

**FACTORS AFFECTING ACHIEVEMENT OF VALUE FOR
MONEY IN PROCUREMENT OF WORKS IN REGIONAL
SECRETARIATS:**

THE CASE OF TABORA REGIONAL SECRETARIAT

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SECRETARIATS:**

THE CASE OF TABORA REGIONAL SECRETARIAT

By

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**A Dissertation Submitted in Partial/Fulfillment of the Requirements for Award of
the Degree of Master of Science in Accounting and Finance (Msc. A & F) of
Mzumbe University**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis titled **Factors Affecting Achievement of Value for Money in Procurement of Works in Regional Secretariats: The Case of Tabora Regional Secretariat**, in partial/fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University.

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DECLARATION

I, Marco Maduhu, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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Finally, I thank my family and friends for their prayers and encouragement on tough times. May God, bless them abundantly.

DEDICATION

To my wife;

Kundi Maduhu Malando

and

Our daughter;

Ngolo Marco Maduhu

LIST OF ABBREVIATIONS

APP	Annual Procurement Plan
ASDP	Agricultural Sector Development Programme
BF	Basket Funds
BRELA	Business Registrations and Licensing Agency
CAG	Controller and Auditor General
CCM	Chama cha Mapinduzi
CPAR	Country Procurement Assessment Report
CRB	Contractors' Registration Board
DAS	District Administrative Secretary
DADPs	District Agricultural Development Plans
GBS	General Budget Support
GDP	Gross Domestic Product
GNP	Gross National Product
GPSA	Government Procurement Services Agency
IPR	Independent Procurement Review
LGA	Local Government Authority
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
NAOT	National Audit Office Tanzania

NASCAP	National Anti-Corruption Strategy and Action Plan
OECD	Organization for Economic Co-operation and Development
PMU	Procurement Management Unit
PPA	Public Procurement Act
PPAA	Public Procurement Appeals Authority
PPP	Public Private Partnership
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
RC	Regional Commissioner
RHMT	Regional Health Management Team
RS	Regional Secretariat
SBAS	Strategic Budget Allocation System
SPSS	Statistical Package for Social Sciences
TANROADS	Tanzania Roads Agency
TRA	Tanzania Revenue Authority
TRS	Tabora Regional Secretariat
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VFM	Value for Money

Abstract

Tanzania had been implementing Public Procurement Reforms with the aim of promoting value for money in procurement and contracts management. Donors, taxpayers and other stakeholders expect positive results from these reforms by increasing transparency, fairness, accountability and compliance of laws in Public Procurement. Though, procurement systems are strongly regulated, their implementations rarely assure attainment of value for money in construction projects.

This study was aimed in assessing factors affecting achievement of value for money in construction projects implemented by Regional Secretariats and giving recommendations on how they can be resolved. Both qualitative and quantitative approaches were used in this research. Data were collected through questionnaires, interviews observation and documentary review. The Statistical Package for Social Sciences (SPSS) and Microsoft Excel package were used in data analysis. The analyzed data are presented in the form of tables, bar charts, pie charts, percentage distribution and linear charts.

Construction projects in Tabora Regional Secretariat were noted being facing challenges like unrealistic budget and cash flow, delaying, poor quality, cost overrunning, incompetent contractors and weak consultancy services. The community was not fully involved in development projects; this resulted in poor ownership of the projects when handled over to the community.

For attaining the "Big Results Now" the Government is urged to widen Tax base for the Tanzania Revenue Authority (TRA) to collect more revenue from taxes, so as to enable the Government to finance development projects effectively without depending on donors; Prioritize few projects which can be financed fully, implemented effectively and produce intended output within a short time; and promote stakeholders' involvement in planning, monitoring and evaluation of projects for creating sense of ownership, transparency and accountability of the Government to taxpayers.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter presents the background to the research problem. It situates and articulates the research problem. It highlights the research objectives and questions, scope of the study, benefits and it defines some of the key terms used in the study.

1.2 Regional Secretariat

According to the Regional Administration Act Number 19 of 1997 under the Constitution of the United Republic of Tanzania, 1977 provides for the establishment in respect of each Region, the office of the Regional Commissioner (RC). By this Act, the RC is the principal representative of the Government within the area of the region for which he/she is appointed, and for that purpose all the executive functions of the Government in relation to that region are exercised by or through the RC.

Section 10 of the Regional Administration Act number 19 of 1997 provides for the establishment of a Regional Secretariat (RS) in respect of every region in mainland Tanzania, which is a department of the Government. The RS assists the RC in discharging his/her functions.

The main objectives of the Regional Secretariat are; to promote peace and security and coordinate, facilitate and build capacity of Local Government Authorities (LGAs) and other stakeholders in carrying out mandated functions in areas of development projects and administration. In general, all development projects implemented in the Region whether by the Central Government, LGA or donors are monitored and evaluated by the Regional Secretariat.

1.3 Background of the Research Problem

Public Procurement, in any country, is one of the areas which are most vulnerable to risk. It involves a high degree of discretion in decision-making both in the nature of the goods, works or services purchased and also on the choice of contractor or supplier. (Frøystad et al, 2010)

Since public resources are scarce, the efficiency of the procurement process and contracts management is a primary consideration of every procurement regime. Open, transparent and non-discriminatory procurement is generally considered to be the best tool to achieve 'value for money' as it optimizes competition among suppliers and contractors¹.

The magnitude of procurement outlays has a great impact on the economy and needs to be well managed. It has been estimated that financial activities of government procurement in all countries in the world are of the order of 10% – 30 % of GNP (Calendar & Mathews, 2000). In the European Union (EU), public purchasing accounts for almost one-third of government expenditure. In 2009, it amounted to 19.4% of GDP – or €2.2 trillion – of all the income generated in the EU².

The Government of Tanzania had been implementing Public Procurement Reforms Since 1992, for the aim of enhancing efficiency, accountability and transparency in procurement processes so as to reduce the opportunities for corruption and mismanagement of public funds³.

¹ http://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm

² http://ec.europa.eu/internal_market/publications/docs/public-procurement_en.pdf

³ <http://www.oecd.org/dac/2489733.pdf>

The impact of these reforms is still questionable by the tax payers and other stakeholders due to the construction projects under Regional Secretariats being characterized by delays, poor quality and cost overrunning as reported by PPRA in the report of the financial year 2010/2011.

1.4 Statement of the Problem

In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka and Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure.

Consequently, various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulations. The major obstacle however, has been inadequate regulatory compliance. De Boer and Telgen (1998) confirm that non-compliance problem affects not only the third world countries but also countries in the European Union.

The Government of Tanzania has been allocating a lot of resources in improving Public Procurement sector and financing construction projects through local and foreign funds. Taxpayers and Donors expect transparency, proper accountability and good project performance from the Government.

In the financial year 2007/08, Tanzania utilized 800 billion shillings for road works which is equivalent to 13 percent of the government budget. In the year 2009/2010 the government allocated 1.1 trillion shillings for infrastructure and in 2010/11 1.5 trillion shillings was set aside, most of which were used to finance road construction activities (NAOT, March 2010)

In March, 2010 the Controller and Auditor General (CAG) released the first value for money (performance) audit of road works in Tanzania. The audit assessed the effectiveness of the government's systems to manage road works. The audit concludes that, the management system for road works of the Ministry of Infrastructure Development/Tanzania Roads Agency (MOID/TANROADS) does not ensure economy, efficiency and effectiveness. This leads to poor quality, delays, cost overruns and above all reduced value for money from the resources provided by tax payers.

Therefore, despite of high commitment of the Government and Donors in financing Public Procurement Reforms and construction projects in Regional Secretariats, it is not clear why those projects do not reflect value for money. This has driven a researcher to conduct a study on assessing factors affecting achievement of value for money in procurement of works in Regional Secretariats.

1.5 Objectives

1.5.1 General Objectives

In general, this study was aimed in assessing factors affecting achievement of value for money in procurement of works implemented by Regional Secretariats and giving recommendations on how they can be resolved:

1.5.2 Specific Objectives

- i) To examine factors affecting achievement of value for money in procurement of works in Regional Secretariats.
- ii) To assess the impact of these factors on achieving VFM in construction projects in Regional Secretariats.
- iii) To examine challenges which are facing Regional Secretariats in implementing construction projects;

1.6 Research Question(s)

The research questions were;

- i. What are the factors affecting achievement of value for money in procurement of works in Regional Secretariats?
- ii. What is the impact of those factors on achieving VFM in construction projects in Regional Secretariats?
- iii. What are the challenges facing Regional Secretariats in achieving value for money in construction projects?

1.7 Scope and Significance of Study

1.7.1 Scope of the Study

The research was conducted only to the construction projects financed by the Government of Tanzania and Donors in Tabora RS (vote 85) specifically to the following sub-votes; RS headquarter, Regional hospital, DAS Tabora and DAS Uyui, DAS Igunga, DAS Nzega, DAS Sikonge and DAS Urambo. The review period of the study was six financial years since 2006/2007 to 2011/2012.

1.7.2 Significance of the Study

The study explored one of the burning issues in the Public sector through which the tax payers and donors are questioning on the integrity and accountability of their governments.

The findings are usefully to the government in formulation or re-organization of existing policies for the aim of increasing efficiency and accountability in procurement of works. Likewise to the scholars, the results can be used for reference, generation of concepts for future studies on value for money and development of new theories on how public resources can be allocated effectively and utilized efficiently for the benefit of the public.

1.8 Limitations of the Study

The six months for the study were not enough to exhaust all the realities about the problem, the researcher faced time limitation in the study. That's why thirty percent (30%) of the study population (78 projects) was not attended. Respondents' misunderstanding of the questionnaires and failing to provide the required answers was one of the limitations in this study. This could lower the validity of the measuring instruments and in effect, the findings could not reflect the reality the researcher would be intending to study. Questionnaires had challenges of limiting respondents' options to choose from.

1.9 Delimitations of the Study

Due to time constraint, the sample size for the study was 70 percent of the total population for giving out true picture of the problem. Six months were highly utilized and gave out expected results due to many projects being congested in four districts which are not far from each other.

The researcher mitigated the problem of the respondents being misunderstanding the questions by devoting a great deal of time in designing questionnaires using simple language. As much as possible the researcher provided additional space for the respondents to give their own views that describe best the situation in case they were not captured well by the researcher.

1.10 Definition of Terms

This section presents the definition of the key terms which were used in the study. The terms are defined within the context of the study;

Contract

Means the contract or agreement made between a procuring entity and a supplier or contractor or asset buyer as a result of procurement proceedings, supply of goods or for the execution of works or for sale of public asset;

Contractor

Means a firm, company, corporation, organization, partnership or individual person engaged in or able to be engaged in civil, electrical or mechanical engineering or in construction or building work of any kind including repairs and renovations, and who is according to the context, a potential party or the party to a procurement contract with the procuring entity.

Lowest evaluated cost

The price offered by a supplier, service provider, or contractor that is found to be the lowest after consideration of all relevant factors and the calculation of any weighting for these factors, provided that such factors have been specified in the tender documents;

Post-qualification

means a formal procedure applied after tenders have been evaluated prior to award of contract, to determine whether or not the lowest evaluated tenderer in case of procurement or the highest evaluated tenderer in case of disposal of assets, has the experience, capability and resources to carry out the contract effectively;

Pre-qualification

means a formal procedure whereby suppliers, contractors, or buyers are invited to submit details of their resources and capabilities and are screened prior to invitation to tender on the basis of meeting the minimum criteria on experience, resources capacity and financial standing;

Procurement

means buying, purchasing, renting, leasing or otherwise acquiring any goods or works or services by a procuring entity spending public funds on behalf of a ministry, department or regional administration of the Government or public body and includes all functions that pertain to the obtaining of any goods or works or services including description of requirements, selection and invitation of tenderers and preparation and award of contracts;

Tender

A request drawn by a procuring entity for offers or quotations to be made by suppliers, service providers, contractors or assets buyers. It also means, an offer, quotation or technical proposal made by a supplier service provider, contractor or asset buyer in response to a request by a procuring entity;

Tenderer

Any natural or legal person or group of such persons submitting a tender, with a view to concluding a contract;

Works

All work associated with the construction, reconstruction, demolition, repair or renovation of a building, structure, road or airfield.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the related literature to the study. It describes the overall performance of the Government projects outside and in Tanzania. The literature review concentrated on value for money in procurement of works, sources and allocation of funds, monitoring of funds and the expected impact of the projects to the community (beneficiaries). It highlights the best practices in monitoring and evaluation of construction projects. Finally the chapter presents different challenges in implementing, monitoring and evaluation of construction projects.

2.2 Value for money

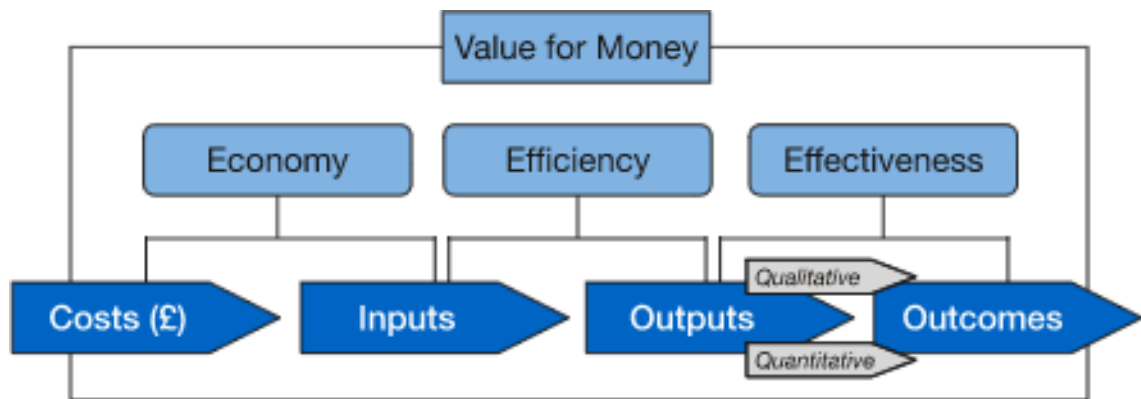
Value for money assesses the extent to which the programme has obtained the maximum benefit from the outputs and outcomes it has produced within the resources available to it. (IEG, World Bank, 2007)

The Audit Commission's definition and approach to VFM:

“VFM is about obtaining the maximum benefit over time with the resources available. It is about achieving the right local balance between economy, efficiency and effectiveness, or, spending less, spending well and spending wisely to achieve local priorities...VFM is high when there is an optimum balance between all three elements, when costs are relatively low, productivity is high and successful outcomes have been achieved.”

Assessment of VFM involves examining each of the 3 elements of VFM, thus Economy (spend less), Efficiency (do things right) and Effectiveness (do the right things) then identifying the links between them and drawing conclusions based on evidence about how well they perform together. Interestingly, the definitions also refer to an optimal balance, as contrasted with a ‘maximum’ productivity ratio, suggesting that, it is not the case that the cheapest option always represents better value for money, and pointing to the conversion of inputs-outputs and outputs-outcomes as the subject of real interest in value for money judgments⁴.

Figure 2.1: Defining Value for Money



Source: www.gateshead.gov.uk

To ensure value for money, there should be continuous improvement in the efficiency of internal processes and systems and public entities should maintain structures that avoid unnecessary costs.

Efficiency reflects that the organization is “doing things right” whereas effectiveness relates to the organization “doing the right thing”. This means an organization can be effective and fail to be efficient, the challenge being to balance between the two.

⁴ Shiyo, N. (2010). Assessing SMEs’ Access to Public Procurement and Its Implications on Value for Money: Case of Selected Organizations in Dar es Salaam. M.BA(Corporate Management) Dissertation, Mzumbe University

2.2.1 Application of Value for Money Concept

The concept of „value for money“ (VFM) appears to originate from the audit profession. The application of this concept to aid agencies and development work is due in large part to two key trends since the 1990s: First, following the recession of the early 1990s, citizens started seeking accountability for government spending of their taxes. Second, aid effectiveness became prominent on the international agenda. (Governance and Social Development Report Centre [GSDRC], 2010)

VFM is used by donors and multilateral agencies as part of their appraisal and evaluation procedures (e.g. USAID, DANIDA, Millennium Challenge Commission ERR analysis), and there is renewed interest in its application to aid and development programmes (e.g. World Bank, OECD). The World Bank and USAID are strong proponents of conducting economic analysis as a means of measuring results and ensuring accountability to taxpayers. The basic criterion for cost-benefit analysis is that net benefits should be positive. In addition, benefits and costs should be measured against the counterfactual of not having the project; and measured against alternatives (World Bank, 2009). These aspects of looking at different possible ways to achieve a desired set of development outcomes and comparing these to actual investments made and actual outcomes achieved are essential for achieving VFM.

2.3 Public Procurement and Value for Money

2.3.1 Procurement

According to Sarpong (2007), procurement is the management of sustainable acquisition of goods, works and services to optimize value for money through a professional, auditable and transparent framework. He believes that any good procurement should have the following principles;

Efficiency and Effectiveness: all procurement functions should aim at achieving the right quantity and quality at the minimum cost. Competitiveness: the procurement process should ensure some competition among the competing parties. Ethical approach: procurement process should avoid all practices that could lead to possible conflict of interest. Fairness: all procurement should aim at achieving fairness and ensuring that all participating bidders are given equal opportunity to bid.

Transparency: the procurement process should be open enough to avoid giving competitive bidders advantage over other bidders. These are in line with the World Bank's principles of procurement and it is therefore imperative to see these principles in all procurement. Any procurement without these principles and objectives should not be considered as a good procurement and it is not in the interest of the nation since all forms of procurements have these principles.

2.3.2 Public Procurement

Public Procurement means buying, purchasing, renting, leasing or otherwise acquiring any goods or works or services by a procuring entity spending public funds on behalf of a ministry, department or regional administration of the Government or public body and includes all functions that pertain to the obtaining of any goods or works or services including description of requirements, selection and invitation of tenderers, preparation and award of contracts⁵.

The Public Procurement Regulatory Authority (2011) noted that, the values of the awarded contracts in Tanzania represent a considerable proportion of the total Government budgets of Tshs. 11.61 trillion, Tshs. 9.51 trillion, Tshs. 7.27 trillion and Tshs. 5.27 for the FYs 2010/11, 2009/10, 2008/09 and 2007/08 respectively.

⁵ Public Procurement Regulations (PPR), 2005

2.3.3 Procurement Reforms

These are efforts to change current procurement practices. Reforms often aim to enhance efficiency, accountability and transparency to reduce the opportunities for corruption and mismanagement of funds. To implement successful reform it is important to have a good understanding of previous efforts, what has worked or not, and why. It is also important to better understand the political incentives that are impacting the design, implementation and sustainability of reforms (Frøystad et al, 2010)

2.3.3.1 Public Procurement Reform in Tanzania

Public Procurement reform in Tanzania started in 1992 with a review by an outside procurement agent of the entire procurement system, which was at that time based on the Exchequer and Audit Ordinance of July 1961. At that time procurement was highly centralized. The Central Tender Board (CTB) adjudicated almost every tender, although four ministries – Defense, Education, Health and Works – had separate procurement regulations, which excluded part or all of their procurement from the scope of Financial Orders.

2.3.4 Procurement Act and Value for Money

For a strong and effective Public financial management, there is the need to achieve value for money in all public expenditures. The Procurement Act is one of the instruments that aim at achieving this objective in public financial management.

The World Bank (2001) recommended that, competition is the cornerstone of public sector procurement. It underpins the pillars of fairness and transparency and is the primary driver of value for money in virtually all procurements. Good financial management reduces government expenditure by ensuring that the services needed by the citizens especially the poor are actually delivered, maintained and worked properly. It ensures accountability to citizens for the use of public resources.

Public financial management is an attempt made by government to ensure that consistently the budget is either a balanced or a surplus budget. These are largely achieved through ensuring adequate receipts from taxes and non-tax sources, and reducing public expenditure levels (World Bank, 2001).

2.3.5 The Public Procurement Act 2001

The Country Procurement Assessment Report (CPAR) (1996), prepared by the World Bank, identified a number of serious flaws in the Tanzanian public procurement system, and recommended urgent reform. Some of the findings of this report were reflected in the enactment of the Public Procurement Act 2001, which consolidated all procurement legislation for the first time, and sought to move the legal framework towards international standards.

The CPAR (2003), updating the 1996 report, identified a number of further areas for improvement, some of which would require fundamental reform to address them (some of which had been included in the 1996 Report, but had not been fully implemented by the 2001 legislation). These areas included:

Central Tender Board.

The CTB was responsible for both the regulation of public procurement practice and the approval and issue of tenders themselves. This arrangement gave rise to a clear threat of self-review and conflict of interest. Moreover, the involvement of the CTB in individual tenders created a bottleneck in the procurement process.

Decentralization.

The report identified scope for improved accountability for procurement decisions at procuring entity level. The centralized arrangements led to frequent incoherence in procurement decisions, in many cases due to the Accounting Officers of procuring entities having limited responsibility for procurement.

Capacity.

Lack of appropriately skilled personnel was highlighted as a key impediment to administration of sound procurement practice, and relevant training was almost non-existent.

Many of the key recommendations of CPAR (2003) were given effect by the Public Procurement Act 2004, which entered into force in May 2005, replacing the 2001 Act. These included abolition of the Central Tender Board, replacing it with a regulatory body; full devolution of procurement operations to procuring entities themselves; and establishment of an Appeal Authority.

2.3.6 The Public Procurement Act 2004

Public procurement in Tanzania is governed by the PPA, Cap. 410. The Act has put in place a decentralized procurement system which mandates each Procuring Entity (PE) to carry out its procurement within its approved budget, and makes the Head of PE accountable for all procurement decisions.

Furthermore, it provides for the objectives, functions and powers of the Authority, the public procurement principles and methods of procurement, and prohibited actions in public procurement which include fraud and corruption. It also sets out a good control and audit system as well as complaints resolution mechanism.

Institutional wise, the Act separates clearly the functions of the Accounting Officers, Tender Boards, Procurement Management Units, User Departments and Evaluation Committees. It makes them responsible and accountable for their individual procurement decisions and actions.

To implement the Act, three sets of regulations have been issued as follows:- the Public Procurement (Goods, Works, Non-Consultant Services and Disposal of Public Assets by Tender) Regulations GN. No 97 of 2005; the Public Procurement (Employment and Selection of Consultants) Regulations GN. No 98 of 2005; and the Local Government Authorities' Tender Boards (Establishment and Proceedings) Regulations, GN. No. 177 of 2007.

The enactment of the Public Procurement Act 2004 represented an important step in the evolution of Tanzania's public procurement system, although its full effects become apparent once it is implemented at all levels. The act introduced two fundamental reforms which are creation of the Public Procurement Regulatory Authority and Public Procurement Appeals Authority; and devolution of tendering responsibility to Ministries, Departments and Agencies.

2.3.7 The Public Procurement Regulatory Authority (PPRA)

PPRA was established under Section 5 of the Public Procurement Act 2004 as a body corporate with all a legal personality. It replaced the regulatory function of the former Central Tender Board, has five statutory objectives: Ensuring fair, competitive, transparent, non-discriminatory and value-for-money standards and practices; harmonization of procurement policies, systems and practices; setting standards for public procurement systems; monitoring compliance; and building procurement capacity.

The Act confers considerable investigative powers upon the PPRA. The Authority is entitled to have access to all records belonging either to the procuring entity or to a contractor or supplier, and the Act prescribes physical access rights to enable this.

2.3.8 Public Procurement Appeals Authority (PPAA)

The Public Procurement Appeals Authority was also created by the new Act. The PPAA provides a means for aggrieved parties to launch appeals against public bodies responsible for administering the provisions of the Public Procurement Act when other remedies have been exhausted. With the operationalisation of the PPAA, Tanzania has been described as having one of the most comprehensive and robust complaints review mechanisms in the world.

2.3.9 Devolution

The Public Procurement Act, 2004 prescribes the administrative framework within which procuring entities assume full responsibility for procurement decisions and administration. Procurement needs are identified by User Departments, which initiate the procurement process. The User Department liaises with the Procurement Management Unit, which administers the process, with its recommendations scrutinized by an Evaluation Committee. The final procurement decision is made by the entity's Tender Board. This should be contrasted with the situation under the Public Procurement Act 2001, in which all tenders with values above TShs. 450 million, and a significant number of tenders with values above TShs. 10 million were subject to the approval of the Central Tender Board.

It is unlikely that the reforms introduced by the PPA 2004 represent the final piece of the procurement-related legislative framework. The 2006 Procurement Assessment Joint Evaluation Report makes a number of recommendations for further amendments

2.3.10 Public Procurement Act, 2011

For a period of almost seven years since the PPA, 2004 has been in use, certain areas have been identified by stakeholders that needed amendments. During the review period, the Public Procurement Bill 2010 was discussed by stakeholders during the public hearing held on 28th March, 2011. The Bill was passed in the National Assembly on the 14th November, 2011.

The main issues addressed in the proposed amendments include: the Authority to become an autonomous oversight body capable of discharging its function efficiently and effectively; the Authority to have power to cancel the procurement process if a complaint or an allegation is submitted and upon investigation if it is proved that there is violation of PPA (Cap 410) and its Regulations; Public Procurement Appeals Authority (PPAA) to become an autonomous body capable of discharging its functions efficiently and effectively;

Other issues are criteria and procedures for doing emergency procurement; circumstances which a tenderer shall be debarred from participating in public procurement; procurement of common use items and seasonal goods whose prices are changing depending on season; stern measures/severe punishment for any person who contravenes the provision of PPA(Cap 410); procedures for conducting due diligence to local and foreign bidders recommended to be awarded large/high value public procurement contracts; procedures for carrying out e-procurement; and the Authority's advisory mandate to be strengthened by relinquishing it from the role of making administrative review of procurement complaints.

2.3.11 Value for Money in Construction Projects

2.3.11.1 The Construction Industry in Tanzania

The construction industry is a sector of the economy that transforms various resources into constructed physical economic and social infrastructure necessary for socio-economic development. It embraces the process by which the said physical infrastructure are planned, designed, procured, constructed or produced, altered, repaired, maintained, and demolished.

The industry comprises of organizations and persons who include companies, firms and individuals working as consultants, main contractors and sub-contractors, material and component producers, plant and equipment suppliers, builders and merchants. The industry has a close relationship with clients and financiers. The government is involved in the industry as purchaser (client), financier, regulator and operator.

According to the Contractors Registration Board (CRB) Report (2010), out of 3601 registered projects in Tanzania, 142 projects worth 1,112 billion were executed by Foreign Contractors and the remaining 3459 projects worth 1,741 billion were executed by Local Contractors. These figures imply that Local contractors had 61 percent market share and Foreign Contractors had only 39 percent market share. By number of projects registered it shows that Local contractors had 96 percent of the number of total projects and Foreign Contractors had only 4 percent of the number of registered projects.

The comparison of Market shares and number of projects shows that despite Local contractors having large number of projects, foreign contractors had few projects with large values and Local Contractors had many projects of small value.

2.3.11.2 The Best Practices in Public Procurement of Works

Public Procurement, in any country, is one of the areas which are most vulnerable to risk. Procurement involves a high degree of discretion in decision-making both in the nature of the goods, works or services purchased and also on the choice of contractor or supplier. The core of the matter is fully covered under Sect 43 of the Public Procurement Act No 21 of 2004 which states that,

“...in the execution of their duties, Tender Boards and procuring entities shall strive to achieve the highest standards of equity, taking into account:

(a) Equality of opportunity to all prospective suppliers, contractors or consultants.

(b) Fairness of treatment to all parties; and

(c) The need to obtain the best value for money in terms of price, quality and delivery having regard to set specifications and criteria”

Sect. 44(1) of the Public Procurement Act 2004, states that, it is the duty of the Accounting Officer, the Chief Executive of the procuring entity to ensure that procurement of goods, works or services is done in accordance with the procedures prescribed by or under the Public Procurement Act 2004 and its Regulation of 2005 criteria which will include workmanship, site supervision, cost control, adherence to programme, contract administration etc.

2.3.11.3 Qualifications of Contractors

According to the PPR, 2005, sec. 14 the qualification of contractors have been stated clearly as follows;

“(1) To qualify to participate in procurement or disposal proceedings, suppliers, contractors, service providers or asset buyers shall meet the following criteria:

(a) that they possess the necessary professional and technical qualifications, professional and technical competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience and reputation, and the personnel to perform the procurement or disposal contract;

(5) The procuring entity shall evaluate the qualifications of suppliers, contractors, service providers or buyers in accordance with the qualification criteria and procedures set forth in the pre-qualification documents, if any, and in the solicitation documents or other documents for solicitation of proposals, offers or quotations.

2.3.11.4 Prequalification of Contractors

The prequalification process of contractors is stated by the PPR, 2005, sec. 15 as follows;

“(1) A tender board may require pre-qualification of large or complex contracts or turnkey contracts or build, own and transfer contracts to ensure, in advance of tendering, that invitations to tender are confined to capable firms.

(11) When pre-qualification is undertaken, qualification of tenderers by a procuring entity shall be based upon the capability and resources of the applicants to perform the particular contract satisfactorily, taking into account their;

(a) experience and past performance on similar contracts;

(b) knowledge of local working conditions

(c) capabilities with respect to personnel, equipment and construction or manufacturing facilities;

(d) financial position; and

(e) current commitments.”

According to the PPA, 2004 sec.37, the task of evaluating the contractors is upon the Evaluation Committee which is formed by the Accounting Officer, “All evaluations shall be conducted by an evaluation committee, which shall report to the Procurement Management Unit.” It is not necessary to choose the lowest tender; the selection of tenders other than the lowest is acceptable as long as the reasons for the choice are clearly and convincingly stated. “A loss making contract is normally a recipe for trouble” (Africa Development Bank [ADB], 2011).

2.4 Challenges and Consequences of Poor Procurement

An effective public procurement system is essential for good governance. A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process. Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, thus deprive the country of receiving better prices and goods, works and services (World Bank, 2000).

2.5 Empirical Literature Review

2.5.1 Sources and Allocation of Government Funds

The Government's revenues are derived from two main sources which are local foreign. Local revenues are derived from tax receipts and non-tax receipts, the major source of national revenues being tax receipts raised through fiscal statutes. Non-tax receipts (fees, cess, etc.) are generally raised through non-statutory mandates and usually a reciprocal benefit accrues to the citizens from whom such receipts are collected, unlike tax receipts where the element of quid pro quo is absent. The foreign sources are loans and grants/aids from donors⁶.

The government had been implementing reforms in fiscal policy. A number of interventions in tax administration have been put in place since 1995. The success of Tanzania Revenue Authority (TRA) was of vital importance because in 1996, 85 percent of Tanzanian government revenues were taxes and duties collected while the annual revenue collected in 2005/06 increased to US\$1.7 billion from 1.1 billion in 2002/03. This enabled Tanzania to increase its recurrent budget financing to about 60 percent, leaving less than half to foreign aid [United Nations Development Programme Tanzania (UNDP), 2010]

⁶ Ministry of Planning, Economy & Empowerment (MPEE). (2006, December). *Millennium Development Goals, Progress Report*.

2.5.2 Performance of World Bank Financed Projects

Parallel with the CPAR exercise an Independent Procurement Review (IPR) of 138 contracts was carried out in 2010. The contracts included: 40 in Health Sector Development Fund Project; 34 in Integrated Roads Project (IRP-II); 25 in Agricultural Research Projects, 35 in Social Action Fund Project; and 14 in Public Service Reform Project. The total of 138 contracts reviewed was funded by World Bank, the African Development Bank and the Government.

The main shortcomings identified were: poor procurement planning, leading to packaging of procurements that do not support value for money; excess use of shopping method; lack of proper documentation of tender process and record keeping; evaluation reports of uneven quality, leading to non-transparent application of award criteria; and unrealistic implementation timeframes applied, leading to extensions of timeframes, which again increases costs.

2.5.3 Problems Experienced in Working with Local Contractors

As reported by CRB (2010), local contractors were identified being facing challenges like that of inadequate equipment deployment, inadequate use of skilled and experienced personnel, poor financial capacity, lack of proper organisation structures, dishonesty in some local contractors and corruption in project procurement.

To improve the performance of local contractors, foreign contractors suggest that local contractors should make efforts to formation of Joint Ventures or mergers to increase their capacity and embrace training of their personnel

2.5.4 Contract Management

As far as contracts management is concerned, the PPRA report of 2010/2011 revealed delayed payments of contractors and consultants caused by erratic cash flows from the government or donors. Weak monitoring of contracts, non-enforcement of liquidated damages clause, issuing variation orders and extension of time without justifiable reasons and without following appropriate procedures.

It was also argued that, design changes, inadequate planning, unpredictable weather conditions; and fluctuations in the cost of building materials are common factors causing cost overruns. More than 90% of large MARA construction project experienced delay since 1984. Most frequent effects of delay in MARA projects are time overrun and cost overrun. Studies revealed that time and cost overrun has linear relationship with each other⁷.

2.5.5 Corruption in Public Procurement in Tanzania

The World Bank (2004) defined corrupt practice as “offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution”. Corruption, as defined by the World Bank, is the abuse of public office for private gain. Such behavior by persons concerned with the procurement process often leads to economic losses for the public. Thus, many lose for the benefit of a few. Often there is some form of collusion between the purchasing and selling side. Responsible officials on the contracting side request or are induced to accept gratuities from bidders or contractors to make favorable award decisions. Such influence in the decision-making and executive processes of a country has legal, administrative and economic costs. (Wittig W. A. 1999)

⁷ http://www.academia.edu/2487673/Factors_Affecting_Construction_Cost_Performance_in_Project_Management_Projects_Case_of_MARA_Large_Projects

The problem of corruption in Tanzania was recognized as long ago as 1966 when Government established a Permanent Commission of Enquiry (Ombudsman) to check abuse of power by public officers. Furthermore, in 1971, Parliament enacted the Prevention of Corruption Act, and on this basis the Prevention of Corruption Bureau (PCB) was established in 1975. Still, as explicitly acknowledged in the National Anti-Corruption Strategy and Action Plan (NASCAP - November 1999) for Tanzania, corruption in the public and private sectors has reached endemic proportions. The government further states that it views the corruption scourge as public enemy number one.

A 1996 Presidential Commission of Enquiry on Corruption (Warioba Commission) determined that the high level corruption is caused by several factors, including: (i) greed and abuse of power; (ii) poor discipline; (iii) deficiencies in management systems, procedures and controls; (iv) weak legal and judicial systems; (v) weak oversight and watchdog institutions (among these, the Permanent Commission of Enquiry, the Prevention of Corruption Bureau (PCB), the Controller and Auditor General (CAG), Parliament, and the mass media); (vi) political interference; and (vii) low public awareness⁸.

2.5.5.1 Factors that Influence the Opportunities for Corruption

The factors which influence corruption in procurement of works are Size of the contract: the larger the contract the bigger the bribe; the sector involved, some sectors are more prone to corruption than others, such as construction, oil and gas, property development and manufacturing; restricted access to information, poor transparency over executive decisions may boost corruption; funding schemes, direct budget support and sector wide approaches can increase opportunities for corruption due to limited possibilities for financial control; and immediacy, urgency increases the possibility to inflate prices (Frøystad et al, 2010)

⁸ World Bank (2004). *Accountability, Transparency & Integrity Project*.

2.5.6 Political Interference

Public procurement is considered an inherently a politically sensitive activity (Schapper et al; 2006). However, Pillary (2004) argues that senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest.

In developing countries; one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards⁹.

In Tanzania the Prime Minister and two Cabinet Ministers (former Minister for Minerals and Energy and Minister for East Africa Cooperation) were forced to resign in February 2008 following serious allegations of corruption leveled against them (*Tanzania, Mwananchi Newspaper*, No.1365, August 29, 2008, pp.1-2). In June 2008 a third Cabinet Minister (Infrastructure Development, but formerly Tanzania's Attorney General) was also forced to resign following allegations of illegal acquisition of US\$2.2 million deposited in a foreign bank account in the United Kingdom.

According to the World Bank and IFC 2006 Enterprise Survey, 42 percent of the surveyed companies in Tanzania expect to give gifts to secure a government contract. The average payment is estimated at 3 percent of the contract's value. Procurement at the local level is reported to be more prone to corruption than at the central level. Accounting for donor funded projects is also reported to be weak¹⁰.

⁹ Tukamuhabwa. B. R (2012). *Antecedents and Consequences of Public Procurement Non-compliance Behavior*. Journal of Economics and Behavioral Studies Vol. 4, No1, pp.3446, Jan 2012 (ISSN: 2220-6140). Makerere University Business School. Kampala-Uganda.

¹⁰ Business Anti-Corruption Portal (2010). *Overview of Corruption in Tanzania*.

2.5.7 Community Involvement in Procurement

In order to respond to citizens' demands for greater accountability in the management of public expenditures, some governments have introduced direct social control mechanisms by closely involving stakeholders – not only the private sector but also end-users, civil society, the media or the public at large – in scrutinizing integrity in procurement.

Several countries formed a parliamentary committee to review projects, conduct investigations and/or organize hearings on large-scale procurements, which hold important risks for public funds. Parliamentary committees are usually aim at preventing mismanagement and corruption.

In the places where communities were fully involved in signing contracts they were able to supervise the contractors to produce quality work as was the case of a warehouse at Nsimbo village in Uyui district. In places where communities were not involved the supervision of contractors by communities was weak which resulted into poor quality facilities, such as cattle dip at Zogolo village and Market shed at Nkiniziwa village in Nzega district. The community is less informed about the procurement process for works, goods and services for large infrastructures managed by districts, jeopardizing ownership and sustainability of the facilities. (ASDP, 2008)

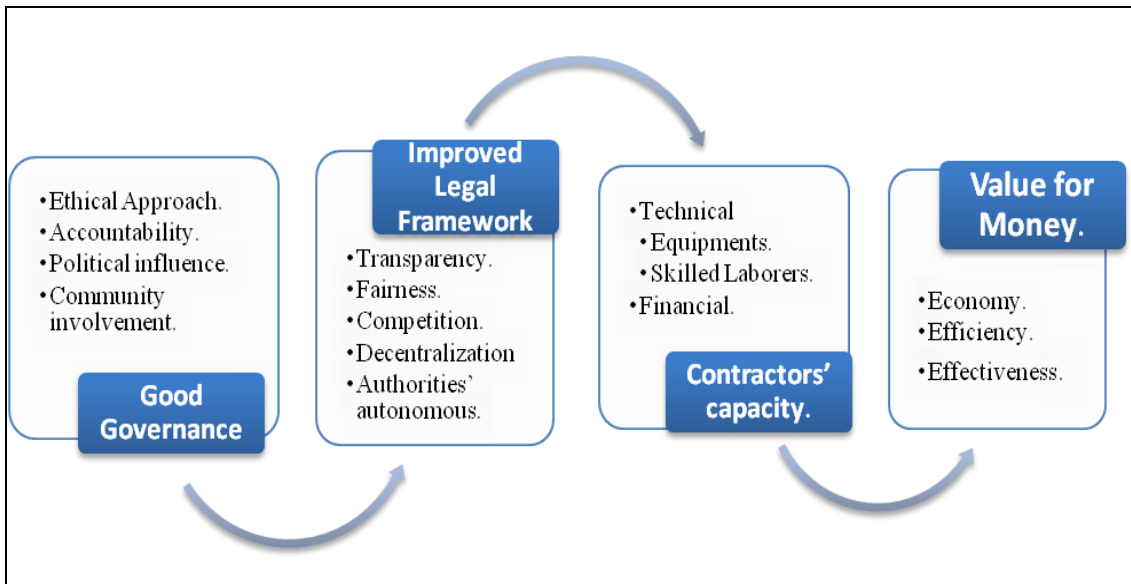
2.5.8 Challenges in Implementing Construction Projects

Mlinga, (2006) argued that, Tanzania has not adequate, a sizeable number of construction industry practitioners including economists, planners, architects, quantity surveyors and engineers that have been for some time involved in the realization of some completed and ongoing construction projects. Unfortunately some of these projects have not been successfully implemented as expected.

Cases of poor quality, late completion and cost overruns are being reported in many projects. A question to ponder here is: Are our experts devoid of the necessary education and training required to implement such projects? What they lack is ethical skills which to a large extent are related to experts' attitude towards the works they design, supervise or construct. Some people have developed an attitude that to make easy money you just need to establish a consulting firm or a construction company. Indeed some companies are established only to rob tax payers' money through dubious contract deals with public employees.

2.6 Conceptual Framework and Research Model

Figure 2.2: Value for money in Public Procurement of Works.



Source: Researcher (2013)

For the aim of promoting value for money in procurement of works, Good governance is inevitable. Public officials and politicians involved in procurement process should be ethical for them not to allow conflict of interests to dominate the process. Community and other stakeholders are involved in planning, monitoring and evaluation of projects. This will encourage ownership spirit to the community and accountability of the Government to the taxpayers.

The improved legal framework which decentralizes procuring authorities to the procuring entities with fully autonomous, it requires transparency, fairness and competition among bidders for the aim of achieving value for money in the whole procurement process. Therefore, adherence to procurement legislations results to selection of competent and qualified contractors who can execute the tendered works at low cost while maintaining the required standards and producing the expected output within the right time.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was employed in the study. It explains the research design, methods, instruments for data collection and techniques used for analysis. The justification for the selected methodological approach, sampling procedures and targeted population are presented.

3.2 Study Area

The research was conducted in Tabora Regional Secretariat, specifically to the following sub-votes; RS headquarter, Regional hospital, DAS Tabora, DAS Uyui, DAS Igunga, DAS Nzega, DAS Sikonge and DAS Urambo.

3.3 Study Design

The research design was a case study. The objective of the study was to obtain essential information and insights into the association, correlation and relationships that exist between variables which are value for money, community involvement, technical capacity of contractors and consultants as well as transparency. Therefore the research design, served as a veritable guide for data generation, especially primary data.

3.3.1 Research Methods

The research used both qualitative and quantitative approaches through which the following techniques were applied; questionnaires, interviews and observation for primary data and documentary review for secondary data.

3.3.2 Study Area

An important aspect in the design of this study was the aspect of scoping. This was necessary because common agreement and understanding was needed on what and who should be included and excluded in the study. In particular, it refers to the geographical, temporal, content and respondent scopes.

3.3.2.1 Geographical Scope

For the purpose of this study, the Geographical scope was limited to Tabora Regional Secretariat only.

3.3.2.2 Temporary Scope

The reference period for the study referred to months, of which the survey was conducted from January to June, 2013.

3.3.2.3 Content Scope

The study included mainly questionnaires, interviews for primary data and documentary review for secondary data.

3.3.2.4 Respondent Scope

The study was designed to survey Government employees of Tabora Regional Secretariat, Contractors, Consultants and stakeholders of the projects. The use of questionnaire, interviews was considered as important methods of collecting quantitative data. The questions were structured to ensure accurate capture of data and high response rate.

3.3.3 Study Population

The total population of projects implemented by Tabora RS for six financial years (2006/2007 to 2011/2012) was 78 projects. The sources of information were approved Annual budget, project contracts and reports for development projects.

3.4 Variables

In this study the dependent variable was Value for Money and the independent variables were Technical capacity of contractors and consultants, Community involvement, monitoring and Transparency. The variables' measurements were;

- a) Value for Money
 - Level of quality (high, moderate or low).
 - Cost variations (Tshs.)
 - Usefulness.
- b) Technical capacity
 - Registration class.
- c) Community involvement
 - Level of involvement (high, moderate or low).
- d) Transparency
 - Compliance of laws and regulations
(high, moderate or low).
- e) Monitoring
 - Frequencies

3.5 Sample Size and Sampling Techniques

Researchers usually cannot make direct observations of every individual in the population they are studying. Instead they collect data from a sub-set of individuals (as sample) and use those observations to make inferences about the entire population. The sample size of this study was 56 projects which is 70 percent of the population based on judgmental selection due to the nature of the study and the organization.

The RSs do not implement many construction projects in one financial year compared with those implemented by LGAs. For six financial years (2006/2007 to 2011/2012) Tabora RS implemented only 78 construction projects which were executed by 26 contractors. So, judgmental selection technique was right for proper representation of projects and contractors. The proposed sample size (70 percent of the population) was reasonable for increasing the accuracy of the findings and data collection was not difficult and costing due to the projects being not far from each other.

3.5.1 Types and Sources of Data

The study used primary and secondary data. Primary data were gathered directly from respondents through questionnaires, interviews and observation. Secondary data involved data that had been collected by someone else. It included collection and analysis of published material and information like projects' budgets, contracts and reports from internal sources.

3.5.2 Data Collection Methods

Data were collected from the population by using questionnaires, interviews, observation and documentary review.

3.5.2.1 Reliability and Validity of the Data Collection Instrument

In order to test the reliability and validity of the data collection instrument, pre-test was carried out. There was a preliminary investigation in order to pre-test the instruments. This stage revealed the suitability of the methods and instruments that were employed in the study. It consequently led to early detection of errors and distortions in the questionnaire which were corrected in the process.

Testing the reliability and validity, helped the researcher to familiarize himself with the research environment and also offered the opportunity to practice research in real situation before the main study began.

3.5.2.2 Questionnaire

The questionnaire had structured, semi structured and unstructured questions. The structured questions were used because they are easy and take less time to answers. Options were available to the respondents from which they can tick options that best describe their practices, opinions or attitudes. The disadvantage was that they restricted the respondents' choices. The unstructured questions were provided for the respondents to describe the situation at hand without limit. The disadvantage was that they took more time for the respondent to fill and they required respondents to recall certain information without the benefit of the predetermined options. (See appendix - 1)

3.5.2.3 Interviews

According to Shao (1999), interview as opposed to questionnaire requires more in depth answers and takes longer and more resources to carry out. The questions of the interview as with the questionnaire were either structured, semi structured or unstructured. The interview was either face to face or a telephone interview depended with the availability of the respondents.

3.5.2.4 Documentary Review

The following documentaries were reviewed: (a) Budget, Contracts and projects' reports (b) Various publications of foreign governments or of international bodies and their subsidiary organizations on construction projects in Tanzania; (c) Technical and Trade Journals; (d) Business magazines and newspapers; (e) CAG Reports and publications of various associations connected with business and industry, banks, stock exchanges, etc.; (f) Reports prepared by research scholars, universities, economists, etc. in different fields; and (g) Public records and statistics, historical documents, and other sources of published information.

3.6 Data Analysis and Presentation Methods

Both quantitative and qualitative data were analyzed. Data analysis was carried out using 'The Statistical Package for Social Sciences (SPSS) and Microsoft Excel package. The analyzed data are presented in the form of tables, bar charts, pie charts, percentage distribution and linear charts.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents and discusses in detail the meaning and implication of research findings which reflect the response of the targeted survey towards the factors affecting achievement of VFM in construction and rehabilitation projects in Regional Secretariats.

The discussion based on sources of funds for development projects, legal framework in Public Procurement, transparency and management in procurement of works. The responses from procuring entity, contractors and consultants have been discussed and analyzed logically.

4.1.1 Response Profile

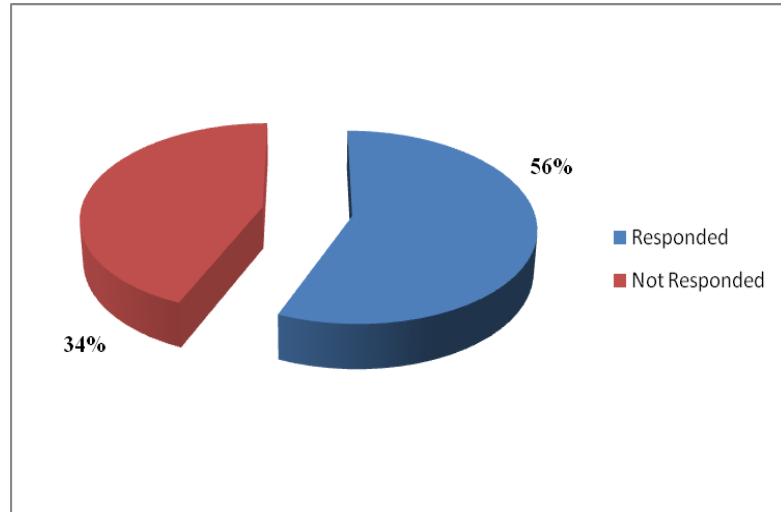
The survey response profile is presented in two categories namely; response rate and the respondents' profile as described the next paragraph.

4.1.2 Response Rate

Questionnaires were sent to 71 respondents from which 45 were Regional Secretariat's employees and other stakeholders while 26 were contractors who in one way or another were engaged in construction projects by Tabora RS. Follow up was made to the respondents through E-mail, mobile phone and visits for persuading them to respond to the questionnaires. This was necessary in order to increase the response rate to an acceptable level. According to Baruch (2004) the average response rate of 36.1 percent with a standard deviation of 13.1 percent is acceptable.

The researcher managed to receive filled questionnaires from 40 respondents. Therefore, the response rate was approximately 56 percent of the targeted respondents as shown on figure 4.1. This response rate is higher than the average recommended by Baruch (2004).

Figure 4.1 Response rate



Source: Researcher's Findings (2013)

4.1.3 Profile of the Respondents

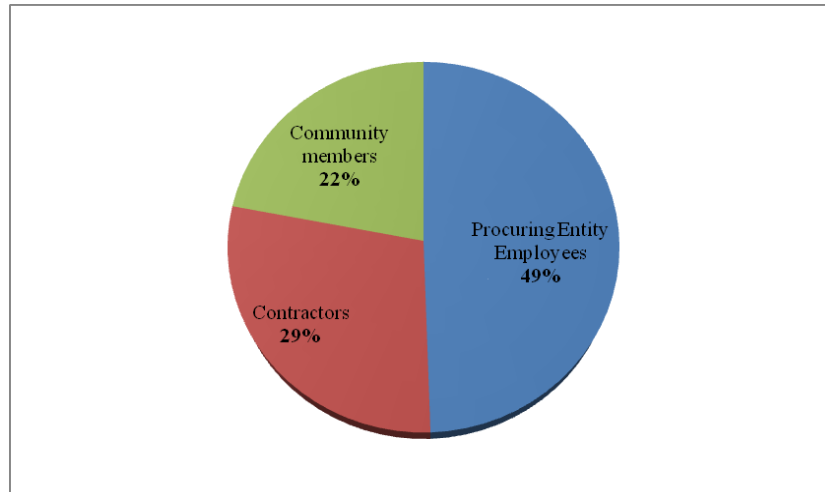
The respondents were grouped in groups which included employees from the procuring entity (Tabora Regional Secretariat), contractors and Community members who were interviewed. The table 4.1 presents the profile of the respondents;

Table 4.1: Respondents' Profile

S/N	Nature of Respondents	Number of Respondents	Percentage (%)
1.	Procuring Entity Employees	45	49
2.	Contractors	26	29
3.	Community members	20	22
TOTAL		91	100

Source: Researcher's Findings (2013)

Figure 4.2 Respondents' Profile



Source: Researcher's Findings (2013)

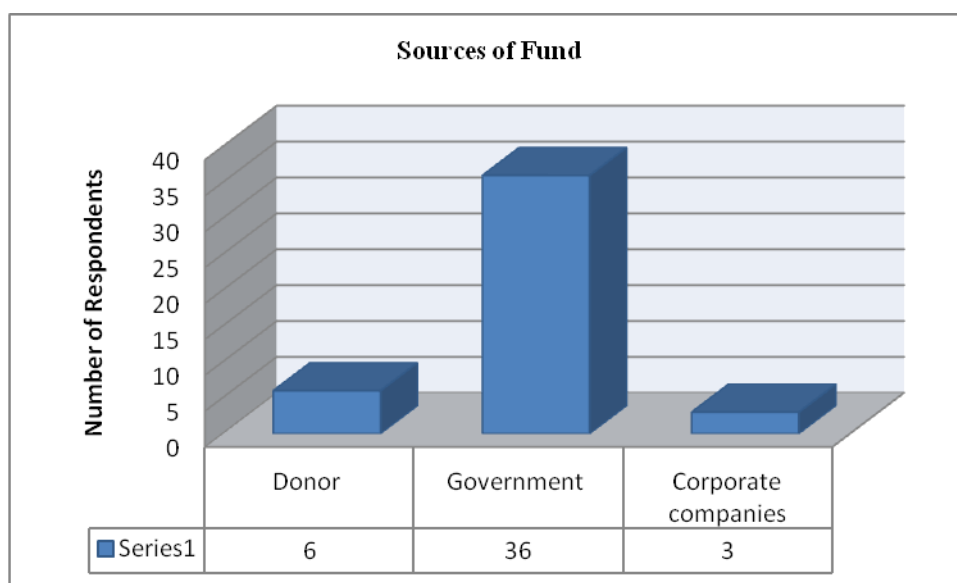
Respondents from the Procuring entity were 49 percent, contractors were 29 percent and community members were 22 percent as shown on figure 4.2.

4.2 Sources of Funds for Construction Projects in Regional Secretariats

To investigate sources of fund for construction projects, a question was designed by categorizing sources of funds into the following groups; government agencies, donors, corporate companies and private individuals (See figure 4.3)

Government bodies were identified to be financing by 59 percent while donors and corporate companies were financing 34 percent and 7 percent respectively. Private individuals were not reported to be one of sources of fund for construction projects but in the reality they do finance through community contribution “*nguvu za Wananchi*” in many development projects.

Figure 4.3 Sources of Fund for Development Projects



Source: Researcher's Findings (2013)

4.2.1 Budget for Development Projects at National Level

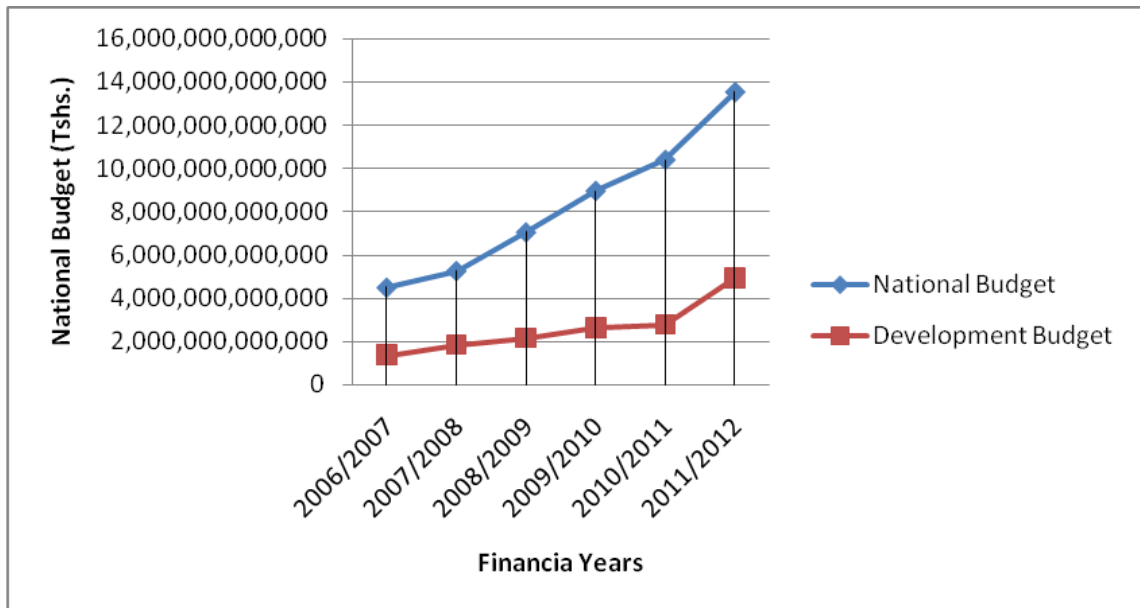
One of the interested areas in this study was to assess whether development projects were give priority in the government budget. The budget trend of the government and Tabora RS are presented on the table 4.2 and figure 4.4.

Table 4.2: Budget Frame of Tanzania in Tshs. (000,000)

Year	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
National Budget	4,504,371	5,269,042	7,055,811	8,965,856	10,398,716	13,525,895
Development Budget	1,337,211	1,810,972	2,130,368	2,611,306	2,749,037	4,925,609
Development Budget (%)	30	34	30	29	26	36

Source: Ministry of Finance and Economic Affairs (2012).

Figure 4.4: The National Budget Trend from 2006/2007 to 2011/2012



Source : Researcher’s Findings (2013)

From the figure 4.4 the increase in the general national budget is not proportional to the increase in the development budget. Table 4.2 shows that, there was an increase of 4 percent in 2007/2008 compared with 2006/2007 but the situation changed in 2008/2009 where development budget started to decrease in proportional to general budget by 8 percent in 2010/2011. Finally in 2011/2012 it increased dramatically by 10 percent.

4.2.2 Budget for Development Projects in Tabora RS

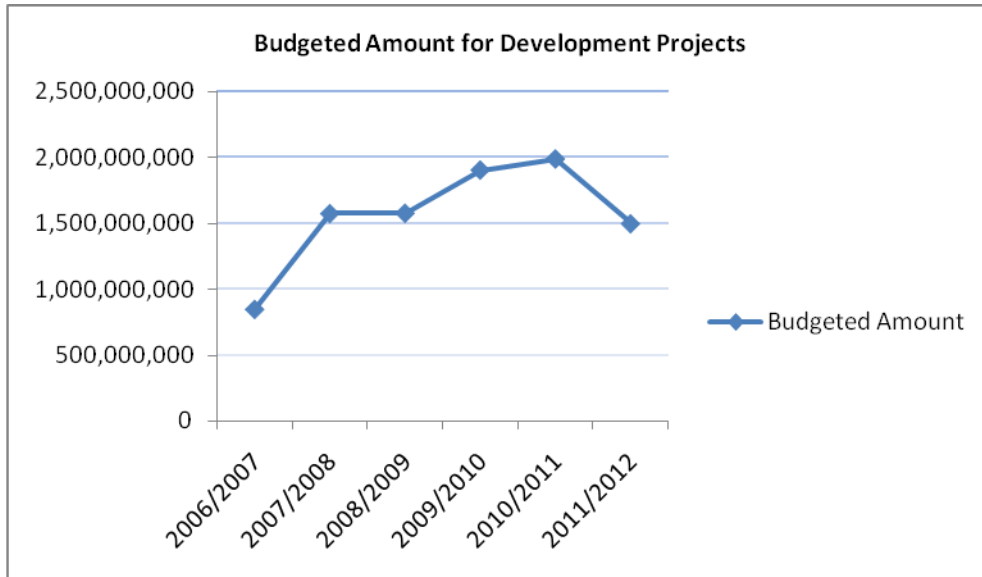
As discussed in Chapter Two of this report, Tabora RS receives funds for implementing development projects from the government budget which is composed of local funds and foreign funds contributed by donors through budget support. Figure 4.5 shows the trend for development budget for the Tabora RS while figure 4.6 presents budgeted against received amount for the respective financial year.

Table 4.3: Budgeted Amount for Tabora RS’ Development Projects in Tshs.

Year	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Budgeted Amount	844,701,000	1,571,867,000	1,574,331,000	1,901,821,000	1,986,473,000	1,494,536,000

Source: Tabora Regional Secretariat Reports (2012)

Figure 4.5: The Tabora RS Budget Trend for Development Projects



Source : Tabora Regional Secretariat's Budget (2012)

From figure 4.4, in the financial year 2011/2012 the national budget for development projects increased by 79 percent compared with 2010/2011 while the development budget for Tabora RS in the same years decreased approximately by 25 percent as reflected on figure 4.5. It means that, the budget ceiling for Regional Secretariats did not increase compared with other Governmental Departments and Agencies. As the result, part of the development budget for RSs was transferred to cover recurrent budget.

4.2.3 Funds Released by Treasury to Tabora RS Development Projects

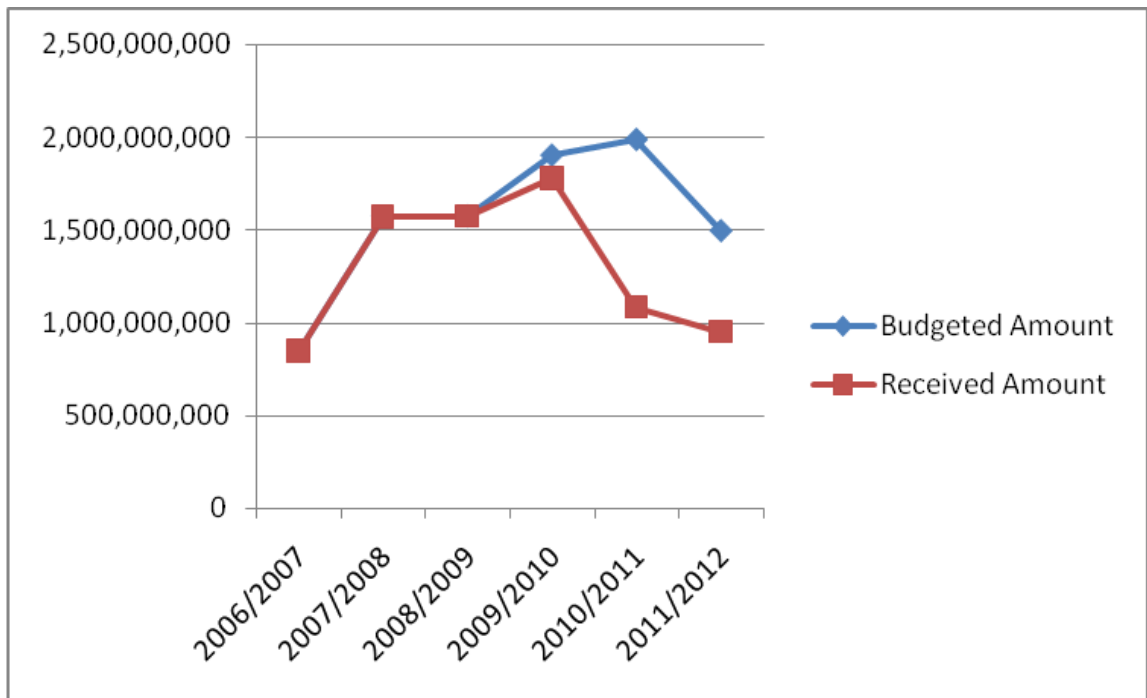
The budgeted funds for development projects for the financial years 2006/2007 to 2008/2009 were all received before 30th June of the specific financial year though they were not released on time by Treasury for the procuring entity to comply with its annual procurement plan. In 2009/2010 development budget started to decrease when compared with the previous years but in 2010/2011 there was a big gap between budgeted and received amounts. Figure 4.6 presents the situation clearly.

Table 4.4: Budget against Received Amounts for Tabora RS Development Projects' in Tshs.(000)

Year	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Budgeted Amount	844,701	1,571,867	1,574,331	1,901,821	1,986,473	1,494,536
Received Amount	844,701	1,571,867	1,574,331	1,779,821	1,084,308	951,571

Source : Tabora Regional Secretariat's Budget (2012).

Figure 4.6: The Trend for Budgeted against Received Amount in Tshs.



Source : Tabora Regional Secretariat's Budget (2012).

4.2.4 Direct Funded Projects by Donors

It was noted that, African Development Bank (ADB) financed Construction of Assistant Medical Officers Institute, Operating Theatre, Incinerator and rehabilitation of Health Centers in Tabora Region. The projects were executed by Humphrey construction Ltd for contract sum of Tshs. 5,875,895,050.50 and managed by the Ministry of Health and Social Affairs. The role of the Regional Secretariat was just monitoring during project execution stage. There was no involvement of Tabora RS in all other procurement process as the beneficiary of the project. The contract period was nine months (1/8/2009-27/4/2011) but up to 25th May, 2013 the contracts were not yet practically completed. Figure 4.7 displays the execution stages of the projects;

Figure 4.7 Projects Financed by ADB in Tabora Region.



Source: Researcher's Findings (2013)

4.2.5 Impacts of Budget Constraints and Unrealistic Cash flow

The UNDP (2010) reported that, a number of interventions in tax administration have been put in place by the Government of Tanzania since 1995. Resource mobilization efforts have included; increased domestic revenue, Public Private Partnerships (PPP), reduced wastage through creation of executive agencies and privatization process. As a result, domestic revenue increased from 12.1 per cent of GDP in 2003 to 17.1 per cent in 2008 while external resource flows have increased from about \$ 1.1 billion in 2000 to about \$ 2.8 billion in 2008.

Though the National budget trend in table 4.2 and figure 4.3 shows the continual increment in general budget, still the development budget was lagging behind in financial years 2008/2009 to 2010/2011. The impact of un-proportional budgeting in the national level was remarkable in the development budgets for Tabora Regional Secretariat.

These findings are contrary with the recommendation given by the UNDP (2010) that, moving away from project support to direct budget support mechanism has improved predictability of external resource inflows and therefore improved budget planning and execution in Tanzania. Figure 4.5 expresses how the situation is worth to the Regional Secretariat in implementing the approved budget. What they received was less than what they budgeted.

It implies that, the planned projects were not executed on time; some of them were implemented by phases and others absconded due to shortage of fund. See table 4.5 and figure 4.8 below;

Table 4.5: Projects implemented by phases

S/N	Project	Nature of Implementation	Start	Completed
1.	Construction of the Office Block for Uyui District at Isikizya.	Phases	2006/2007	June, 2011
2.	Construction of Conference Hall at RC's Office.	Phases	2007/2008	November, 2010
3.	Construction of doctors' Residential block of flats.	Phases	2008/2009	Under construction (as on 30/5/2013)
4.	Construction of Assistant Medical Officers Institute, Operating Theatre, Incinerator and rehabilitation of Health Centres in Tabora Region.	Single Phase.	2009/2010	Under construction (as on 30/5/2013)

Source: Tabora Regional Secretariat (2012)

Figure 4.8: Projects Implemented on Phases



Source: Researcher's Findings (2013)

4.3 Legal Framework in Public Procurement

The enactment of the Public Procurement Act, 2001 consolidated all procurement legislation for the first time; it sought to move the legal framework towards international standards. The Public Procurement Act, 2004 entered into force in May 2005, replacing the 2001 Act. It included abolition of the Central Tender Board, replacing it with a regulatory body; full devolution of procurement operations to procuring entities themselves; and establishment of an Appeal Authority.

The study was aimed in investigating the strength and weaknesses of the Public Procurement Act, 2004 and its Regulations, 2005 as well as the compliance of the procuring entities to the existing legal framework.

4.3.1 The Procurement Management Unit (PMU)

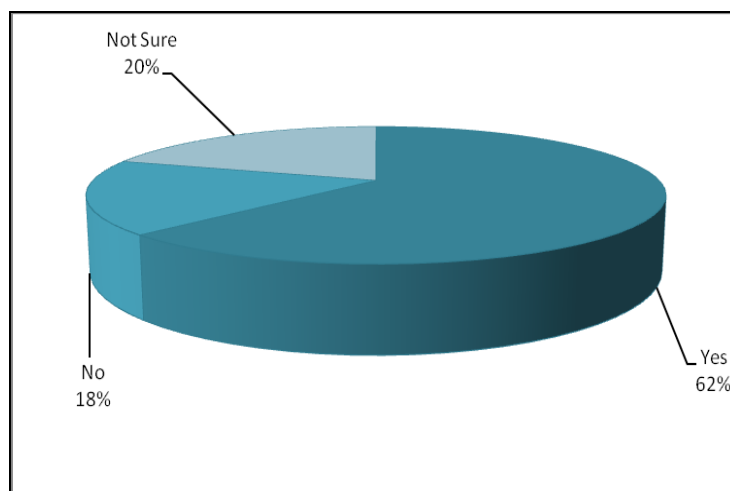
The PPA, 2004 Sec. 34(1) and (2) require every procuring entity to establish a Procurement Management Unit which is staffed to an appropriate level. The findings reveal that 62.5 percent of the respondents support the procuring entity being complying with the PPA, 2004 while 17.5 percent opposed. The remaining 20 percent of the respondents were not sure of what had been going on. See table 4.6 and Figure 4.9 for more details.

Table 4.6: Establishment of the Procurement Management Unit

Did the entity establish the Procurement Management Unit as per the Laws Regulations?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	62.5	62.5	62.5
	No	7	17.5	17.5	80.0
	Not sure	8	20.0	20.0	100.0
	Total	40	100.0	100.0	

Source: Researcher's Findings (2013)

Figure 4.9: Establishment of the Procurement Management Unit



Source: Researcher's Findings (2013)

4.3.2 Annual Procurement Plan (APP)

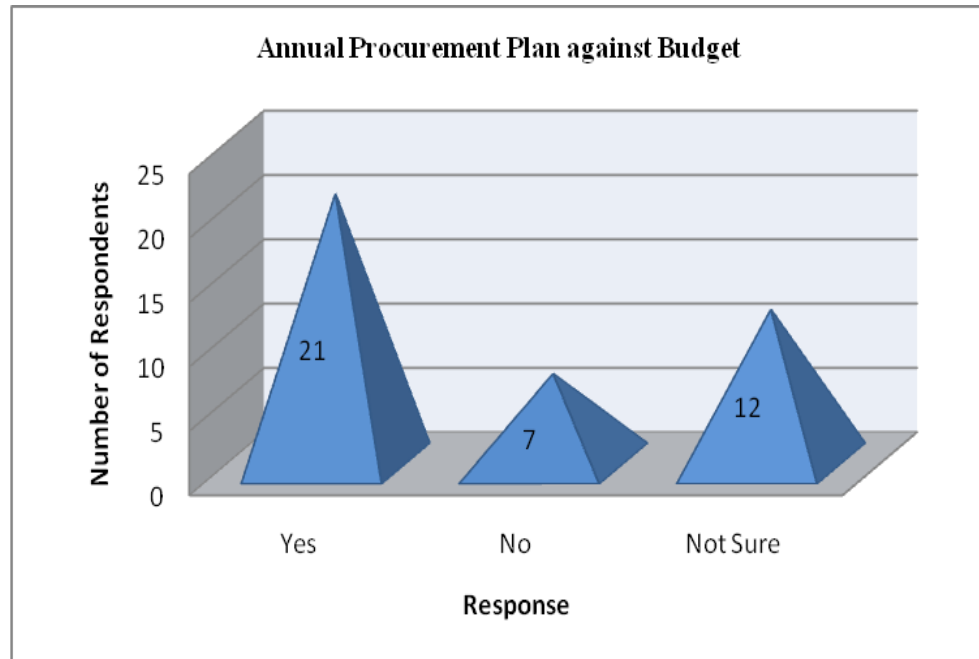
The procuring entity is responsible for preparing its Annual Procurement Plan for the aim of attaining VFM through avoiding emergency procurements, aggregating requirements and integrating its procurement budget with its expenditure programme (PPA, 2004). In assessing the adherence to this law, 52 percent of the respondents their warrant holders prepare Annual Procurement Plans which are integrated with budget. In general, the majority of the sub warrant holders in vote 85(RAS Tabora) do prepare APP as per the PPA, 2004. See table 4.7 and figure 4.10 below.

Table 4.7: Annual Procurement Plan against Budget.

Do you prepare Annual Procurement Plan? * Is procurement plan recorded against budget to identify anomalies in recorded expenditure? Cross tabulation						
Count						
		Is procurement plan recorded against budget to identify anomalies in recorded expenditure?				
		Yes	No	Not Sure	Total	Percentage
Do you prepare Annual Procurement Plan?	Yes	21	0	0	21	52
	No	7	0	0	7	18
	Not sure	1	4	7	12	30
Total		29	4	7	40	100

Source: Researcher's Findings (2013)

Figure 4.10: Annual Procurement Plan against Budget.



Source: Researcher's Findings (2013)

4.3.3 Establishment of Tender Board

The findings portray that, Tender Board members for Tabora RS are appointed by the Accounting Officer¹¹. Tabora RS's employees responded on the modality used to establish Tender Board on Table 4.8 which shows that, 77.5 percent of the respondents agreed that the Accounting Officer appoints Tender Board members and the Tender Board operates independently for it to be free in advising the Accounting Officer properly.

Table 4.8: Establishment of Tender Board

Who appoints the Tender board members of your entity?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Head of Procurement	9	22.5	22.5	22.5
	Accounting Officer	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

Source: Researcher's Findings (2013)

¹¹ Public Procurement Act, 2004 sec.28

4.3.4 Evaluation Committees

Evaluation Committee is established under sec. 37 of the PPA, 2004 which requires all evaluations to be conducted by this committee after its members being recommended by PMU and approved by the Accounting Officer or Chief Executive. Assessment for existence and capacity of the Evaluation Committee reveals that, most of Evaluation Committees were composed by qualified member though some of them had few weaknesses due to conflict of interests among members. That’s why only 67.5 percent of the respondents in table 4.9 had confidence with Evaluation Committees while the rest had no confidence in the Committees’ capacity and integrity.

Table 4.9: Evaluation Committees’ Capacity

Do the evaluation committee members have required skills, experience and qualifications to evaluate bids properly?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	67.5	67.5	67.5
	No	13	32.5	32.5	100.0
	Total	40	100.0	100.0	

Source: Researcher’s Findings (2013)

4.3.5 Compliance with the Public Procurement Act, 2004 and its Regulations, 2005

According to the findings analyzed in table 4.6 Tabora RS has established a Procurement Management Unit which is staffed to an appropriate level, it prepares Annual Procurement Plan which is integrated with budget as presented on figure 4.7. This was supported by Rose and Lawton’s (1994) that, budgetary control involves the monitoring of actual income and expenditure as against planned income and expenditure on regular basis, identifying variances and investigating the reasons for the variances to ensure balanced budgets. Tender Board members are also appointed by the Accounting Officer as per the PPA, 2004 sec. 28.

A number of weaknesses were observed in this study; these include poor record keeping; inappropriate tender evaluation; lack of quality assurance; not submitting monthly and quarterly procurement reports to PPRA; using bid security instead of bid securing declaration; and poor contracts management. The observed non-compliances were mainly due to inadequate staff in the PMUs, and insufficient knowledge of the provisions in the PPA, 2004 and its Regulations, 2005.

4.3.6 Efficiency of the Public Procurement Act 2004

The enactment of the Public Procurement Act 2004 and its Regulations, 2005 was intended to increase efficiency in Public procurement, but when Contractors and the Procuring Entity’s officers whether the Act has strengthened and controlled government expenditure; only 27.5 percent agreed while the rest disagreed. They argued that, the Public Procurement Act, 2004 causes delaying in awarding contracts. (See table 4.10)

Table 4.10: Efficiency of the Public Procurement Act 2004

The Public Procurement Act, 2004 has strengthened and controlled government expenditure.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	5	12.5	12.5	12.5
	Agree	6	15.0	15.0	27.5
	Disagree	8	20.0	20.0	47.5
	Strongly disagree	9	22.5	22.5	70.0
	Uncertain	12	30.0	30.0	100.0
	Total	40	100.0	100.0	

Source: Researcher’s Findings (2013)

Knudsen, (1999) suggested that procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity.

Value for money is the main objective of the Public Procurement Act, 2004 but when the procuring entity and contractors were asked whether the Act has strengthened and controlled government expenditure; it was realized that many projects did not start on time due to long procurement processes which took almost 90 days before awarding the contract.

In connection with the causes of delays in procurement other than the Procurement Act, several reasons were assigned by both procurement entities and contractors. These include: unavailability of funds, bureaucratic process in procurement, inability of contractors to finish projects within stipulated period and breach of contract. Among the reasons assigned to the delays in

On the side of common goods and services procurement, the Act has not saved money or reduced government expenditure as recommended by Agyenims (Ghanaian Times, 2009) instead it has given a room for government to acquire common goods and services at higher prices than those exist at the market. The Government through GPSA signs a one year Framework contract with suppliers at a fixed cost per unit goods or services to be supplied regardless of price fluctuation in the market. To prove this, the Procurement Management Unit of Tabora RS does not conduct market surveys for updating its knowledge on prevailing prices for goods, services and works as analyzed on table 4.11. The GPSA signs a framework contract with suppliers by setting fixed prices of common goods

4.4 Management for Public Procurement

As discussed in Chapter Two, procurement is the area which is most vulnerable to risk. It involves a high degree of discretion in decision-making both in the nature of the goods, works or services purchased and also on the choice of contractor or supplier. Market survey, Evaluation Committees capacity and contract management have been investigated and analyzed effectively.

4.4.1 Market Surveys

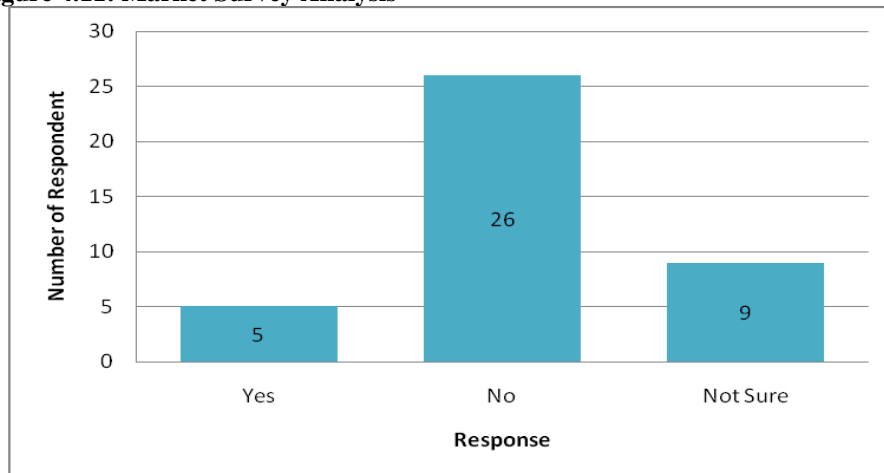
Market survey assists the procurement entity to buy goods, services and works as per the existing market prices. Failure in conducting market survey means that, the Procuring Entity has a great chance of acquiring overpriced items which causes poor utilization of public resources. The same applied when cheapest goods, services and works are acquired; there is the risk of paying for items with poor quality is higher. From figure 4.11, the Regional Secretariat does not conduct market survey for updating its price database.

Table 4.11: Market Survey Analysis

Does the Procurement unit regularly conduct market surveys to update its knowledge of prevailing prices for goods and works? * Did the entity establish the Procurement Management Unit as per the Laws Regulations? Cross tabulation						
Count		Did the entity establish the Procurement Management Unit as per the Laws Regulations?				
		Yes	No	Not sure	Total	Percentage
Does the Procurement unit regularly conduct market surveys to update its knowledge of prevailing prices for goods and works?	Yes	5	0	0	5	12
	No	20	6	0	26	65
	Not sure	0	1	8	9	23
Total		25	7	8	40	100

Source: Researcher's Findings (2013)

Figure 4.11: Market Survey Analysis



Source: Researcher's Findings (2013)

4.4.2 Contract Management

For attaining value for money, monitoring and evaluation of development projects are inevitable. Without contract management projects will end up facing challenges like delaying, poor quality and cost overrunning.

4.4.2.1 Monitoring and Evaluation of Development Projects

African Development Bank (2011) argued that, the public sector is characterized by weak financial controls and accountability, which translate into significant resource leakages. Particular challenges remain with the public procurement system, especially with regard to the number and quality of procurement practitioners.

To justify this matter, questions were asked to the procuring entity's employees whether monitoring and evaluation activities are part of the project schedule, 79 percent of the respondents do incorporate monitoring and evaluation activities in projects' schedules for all projects, 13 percent for some projects while 8 percent do incorporate only few projects.

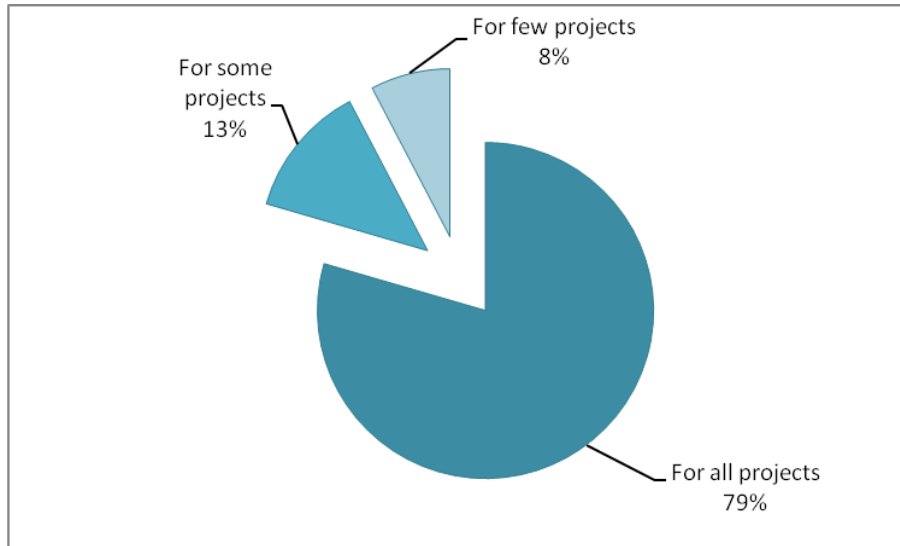
For the case of auditing procurement activities, it was noted that, more than 50 percent of the projects were audited quarterly while the rest were audited semi annually and yearly. Figure 4.12 shows RHMT members inspecting one of the projects financed by ADB in Tabora Region.

Table 4.12: Monitoring and Evaluation of Development Projects.

Monitoring and evaluation activities are part of the project schedule: * How often do you audit procurement activities? Cross-tabulation					
Count					
		How often do you audit procurement activities?			Total
		Quarterly	Every six months	Yearly	
Monitoring and evaluation activities are part of the project schedule:	For all projects	18	8	5	31
	For some projects	5	0	0	5
	For few projects	3	0	0	3
	Never	1	0	0	1
Total		27	8	5	40

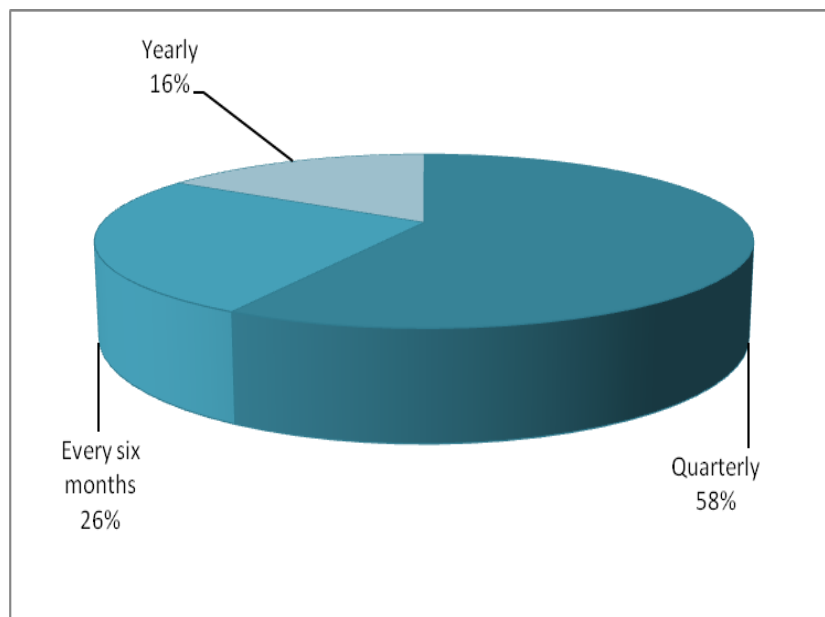
Source: Researcher's Findings (2013).

Figure 4.12: Monitoring and evaluation activities are part of the project schedule



Source: Researcher's Findings (2013).

Figure 4.13: Frequencies for Auditing Construction Projects



Source: Researcher's Findings (2013).

4.4.2.2 Involvement of Stakeholders in Development Projects

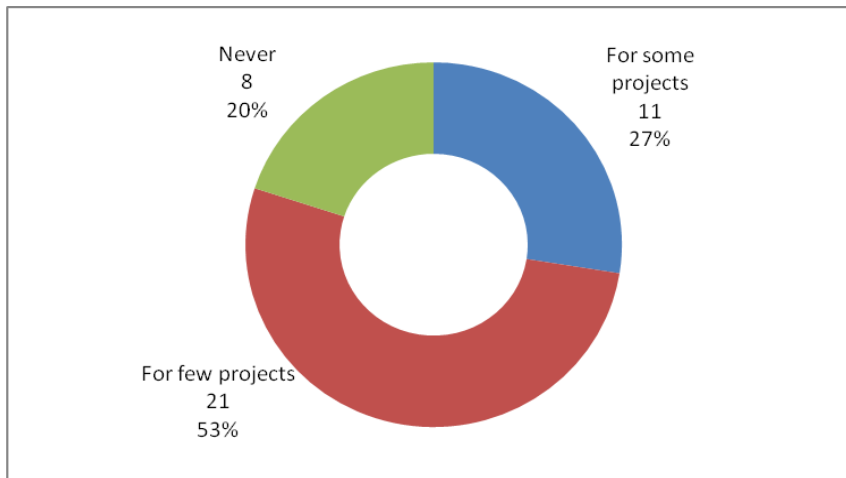
Introduction of direct social control mechanisms by closely involving stakeholders in development projects increases accountability in the management of public expenditures. This mechanism involves donors, private sector, end-users, civil society, the media or the public at large – in scrutinizing integrity in procurement. In assessing this factor, it was realized that Tabora RS involves donors in all projects which are financed by foreign funds while the community is involved in few projects only when there is a condition for community involvement. Otherwise the community is not fully involved. Table 4.13 and figure 4.15 reflect the facts.

Table 4.13: Involvement of stakeholders in development projects

Normally the following stakeholders are involved in planning, monitoring and evaluation of the projects (Donors) * Normally the following stakeholders are involved in planning, monitoring and evaluation of the projects (Community) Cross-tabulation					
Count					
		Normally the following stakeholders are involved in planning, monitoring and evaluation of the projects (Community)			
		For some projects	For few projects	Never	Total
Normally the following stakeholders are involved in planning, monitoring and evaluation of the projects (Donors)	For all projects	11	17	0	28
	For some projects	0	4	6	10
	For few projects	0	0	2	2
Total		11	21	8	40

Source: Researcher's Findings (2013).

Figure 4.14: Community Involvement in Development projects



Source: Researcher's Findings (2013).

Poor involvement of the community in development projects results in poor ownership of those projects after them being handled over to the community. The ASDP Report, 2010 concluded that, in places where communities were fully involved in signing contracts they were able to supervise the contractors to produce quality work as was the case of a warehouse at Nsimbo village in Uyui district. In places where communities were not involved the supervision of contractors by communities was weak which resulted into poor quality facilities, such as cattle dip at Zogolo village and Market shed at Nkiniziwa village in Nzega district.

Figure 4.15: Community Involvement



Source: Researcher's Findings (2013).

4.4.3 Capacity of the Contractors

Value for Money can be achieved only when qualified contractors are involved in construction projects. The PPR, 2004, sec. 14 states clearly that, contractors shall meet the following criteria; possess the necessary professional and technical qualifications, professional and technical competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience and reputation, and the personnel to perform the procurement or disposal contract.

4.4.3.1 Company Registration by BRELA

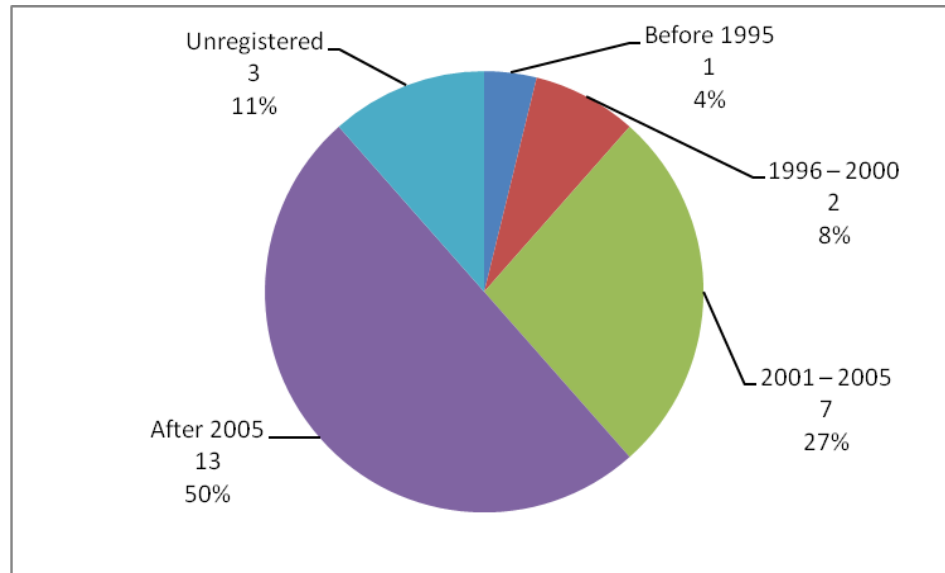
In assessing the experience of the contractors, figure 4.17 shows that, 39 percent of contractors were registered by BRELA before 2006 and they were under class one to class four as per the CRB registration; 50 percent were registered after 2005 and they were in class five to class seven. Figure 4.18 depicts that, contractors under class five to seven dominated 75 percent of all construction projects implemented by Tabora RS for the financial year 2006/2007 to 2011/2012. All companies are owned by Tanzanians.

Table 4.14: Companies Registered by BRELA

When was your organization registered with BRELA? * What is the class of your company?										
Cross-tabulation										
Count										
		What is the class of your company?							Not Classified	Total
		One	Two	Three	Four	Five	Six	Seven		
When was your organization registered with BRELA?	Before 1995	1	0	0	0	0	0	0	0	1
	1996 – 2000	1	1	0	0	0	0	0	0	2
	2001 – 2005	0	1	2	1	3	0	0	0	7
	After 2005	0	0	0	0	3	4	6	0	13
	Unregistered	0	0	0	0	0	0	0	3	3
Total		2	2	2	1	6	4	6	3	26

Source: Researcher's Findings (2013).

Figure 4.16: Registration of Companies by BRELA



Source: Researcher's Findings (2013).

4.4.3.2 Contractors Registration Board (CRB)

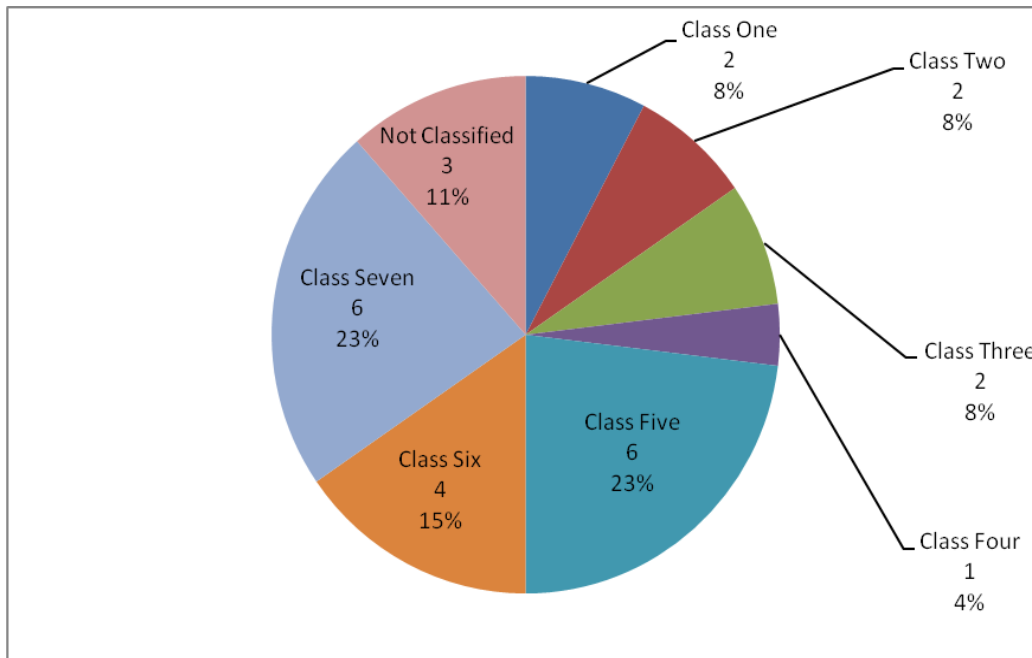
According to the findings, 26 contractors who were engaged in construction projects by Tabora RS were assessed for the aim of understanding their capacity and experience. 89 percent of all contractors were registered by the Contractors Registration Board (CRB) ranging from class one to class seven from which their contract limits are within the awarded contracts. The remaining 11 percent were not registered by CRB.

Table 4.15: Awarded contracts against classification of Contractors.

Classification of Contractors	One	Two	Three	Four	Five	Six	Seven	Not Registered	Total
Awarded Contracts	5	3	2	1	14	6	22	3	56
Percentage (%)	9	5	4	2	25	11	39	5	100

Source: Researcher's Findings (2013).

Figure 4.17: Registration of Contractors by CRB

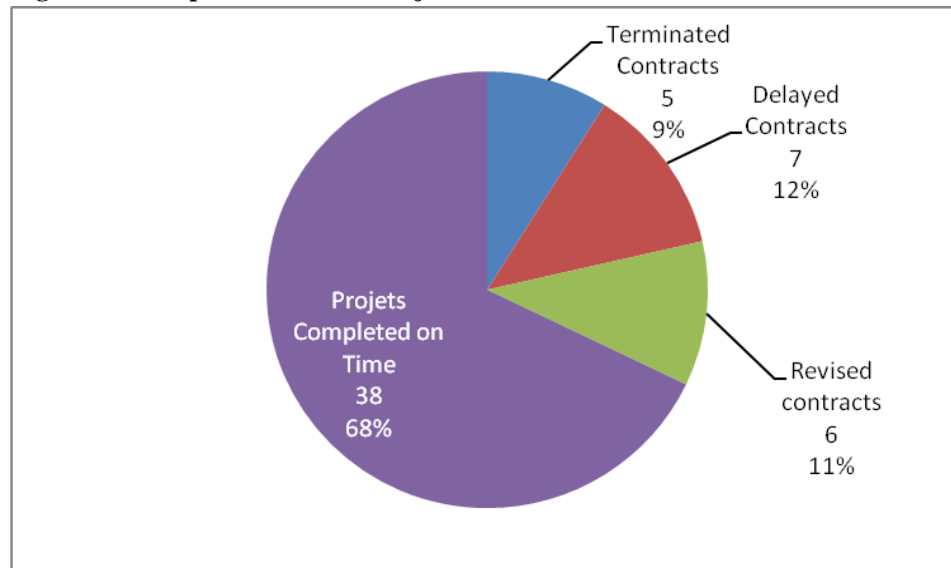


Source: Researcher's Findings (2013).

4.4.4 Termination of Contracts and Time Overruns

Tabora RS implemented 78 construction projects for the financial years 2006/2007 to 2011/2012; in this study 56 projects were investigated where by 9 percent of the contracts were terminated, 12 percent were not completed on time and 11 percent were revised. The practical completion of projects delayed for 2,156 days which gives an average of 539 days per delayed project. See figure 4.19 below;

Figure 4.18: Implementation of Projects



SOURCE: Researcher's Findings (2013).

4.4.4.1 Terminated Contracts

A contract can be terminated only when one of the two contracted parties breach one or more terms of the contract. In construction contracts; extension of time due to underperforming, poor quality and unexpected variations in designs and costs which may not be accommodated can lead to contract termination.

According to the figure 4.19 and table 16; five contracts were terminated, seven were not completed on time and six were revised. Table 4.21 presents the impact of four terminated contracts to Tabora Regional Secretariat in terms of cost. The Regional Hospital projects were expected to spend Tshs. 374,734,593.90 as per the first contracts, but due to contracts' termination the total cost increased to Tshs. 536,261,144.70 which gives an increment of 43.1 percent from the original total cost.

The procuring entity charged liquidated damages only to Ruvuma Contractors for late completion of work while the rest contractors in table 4.18 were not charged. Some of the contractors were issued Advance payments without securities and insurance covers despite of the conditions being stipulated in the contracts.

Table 4.16: Terminated Contracts

Na.	Project	Contractor	Contract Sum	Paid Amount	Comments
1.	Rehabilitation of Out Patient Department (OPD) at the Regional Hospital Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM TBR/CONT. 7/2007/2008	<u>Original Amount</u> 244,793,213.95 <u>Revised Amount</u> 285,761,213.90	188,089,678.76	Contract terminated.
2.	Rehabilitation of Operating Theatre at the Regional Hospital -Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM TBR/CONT. 16/2007/2008	42,299,180.00	19,034,631.00	Contract terminated.
3.	Rehabilitation of Prisoners' Ward at the Regional Hospital - Kitete	M/S Kijully Civil and Building Works Ltd P.O.Box 1910 TABORA TBR/CONT. 12/2007/2008	46,674,200.00	24,630,095.00	Contract terminated.
4.	Construction of the District Commissioner's Residential House at Igunga	M/S Nkelelwa Building Contractors of P.O.Box 105. NZEGA TBR/CONT. 6/2006/2007	75,760,050.00	43,805,207.26	Contract terminated.
5.	Construction of the Office Block for Uyui District at Isikizya Phase V	M/S Ruvuma Contractors and of P.O.BOX 22261 DAR ES SALAAM TBR/CONT. 7/2006/2007	132,511,100.00	76,397,004.58	Contract terminated.

SOURCE: Tabora Regional Secretariat (2012)

4.4.5 Construction and Rehabilitation Projects at the Regional Hospital

The findings in table 4.18 show that, in the financial year 2007/2008 Regional Secretariat signed four contracts for rehabilitation of the Out Patient Department (OPD) building, Operating Theatre and Prisoners' Ward. In 2008/2009 a contract for rehabilitation of ICU Ward was signed too. Both projects were expected to be practically completed within 70 days after the day of signing the contract.

4.4.5.1 Maternal Mortality Rate

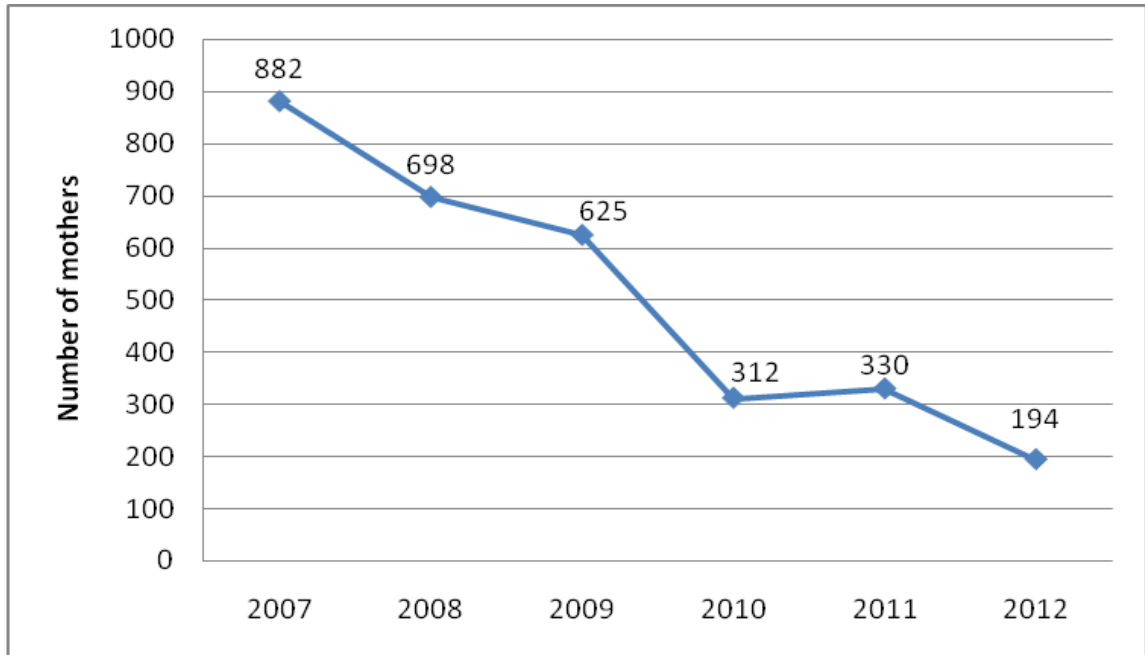
Though the intention of rehabilitating the Regional Hospital within seven weeks was good, it took an average of 539 days for all projects to be completed. The impact for this delay was very high to the community since the Maternal Mortality rate average for the year 2007 to 2009 was 735 per 100,000 mothers. When the projects were completed in 2010, the Maternal Mortality rate dropped by 50 percent (312 per 100,000 mothers) compared with the year 2009. Table 4.17 and figure 4.21 have more details.

Table 4.17: Maternal Mortality Rate for Tabora Municipal

YEAR	2007	2008	2009	2010	2011	2012
RATE	882/100,000	698/100,000	625/100,000	312/100,000	330/100,000	194/100,000

Source: Tabora Regional Hospital (2012). Regional Progressive Report for Child Health Services

Figure 4.19 Maternal Mortality Trend for Tabora Municipal



Source: Tabora Regional Hospital (2012). Regional Progressive Report for Child Health Services

Figure 4.20: challenges and achievements at Regional Hospital - Kitete



Source: Researcher's Findings (2013).

Table 4.18: Delayed Projects

S/n	Project	Contractor	Contract period (Days)	Time Extension (Days)	Comments
1.	Rehabilitation of Out Patient Department (OPD) at the Regional Hospital Kitete	M/S Edcat International Ltd of P.O.Box 105455 DAR ES SALAAM TBR/CONT. 7/2007/2008	70	432 Terminated	Delayed period -532 days
		M/S Mavonda's Investment P.O.Box 63242 DAR ES SALAAM TRB/CONT. 1/2009/2010	70	30	
2.	Rehabilitation of Operating Theatre at the Regional Hospital -Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM TBR/CONT. 16/2007/2008	56	122 Terminated	Delayed period- 381 days
		M/S MONMAR & Sons Ltd of P.O.Box 726 TABORA TBR/CONT. 2/2009/2010	49	210	
3.	Rehabilitation of Prisoners' Ward at the Regional Hospital - Kitete	M/S Kijully Civil and Building Works Ltd of P.O.Box 1910 TABORA TBR/CONT. 12/2007/2008	63	730 Terminated	Delayed period - 1,083 days.
		M/S MONMAR & Sons Ltd P.O. Box 726 TABORA TBR/CONT.26/2008/2009	63	290	
4.	Rehabilitation of the proposed ICU ward at Kitete Regional Hospital.	M/S Gil & Gal Investment Ltd. TBR/18/2008/2009	63	160	Delayed period-160 days.
Extended Period Average per Project					539 days

Source: Tabora Regional Secretariat (2012)

4.4.5.2: Revised Contracts

The PPR, 2005 sec. 23 and 44 give room for price adjustment if it was specified in the solicitation documents and any variations to the value of a procurement or disposal contract shall be reviewed and approved by the appropriate tender board. In this study, three contracts were revised for different reasons including incorrect figures in bills of quantities and variation of works and designs. The contracts were for rehabilitation of Out Patient Department (OPD) at the Regional Hospital-Kitete, rehabilitation of Sikonge District Commissioner's Residential House and construction of the District Commissioner's Residential House at Igunga. Table 4.19 presents an increment of Tshs. 49,974,649.95 due revised contracts.

Table 4.19: Revised Contracts

Na.	Project	Contractor	Original Amount	Revised Amount	Variation Amount	Variation Percentage (%)
1	Rehabilitation of Out Patient Department (OPD) at the Regional Hospital Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM 7/8	244,793,213.95	285,761,213.90	40,967,999.95	16.74
2	Rehabilitation of Sikonge District Commissioner's Residential House	M/S MMETO Construction Co. Ltd P.O.BOX 2131 TABORA 7/8	18,073,000.00	23,939,650.00	5,866,650.00	32.46
3	Construction of the District Commissioner's Residential House at Igunga	M/S Jalal Construction (T) LTD P.O. Box 85 NZEKA 8/9	26,239,100.00	29,379,100.00	3,140,000.00	11.97
	TOTAL		289,105,313.95	339,079,963.90	49,974,649.95	17.29

Source: Tabora Regional Secretariat (2012)

Table 4.20: Excess Cost From Terminated Contracts

Na.	Project	Contractor	1ST Contract Sum	Paid Amount	Balance	2ND Contract Sum	Excess Cost	Excess Percentage (%)
1	Rehabilitation of Out Patient Department (OPD) at the Regional Hospital Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM TBR/CONT. 7/2007/2008	285,761,213.90	188,089,678.76	97,671,535.14	219,620,600.00	121,949,064.86	42.68
2	Rehabilitation of Operating Theatre at the Regional Hospital -Kitete	M/S Edcat International Ltd P.O.Box 105455 DAR ES SALAAM TBR/CONT. 16/2007/2008	42,299,180.00	19,034,631.00	23,264,549.00	34,802,840.00	11,538,291.00	27.28
3	Rehabilitation of Prisoners' Ward at the Regional Hospital - Kitete	M/S Kijully Civil and Building Works Ltd P.O.Box 1910 TABORA	46,674,200.00	24,630,095.00	22,044,105.00	50,083,300.00	28,039,195.00	60.07
SUB TOTAL FOR REGIONAL HOSPITAL			374,734,593.90	231,754,404.76	142,980,189.14	304,506,740.00	161,526,550.86	43.10
4	Construction of the District Commissioner's Residential House at Igunga	M/S Nkelelwa Building Contractors P.O.Box 105. NZEGA TBR/CONT. 6/2006/2007	75,760,050.00	43,805,207.26	31,954,842.74	29,379,100.00	-2,575,742.74	-3.40
TOTAL COSTS			450,494,643.90	275,559,612.02	174,935,031.88	333,885,840.00	158,950,808.12	35.28
All projects were practically completed in June, 2010								

Source: Source: Tabora Regional Secretariat (2012)

4.5 Transparency in Public Procurements

Transparency means that the rules governing the public procurement procedures are clearly drafted and well defined, so that their implementation by procurement agents can be easily verified¹². Greuning (2005) also asserts that transparency refers to the principle of creating an environment where information on existing conditions, decisions and actions are made accessible, visible and understandable to all individual participants. It promotes inward investment and competitiveness as the public sector is seen as a responsible business partner.

Frøystad et al, (2010) argued that, restricted access to information in public procurement may boost corruption. The negative impact of corruption on development and the consequences for the poor may be very direct when, for example, aid money is siphoned into private bank accounts, or bribes distort public spending priorities. Through this study, tendering process was scrutinized to see whether there is transparency in procurement of works.

4.5.1 Procurement Advertisements

The media play a critical role in corporate compliance. Through the media, the corporate community is made aware of the regulatory outcomes (Zubicic and Sims, 2011). Hui et al (2011) stated that in Malaysia, wide publication of tenders in the media such as newspapers and websites could help reduce corruption by increasing transparency and participation, thereby enhancing public procurement compliance.

In investigating the availability of procurement information to the public, 61 percent of contractors had access to the tender information advertised by Tabora RS National Newspapers, mobile phones and Internet while 39 percent were not sure whether that information can be accessed in any media. (See table 4.21 and figure 4.25)

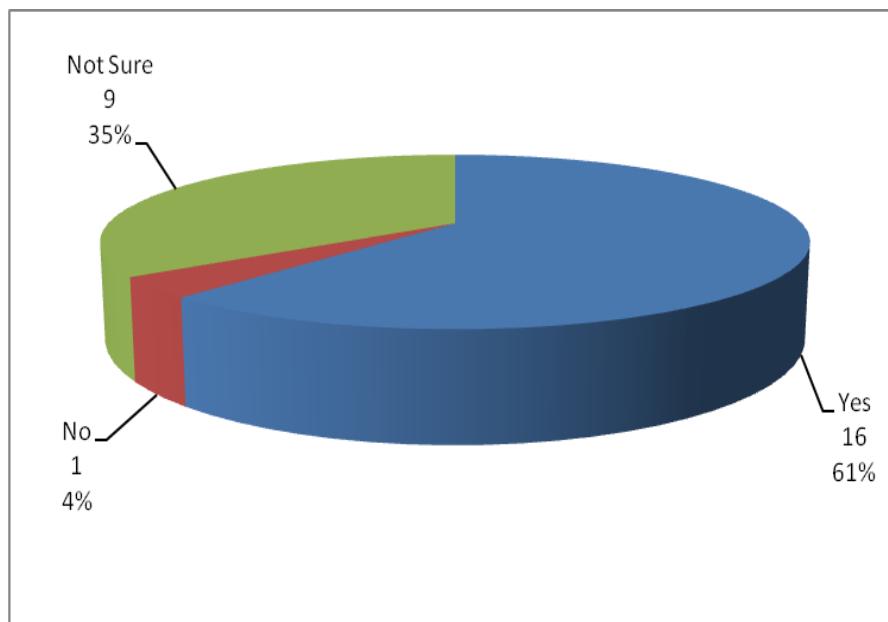
¹² Kelman, S. (1990). *Procurement and Public Management*. Washington, DC: The AEI Press.

Table 4.21: Transparency in Public Procurement

Are contracts to be awarded publicly advertised? * Are summaries of information about public procurement available to you? (e.g. number of bids received, number of contracts awarded, names of successful bidders) Cross-tabulation					
Count					
		Are summaries of information about public procurement available to you? (e.g. number of bids received, number of contracts awarded, names of successful bidders)			
		Yes	No	Not Sure	Total
Are contracts to be awarded publicly advertised?	Yes	14	2	0	16
	No	0	1	0	1
	Not Sure	0	0	9	9
Total		14	3	9	26

Source: Researcher’s Findings (2013).

Figure 4.21: Transparency in Public Procurement



Source: Researcher’s Findings (2013).

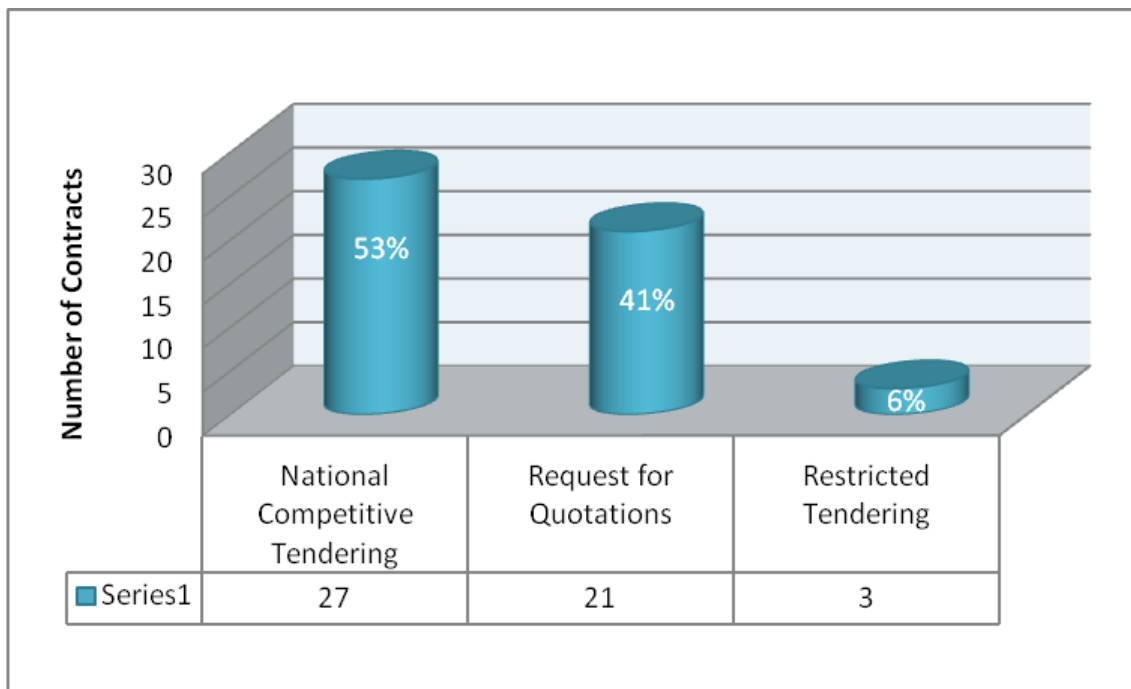
Tabora RS was found being transparent in its procuring processes because all contracts awarded were publicly advertised and the summaries of information about public procurement (e.g. number of bids received, number of contracts awarded, and names of successful bidders) were available to contractors as reflected on figure 4.25.

4.5.2 Procurement Methods

There are many Procurement methods usually used in public sector according to the nature of work and agency. The most recommended method by the PPA, 2004 sec 60 is competitive tendering. The Act requires the procuring entity to provide all eligible prospective suppliers or contractors with timely and adequate notification of the procuring entity's requirements and an equal opportunity to tender for the required goods or works. It aims in achieving transparency and accountability in public procurement.

Normally, Tabora RS uses three methods in procurement of works as recommended by contractors and analyzed on figure 4.26. These methods are National Competitive Tendering, Request for Quotations and Restricted Tendering which represent 53 percent, 41 percent and 6 percent respectively.

Figure 4.22: Procurement Methods Normally Used by Tabora RS



Source: Researcher's Findings (2013).

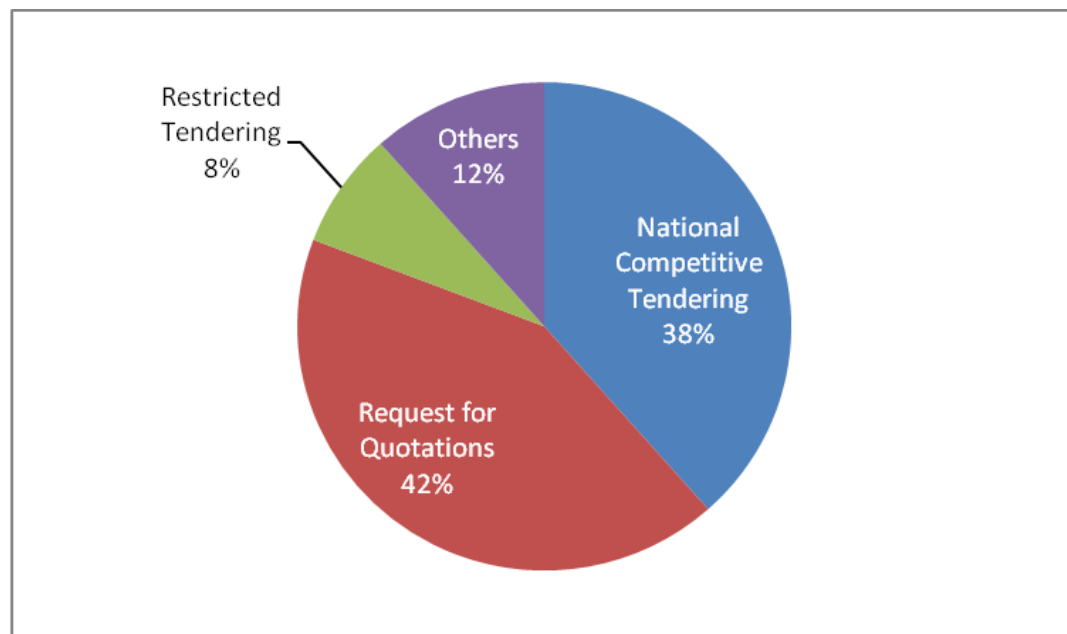
Figure 4.27 demonstrates that, most contractors are not convinced by Request for Quotations and Restricted Tendering which account for 42 percent and 8 percent respectively. These methods do not promote transparency and fair competition in procurement process but they give signals for corruption. National Competitive Tendering was supported by 38 percent as the method which promotes transparency and accountability in public procurement.

Table 4.22: Application of Procurement Methods

Are you convinced about the application of appropriate procurement procedures and methods used as required? * If yes, which method is usually used? Cross-tabulation					
Count		If yes, which method is usually used?			Total
		National Competitive Tendering	Request for Quotations	Restricted Tendering	
Are you convinced about the application of appropriate procurement procedures and methods used as required?	Yes	10	0	0	10
	No	3	10	0	13
	Not Sure	0	1	2	3
Total		13	11	2	26

Source: Researcher's Findings (2013).

Figure 4.23: Application of Procurement Methods



Source: Researcher's Findings (2013).

4.5.3 Appeals and Complains

The enactment of the Public Procurement Act 2004 represented an important step in the evolution of Tanzania's public procurement system; it introduced the establishment of the Public Procurement Appeals Authority (PPAA) under sec 77. The PPAA provides a means for aggrieved parties to launch appeals against public bodies responsible for administering the provisions of the Public Procurement Act when other remedies have been exhausted.

It was noted that, there was only one appeal with case number 136 of 2013 lodged by Central Square Tech of Tabora against Tabora RS. The said Appeal was in respect of Tender number RAS/016/2011/2012/W/03A for Electrical Installation to Tabora Regional Commissioner's Residential Block. The Appellant had been complaining about unfair valuation of bids and contract awarding due to one of the Evaluation Committee members being having vested interests with one of the bidders. This means, the Evaluation Committee's decision could be impaired.

Though, PPAA used PPA, 2005 sec. 79 (1) to reject the appeal for it being lodged after the required period of twenty-eight days since the Appellant become aware of the circumstances gave rise to the complaint. The Evaluation Committee did not comply with the PPR, 2005 sec. 6 which require all members of the Evaluation Committee to sign the Code of Ethics provided under the Regulations made under the Act, declaring that they do not have a conflict of interest in the procurement requirement.

The empirical studies (Coppens, 2009, European Economics, 2006, Estache and Iimi, 2008) support these findings concluding that, rules and procedures that promote transparency and competition tend to reduce procurement prices substantially.

4.5.4 Challenges in Achieving Value for Money

Value for money is high when there is an optimum balance between all three elements, when costs are relatively low, productivity is high and successful outcomes have been achieved.”(World Bank, 2007)

Attaining Value for money had been a great challenge to many projects implemented by Tabora RS. When the procuring entity and contractors were asked to comment on the factors affecting VFM in construction projects, the following factors were included;

4.5.4.1 Poor Planning of Projects

The study intended to find out from procuring entity and contractors their views on the challenges on achieving value for money in construction projects; the major observed weaknesses on planning included: Poor packaging of works contracts, inadequate designs, inaccurate computation of quantities in the bills of quantities due to inadequate or lack of assessment of site locations, and incomplete or ambiguous drawings. The deficiencies in the designs, drawings and bills of quantities caused unnecessary variations to the works thus increasing projects costs. (See table 4.19)

Figure 4.24: Kitunda Health Center’s Mortuary



The Regional Inspection Team at Kitunda HC.

Source: Researcher’s Findings (2013).

This mortuary was constructed more than 25 years ago, despite of the increase in population, the Ministry of Health and Social Affairs decided to rehabilitate this small mortuary at Kitunda Health Center in Sikonge District.

The Controller and Auditor General of Tanzania in his Value for money report issued in March, 2010 suggested that, the factors causing cost increase are new design and new specifications, inadequate project management and/or quantities and variation of price factors. A huge part of the increasing costs are related to miss-calculation of some kind already in the design stage.

4.5.4.2 Lack of Technical Staff to the Consultants

According to PPA, 2004, consultant means

“a firm, company, corporation, organization, partnership or individual person engaged in or able to be engaged in the business of providing services in architecture, economics, engineering, surveying or any field of professional services, and who is, according to the context, a potential party or the party to a contract with the procuring entity”

Tabora RS used Tanzania Building Agency (TBA) as a consultant in all construction projects except for the Construction of Conference Hall at RC’s Office which was managed by Ardhi University as consultant. All consultants are Government Institutions which are technically and financially equipped institutional wise but lacking technical staffs national wise.

Technically, the consultant is required to appoint a site manager who will be responsible for daily activities on the site for maintaining standards as per the client’s specifications. Contrary to their obligations, consultants made site visits occasionally just for assessing progress of work and not as their daily routine. As a result, 9 percent of the contracts were terminated because of poor performance and delays. Contract termination attracted cost overruns of Tshs. 161,526,550.86 compared with the first contracts. (See table 4.20)

4.5.4.3 Implementation of Projects in Phases

As per table 4.5, when a project is implemented by phases, it takes long time to be completed due to re-invitation of tenders after each phase. Implementation of Projects in Phases is mainly caused by budget constraints to finance the whole project and unrealistic cash flow from Treasury. Project like Construction of Uyui District Commissioner's Office at Isikizya was implemented in five phases for five years while the Construction of Doctors' Residential Block of Flats was executed in four phases for four years.

In every phase construction costs increased compared with the total project cost due to inflation and variation in designs while intended benefits were not attained on time. For example; some of the departments of Tabora District Council (Uyui) like Finance and Accounting, Health and Police are still operating from Tabora Municipal due to poor infrastructures in Uyui District headquarter, this is the burden to the citizens for following services to two different points which are 40 kilometers from each other instead of getting them from a single destination. (See figure 1.1.)

The same applied to the Regional Hospital, up to June, 2013 the hospital was still paying house rent for doctors despite of its expectation of accommodating doctors in their new house which could be completed and handed over in the financial year 2010/2011. But due to budget constraints and unrealistic cash flow from Treasury the project was not completed on time.

4.5.4.4 Technical and Financial Capacity of Contractors

According to the PPR, 2005, sec. 14 (1) the qualified contractors must possess the necessary professional and technical qualifications, professional and technical competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience and reputation, and the personnel to perform the contract.

According to table 4.23, the Contractors Registration Board (CRB) classifies contractors according to their technical and financial capacity. There are seven classes for Building, Civil, Electrical and Mechanical contractors. For the Specialist contractors there are only three classes. Foreign contractors are restricted to classes one and two in the former types and to one, two and three in the latter type.

Table 4.23: Classification of Contractors

Class Limit for any Single Contract (In Million Tshs)					
Class	Civil	Building	Mechanical	Electrical	Specialist
One	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Two	5000	3000	2000	2000	400
Three	3000	2200	1200	1200	150
Four	1500	1200	600	600	-
Five	750	600 ***	300	300	-
Six	300	200 **	150	150	-
Seven	150	120*	75	75	-
* Class Seven not allowed to build storey building ** Class Six are restricted to 3 storeys (ghorofa 2) structures *** Class Five are restricted to 4 storeys (ghorofa 3) structures					

Source: Contractors Registration Board; www.crbtz.org, retrieved on 15th March, 2013

Through this study, it was noted that, three projects among 56 were executed by unregistered contractors, though one of them was a Government Agency (TUWASA) the next two companies were Kijully Civil and Building Works Ltd and Mohamed sheweji of Urambo. When these contractors were traced in the directories of BRELA and CRB were not found. Table 4.16 shows that, Kijully Civil and Building Works Ltd as one of the contractors who were terminated due to poor performance and time overruns for 1083 days.

4.5.4.5 Counterfeit Construction Materials

In Tanzania, the issue of rampant counterfeits and substandard goods is a recent phenomenon. People have started to question whether Tanzania has been turned into a dumping ground for sub-standard goods or counterfeits and want to know what has been done to arrest the situation.

Surprisingly, some of these counterfeit goods are produced within Tanzania. While some products that are manufactured in Tanzania are imitated overseas. According to the Tanzania Bureau of Standards (TBS) report to the media in November, 2012, over 389 tons of substandard iron bars worth 1.3 billion were impounded and two wholesale shops which had been selling defective construction materials were closed¹³.

According to Confederation of Tanzania Industries (CTI) estimates, 15 to 20 per cent of all goods imported into Tanzania are fake goods and that counterfeits cost the government losses of between 15-25 percent of total domestic revenue annually. Taknet Policy Brief Series No. 014 – 2010 reported that, pirated goods in Tanzania run to around \$525 million per annum, putting lives and nascent local industries at risk. Therefore, CTI seeks a review of the laws and regulations relating to counterfeits and substandard goods.

Other factors presented by development stakeholders were implementing unplanned procurements due to political pressure; inefficiency of Procurement Management Unit; poor staffing of the Internal Audit Unit; corruption due to Conflict of interest among Government officials; inflation and delaying in payments; variation of designs and scope of work; poor site management due to RSs being lacking civil engineers, quantity surveyors and architects; budget constraints; and unrealistic cash flow from Treasury.

¹³ <http://www.best-ac.org/wp-content/uploads/Counterfeit-goods-haunt-Tz-Citizen-15-Nov-2012.pdf>

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study was aimed in assessing factors affecting achievement of value for money in construction projects implemented by Regional Secretariats and giving recommendations on how they can be resolved. Both qualitative and quantitative approaches were used in this research. Data were collected through questionnaires, interviews observation and documentary review. The Statistical Package for Social Sciences (SPSS) and Microsoft Excel package were used in analyzing data. The analyzed data are presented in the form of tables, bar charts, pie charts, percentage distribution and linear charts. The summary of the study findings, conclusions, policy implications and recommendations for future studies are presented in this chapter.

5.2 Summary of the Findings

The study was aimed in assessing factors affecting value for money in construction projects which are implemented by Regional Secretariats. The summary is presented in the following manner; sources of fund for development projects, legal framework in Public Procurement, contract management and challenges in achieving value for Money.

5.2.1 Sources of Funds for Development Projects

Tanzania like other developing countries operates under deficit budget. According to the findings, the government budget is financed by local funds and foreign aids which are in the form of General Budget Support (GSB), Basket Funds (BF) and Direct Project (DP) funds¹⁴.

¹⁴ www.tzdpg.or.tz/external/aid-effectiveness/overview-of-aid-in-tanzania.html

Development budget for Tabora Regional Secretariat is inversely proportional to the national budget for development projects. The national budget for development projects increased by 79 percent in 2011/2012 compared with 2010/2011 budget while that of Tabora RS decreased approximately by 25 percent in the same year. Despite of that decrease, it is only 64 percent of the approved budget was released by Treasury to Tabora RS in 2011/2012 (See figure 4.4 and 4.6)

5.2.2 Legal Framework in Public Procurement

The Regional Secretariat established PMU and Tender Board as per the requirements of the laws and regulations. Annual Procurement Plans were prepared by integrating them with budget; Tender information was available to stakeholders on time through the media while Evaluation Committees had qualified members though one appeal was lodged due to conflict of interest among members.

It had been observed that, the PPA, 2004 is causing delays in procurement process especially when funds are released in the fourth quarter of the financial year. Though the Act established PPRA, the authority is not autonomous oversight body capable of discharging its function effectively; Criteria and procedures for doing emergency and e-procurement are not well stipulated. So these weaknesses have been accommodated in the PPA, 2011 which is not in force until when its regulations shall be in place.

5.2.3 Management for Public Procurement

Development projects were observed being facing challenges like delaying, poor quality and cost overrunning, incompetent contractors, weak consultancy services caused by inadequate qualified staff and lack of quality control tools and equipment leading to failure to test materials and completed works.

5.2.4 Good Governance

The World Bank's Experience (1994) stipulates that, good governance implies predictable, open policy making; a bureaucracy with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law.

5.2.4.1 Stakeholders' Involvement

In assessing stakeholders' involvement in construction projects, donors were found being involved in all projects financed by foreign funds while the community was involved just in few projects.

5.2.4.2 Compliance of Laws

Tabora RS adherence to the laws and regulations in establishment of PMU, TB, Evaluation Committees and management of procurement processes. Therefore, the rule of law was implemented in most procurement of works but not to all.

5.2.4.3 Accountability

The Regional Secretariat is accountable to the Regional Consultative Committee (RCC), Regional Administration and Local Government Prime Minister's Office and Public Accounts Committee (PAC) which is composed by members of the Parliament.

5.2.4.4 Corruption in Procurements

It is important to note that detected red flags are not in themselves evidence of corruption. The results give an indication on whether there was any suspected fraud or corruption such as collusive or cartel bidding, conflict of interest, inflated pricing, unjustifiable changes of the contracts, certifying payments for non existing works and certifying payment for inflated quantities.

Table 4.20 depicts three projects implemented by the Regional Hospital with the total contracts' sum of Tshs. 374,734,593.90; paid amount for the executed works (62 percent) before contracts termination was Tshs. 231,754,404.76 while the total cost incurred to complete the remained works (38 percent) after termination was Tshs. 304,506,740.00; it means that, there was an increment of Tshs. 161,526,550.86

5.2.5 Capacity of Contractors

In assessing the capacity and experience of contractors so as to know whether they have impact on value for money, 39 percent were found being registered by BRELA before 2006 falling under class one to four; 50 percent were registered after 2005 and they were in class five to seven; 11 percent of contractors were neither registered by BRELA nor CRB. Contractors under class five to seven dominated 75 percent of all projects.

According the assessed contracts, 9 percent of the contracts were terminated, 12 percent were not completed on time and 11 percent were revised. All these contracts were executed by contractors falling under class three to seven and two companies which were not registered by BRELA or CRB.

5.3 Conclusions

This section gives the implication of the data presented and discussed in chapter four. The conclusion responds to the research questions which were designed to assess factors affecting value for money in procurement of works in Regional Secretariats.

5.3.1 Budget Constraint and Unrealistic Cash flow.

Budget trend and received fund for development projects was unpredictable. For six financial years, it is only the first three years (2006/2007 to 2008/2009) received full amount of fund as per the approved budget. The last three years (2009/2010 to 2011/2012) experienced unrealistic approved budget and cash flow. This had impact on the project's execution period; the projects were implemented in phases for more than four years. This situation delayed the expected outcomes of the projects. Project like Construction of Uyui District Commissioner's Office at Isikizya was implemented for five phases in five years while the Construction of Doctors' Residential Block of Flats was executed in four phases for four years (See table 4.5).

The Big Results Now (BRN) as part of the Tanzania Government's effort to transition the country from low to middle-income economy by 2025 and effective service delivery to the community cannot be attained by allocating few resources to many projects which are implemented by phases for the longer period.

5.3.2 Compliance of PPA, 2004 and its Regulations, 2005

Though the Regional Secretariat to the large extent complied with the PPA, 2004 and its Regulations, 2005 in procurement of works, the PMU violated the PPA, sec. 37 (5) and (6) by proposing the name of Mr. D. Kabisa to be one of the Evaluation Committee members while knowing that the proposed individual had vested interest with MONMAR & Sons Ltd which was among bidders. Mr. D. Kabisa purposely did not declare any vested interest on the declaration forms. This act impaired the independence of the Evaluation Committee and distorted the whole meaning of transparency and competition in procurement process.

5.3.3 Management for Public Procurement

Procurement management starts from planning stage to the utilization of the project. The findings revealed that, Tabora Regional Secretariat did not manage its procurements effectively. Its projects were characterized by delaying, poor quality, cost overrunning, incompetent contractors and weak consultancy services.

In the financial year 2006/2007 and 2007/2008, the Regional Secretariat awarded 18 contracts to various contractors; five contracts (28 percent) of total number of contracts awarded in that period were terminated due to poor performance of contractors. One of the terminated contractors was Kijully Civil and Building Works Ltd, this company was neither registered by BRELA nor by CRB. It was not clearly understood how the Evaluation Committee assessed the capacity and experience of the contractor. Therefore, from this point of view, procurement management for works was not efficiently and effectively organized in some projects.

5.3.4 Good Governance

Tabora RS abided to the PPA, 2004 and its Regulations of 2005 in procurement of works. Procurement information and tender advertisements were publicly available through various media. The entity is accountable to the taxpayers through Regional Consultative Committee (RCC) which is the highest committee in the Region as per the Organization structure. As integrity, accountability and transparency are concerned in Good Governance, Tabora RS complied with all three fundamental principles of Governance to the large extent. Though, irregularities were encountered in some contracts and some corruption red flags were detected in questionable procurements implemented in the financial year 2007/2008.

5.3.5 Capacity of Contractors and Consultants

There was weak monitoring mechanism of consultants who were involved. One consultant was engaged all process like designing structures, preparation of bills of quantities and managing activities like supervision, monitoring, inspections and evaluation of the works done by contractors. Obviously, conflicts of interests were inevitable these projects. All projects which were revised, delayed and terminated were designed, quantified, managed, evaluated and certified by Tanzania Building Agency (TBA). Therefore, conflict of interests and self inspection of the consultants contributed to poor performance of the contractors.

5.3.6 Donor Funded Projects

Tabora Regional Hospital is one of the beneficiaries of Donor funded projects financed by Development Bank of Africa. These projects suffer delays in paying the contractors and consultants due to erratic cash flow from the Ministry of Health and Social Affairs which is the procuring entity on behalf of Tabora RS.

Delaying in completion of the projects had tied up three wards at the Regional Hospital; children’s ward, women’s ward and surgical ward which are still under rehabilitation since financial year 2009/2010. Therefore, children and women are suffering from congestion in few available wards. It has become a normal thing for three mothers and children to be admitted on one bed as how it is reflected on figure 6.1 below;

Figure 5.1: Absconded Projects at Tabora Regional Hospital.



Source: Researcher’s Findings (2013).

5.3.7 Value for Money in Construction and Rehabilitation Projects

For the value for money to be attained there must be a combination and optimum balance between the following three elements; when costs are relatively low (economy), productivity is high (efficiency) and successful outcomes have been achieved (effectiveness).

Tabora RS attained value for money in 38 projects out of 56 projects surveyed. This means that, 68 percent of the assessed projects were completed on time without any cost variation. Figure 4.19 presents 18 contracts which were either revised, delayed or terminated due to variation in designs and scope of works, poor contract management, poor capacity of contractors and consultants, limited budget and unrealistic cash flow from Treasury to the Regional Secretariat.

In average, projects were delayed by 539 days compared with the contract period. The average rate for Maternal Mortality for the delayed period (2007 to 2009) was 735 per 100,000 mothers while in 2010 the rate dropped by 50 percent to 312 per 100,000 mothers when the projects were completed and handled over to the Regional Hospital. Cost overrun for revised contracts was Tshs. 49,974,649.95 and Tshs. 161,526,550.86 for terminated contracts.

Therefore, 20 percent of the surveyed projects at higher cost than normal (uneconomical); 21 percent did not produce greatest useful output from given level of inputs while both quantitative and qualitative objectives (inefficiency); and 12 percent of the assessed projects were not achieved on time (ineffective) instead maternal mortality continued to be a threat to the pregnant women. (See figure 4.19&4.21 and table 4.19-4.21)

5.4 Recommendations

One of the objectives of this study was to give recommendations on the findings obtained for the aim of improving weak areas which in one way or another are affecting value for money in procurement of works.

5.4.1 Sources of Funds and Cash flow

It had been observed that, the main sources of funds for construction and rehabilitation projects implemented by Tabora RS were Government budget and Donors. The Government budget for Regional Secretariats had been decreasing every year and accompanied by unrealistic cash flow from Treasury and Donors.

The Government is urged to widen Tax base for the Tanzania Revenue Authority (TRA) to collect more revenue from taxes, so as to enable the Government to finance its development projects effectively without depending on donors; Prioritize few projects which can be financed fully, implemented effectively and produce intended output within a short time;

5.4.2 Legal Framework in Public Procurement

The Public Procurement Act 2004 replaced the 2001 Act by abolishing the Central Tender Board, replacing it with a regulatory body; full devolution of procurement operations to procuring entities themselves; and establishment of an Appeal Authority.

The PPA, 2011 has incorporated certain areas which had been identified by stakeholders that needed amendments in the PPA, 2004; the issue of procurement of common use items and seasonal goods whose prices are changing depending on season should be addressed well in the new Regulations. Through Framework contract, the government is acquiring common use items at high cost comparing with the market price when the supply of those items in the market is higher than the demand. The situation has negative impact to suppliers when the demand is higher than supply. Therefore, for the procurement to be fair to both sides; the new Regulations can give a room for the Framework contracts to be amended or revised for at least after three or six months.

Legislative organs are asked to introduce severe punishments (including confiscation) for any natural or legal person who contravenes the provision of procurement legislations and cause loss of the public funds. Procurement laws and regulations should be advocated to the community so as to raise awareness of its role in monitoring public procurement

5.4.3 Procurement and Contracts Management

The Regional Secretariat is urged to strengthen its Internal Control System in procurement and contract management by appointing competent Evaluation Committee members who will be able to assess bidders' technical and financial capacities in procurement of works. Proper measures to be taken to any member who will falsely declare that he/she has no conflict of interest with any bidder. This will increase confidence of bidders to the procurement process and the procuring entity at large.

The Accounting Officer and leaders not interfering the independence of Tender Board but acting accordingly to the Tender Board's recommendations for the public interests. Value for money should be the key feature in any public procurement. The Inspection Team for development projects should be effective for the RS to be aware of the projects' progress at least after every three months

Internal Audit Units should be strengthened through proper staffing level, skills development, transport and other resources for improving internal control. The Regional Secretariat is asked to improve staffing level in the Infrastructure Section by employing or transferring competent Engineers so as to avoid unnecessary costs for hiring consultants when implementing minor works and site management for big projects.

5.4.3.1 Consultancy Services

Checking and balancing system to be introduced in consultancy services by engaging more than one consultant in designing the structure, preparing the bills of quantities, managing, evaluating and certifying the completed work for payments. Competitive tendering for consultancy services is preferable for transparency and cost minimization than single source method.

Tanzania Building Agency (TBA) is the public entity which is fully financed by the government but it charges 10 percent of the contract sum as consultancy fee when it is engaged in construction and rehabilitation projects by other public entities like Tabora RS. It is like drawing and depositing the same amount of money through the same bank account but using two different bank Tellers. In fact, the policy increases unnecessary burden to the government.

The Government is urged to revise this policy by not charging itself consultancy fee in construction and rehabilitation projects. The policy may be formulated like that of Insurance for the Central Government's vehicles; they are not liable to insurance premium. The 10 percent of the contracts' sums could be utilized in financing other development projects like construction classrooms, health centers and roads in rural areas. TBA should be fully equipped in terms of staffing level, modern equipment, transport facilities, funds and other necessary working tools for it to perform its functions effectively.

5.4.3.2 Community Involvement

The Regional Secretariat can implement big construction projects for the community but if there is no community ownership due to inadequate community empowerment (especially control and decision making for contracts) then, there will be no sustainability of investments. To enhance community ownership of investments it is recommended to promote community participation in procurement processes in all development projects.

5.4.3.3 Political Interference

Political matters should not be given chance to interfere technical issues. Technical matters are to be addressed technically while monitored crossly by political leaders and the community at large. Politicians and other stakeholders are whistle blowers and not implementers of the development projects.

5.5 Areas for Further Studies

The researcher in this study concentrated more on construction and rehabilitation projects implemented by Tabora Regional Secretariat which is the overseer of the Local Government Authorities within the Region. There are many projects which are implemented by the Local Government Authorities which the researcher did not work on them but they are highly financed by the Government and Donors. Future studies as implied in this study may focus on factors affecting value for money in the projects implemented under Agricultural Sector Development Programme (ASDP) which is linked with District Agricultural Development Plans (DADPs).

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APPENDIX 1:

Questionnaire on Factors Affecting Achievement of Value for Money in Procurement of Works in Regional Secretariats.

My name is Marco Maduhu, I'm a student of Mzumbe University studying Msc. in Accounting and Finance. I am doing a research on "Factors Affecting Achievement of Value for Money Construction Projects in Regional Secretariats". The study is based on a selected sample in Tabora Region Secretariat, so your participation is important. The outcome of this study will enhance knowledge on factors affecting value for money in Public Procurement of works.

Participation in this study is voluntary and your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

PART ONE;

To be responded by the procuring Entity.

1. What was the total annual budget in Tshs that you spent on construction projects for the financial year 2006/2007 to 2011/2012?
.....
2. The organizations that fund your construction projects include the following:
(Please tick more than one if you have several donors)
 - a. International Donor agencies (e.g. UNDP, Global fund, USAID, etc) ()
 - b. Government bodies ()
 - c. Corporate companies ()
 - d. Private individuals ()
 - e. We don't receive any donor funding ()

3. Please mention any other source if not included;

- a)
- b)
- c)
- d)

4. Monitoring and evaluation activities are part of the project schedule:

For all projects () For some projects () For a few projects () Never ()

5. Normally the following stakeholders are involved in planning, monitoring and evaluation of the projects;

	For all Projects	For some projects	For few projects	Never
Donors	()	()	()	()
Project implementation staff	()	()	()	()
Community	()	()	()	()
Project beneficiaries	()	()	()	()
We don't involve any stakeholders	()	()	()	()

6. Did the entity establish the Procurement Management Unit as per the Laws Regulations?

Yes () No () Not sure ()

7. Do the evaluation committee members have required skills, experience and qualifications to evaluate the bid properly? Yes () No ()

8. If the answer is No, how do you evaluate the bids?

By using other entities' committees ()

We do not evaluate the bids ()

9. Which challenges are you facing in achieving value for money when implementing construction projects?

TRANSPARENCY

10. How many appeals/complains cases do you record annually?

a. One to five cases () b. Six to ten cases () c. Ten and above () d. No case ()

11. Do you prepare a procurement plan?

Yes () No () Not sure ()

12. Who appoints the Tender board members of your entity?

Head of Procurement () Accounting Officer ()

EXPENDITURE CONTROL

13. How often do you audit procurement activities?

a. Quarterly () b. Every six months () c. Yearly ()

14. Does the Procurement unit regularly conduct market surveys to update its knowledge of prevailing prices for goods and works?

Yes () No () Not sure ()

15. The Public Procurement Act, 2004 has strengthened and controlled government expenditure.

- a. Strongly agree () b. Disagree () c. Agree ()
d. strongly disagree () e. Uncertain ()

16. Is procurement plan recorded against budget to identify anomalies in recorded expenditure? Yes () No ()

17. Please if you have any additional comment or suggestion please you can share with

us.....
.....
.....
.....

THANK YOU FOR YOUR COOPERATION

PART TWO;

To be responded by the contractor.

1. When was your organization registered with BRELA?
a. Before 1990 () b. 1990 – 1995 () c. 1996 – 2000 ()
d. 2001 - 2005 () e. After 2005 ()
2. Which category does your organization fall?
a. Civil () b. Building () c. Mechanical ()
d. Electrical () e. Specialist ()
3. What is the class of your company?
a. One () b. Two () c. Three () d. Four () e. Five () f. Six () g. Seven ()
4. Which category of ownership does your company fall in?

Local company ()

Foreign company ()

5. What is the total number of the staff that your organization has?

	Less than 7	7-12	13-18	Over 18
Permanent staff	()	()	()	()
Casual labor	()	()	()	()

6. Which challenges are you facing in achieving value for money when implementing construction projects?

TRANSPARENCY

7. Are summaries of information about public procurement available to you? (e.g. number of bids received, number of contracts awarded, names of successful bidders) Yes () No () Not sure ()

8. Are contracts to be awarded publicly advertised?

Yes () No () Not sure ()

9. If yes, where?

a. National news papers () c. Internet ()

b. Local radio () d. Journal ()

10. Are you convinced about the application of appropriate procurement procedures and methods used as required?

Yes () No () Not sure ()

11. If yes, which method is usually used?

a. National Competitive Tendering () b. Request for Quotations ()

c. Restricted Tendering ()

12. How many appeals/complaints cases have you made within a year against Regional Secretariats?

a. One to five cases () b. Six to ten cases () c. Ten and above () d. No case ()

13. What were the reasons for the appeal?

.....
.....
.....

14. How were your appeal cases handled by procurement entity (contracting authority)?

a. Unresolved () b. Resolved amicably ()

15. Does the procurement entity open tenders publicly according to defined procedure? Yes () No () Not sure ()

16. In your own estimation how long does it take you to receive your money after execution of a contract?

- a. One month ()
- b. Four months ()
- c. Six months ()
- d. One year ()

17. Do you agree that Procurement Act, 2004 causes delays in awarding contracts?

- a. Strongly agree ()
- b. Disagree ()
- c. Agree ()
- d. strongly disagree ()
- e. Uncertain ()

18. Please if you have any additional comment or suggestion you can share with us

.....
.....
.....

Please indicate below if you would be interested in the receiving a copy of the findings of this research when I complete the report. YES () NO ()

After completing the questionnaire please put it in the self-addressed stamped envelope and posts it to the researcher, please can call 0713486722 to pick it from your office.

THANK YOU FOR YOUR COOPERATION