

Construction Delays in Local Government Authority Procurement: Decentralisation Policy Perspectives from Tanzania

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Abstract

The aim of this study was to find out whether the level of decentralisation for the Local Government Authorities (LGAs) in Tanzania causes construction delays or not. Focus group discussions were used to collect data from eight district councils in Kigoma and Dodoma regions, and analysis was undertaken utilising New Institutional Economics (NIE) perspectives, specifically the principal–agency (t) theory. It was found that there were construction delays where degree of autonomy in ex-ante and ex-post contracting was less than expected, while Tanzania’s central government retains partial autonomy over the LGAs and exercises authority over large construction contracts, due to the many hierarchies involved in planning, tendering and contract supervision. Where autonomy and authority over procurement were high, agency problems related to self-interest, adverse selection, and bound rationality due to lack of capacity among actors was evident, which also caused construction delays. Capacity building for all construction procurement actors could minimise construction delays in the LGAs.

1.0 Introduction

In Tanzania, “decentralisation”—the transfer of authority and responsibility for public undertakings, such as large-scale construction projects, from the central government to local government authorities (LGAs)—can be traced back to 1961, when the country attained independence. Tanzania has also moved back and forth through the whole decentralisation continuum (Schneider, 2003), from deconcentration through to devolution. “Deconcentration” is a form of administrative decentralisation wherein the central government transfers responsibility for policy to its offices at the subnational level, retaining authority over the field office and exercising that authority through the hierarchical channels of central government bureaucracy. Hence, it allows only marginally more autonomy than centralised systems. By contrast, decentralisation by means of “devolution” (Schneider, 2003) provides the greatest degree of autonomy for an LGA in terms of administrative powers and fiscal resources. The local unit is only accountable to central government insofar as the latter can impose its will by threatening to withhold resources or responsibilities.

Following the independence of the United Republic of Tanzania (URT) from the United Kingdom in 1961, its colonial inheritance was found to be unfit for real development, and, consequently, strengthening local institutions to ensure popular participation was emphasised in the country’s institutional reforms from decolonization to decentralisation (Picard, 1980). However, between 1967 and 1972, institutional arrangements in Tanzania changed again, and, in 1972, LGAs were abolished and replaced by a deconcentration of the government under which central

government officers could be brought closer to the people. Yet, deconcentration also did not bring about the desired results (Max, 1991), instead leading to government officials being influenced by rules, regulations, and bureaucracy rather than by local opinion and priorities (Samoff, 1989).

A Local Government Reform Programme (LGRP) (URT, 1998) was subsequently established, which advocated a return to decentralisation. Specifically, the LGRP set out to create local government institutions that were largely autonomous, featured strong and effective democratic government, fostered participation in development, reflected local demands and conditions, and were transparent and accountable. The new policy was founded on the principle of “decentralisation by devolution” (also referred to as “D by D”) (URT, 2009), according to which the central government devolves power and authority to quasi-autonomous local units of government, with the intention of facilitating participation and reducing delays in local project planning and development.

1.1 Local Government and Procurement

The current procurement system in LGAs in Tanzania cannot be discussed without reference to the aforementioned “D by D” policy, under which considerable powers, administrative autonomy, political functioning, and fiscal resources (including procurement) have been devolved to local government (URT, 2009). In addition, it is worth noting that the literature on public procurement in Tanzania posits that the central government’s procurement performance is higher than that of LGAs, in terms of compliance with public procurement policy and regulations and

value for money (PPRA/BTC, 2012). The latter, “value for money” measure is used to assess an organisation’s capacity to obtain maximum benefit from the goods, services, or developments (i.e. construction projects) it requires or provides, in close relation to the resources available to it. Such assessment does not measure only the cost of the goods, services, or developments, but also takes into account a complex mix of factors such as quality, use of resources, fitness for an organisation’s purpose, timeliness, and opportunity (KPMG, 2012).

The decentralisation of LGAs in Tanzania was based on the assumption that transforming responsibilities for managing funds and personnel from central government would improve provision of social services such as education, water, and health, thus contributing to the national drive to reduce poverty by improving service delivery in key sectors of the economy. However, completion delays in some large construction projects, which, at least in part, contribute to poor service delivery, have been reported for the past five years. Examples of delayed projects include the regional Water Sector Development Programme (WSDP), the Road Fund for local government road works, Secondary Education Development Programmes, and irrigation schemes. Additionally, some LGAs have reported delays in minor construction works, such as fences and periodic maintenance and spot improvements of rural roads and other public infrastructures, due to delays in the transfer of funds from central government. (URT, 2015)

Evidently, some procurement functions for large construction projects, including aspects of the tendering and contracting processes, are still administered by Tanzania’s central

government, hence this study's central question concerning the extent to which the scope of authority and autonomy in the country's decentralised, local government brings about delays in such projects. This question is also considered from the perspective of principal–agency theory, given that there may still be some self-interest among agents in the decentralised arrangement.

Construction completion, just like the delivery of goods or services at a right time, is one of the objectives of procurement in any institutional setup. It is an interesting area of discussion because it contributes to a project's value for money (URT, 2015). Moreover, construction delays are cited as one of the major issues contributing to a lack of value for money in most construction projects in LGAs in Tanzania—yet, the root cause of such delays in LGAs remains unknown in a decentralised system.

1.2 Procurement Regulations

In most principal–agency relationships, the principal incurs monitoring costs as a result of the agent not making optimal decisions from the principal's viewpoint. In view of this, in Tanzania, the government has imposed stringent policies and codes of practice to control the decisions of its agents (i.e. contractors or consultants and those acting on their behalf), and public procurement in LGAs is regulated by a number of laws and regulations (Rasheli, 2016). These include the Public Procurement Act (URT, 2016) and associated Regulations (URT, 2013), the Local Government Authorities Tender Board Proceedings (URT, 2014), and the Local Government Authorities Financial

Memorandum, which shows various actors within fiscal processes in the LGAs (URT, 2009).

1.3 Consequences of Construction Delays

Policies affected by construction delays include the country's "D by D" decentralisation policy as well as the LGRP, with the considerable powers, functions, and resources that have been devolved to the local government under both (URT, 2009) becoming hampered by such complications.

Secondly, value for money in delayed construction projects cannot be achieved, thereby impeding achievement of the goal of Tanzania's Second National Strategy for Growth and Reduction of Poverty of "ensuring systems and structures of governance uphold the rule of law and are democratic, effective, accountable, predictable, transparent, inclusive, and corruption free at all levels" (URT, 2010), which recognises good governance as fundamental for economic growth and poverty reduction.

Thirdly, the fulfillment of objectives of the national policy "Tanzania Development Vision 2025," specifically those pertaining to good governance and the rule of the law ensuring that citizens are empowered with the capacity to make their leaders and public servants accountable, could be affected. In setting out to ensure a culture of accountability, Vision 2025 also rewards good performance and the effective curbing of corruption and other iniquities.

2.0 Theoretical Review and Empirical Literature

2.1 Principal–Agency Theory

The principal–agency (t) perspective is one of the new institutional economics theories, and, within the present study, is related to the management of the public tendering process, written contract incentives, and contractual relationships. A principal–agent relationship arises between two parties when one—the agent—acts for, on behalf of, or as a representative for the other—the principal—in a particular domain (Logan, 2000). Issues within such relationships can include the adverse selection of a low-quality agent and the moral hazard of poor performance (Moe, 1984). The former is a problem related to ex-ante contract management, specifically during the tendering or bidding processes, while corresponding ex-post agency problems concern the administration, supervision, and management of contracts as well as their closure. Agency theory in this context also applies to information asymmetry between parties, as the “most efficient contract” (Logan, 2000) includes the right mix of behavioural- and outcome-based incentives to motivate the agent to act in the interests of the principal (Baiman & Rajan, 2002; Eisenhardt, 1989; Narayan & Raman, 2004).

There are two approaches to utilising principal–agency theory in research. The first is concerned with the general theory of the principal–agent relationship, which can be applied to employer–employee, lawyer–client, buyer–supplier relationships, and so on. The second focuses on a particular application, such as between owners and managers of large corporations or, as is the case in this paper, the buyer–supplier type of relationship. Herein, the

principals are represented by the LGAs (i.e. District Council authorities) and the agents are private contractors.

Positivist agency theory identifies goal conflict situations, contract alternatives, and governance mechanisms comprising information systems or outcome-based incentives to align managerial behaviours with owner preferences (Forbes, 2014). Agency theory is also conceptualized as being underpinned by different types of assumption (Eisenhardt, 1989), as follows:

- *organisational assumptions* are held to be goal conflict among participants, efficiency as an effectiveness criterion, and information asymmetry between principal and agent;
- *human assumptions* encompass self-interest, bounded rationality, and risk aversion; and
- *information assumptions* center on the fact that information is a purchasable commodity.

2.2 Literature Review

There exists a vast literature concerning construction delays in most parts of the world, including Sub-Saharan Africa. For example, Alaghban et al. (2007) used survey methods to identify major factors for delays in construction works in Malaysia among contractors, owners, consultants, and other stakeholders. Financial problems were found to be the main issue, followed by coordination problems. Similarly, Mydin et al. (2014) evaluated and identified the causes and consequences of project delays in private housing developments in Malaysia. The causes here were identified as weather conditions, poor site management,

incomplete documents, lack of experience, and financial problems, as well as contract modifications, delays in approval of major variations, and contract coordination problems with other parties' construction mistakes. Consequences of delays included time overrun, cost overrun, differences in opinion, legal actions, and abandonment of the affected project. Odeh (2002) examined the same issue from the viewpoint of construction contractors and consultants in Jordan. In that study, owner interference; inadequate contract experience; financing, payment, and labour problems; slow decision making; improper planning; and subcontracting were the major problems. Doloi et al. (2012) studied the same issue in India using regression analysis, and found that low decision making from the owner, poor labor productivity, poor records, and a reluctance with respect to change were significant factors for construction delays.

Similar issues have been discovered in Africa. Aibinu and Odeyinka (2006) identified 43 factors for construction delays across fewer than nine categories based on covariance and Pareto analyses in Nigeria. The results revealed that 88% of the factors contributed to 90% of the delays, meaning that there was no discernable difference found among the different factors and none of them really stood out as largest contributing factor to the problem. Alinaitwe et al. (2013) used surveys to investigate the causes of construction projects delays and cost overruns in the Ugandan public sector. They concluded that the five most important factors for delays were changes in the scope of work, delayed payments, poor monitoring and control, high cost of capital, and political insecurity and instability. Further, it was found that the relationships between the factors were moderate. In Zambia, the same was found in respect of scheduled delays, with bad weather, change of scope, environmental protection and

mitigation costs, scheduled delays, strikes, technical challenges, inflation, and local government pressure also influencing cost escalation (Kalib et al., 2009).

Some studies, such as that of Alinaitwe et al. (2013), have investigated the causes of construction delays in the public sector in general. However, very little prior research has looked into the effects of public policy on construction procurement. The present paper aims to ascertain whether policy—specifically the level and scope of decentralisation of LGAs—also leads to construction delays. The question is undoubtedly practically relevant. The paper can be used by local and foreign contractors as a source of knowledge to understand the source of the construction delays in LGAs. It is also of theoretical interest with reference to the principal–agency theory; specifically, the analysis of relationships between private contractors (agents), the client (i.e. the LGA; the principal) and central government. Causes of delay are analyzed from the client’s (LGA’s) viewpoint, and the inquiry covers both ex-ante and ex-post contracting processes.

3.0 Methodology

3.1 Participants

This paper contributes to research on contract management in LGAs in Tanzania. The study was conducted in two regions: Dodoma and Kigoma. Data were collected from eight district councils: Kongwa, Kondoa, and Chemba for the Dodoma Region, and Buhigwe, Uvinza, Kasulu, Kakonko, and Kibondo for the Kigoma Region.

Both the regions and the LGAs (principals) were purposively selected, specifically on the basis of their similarity with one

another. They are all included in a five-year project that has as its aim the enhancement of the procurement capacity of LGAs in Tanzania. Furthermore, they are believed to be operating in similar environments, the actors in construction procurement share similar experiences of managing contracts, and they all adhere to the same legal instruments, including the Public Procurement Act of 2011 (URT, 2011) and associated Regulations (URT, 2013), financial regulations and memoranda (URT, 2009), and the Local Authorities Tender Boards (Establishment and Proceedings) Regulations (URT, 2014).

The agents (i.e. the contractors and consultants) were sourced mainly from local construction firms operating in similar environments; for instance, from financiers of projects, mainly the central government of Tanzania or donor-funded projects. It was anticipated that the results would show minimal variance, and that the findings with regard to the LGAs would to be almost identical and thus any inferences therefrom could be generalized.

3.2 Focus Groups

Eight focus groups were used, one from each District Council (i.e. LGA). Each focus group comprised eight members of the District Council management team; namely, district legal, engineering, procurement, secondary education, health, planning, agriculture, and auditing officers. Focus groups were able to comment on one another's responses and also to provide feedback (Krueger & Casey, 2000; Love et al., 2008; Patton, 2002), which would not have been possible using multiple or single case interviews (Yin, 2014).

A summary of their discussion was presented by each focus group's leader, often the district engineer or the head of the procurement management unit. The purpose of presenting the summary was to validate the results of the discussion before these were taken as its final output. Such validation of group discussion results is one of the methods used in action research, an approach that was partly used, following AlSahaimi et al. (2013), because it might assist in addressing policy problems related to construction delays. A district's engineer and its head of the procurement management unit are the main actors in managing construction contracts, specifically in a supervisory role on behalf of the principal.

3.3 Secondary Sources

Some information that was mentioned in focus groups was validated through reference to secondary sources, including annual procurement plans, tender files, and construction contract management files.

3.4 Research Questions

The research questions mainly focused on water supply, irrigation schemes, and building and road construction works. Questions covered data regarding a contract's start date, completion date, main contractors, consultant, project name, supervisor from the principal's side, any decentralisation problems leading to delays, consequences of these problems, and how they could be avoided and the relationship improved among principals and agents.

3.5 Data Analysis

The framework for analysis was focused on ex-ante and post-ante contracting delays for both principal and agents. The researcher produced transcripts of focus group discussions, which were later validated by summary presentations made by the head of each focus group. Two main themes emerged in the focus group discussions, primarily concerning the effect of decentralisation in ex-ante and ex-post contracting. Under each theme, subthemes related to construction procurement processes and causes for delays were also assessed.

3.6 Measurements

Levels of decentralisation were measured qualitatively. The categorization “devolution” was used where there was a greater degree of autonomy of the LGA over the procurement of construction process, while “deconcentration” was applied where there was less autonomy (i.e. autonomy was retained and authority exercised through hierarchical channels) (Schneider, 2003).

3.7 Results and Discussion

3.8 Ex-Ante Contracting

Ex ante contracting refers to all procurement activities that lead contracting.

Procurement Planning

“Procurement planning” is function of a procuring entity (URT, 2011), and the results of this study established that some of the

larger construction projects are planned by the central government in Tanzania. Supervision of these projects is later transferred to the LGAs for administration without knowledge of the detail of the contract provisions and other important information. Consequently, construction delays occur due to a high hierarchy of information and a corresponding number of consultations needed to manage such projects. On the other hand, members of the focus groups in all LGAs agreed that those construction projects that are planned by the LGAs lack funding as they depend on local sources of capital.

Thus, autonomy and authority over procurement planning is low in large procurement projects which, in turn, cause construction delays. Local sources of funding depend on the nature of economic activities of the LGA, with some having access to quite a substantial amount. However, self-interest among actors means that contract management does not work successfully. Most of the group members agreed that local funding was lacking in the LGAs, leading to construction delays for those projects that depend on these local sources of funding.

Contract Types

It was found that all consultancy contracts for Phase I of the WSDP were time based (see Tables 1 and 2). Also, these contracts were signed by the Ministry of Finance instead of the LGAs. Owing to delays in the construction of the water projects, consultancy contracts expired before construction was completed. The LGAs could not afford to extend these contracts and so there was a delay in implementing the projects because of a lack of contract supervisors who lacked internal expertise. Performance-based contracts might have been more useful; in that expiry of

consultancy contracts would not affect performance or relate to the delays by contractors or clients.

Moreover, the supervision of these projects was further complicated by the fact that the LGAs were not involved in the selection and management of the contracts from the very beginning. Also, when the contracts expired, the LGAs could not afford the costs of retaining the consultants. It is therefore inferred that a higher degree of autonomy in decentralisation should be seen as beneficial, with the LGAs participating fully in the process of planning and, hence, able to provide close supervision in order to avoid delays. However, the LGAs are currently not fully supported in term of capacity building.

Table 1: Construction projects for Kigoma LGAs: construction delays

S/N	Category	Kakonko		Uvinza		Kasulu		Buhigwe		Kibondo	
		Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2
1	Project name	Contraction of two staff houses	Kiga water supply pumping scheme- Underground water Depth: 130 M, Power: 100 KVA Transmission line: 12 Km, Water points: 17	Routine maintenance along Nguruka-Mumbara along Nguruka town roads 16 Km	Construction of Kalya water supply	Construction of water scheme in Nyumbigwe village	Construction of Kasulu DC conference hall	Construction of DED's office	Bulimanyi and Nyamugali villages water schemes	Mgondogondo construction Irrigation scheme	Construction of Kibondo Mjini-Mbanga road
2	Engineers estimate (USD)	82,500	275,000	36,000							
3	Contract amount (USD)	75,000	220,000	32,000	388,888	422,508	182,053; Additional work 126,660	209,960			
4	Start date			24/01/2015	01/06/2014	18/07/2012		30/10/2015	02/01/2014	2008	
5	Expected completion date	Not completed to date		24/07/2015 Not completed	31/11/2014 Not completed to date	16/03/2013 Not completed to date	15/05/2012 Not completed	14/03/2016 Not completed	01/07/2014 Not completed	Not completed	
6	Contract Duration	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months		
7	Funding	Ministry of Finance	World Bank			World Bank	Own source collections		World Bank		

S/N	Category	Kakonko		Uvinza		Kasulu		Buhigwe		Kibondo	
		Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2
8	Contractor	Ms. Mundalu	Grand Sal. Company Singda	District Engineer	Ms Nedick Contractors			Malaganasi Engineers	Buyenzi JV JAPACO		
9	Consultant		UWPJ								
10	Reasons for delays	-No schedule of work -no quality assurance plan -Delayed funding from the ministry -variation process Funding not received on time	-The client was The council did not enter into contract with contractor or consultant. Client: Kibondo DC, Consultant: Parent ministry -Consultants contract was time based and not according to contractors performance -Delayed payment though donor transferred	-Delay of fund reimbursement from the ministry -No performance bond submitted by the contractor -Contractor removed construction machines from the site -Poor capital of the contractor -Poor evaluation; evaluated bank statement	-Lack of supervision funding -Consultant completed his contract before project completion (time based contract) -Delayed payments- fund transfer from the ministry not effective	-Delay of fund reimburseme nt -Time based contract for the consultant which expired before works completion - No appointment of contract supervisor after expiration of consultant's contract -No extension of	- Mismanage ment of funding -Additional work contrary to procurement regulations -Lack of performance bond -Additional work budget not reimbursed.	- Delayed completion due to delayed payment -Poor site survey hence late commencement	- Delayed payments hence delayed completion in contract supervision; the contract was signed by Kasulu DC as a mother LGA for Buhigwe, Kasulu is not beneficiary of this project -Absence of contract supervisor appointed by	Contract entered between TAMISEMI and contractor, no payment made , not completed to date; The same applies to 10 village water projects financed by world bank; problems of payment not be affected on time - poor supervision	-low staffing levels for the side of client -Problems associated with tender documents -Poor competition among contractors hence using weak contractors - Delayed payments -lack of post qualification before awarding contract -poor

S/N	Category	Kakonko		Uvinza		Kasulu		Buhigwe		Kibondo	
		Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2	Project 1	Project 2
			money on time -Inflation 2015/2016 -Poor climatic conditions hence a number of variation orders -Lack of material reasonable distances	instead of financial capability -Poor payment mostly below approved payment certificate -Integrity for the case of contractor poor?		performance security due to extension of time - Implementat ion reports not submitted to the tender boards			appointed by Buhigwe DC	supervision -political interferences	-poor participation on of users -Lack of well detailed progress reports from project supervisors -lack of transparency among actors of procurement chains

Source: Field data, 2016.

Table 2: Construction projects for Dodoma LGAs: construction delays

S/N	Category	Kongwa		Chemba		Kondoa
		Project 1	Project 2	Project 1	Project 2	
1	Projects implemented	RWSDP – Water project	SEDP phase I and Phase II (Chiwe, Makana, Mangaila and Sayana	Contract for the rehabilitation of piped water supply scheme for Lahoda and Kisande villages	Road construction project; Chemba-Ombiri-Saya road and Tandala-Jangulo-Chavulu-Kwadilo roads	Construction of Fence Road for the Kondoa township -
2.	Contract duration			3 months	3 months	
3	Contractor			Mrimi Tz International	Abdalla Contractors Ltd of Dodoma	
4	Start date		2012	15/7/2014	23/2/2015	
5	Expected completion date			29/10/2014	30/5/2015	
6	Contract price (USD)			225,700	49,500	
7	Causes for delay	-Poor designing -Lack of capable contractors -Poor supervision -Political interferences		-Delayed payments -Poor designs -Poor contract management -Poor supervision due to low level of staffing in the client's side	-Contractor incompetence -Technical capacity; those who were mentioned in the tender document did not appear -Late payments -equipment not those mentioned and evaluated during tender evaluation -Short period of time given compared to the actual work required -poor technical design -poor contract management -No work programme -Poor contract management and supervision of the work from the client's side	-Late payments to contractors -Poor management of securities; performance bond not submitted -Lack of capital among contractors -Lack of transparency in paying contractors

Source: Field data, 2016

Drawings and Designs

There were found to be problems with engineering drawings and designs in the implementation of construction projects that resulted in delays. For example, the Ministry of Finance contracted a consultant for the preparation of drawings and the designing of the WSDP, and these drawings could not be interpreted by the supervisors who were left to manage the projects following the expiration of the time-based contracts of the consultants. Another example was given by the focus group of Kongwa District Council (in Dodoma) (see Table 2) in relation to one of its water-supply schemes financed by the World Bank. When implementing the regional WSDP, some codes for the Changwingwil Mkoka, and Ibwaga water schemes were referencing locations that are in different regions. One of the group members said:

“We found out that locations which were named to be here in Kongwa were in Makambako, Iringa. Consultants who prepared the drawings entered into the contract with Ministry of Finance [the central government] on behalf of Kongwa District Council.”

A similar issue was raised by the focus group of Kibondo District Council (in Kigoma). One member mentioned that drawings of the Kibondo Mjini-Mbanga road construction project, which were part of the tender documents, were poor (Table 1), and hence caused delays in the construction of the road.

Delays caused by poor drawings are attributable to the agents, in this case the local or central government who should ensure that all drawings and designs are clearly interpretable by the contractor. The problem is mainly a result of the nature of

decentralisation whereby central government exercises more authority and allows less of a degree of autonomy than might reasonably be expected. To help to address the issue, LGAs could be supported with funding and human resources for planning in terms of designs and drawings. The problem, though, may also be related to bound rationality, or a lack of capacity or self-interest. These inferences echo those advanced by Pooe et al. (2015) and Tutu et al. (2010).

Tender Documents and Contracts

The Public Procurement Regulatory Authority drafts construction tender documents and LGA procurement management units are required to prepare them. The head of a procurement management unit is responsible for downloading and customizing them according to the LGA's requirements. Legal officers review and advise on legal issues and the tender board approves the tender document's usage, following careful scrutiny.

However, this study found that delays were caused by poorly prepared tender documents that did not comply with existing public procurement guidelines, a conclusion that also featured in earlier research undertaken by Pooe et al. (2015). Kongwa District Council, for example, mentioned that poorly prepared tender documents have caused delays. This is unsurprising, as information as presented in a tender document forms part of an overall contractual obligation, and, if some elements are considered to be incorrect, this will inevitably cause implementation delays. It was also found that tendering documents for large procurement contracts were prepared by the parent ministry (i.e. central government), and, again, autonomy in tendering preparations seemed to be lessened for large

construction contracts. Finally, some specific conditions were the same in all LGAs, yet particular contract provisions could not be implemented due to the nature or location of an LGA, which, in turn, brought about further construction delays.

Evaluation and Award

Public procurement regulations require procuring entities to evaluate bids according to criteria known to bidders. Also, the accounting officer must appoint an evaluating committee with members having appropriate qualification and experience related to the submitted bids. LGAs evaluate all submitted bids. However, it was found that some evaluation committees had no experience in evaluating financial capability. An example is a routine maintenance project planned for the Nguruka-Mumbara along Nguruka town road (see Table 1) in Uvinza District Council. Bid evaluators assessed audited bank financial statements instead of the financial capabilities, such as liquidity ratios, of the bidder. Construction of this road was subsequently delayed due to problems connected to the poor financial capability of the contractor, which could have been minimised if the right bidder had been awarded the tender. To some extent, a higher degree of autonomy and authority of decentralised LGA procurement is not a factor for good performance in this instance, due to a lack of capacity among employees. Further, it may also be explained by human assumptions of the agency theory, and could be attributable to the bound rationality or self-interest of the agents (Eisenhardt, 1989).

Post-Qualification

The procurement regulations include a section on the post-qualification requirement of bidders to verify information provided in the bidding document, an action that most of the LGAs could not undertake due to the financial costs involved. In Chemba District Council, for instance, post qualification was not carried out, and an incompetent contractor who could not utilise staff as cited in the bidding document was awarded the contract (see Table 2). If the LGA had substantiated the information given in the bidding document, the resultant construction delay could have been avoided. As it happens, the adverse selection of an inappropriate contractor/agent (Moe, 1984) did result in construction delays in this case and in others. Additionally, the higher degree of autonomy and authority provided in the D by D policy has not worked well in this aspect because procurement processes and their operation need to be better funded for improved results.

Client Signature

In the present study, it was discovered that the Ministry of Finance (central government), instead of the District Councils (LGAs), signed all regional WSDP contracts (see Tables 1 and 2). Some District Councils had no idea of who had signed the contract on their behalf, and often went on to fail to manage the contract because they had no idea of who was involved. However, they are sometimes required to report on construction progress. It was found, for example, that construction of the Mgondogondo Irrigation Scheme in Kibondo District Council had been delayed in this way and that the contractor had ultimately abandoned the project (see Table 1). It is therefore inferred that levels of autonomy and authority in managing contracts can influence

construction contract management and hence bring about delays. The study's results suggest that levels of autonomy and authority in managing contracts are yet to reach those advocated by the D by D policy. Some district councils in Kigoma managed contracts that were entered into by "mother" LGAs before the councils were separated into two district councils. In such cases, contracts entered into prior to these separations are managed by the same client, which can present problems in terms of following up and managing contractors. One member of the Buhigwe District Council focus group (see Table 1) observed:

"Bulimanyi and Nyamugali villages' water schemes were delayed because the contract was signed by Kasulu District Council, our mother district council. We were not able to form supervision teams, and, most of the time, we had to wait for the decisions of the client, i.e. Kasulu District Council, who is not a beneficiary of the projects. Self-interest prevailed in such circumstances."

Political Influence and Interference

The Kongwa District Council focus group indicated that regional WSDP projects were implemented due to a 'Big Results Now' strategy. Nonetheless, there were problems related to funding. Similar observations were made in relation to the original Secondary Education Development Programme contracts, which were signed in 2012, but have yet to be completed. Final certificates for Ibwaga and Ndalibo secondary schools were yet to be paid at the time of the present research being undertaken. Although the government of Tanzania is now implementing decentralisation through its policy of D by D, political interference remains an issue in the procurement of large projects, particularly

with respect to the reduced autonomy and authority of the procurement organs involved, resulting in continued procurement delays. Political interference may also be explained in terms of the human assumptions put forward in principal–agency theory, specifically concerning the self-interest of those involved in decisions (i.e. central government executives).

3.9 Ex-Post Contracting

Ex-post contracting refers to all activities related to management of a contract

Supervision of Construction Contracts

The public procurement regulations require accounting officers to appoint supervisors for construction contracts. They are also required to determine when supervisors will submit progress reports to them. This study found that most construction projects are being supervised by district engineers, without their having been appointed by an accounting officer. It is undoubtedly difficult for district engineers alone to supervise all construction projects in their district. However, in the present research, engineers emphasised that construction supervision is part of their job description, and that no one can create and submit a project supervision report without their approval. Other procurement actors are hardly involved in construction supervision, and, as a result, they mostly complained about a lack of transparency in managing construction delays. These results are similar to those found by Rasheli (2016) that the procurement system, for both higher- and lower-level local authorities, was not transparent enough to ensure that it was effective and efficient. Whereas Temidayo and Olusey (2013) and Mukoruru and Iravo (2014)

found a lack of transparency in the ex-ante contracting process, the current results suggest a lack of transparency at the ex-post stage, caused by agents. There were also signs of self-interest, like those found by Tutu et al. (2010). The Kasulu and Kibondo focus groups acknowledged that there were signs of a lack of integrity and self-interest among supervisors of construction projects (see Table 1).

As already noted, other actors in the procurement units are hardly involved at all. One group member noted:

“Inspection teams are appointed as per the Financial Memorandum [URT, 2009]. The teams are rarely involved in managing construction projects, although we have supervision funds in most construction projects. This funding is for travel costs and other operations of the inspection teams.”

Although the Public Procurement Act and its Regulations provide for construction supervision and the management of the inspection teams, there appear to be signs of self-interest among the actors as well as problems related to the governance of supervision teams on the agents’ side.

The role of inspection teams was not well known across all of the district councils. For example, the head of the procurement management unit in Chemba stated:

“There are misunderstandings between construction contract supervisors and the inspection teams. As a result, it has caused tension between the two organs and hence construction delays.”

The Local Government Financial Memorandum (URT, 2009) established inspection teams yet the procurement Regulations that were made by central government have not set out the roles of such teams. Decentralisation through D by D again has not worked well in this respect, as some sector leaders have not used effectively the authority and expected autonomy to govern procurement organs, to the extent that delays are still being caused in construction contracts.

Payment Obligations

Generally, construction projects are financed by sourced collections, funding from the central government/subventions for capital developments, or are donor funded, and the payment of contractors is one of the obligations of the client. In this study, it was found that construction delays were mainly caused by a agents' failure to approve payment certificates on time (see Tables 1 and 2). Late payment is often associated with a late transfer of funds from the central government or the financier of a construction project. Further, information asymmetry within public procurement chains was also seen to exist wherein some members in the local government believed they would be able to pay on time only to discover that the central government had not yet received the funding. Another issue identified was that of a lack of transparency in the payment process; for example, some payment documentation is treated as confidential in LGAs. The level of autonomy and authority in large projects procurement was lower than the expected, and this situation does not appear to support timely payments, in turn causing construction delays.

Managing Variations

To add to the previous discussion regarding political interference, a focus group in Kongwa (see Table 1) stated that most of the variations in the regional WSDP projects were caused by interventions from LGA councilors, which may have implications for decentralisation as effected through D by D. It was contended that these councilors possessed a political self-interest prompting them to, for example, force some water points to be moved to their areas of administration.

Variations cause delays manifested through schedule extension orders requested and additional project costs. It was found out that one of the district councils approved additional works worth USD 126,660 contrary to the Public Procurement Regulations. This additional amount had not been budgeted for, and subsequently delayed the construction of the council's fence (see Table 1). Mismanagement of variations such that demonstrated in this example may be attributable to the self-interests or the bound rationality of actors acting in the decentralised system.

Managing Security: Performance Bonds

It was found that managing security bonds in most construction projects in LGAs is a problem. In some cases, performance bonds had expired before a project was completed and there was little effort to have them renewed; in others, contracts had no provisions for submitting performance bonds. In one of the District Councils, a contractor removed construction equipment and almost abandoned the project, as the Council had not utilised the performance bond to justify the use of a different contractor, who could use the same fund for the routine maintenance of the road. Again, it is inferred that, although decentralisation is

expected at the level of D by D, there are some cases in which this is not attained due to problems of self-interest and bounded rationality among the actors on the agent's side.

Lack of Capacity

Most of the focus groups agreed that some agents/contractors experienced problems related to adverse selection of their staff, with some not able to attend during the construction phase. Self-interest among agents was also considered to have caused construction delays, although, as discussed previously, the problem could have been solved by selecting a proper contractor through an appropriate evaluation process. As one of the members of the Chemba focus group discussion stated:

“One of the reasons for the delay of road construction was due to contractor's incompetence and lack of technical capacity; those who were mentioned in the tender document did not appear during construction phase. Contractors were selected by the central government procurement actors.”

Although such a capacity problem seems to be ascribed to the agents, its incidence could have been minimised by the agent through the careful selection of suitable bidders, which, in turn, could improve the likelihood of the timely completion of the project and hence reduce procurement costs (Ohashi, 2009). Central government could be overburdened in managing LGAs' procurement processes, which might explain the adverse selection of agents. D by D is expected to give considerable autonomy and authority to LGAs in managing contracts, including the capacity building of local contractors. However, the authorities and

agencies for managing public procurement are all set in the central government's system, hence the evident difficulties in managing capacities of those working in the local governments. Nevertheless, such lack of capacity among agents causes delays.

4.0 Conclusions

There are mixed results presented in this paper. In a less decentralised procurement system, such as that achieved through decentralisation by deconcentration, decisions are highly structured according to guidance and regulations, which then influences the human resources, fiscal, and procurement decisions of LGAs. Such conditions have been shown to cause unnecessary construction delays. On the other hand, in a highly decentralised procurement system, agents have been observed to cause construction delays through adverse selection, self-interests, information asymmetry in the procurement cycle, and bound rationality.

In general terms, principals create policies, laws, and regulations to minimise the human assumptions of principal–agency problems such as self-interest, bound rationality, and adverse selection. To this end, the government—the principal in this setting—has the Public Procurement Act and associated Regulations on which to draw, and to be used by both the central and local governments. That is, these regulations are based on the procurement principles with which both agents and those acting on behalf of the principal are supposed to comply when engaging in public procurement. Major reforms to public procurement systems in Tanzania began to be undertaken in early 2000, when the first Public Procurement Act and its Regulations came into in operation. Other reforms, such as amendments to the Public Procurement Act and its

Regulations in 2004 and 2011, have since been implemented with the intention of addressing ongoing issues of transparency, accountability, value for money, and ethics, as well as to ensure a professional workforce. Regulatory institutions such as the Public Procurement Regulatory Authority, the Government Procurement Services Agency, and the Public Procurement Appeals Authority alongside wider public procurement policies have been established to oversee procurement and safeguard public/agency interests therein. These reforms could support the decentralisation of LGAs through capacity building in respect of managing the procurement of large projects.

The results found and discussed in this study were similar for all LGAs, due to the nature of local governments—that is, public procurement in local government is regulated by the Public Procurement Act 2011 (URT, 2011) and subsidiary regulations (URT 2013, 2014). Likewise, decentralisation policy cuts across all LGAs. Hence, the findings of the present research could be generalized outside of the limits of this study.

The question of why there are fewer cases of delays in central government than in the LGAs was at least partially answered by identifying that procurement contract management decisions for central government departments are made by their own procurement governing organs, such as an accounting officer or tender boards, with the result that planning and supervision problems are minimised.

In conclusion, it seems reasonable to infer, from this study's findings, that the level of decentralisation in LGAs influences the completion of construction projects. Future studies could further