



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF WORKS

NATIONAL CONSTRUCTION COUNCIL(NCC)



ROUNDTABLE DISCUSSION

**PROMOTION OF EFFORTS TO IMPROVE
CONSTRUCTION INDUSTRY**



**HELD AT JNICC ON
26TH JUNE 2020**



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ABBREVIATION

AQRB	Architects and Quantity Surveyors Registration Board
CEO	Chief Executive Officer
CRB	Contractors Registration Board
ERB	Engineers Registration Board
GDP	Gross Domestic Product
JNICC	Julius Nyerere International Conference Centre
MC	Master of Ceremony
MoA	Ministry of Agriculture
MoE	Ministry of Energy
MoFP	Ministry of Finance and Planning
MoHCDGEC	Ministry of Health, Community Development, Gender, Elderly and Children
MoLHSD	Ministry of Lands Housing and Human Settlement Development
MoW	Ministry of Water
MoWTC	Ministry of Works, Transport and Communications
NAO	National Audit Office
NCC	National Construction Council
OSG	Office of Solicitor General
PCCB	Prevention and Combustion of corruption Bureau
PE	Procuring Entity
PO-PSMGG	President's Office, Public Services Management and Good Governance
PO-RALG	Presidents Office, Regional Administration and Local Governments
PPRA	Public Procurement Regulatory Authority
PSPTB	Procurement and Supplies Professions and Technicians Board
TBA	Tanzania Building Agency
TBS	Tanzania Bureau of Standards
TEMESA	Tanzania Electrical, Mechanical and Electronics Service Agency
VAT	Value Added Tax



1.1 Background

The National Construction Council (NCC) is a Government institution established by Act of Parliament No. 20 of 1979 and become operational in 1981. The mission of the Council is to promote and provide strategic leadership for the growth, development and expansion of the construction industry in Tanzania. The mission is implemented through 15 functions stipulated in Section 4 of the NCC Act, Cap 162 RE 2008. In the process of fulfilling the mission of promoting the development of the local construction industry, the National Construction Council through Section 4(i) establishes forums for enhancing industry-wide coordination, collaboration and discussion on all matters related to the construction industry.

In recent years, the construction industry in Tanzania has enjoyed sustained growth and expansion as evidenced by the projects (number, nature, size, and complexity), its contribution to employment opportunities (direct and indirect), its contribution to the National GDP and the national budget set aside for construction related spending. Similarly, there is sense and evidence of improved industry performance. Indeed, there is improvement in planning, design, procurement, construction, and supervision of infrastructure projects with improve value for money. However, there are still areas which could be improved to realize even better results.

In order to play its role as the promoter of the growth, development and expansion of the construction industry, the NCC, thought of bringing together stakeholders to appreciate the improvement realized so far in the Tanzanian construction industry and chart the way forward for dealing the residual shortcomings. Therefore, on 26th June 2020, NCC organized an event which brought together public entities responsible for implementation of public



infrastructure projects to a Roundtable discussion. The discussions were aimed at sharing experiences on best practices, common challenges, and proposals of efforts required to improve the implementation of public infrastructure projects in Tanzania.

1.2 Objective

The main objective of the Roundtable was to discuss the opportunities for improving the construction industry in Tanzania by reflecting on common challenges facing the development of local construction industry from the Clients' perspective and outline best practices to be adopted by different entities to realize improved performance.

The Roundtable was also aimed at learning the common shortfalls in the implementation of public projects as seen by regulatory and monitoring authorities (Public Procurement Regulatory Authority (PPRA), National Audits Office (NAO) and Office of Solicitor General (OSG)). The opportunity was also afforded to learn from AQRB, ERB, and CRB about areas which need to be considered by public infrastructure implementing agencies in order to build capacity of local firms and realize improved performance.

1.3 Expected Output

The conceived outputs of the event included:

- a) common understanding of what is required to be done in order to achieve value for money in infrastructure projects;
- b) common understanding of the shortfalls and challenges hampering the implementation of infrastructure projects, particularly from the perspective of realizing value for money, and affording opportunities for

the local construction industry to grow and become more competitive; and

- c) advance any proposals to be adapted by stakeholders to realize continuous improvement of the local construction industry.

2.0

ROUNDTABLE EVENT

2.1 The idea

Infrastructure projects envisaged in Vision 2025 require a competitive, vibrant local construction industry. To achieve this, all key stakeholders individually and collectively need to play part in transforming the sector.

The idea started by asking and answering the question, who could be the agent of positive change in the construction industry? Are they aware of that role? How can we demonstrate to them? Brainstormed, Why not establish a forum that will share experiences and chart the way forward together?

Agreed that everything starts with the client, and that, it is the client who employs the other parties of a construction project. Clients can therefore, influence the conduct of consultants and contractors to achieve improved project performance.

Agreed further that, there is need to bring together public infrastructure implementing agents (clients) to promote the fact that, the construction industry in Tanzania is where it is now because of their decisions and actions; and that they have the power to shape the future of the construction industry in Tanzania if they choose to.

2.2 Achieving the objective and outputs

In order to enable the intended objectives and outputs to be achieved the followings were undertaken:

- a) It was agreed that there should be a lead presentation about how value for money could be achieved in the construction projects. In principle the lead presentation was aimed at appreciating the roles of the client in ensuring successful project performance and creation of the project value.

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- b) It was agreed further that, there should be presentations about findings from performance audit conducted by National Audit Office (NAO) and procurement audits by Public Procurement Regulatory Authority (PPRA) to inform, implementing agencies about main common shortfalls in project implementation. Another presentation should come from the Office of the Solicitor General (OSG) to inform participants the main causes of disputes in the construction contracts and the challenges faced during dispute resolution cases.
 - c) The Contractors Registration Board (CRB) would make a presentation about issues commonly identified by Contractors as challenges to local contractors' growth and performance.
 - d) It was thought that with those presentations, discussions would be well informed and therefore fruitful. Agreed that during the event, the recording of the proceedings will be done comprehensively to enable a good report to be prepared and shared with all participants. Each aspect discussed and each resolutions made should be well documented.
 - e) A report will also be shared with those that are identified as responsible for implementing resolutions of the event. Similarly, the Council Board will be informed of the resolutions and be updated on their implementation.
 - f) The National Construction Council would ensure that other events/forums are established, held to continue the efforts to promote local construction industry development. In each of these events, recourse of performance of previous resolutions and recommendation must be presented.

2.3 Attendance

Prior to the roundtable event, 19 out of 33 invited institutions had indicated that they will send representative to attend the event. Some even indicated that they will send more than 1 participant.

The roundtable event eventually happened on 26th June 2020, at Julius Nyerere International Conference Center, as planned. The Chairman of the Council and all the five key speakers attended. A total of 23 participants from 13 public entities attended as registered in **Appendix**

1. It is observed that, out of the 19 entities that had confirmed attendance only 11 entities did send representatives. 3 entities did not confirm attendance nevertheless they sent representatives.

2.4 Event Programme

The event was scheduled to begin at 8:30am and end at 4:15pm (see **Appendix 2** for time allocation of activities). However, it started around 9:30am and ended at 5:30pm, this was mainly due to most participants arriving late at the venue.

2.5 Opening Remarks

Prof. Mayunga Habibu Hemedi Nkunya, the Chairman of the National Construction Council Board officiated the opening of the event. In his opening remarks, these were identified to be key aspects:

- a) Appreciation for institutions and individuals who have attended the event;
- b) Reminded participants of the role NCC plays in promoting the development and growth of the construction industry in Tanzania, citing the importance of forums that bring together stakeholders to collaboratively establish proposals for betterment of the performance of the local construction industry;
- c) Reminded participants the crucial role played by the construction industry in bringing about social economic development in the nation. Citing the extraordinary performance improvement realized in recent years, he reminded participants that better performance will enable Tanzania as a nation to realize even more social economic development, to that he insisted the importance of the event.
- d) Highlighted the topics of presentations that are going to be made in the event, and requested every participant to participate and make their experience known to others;
- e) Underscored that the attendance of each participant is an indication of commitment to the improvement of performance of the construction industry. He requested discussions to identify any barriers to the performance improvement initiatives be them attitudinal barriers, organizational barriers, industrial barriers or any other barriers so that the same could be eliminated for meaningful development; and



- f) Insisted on the commitment of the NCC and in particular, the Board to work on all recommendations that will come from the presentations and discussions.

2.6 Presentations and Discussions

During the main sessions of the event, five [5] presentations were made. Each presentation was scheduled to take a maximum of 30 minutes. However, the presentations were presented beyond the allotted 30 minutes. The timekeeper decided to allow each presentation to be finished at the presenters pace.

The lead presentation titled "*How to Enhance Value for Money in Procurement*" was made by Dr. L.M. Shirima. The presentation was 20 slides long whose main contents include:

- a) Construction Projects (infrastructure lifecycle);
- b) Value Creation in construction projects
- c) Public Procurement Principles
- d) Value for money concepts & principles; and
- e) Fit-for-purpose procurement process & VFM opportunities in procurement stages

The Second presentation was made by Eng. Mary M. Swai of PPRA. Her presentation was titled "*PPRA Monitoring and Projects Implementation Challenges*". Other presentations are as follows:

- a) Observations from Performance Audit Reports, presented by Eng. James G. Pilly of National Audit Office (NAO);
- b) CRB's Experience on Challenges facing Contractors associated with Public Client's Actions, presented by End. David Jere of Contractors Registration Board (CRB); and
- c) Causes of Disputes in Pubic Funded Construction Projects: Experience from Litigation & Arbitration Practice, presented by Mr. George N. Mandepo and Mr. Ponziano Lukosi from the Office of the Solicitor General (OSG).

The general evaluation of these presentations is that firstly, they were relevant to the theme of the event and therefore contributed to making the discussion meaningful and focused to the topical issues, and secondary, to a great extent these presentations demonstrated the consistency of shortcomings, challenges and recommendations for improvement.



The Event programme provided two sessions for plenary discussions. The first session discussed the papers presented by Dr. Shirima and Eng. Swai. The second session involved discussing issues brought forward by the presenters of the other three papers. During the discussion, participants asked questions, contributed their opinions and raised other issues of concern. **Appendix 3** shows issues, comments and opinions as recorded during the discussion.

An overall evaluation of the usefulness of the discussions is that indeed the sessions are important to allow participants to get clarifications, to challenge findings, give opinions, recommendations and share best practices.

It is important to note that there were at least five main aspects which need to be communicated to appropriate institutions and/or authorities in order that they are addressed within their mandates or using their persuasive powers. These are:

- a) The prevailing problem of inadequate designs, tender documents, contract documents and inadequate supervision of projects by consultants;
- b) Delay in issuing VAT exemptions to qualifying projects;
- c) Inadequate deliberate efforts to set aside projects for capacity building to local firms as provided in the Local Content Policy and Public Procurement Regulatory Framework;
- d) Need for establishment of databanks of construction costs and specifications of public works; and
- e) Need to make a policy statement about commitment to timely payment of contractors and consultants.

2.7 Closing remarks and way forward

The Chief Executive Officer, NCC, gave closing remarks. In his remarks the CEO firstly, thanked every persons who attended and participated in the Event. He was appreciative of the institutions which have sent representatives to the event. Secondary, the CEO appreciated the presentations that helped to lead the discussions. He however, apologized for the delay and the limitation of time which has made it difficult for the participants to make resolutions. The CEO promised to prepare the report of the event with some proposed resolutions which will be circulated to participants for comments if any.



The National Construction Council has taken at least two major issues from this roundtable meeting, which will pursue to enable some meaningful solutions to be employed to solve them. These are delayed payments to contractors and consultants; and inadequate designs, and supervisions.

APPENDICES



PROMOTION OF EFFORTS TO IMPROVE CONSTRUCTION INDUSTRY ROUND TABLE MEETING WITH CLIENTS

VENUE: JULIUS NYERERE INTERNATIONAL CONVENTION CENTER

DATE: 26/ JUNE/ 2020

TIME: 08:30am – 4:00pm

ATTENDANCE SHEET

S/No	NAME	INSTITUTION	SIGNATURE
1	ENG. DR. LAURENT M. SHIRIMA	UDSM-CDET	
2	ABDUS HALIM	PCCB	
3	ARCH. EDWIN MAMUNDU	AQRB	
4	ENG. MARY J. MARIKWE	TRC	
5	Arch. Supo. Baitman	PO-RALG	
6	Eng. David Jase	ORB	
7	JESIAH MWABUSA	MOFP	
8	By GEORGE ALKIMBA	TABUEA DSM	
9	Eng. Eugene J. SALAM	TBA	
10	Arch. Roshid M. Mwandu	TBA	
11	George M. Mwandu	OSB	
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PROMOTION OF EFFORTS TO IMPROVE CONSTRUCTION INDUSTRY ROUND TABLE MEETING WITH CLIENTS

VENUE: JULIUS NYERERE INTERNATIONAL CONVENTION CENTER

DATE: 26/ JUNE/ 2020

TIME: 08:30am – 4:00pm

ATTENDANCE SHEET

S/No	NAME	INSTITUTION	SIGNATURE
21	James Ally	NAO	
22	Cimwita Khawitwa	PCCB	
23	HAIKAMEN MLEKIO	NHC	
24	ENG. OBVA R. KIKUMI	TRC	
25	Dr. NIDNED PAWI	PRA	
26	ARCH. JONATHAN RWASAGABO	PO-RALG	
27	PHINAS OPAMBA	NCC	
28	ENG. HARRY M. SALAM	TREA	
29	ENG. TEMBA MSEMIO	PSSF	
30	Phumani Lukosi	QSG	
31	MURIELA L. UKHARI	ILALA	
32	DANIEL MUTHIGAWISULO	TBA	
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**UNITED REPUBLIC OF TANZANIA
MINISTRY OF WORKS, TRANSPORT AND
COMMUNICATIONS
NATIONAL CONSTRUCTION COUNCIL**



**PROMOTION OF EFFORTS TO IMPROVE CONSTRUCTION INDUSTRY
ROUNDTABLE DISCUSSION**

Julius Nyerere International Convention Center

26th June 2020

TIMETABLE

TIME	ACTIVITY	RESPONSIBLE
08:30am - 09:00am	Registration	All
09:00am - 09:10am	Welcoming and Introductory Remarks	CEO - NCC
09:10am - 09:20am	Opening Speech	Board Chairman (NCC)
09:20am - 09:50am	Presentation: <i>Creation of Value for Money in Procurement</i>	Eng. Dr. L. M. Shirima (UDSM)
09:50am - 10:00am	Group Photo	All
10:00am - 10:30am	Tea Break	All
10:30am - 11:00am	Presentation: <i>Monitoring Experience and Project Implementation Challenges</i>	Eng. Mary Swai (PPRA)
11:00am - 12:00	Discussion	All/Moderator
12:00 - 12:30pm	Presentation: <i>Challenges Facing Contractors Associated with Public Client Actions</i>	Eng. David Jere (CRB)
12:30pm - 13:00pm	Presentation: <i>Observations from Performance Audit Reports</i>	Eng. James G. Pilly (NAO)
13:00pm - 01:30pm	Presentation	OSG-Representative
01:30pm - 02:30pm	Lunch	All
02:20pm - 03:30pm	Discussions	All/Moderator
03:30pm - 4:00pm	Resolutions	Moderator
04:00pm- 4:15pm	Closing Remarks and Way Forward	CEO NCC

S/N	Issues Raised	Resolution	Proposed Responsible Organization(s)
1.	CREATION OF VALUE FOR MONEY IN PROCUREMENT		
	1.1 The low level of involvement of key stakeholders at different stages of the project cycle, particularly for public projects, has proven to result into most projects failing to fully meet the needs of the Users/stakeholders. <i>1.1.1 The problem could be resulting from lack of guideline on how to involve stakeholders.</i>	Government to issue a comprehensive guideline on involvement of project stakeholders in all public projects in order to enhance the performance of the project	MoFP and PPRA PPRA, NCC, ERB, AQRB, CRB
	1.2 Infrastructure Projects implemented by Entities whose core function is not construction are characterized by poor statement of requirements associated with unrealistic designs and cost estimation <i>1.2.1 The problem could be caused by lack of technical capacity to prepare requirements or review those prepared by consultants</i> <i>1.2.2 The problem could also be caused by lack of following :</i> i) Building Act; ii) Building Code;	• Government to issue a directive requiring public institutions which have no technical capacity to procurement works should do so through other public institutions with the relevant capacity. • The Government should ensure the following guidelines are prepared and used to guide the design and construction of infrastructure in Tanzania: i) Building Act; ii) Building Code; iii) Building Regulations; and	MoWTC MLHSD, MoW, MoE, PO-RALG, PO-PSMGG, NCC, ERB, AQRB, CRB, PPRA, TBA, TEMESA, TBS

Issues and Resolutions

S/N	Issues Raised	Resolution	Proposed Responsible Organization(s)
	iii) <i>Building Regulations; and</i> iv) <i>Standard Specification of public infrastructure.</i>	iv) Standard Specifications for design and construction of public infrastructures	
1.3	Identified the following aspects to be important in order to ascertain value for money in projects 1.3.1 Use of Fit For Purpose procurement approach (RFB Vs RFP) as informed by the market and project complexity; 1.3.2 To establish appropriate evaluation criteria and use them to evaluate tenders and proposals	PPRA should continue building the capacity of procuring entities and issuing guidelines on selecting appropriate procurement method, establishment of appropriate evaluation criteria and conducting comprehensive evaluation of tenders and proposals.	PPRA
2.	PROJECT IMPLEMENTATION CHALLENGES		
2.1	There is prevalence of the following shortcomings in compliance with Public Procurement legislations: 2.1.1 use of tendering documents not issued with PPRA without appropriate approvals; 2.1.2 PEs are not keeping procurement records as required; 2.1.3 Most Consultants have very minimal understanding of both the Act and Regulations	• PPRA should continue offering trainings to PEs and Consultants to eliminate these shortcomings • ERB and AQRB should encourage registered consultants to attend PPRA trainings	PPRA, ERB, AQRB ERB, AQRB PPRA

S/N	Issues Raised	Resolution	Proposed Responsible Organization(s)
	2.1.4 Carrying evaluations using criteria not in tender documents 2.1.5 Accepting poor works, goods and services 2.1.6 Fraudulent and Corruption.	PPRA to issue a guideline requiring PE to require Consultants to demonstrate understanding of Public Procurement Legislation to be employed	
2.2	There is prevalence of delayed payments to contractors (and consultants) associated with denied interest on delayed payment	NCC in collaboration with AQRB, CRB, and ERB should study this problem properly and advise the Government appropriately	NCC, AQRB, CRB and ERB
2.3	Incompetent practices among local consultant characterized by: 2.3.1 Inadequate designs and tender documents 2.3.2 Unrealistic project cost estimates 2.3.3 Unreasonably low project and contract supervision levels 2.3.4 Consistent delay in performing contractual obligations	- AQRB and ERB to carry out a thorough study of the problem and act appropriately - PEs should report such consultants to respective registration board for appropriate actions to be taken - Government to establish a databank of updated construction rates	AQRB and ERB AQRB, ERB NCC
2.4	Contractors prevalently display the following incompetence: 2.4.1 Using unqualified staff 2.4.2 Using inadequately trained staff resulting into unsatisfactory workmanship 2.4.3 Consistently not adhering to delivery schedule, quality plan, and safety plan.	- PEs should take appropriate contract administration actions to such contractors and report the same to PPRA, and CRB - Government to start a database of performance of contractors and consultants to be used in future projects	PPRA, CRB PPRA

[illegible]

S/N	Issues Raised	Resolution	Proposed Responsible Organization(s)
4.2	Clients are seen not to take their contractual obligation seriously as demonstrated by: 4.2.1 Delayed payments 4.2.2 Delayed approval of changes in contract 4.2.3 Not taking appropriate actions against contractors and consultants 4.2.4 Acceptance of poor quality work 4.2.5 Delayed site handover 4.2.6 Inadequate design and tender documents 4.2.7 Constant delayed decision	- PPRA in collaboration with AQRB, and ERB to design and offer appropriate capacity building programs to Clients and Consultants - PPRA in collaboration with PSPTB to accredit procurement capacity of PEs to implement works project and give appropriate recommendations - Compliance Monitoring Organs to take appropriate actions against prevalence misconduct	PPRA, AQRB, ERB PPRA, PSPTB PCCB, PPRA
5.	ISSUES RELATED TO DISPUTES RESULTING FROM PROJECT IMPLEMENTATION.		
5.1	It's observed that most disputes arise from disagreement, misunderstanding, poor relationships or escalated conflicts between the parties. Mostly when one party fail to abide with the terms and conditions stipulated in the contracts.	PPRA in collaboration with NCC and OSG should design and offer courses on Construction Contract Management and Administration	PPRA, NCC, OSG
5.2	Expensive dispute resolution costs	NCC in collaboration with TIArb, AQRB, ERB and practicing Arbitrators should establish fair fee rates	NCC, TIArb, AQRB, ERB

S/N	Issues Raised	Resolution	Proposed Responsible Organization(s)
5.3	Lack of adequate records to urge cases during dispute resolution process	PPRA in collaboration with NCC, AQRB and ERB should issue a guideline on important information to be recorded on site	PPRA, NCC, AQRB, ERB
6.	EMERGING ISSUE		
6.1	Delay in issuance of (VAT) tax Clearance to qualifying Projects	MoFP should issue a detailed guideline on how (VAT) tax clearance is requested and issued	MoFP