas cooker fittings, putting terrazzo and electric works
	14 Pupils Toilets	Door fittings and plumbing works
	1 Audio room	Skimming, painting, windows, doors fittings and floor
Izazi Secondary School	Three classrooms	Plastering, Floor finish and tiles, Fixing mirror in the window, Blackboard, Painting, Wiring
	Boys dormitory	Plastering, Painting, Floor finish and tiles, Fixing all Doors, Window, Fixing mirror in the window, Plumbing system, Soak away pit, Septic Tank
	Girls dormitory	Painting, Fixing mirror in the window, Fixing door
	Laboratory	Plastering, Fixing all Doors, Window, Aluminum window, Plumbing system, Floor finish and tiles, Installation of electricity, Gypsum board, Painting
Jenister Secondary School	Toilets	Roofing, Plumbing, Wiring and Finishing
	Dining Hall and Kitchen	Roofing, Plumbing, Wiring and Finishing
TLSB Kigoma	Kigoma Regional Library	Fixing of doors shatter (Shatters available)
		Reconnection of electrical service line, Painting and decorations Installation and fixing of ICT system network, Finalization of plumbing system, Office furniture's and fittings
TLSB Morogoro	Administration block	Shelves covers, door paintings, toilet finishing works
	ICT building	Procurement of 25 desk top computers
	Library office	Mortice installation, finishing works
	External works	Paving works

Appendix IV: List of DLRs, status of implementation and funds not disbursed

DLR	Description of DLR	Funds not disbursed (USD)	Exchange rate (TZS/USD)	Funds not disbursed (TZS)	Remarks
2.3	Accreditation of quality of education programs	300,000	2,298.93	689,679,000	Disbursement occurs when a Master or PhD program is accredited by international or regional or national body (satisfactory to IUCEA and the World Bank), the total amount to be triggered for the DLR is USD 600,000, only 50% has been triggered USD 300,000 leaving USD 300,000 yet to be triggered
2.6	Faculty and PhD student exchanges to promote regional research and teaching collaborations	434,000	2,298.93	997,736,705	This DLR is awarded to the African Centres of Excellences (ACE) when it hosts faculty/PhD students from other institutions or when it sends its faculty/PhD students to other institutions locally, in the region or internationally for a "period" of minimum two weeks (for teaching/research collaboration) the amount set for the DLR is USD 700,000, the amount already verified is USD 266,000 (38%) and the amount of USD 434,000 is yet to be realized.
4.1	Timely procurement audit report; The DLR will be disbursed if the ACE submits a timely procurement audit report detailing procurement practices	150,000	2,298.93	344,839,875	The amount set for this DLR is USD 30,000 per year and no amount has been earned since the inception of the project. The total set amount is USD 150,000.
4.2	Timely and satisfactory procurement progress report; The DLR will be disbursed	150,000	2,298.93	344,839,875	The amount set for the DLR is USD 30,000 per year and no amount has been earned since inception of the project. The total amount for the DLR is USD 150,000

DLR	Description of DLR	Funds not disbursed (USD)	Exchange rate (TZS/USD)	Funds not disbursed (TZS)	Remarks
	based on the timely and satisfactory progress report on the ACE's procurement practices				
Total		**1,034,000**		**2,377,095,455**	

Appendix V: Unsupplied Equipment in the Engineer's Laboratory as per Standard Specification Table 1410/2, 1410/3 and 1410/4

S/N	Apparatus to perform test on asphalt and Bituminous	Name of the Apparatus to perform test on Soil and gravels	Name of the Apparatus to perform test on aggregate and concete
1	Preconditioning of Bitumen Samples Prior to Mixing or Testing	Liquid Limit (Cone Penetrometer)	Los Angeles Abrasion Test (LAA)
2	Density of Bituminous Binders	Plastic Limit & Plasticity Index	Sodium Soundness Test (SSS)
3	Flash and Fire Point by Cleveland Open Cup	Linear Shrinkage	Slump Test
4	Rotating Thin-Film Oven Test (RTFOT)	Bulk Density for undisturbed samples	Quality of water to be used in concrete
5	Penetration of Bituminous Materials	Particle Size Distribution-Hydrometer Method	Polished Stone Value
6	Softening Point Test	Consolidation Test - Oedometer	Air Content for Fresh Concrete
7	Ductility	Triaxial Test	Soluble Chloride Content
8	Viscousity Determination using Brookfield Thermosel Apparatus	Permeability Test - Constant Heavy	Organic Impurities in Sands for Aggregate
9	Calibration of Glass Pycnometers (0.5-1 litre)	Organic Content - Ignition Loss Method	Clay Lumps and Friable Particles in Aggregate
10	Determination of Binder Content and Aggregates Grading by Extraction	Crumb Test	Sand Equivalent
11	Effect of water on Bituminous Coated Aggregates Boiling Test d)	pH Value (pH Meter)	Cement content
12	In-situ Density and Moisture content of bituminous layers in place by nuclear methods	Preparation of Stabilised Samples for UCS	Washable Particles
13	Diamond core drilling in bituminous layers	Compaction Test - Stabilised Materials	
14	Sand Equivalent	Initial Consumption of Lime (ICL) and	
15	Distillation of Cut-back Asphaltic Products	In-situ Density and Moisture content of soils in place by nuclear methods	
16	Moisture and Volatile Distillates		
17	Superpave PG Characterisation, all relevant tests		
18	Short Term Aging		
19	Gyratory Compaction		
20	Recovery of Asphalt		
21	Kinematic Viscosity of Asphalts		
22	Viscosity of Asphalt by Vacuum Capillary Viscometer		
23	Degree of Pavement Compaction		
24	Wheel Tracking Test		