

BRIEF REPORT ON THE 7:30 BREAKFAST DEBATE – SEPTEMBER 26TH 2008

'TRANSPARENCY & ACCOUNTABILITY WITHIN THE CONSTRUCTION INDUSTRY IN TANZANIA'.

Although construction is an important industry for economic growth and reducing poverty in development countries like Tanzania, it is also widely perceived to be one of the most corrupt and mismanaged. Corruption in the sector costs Tanzania taxpayers billions of shillings per year, sometimes resulting in substandard, defective and dangerous infrastructure which impacts more strongly on the poor.

This month's debate was on ethical and professional issues surrounding the construction industry. The presentations were made by Prof. Ninatubu Lema, Chairman of Engineering Registration Board (ERB) and Eng. Kazungu Magili, Vice Chairman of Tanzania Civil Engineering Contractors Association (TACECA). Miss Vera Mshana facilitated the debate.

The first presentation was done by Prof. Ninatubu Lema who started by giving the definitions of the profession, corruption and integrity. On the profession, he defined that it is a disciplined group of individuals who adhere to high ethical standards and uphold themselves to, and are accepted by, the public as possessing special knowledge and skills in a widely recognised, organised body of learning derived from education and training at a high level, and who are prepared to exercise this knowledge and these skills in the interest of others. He said integrity is a possession of firm principles and the quality of possessing and steadfastly adhering to high moral principles or professional standards. He finally defined corruption as the abuse of public office for private gain or offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or contract execution. He mentioned the 'red flags' of corruption as:

- Poor record keeping;
- Deviations from procedures without written justification;
- Poorly defined roles/responsibilities and Lack of controls;
- Extravagant lifestyle of concerned individuals;
- Excessive interaction of individuals with suppliers;
- Secrecy of some officials including reluctance to delegate and keeping contact with certain suppliers exclusive.
- In the market place, it is always the same suppliers competing and there is a reluctance of established suppliers to enter competitions.
- Excessive cost overruns, excessive number of change orders, frivolous disputes.

He further explained that research has proven a strong link between poverty and corruption. He said there was a close association between good performance in this year's Corruption perception Index (CPI) and income per head.

In his conclusion, he said that there must be Capacity building programmes to ensure that procurement is carried out by people who understand and adhere to the basic principles of equality, transparency, openness and fairness. He advocated for the establishment of a whistle-blowing mechanism in which bidders shall have the opportunity of raising concerns about malpractices within procuring entities. He also said that bidders should be educated to understand the basic procurement principles and procedures.

The second presentation was from Eng. Kazungu Magili on Anti-corruption Initiative from the perspective of TACECA. He gave a very short and brief study of TACECA on the state of corruption in the construction industry in 2006, The study reviewed the following aspects and made proposals for mitigation, nature and extent of corruption in the procurement of construction contracts; transparency and accountability; existing anti-corruption measures; and role of TACECA in combating corruption in the procurement of construction contracts.

Some of the findings of the study show that significant corruption exists at various stages of the procurement process, from prequalification of contractors through the construction supervision up to the final account stages. The majority of contractors interviewed during the course of this study (83.5%) indicated that the major contributing factor is the high level of competition for jobs amongst contractors due to the fact that available job opportunities were few compared to the number of contractors competing for these jobs. This situation results into a scramble by many contractors for a very small cake of available job opportunities which everyone wants to get.

Furthermore, the study shows that corruption has wide ranging effects on political and socio-economic development in Tanzania. It introduces uncertainties in the economic environment that affects the way contractors do business. It also inflates project costs and reduces competition, it undermines capacity building of local contractors and creates projects that are white elephants in the sense that they are chosen not on the basis of their intrinsic economic worth, but on the opportunity they present for bribes and kickbacks.

TACECA has designed a system which will involve a two-pronged monitoring approach whereby ongoing and planned initiatives can be monitored on a routine basis (primarily in terms of outputs and activities) and the overall impact of the combined initiatives (government, donor etc.) is monitored to ascertain if they have resulted in a reduction in the levels of corruption. Initiatives will be monitored through an 8 step process:

1. identifying initiative
2. identifying objectives activities and outcomes
3. design relevant indicators
4. means of verification identified
5. gathering data for monitoring
6. analysing initiative
7. reporting
8. feedback.

TACECA's anti-corruption initiative is multi-faceted in that it has two approaches. One is the Construction Sector Transparency Initiative (CoST) and the other is the Project Anticorruption System. CoST is about increasing transparency and enhanced transparency in the construction sector and has two main benefits. Firstly, corruption is reduced since persons intending illegality would perceive a greater risk of getting caught thus modifying their behaviour and secondly, management would improve since slack practices would come to light and more care would be taken. A (PACS) according to Transparency International (TI) is an integrated and comprehensive system specifically designed by TI to assist in the prevention of corruption on construction projects. It uses a variety of measures which impact on all project phases, on all major participants, and at a number of contractual levels, the system is being implemented in Tanzania by Public Procurement Regulatory Authority (PPRA).

In his concluding remarks, he said corruption in the construction industry can be substantially alleviated through collaboration of all stakeholders, i.e. government and its institutions, civil society, the private sector and the public at large.

Comments and Questions from Plenary Discussion:

- What makes the construction industry to be more corrupt than other sectors?
- Are there any laws that you should abide to before practicing engineering?
- In your presentation I could not see the role of beneficiaries - the ones who get low quality products - what should the beneficiaries do to combat corruption?
- We seem to have good mechanisms to fight corruption but how can we address the problem of corruption that affects residential settlements - The two presentations seem to focus more on huge public projects.
- Access to information on public projects is still a challenge.
- Sometimes project beneficiaries fail to follow step-by-step the procurement procedures in public projects - we need to enhance public knowledge so that they can follow-up on this.
- Why do local companies compete for fewer jobs than foreign companies do?
- The falling of buildings is due to poor contactors and a result of corruption in the registration of contractors.
- It is not true that corruption in construction is due to high competition but it is due to a very weak system of screening the entities.
- Are there laws to protect workers and pedestrians (safety) at the construction site?

Respond to the Comments and Responds:

- ❖ From an engineering profession point-of-view, we a professional code of ethics to govern us.
- ❖ Total participation of all beneficiaries in decision-making will help solve the problem of corruption in public projects. The site board in construction sites should also give more information like the cost of project, funder and timeframe.
- ❖ The local companies fail to get fewer jobs due to the fact that foreign companies have more wealth and capacity to manage huge projects (sometimes financial capacity is a requirement to be awarded a contract).
- ❖ We need to enhance the capacity of PPRA so as to fight corruption in procurement.
- ❖ There is no protection in the construction industries for the whistleblowers but there is a system of networking in which we can inform the Public Procurement Regulatory Authority that there is an act of corruption somewhere.

Miss Vera Mshana from policy forum closed the discussion and welcomed the participants to the other next month brake fast debate.