



Assessment of the Country's Procurement System

Final Report

September, 2007

List of Acronyms

ACET	Association of Consulting Engineers Tanzania
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AO	Accounting Officer
APP	Annual Procurement Plan
BLIs	Baseline Indicators
CPAR	Country Procurement Assessment Report
CPIs	Compliance/Performance Indicators
CTB	Central Tender Board
DAC	Development Assistance Committee
DAWASA	Dar e salaam Water and Sewerage Authority
DPP	Director of Public Prosecution
EU	European Union
EC	Evaluation Committee
GCC	General Condition of Contract
GDP	Gross Domestic Product
GN 97	Government Notice No. 97
GN 98	Government Notice No.98
HIPC	Highly Indebted Poor Countries
ICB	International Competitive Bidding
KIC	Kilimanjaro International Corporation
LGAs	Local Government Authorities
LPOs	Local Purchase Orders
LT	Long Term
MCA	Millennium Challenge Account
MCT	Media Council of Tanzania
MDAs	Ministerial departments Authorities
MoF	Ministry of Finance
MT	Medium Term
MTB	Ministerial Tender Board
NAO	National Audit Office
NACTE	National Council for Accreditation of Technical Examination
NBMM	National Board for Materials Management
NCB	National Competitive Bidding
NHC	National Housing Corporation
NSGRP	National Strategy for Growth and Reduction of Poverty
OECD	Organization for Economic Cooperation and Development
PCCB	Preventing and Combating Corruption Bureau
PEs	Procuring Entities
PMG	Pay Master General
PMO-RALG	Prime Minister's Office Regional Administration and Local Governments

PMU	Procurement Management Unit
PO-PSM	President's Office Public Service Management
PPA	Public Procurement Act
PPAA	Public Procurement Appeals Authority
PPDPA	Public Procurement and Disposal of Public Asset
PPPs	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
RAS	Regional Administrative Secretariat
RICB	Restricted International Competitive Bidding (RICB)
RNCB	Restricted National Competitive Bidding (RICB)
RFP	Request for Proposals
ST	Short Term
STDs	Standard Tendering Documents
SVD	Stock Verification Unit
TAA	Tanzania Airport Authority
TCU	Tanzania Commission for Universities
TACECA	Tanzania Civil Engineering Contractors Association
TACO	Tanzania Association of Consultants
TANESCO	Tanzania Electric Supply Company Limited
TANROADS	Tanzania National Roads Agency
TAU	Technical Audit Unit
TOR	Terms of Reference
UD	User Department
USAID	United States of America International Development
VETA	Vocational Education Training Authority
WB	The World Bank

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	6
1.1 Background of the Assessment	6
1.2 Objective of the Assessment	6
1.4 Preparation of the Assessment.....	7
1.5 Scope and Nature of the Assessment.....	8
1.5.1 Selection of Procuring Entities for Assessment	8
1.5.2 Initial PEs and Stakeholders Workshop	10
1.5.3 Sampling of Tenders.....	10
1.5.4 Data Collection and Verification.....	14
1.5.5 Validation Workshop	14
1.5.6 Assistance by Danish Embassy	14
2.0 COUNTRY PROFILE	15
2.1 Country Information	15
2.2 Country Economic Context	15
2.3 Nature and Scope of Public Expenditure FY 2005/2006	16
2.4 Budgetary and Control Mechanisms	17
3.0 PROCUREMENT SYSTEM	18
3.1 Background.....	18
3.2 Current Situation.....	19
3.3 Set-up of Procurement in the Procuring Entities (PEs)	20
3.4 Key Actors of the Procurement System	21
3.4.1 Ministry of Finance (MoF)	21
3.4.2 The Public Procurement Regulatory Authority (PPRA)	22
3.4.3 The Public Procurement Appeal Authority (PPAA)	22
3.5 Control Mechanism	23
3.5.1 Internal Control.....	23
3.5.2 External Control.....	23
3.6 Prevention and Combating of Corruption Bureau (PCCB)	24
4.0 SUMMARY OF FINDINGS AND KEY RECOMMENDATIONS.....	25
4.2 Detailed Findings under each Pillar	27
4.2.1 Pillar I: Legislative and Regulatory Framework.....	27
4.2.1.1 Findings.....	27
4.2.1.2 Achieved Baseline Indicators Scores Compared to CPAR Update 2006... 41	
4.2.1.3 Recommendations and Way Forward	44
4.2.2 Pillar II: Institutional Framework and Management Capacity	46
4.2.2.1 Findings.....	46
4.2.2.2 Pillar II: Achieved Baseline Indicators Scores Compared to CPAR Update 2006	53
4.2.2.3 Recommendations and Way Forward	56
4.2.3 Pillar III: Procurement Operations and Market Practices	58
4.2.3.1 Findings.....	58
4.2.3.2 Achieved Baseline Indicators Scores Compared to CPAR Update 2006... 63	
4.2.3.3 Recommendations and Way Forward	66

4.2.4	Pillar IV: Integrity and Transparency of Public Procurement System	68
4.2.4.1	Findings.....	68
4.2.4.2	Achieved Scores Compared to CPAR Update 2006.....	75
4.2.4.3	Recommendations and Way Forward	80
5.1	Initiatives/Programmes Implemented by Government	81
5.2	Initiatives/Programmes in Future Plans.....	84
ANNEXES	87
	Assessment of the Country's Procurement System with respect to the Pillars.....	88
REFERENCES	113

List of Figures	Page
Figure 1: Comparison between Current assessment and CPAR 2006	25
Figure 2: Comparisons of CPAR indicators and current assessment	26
Figure 3: Procurement Methods in Percentage	28
Figure 4: Percentage of Tenders Publicly Advertised	29
Figure 5: Percentage of Tenders Eligible for Exclusive Preference and Applied	31
Figure 6: Percentage of Bid Documents Described the Application Criteria	34
Figure 7: Percentage of Competitive Tendering Used STDs	37
Figure 8: Percentage of Tenders which Pre-qualification was used	38
Figure 9: Percentage of Tenders Used GCC, Standard Clauses & Templates	39
Figure 10: Distribution of Developers of GCC, Standard Clauses and Templates	40
Figure 11: Percentage Use of Procurement Plan	46
Figure 12: Percentage of Procurement in Relation to Budget Allocations	47
Figure 13: Percentage of Contracts Specify Payment Schedule	48
Figure 14: Percentage of Contract in the Approved Budget	49
Figure 15: Percentage Submission of Completion Report	50
Figure 16: Percentage of Procurement Records Complete with all Documents	61
Figure 17: Percentage of Tenders/Contracts Audited	70
Figure 18: Percentage of Bidders Informed About the Outcome of the Tender	73

List of Tables

Table 1: Key Observations for Pillar I	2
Table 2: Key Observations for Pillar II	3
Table 3: Key observations for Pillar III	4
Table 4: Key observation for pillar IV	5
Table 5: The Procuring Entities Selected for the Assessment	9
Table 6: Summary of Procurements by Volumes from Each PEs	12
Table 7: Methods of Procurement for the Returned Samples	13
Table 8: Sectoral Contribution in GDP	14
Table 9: Pillar I: Comparison of Current Assessment Scores with CPAR Update 2006	41
Table 10: Pillar I: Recommendations and way forward	44
Table 11: Pillar II: Comparison of Current Assessment Scores with CPAR Update 2006	54
Table 12: Pillar II: Recommendations and way forward	57
Table 13: Pillar III: Comparison of Current Assessment Scores with CPAR Update 2006	64
Table 14: Pillar III: Recommendations and way forward	67
Table 15: Pillar IV: Comparison of Current Assessment Scores with CPAR Update 2006	76
Table 16: Pillar IV: Recommendations and way forward	81

EXECUTIVE SUMMARY

Background

This report is an outcome of the Paris declaration on aid effectiveness which took place in Paris on 2nd March, 2005. During the declaration many issues were resolved including doing qualitative as well as quantitative periodic assessment using appropriate country level mechanisms. One of the areas which was to be focused is strengthening of National Procurement Systems

To implement the declaration it was agreed to do a pilot testing of the methodology for Assessment of National Procurement Systems. Twenty two (22) countries were selected including Tanzania to participate in the pilot testing methodology developed in cooperation between a Joint Venture for Procurement consisting of World Bank, Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and a number of developing countries.

The Objective of the Assessment

The main objective of the assessment was to test the methodology as a tool for assessing the quality of a country procurement system in terms of its effectiveness and efficiency which developing countries and development partners can use to assess quality and effectiveness of national procurement systems. The assessment was intended to provide the basis for formulating capacity development plans to improve the procurement system.

The Scope of the Assessment

The assessment was carried out in twenty (20) procuring entities selected randomly according to the following categories: Ministries (6), Parastatals/Agencies/Independent departments (6); Regional Administrative Secretariats (2); Municipal Councils (3); and District Councils (3). The cases were sampled randomly by PPRA on the basis of list of total procurement cases in FY 2005/06 provided by the PEs.

Assessment Methodology

The assessment was based on the OECD-DAC/WB structure of four pillars, namely: Legislative and Regulatory Framework; Institutional Framework and Management Capacity; Procurement Operations and Market Practice; and Integrity of the Public Procurement System.

The Findings

The following are the key findings of the assessment for the four Pillars.

Pillar I: Legislative and Regulatory Framework

PPA 2004 complies, to a large extent, with applicable obligations deriving from national and international requirements. It provides for competitive tendering procedures and access to complaints and procurement appeals mechanism. Weaknesses observed and the recommendations are shown in the Table 1 below.

Table 1: Key Observations for Pillar I

S/NO	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1	Tenders which do not use standard bidding documents accounts to fifty five percent.	Enforce and monitor closely all PEs to use standard bidding documents.	ST	PPRA/NAO/TAU/SVD
2	Most of the interviewed stake holders were not familiar with the PPA of 2004 and its Regulations.	Capacity building is required for both PEs and bidders in order to comply with the PPA 2004 and its Regulations.	LT	PPRA
3	No proper coordination and preparation of various specifications. Seventy four percent of contracts assessed technical specifications were developed by internal staff.	Develop specifications for procurement of various services and make them available to the public.	LT	RESPONSIBLE MINISTRIES/PPRA
4	Contracts were eligible for exclusive preference accounts to eighty nine percent of which fifteen percent had such provision. Eighty two percent of bidding documents had no provision of giving margin preference.	Application of preferential scheme should be enforced as well as building capacity of PEs on preparing STDs and evaluation of bids with preferential schemes.	LT	PPRA/PEs
5	Interview with stakeholders revealed that most of them are not aware with complaints review mechanism.	Enhance awareness on appeal mechanisms and nullification of awarded tenders in case it is proved that the complaints are valid.	LT	PPAA/PPRA

Pillar II: Institutional Framework and Management Capacity

The PPA 2004 decentralized procurement and enabled procuring entities to be responsible and accountable for their individual procurement decisions and actions. Implementation of procurement rules requires capable Procurement Management Units.

The Observations and the recommendations are shown in Table 2 below.

Table 2: Key Observations for Pillar II

S/No	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1	The selected PEs which had not established PMUs as per PPA 2004 requirements accounted to fifteen percent.	Procuring Entities which have not established PMUs should established as per PPA 2004.	ST	PEs
2	The proposed scheme of service for procurement cadre has not been approved by the responsible Ministry.	The PMUs should be adequately resourced in terms of staff, skills and working environment.	LT	PO-PSM/PEs
3	Procurement and Supplies Professional Board (PSPB) not yet established as per PPA 2004.	Expedite establishment of PSPB.	MT	MoF/NBMM
4	There is no linkage between procurement plan and the budget formulation process.	Monitoring and enforcement of preparation and implementation of Annual Procurement Plan (APP).	LT	MoF/PPRA
5	Contracts assessed which had no completion reports accounted to seventy nine percent.	Enforcement of Regulations 127 for goods and 128 for works of GN 97.	MT	PPRA
6	The administrative costs for handling procurements within PEs vary significantly.	Action should be taken to minimize tender administrative costs	ST	PEs

Pillar III: Procurement Operations and Market Practices

Public procurement requires performance from both the public sector and private sector. The pillar assesses effectiveness, confidence and competence of the contracting authorities at all levels within the system to implement and administer the public procurement system in accordance to the legislative and regulatory framework.

The observations and recommendations are shown in the Table 3 below:

Table 3: Key observations for Pillar III

S/NO	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1	The interviewed stakeholders commented the private is not well organized accounts to eighty five percent. Notably, there no organization representing Suppliers of goods.	Government engage in formal dialogue with the Public and Private sector to share views in improvement of procurement market	LT	PPRA
2	There is no database for demand and supply of specific markets such goods, works and services to get better knowledge of internal market needs and fluctuations.	Conduct a study on demand and supply markets.	MT	PPRA
3	Sixty two percent of assessed contracts were found with incomplete records.	Ensure all PEs have standardized procurement records management system.	MT	PPRA
4	The assessment revealed that forty four percent of contracts assessed had no provision for administering quality, time, cost and scope.	Training modules offered by PPRA to cover aspect of contract management.	LT	PPRA

Pillar IV: Integrity of the Public Procurement System

This pillar takes aspects of the procurement system and governance environment and seeks to ensure that they are defined and structured to contribute to integrity, transparency and has appropriate controls that support the implementation of the system in accordance with legal and regulatory framework and there are appropriate measures in place to address the potential for corruption system. It also covers important aspects of the procurement that include stakeholder as part of control system.

The observations and recommendations are shown in Table 4 below:

Table 4: Key observation for pillar IV

S/NO	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1	Sixty nine percent of assessed contracts were not communicated to unsuccessful bidders in writing.	Enforcement of Regulation 97(11) of GN 97 and 67(2) of GN 98.	ST	PPRA
2	All Associations and stakeholders commented that there is no sufficient mechanism for reporting corruption related behaviour.	Disseminations of PCCB Act 2007.	LT	PCCB/PPRA
		Expedite finalization of anti-corruptions strategy in procurement.	MT	
		The PPRA to have hotline for whistle blowing mechanism.	ST	
3	No specific code of conduct/ethics exists for procurement officials.	The Authority (PPRA) should initiate development of code of ethics for procurement cadre and continue monitoring to ensure high standard of the ethics in public procurement.	LT	PPRA/PO-PSM

1.0 INTRODUCTION

1.1 Background of the Assessment

Tanzania is one of the twenty two (22) countries that were selected as pilot countries under the OECD-DAC working party for aids effectiveness to participate in the pilot testing of the methodology for assessing countries procurement systems. The "Methodology for Assessment of National Procurement Systems" version 4 (July 2006), was developed in cooperation between a Joint Venture for Procurement consisting of World Bank, Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and a number of developing countries.

During the Paris Declaration which took place in Paris on 2nd March, 2005 the Ministers of developing countries responsible for Finance and Heads of multilateral and bilateral development institutions resolved many issues including doing periodic qualitative as well as quantitative assessment using appropriate country level mechanisms. One of the important areas which were to be focused is the strengthening of National Procurement Systems. As a result, the methodology was developed to provide a common tool to be used by developing countries and donors to assess the quality and effectiveness of the national procurement systems and then use the outcome to develop plans to improve respective systems.

The pilot testing of the methodology in Tanzania was managed and coordinated by the Public Procurement Regulatory Authority (PPRA). The Authority (PPRA) is mandated by the Public Procurement Act, 2004 to monitor and report on the performance of the public procurement system in the United Republic of Tanzania and advice on desirable changes. PPRA used this opportunity to assess the country's procurement system with the ultimate goal of improving the existing capacity development strategy for the country's procurement system.

1.2 Objective of the Assessment

The main objectives of the Assessment were:

- (i) to test the methodology as a tool of assessing the quality of a country procurement system in terms of its effectiveness and efficiency which developing countries and development partners can use to assess quality and effectiveness of national procurement systems;

- (ii) to provide a tool to formulate programmes to improve national procurement System;
- (iii) to provide a learning and capacity development opportunity for government as well as donors;
- (iv) to provide results on the level of performance of Procuring Entities and
- (v) to provide results on the level of performance of country procurement system in accordance with internationally acceptable best practices enabling effectiveness in the use of funds provided by the government and development partners to meet country obligations.

1.3 The OECD/DAC in JV with World Bank Version 4 Methodology

The methodology used was OECD/DAC in joint venture with the World Bank Version (4) which is based on four pillars. The four pillars include: Pillar I: Legislative and Regulatory Framework; Pillar II: Institutional Framework and Management Capacity; Pillar III: Procurement Operations and Market Practices and Pillar IV: Integrity of the Public Procurement System. According to this methodology which basically assess looks at areas, i.e Baseline Indicators (BLIs) and the Compliance/Performance Indicators (CPIs).

According to OECD/DAC methodology the BLIs is based on a review of the existing regulatory framework and the institutional and operational arrangement. It also presents a “snapshot” comparison of the actual system against the international standards. Whereas the CPIs deals with how the country procurement system operates and more closely related to the application of the regulations and to the prevailing procurement practices in the country. Furthermore, according to the methodology, the CPIs application relies on data obtained from a representative sample of contract and the information obtained from interviews and surveys with stakeholders on the procurement system.

1.4 Preparation of the Assessment

Assessment Team

The PPRA selected four (4) Country Assessors who participated in the workshop in Nairobi, Kenya from 1st - 2nd February 2007. The assessors

are; Mr. Ernest Lobulu, Mrs. Mary M. Swai, Mr. Raymond J. Mbishi and Mrs. Neema Menrad.

During data collection and verification it was found that there was need to increase the number of assessors due to workload, diversity of the PEs and time constraint. Three PPRA staff were added to the team. These are Mr. Lwitiko Mwandobo, Mr. Clement Kisinga and Mr. Paul Mkahalira.

The OECD/DAC Workshop in Nairobi - Kenya

The assessment was preceded by a training workshop conducted in Nairobi, Kenya on 1st and 2nd February 2007 which was organized by the OECD/DAC in collaboration with the World Bank. The workshop was attended by the selected pilot countries from African countries who speak English, and other stake holders in this assessment. The objectives of the workshop were to get experiences of the pilot countries, recommendation for improvement to methodology, experiences and practices in moving from assessment through validation to developing a capacity development Action Plan, recommendations on criteria, nature and availability of data, practices in strengthening ownership and practices in improving donor coordination.

1.5 Scope and Nature of the Assessment

1.5.1 Selection of Procuring Entities for Assessment

By the time of commencing this exercise the PPRA has already selected twenty (20) Procuring Entities (PEs) to be audited by Kilimanjaro International Corporation (KIC) who were commissioned by USAID through Millennium Challenge Account (MCA) under the Public Procurement Reform Project. It was decided to assess the same entities concurrently with the procurement and contracts performance audits.

The assessed PEs were randomly selected by ensuring that all public bodies were represented in the sample namely; Ministries (6), Parastatal/Agencies/Independent Departments (6), Regional Administrative Secretariat (RAS) (2), Municipal Councils (3) and District Councils (3).

Table 5 below shows the Categories of PEs selected for the assessment.

Table 5: The Procuring Entities Selected for the Assessment

Category	SN	Procuring Entity
Ministries	1	Ministry of Agriculture Food Security and Co-operative
	2	Ministry of Education and Vocation Training
	3	Ministry of Energy and Minerals
	4	Ministry of Health and Social Welfare
	5	Ministry of Public Safety and Security
	6	Ministry of Water
Agencies, Parastatals and Independents Departments	7	Tanzania National Roads Agency (TANROADS)
	8	Tanzania Electric Supplies Company Ltd (TANESCO)
	9	Tanzania Airport Authority (TAA)
	10	Vocational Education and Training Authority (VETA)
	11	Dar es salaam Water and Sewerage Authority (DAWASA)
	12	National Housing Corporation (NHC)
Regional Administrative Secretariat (RAS)	13	Regional Secretariat Office Arusha
	14	Regional Secretariat office Dar es salaam
Municipal Councils	15	Arusha Municipal Council
	16	Ilala Municipal Council
	17	Mwanza Municipal Council
District Councils	18	Iringa District Council
	19	Dodoma District Council

	20	Mbeya District Council
--	----	------------------------

1.5.2 Initial PEs and Stakeholders Workshop

The pilot test started with a workshop held from 1st - 2nd March 2007 at Bagamoyo which introduced the methodology to be followed by the PEs and other Stakeholders involved in the exercise. The workshop covered in detail;

- 2003 CPAR recommendations;
- Proposed Version 4 of the methodology for assessing procurement systems, review of the baseline indicators (BLI) and compliance and performance indicators (CPI),
- Methodology and approach of the exercise,
- Review of the questionnaire/ checklist for data collection, format to be used when listing the procurement done in the financial year 2005/2006 and the proposed implementation action plan for the assessment.

From the agreed implementation action plan, the PEs were required to submit the list of all procurements done in the financial year 2005/2006 to PPRA according to the format discussed and agreed in the workshop. The compilation list of all procurements in the financial year 2005/2006 were to be sent to PPRA by 30th March 2007 for purpose of sampling and returning the sample cases to PEs for filling the questionnaires used to collect data for the assessment.

1.5.3 Sampling of Tenders

Random sampling was used to draw tenders that were used in assessment. The criteria for selecting the samples to be assessed was based on the number of contracts, categories of procurements (Goods, works, Non-consultancy services and consultancy) and methods of procurements (International Competitive Tendering, National Competitive Tendering, Direct Contracting, Single Source, Restricted Tendering and Quotation).

The criteria were;

- a) all procurements under International Competitive Bidding were considered.
- b) for procurements made through National Competitive Tendering, not less than 30 Tenders were considered;
- c) If the procuring Entity awarded less than 30 Tenders, all of them were considered.
- d) For procurements made through competitive Quotations, not less than 30 contracts or tenders were considered for each type of procurement.
- e) Single source and direct contracting procurement methods, 20 cases were considered.

Table 6 below summarizes the submission by PEs before sampling, the sampled and the returned sample cases. From the list submitted by the PEs, there were 797 tenders with a total volume of TShs 743,922,437,131.89 for the FY 2005/06. The sample was 498 cases with a volume of Tshs 710,277,147,723.46 which is 62.48% of the tender submitted and in terms of volume is 95.48%. Out of the sampled cases, 388 cases were assessed and verified with a volume of Tshs 442,520,598,120.44 which is about 77.91% and 62.30 % by volume of the sample cases.

It is worth to mention that about 22% percent of the sampled cases were not returned and we are of the opinion that may be their documents are not available. We anticipate that these were captured in the Audit report done by Kilimanjaro International, now in the final stage of submitting the audit reports.

Table 6: Summary of Procurements By Volumes from Each PEs

S/No	PE NAME	List of Procurement done in FY 2005/2005	List of Procurement done in FY 2005/2006(Volume)	Sampled Cases (Volume)	Sampled Cases	Returned cases	Returned Cases (Volume)
1	TAA	42	3,019,356,808.01	3,019,356,808.01	42	34	2,542,458,242.13
2	TANESCO	97	295,521,752,638.25	265,410,510,695.59	59	38	259,087,230.50
3	MDC	149	835,719,634.62	530,453,323.01	77	39	163,692,200.00
4	IDC	67	1,387,676,179.00	1,387,676,179.00	67	46	1,147,788,638.00
5	IMC	222	3,058,802,711.10	490,802,307.80	48	24	320,497,076.00
6	MCC	34	1,561,074,592.00	907,589,591.00	20	20	907,589,592.00
7	MoW	11	7,750,465,289.00	7,750,465,289.40	11	11	7,750,465,289.40
8	RAS - AR	13	101,712,381.00	101,712,381.00	13	14	101,712,381.00
9	RAS - DAR	14	39,418,424.00	39,418,424.00	14	14	39,418,424.00
10	AMC	12	2,147,177.00	214,717,700.00	12	12	214,717,700.00
11	DDC	23	265,584,260.00	265,584,260.00	23	23	265,584,260.00
12	MoH	11	960,268,163.00	960,268,162.63	11	8	895,946,469.00
13	MoEM	10	321,698,825.00	313,031,325.00	9	9	313,031,325.00
14	MoE	20	299,140,902,419.85	299,140,902,419.85	20	17	298,642,228,336.25
15	VETA	5	785,790,000.00	785,790,000.00	5	5	785,790,000.00
16	DAWASA	2	1,421,622,050.00	1,421,622,050.00	2	2	1,421,622,050.00
17	MoHA	12	28,208,085,478.00	29,216,723,378.01	12	11	28,428,445,478.00
18	MoA	20	17,299,471,286.12	17,299,471,286.12	20	20	17,299,471,286.12
19	NHC	9	254,556,727.00	254,556,727.00	9	17	254,556,727.00
20	TANROADS	24	81,986,332,088.94	80,766,495,416.04	24	24	80,766,495,416.04
	TOTAL	797	743,922,437,131.89	710,277,147,723.46	498	388	442,520,598,120.44

Table 7 below shows the total number of cases (Questionnaires) returned for analysis and the methods of procurement used by each PE

Table 7: Methods of Procurement for the Returned Samples

Name of Procuring Entity		ICT	NCT	Direct contracting/ Single source	Restricted Tendering	Quotation	Proc. Method not Indicated	Total sample returned questionnaires
1	Arusha Municipal Council	-	12	-	-	-	-	12
2	Dar es salaam Water and Sewerage Authority (DAWASA)	-	1	-	-	1	-	2
3	Dodoma District Council	-	16	-	-	-	7	23
4	Ilala Municipal Council	-	6	1	-	17	-	24
5	Iringa District Council	-	29	2	4	11	-	46
6	Mbeya District Council	-	17	4	-	8	-	39
7	Ministry of Agriculture Food Security and cooperatives	3	11	1	5	-	-	20
8	Ministry of Education and Vocational Training	2	5	1	3	6	-	17
9	Ministry of Energy and Minerals	-	4	1	1	3	-	9
10	Ministry of Health and social Services	1	7	-	-	-	-	8
11	Ministry of Home Affair	4	4	-	3	-	-	11
12	Ministry of Water	1	10	-	-	-	-	11
13	Mwanza Municipal Council	-	20	-	-	-	-	20
14	National Housing Corporation (NHC)	-	7	3	2	5	-	17
15	Regional Administrative Secretariat (RAS) Arusha	-	-	1	2	11	-	14
16	Regional Administrative Secretariat (RAS) Dar es salaam	-	-	-	-	14	-	14
17	Tanzania Airport Authority (TAA)	-	25	7	2	-	-	34
18	Tanzania Electric Supply Company (TANESCO)	5	14	11	8	-	-	38
19	Tanzania National Roads Agency (TANROADS)	12	5	3	4	-	-	24
20	Vocational Education and Training Authority (VETA)	-	1	-	2	2	-	5
	TOTAL	28	194	45	36	77	7	388

1.5.4 Data Collection and Verification

Data collection commenced on 21st May - 6th June 2007. The exercise of data collection and verification was done concurrently due to the time constraints and other procuring entities received the list of sample cases and questionnaire late. It was found viable to collect and verify data to expedite the exercise. During data collection and verification, assessors were assisted by Ramboll Management for the PEs and stakeholders located in Dar es Salaam.

During collection and verification of data, total of 388 questionnaires (Part B Case Questionnaires) were collected and verified of out 498 sample cases selected. Twenty questionnaires (Part A: General Information) were also collected. Five (5) civil societies organization were interviewed namely; Tanzania Association of Consultants (TACO), Tanzania Civil Engineering Contractors Association (TACECA), Media Council of Tanzania (MCT), Tanzania Contractors Associations (CATA) and Association of Consulting Engineers (ACET). Twenty (20) stakeholders (contractors, suppliers, service providers and consultants) were also interviewed. The interview was conducted with Prevention and Combating Corruption Bureau (PCCB) regarding Pillar IV (Integrity).

1.5.5 Validation Workshop

The validation workshops were conducted on 14th and 15th August 2007. The workshops were conducted in two groups. 1st Group was for the Procuring Entities and 2nd Group was for the Stakeholders. Validation for the 1st Group was on 14th August 2007 which was attended by 45 participants((Accounting Officers and Heads of Procurement Management Units) and 2nd Group was on 15th August 2007 and was attended by 32 participants who represented Associations, Development Partners, Academic Institutions, Regulatory Bodies, Ministries and Local Government Authorities. The comments and recommendations received from the workshops have been incorporated in this final report.

1.5.6 Assistance by Danish Embassy

The Royal Danish Embassy procured a Consultant Ramboll Management to assist PPRA in undertaking the assessment at different stages. Furthermore, the Embassy financed the Nairobi trip for the four assessors who attended the OECD-DAC Workshop at Nairobi 1st and 2nd February 2007. Also financed the 1st and 2nd (initial and validation) Assessment Workshops with the selected PEs

and Stakeholders. It also provided three return tickets for PPRA to participate in the Copenhagen meeting where the assessment report will be presented.

2.0 COUNTRY PROFILE

2.1 Country Information

The United Republic of Tanzania is a union of two countries namely Mainland Tanzania (Tanganyika) and Island Tanzania (Zanzibar and Pemba). The country covers a land area of 945,087 sq. km and its population at the end of 2006 was estimated at 38.6 millions¹.

Tanzania has two governments, the Union Government and the Zanzibar Revolutionary Government. The Tanzania Mainland is governed by the Union Government, while Zanzibar is mainly governed by the Zanzibar Government with the Union Government taking care of some government affairs including security and foreign affairs. The Procurement system in the Mainland is governed by the Public Procurement Act No. 21 of 2004 and Regulations of 2005 as well as Regulations of 2007 for Local Government Authorities, while Zanzibar is governed by its own rules and Regulations under the Act No. 9 of 2005 for Public Procurement and Disposal of Public Assets (PPDPA No. 9 of 2005).

2.2 Country Economic Context

According to Country Economic Survey 2006, Gross Domestic Product (GDP) amounted to Tshs. 14,995,247 with the Mean Exchange rate of 1US\$ to Tshs. 1,252. The per capita income was Tshs. 399,873 (319US\$)²

The Gross Domestic Product in real terms grew by 6.2 percent in 2006 compared to 6.7 percent in 2005. The decrease in the growth rate was mainly attributed by unforeseen drought during rainy season of fiscal year 2005/2006, frequent power cut off (Inadequate Electrical Power Supply) and rise of prices of fuel to the world market. The most affected sectors were Agriculture, Manufactured products as well as electrical and water sector. However there was growth increase in sectors of wholesale, retail sale, Hotel and tourism, transport and communications, minerals,

¹ Tanzania in figures 2006

² The Economic Survey 2006

finance and business services as well as Public Administration and other services.

The agricultural Sector grew by 4.1 percent in 2006 compared to 5.1 in 2005. Thus contributed 44.7 percent to GDP compared to 45.6 percent in 2005. The mining Sector contributed 3.8 percent in 2006 to Gross Domestic product compared to 3.5 in 2005. Tanzania with a per capital income of US\$ 319, its economy is very much dependent on agricultural sector, thus fall or rise of this sector results to significance change on growth of Gross Domestic Product. The contribution of each sector to the GDP is summarized in Table 8 below for year 2006:-

Table 8: Sectoral Contribution in GDP

S/No	Sector	Percent
1	Agriculture	44.7
2	Manufactured products (Industry)	9.2
3	Trade Sector (wholesale, Retail Trade, Hotels and Tourism)	17.5
4	Construction Sector	5.8
5	Electricity and Water	1.4
6	Transport and Communication	5.4
7	Finance and Business	9.5
8	Public Administration and other Services	6.9
9	Mining	3.8

Source: *The economic survey 2006.*

2.3 Nature and Scope of Public Expenditure FY 2005/2006

The Government Finance depends on domestic revenue, non-tax revenue, and grants and loans including proceeds from HIPC debt relief. In year 2005/2006, the government estimated to collect domestic revenue amounting to Tshs. 2,066.8 billion, equivalent to 14.3 percent of GDP. Tax revenue was estimated at Tshs. 1,896.0 billion and non Tax Revenue at Tshs. 170.8 billion grants and loans including proceeds from HIPC debt relief were estimated at Tshs. 1,725.0 billion.

The Government expenditure policies for 2005/2006 focused on enhancing and sustaining good financial management system in order to facilitate achievement of national objectives of National Strategy for

Growth and Reduction of Poverty (NSGRP)³. The Government planned to spend an amount of Tshs. 4,035.1 billion equivalent to 28.9 percent of GDP. From this planned amount Tshs. 2,649.9 billion and Tshs. 1,385.1 billion were for recurrent and development expenditures. The actual expenditure for year 2005/2006 were Tshs. 2,774.8 billion and Tshs. 684.2 billion making a total of Tshs. 3,458.8 billion for recurrent and development expenditures respectively.

2.4 Budgetary and Control Mechanisms

Tanzania has done comprehensive reforms to improve economic development. Reforms in the area of Public financial management include the implementation of integrated financial management system, revision of Public finance management and the public procurement systems. The Public Financial Management Reform Programme focuses on improving the financial management in the government including resource mobilization, budgeting and accounting. These interventions have made it possible for the government to eliminate budget deficit and to ensure fiscal stability resulting in higher economic growth and lower inflation. The integrated financial management system (IFMS) has helped to ensure that there is no commitment before budgetary approval and actual allocation of funds to MDAs. On other hand the Local Government Reform Programme is responsible for operationalization of the Government's Local Government Reform policy and it is concentrating on implementing decentralization by devolution in the fiscal, human resources and legal areas.

³ The Economic survey 2006

3.0 PROCUREMENT SYSTEM

3.1 Background

The Government of Tanzania has long realized the importance of Public Procurement to the economic development of the country and its contribution to poverty reduction. As part of its effort, to improve public procurement system the Government in 1996 commissioned Crown Agent as Consultant to study the country's procurement system and assess its adequacy. The study concluded that the procurement system was fragmented and there was no uniform system of procurement in place as each entity operated differently using un-regulated public procurement system. It was also found that there were no standard documents or records used in the procurement function and that there was no central organ responsible for coordination and regulation of the government procurement process.

Based on the Crown Agents report the Government undertook measures to reform public procurement by enacting the Public Procurement Act No. 3 of 2001 (PPA 2001). This act provided for the establishment of the Central Tender Board (CTB) as the central coordinating body for public procurement activities within the government. As a result, public procurements undertaken in the country from 2001 was governed by the PPA 2001 and its Regulations. The regulations used were Public Procurement (Selection and Employment of Consultants) Regulations Government Notice No. 137 and Procurement of Goods and Works Regulations, Government Notice No. 138 both published on 13th July, 2001. The Local Government Authorities (LGAs) used the regulations made under section 65 of the Local Government Finance Act 1982, the Local Government (Selection and Employment of Consultants) Regulations 2003 Government Notice No. 48 and the Local Government (Procurement of Goods and Works) Regulations 2003 Government Notice No. 49 both Published on 21st March, 2003. The same Act established Public Procurement Appeal Authority (PPAA) to deal with resolution of complaints and disputes arising from the government procurement process.

Under this procurement regime CTB was mandated to regulate procurement activities of all public procuring entities (PEs). With CTB, PEs were allowed to do procurement up to a certain threshold and those that were above the threshold provided in the regulations CTB has to process the procurement on behalf of the PEs. It can be concluded that under CTB the procurement undertaking were centralized. The

shortcoming of this arrangement was that CTB was doing the public procurement but there was no a regulatory body to monitor it. There were also no time limits to process procurement actions.

In 2002 the World Bank engaged a Consultant to carry out a country procurement assessment. The Country Procurement Assessment Report (CPAR 2003) came up with a number of recommendations which related to the legislative framework, the procurement system and processes, capacity to conduct procurement and effects of corruption in procurement process. The CPAR 2003 report recommended the following as a way of improving procurement system in the country; to disseminate Local Government Regulations 2003, establishment of procurement journal, amend PPA 2001 to decentralize procurement undertakings, establish a Procurement Regulatory Board, introduce time limits to process procurement and provide protection to whistleblowers.

3.2 Current Situation

Since CPAR 2003, the procurement system has undergone tremendous reform accommodating the recommendations made on the assessment. One of the most important achievement is the enactment of the new Public Procurement Act, (PPA 2004) which repealed the PPA 2001. The PPA 2004 became operational on May 2005; The PPA 2004 fully decentralized the procurement functions to procuring entities and established the procurement oversight body, The Public Procurement Regulatory Authority (PPRA). Further to this important reform, the Government has fully operationalised the Public Procurement Appeals Authority (PPAA) with the function of resolving complaints and disputes arising from the procurement process.

The PPRA as an oversight body has mandate to ensure that public entities are adhering to PPA 2004 and its Regulations of 2005. The PPA 2004 is giving equal opportunity to all prospective suppliers, contractors, consultants and service providers. It ensures fairness of treatment to all parties in order to obtain the value for money in the procurement process. The Act applies to all Government institutions which use public funds. The Defence and National Security Organs are obliged to comply with the Act in managing their procurement and disposal of public assets. They are required to prepare dual list i.e items for open tendering and list for restricted items. They are required to agree annually with the PPRA on the restricted list and the methods of procurement for the restricted items.

The PPA 2004 is being implemented with Public Procurement (Procurement of Goods, Non-Consultancy Services and Disposal of Public Assets by tender works), Regulations 2005, Government Notice No. 97, Public Procurement (Selection and Employment of Consultants) Regulations 2005 Government Notice No. 98 both published on 15th April, 2005, and the Local Government Authorities' Tender Boards (Establishment and Proceedings) Regulations 2007.

3.3 Set-up of Procurement in the Procuring Entities (PEs)

The PPA 2004 provides the procedures on how the procurement functions should be handled in the procuring entities using the organs established within the procuring entities that are Accounting Officer (AO), Tender Board (TB) and Procurement Management Unit (PMU). It has also provided the mechanism on handling the disagreement between the organs in the procurement process. Furthermore, it has the provision on the mechanism of handling the disputes which arising between PEs and bidders in the process.

The AO has the responsibility of overseeing that procurement activities in his/her institution are done according to procedures in PPA 2004. Section 33 of the Act describes the duties and responsibilities of the AO. Under that section the AO is conferred with the power to establish the TB as per the Second Schedule of the Act. The members of TB shall be appointed with regard to their technical competence and skills required for discharge of their functions. The functions of the TB are stipulated in Section 30 of the Act.

The AO is also responsible for causing the establishment of a PMU to discharge the functions stipulated in Section 35. Under the set up the Head of PMU is the Secretary of the Tender Board who reports direct to the AO. The PMU manage all procurement and disposal by the tender activities of the PE as well as being a secretariat of the TB.

The User Department (UD) is the consumer of the services procured by the entity. Basically the UD initiate the procurement and disposal by Tender requirements, inputs to specifications and in evaluations as well as perform duties as outlined in Section 36 of the Act.

As per Section 37(2), the Evaluation Committee is to be recommended by the PMU and approved by the AO. The evaluations conducted by the evaluation committees are to be reported to the PMU. The PMU after

reviewing the report they submit recommendations to the TB for approval.

Section 38 of the Act requires the AO, PMU, UD and EC to act independently in relation to their respective functions and powers. In order to facilitate smooth undertaking of the procurement activities in the PEs, Regulations 37, 38 and 39 of GN 97 provides procedures on how to handle disagreement between AO and TB, TB and PMU and PMU and UD respectively as well as Regulations 91, 92 and 93 of GN 98 disagreement between AO and TB and PMU and PMU and UD of the provides the handling of disagreement between the parties.

Part VII of the Act discusses the establishment of PPAA and its functions as the highest level of reviewing disputes arising in the procurement process by the aggrieved bidder. Section 80 provides provision of settlement of complaints or disputes by procuring entities and approving authorities. The Act and its Regulations provides three-tiers (levels) of handling the procurement complaints which are by AO (Head of PE), PPRA and PPAA. The AO is the first appeal level in handling the procurement complaints. If the complaints are not handled in specified time or aggrieved part not satisfied with the decisions of the AO her/she can lodge complaint to PPRA following the procedures laid down in the regulations. The third level is PPAA where the aggrieved part can further complain in case he/she still not satisfied or decision of PPAA not given in a specified time. Section 85 of the Act provides provision of judicial review in case of the three levels above fail to make a decision within the prescribed time-limit.

3.4 Key Actors of the Procurement System

3.4.1 Ministry of Finance (MoF)

The Ministry of Finance is one of the major actors in the procurement system with the responsibility of ensuring that funds are available and disbursed to the procuring entities according to the budget and plans for the government institutions to implement their functions in the respective financial years. The PPA 2004 Section 45 requires all PEs to prepare Annual Procurement Plan (APP) which indicates volume of procurement and timing of each activity in the procurement process. The APP forms the basis for budget formulation to the PEs. The budget is submitted to the responsible Ministry for review and the final budget is tabled to the

Parliament for approval. The MoF disburse funds to PEs according to the approved budgets.

The LGAs comprises District, Town, Municipals and City Councils which are under Prime Minister's Office - Regional Administration and Local Government (PMO-RLG). The LGAs have two sources of funds; allocations from the central government and collection of taxes, revenues, levy and other income available to the respective council. The funds are consolidated in order to carry out procurement functions within the council in the financial year in question. The LGAs are obliged to exercise the principles of procurement as outlined in PPA 2004 and its Regulations and fully comply with provisions provided.

3.4.2 The Public Procurement Regulatory Authority (PPRA)

The PPRA has been established under Section 5 of PPA 2004 under the Ministry of Finance as an oversight body in the procurement functions in the country as well as regulating and monitoring procurement activities undertaken by the PEs. The main objective of monitoring procurement activities is to ensure that the funds disbursed by the government for procurement of goods, non-consultancy service, disposal of public assets by tender and consultancy services are utilized in accordance with procedures laid down in the Act and its regulations. The PPRA has the responsibility of ensuring that there is application of fair, competitive, transparent, non-discriminatory and value for money procurement standards and practices in public procurement system.

3.4.3 The Public Procurement Appeal Authority (PPAA)

The Public Procurement Appeals Authority (PPAA) has been established under Section 77 of the PPA 2004 in order to provide for an independent mechanism to deal with the handling of complaints and appeals arising in the public procurement process. The PPAA is also providing clarification on disputes among parties as well as providing advice to the Public Procurement Regulatory Authority on areas requiring improvement within the public procurement process.

3.5 Control Mechanism

3.5.1 Internal Control

The PPA 2004 provides set up of procurement functions in the PEs by established organs such as AO, TB, UD, EC and PMU. All these organs are required to undertake procurement functions independently and be accountable. Furthermore, there is an Internal Audit Unit in each PE intended to serve as a tool of checking the efficiency and effectiveness of financial management and internal control systems. It is designed to add value and improve the procuring entities' operations in spending public funds. The unit is responsible for ensuring that procurement procedures are followed by the entity in the procurement of both goods and services.

3.5.2 External Control

National Audit Office (NAO)

The National Audit Office of the United Republic of Tanzania (NAO) is established under Article 143 of the Constitution of the United Republic of Tanzania. The statutory duties and responsibilities of the Controller and Auditor General (CAG) are provided for in the Public Finance Act (PFA) No. 6 of 2001 and the Local Government Finance Act No. 9 of 1982. The NAO has responsibilities of undertaking external financial and performance audit of all government entities, public authorities and other bodies at least once a year. In addition, NAO is required under section 33 of the PFA 2001 to carry out Performance Audit and report to the Parliament on the economy, efficiency and effectiveness in the use of public money and other resources.

The performance audit performed by NAO covers also expenditure of funds being used for procurement of goods and services by the government entities. The Act requires the Auditor General to state whether or not the provisions of PPA 2004 have been complied with in his annual report every year.

Technical Audit Unit (TAU)

Technical Audit Unit is established by Treasury Circular No. 8 of 2001. The unit works and reports directly to the Paymaster General (PMG) who is the custodian of all Government funds. The unit is

the PMG's tool to monitor and provide feedback on the use of Government funds through procedures of monitoring, performance auditing and evaluation. The TAU conducts its major function to ensure economy, efficiency and effectiveness in the utilisation of public funds in the execution of works, hiring services, and procurement of goods. The Unit (TAU) uses the Audit findings to advise the Auditee (Implementing Agency) on the interventions / corrective actions necessary to remedy and/ or improve on a particular situation before it worsens. TAU is guided and controlled by the Public Finance Act No.6 of 2001, the Public Procurement Act No.21 of 2004 and Treasury Circular letters.

Stock Verification Department (SVD)

Stock Verification Department is the unit under the Ministry of Finance responsible for stocks and inventory audits, inspection and controlling of Government assets/properties and disposal of government assets/properties.

Development Partners

For donor funded projects, there are control mechanisms instituted by the donor to monitor the projects to ensure that funds are utilized according to the guidelines and procedures laid down in the agreement.

3.6 Prevention and Combating of Corruption Bureau (PCCB)

The Prevention of Corruption Act No. 3 of 1971 has been repealed by the government and enacted the Prevention and Combating of Corruption Act, 2007 which provides the overall legal framework for prevention and combating corruptions in Tanzania. The enacted Act has provision of corrupt transactions in contracts (Section 16) and corrupt transactions in procurement (Section 17) which state the penalties for person convicted of such offences. The Act also provides extensive protection to informers (whistleblowers) Section (51) as well as protection of witnesses, experts and victims (Section 52). This is a step ahead in detecting and fighting corrupt practices in procurement process. It is expected that the implementation of the provisions in the Act will ensure that procurement will be done in fair and transparency manner as stipulated in the PPA 2004.

4.0 SUMMARY OF FINDINGS AND KEY RECOMMENDATIONS

This chapter intends to present the findings of the assessment by discussing the outcomes of the assessment. The information was collected through questionnaires which were sent to the selected Procuring Entities (PEs) and the interviews which were conducted with stakeholders. The findings are discussed in detail based on OECD/DAC four pillars with respective to Baseline Indicators (BLIs) and Compliance/Performance Indicators (CPIs). The scores of the current assessment and that of CPAR update 2006 for each pillar will be compared, and the reasons for not scoring maximum points will also be discussed. The recommendations and way forward will be indicated at the end of each pillar.

Summary

The country procurement system assessment 2007 can be summarized by summing up the score of each baseline indicators. The results of the assessment are compared with CPAR Update 2006 which used OECD/DAC pillars as well.

From the scores which are going to be discussed after each pillar, it is clear that there is improvement in all pillars compared to CPAR Update 2006. However, there are some notable weaknesses in the procurement system if compared to the maximum score of 3 used by the OECD/DAC Methodology.

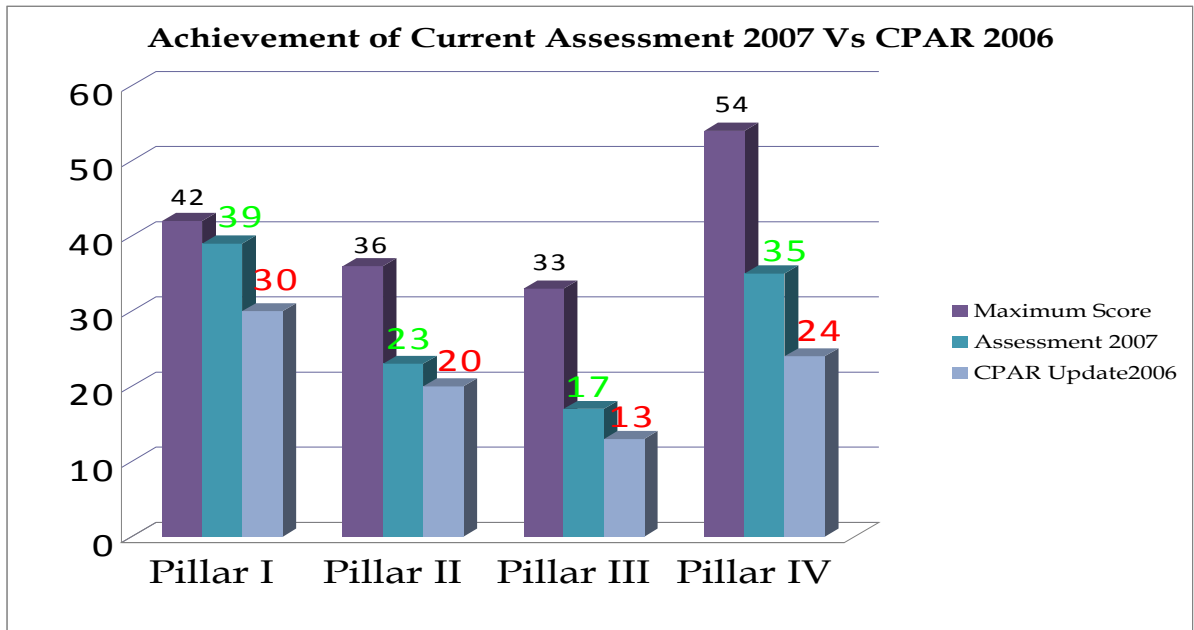


Figure 1: Comparison between Current assessment and CPAR 2006

From the Figure 1 above, the procurement system in the country has performed well especially in Pillar I while for the other pillars still there are notable gaps to achieve the maximum score.

Figure 2 below, indicate the scoring under each sub-indicator aggregated as a simple arithmetical average of indicators under the sub-indicator. The average scores for each sub-indicator are compared to the maximum score of 3, current assessment 2007 and CPAR Update 2006.

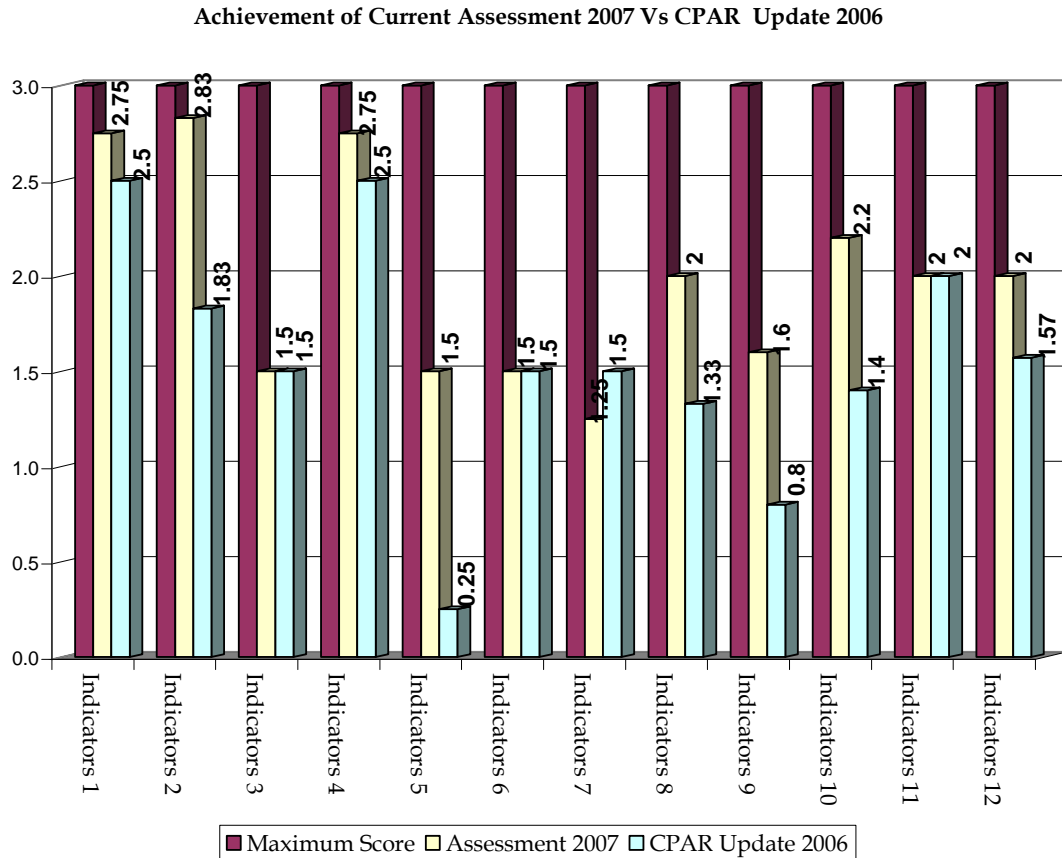


Figure 2: Comparisons of CPAR indicators and current assessment

From the figure above, there is improvement in all sub-indicators except sub-indicators 6 and 11 which signify that there is no achievement since last assessment (CPAR Update 2006). Indicator 6 assesses the adequacy of procurement competence among government officials, procurement training and safekeeping of records and documents related to procurement while indicator 11 assesses the publication and distribution of information. As it can be seen in the figure, there is a slight drop in indicator 7 this is due to the lack of associations representing the suppliers of goods which the CPAR update over scored the sub indicator.

4.2 Detailed Findings under each Pillar

4.2.1 Pillar I: Legislative and Regulatory Framework

This pillar is designed to assess the regulatory framework if it complies with applicable obligations deriving from national and international requirements and assess availability of implementing regulations, documentations and tools to support implementations. Furthermore, the pillar provides fundamental elements that link the procurement process to the overall governance structures within the country.

4.2.1.1 Findings

(a) Scope of Application, and Coverage of the Regulatory Framework and Public Access to Legislation

PPA 2004 complies to a large extent with applicable obligations deriving from national and international requirements. It provides for competitive tendering procedures and access to complaints and procurement appeals mechanism.

From the interview, it was revealed that most of the stake holders are not familiar with the PPA of 2004. Only 30% are familiar with the Act and 85% do not have a copy of the PPA 2004. The associations interviewed showed that out of five associations, only three indicated that their members were familiar with the Act.

(b) Procurement Methods

Procurement methods in the Act are essentially identical to those prescribed by the UNCITRAL Model Law. Open competitive tendering is default method of procurement and conditions to use other methods are described.

The assessment revealed that in terms of procurement volume (contracts values) 82.2% of tenders/contracts were carried out through open tendering while in terms of numbers this accounts to 59.3 % of the tenders awarded.

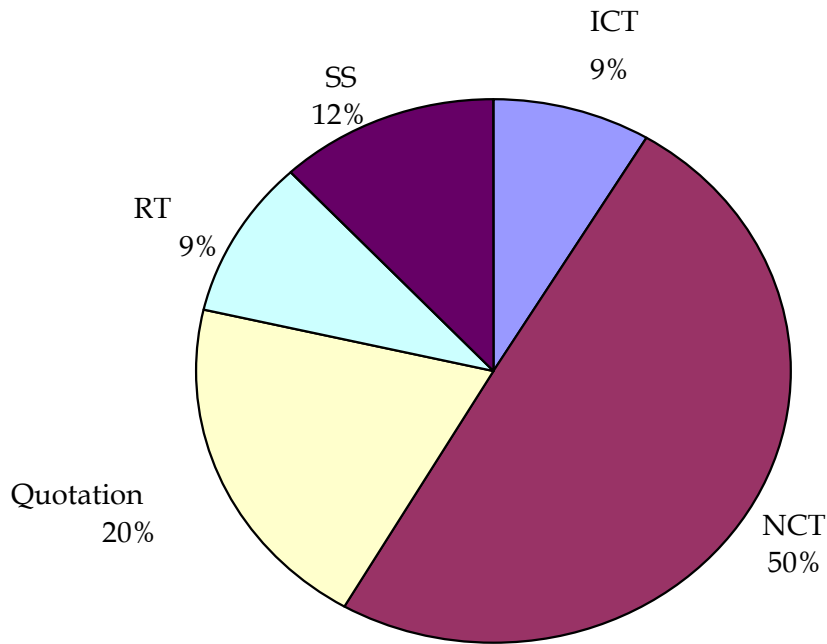


Figure 3: Procurement Methods in Percentage

It was also revealed that, 50% tenders were carried out through national competitive bidding; 20% through competitive quotations, 12% single source, 9% through international competitive bidding and 9% through restricted bidding.

Section 58(2) of the PPA 2004 requires all procurement and disposal by tender to be conducted in a manner to maximize competition and achieve economy, efficiency, transparency and value for money. In order to increase the number of tenders carried out through competitive bidding there is a need of enforcing Section 45 (Procurement Planning) for all PEs to prepare the procurement plan which will enable them to aggregate their procurement needs and advertise them in the form of General Procurement Notice (GPN). It is expected that if the PEs will comply fully with this requirement more tenders will be conducted through open bidding as a result it will reduce the number of tenders not publicly advertised.

(c) Advertising Rules and Time Limits

The limit for advertisement is in line with international best practices. The regulations set out thresholds (in number of days) for various methods of procurement, with international competitive tendering conforming to international standards.

The assessment revealed that out of the assessed tenders, 58% were publicly advertised, 39% were not advertised; while in 3% cases there were no available data to reveal whether they were public advertised or not. This implies that more than half of assessed tenders were advertised publicly.

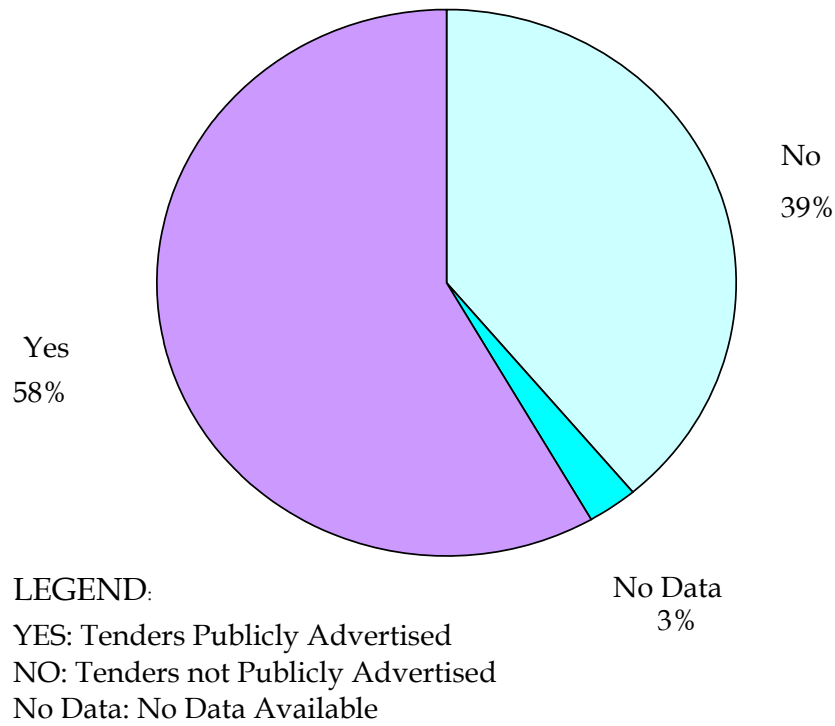


Figure 4: Percentage of Tenders Publicly Advertised

Regulation 80(5) of GN 97 requires all PEs to advertise tender notices at least twice in one or more newspapers of national circulation and in the case of international tendering a similar notice be published in appropriate foreign or international publications with large circulation.

It was observed that Local Government Authorities (LGAs) are using notice boards as major means of advertising tenders. The

tenders advertised included the National Competitive Tendering which are required to be advertised publicly as per the law. However, there are circumstances which force them to use notice board for advertisement like community based projects such as Tanzania Social Action Funds (TASAF) projects. Other projects because of their geographical remoteness sometimes are not cost effective to advertise through other means.

It is recommended that since the LGAs Regulations 2003 have been amended and replaced by LGAs Regulations 2007 which are in line with PPA 2004 and its Regulations 2005, the PPRA should enforce the requirement for advertisement as per the laws.

From the assessment it was also revealed that the average number of days between advertisement and opening of tenders for different procurement methods were as follows; 77 days for International Competitive Tendering; 33 days for National Competitive Tendering; 17 days for Competitive Quotations; and 19 days for Restricted Tendering. The minimum number of days provided in the Third Schedule of GN no. 97 is; 30 days for National Competitive Bidding (NCB), 45 days for International Competitive Bidding (ICB), 21 days for Restricted National Competitive Bidding (RNCB), 30 days for Restricted International Competitive Bidding (RICB), 7 days for National Shopping, 14 days for International Shopping and 90 days where large works are involved.

From the above findings, we can conclude that the Third Schedule (Standard Procurement Processing Time) of GN 97 and GN 98 have been complied.

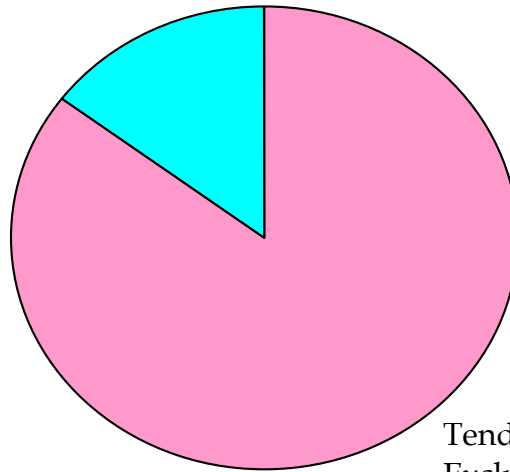
(d) Rules on Participation and Qualitative selection - Preference Schemes

Domestic preference is allowed, but restricted to 15% for Goods manufactured in Tanzania. For Works, Non-Consultancy Services and Consultancy Services the maximum is 10%. Exclusive preference for local suppliers is mandatory for Works below Tshs. 1billion, Goods below Tshs. 0.2 billion, Non-Consultancy Services below Tshs. 0.25 billion, Consultancy below Tshs. 0.5 billion and Individual Consultant below Tshs.50 millions. PPRA is issuing provisional registration for local suppliers and their performance history as required by regulations.

Through the assessment, only 9% of the sample had provision giving preference to specific groups of bidders, 82% did not have such provision and 9% of the sampled tenders had no evidence that the provisions were used. Furthermore it was revealed that only 3% of tenders used margin of preference.

Furthermore, the tenders assessed indicated that 89% were eligible for exclusive preference based on the contract amount. Out of those eligible for exclusive preference, the provision was applied for only 15% of the contracts.

Tender Eligible for Exclusive Preference and Applied 15%



Tenders Eligible for Exclusive Preference and Not Applied 85%

Figure 5 : Percentage of Tenders/Contracts Eligible for Exclusive Preference and Applied

From the above findings, it is clearly that the application of national and exclusive preference to local persons or firms as stipulated in the Sections 49 and 50 respectively of the PPA 2004 and further in the Fourth Schedule of GN 97 & 98 is not implemented by the PEs.

On the other hand, the private sectors (stakeholders) are complaining that they are not given preferential treatment as stipulated in the Act. Capacity building is required in the PEs in the preparation of tendering documents and evaluation of tenders

with preferential schemes. Furthermore, monitoring is highly required in this area to ensure compliance so that the private sector firms can enjoy the preference for their growth as well as fostering the products manufactured in Tanzania. PPRA should issue the list of the companies eligible for the preferential treatment as stipulated in Regulations 27 and 16 of GN97 and GN98 respectively and make it available to the public.

(e) Tender Documentation and Technical Specifications

The Act and its Regulations contain adequate provisions emphasizing the use of the Standard Tender Documents and the use of neutral specifications in any public procurement.

Assessment revealed that technical specification for 73.7% of the tenders assessed were developed by internal staff, 17.76 % were developed by the responsible Ministry, 5.4% were developed internally and approved by the responsible Ministry while 3% of the samples data were not available to reveal the source of the specifications.

The absence of coordinated specifications has made the PEs to procure similar items with different specifications, prices and quality and thereby causing the government not to obtain value for money in the procured public assets such as furniture, office equipment etc. Most of the Technical specifications/Terms of Reference/Statement of Requirements are developed internally, therefore PPRA is required to coordinate development and update the existing specifications for various good/services and make them available to the PEs.

The assessment has revealed that 5.56% of the tenders received from bidders were rejected due to failure to comply with technical specifications, 23.36% were rejected due to failure to comply with other requirements. By summing up the above analysis we can conclude that 29% of bidders don't know how to prepare responsive bids. This indicates that there is a need to build capacity on how to prepare responsive bids. It was also recommended that pre-bidding meeting with bidders to be mandatory. In the pre-bid meeting PEs will debrief and clarify to the bidders their requirements which will enable them to prepare responsive bids.

(f) Tender Evaluation and Award Criteria

Regulations 90 and 58 of GN 97 and GN 98 respectively provide evaluation procedures and require evaluation and award criteria to be described in the solicitation documents. The revised and new STDs have incorporated all requirements as stipulated in the PPA 2004 and its Regulations.

The assessment revealed that 79% of the assessed sample indicated that tender documents describe the applicable evaluation criteria. This shows that most of the assessed tenders complied with the provisions in the PPA 2004.

The outcome of the interview with suppliers and contractors revealed that 70% of the interviewees were familiar with the evaluation process. On the other hand, the interviewed Trade Associations revealed that four out of five Associations understand tender evaluation process. Some of the Trade Associations perceive that the evaluation process is not confidential as there are leakages of information prior to the award of the contract. Furthermore, Associations commented that most evaluation team members are selected based on their positions rather than their competence, as a result some of evaluation reports are not earning credibility from the bidders.

It was also revealed that 8% of the contracts assessed contained non-quantifiable and subjective elements. Most of these contracts were consultancy services especially in the evaluation of expressions of interest and technical proposals of which their evaluations criteria are subjective.

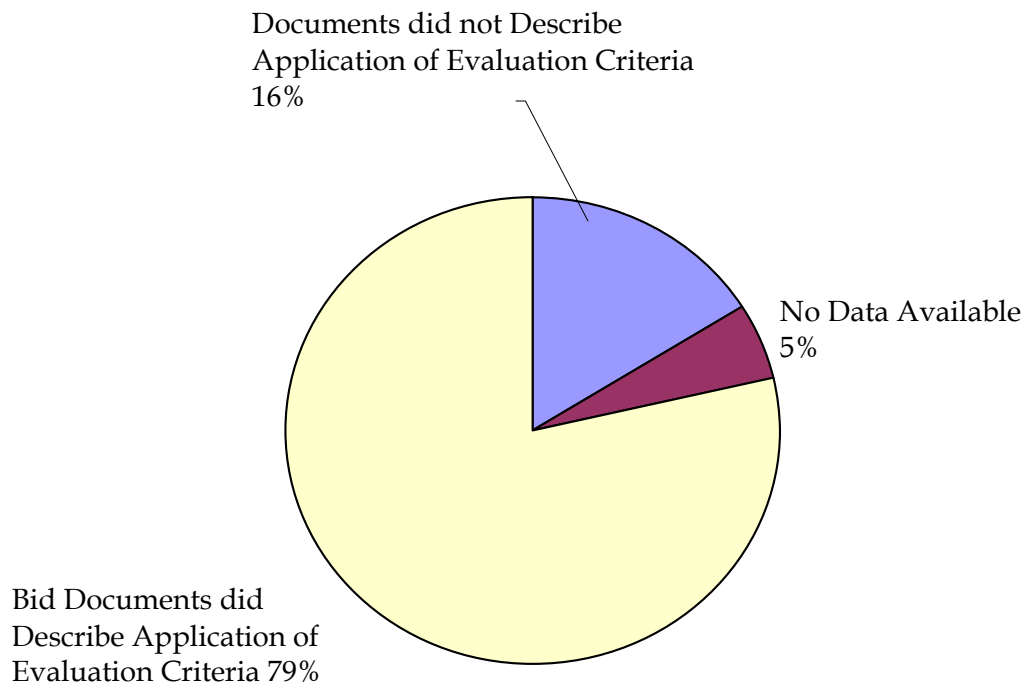


Figure 6: Percentage of Bid Documents Described the Application Criteria

(g) Submission, Receipt and Opening of Tenders

Rules for submission and opening of tenders are clear and transparent. Section 61(4) of PPA 2004 and Regulations 89 and 56 of GN 97 and GN98 respectively provide clearly procedures dealing with submission, receipt and opening of tenders.

From the assessment it was observed that; 74% of sampled tenders were opened publicly, 22% were not opened in public while 4% of the sample evidence was not available to justify if the tenders were publicly opened. It was also revealed that all the tenders which used quotations were not opened in public.

Section 66(3) of the PPA 2004 requires all tenders submitted before the deadline to be opened in public in the presence of bidders and other parties. From the findings most of the assessed PEs complied with this requirement.

(h) Complaints System Structure and Sequence

The assessment has revealed that only two (2) complaints were submitted to the PEs and were resolved in time and no complaints were outstanding after 30 days of their submission. However, the interview with stakeholders (Contractors, Consultants, Suppliers and Service Provider) revealed that most of them are not aware of the complaints review mechanism and those who are aware do not complain for fear of being victimized by the PEs which in turn will adversely affect their business.

PPAA so far has handled 23 appeals since its establishment. Decision was made on 14 appeals, 7 were re-directed by failing to follow procedure and 2 appeals are on going.

All 20 interviewed stakeholders failed to comment on whether complaints are handled adequately. Trade Association indicated that the period provided for review of complaints is too long, it should be reduced and allow for nullification of the awarded tenders.

(i) Implementing regulation that provides defined processes and procedures.

Regulations exist for goods, works and non-consultancy services, disposal of public assets by tender - GN.97 with separate regulations for consultancy services - GN. 98. Specific regulations for local government authorities, implementing the Act, have been signed by the responsible Minister on 28th May 2007. The maintenance of Regulations is vested to the Ministers responsible for Finance and Local Government.

(j) Model Tender Documents for Goods, Works and Services (STDs)

The PPRA have revised five previous Standard Tendering Documents for procurement of;

- Small Works,
- Medium and Large Works,
- Goods,
- Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) ,and

- Standard Pre-qualification Document for procurement of works. All the above revised STDs have been issued with User Guides.

PPRA has also issued revised Evaluation Guidelines for Works and Consultancy Services and prepared nine new STDs these are;

- Standard Request for proposal selection and employment of consultants to be used for simple Time based, Complex time based and Lumpsum contracts,
- STD for supply and installation of plant and equipment;
- STD for Procurement of supplies using Framework contracts,
- STD for Procurement of Non-consultant services,
- STD for Disposal of Public Assets,
- Standard Invitation for quotations for Procurement of Minor works;
- Standard invitation for quotations for procurement of Goods.

PPRA also has issued 10 guidelines for preparation of responsive bids to be used by the bidders.

From the assessed sample, 52% of the reviewed tenders which used competitive methods used STDs. Most of the documents developed with PEs did not contain standard clauses such as payment schedule, interest charge in case of delay of payment, time control and specifications especially those used for inviting quotations. This was also the concerns of the Trade Associations who were interviewed and raised their grievances of the violation by PEs for not using the standard documents issued by the Authority. 40% of the interviewed stakeholders are aware that STDs are being issued by PPRA.

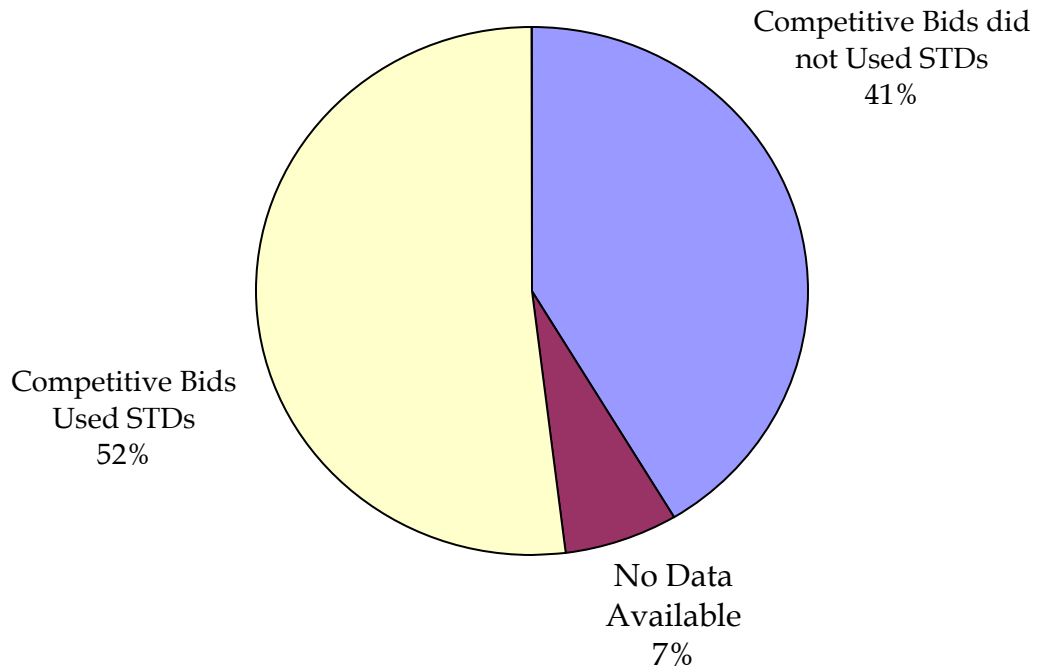


Figure 7: Percentage of Competitive Tendering Used Standard Tendering Documents

The exercise revealed that most of the PEs are not using STDs as stipulated in Section 63 of the Act and Regulation 83(3) of GN97. There is a need to enforce the use of the standard documents issued by PPRA.

(k) Procedures for Pre-qualification

Regulation 15 of GN. 97 specify when and how prequalification can be applied. There are mandatory prequalification criteria applied on a pass/fail basis.

The assessment revealed that only 11% of sampled tenders were pre-qualified while 88% were not and in 1% of the sample there were no data to substantiate if pre-qualification was applied or not. In LGAs, it was observed that they usually shortlist suppliers and contractors through pre-qualification to provide services to the Councils for the financial year and later advertised the same services in the notice board through quotations for those already short listed. There is no provision which covers this provision in the Act and its Regulations. Regulation 15 of GN97 requires pre-qualifications to be undertaken where large or complex contracts or turnkey contracts or in the Build, Own and Transfer (BOT) contracts are to be procured.

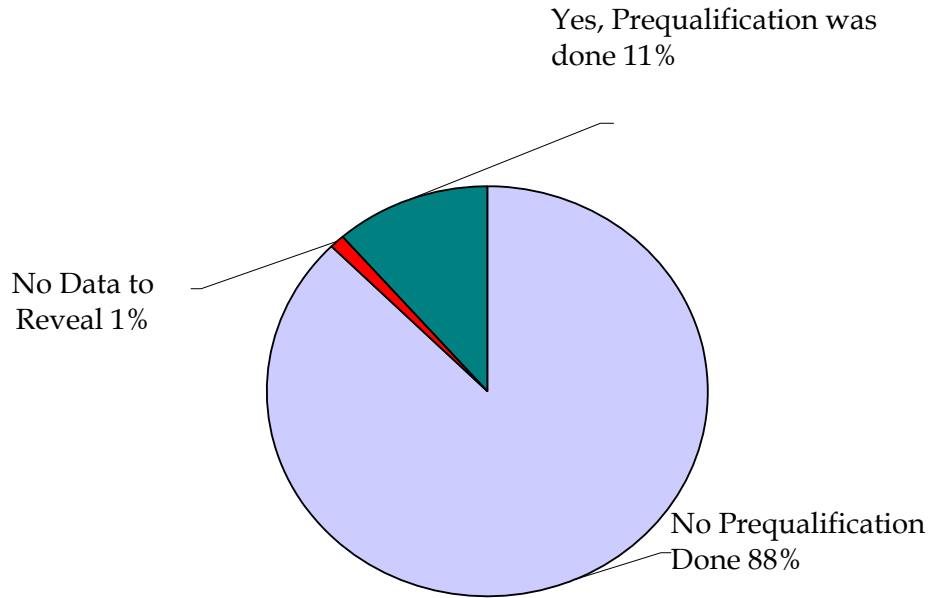


Figure 8: Percentage of Tenders in which Pre-qualification was Used

(l) Procedures for Contracting for Services or Other Requirements in which technical capacity is a key criterion

The Regulations for Consultants allow for the selection of consultants based on combined technical quality and price. Procedures are available for combining and assessing technical quality and price. For non-consultancy services, works and goods there are guidelines on how to select based on technical capacity.

(m) User's Guide or Manual for Procuring Entities

All the revised and new STDs have been issued with User Guides. PPRA has also issued revised Evaluation Guidelines for Works and Consultancy Services. All are available in the PPRA website.

(n) Existence and Coverage of General Condition of Contract (GCC) for Public Sector Contracts

The revised and new standard tender documents prepared and issued by PPRA have General Condition of Contract (GCC) which is generally consistent with internationally accepted practice and it is mandatory to use them in public contracts. There are some

donors who are willing to use our STDs for the projects they are funding.

The assessment revealed that 84% of sampled tenders used either General Condition of Contract (GCC)/Standard Clauses or Templates.

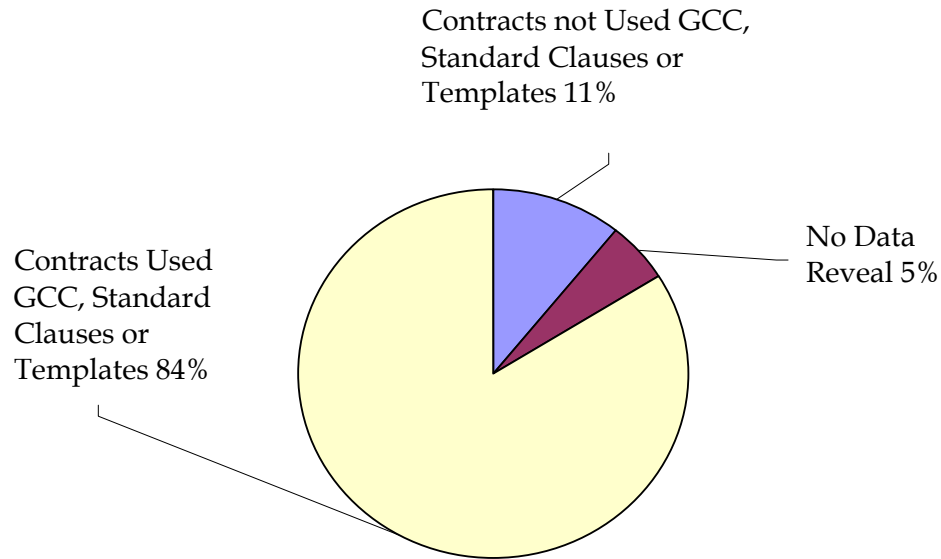


Figure 9: Percentage of Tenders Used GCC, Standard Clauses & Templates

It was also observed that the used GCC had different sources as follows; 34% of the tenders used General condition of contract, standard clauses or template issued by CTB/PPRA, 3% used STDs issued by World Bank, 17% used template developed by LGAs (LPOs for quotations), 11% customized donor documents, 10% developed by internal staff, 8% Developed by Ministry of Finance (LPOs) and 1% FIDIC. Enforcement is required to ensure PEs are using the STDs issued by the PPRA as stipulated in the PPA 2004 and its regulations.

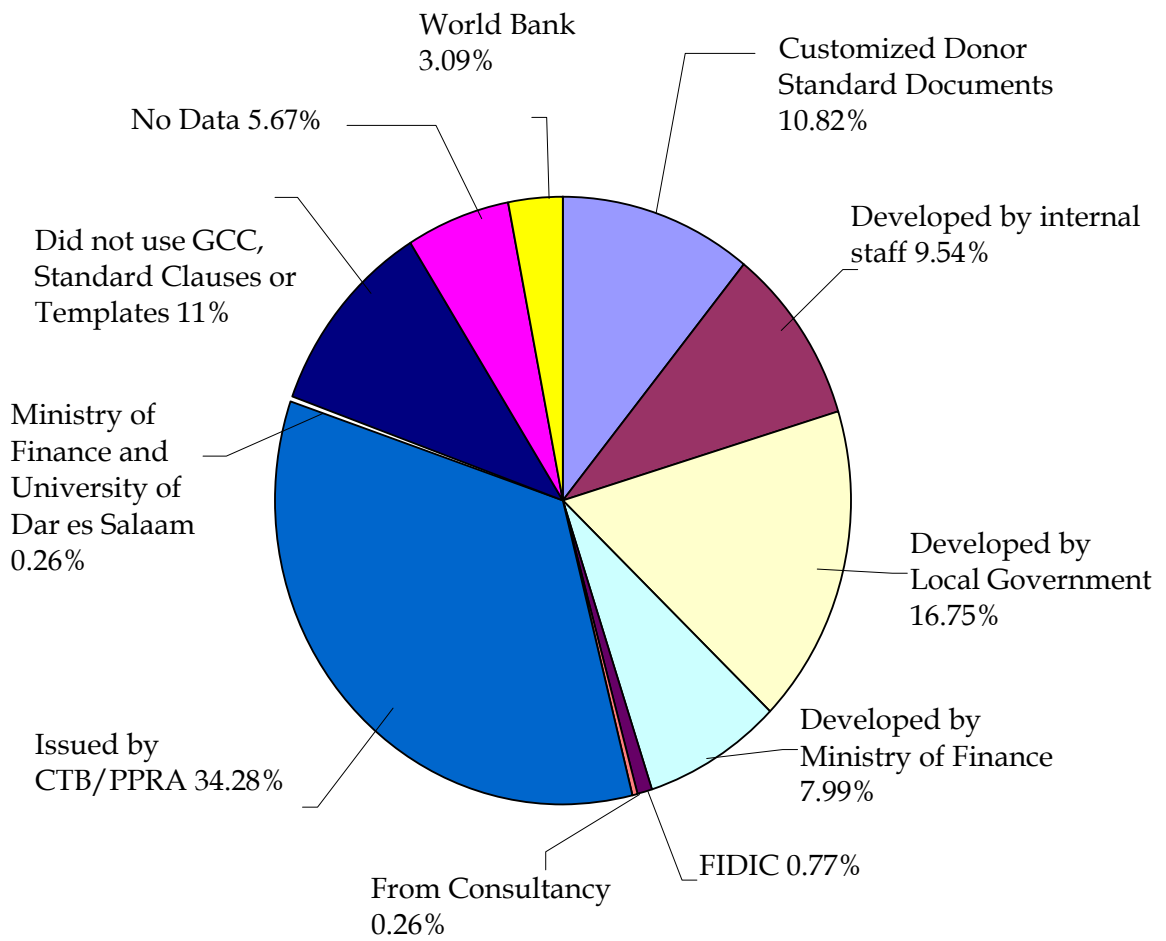


Figure 10: Distribution of Developers of GCC, Standard Clauses and Templates

4.2.1.2 Achieved Baseline Indicators Scores Compared to CPAR Update 2006

Table 9 below compares the current assessment with CPAR update 2006 baseline indicators scores.

Table 9: Pillar I: Comparison of Current Assessment Scores with CPAR Update 2006

Indicator 1: The public procurement legislative and regulatory framework.				
Sub-indicators		Current Assessment Scores	CPAR Update 2006 Score	Remarks
1(a)	Scope of application and coverage of the regulatory framework and public access to legislation.	3	3	The PPA 2004 and its Regulations cover all essential areas of public spending.
1(b)	Procurement methods.	3	3	Procurement methods are identical to those prescribed by UNICITRAL mode law.
1(c)	Advertising rules and time limits.	3	3	The limit for advertisement is in line with international best practice.
1(d)	Rules on participation and qualitative selection	2	2	PPRA is not maintaining list of local suppliers and list of service provider eligible for preference schemes.
1(e)	Tender documentation and technical specifications.	2	1	Specifications for various goods/services have not been developed or updated. In preparing specifications it is not mandatory to cite international standard. PPRA has issued revised and new STDs for procurement of various services.

1(f)	Tender evaluation and award criteria	3	2	Regulations 90 and 58 of GN 97 and 98 respectively provide evaluation procedure and require evaluation and award criteria to be described in the solicitation documents. The revised and new STDs have incorporated all this requirements as stipulated the Act and Regulations.
1(g)	Submission, receipt and opening of tenders	3	3	Rules for submission and opening of tenders are clear and transparent. Section 61(4) of the Act and Regulations 89 and 56 of GN 97 and 98 respectively provide clearly procedures dealing with submission, receipt and opening of tenders.
1(h)	Complaints system structure and sequence	3	3	The Act establishes a three-tier complaints system, where complaints can be lodged at 1) the procuring entity, 2) The PPRA, 3) The PPAA. There are time limits on the decision of the procuring entity Regulation 112(3) of GN 97.
Indicator 2: Implementing Regulations and Documentation				
2(a)	Implementing regulation that provides defined processes and procedures.	3	2	Regulations GN 97 and 98 exist. LGAs regulations have been gazetted. The maintenance of Regulations is vested to the Minister responsible for Finance and LGAs.
2(b)	Model tender documents for goods, works, and services.	3	1	PPRA have revised and issued new STDs for procurement various services.

2(c)	Procedures for pre-qualification.	3	3	Regulation 15 of GN97 specifies when and how prequalification can be applied. There are mandatory pre-qualification criteria applied on a pass/fail basis.
2(d)	Procedures for contracting for services or other requirements in which technical capacity is a key criterion.	3	2	The Regulations for Consultants allow for the selection of consultants based on combined technical quality and price. Procedures are available for combining and assessing technical quality and price. For non-consultancy services, works and goods there is guidelines on how to select based on technical capacity.
2(e)	User's guide or manual for procuring entities.	2	1	There is no unique manual detailing all procedures for the correct administration of procurement regulations and laws. However, All the revised STDs above have been issued with User Guides. PPRA has also issued revised Evaluation Guidelines for Works and Consultancy Services. All are available in the PPRA website.
2(f)	Existence and coverage of General Conditions of Contracts (GCC) for public sector contracts.	3	1	The revised and new standard tender documents have GCC which is generally consistent with internationally accepted practice.

4.2.1.3 Recommendations and Way Forward

Table 10 below summarizes the key observations, recommendations, proposed implementation time frame as well as responsible institutions.

Table 10: Pillar I Recommendations and way forward

S/No	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1.	Confidentiality of tender evaluation process: 60% of interviewed stakeholders claimed that the process is not confidential because there is leakage of information prior to award the contract.	Ensure that there is enforcement of code of ethics to the procuring entities staff involved in evaluation process.	ST	PPRA/PEs
2.	55% of tenders/contracts do not use standard bidding documents.	Enforce and monitor closely all PEs to use standards bidding.	ST	PPRA/NAO /TAU/SVD
3.	There is no procurement manual issued by PPRA covering all procurement under the Act.	Prepare procurement manual covering all procedures for correct administration of procurement regulations and laws to be used by Procuring Entities.	MT	PPRA
4.	Most of the interviewed stake holders are not familiar with the PPA of 2004 and its Regulations.	Capacity building is required for both PEs and bidders in order to comply with the PPA 2004 and its Regulations. (Dissemination of the Act and its Regulations, Preparation of STDs and Evaluation of bids.)	LT	PPRA

5.	No proper coordination and preparation of various specifications, 73.7% of contracts assessed technical specifications were developed by internal staff.	Develop specifications for procurement of various services and make them available to the public.	LT	RESPONSIBLE MINISTRICES/ PPRA
6.	89% of contracts were eligible for exclusive preference of which 15% had such provision. 82% of bidding documents had no provision of giving margin preference.	<p>Application of preferential scheme should be enforced as well as building capacity of PEs on preparing STDs and evaluation of bids with preferential schemes.</p> <p>List of the companies eligible for the preferential schemes as stipulated in the Regulations 27 and 16 of GN97 and GN 98 respectively should be prepared and disseminated.</p>	LT	PPRA/PEs
7.	Interview with stakeholders revealed that most of them are not aware with complaints review mechanism and those who are aware commented that period provided for review of complaints is too long.	<p>Enhance awareness on appeal mechanisms and nullification of awarded tenders in case it is proved that the complaints are valid.</p> <p>There should also grace period between tender award and signing of contract to allow bidders to complain prior to the contract enter into force.</p>	LT	PPAA/PPRA

4.2.2 Pillar II: Institutional Framework and Management Capacity

This pillar is designed to examine the central government institutional framework and its capacity to oversee, manage and support efficient implementation as well as to provide leadership in modernizing and maintaining the public procurement system. It also used to look at other level of government especially in highly decentralized systems.

4.2.2.1 Findings

(a) Procurement Plan and Data on Costing are Part of the Budget Formulation and Multiyear Planning

There is a general lack of understanding of the concept of procurement planning. In most instances procurement planning is equalled with disbursement planning (cash flow plans). Procurement plans are only made after the approval of the budget, which in turn often delays the procurement. There is no linkage between procurement planning and the budget formulation process. However, over the coming year the MoF will pilot procurement planning and it is hoped that a best practice can be developed for subsequent roll out across MDAs. Notably, according to the PFA, Art 5(b) the Minister of Finance is responsible for ensuring that systems are established throughout Government for planning, allocating and budgeting for the use of resources.

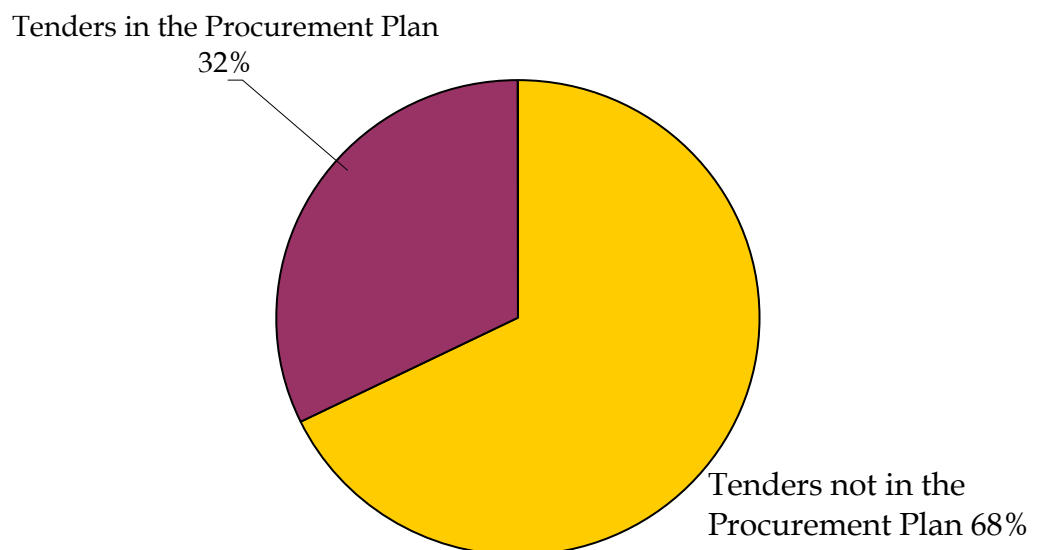


Figure 11: Percentage Use of Procurement Plan

The assessment has revealed that out of all contracts assessed only 32% were in the Annual Procurement Plan (APP). Furthermore, it was established that out of the 32% which were in the APP, 28% was prepared when the budget allocations were known, 3% were prepared prior to the budget allocations.

(b) **Budget Law and Financial Procedures Support Timely Procurement, Contract Execution and Payment**

After the approval of the budget, funds are committed to cover the portion of the contract to be performed within the budget period. Funds are normally released from the Exchequer on a monthly basis, however for the priority sectors this can also be on a quarterly or half-yearly basis. Standards for processing invoices are provided by the Public Finance Act and Regulations, and invoices are processed along with the required Local Purchase Order (which can be generated from IFMS) and the relevant delivery certificate. Payments are carried out by MDAs upon internal approval of invoices or progress reports.

The assessment also revealed that there were some contracts which were not in the approved budget allocations. About 10% of the contracts assessed were not in the approved budget, 9% no data to reveal if the contracts were in the approved budget or not while 1% of the contracts were procured under PPPs arrangement such as collection of tax/revenue in Local Government authorities.

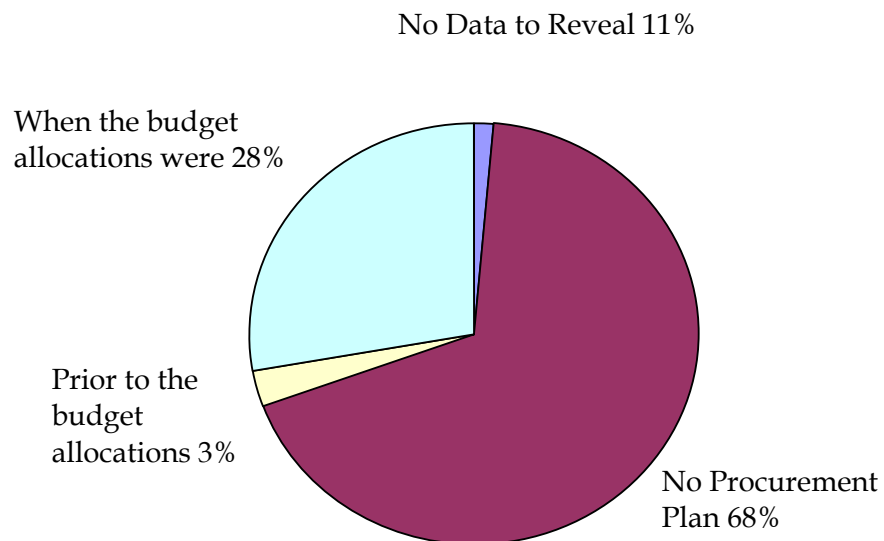


Figure 12: Percentage of Procurement in Relation to Budget Allocations

According to Section 45 of the Public procurement Act 2004 and Regulations 47 and 25 of GN No. 97 and 98 respectively, requires Procuring Entities to prepare procurement plan in order to avoid emergency procurement wherever possible and to aggregate its requirements in order to obtain the value for money and reduce procurement costs.

(c) Payment Schedule

The assessment has revealed that out of the assessed tender documents, 40% does not have schedule of payment clauses. It was also found that Local purchase order (LPOs) developed by LGAs don't have clauses specifying payment schedule which contributed to the increase in the percentage of contracts without payment schedule.

From the above findings, it is observed that STDs are modified to delete payment schedule provisions in order to suit the requirement of some PEs due to uncertainty of cash flow. Furthermore, it was noted that only 4% of the contract assessed had late payment exceeding contractual payment schedule. This does not reflect the real picture as only 15 contracts out of total contracts (388) assessed has revealed that. The interviews with the stakeholders have commented that in case of any delays they are not claiming interest as they are afraid of being victimized by the PEs.

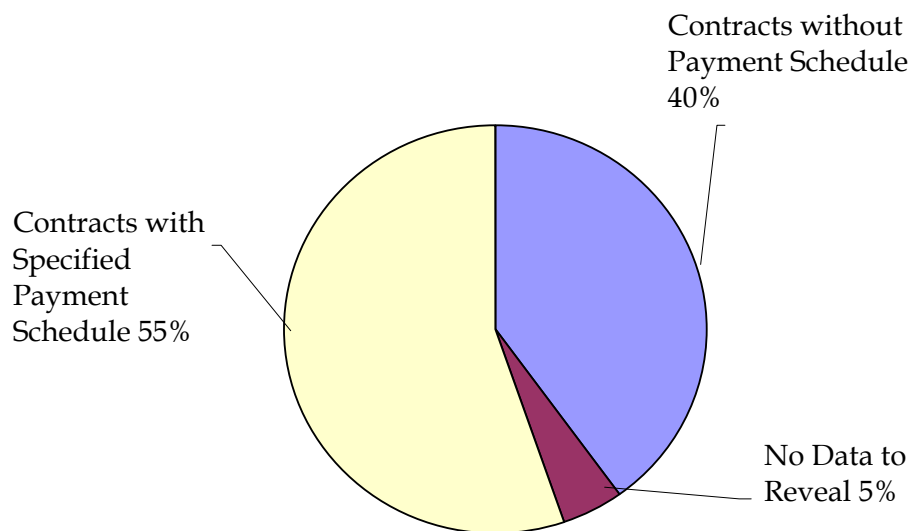


Figure 13: Percentage of Contracts with Payment Schedule

Sections 63 and 70(3) of the Act and Reg. 83(3) of GN No. 97 requires all the PEs to use the appropriate STDs issued by the Authority with minimum changes acceptable to the Authority to address project specific issues.

Although during the financial year 2005/2006, PPRA had not yet issued the revised STDs but the PEs were supposed to use STDs prepared by the Central Tender Board (CTB).

(d) Procurement Actions not initiated Without Budget Appropriations

According to the Public Finance Act, availability of funds is required for initiation of procurement. Likewise, the Regulations 62 of GN 97 requires that funds are “voted or committed” before procurement can commence.

The assessment has revealed that; 80% of the contracts were in the approved budget, 10% were not, 9% no data were available to reveal while 1% of contracts were Public Private Partnership (collection of taxes).

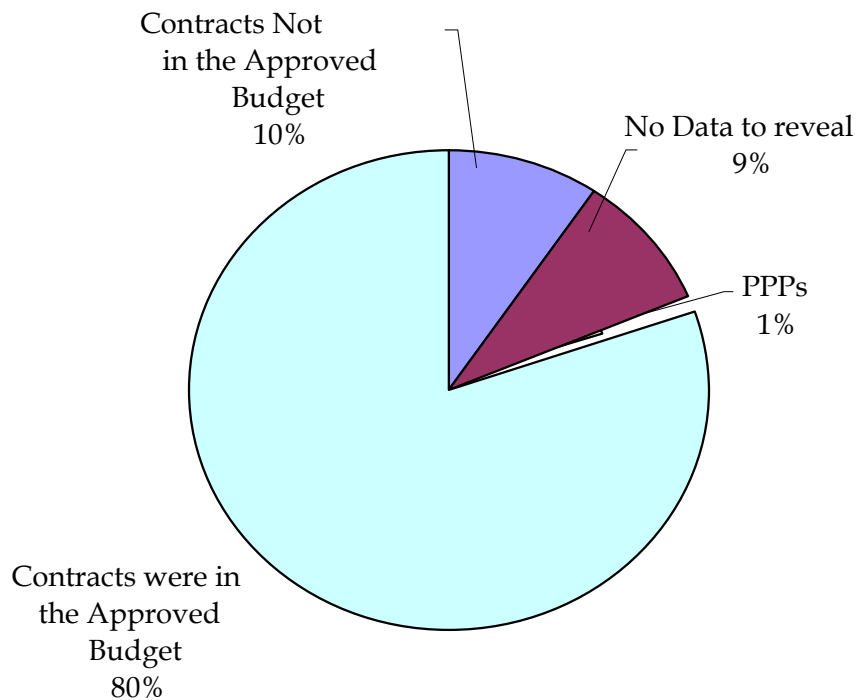


Figure 14: Percentage of Contract in the Approved Budget

(e) Systematic Completion Reports Prepared for Certification of Budget Execution and for Reconciliation of Delivery with Budget Programming

There is no system in place to provide regular and timely information on contracts covering major budget expenditures.

According to the assessment about 79% of the contract did not have the completion report; only 19% have the report submitted while 2% were on going contracts. This implies that majority of assessed PEs do not request completion reports. This may be due to the lack of knowledge of contract management. It was also observed that for procurement of goods, inspection and acceptance committees were not appointed as per Regulation 127 of the GN. No 97 and for works, the appointed supervisor were not given terms of references which include the preparation of final completion reports. However for goods, delivery notes are considered as completion report if goods have been delivered as per terms and conditions.

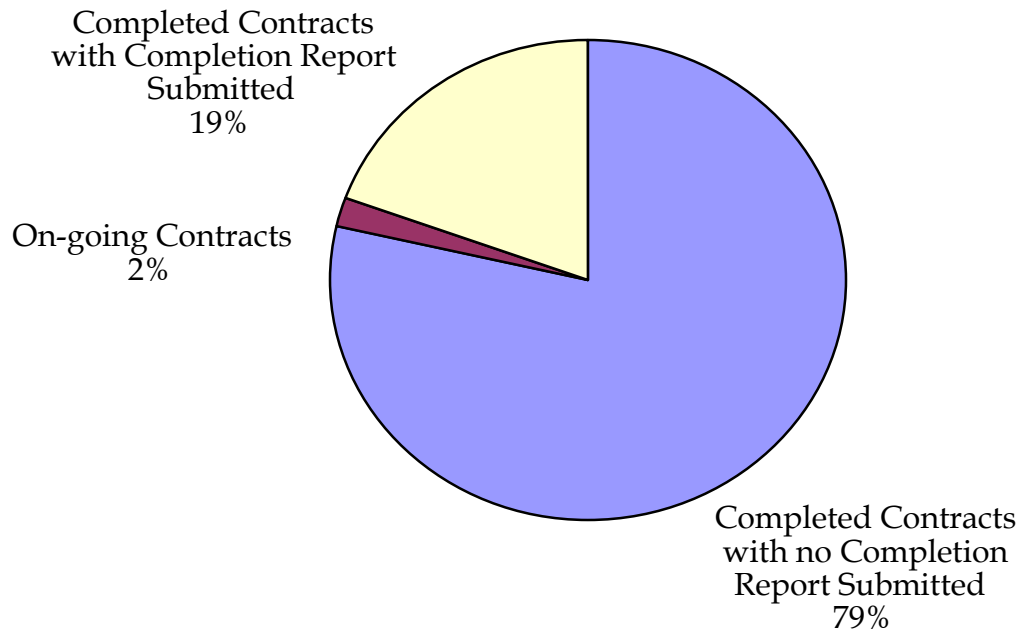


Figure 15: Percentage Submission of Completion Report

(f) Cost of Tender Process

The assessment has revealed that the cost for the preparation of a solicitation document by the PEs ranges from Tshs 3,000 (lowest) to

Tshs 150,000 (highest). From the sample cases, the average is Tshs 48,000. In some cases the documents were sold up to Tshs. 200,000 regardless of the volume/bulkiness of the document. The reasons given by the PES was that they charge higher cost in order to cover the procurement administration costs which for some institutions are not budgeted for. Regulation 82(3) of GN97 requires the solicitation documents to be sold at a price to cover only the costs related to printing, copying and distribution of the document without including any element of profit. In observing this some ministries have allocated sub votes to PMUs. Furthermore, PPRA has issued guideline on how to reduce tender administration costs.

Another area of concern is the costs associated with the tendering process which include cost for tender advertisements, cost for evaluation committees and cost for the tender boards meetings. Assessment results also revealed that the highest administrative costs reached Tshs. 9,870,000 while the lowest was Tshs. 210,000 per contract. For some contract the percentage of tendering administrative cost accounted for 9% of the contract price. Enforcement of Section 45 of Act and monitoring to ensure that the PEs prepares Annual Procurement Plan which entail to aggregate requirements in turn will reduce tender administrative costs.

(g) Adequacy of Organization, Funding, staffing, and Level of Independence and Authority to Exercise the Duties

The PPRA is staffed to the appropriate level but unable to perform all of its designated functions due to financial constraints. The Government need to appreciate the benefit of a good procurement system in reducing spending and therefore avail adequate funds for PPRA to set and monitor the system.

(h) Separation and Clarity to Avoid Conflict of Interest and Direct Involvement in the Execution of Procurement Transactions.

The PPRA is only involved in execution of its own procurement transactions and not involved in the undertaking procurement of other PEs .

(i) System for Collecting and Disseminating Procurement Information and Accessibility.

PPRA has its own website that disseminates procurement information. Furthermore on June 2007 Procurement journal

registered "Tanzania Procurement Journal" preparation of articles for the journal in progress. PPRA has also prepared a Procurement Management Information system which shall be used to collect and share procurement information.

(j) Systems for Collecting and Monitoring National Procurement Statistics.

There is a systematic gathering of procurement information. The system has been tested in five pilots PEs and it is being rolled out in other procuring entities effective from July 2007.

(k) Strategy and Training to Provide Training, Advice and Assistance to Develop the Capacity.

PPRA is offering training on PPA 2004 and its regulations in five different modules to PEs. Currently PPRA is in the process of employing a Consultant to disseminate PPA 2004 MDAs & LGAs. PEs and general Public are offered advisory services on the following areas: Use of standard documents; use of guidelines; interpretation of PPA 2004 and its regulations. There is no impact assessment undertaken so far for the training provided by PRRA.

A Total of 2,058 government officers were trained formally in 2006/2007 starting from February 2007. From the interviews with private sector it was revealed that no formal training has been conducted for them. 25% of the stakeholders (contractors and consultants) interviewed revealed that their employees have attended procurement related trainings which were coordinated by CRB, NCC and AQRB. For goods suppliers and non-consultant services providers no training related to procurement have been offered to them. During the validation workshop it was recommended that training program issued by PPRA should include Accounting Officers, members of the Tender Boards, PMUs and Internal Auditors, as well as private sector particularly bidders.

(l) Quality Control Standards and Staff Performance Evaluation for Capacity Development.

Currently, the procurement system does not have any quality assurance or staff performance evaluation systems. The Third Schedule of the Regulations provides standards for procurement processing time, but these standards are not linked up to a quality control or performance measurement system.

4.2.2.2 Pillar II: Achieved Baseline Indicators Scores Compared to CPAR Update 2006

Table 11 below compares the current assessment with CPAR update 2006 baseline indicators scores.

Table 11: Pillar II: Comparison of current Assessment Scores with CPAR 2006

Pillar II: Institutional framework and management capacity				
Indicator 3: Integration and mainstreaming of the public procurement system into the public sector governance system.				
Sub-indicators		Current Assessment Scores	CPAR Update 2006 Score	Remarks
3(a)	Procurement planning and data on costing are part of the budget formulation and multiyear planning.	1	1	There is a general lack of understanding of the concept of procurement planning. In most instances procurement planning is equalled with disbursement planning (cash flow plans).
3(b)	Budget law and financial procedures support timely procurement, contract execution, and payment.	3	3	General, upon approval of the budget, funds are committed immediately to cover the portion of the contract to be performed within the budget period. Funds are normally released from the Exchequer on a monthly basis

3(c)	Procurement actions not initiated without budget appropriations.	2	2	According to he Public Finance Act, availability of funds is required for initiation of procurement. Likewise, the Regulations 62 require that funds are “voted or committed” before procurement can commence. It was not possible to establish whether a “system” can be said to be in place to ensure enforcement of this requirement
3(d)	Systematic completion reports are prepared for certification of budget execution and for reconciliation of delivery with budget programming.	0	0	There is no system in place to provide regular and timely information on contracts covering major budget expenditures.
Indicator 4: Normative and regulatory functions				
4(a)	Normative/regulatory functions are established and assigned (to one or several agencies) in the legislative and regulatory framework.	3	3	The PPRA is the regulatory body. It functions are adequate and well defined in the Act.
4(b)	The responsibilities include at least those required in this sub indicator (see description of the indicators and sub - indicators)	3	3	All the listed responsibilities are among those defined in the Act
4(c)	Adequacy of organization, funding, staffing, and level of independence and authority (formal power) to exercise the duties under (b).	2	1	The PPRA is staffed to the appropriate level, and it is independent to exercise its duties but faces financial constraints like any other Government Institutions

4(d)	Separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions.	3	3	The PPRA is involved in the execution of procurement like other PEs.
Indicator 5: Institutional development capacity				
5(a)	System for collecting and disseminating procurement information and accessibility.	2	1	PPRA has its own website that disseminates procurement information. Furthermore, Procurement journal has been registered as Tanzania Procurement Journal preparation of articles for the journal in progress.
5(b)	Systems and procedures for collecting and monitoring national procurement statistics.	2	0	There is a systematic gathering of procurement information. The system has been tested in five pilots PEs and has been rolled out in the procuring entities effective from July 2007. Consultant is finalizing Information Management System (IMS).
5(c)	Strategy and training capacity to provide training, advice and assistance to develop the capacity.	2	0	At the moment PPRA is offering training on PPA 2004 in five different modules to PEs. There is no impact assessment of the training provided by PPRA.
5(d)	Quality control standards and staff performance evaluation for capacity development.	0	0	At the moment, the procurement system does not have any quality assurance or staff performance evaluations systems.

4.2.2.3 Recommendations and Way Forward

Table 12 below summarizes the key observations, recommendations, proposed implementation time frame as well as responsible institutions.

Table 12: Pillar II: Recommendations and Way Forward

S/No	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1.	15% (3) of selected PEs had not established PMUs per PPA 2004 requirements.	Procuring Entities which have not established PMUs should established as per PPA 2004.	ST	PEs
	The proposed scheme of service for procurement cadre has not been approved by the responsible Ministry.	The PMUs should be adequately resourced in terms of staff, skills and working environment.	LT	PO-PSM/PEs
	Procurement and Supplies Professional Board (PSPB) not yet established as per PPA 2004.	Expedite establishment of PSPB.	MD	MoF/NBMM
2.	32% of assessed contracts were in procurement plan of which 28% were prepared when the budgets were known and 3% prior to the budget allocations. There is no linkage between procurement plan and the budget formulation process.	Monitoring and enforcement of preparation and implementation of Annual Procurement Plan (APP). Liaison with the Ministry of Finance to resolve the issue of APP to feed in the budget.	LT	MoF/PPRA
3.	79% of contracts assessed had no completion reports. This implies that majority of assessed PEs do not request completion	Enforcement of Regulations 127 for goods and 128 for works of GN 97.	MT	PPRA

	report.			
4.	PPRA is staffed to the appropriate level but it is not adequately funded. It requires the backing of other institutions (MoF) to be heard. 50% of interviewed stakeholders not aware of the services rendered by the Authority.	Advocate PPRA and its functions to stakeholders through different means	ST	PPRA
5.	Separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions.	PPRA to undertake its procurement through third party (eg Procurement Agent).	MT	PPRA
		Promote and register Procurement Agent in the Country.	LT	PPRA
6.	The administrative costs for handling procurements within PEs vary significantly. Some contracts administrative costs account up to 9% of contract price.	Action should be taken to minimize tender administrative costs (Tender Board Meetings, advertisement costs, evaluation of tenders etc.)	ST	PEs
7.	Interviewed stakeholders and associations revealed that are not always paid in time especially in LGAs. Most of them are not claiming interest as they afraid of being victimized with PEs. 4% contracts had late payment exceeding the contractually specified payment schedule.	Ensure timely release of budget allocations on time so as to enable PEs meet their contractual commitments.	LT	MoF/PPRA

4.2.3 Pillar III: Procurement Operations and Market Practices

Public procurement requires performance from both the public sector and private sector. A functioning and competitive private sector market is therefore a key partner in a well-functioning Public Procurement System. The pillar assesses effectiveness, confidence and competence of the contracting authorities at all levels within the system to implement and administer the public procurement system in accordance to the legislative and regulatory framework.

4.2.3.1 Findings

(a) Adequacy of Procurement Competence among Government Officials

The Procurement Act calls for the establishment of Procurement Management Units (PMUs) in all procuring entities. The PMUs shall consist of procurement and other technical specialists. At the time of assessment 17 out of 20 Procurement entities had established PMUs. A procurement cadre is under establishment. The future procurement officers will be part of the common service under the Ministry of Finance. However, at the moment there are no defined skills and knowledge profiles for specialised procurement jobs.

To assess the competence and efficiency of the PEs, the number of days elapsed from tender advertisement to contract award is one aspect that can be used.

The assessment has observed that the maximum number of days from tender advertisement to award for projects were as follows:

- International competitive tendering: 329(for consultancy Services); 165 (for goods); 86(Turnkeys); and 191 for Works
- National competitive bidding was 112(consultancy services); 73 (for goods); 92 (for non-consultancy services) and 62 (for works).
- Competitive quotation was 46(for goods); 36(for non-consultancy services) and 44 (for works).

- Restricted bidding was 37(goods) and 306(works). However, in the restricted procurement of works (306 days) it was for only one case.
- Number of days for single source was 13 for procurement of non-consultancy services.

Note: It should be noted that the OECD/DAC in JV WB tool does not have indicator to capture tender validity period which in our side considered as an important information. As we have observed many tenders were awarded beyond tender validity period.

(b) Procurement Training and Information Programs

The PPRA has already communicated with National Council for Accreditation of Technical Examination (NACTE) and Tanzania Commission for Universities (TCU) to get list of registered and accredited institutions which conduct training in procurement.

(c) Norms for the Safekeeping of Records and Documents Related to Transactions and Contract Management

Section 56 of PPA 2004 requires procuring entities to maintain a record of procurement proceedings for period of not less than five years from the date of completion of the contract. Procuring entities are required to keep a procurement record with content as specified in Regulation 19 and 20 of GN 97 and 98 respectively. However, during the assessment there was a lack of availability of complete procurement records in most procuring entities.

Procurement transactions and contract management records found with complete records were 38% while the rest do not have complete records with original documents attached. Part A of general questionnaire revealed that 68% of the procuring entities keep records and documents relating to procurement transaction and contract managements in different files. Section 56(1) of PPA 2004 requires each procuring entity to maintain records of procurement proceedings for a period not less than five years from the date of completion of contract while Regulation 19(1) of GN 97 describes minimum records to be kept in the procurement and disposal proceedings. PPRA should issue standardized procurement records management system and directives that all procurement records are kept differently from other records.

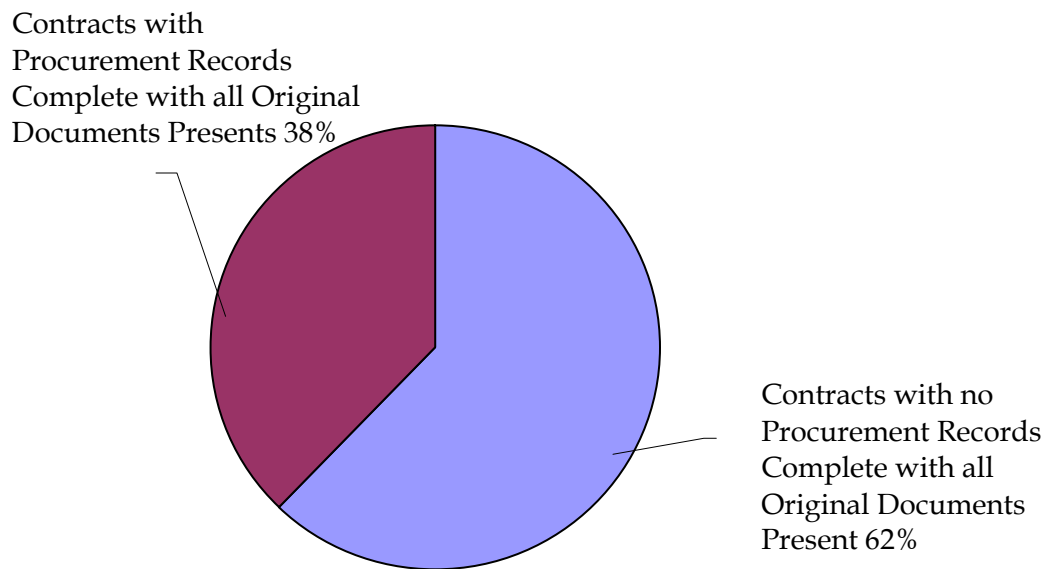


Figure 16: Percentage of Procurement Records Complete with all Original Documents Present

d) Provisions for Delegation of Authority

The Act implements a decentralized procurement process with adequate provisions for delegating authority.

(e) Effective Mechanisms for Partnership between the Public and Private Sector

There is no formalized dialogue between the public and private sectors. However, the PPRA do engage in informal meetings with private sector organisations. Public Private Partnerships are covered by the Act, but is not regulated or encouraged through legislation. A current government initiative is looking at the legal framework for PPP's.

(f) Private Sector Institutions Facilitation Access to the Market.

There are several well organized government institutions such as Contractors Registration Board (CRB) which keeps a register of civil engineering, building, electrical, and mechanical contractors; Architect and Quantity Surveyors Registration Board(AQRB) which keeps a register of professional architects and quantity surveyors; and Engineers Registration Board(ERB)

which register engineers and consulting engineers. In general there are sufficient private organizations such as Contractors Association of Tanzania (CATA); Tanzania Civil Engineering Contractors Association (TACECA); Tanzania Association of Consultants (TACO) and Association of Consulting Engineers (ACET) which are active in the construction sector. Notably, there are no private organizations acting for the suppliers of goods.

85% of the stakeholders interviewed said the private sector is not well organized. Major constraints indicated were lack of capital, credit facilities, equipment, procurement knowledge, planning, negotiation skills, and corruption in tendering process and low quality of their output. Furthermore, the stakeholders interviewed showed concern that private sector is not trusted by the Government officials as they are perceived to be trouble makers and the exclusive preference is not implemented.

(g) Systematic Constraints Inhibiting the Private Sector's Capacity to Access the Procurement market

Difficulties in accessing credits and lack of capacity to engage in public procurement processes are seen as barriers.

(h) Clarity and Transparency in International or National Markets.

Sections 65 & 66 contain adequate provisions on when to use international and national competitive tendering.

(i) Procedures for Undertaking Contract Administration Responsibilities

The revised and new STDs and other donor standard bidding documents, which are used by procuring entities, have provisions for contract administration. Regulation 121 does contain provisions on contract administration. Regulations 122 and 123 provide provision for management of goods and works respectively. Furthermore, Regulation 127 and 128 require the appointment of goods inspection and acceptance committee and works supervisors respectively.

The assessment revealed that 56.2% of contract documents had the provision for administering quality, time, cost and scope

control. 19.8% had provisions for cost and scope control, 4.1% had time, cost and scope control, 3.6% had quality, cost and scope control, 2.1% scope control, 1% time and scope control and 10.8% had no any of the provisions.

(j) Contracts include Adequate Dispute Resolutions Procedures

The revised and new STDs include procedures that provide for efficient and fair process to solve disputes arising during performance of contract. Tanzania Institute of Arbitrators (TIA) is established in accordance with the Tanzania Arbitration Law. A Commercial Court was established in September 1999. The Commercial Court is a division of the High Court of Tanzania and, in principle, provides a place for speedy, efficient and commercially aware litigation of commercial disputes.

Assessment results show that 62% of contract documents had dispute resolution mechanism while 36% did not have this provision and 2% of contracts did not have evidence to prove whether such provision were there or not.

Further assessment has revealed that, 32% of the PEs used Arbitration, 2% used ADR (Alternative Dispute Resolution) and 3% used court referral. Contracts which used Combination of Arbitration and ADR account for 21%, Court referral and ADR account for 1%, Court referral and Arbitration were 1%. Contracts used combination of Court referral; Arbitration and ADR were 2%. Enforcement is required for PEs to use Standard Tender Documents issued by PPRA which have conflicts resolution clauses.

(k) Procedures Exist to Enforce the Outcome of the Dispute Resolution Process

Tanzania is a member of the New York Convention on enforcement of arbitration awards. Pursuing such awards through the courts is perceived as risky, costly and cumbersome. There is no systematic process to monitor and improve.

4.2.3.2 Achieved Baseline Indicators Scores Compared to CPAR Update 2006

Table 13 below compares the current assessment with CPAR update 2006 baseline indicators scores.

Table 13: Pillar III: Comparison of Current Assessment Scores with CPAR Update 2006

Pillar III: Procurement operations and market practices				
Indicator 6: Efficiency of procurement operations and practices				
Sub-indicators		Current Assessment Scores	CPAR Update 2006 Score	Remarks
6(a)	Adequacy of procurement competence among government officials.	1	1	The Procurement Act calls for the establishment of PMUs in all procuring entities but some of PEs have not established them. At the moment there is scheme of service for procurement cadre which awaiting approval.
6(b)	Procurement training and information programs	1	1	The PPRA has already communicated with National Council for Accreditation of Technical Examination (NACTE) and Tanzania Commission for Universities (TCU) to get list of registered and accredited institutions which conduct training in procurement
6(c)	6. c) – Norms for the safekeeping of records and documents related to transactions and contract management.	1	1	Procuring entities are required to keep a procurement record with content as specified in Regulation 19. However, during the assessment there is a lack of availability of complete procurement records in most procuring entities.

6(d)	Provisions for delegation of authority.	3	3	The Act implements a decentralized procurement process with adequate provisions for delegating authority
Indicator 7: Functionality of the public procurement market				
7(a)	Effective mechanisms for partnerships between the public and private sector	0	0	There is no formalized dialogue between the public and private sectors.
7(b)	Private sector institutions are well organized and able to facilitate access to the market.	2	3	There is a reasonably well function private sector but competition for large contracts is concentrated in relatively small number of firms. In general there are sufficient private organisations, relevant to construction, which are active. However, there are no private organisations acting for the suppliers of goods.
7(c)	Systemic constraints inhibiting the private sector's capacity to access the procurement market.	0	0	Difficulties in accessing credits and lack of capacity to engage in public procurement processes are seen as barriers.
7(d)	Clarity and transparency of rules for determining whether to engage international or national markets.	3	3	Sections 65 & 66 of PPA 2004 contain adequate provisions on when to use international and national competitive tendering.

Indicator 8: Existence of contract administration and dispute resolution provisions				
8(a)	Procedures are clearly defined for undertaking contract administration responsibilities	2	1	Regulation 121 of GN 97 does contain provisions on contract administration. Regulations 122 and 123 of 97 provide provision for management of goods and works respectively. Furthermore, Regulation 127 and 128 of GN 97 require the appointment goods inspection and acceptance committee and works supervisors respectively.
8(b)	Contracts include adequate dispute resolution procedures.	3	2	The revised and new standard tendering documents includes resolution procedure that provide for efficient and fair process to solve disputes arising during performance of contract.
8(c)	Procedures exist to enforce the outcome of the dispute resolution process.	1	1	Pursuing such awards through the courts is perceived as risky, costly and cumbersome. There is no systematic process to monitor and improve.

4.2.3.3 Recommendations and Way Forward

Table 14 below summarizes the key observations, recommendations, proposed implementation time frame as well as responsible institutions.

Table 14: Pillar III: Recommendation and way forward

S/NO	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1.	<p>85% of interviewed stakeholders commented the private is not well organized. Notably, there no organization representing Suppliers of goods.</p> <p>Major constraints for private sectors to access procurement markets are lack of capital, credit facilities, equipment, procurement knowledge, planning, negotiation skills, corruption in tendering process and low quality of their output</p>	<p>Government engage in formal dialogue with the Public and Private sector to share views in improvement of procurement market</p> <p>Suppliers should be encouraged to form associations that will present them in various forums to ensure their interests are fully considered in the public procurement markets.</p>	LT	PPRA
2.	There is no database for demand and supply of specific markets such goods, works and services to get better knowledge of internal market needs and fluctuations.	Conduct a study on demand and supply markets.	MT	PPRA
3	62% of assessed contracts found with incomplete records. Furthermore 68% of PEs keeps records and documents relating to procurement transactions and contracts management	Ensure all PEs have standardized procurement records management system. Procurement records should be kept separately from other records.	MT	PPRA

	in different files.			
4	The assessment revealed that 43.8% of contracts assessed had no provision for administering quality, time, cost and scope. In practice the quality of the contract administration relies on the supervisors responsible for the implementation of the project.	Training modules offered by PPRA to cover aspect of contract management.	LT	PPRA

4.2.4 Pillar IV: Integrity and Transparency of Public Procurement System

This pillar takes aspects of the procurement system and good governance environment and seeks to ensure that they are defined and structured to contribute to integrity, transparency and has appropriate controls that support the implementation of the system in accordance with legal and regulatory framework and there are appropriate measures in place to address the potential for corruption system. It also covers important aspects of the procurement that include stakeholders as part of control system.

4.2.4.1 Findings

(a) Legal Framework, Organization, Policy, and Procedures for Internal and External Control and Audit of Public Procurement.

Roles and duties of Controller and Auditor General (CAG) are outlined in the Public Finance Act (PFA) and its Regulation. The reports of the CAG are examined in Parliament. The PFA provides for internal control mechanisms and these are further operationalised in the Internal Audit Manual issued by the Ministry of Finance. Audit committees are now in place in most MDAs, however significant capacity constraints remain an issue to be dealt with. The manual also provides guidelines for risk assessment. However, no specific and periodic risk assessments and controls tailored to risk management take place.

The assessment indicates that 69% of contracts assessed were audited while 31% were not audited. Audit of procurement is done mostly by financial auditors. However Procurements done in the year 2005/2006 have been audited by Kilimanjaro International Corporation under Millennium Challenge Compact (MCC). Normally audits are done by four different organs which are within the Ministry of Finance these are National Audit Office (NAO), Technical Audit Unit (TAU), Stock Verification Department (SVD) and Public Procurement Regulatory Authority (PPRA). From the assessment, 22 cases of qualified opinion from external auditors due to critical control weakness were received and 3 of them remain outstanding. The recommendations referring to internal control received were 36 and four of them remain outstanding. All

PEs assessed were yet to received findings of the audits conducted by Kilimanjaro International.

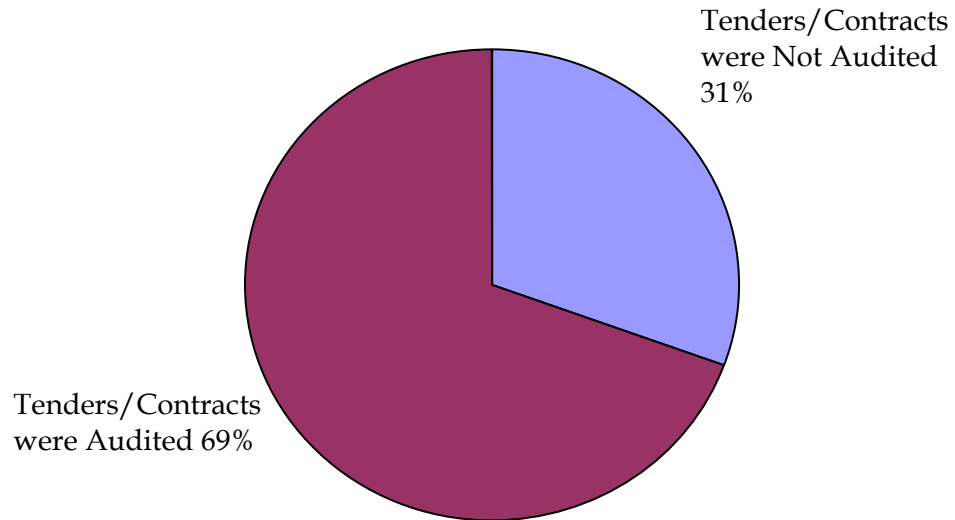


Figure 17: Percentage of Tenders/Contracts Audited

PPRA should implement section 7(1)(j) (i) and (ii) which requires the authority to institute procurement and contract audits for all Procuring entities.

(b) Internal Control Systems Provides Timely Information on Compliance to Enable Management Action

The procuring entities are now organized in a way that information on compliance may be obtained. PMU reports to the head of procuring entities, while the tender board approves procurement. This coupled with requirements for record keeping enables timely action by the management. However, the internal control systems are not sufficiently defined to allow performance audits to be conducted. Majority of internal auditors are not sufficiently aware of the procurement requirements and control systems in line with the PPA 2004, thus unable to contribute to compliance.

(c) The Internal Control Systems are Sufficiently Defined to Allow Performance Audit to be Conducted.

The internal audit manual provides comprehensive written framework for internal control. Internal audit reports are issued to

most Government entities but are not routinely submitted to the NAO. The follow on internal audit reports remains limited.

(d) Auditors are Sufficiently Informed About Procurement Requirement:

There is specific requirement for auditors (internal and external) to have procurement knowledge. According to information provided by Auditor General no specific procurement training are offered to auditors but Procurement is taught as part of auditing training. Procurement Act and Public finance Act is working tools to auditors they are supposed to understand and apply them.

(e) Efficiency of Procurement Appeals Mechanism:

Decisions are deliberated on the basis of available information and the final decision can be reviewed and ruled upon by body (or authority) with enforcement capacity under the law.

Part VI of the PPA 2004 and part IX of GN 97 and part XII of GN 98 clearly describes the level of handling disputes in the procurement process. The three tier mechanism starts at the level of the head of a procuring entity (accounting officer), through the PPRA to the highest level – the PPAA.

(f) Capacity of the Complaint Review System and Enforcement of Decisions

Generally the PPAA is perceived as a success, but the PPAA itself points to effective enforcement as the challenge. The lack of a time limit on when a procuring entity must submit a court challenge on a decision by the PPAA stalls enforcement of such decisions. The PPAA can apply a number of relevant remedies, including the annulment of contracts. However, annulment is only an option where there is "*fraud or corruption*" which seriously cripples the deterrent effect of that remedy.

Assessment revealed that, all the complaints received were processed within the time limits posted or set out in the legal framework. However, stakeholders and associations revealed that they were not in the position to comment as they don't have any experience of the existing review mechanism.

(g) Fairness of the Complaints System

The PPAA have handled 23 cases since its establishment. Decision made on 14 cases, 7 seven redirected by failing to follow appeal procedures and 2 cases are on going. All interviewed associations perceived the system as fair while all stakeholders were not aware on a review mechanism provided by Act.

(h) Public Access to Decisions

The PPAA website is established where decisions are made available to the public. Decisions are published and copies are made to the interested parties and to the general public through the PPAA website www.ppaa.go.tz.

(i) Independence of the Administrative Review Body

The PPRA is a fully independent body under the Ministry of Finance, but with its own board and with funds made available directly from the state budget. The PPAA however, is independent body under the Ministry of Finance itself, without its own budget and under the supervision of the Minister of Finance. This may raise a perception of lack of real independence.

Interviewed stakeholders perceived PPRA and PPAA to be independent because have been established by the Government and empowered by the law. However, they have a feeling that PPRA independence can be politically interfered if its top management is politically appointed.

(j) Publication and Distribution of Information

Tanzania Procurement Journal has been registered on June 2007 its expected that the first issue to be out by September 2007. PPRA have a website that keeps procurement information. Adverts containing procurement opportunities are put in various newspapers. PPRA has created e-mail address dedicate for the PEs to sent tenders advertisement (tender@ppra.go.tz). The PPRA is finalizing the establishment of a "Procurement Management Information System" that should aid in both gathering information and subsequently making it available to the public.

Assessment revealed that 56% of the tender results were not communicated to unsuccessful bidders, 31% of the sample was

communicated in writing. This implies that notification of unsuccessful bidder is not done by the majority of assessed PEs. Regulation 97 of GN 97 requires PEs notify to the unsuccessful suppliers, service providers, contractors or asset buyers upon contracts enter into force of the procurement or disposal contract. Enforcement of regulation 97 of GN 97 is required to ensure PEs complies with the requirement.

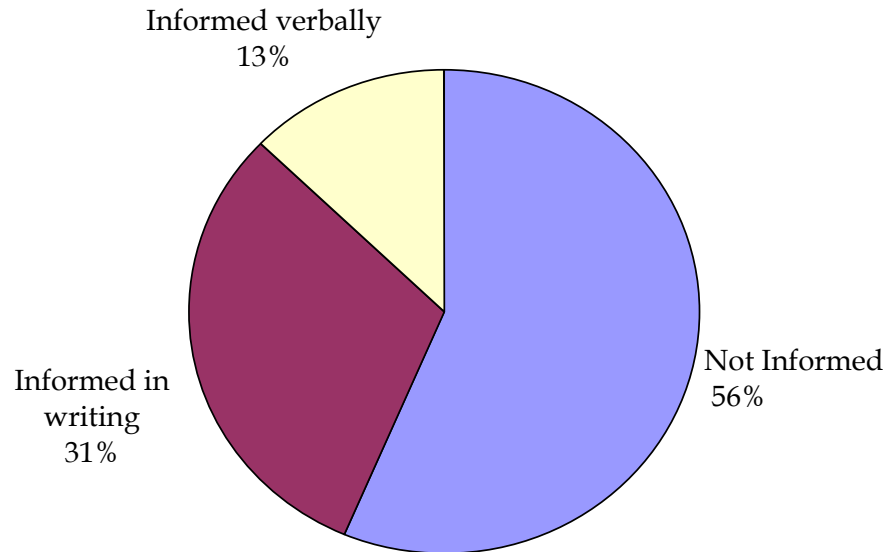


Figure 18: Percentage of Bidders Informed About the Outcome of the Tender

(k) Legal Provisions on Corruption, Fraud, Conflict of Interest and Unethical Behaviour

The Procurement Act part V and the Regulations Part VIII contain provisions on fraud and corruption, including conflict of interest and unethical behaviour. The Act provides for rejection of contract award and blacklisting of physical and legal persons for up to ten years. Criminal proceedings may be instituted via the Penal Code. The revised and new STDs require the bidder to sign anti bribery declaration in their bids. Furthermore, witness, expert and victims are protected under Sections 51 and 52 (Whistleblowers protection). Assessment has revealed that no firms or tenders were rejected due to corrupt practices for financial year 2005/06.

(l) Definition in Legal System of Responsibilities, Accountabilities and Penalties for Fraudulent or Corrupt Practices.

The notions corruption and fraudulent practices are defined in the Procurement Act, Part I. Sanctions in the form of contract annulment and blacklisting are provided for in the Act, Part V. The Act and Regulations contain detailed provisions on conflict of interest and improper inducement, but there are no provisions prohibiting interventions of former public officials for a reasonable time after leaving office. Criminal proceedings are referred to the Penal Code and the Prevention of Corruption Act. The 7th Schedule of the Regulations contains an Anti-corruption Memorandum setting out procedures for anti-corruption pledges as part of the tendering procedure.

(m) Enforcement of Rulings and Penalties

According to the PCCB, in 2005/2006, 250 cases were reported and 11 of them after investigation were forwarded to director of public prosecution, whereas the remaining cases are still under investigation. Thus, while the pre-requisite legal provisions exist, enforcement remains weak. A public register for blacklisted physical and legal persons have not yet been established and a comparative database on unit costs has not been maintained. The Government has enacted the new legislation the Prevention and Combating of Corruption Act No.11 2007 which has provision for corrupt transactions in contracts and procurement as stipulated in Section 16 and 17 respectively.

(n) Measures to Prevent and Detect Fraud and corruption in Public Procurement

The PCB Act has amended and established a new bureau know as Prevention and Combating of Corruption (PCCB) with new provisions of combating corruption in contracts and procurement transactions as well as whistleblowers protection. PPRA in collaboration with PCCB are in the process of engaging Consultant to prepare Anti-corruption Strategy in Procurement.

All interviewed Associations and stakeholders commented that the anti-corruption measures are not effective.

(o) Stakeholders Support the Creation of a Procurement Market known for its Integrity and Ethical Behaviors

Civil society's involvement in maintaining a sound procurement environment is limited. Civil societies are not fully engaged in monitoring procurement processes or tracking expenditures. There is some evidence of involvement of the private sector via roundtables, meetings and workshops.

(p) Mechanism for reporting fraudulent, corrupt or unethical behavior

The PCCB have several secured mechanism of receiving information these includes an anti corruption hotline which is frequently used; letters which the writer is not obliged to disclose his/her name, through newspapers, informers, other state organs and through internet. The broader anti-corruption reporting mechanisms are generally viewed as secure and accessible and reports are reacted upon. The new enacted PCCB Act 2007 has whistle blowing and witness protection provisions.

Associations and stakeholders commented that there is no sufficient mechanism for reporting corruption related behaviour. However, PCCB said they have sufficient mechanism through new enacted Act.

(q) Code of conduct/codes of ethics for participant and provision for disclosure for those in decision making positions.

Public Officials involved in procurement and financial management are subject to either the Public Leadership Code of Ethics or the general Code of Ethics for Public Servants. The Leadership Code of Ethics contains an asset and income declaration mechanism, whereas verification of declarations remains weak. No verification has been carried out for local government leaders. No specific Code of Conduct/Ethics exists for procurement officials. There are no special provisions related to procurement and financial management in the existing codes.

4.2.4.2 Achieved Scores Compared to CPAR Update 2006

Table 15 below compares the current assessment with CPAR update 2006 baseline indicators scores.

Table 15: Pillar IV: Comparison of Current Assessment Scores with CPAR Updates 2006

Pillar IV: Integrity and Transparency of the Public Procurement System				
Indicator 9: Effectiveness of control and audit systems				
Sub-indicators		Current Assessment Scores	CPAR Update 2006 Score	Remarks
9(a)	Legal framework, organization, policy, and procedures for internal and external control and audit of public procurement.	1	1	There is no specific and periodic risk assessment and controls tailored to risk management take place.
9(b)	Enforcement and follow-up on findings and recommendations of the control.	2	0	Audits are carried out annually but response to or implementation of Auditors recommendations take up to a year. The follow up on external and internal audit reports is limited and remains a problem.
9(c)	The internal control system provides timely information on compliance to enable management action.	2	2	The standards for internal control are provided in the Internal Audit Manual issued by the Accountant General's Department. The Manual also provides guidelines for regular periodic reporting to management throughout the year. However, due to capacity constraints the reporting requirements are rarely met with.

9(d)	The internal control systems are sufficiently defined to allow performance audits to be conducted.	2	1	The Internal Audit Manual provides a comprehensive written framework for internal control. Internal audit reports are issued for most government entities but are not routinely submitted to the NAO. The follow up on internal audit reports remains limited.
9(e)	Auditors are sufficiently informed about procurement requirements.	1	0	No specific procurement training is offered to auditors but procurement is taught as part of auditing training. Procurement Act and public finance Act are working tools to auditors, they are supposed to understand and apply them.
Indicator 10: Efficiency of appeals mechanism				
10(a)	Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity under the law.	3	3	Part VI of the Act and Part IX of GN97 AND Part XII of GN 98 clearly describes the levels of handling disputes in the procurement process.
10(b)	Capacity of the complaint review system and enforcement of decisions.	2	2	Generally the PPAA is perceived as a success, but the PPAA itself points to effective enforcement as the challenge. The lack of a time limit on when a procuring entity must submit a court challenge on a decision by the PPAA stalls enforcement of such decisions.
10(c)	Fairness of the complaints system.	2	2	The decisions are fair and based on relevant information but enforcement is difficult.

10(d)	Public access to decisions.	3	0	The PPAA website is established where decisions are made available to the public. The PPAA website is www.ppa.go.tz
10(e)	Independence of the administrative review body.	1	0	The PPAA is independent body under the Ministry of Finance itself, without its own budget and under the supervision of the Minister of Finance. This creates at least a perception of conflict of interest.
Indicator 11: Accessibility to information				
11(a)	Publication and distribution of information.	2	2	Tanzania Procurement Journal has been registered on June 2007 it's expected that the first issue to be out by September 2007. PPRA have a website that keeps procurement information. PPRA has created e-mail address dedicate for the PEs to sent tenders advertisement (tender@ppra.go.tz).
Indicator 12: Ethics and anticorruption policy and measures				
12(a)	Legal provisions on corruption, fraud, conflict of interest, and unethical behaviour.	3	2	The Procurement Act part V and the Regulations Part VIII contain provisions on fraud and corruption, including conflict of interest and unethical behaviour. The revised and new STDs require the bidder to sign anti bribery declaration in their bids. The Government has enacted the new legislation the Prevention and Combating of Corruption Act No.11 2007 which has provision for corrupt transactions in contracts and procurement.
12(b)	Definition in legal system of responsibilities, accountabilities, and penalties for fraudulent or corrupt practices.	2	2	The notions corruption and fraudulent practices are defined in the Procurement Act, Part I. Sanctions in the form of contract annulment and blacklisting are provided for in the Act, Part V. The Act and Regulations contain detailed provisions on conflict of interest and improper inducement, but there are no provisions prohibiting interventions of former public officials for a reasonable time after leaving office.

12(c)	Enforcement of rulings and penalties.	2	1	According to the PCB, in 2005/2006 two hundred and fifty cases were reported and eleven of them after investigation were forwarded to director of public prosecution, whereas the remaining cases are still under investigation. Thus, while the pre-requisite legal provisions exist, enforcement remains weak. A public register for blacklisted physical and legal persons have not yet been established and a comparative database on unit costs has not been maintained.
12(d)	Measures exist to prevent and detect fraud and corruption in public procurement.	2	2	The PCB Act has been amended and established a new bureau know as Prevention and Combating of Corruption (PCCB) with new provisions of combating corruption in contracts and procurement transactions as well as whistleblowers protection. PPRA in collaboration with PCCB are in the process of engaging Consultant to prepare Anti-corruption Strategy.
12(e)	Stakeholders support the creation of a procurement market known for its integrity and ethical behaviours.	1	1	Civil society involvement in maintaining a sound procurement environment is limited. Civil society is not fully engaged in monitoring procurement processes or tracking expenditures. There is some evidence of involvement of the private sector via roundtables, meetings and workshops.
12(f)	Mechanism for reporting fraudulent, corrupt, or unethical behaviour.	2	2	The PCB have several secured mechanism of receiving information these includes an anti corruption hotline which is frequently used; letters which the writer is not obliged to disclose his/her name, through newspapers, informers, other state organs and through internet. The broader anti-corruption reporting mechanisms are generally viewed as secure and accessible and reports are reacted upon. The new enacted PCCB Act 2007 has whistle blowing and witness protection provisions.

12(g)	Codes of Conduct/Codes of Ethics for participant and provision for disclosure for those in decision making positions.	2	1	Public Officials involved in procurement and financial management are subject to either the Public Leadership Code of Ethics or the general Code of Ethics for Public Servants. The Leadership Code of Ethics contains an asset and income declaration mechanism, whereas verification of declarations remains weak. No verification has been carried out for local government leaders. No specific Code of Conduct/Ethics exists for procurement officials. There are no special provisions related to procurement and financial management in the existing codes.
-------	---	---	---	---

4.2.4.3 Recommendations and Way Forward

Table 16 below summarizes the key observations, recommendations, proposed implementation time frame as well as responsible institutions.

Table 16: Pillar IV: Recommendations and way forward for pillar IV

S/NO	OBSERVATIONS	RECOMMENDATIONS	TIME FRAME	RESPONSIBLE INSTITUTION
1.	Sixty nine (69%) of assessed contracts were not communicated to unsuccessful bidders in writing.	Enforcement of Regulation 97(11) of GN 97 and 67(2) of GN 98.	ST	PPRA
2.	All Associations and stakeholders commented that there is no sufficient mechanism for reporting corruption related behaviour.	Disseminations of PCCB Act 2007.	LT	PCCB/PPRA
		Expedite finalization of anti-corruptions strategy in procurement.	MT	
		The PPRA to have hotline for whistle blowing mechanism.	ST	
3.	Civil society is not fully engaged in monitoring procurement processes or trading expenditure.	Introduce a system of sharing information among relevant anti-corruption authorities	LT	PCCB/PPRA/ DPP/DCI
4.	No specific code of conduct/ethics exists for procurement officials.	The Authority (PPRA) should initiate development of code of ethics for procurement cadre and continue monitoring to ensure high standard of the ethics in public procurement.	LT	PPRA/PO- PSM

5.0 CURRENT INITIATIVES/PROGRAMMES

5.1 Initiatives/Programmes Implemented by Government

a) Capacity Building Strategy

PPRA engaged a Consultant to develop a capacity building strategy. The consultancy reviewed the existing procurement capacity in the public sector, including the staffing, organizational structures and policy frameworks, systems and processes, as well as level of competencies and training needs⁴. The report provides a comprehensive outline of capacity development needs and the actual strategies for capacity building in public procurement.

Moreover, PPRA has trained trainers and conducted 16 workshops for disseminating the PPA 2004 and its Regulations to staff of procuring Entities at central level. Also dissemination was done through workshops organized by individual procuring entities.

b) Issue of Revised and New Standard Bidding Documents (SBDs)

PPRA revised five (5) SBDs for procurement of Goods, Works, Non-Consultancy Services, and Selection and Employment of Consultants to be used by procuring entities. The revised SBDs were;

- SBD for procurement of small works contracts,
- SBDs for procurement of medium and large works contracts,
- SBDs for procurement of health sectors goods (Pharmaceutical, Vaccines and Condoms),
- SBDs for procurement of Goods and standard pre-qualification document procurement of works. Others were;
- Standard Request for Proposal (RFP) for Selection and Employment of Consultants - Simple Time Based,

- RFP for Selection and Employment of Consultants - Lump-sum Contracts and RFP F for Selection and Employment - Complex Time Based Contracts;

The new standard bidding documents issued were;

- Standard Bidding Documents for Procurement of Non-Consultant Services,
- Standard Bidding Documents for Procurement of Goods and Supplies using Framework Contracts,
- Standard Bidding Documents for Disposal of Public Assets,
- Standard Bidding Documents for Supply and Installation of Plants and Equipment, Standard Invitation for Quotations for Procurement of Minor works and
- Standard Invitations for Quotations for procurement of Goods.

(c) Tips for Preparing Responsive Bids

PPRA has prepared and issued ten (10) tips for preparing responsive bids to be used by bidders while preparing their bids. The tips are intended to reduce number of non-responsive bids submitted by the bidders in the procurement process. The tips are;

- Guidelines for preparing responsive bids for procurement of small works contracts,
- Procurement of medium & large contracts,
- framework contracts,
- Procurement of goods,
- Procurement of Non-consultancy services,
- Supply and installation of plants and equipment and health sector goods.
- Others were guidelines for preparing responsive bids for selection and employment of consultant - simple time based contract, selection,
- Selection and employment of consultant - complex time base contracts and selection and employment of consultant - lumpsum contracts.

d) Amendment of LGAs Regulations 2003

New Regulations for LGAs which are in line with PPA 2004 was signed on 28th May, 2007. Under the new Regulations, LGAs will be governed by PPA 2004 and its Regulations of 2005, except in the establishment and proceedings of the Tender Boards.

e) Review the Performance of Public Procurement System in the Country

The PPRA in conjunction with the World Bank Tanzania office organized a two days workshop on 10th and 11th January 2007 at Movenpick Royal Palm Hotel, Dar es Salaam to present the findings of the review and obtain the stakeholder's views and comments on the issues identified and the timings proposed for implementation of the recommended action.

A total of 182 participants from Government Ministries, private sector, regulatory bodies, embassies and donor agencies (development partners), services providing agencies attended the workshop. The issues identified and the timings proposed for implementation of the recommended actions were forwarded to the government for actions.

h) Establishment of Procurement Journal

PPRA has established and registered its Procurement Journal under the name *The Tanzania Procurement Journal*. The journal was registered on 6th June 2007 with certificate of registration no. 00000401 and ISSN No. 1821-6021. The journal will provide easy access to relevant information for national and international bidders; reducing cost of advertising for procuring entities; and providing easy access for PPRA to data which is relevant for monitoring and control.

The content of the journal will cover the following:

- Publication of General Procurement Notices
- Publication and advertisement of tender opportunities
- Publication of awarded tenders from the Procuring Entities
- Publications of any relevant information about PPRA's role and functions
- Commercial advertisement;

- And any other information related to public procurement.

The journal will be produced bi-weekly and distributed to the stakeholders. Preparation of Business plan as well as articles for the journal on going. It was scheduled for the first edition to be out by June 2007 but due to budget constraints it is re-scheduled to September 2007.

5.2 Initiatives/Programmes in Future Plans

a) Implementation of Capacity Building Strategy

PPRA has planned to continue training of MDAs, LGAs and private sector through assistance of African Bank Development (AfDB) Fund. More consultative actions between PPRA and stakeholders to be carried out while planning the implementation of the strategies.

b) System for Procurement of Common Use

PPRA is planning to establish a system for procurement of common use items based on framework contracts. A joint committee comprising members from PPRA, Government Stores, PO-PSM and Local Government Authorities was appointed to lay down the basic prerequisites for procurement of common used items and services and the management of framework contracts. A paper on the prerequisites has been submitted to PPRA. Furthermore, the procurement of individual consultant to establish the system is in progress.

c) Preparation of Procedural Forms

PPRA is planning to prepare procedure Forms that will be used in recording and standardizing useful information in procurement process for example forms will be used in PEs by users when requesting items to be procured by PMU, when appointing the Tender board Members, during Evaluation etc.

(d) Establishment of Procurement Professional Board

PPRA and NBMM in collaboration with other stake holders have facilitated amendment of the NBMM Act. PPRA was among the

member of the joint committee which revised the amendment of the NBMM Act to see if it comprises all the useful comments from various stakeholders. The amended Act was submitted to the relevant Bill Draughtsman thereafter the Bill will be presented to the Parliament for decision.

(e) System for Checking and Monitoring

PPRA has developed a system of checking and monitoring procuring entities to ensure that procurement is effectively carried out in accordance with the provisions of the PPA of 2004 and its regulations. The system will be used to monitor the procurement activities carried out by the PES at all levels, also the system will help the PEs to monitor their own procurement activities. PEs are required to fill required procurement information and submit to PPRA in monthly and quarterly basis. Initially the system will be operated manually and all analysis was done manually during the pilot phase. It is expected that during this financial year 2007/2008 the system will be automated and rolled out in the all MDAs

(f) Procurement Management Information System

PPRA hired a consultant to develop information Management system, the system will capture submitted information, analyze and generates reports. Management Information system will be handed to PPRA on for trials by August, 2007

(g) Procurement and Contract Audits

PPRA is planning to conduct total of ninety five (95) procurement and contract audit in financial year 2007/2008, Forty five (45) audits will be carried out under basket funding, thirty (30) will be carried out through AfDB assistance. The process of procuring a Consultant to carry out the audits is going on and it is expected that at the end of September, 2007 the consultant will begin the assignment. The remaining twenty (20) audits will be conducted by Kilimanjaro Corporation (KIC) through Millennium Challenge Account.

(h) Anti - Corruption Strategy

The Authority has developed Terms of Reference for engaging a consultant to prepare the strategy for curbing corruption in public procurement. The TOR was forwarded to Prevention and Curbing

Corruption Bureau (PCCB) for comments and inputs. The selection of consultant is in the process.

The purpose of preparing anti corruption strategy is to assist the Authority to curb corruption in public procurement by identifying areas which are prone to corruption; Suggest mechanism to control and establish indicators for measuring and monitoring corruption in public procurement. The strategy will also come up with code of ethics for all procurement professionals involved in procurement.

(i) Training of District Executive Directors

PPRA planned to conduct training to District Executive Directors from LGAs since last FY 2006/07. The plan was not achieved as LGAs procurement regulation were not ready signed for implementation. However the regulations have been signed on 28th May 2007 by the Prime Minister. The training is scheduled for November/December 2007.

(j) Establishment and Maintaining Institutional Linkages with Entities, Training Institutions, Local Potential Providers of Training both Locally and Internationally

PPRA has planned to create a link with both National and International Institutions. The purpose is to identify institutional capabilities in conducting procurement training in the country. Local training institutions have already been identified and will be visited in this FY 2007/08. Gaps which will be observed during the visits will be assisting PPRA in designing intervention measures for the purpose of improvement. The Data collection questionnaires as well as the Budgets for the visits have been prepared.

ANNEXES

Assessment of the Country's Procurement System with respect to the Pillars

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL							
Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
Pillar I – Legislative and Regulatory Framework							
1) The public procurement legislative and regulatory framework.							
a) - Scope of application and coverage of the regulatory framework and public access to legislation.	The Act and the regulations cover all essential areas of public spending. In practice the application of the legal framework to military spending and enforcement of its procedures is inadequate. The hierarchy of legal instrument is well defined in the act.	3	NA				
b) - Procurement methods.	Procurement methods in the Act are essentially identical to those prescribed by the UNCITRAL Model Law. Open competitive tendering is default method of procurement and condition to use other methods than competitive are described	3	Percentage of procurement (in volume and in number of contracts) carried out through open tendering.	1. 76.98% of contracts were carried out through opening bidding while in terms of numbers account 51%.	(1) PE QB 1; (2) Lists of procurement cases received from the 20 PEs	1. Enforcement and Monitoring of APP 2. Expedite establishment of Procurement Journal	ST
c) - Advertising rules and time limits.	Time limit for advertisement is line with international best practice	3	(a) Percentage of invitations for open tenders publicly advertised	(a) 58% public advertised	(1) PE QB 2a, 2b, 2c, 2d, 2e, 2f	Enforcement and Monitoring of APP	ST
			(b) - Average number of days between invitation to tender advertisement and tender opening by type of procurement.	(b) ICT 77 days, NCT 33 days, Quotation 17 days, RT 19 days		Regulations should stipulate maximum tendering period.	MT

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
d) - Rules on participation and qualitative selection	Domestic preference is allowed, but restricted to 15% for Goods manufactured in Tanzania. Works, Non-Consultancy Services and Consultancy Services the maximum is 10%. Exclusive preference for local suppliers is mandatory for value below thresholds for Works Tshs. 1billion, Goods Tshs. 0.2 billion, Non-Consultancy Services Tshs. 0.25 billion, Consultancy Tshs. 0.5 billion and Individual Consultant Tshs.50 millions. PPRA is issuing provisional registration for local suppliers and their performance history as required by regulations	2	Percentage of open tender documents that include provisions barring groups of bidders from participating for reasons other than qualifications or acceptable exclusions.	15% of the tender documents include provisions barring groups of bidders from participating for reasons other than qualifications or acceptable exclusions.	(1) PE QB 3a-3e	Enforcement and Monitoring Section 50 of PPA 2004.	ST
e) - Tender documentation and technical specifications.	<p>The Act and Regulations contain adequate provisions referring to the content of the tender documentation. However, it is not mandatory to site international standards when possible. PPRA is coordinating availability of technical specification from relevant authorities.</p> <p>The PPRA issued the revised and new Standard Tendering Documents (STDs) and can easily be obtained from PPRA in the form of hardcopy or soft copy as well as from PPRA Website. Regulation 83(3-4) allow the Procuring Entities use international acceptable standard s prior obtain Authority consent.</p>	2	Percentage of tenders rejected in each process.	5.56% of tenders were rejected due to failure to comply technical specifications.	(1) PE QB 4a-4c	PPRA to coordinate the preparation of various specifications and make them available in the Website	ST
f) - Tender evaluation and award criteria	Regulation 90 of GN 97 provides evaluation procedure and requires evaluation and award criteria to be described in the solicitation documents. The revised and new STDs have incorporated all this requirements as stipulated the Act and Regulations.	3	(a) Percentage of tenders including non quantifiable or subjective evaluation or post qualification criteria.	8% of awarded contracts included non-quantifiable or subjective evaluation or post-qualification criteria. Subjective elements were mostly used in the Consultancy Services.	(a) (1) PE QB 5a-5b		

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
			(b) Public perception of confidentiality of tender evaluation process.	60% of interviewed stakeholders has commented that evaluation process is confidential while 40% is confidential to some extent because of there is leakage of information prior to award of the contract.	(b) (1) Interview with consultants/suppliers/contractors; (2) Interview with associations; (3) Media and civil society	Enforcement of code of ethics to the Procuring Entities staff involved in procurement.	
g) - Submission, receipt and opening of tenders	Rules for submission and opening of tenders are clear and transparent. Section 61(4) of the Act and Regulations 89 provides clearly procedures dealing with submission, receipt and opening of tenders.	3	Percentage of open tenders opened publicly and recorded.	74% of tenders/contracts awarded were publicly opened.	(1) PE QB 6	Enforcement of preparation of APP and Monitoring its implementation.	ST
h) - Complaints system structure and sequence	The Act establishes a three-tier complaints system, where complaints can be lodged at 1) the procuring entity, 2) The PPRA, 3) The PPAA. There are time limits on the decision of the procuring entity. 112(3)	3	Percentage of cases resolved within the terms established in the legal framework.	Only 2 cases were submitted and resolved in time. On the other hand the interview with stakeholders and associations revealed that most of players are not aware of the review system and those who are aware are afraid of being blacklisted if they complain which eventually will jeopardize their business.	(1) PE QB 7a-7c; (2) Interview with consultants/suppliers/contractors/Associations	Advocacy of PPRA/PPAA and its functions in relation to procurement. Dissemination of disputes settlement in the procurement process to stakeholders.	ST
2) Implementing Regulations and Documentation							

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
a) - Implementing regulation that provides defined processes and procedures.	Regulations exist for goods, works and non-consultancy services, disposal of public assets by tender with separate regulations for consultancy services .Specific regulations for local government authorities, implementing the Act, have been signed by the responsible Minister on 28 th May 2007 and awaiting to be gazzetted. The maintenance of Regulations is vested to the minister responsible Finance and Local Government.	3	NA				
b) - Model tender documents for goods, works, and services.	The PPRA have revised five existed Standard Tendering Documents; STD for Procurement for Small Works, Medium and Large Works, Goods, Health Sector Goods (Pharmaceuticals, Vaccines and Condoms) and Standard Pre-qualification Document for procurement of works. All the revised STDs above have been issued with User Guides. PPRA has also issued revised Evaluation Guidelines for Works and Consultancy Services. PPRA have prepared nine new STDs; Standard Request for proposal selection and employment of consultants to be used for simple Time based, Complex time based and Lumpsum contracts, STDs for supply and installation of plant and equipment; for procurement of supplies using Framework contracts, for procurement of Non-consultant services, for Disposal of Public Assets, Standard Invitation for quotations for procurement of Minor works; Standard invitation for quotations for procurement of Goods. PPRA also has prepared 10 guidelines for preparation of responsive bids to be used by the bidder	3	Percentage of open tenders that use model tender documents or clauses.	45% of the competitive tenders/contracts used standard bidding documents.	(1) PE QB 8a	Enforcement and monitoring to ensure the usage of STDs issued by PPRA	ST

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
c) – Procedures for pre-qualification.	Regulation 15 of GN97 specifies when and how prequalification can be applied. There are mandatory prequalification criteria applied on a pass/ fail basis.	3	a) Percentage of cases for which prequalification was used appropriately as prescribed in the legal framework. b) Percentage of cases that used objective pass/ fail prequalification criteria as opposed to subjective qualitative ones.		(1) Interview with consultants/suppliers/contractors; (2) PE QB 9a, 9c		
d) – Procedures for contracting for services or other requirements in which technical capacity is a key criterion.	The Regulations for Consultants allow for the selection of consultants based on combined technical quality and price. Procedures are available for combining and assessing technical quality and price. For non-consultancy services, works and goods there is guidelines on how to select based on technical capacity	3	NA				
e) – User’s guide or manual for contracting entities.	There is no unique manual detailing all procedure for correct administration of procurement regulations and laws. However, All the revised STDs have been issued User Guides. PPRA has also issued revised Evaluation Guidelines for Works and Consultancy Services. All are available in the PPRA website	2	NA			PPRA should prepare procurement manual to be used with Procuring Entities.	MT
f) – Existence and coverage of General Conditions of Contracts (GCC) for public sector contracts.	The revised and new standard tender documents have GCC which is generally consistent with internationally accepted practice and it is mandatory to use in public contracts except for donors financing projects who insist use their STDs.	3	Percentage of tenders that use the GCC, standard clauses or templates as applicable.	84% of tenders/contracts used the GCC, Standard Clauses or templates. However, the interview with stakeholders revealed that most of the bidders/suppliers can not distinguish the document with standard clauses as they normally used ones given the Procuring Entities.	(1) Interview with consultants/suppliers/contractors; (2) PE QB 10a-10b	Enforcement and monitoring on the used of STDs	ST

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
Pillar II. Institutional Framework and Management Capacity							
3) Integration and mainstreaming of the public procurement system into the public sector governance system.		1					
A) - Procurement planning and data on costing are part of the budget formulation and multiyear planning.	There is a general lack of understanding of the concept of procurement planning. In most instances procurement planning is equaled with disbursement planning (cash flow plans). So called procurement plans are only made after the approval of the budget, which in turn often delays the procurement. There is no linkage between procurement planning and the budget formulation process. However, over the coming year the MoF will pilot procurement planning and it is hoped that a best practice can be developed for subsequent roll out across MDAs. Notably, according to the PFA, Art 5(b) the Minister of Finance is responsible for ensuring “that systems are established throughout Government for planning, allocating and budgeting for the use of resources [...]”	1	Percentage of contracts which are not in procurement plan aligned with budget	95% of procured contracts were not in procurement aligned with budget.	(1) PE QB 11a-11b	Enforcement and Monitoring of preparation and implementation of APP. PPRA to liaise with the Ministry of Finance to resolve the issue of APP to feed in the budget.	LT

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
b) – Budget law and financial procedures support timely procurement, contract execution, and payment.	According to information provided by the Accountant General, upon approval of the budget, funds are committed immediately to cover the portion of the contract to be performed within the budget period. Funds are normally released from the Exchequer on a monthly basis, however for the priority sectors this can also be on a quarterly or half-yearly basis. Standards for processing invoices are provided by the Public Finance Act and regulations, and invoices are processed along with the required Local Purchase Order (which can be generated from IFMS) and the relevant delivery certificate. Payments are carried out by MDAs upon internal approval of invoices or progress reports	3	(a) Percentage of late payments (e.g. exceeding the contractually specified payment schedule). (b) Average number of days in arrears.	4% of contracts had late payment exceeding the contractually specified payment schedule. On the other hand the interviewed stakeholders and associations revealed that they are not always paid on time especially in the LGAs. Most of the bidders are not claiming interest in case of delaying as they are afraid of being blacklisted with Procuring Entities. TANROADS was commended for paying on time.	(1) Interview with consultants/suppliers/contractors; (2) PE QB 12a-12e	PPRA to liaise with MoF on the release of budget allocations on time.	MT
c) – Procurement actions not initiated without budget appropriations.	According to the Public Finance Act, availability of funds are required for initiation of procurement. Likewise, the Regulations 62 require that funds are “voted or committed” before procurement can commence. It was not possible to establish whether a “system” can be said to be in place to ensure enforcement of this requirement. [What about IFMS?]	2	NA		(1) PE QB 13		
d) – Systematic completion reports are prepared for certification of budget execution and for reconciliation of delivery with budget programming.	There is no system in place to provide regular and timely information on contracts covering major budget expenditures. Feedback on contracts is received through project reporting in the various MDAs, but this information is not passed on the broader financial management and budgeting system (and neither to IFMS).	0	a) Percentage of major contracts with completion reports. b) Average time after final contract liquidation within which completion reports are finalized.	19% of contracts with completion reports. Average time after contract completion and submission of completion reports is 24 days.	(1) PE QB 14a-14b	Enforcement of Regulations 127 (Goods) & 128 (Works).	ST

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
4) Normative and regulatory functions.							
a) - Normative/regulatory functions are established and assigned (to one or several agencies) in the legislative and regulatory framework.	The PPRA is the regulatory body. Its functions are adequate and well defined in the Act.	3	NA				
b) - The responsibilities include at least those required in this sub indicator (see description of the indicators and sub - indicators)	All the listed responsibilities are among those defined in the Act.	3	NA				
c) - Adequacy of organization, funding, staffing, and level of independence and authority (formal power) to exercise the duties under (b).	The PPRA is staffed to the appropriate level but it is not adequately funded, and its funds are secured through a separate section of the budget. However, PPRA within the public administration is not as could be desired. Evidence hereof comes from the situation whereby the PPRA requires the backing of other institutions (MoF) to be heard.	2	Percentage of surveyed actors that perceive the function being performed as competently and timely.	35% of stakeholders had positive comments on the services rendered by the PPRA. On the other hand 50% are not aware of the services offered by the Authority. Other argued that the PPRA is still younger.	(1) Interview with consultants/suppliers/contractors; (2) Interview with associations; (3) Media and civil society; (4) PCB	Advocations of PPRA and its functions to stakeholders through different means.	ST
d) - Separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions.	The PPRA is only involved in its own procurement..	3	Percentage of surveyed actors that perceive the regulatory function being independent from procurement operations.		(1) Interview with consultants/suppliers/contractors; (2) Interview with associations; (3) Media and civil society; (4) PCB	PPRA to undertake its procurement through third party.	ST
5. Institutional development capacity.							

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
a) – System for collecting and disseminating procurement information and accessibility.	PPRA has its own website that disseminate procurement information, Procurement Journal has been registered as Tanzania Procurement journal preparation of article for journal in progress	2	NA.			Expedite the publication of first edition.	ST
b) – Systems and procedures for collecting and monitoring national procurement statistics.	There is a systematic gathering of procurement information. The system have been tested in five pilots PEs and it will roll out in the procuring entities effective from July 2007. Consultant is finalizing Information Management System (IMS).	2	Number of days by which the information is outdated.		(1) Review of posted information	Expedite finalization of IMS	ST
c) – Strategy and training capacity to provide training, advice and assistance to develop the capacity.	At the moment PPRA is offering training on PPA 2004 in five different modules to PEs. Currently PPRA is in the process of hiring Consultant to disseminate PPA 2004 MDAs & LGAs. Bidders are offered advisory services on the following area:- Use of standard documents; use of guidelines; interpretation of PPA 2004.	2	(a) Number of procurement officers in the central government that receives formal training in the year. (b) Average waiting time to get in a formal training event.	Total of 418 of government officers were trained formally in 2006/2007 starting from February 2007. From the interviews with privated it was revealed no formal training has been conducted.	(1) Interview with consultants/suppliers/contractors; (2) Interview with associations; (3) PCB	To train more MDAs and LGAs officials and private sector.	LT
d) – Quality control standards and staff performance evaluation for capacity development.	At the moment, the procurement system does not have any quality assurance or staff performance evaluations systems. The Third Schedule of the Regulations provides standards for procurement processing time, but these standards are not linked up to a quality control or performance measurement system.	0	NA				
Pillar III. Procurement Operations and Market Practices							
6. Efficiency of procurement operations and practices.			Average number of days for procurement cycle from tender advertisement to contract award		(1) PE QB 16a-16b		

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
a) – Adequacy of procurement competence among government officials.	The Procurement Act calls for the establishment of Procurement Management Units (PMUs) in all procuring entities. The PMUs shall consist of procurement and other technical specialists. At the time of assessment 17 out of 20 Procurement entities had established PMUs. A procurement cadre is under establishment. The future procurement officers will be part of the common service under the Ministry of Finance. However, at the moment there are no defined skills and knowledge profiles for specialised procurement jobs. There are no systematic matching of skills against requirements for recruitment, and no competitive mechanism for filling procurement positions.	1	NA			Enforcement of the Act to ensure Procuring Entities established PMU. Expedite the approval of scheme of service for procurement cadre. Expedite establishment of Procurement Professional Board.	ST
b) –Procurement training and information programs	The PPRA has already communicated with National Council for Accreditation of Technical Examination (NACTE) and Tanzania Commission for Universities (TCU) to get list of registered and accredited institutions which conduct training in procurement	1	NA				
c) – Norms for the safekeeping of records and documents related to transactions and contract management.	Section 56 of PPA 2004 requires procuring entities to maintain a record of procurement proceedings for period of not less than five years from the date of completion. Procuring entities are required to keep a procurement record with content as specified in Regulation 19 . However, during the assessment there is a lack of availability of complete procurement records in most procuring entities.	1	Percentage of contracts found with incomplete records as per the list given for this sub indicator keeping.	62% of contracts were found with incomplete records. 68% Procuring Entities keeps procurement transactions and contract management in different files..	(1) PE QB 17; (2) PE QA 2	PPRA ensure Procuring Entities have the Standardized procurement records management system. Procuring entities to ensure procurement records are kept separately from	ST

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
						the other records.	
d) - Provisions for delegation of authority.	The Act implements a decentralized procurement process with adequate provisions for delegating authority.	3	NA				
7. Functionality of the public procurement market.							
a) - Effective mechanisms for partnerships between the public and private sector	There is no formalized dialogue between the public and private sectors. However, the PPRA do engage in informal meetings with private sector organisations. Public Private Partnerships are covered by the Act, but is not regulated or encouraged through legislation. A current government initiative is looking at the legal framework for PPP's.	0	Percentage of favorable opinion on effectiveness of mechanisms by relevant organizations or agencies.	Interviews with stakeholders and association revealed that there is no formalized dialogues between the public and private sector.	(1) Interview with consultants/suppliers/contractors; (2) Interview with associations	PPRA to engage in formal dialogue with public and private sector.	MT

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
b) – Private sector institutions are well organized and able to facilitate access to the market.	There are several institutions. Just to mention some: (i) contractors Registration Board – keeps a register of civil engineering, building, electrical, and mechanical contractors; and (ii) architect and quantity surveyors registration board keeps a register of professional architects and quantity surveyors. There is also an association of consulting engineers that looks at interests of the civil engineering consultants. In general there are sufficient private organisations, relevant to construction, which are active. Notably, there are no private organisations acting for the suppliers of goods.	2	Average number of tenders submitted in each process	19 out of 25 interviewees said tthe private sector is no well organized because it lack capital- credit facilities, equipment, funds , procurement knowledge, planning, lack of negotiation skills, corruption in tendering process, difference in financial capability and low quality of their output.	(1) Interview with consultants/supppliers/con tractors; (2) Interview with associations		
c) – Systemic constraints inhibiting the private sector’s capacity to access the procurement market.	Difficulties in accessing credits and lack of capacity to engage in public procurement processes are seen as barriers.	0	NA				
d) – Clarity and transparency of rules for determining whether to engage international or national markets.	Regulations 65 & 66 contain adequate provisions on when to use national and international competitive tendering.	3	NA				
8. Existence of contract administration and dispute resolution provisions.							

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
a) – Procedures are clearly defined for undertaking contract administration responsibilities	The revised and new STDs and other donor standard bidding documents, which are used by procuring entities have that provision for contract administration. Regulation 121 do contain provisions on contract administration. Regulations 122 and 123 provide provision for management of goods and works respectively. Furthermore, Regulation 127 and 128 require the appointment goods inspection and acceptance committee and works supervisors respectively.	2	Percentage of satisfactory opinions on performance of the system.	The assessemet revealed that 56.2% of contract documents had the provision for administering quality, time, cost and scope control. In practise the quality of the contract administration relies on the supervisors responsible for the implementation of the project.	(1) PE QB 18	PPRA training modules to cover aspect of contract management.	ST
b) – Contracts include adequate dispute resolution procedures.	The revised and new standard tendering documents includes resolution procedure that provide for efficient and fair process to solve disputes arising during performance of contract. Tanzania Institute of Arbitrators (TIA) is established in accordance with the Tanzania arbitration law. A Commercial Court was established in September 1999. The Commercial Court is a division of the High Court of Tanzania and, in principle, provides a place for speedy, efficient and commercially aware litigation of commercial disputes.	3	Percentage of contracts that include ADR provisions.		(1) PE QB 19a-19b		
c) – Procedures exist to enforce the outcome of the dispute resolution process.	Tanzania is a member of the New York Convention on enforcement of arbitration awards. Pursuing such awards through the courts is perceived as risky, costly and cumbersome. There is no systematic process to monitor and improve.	1	NA				

Pillar IV. Integrity and Transparency of the Public Procurement System

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
9. Effectiveness of control and audit systems							
a) – Legal framework, organization, policy, and procedures for internal and external control and audit of public procurement..	There is no specific and periodic risk assessment and controls tailored to risk management take place.	1	NA				
b) – Enforcement and follow-up on findings and recommendations of the control.	Audits are carried out annually but response on implementation of Auditors recommendations take up to a year. The follow up on external and internal audit reports is limited and remains a problem	2	NA		(1) Auditor General; (2) PE QB 20a-20b	Follow up with Audit General	
c) – The internal control system provides timely information on compliance to enable management action.	The standards for internal control are provided in the Internal Audit Manual issued by the Accountant General’s Department. The Manual also provides guidelines for regular periodic reporting to management throughout the year. However, due to capacity constraints the reporting requirements are rarely met with.	2	NA		(1) Auditor General; (2) PE QA 3a-3d		
d) – The internal control systems are sufficiently defined to allow performance audits to be conducted.	The Internal Audit Manual provides a comprehensive written framework for internal control. Internal audit reports are issued for most government entities but are not routinely submitted to the NAO. The follow up on internal audit reports remains limited.	2	NA		(1) TAU		
e) – Auditors are sufficiently informed about procurement requirements.	There is specific requirement for auditors (internal and external) to have procurement knowledge. No specific procurement training are offered to auditors but Procurement is taught as part of auditing training. Procurement Act and Public finance Act are working tools to auditors they are supposed to understand and apply them.	1	NA		(1) PE QA 4a-0b		

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
10. Efficiency of appeals mechanism.							
a) – Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity under the law.	Part VI of the Act and Part IX of GN97 AND Part XII of GN 98 clearly describes the levels of handling disputes in the procurement process.	3	NA				
b) – Capacity of the complaint review system and enforcement of decisions.	Generally the PPAA is perceived as a success, but the PPAA itself points to effective enforcement as the challenge. The lack of a time limit on when a procuring entity must submit a court challenge on a decision by the PPAA stalls enforcement of such decisions. The PPAA can apply a number of relevant remedies, including the annulment of contracts. However, annulment is only an option where there is “fraud or corruption” which seriously cripples the deterrent effect of that remedy.	2	a) Percentage of complaints processed within the time limits posted or set out in the legal framework. b) Percentage of decisions taken that have been actually enforced.	100% of the complaints received were processed within the time limits posted or set out in the legal framework. However, 100% interviewed stakeholders as well as association revealed that they were not in the position to comment as they don’t have any experience regarding the existing review mechanism.	PE B Q7a-c, (1) Interview with consultants/suppliers/contractors; (2) PPRA; (3) PPAA	Dissemination of the Act and its Regulations.	ST
c) – Fairness of the complaints system.	The PPAA have handled 23 case since its establishment.. Decision made on 14 cases, 7 redirected by failing to follow appeal procedures, two cases are on going.	2	Percentage of favorable opinions by the participants in the system on the fairness of the process	5 associations interviewed perceived the system is fair while 100% of the stakeholders were not aware on a review mechanism provided by act.	(1) Interview with consultants/suppliers/contractors; (2) Interview with associations; (3) Media and civil society; (4) PCB; (5) PPAA	Dissemination of the Act and its Regulations.	ST
d) – Public access to decisions.	The PPAA website is established where decisions are made available to the public. www.ppaa.go.tz	3			(1) PPAA; (2) PPRA		
(e) – Independence of	The PPRA is a fully independent body	1	NA	It is independence because	(1) Interview with		

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
the administrative review body.	under the Ministry of Finance, but with its own board and with funds made available directly from the state budget. The PPAA however, is imbedded in the Ministry of Finance itself, without its own budget and under the supervision of the Minister of Finance. This creates at least a perception of conflict of interest. There has been only one case against the MoF, but it was recalled by the complainer before the PPAA could handle it.			it has been established by the Government and empowered by the law, however they have fillings that PPRA independence can be politically interfered if its management is politically appointed	consultants/suppliers/contractors; (2) Interview with associations; (3) Media and civil society		
11. Accessibility to information.							
Publication and distribution of information.	Tanzania Procurement Journal has been registered on June 2007 its expected that the first issue to be out by September 2007. PPRA have a website that keeps procurement information. Adverts containing procurement opportunities are put in various newspapers. PPRA has created e-mail address dedicate for the PEs to sent tenders advertisement (tender@ppra.go.tz). The PPRA is finalizing the establishment of a "Management Information System" that should aid in both gathering information and subsequently making it available to the public.	2	NA	61% of tenders/contracts unsuccessful bidders were not notified in writing although 11% of contracts indicated that the Procuring Entities notified them verbally.	(1) PE QB 21	Enforcement and Monitoring of Regulations 97 and 96(12) of GN 97.	ST
12. Ethics and anticorruption policy and measures.							
a) - Legal provisions on corruption, fraud, conflict of interest, and unethical behaviour.	The Procurement Act part V and the Regulations Part VIII contain provisions on fraud and corruption, including conflict of interest and unethical behaviour. The Act provides for rejection of contract award and blacklisting of physical and legal persons for up to ten years. Criminal proceedings may be instituted via the	3	NA	Assessment has revealed that no firms or tenders were rejected due to corrupt practices for financial year 2005/06.	(1) PE QA 5a-5c		

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
	<p>Penal Code. The revised and new STDs require the bidder to sign anti bribery declaration in their bids. The Government has enacted the new legislation the Prevention and Combating of Corruption Act No.11 2007 which has provision for corrupt transactions in contracts and procurement as stipulated in Section 16 and 17 respectively. Furthermore, witness, expert and victims are protected under Sections 51 and 52 (Whistleblowers protection)</p>						
<p>b) - Definition in legal system of responsibilities, accountabilities, and penalties for fraudulent or corrupt practices.</p>	<p>The notions corruption and fraudulent practices are defined in the Procurement Act, Part I. Sanctions in the form of contract annulment and blacklisting are provided for in the Act, Part V. The Act and Regulations contain detailed provisions on conflict of interest and improper inducement, but there are no provisions prohibiting interventions of former public officials for a reasonable time after leaving office. Criminal proceedings are referred to the Penal Code and the Prevention of Corruption Act. The 7th Schedule of the Regulations contains an Anti-corruption Memorandum setting out procedures for anti-corruption pledges as part of the tendering procedure</p>	<p align="center">2</p>	<p align="center">NA</p>				
<p>c) - Enforcement of rulings and penalties.</p>	<p>According to the PCCB, in 2005/2006 two hundred and fifty cases were reported and eleven of them after investigation were forwarded to director of public prosecution, whereas the remaining cases are still under investigation. Thus, while the pre-requisite legal provisions exist, enforcement remains weak. A public register for blacklisted physical and legal persons have not yet been established and a comparative database on unit costs has not been maintained</p>	<p align="center">2</p>	<p>(a) Percentage of corruption accusations that go to trial. (b) Percentage of those that actually result in application of sanctions or penalties.</p>	<p align="center">4.4% of cases were forwarded for trial to DPP and outcome has been revealed.</p>	<p>(1) PCB</p>	<p>Effective collaboration between PCB, PPRA and DPP</p>	<p align="center">MT</p>

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
d) - Measures exist to prevent and detect fraud and corruption in public procurement.	The PCB Act has amended and established a new bureau know as Prevention and Combating of Corruption (PCCB) with new provisions of combating corruption in contracts and procurement transactions as well as whistleblowers protection. PPRA in collaboration with PCCB are in the process of engaging Consultant to prepare Anti-corruption Strategy in Procurement.	2	Percentage of favorable opinions by the public on the effectiveness of the anti-corruption measures.	100% interviewed Associations commented that the anti-corruption measures are not effective. 96% of stakeholders interviewed perceive the anti- corruption measures are not effective.	(1) Interview with consultants/suppliers/contr actors; (2) Interview with associations; (3) Media and civil society; (4) PCB	Dissemination of PCCB Act 2007 and expedite finalization of Anti-corruption Measure Strategies	MT
e) - Stakeholders support the creation of a procurement market known for its integrity and ethical behaviors.	Civil societies involvement in maintaining a sound procurement environment is limited. Civil societies are not fully engaged in monitoring procurement processes or tracking expenditures. There is some evidence of involvement of the private sector via roundtables, meetings and workshops.	1					
f) - Mechanism for reporting fraudulent, corrupt, or unethical behavior.	The PCCB have several secured mechanism of receiving information these includes an anti corruption hotline which is frequently used; letters which the writer is not obliged to disclose his/her name, through newspapers, informers, other state organs and through internet. The broader anti-corruption reporting mechanisms are generally viewed as secure and accessible and reports are reacted upon. The new enacted PCCB Act 2007 has whistle blowing and witness protection provisions.	3		Associations and stakeholders commented that there is no sufficient mechanism for reporting corruption related behaviour. However, PCCB said they have sufficient mechanism.	(1) Interview with consultants/suppliers/contr actors; (2) Interview with associations; (3) Media and civil society; (4) PCB	PCCB needs to disseminate the available mechanism to the associations and stakeholders.	ST

ASSESSMENT OF PROCUREMENT SYSTEMS BENCHMARKING, COMPLIANCE AND PERFORMANCE TOOL

Baseline Indicator	Status and Trend	Score	Compliance and Performance Indicator	Status	Compliance and Performance Data Source (see OECD-DAC Methodology, PART 2, for review sources)	Proposed Actions	Priority
g) - Codes of Conduct/Codes of Ethics for participant and provision for disclosure for those in decision making positions.	Public Officials involved in procurement and financial management are subject to either the Public Leadership Code of Ethics or the general Code of Ethics for Public Servants. The Leadership Code of Ethics contains an asset and income declaration mechanism, whereas verification of declarations remains weak. No verification has been carried out for local government leaders. No specific Code of Conduct/Ethics exists for procurement officials. There are no special provisions related to procurement and financial management in the existing codes.	2					

REFERENCES

1. The Public Procurement Act No 21. of 2004(PPA 2004)
2. The Public Procurement Act No. 3 Of 2001(PPA 2004)
3. The Public Procurement Act, (Goods, Works, Non Consultancy Services and Disposal of Public Assets by Tender) Regulations –GN.No.97, 2005
4. The Public Procurement Act, (Selection and Employment of Consultants) Regulations –GN.No.98, 2005
5. The Public Procurement Act, (Goods, Works, Non Consultancy Services and Disposal of Public Assets by Tender) Regulations –GN.No.138, 2001
6. The Public Procurement Act, (Selection and Employment of Consultants) Regulations –GN.No.137, 2001
7. Local Government Financial Act 1982, The local Government (Selection and Employment of Consultant)- Regulations, 2003(GN No. 48)
8. Local Government Financial Act 1982, The local Government (Procurement of Goods and Works)- Regulations, 2003(GN No. 49)
9. Tanzania Economic Survey 2006
10. Tanzania in Figures 2006
11. The Prevention and Combating of Corruption Act, 2007
12. National Audit Office (NAO)-The Controller and Auditor General’s Report on the Financial Statements of the Central Government for the Financial Year Ended 30th June 2006
13. Guidance For Validation of Assessment Results(Draft) by OECD-DAC Joint Venture for Procurement
14. Draft Procurement Capacity Assessment User’s Guide , November 2006
15. Methodology for Benchmarking and Assessment of Public Procurement Systems-Version 4, User’s Guide by OECD-DAC Joint Venture for Procurement
16. Tanzania Country Procurement Assessment Report (CPAR), 2003
17. Tanzania Public Expenditure and Financial Accountability Review(PEFAR)-Procurement Review, 2006
18. DAC Guidelines and Reference Series; Harmonizing Donor Practices for Effective Aid Delivery; Volume 3: Strengthening Procurement Capacities in Developing Countries-Preliminary Edition