

BRIEF REPORT ON BREAKFAST DEBATE – SEPTEMBER 2007: “PUBLIC PROCUREMENT AND ACCOUNTABILITY IN TANZANIA: HOW FAR HAVE WE REACHED?”

Strong procurement management in the public sector is a tool for achieving political, economic and social goals. In the era of diminishing resources and increased demand for accountability and transparency in government, the “stakeholders / shareholders” of the public sector are demanding more effective and efficient use of public resources. Over forty years have passed since the old framework of public procurement in Mainland Tanzania was established, in very different circumstances to those of today. There have been changes in the political, economic and commercial environment in Tanzania, particularly in recent years when the resurgence of commercial life and the availability of foreign exchange to pay for imports have resulted in goods being freely available from a variety of sources. How can we ensure that public procurement in Tanzania is done in an efficient, transparent and fair manner? How far have we reached?

In order to make these issues more clear, Dr. Mlinga, CEO of the Public Procurement Regulatory Authority (PPRA) and Mr. Ole-Naiko, Executive Director of Tanzania Investment Centre spoke on the state of public procurement in Tanzania and examined how far we have reached.

Dr. Mlinga first pointed to the recent press release that reported seventy-one per cent of all purchases in public institutions in 2006/07 were incorrect, and did not comply with the regulations of the Public Purchase Act of 2004. The audits conducted enabled PPRA to understand the gravity of procurement problems and how best to tackle them. The journey towards establishing a procurement system that is transparent, fair, effective and efficient and able to offer value for money is a long one and the target is to achieve this by 2010 (80% compliance). The aim however is to go beyond compliance but focus on value for money. In terms of the way forward, Dr. Mlinga pointed to the fact that the Laws and Regulations, PPRA and PPAA are in place but there needs to be more interventions. These include establishment of Procurement Management Units with adequate staff and working tools, Public Procurement Appeals Authority, proper system of checking and monitoring procurement activities and increasing capacity of public officials to implement Act. Additionally, there needs to be harmonization of procurement procedures of various institutions including donors, simplified guidelines, Code of Ethics for Bidders and public officials, proper system for collections, storage and dissemination of procurement information and cooperation of top government leadership in ensuring that the Act is implemented. Dr. Mlinga called for politicians, NGOs, CSOs to understand the procurement system to enable them to unveil wrongdoings, bidder to exercise their right to complain when treated unfairly, the need for training institutions and increase participation of local firms in government tenders. Dr. Mlinga concluded by calling on all of us to join hands to create a corrupt free public procurement regime.

Mr. Ole-Naiko pointed to the fact that the Public Procurement Act of 2004 was enacted to provide the legal framework for carrying out procurement using public funds to enhance transparency, accountability and efficiency and to maximize procurement performance and to standardize tender documents to enhance overall quality and integrity. Although acknowledging its importance, Mr. Ole-Naiko pointed to the conflicting nature of this Act with other policies specifically the National Economic Empowerment Policy and the Empowerment Act of 2004. The Empowerment Policy aims at making Tanzanians key player in our economy and to create a middle class. He believes that Procurement Policy has some negative effect on empowerment. He points to the natural collision of interest between the National Economic Empowerment Act of 2004 and the current PPA of 2004. While the Empowerment Act calls for promotion and support of business ventures pioneered and run by Tanzanians, the PPA prohibits splitting tenders and contract for the purpose of favoring local companies. The PPA also affects linkages between local and foreign companies in the sense that the current trend is to motivate large multinational companies to invest in large infrastructure projects. There are no sub provisions in the PPA 2004 to encourage these large multinationals to subcontract to local companies. Further, the policy will effect promotion of local products as local products are now competing against imported goods and cheap products. For example, some Steel

Pipes manufacturing companies have complained that certain district councils have specifically stated that they were not allowed to bid and the assumption is that the tender targets importers of alternative pipes only.

DURING GROUP AND PLENARY DISCUSSION THE FOLLOWING MAIN POINTS WERE RAISED:

- **Political Will**

Need for Political Will to address procurement and corruption in Tanzania as a whole. This is not just a procurement issue, it is one that deals with overall corruption and accountability in the country and should be treated as such. The entire government system needs to work with PPRA in addressing the challenges, not just PPRA.

There is need for a body to be in place that will explain to the citizens at large what the PPRA does. This should come from the government and can show commitment to the fight against corruption and desire for increased accountability.

Need for campaign by PPRA to see what is really going on in relevant ministries

Need for 'whistle – blower' protection. People need to have more faith and confidence in the system.

- **Capacity Building**

Matter of Practice in technical expertise criteria should be included.

Local firms should be empowered/to get capital and technical know how

Business incubators should be put in place

Education PEs to know the Law and Act: there should be strategies in place to encourage local entrepreneur

- **Harmonization**

PPA should be revisited to harmonize inconsistencies. There is a lack of coordination process to ensure our national policies are harmonized and not directly conflicting with one another as in this case between the PPA of 2004 and the National Economic Empowerment Act of 2004. There is further need a comprehensive value system that all should subscribe to. If we had a system in place then we would reduce conflict within our policies. This can be through working around MKUKUTA and Vision 2025 to harmonize our policies. This will reduce the amount of contradictions within Tanzania's national policies. Additionally there is need for coordination and cooperation with other ministries.

- **Strategic use of media and technology**

Information from PPRA – there should be more media access – the use of radio is encouraged. What about the use of "e-procurement"? - Internet based system allows for higher levels of transparency. This could serve to increase the accountability and transparency issues currently faced by PPRA.

- **Independence and Autonomy**

How much autonomy and independence is there when the PPRA is funded by the government and Development Partners and the CEO of PPRA is appointed by the president? Is there potential conflict of interest in terms of security of tenure? Are there difficulties involved in challenging the 'boss' when they are the ones that hired you?

- **Access to Information**

The necessary information needs to be accessible to those that are conducting audits and to the public. Documents need to be translated to Kiswahili so as to ensure that we are reaching more Tanzanians. Most publications so far are in English which excludes the majority of the population from accessing the information. Try to use user friendly terminology that many will understand i.e. the term 'procurement' seems very technical and not easy to understand. Maybe can use 'tender' instead.

In his concluding remarks, Dr. Mlinga pointed to need of opening up debate about capacity of bidding institutions and the agreed that political will in important. Further the issue of autonomy needs to be addressed and the PPA needs to align with MKUKUTA and Vision 2025. He stressed the importance of performing audits as the only way to ensure compliance. He stressed the need to critically think about procurement and that e-business is still very young in Tanzania.

Mr. Ole-Naiko called for a more holistic approach focusing on long term building of local capacity and increase education and harmonization of policies in Tanzania. He agreed that e-business will leave a lot of people out and stress that harmonization is key to overall success.

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