Final Report

Promotion of pro-poor municipal procurement systems and strategies for improved service and infrastructure delivery

Client: International Labour Organisation (ILO), Employment Creation in Municipal Service Delivery in Eastern Africa — Improving Living Conditions and Providing Jobs for the Poor
Dar es Salaam

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- Mr. Samuel Bubegwa, Head of Waste Management Department, Ilala Municipality;
- Mr. Thomas Lyimo, Head of Waste Management Department, Temeke Municipality and
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Dr. M. Sohail Khan
Prof. NM Lema

October, 2005
### Abbreviations

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ASIST</td>
<td>Advisory Support, Information Services and Training</td>
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<td>BRELA</td>
<td>Business Registration and Licensing Agency</td>
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<td>BOT</td>
<td>Build-Operate-Transfer</td>
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<td>CBOs</td>
<td>Community Based Organisations</td>
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<td>CV</td>
<td>Curriculum Vitae</td>
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<tr>
<td>CBD</td>
<td>Central Business District</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>LGA</td>
<td>Local Government Authority</td>
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<td>MSEs</td>
<td>Micro and Small Enterprises</td>
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<td>MC</td>
<td>Municipal Council</td>
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<td>NGOs</td>
<td>Non-Government Organisations</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>PPA</td>
<td>Public Procurement Act</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>SACCOS</td>
<td>Savings and Credit Cooperatives</td>
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<tr>
<td>TECA</td>
<td>Tanzania Environmental Cleanliness Association</td>
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<tr>
<td>TASAF</td>
<td>Tanzania Social Action Fund</td>
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<td>WEO</td>
<td>Ward Executive Officer</td>
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Executive Summary

Objectives and Study Methodology

The objective of the study was to identify and establish elements, which supports and promotes pro-poor municipal procurement systems and strategies including the scope for public-private partnerships, community participation and employment generation within the framework of improved service and infrastructure delivery and maintenance for Local Economic Development and Poverty Alleviation.

The study has established barriers in the procurement process that hinder both the creation of employment opportunities/participation for the urban poor in the provision and improvement of urban infrastructure delivery as well as the extent to which they hinder the services reaching the poorer areas/locations of the urban dwellers.

Main focus was in the solid waste collection project, which is on-going in Dar es Salaam, as well as informal petty businesses that are related with service provision by the private sector and unplanned settlement upgrading-with a lot of emphasis on provision of employment on poor women and youths.

The main basis for the study was the existing contracts and procurement tools that are used by the municipalities. These included the pre-qualification notice, instructions to tenders, evaluation criteria and the typical contracts in use. In general, these were analysed to assess whether they are pro-poor.

Further, an evaluation of service provision preference was made to get a general impression of the extent to which it is pro-poor.

Summary of Findings

Opportunities for service provision

Municipalities are outsourcing a significant volume of varieties of services provision to the private sector. These services range from solid waste management to improvement of urban settlements.

Solid waste collection is one of the major services outsourced\(^1\) to two main forms of franchisees: private operators and community-based organizations. Municipalities have continued to provide services in the market centres where the volume of solid is very high but collections are not sufficient. In these locations, municipalities have provided these services as an obligation and at times contracted these out at subsidised rates to private contractors. Urban main business districts continue to be served by larger private franchisees. Some of the smaller private franchisees operate in the higher and middle-

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\(^1\) More than 2000 jobs and involved some 50 franchisees in waste collection in 44 of the 73 wards of Dar es Salaam have been created. Waste collection has increased from 4% to 40% and has extended to unplanned settlements as well (Source: Pilot Phase Report, 1998 – 2003)
income areas whereas community-based organisations serve the less attractive poorer localities. Some localities do not receive services because of the effort required to sensitize them to pay but also due to difficulties to access these locations.

**Eligibility criteria for provision of solid waste collection services**

In most cases, tender documents have been significantly been simplified to enable small CBOs and NGOs to understand and use them. Most are in Kiswahili language. In a few cases, invitation to tender on competitive basis is of general nature and is regardless of nationality\(^1\). Some of the typical pre-qualification notice and invitation to tender require that the franchisee meet the following criteria that may constitute barriers:

- Documents are in English\(^2\);
- The provision of tender security\(^3\); of about 2.5% of the tender sum;
- Bank Statements;
- CVs of key personnel (professional and technical staff)\(^4\);
- Audited Accounts;
- Valid trading license;
- Insurance cover; and
- Vetted permanent staff, equipment and tools.

Other general requirements include that may constitute barriers include the following, not necessarily because they are irrelevant but mainly because the documents are not elaborate enough for equitable treatment:

- Technical competence;
- Management ability;
- Experience;
- Methodological approach; and
- Financial ability;

While it is necessary to define minimum capability criteria for the delivery of services, it is important that these are well defined and their evaluation methodology well elaborated in the documents.

Specific requirements included that have a bearing on access of the poor are:

- Equipment – at least 2 (6 – 10m\(^3\) capacity) trucks;
- Employees – at least 15; and
- Capital – sufficient to run the services for two months.

\(^1\) It is not clear here whether international contractors are also targeted.
\(^2\) Most CBOs cannot speak English.
\(^3\) This requirement is being reviewed in the procurement of public works of less than 500,000,000/- Tshs in the recently revised public procurement standard documents.
\(^4\) Professional and technical competencies are unclear – this leaves room for subjective assessment.
Effect of barriers and some proactive actions:

Under the arrangements discussed above, there is limited room for Community Based Organisations (CBOs) to win a competitive bid, however, there special arrangement under direct contracting that this officer uses to set aside works for CBO. It has been observed too that, in very poor areas CBOs are the primary collectors of waste to primary collection sites and municipals transport as a social obligation. Waste managers stated that the contracts awarded to CBOs and NGOs in poor income areas does actually include dumping of waste. However, due to limited capacity of these organisations, municipalities provide secondary services again as an obligation. This is a form of pro-poor action, although it is not included in the contractual arrangement.

On the choice of the Contractors/CBOs, local community leaders are fully involved. There are no major negative consequences reported despite claims that local politics may have negative influence on this method. In some cases performing women groups have been given exclusive preference for provision of services in selected areas such as street sweeping in city centre⁵. CBO contracts – especially street sweeping, procured on single source basis by the municipalities and these are written in Kiswahili.

There are initiatives in some municipalities to extend the duration of contracts to three years where the service providers are performing well. This could be extended not only to other municipalities but also that they could be extended even beyond this period.

Improvement of urban infrastructure delivery services in poorer areas/locations

There are several areas – mainly the poorer settlements in which provision of services is not attractive even for CBOs. It is necessary to develop a strategy so that these areas also received the much-needed services. Packaging of contracts in such a way to attract CBOs and SMEs is essential. It should be possible to combine such a contract with some other area that is more attractive.

Capacity building to the Municipality

There are several areas of possible intervention for improvement of delivery. These include:

- Citizen sensitization (community awareness) of waste management and paying for services rendered to them-willingness to pay. Here the role of the municipality is emphasised. Leaving this responsibility to CBOs, contractors and franchisees may be seen as a marketing ploy which is not fully supported by the municipality;
- Support to CBOs to sensitize community to pay for services;
- Procurement planning and preparation of appropriate tender documents;
- Contract preparation and supervision;
- Advisory services and mentorship to CBO;

⁵ Hanna Nassif women groups have been performing well and their contract extended to street sweeping within the city centre.
• Equipment and tools; as well as maintenance workshops in order to be able to support the CBOs for the transportation and dumping of the waste on hire basis; and
• How to ensure better health and safety.

Capacity building to CBO and SMEs
• Training on different waste management technique, health and safety aspects in the waste management aspects;
• Simple book-keeping and accounting;
• Simple cash-flow forecasting and budgeting;
• Entrepreneurship;
• How to approach communities especially in debt collection and creating willingness to pay;
• How to improve health and safety practices; and
• It useful to establish a public performance awarding system to CBOs on annual basis as a way of raising the status and respectability of the waste collection services.
• It will also be useful to support the newly formed waste collectors association for its effectiveness.

Capacity building to communities
• Increase the voice of the poor
• To increase the choice for exit.

Summary of Conclusions and Key Recommendations

There are numerous isolated initiatives within the three municipalities to support pro-poor procurement. Partnerships and relations between municipalities and contractors, CBOs/NGOs is generally very harmonious and supportive of each other. Despite opportunities for further improvement in waste collection services, it is clear that the good experience gained can be extended to other municipal infrastructure improvement services for which there is need and potential to business opportunity.

The business can benefit from developing technical expertise to maximise the profit. The role of already existing process of recycling should be explored. An analysis of the constituents of the waste business cycle, the role of actors involved, and the processes and structures of the business cycle can help the new business in positioning them.

It is essential that there should be a mechanism for monitoring of the process. The monitoring system may be developed with the help of a recent publication “Performance Monitoring of Micro-Contracts”, copies of which are available in ILO/ASIST.

We recommend experimenting with the alternative models for community water supply in selected cases as well as responding positively to the request for replication and up scaling.

A range of possible gaps or deficiencies in the capacity of both public and private actors could hinder the formation of a successful partnership. Major gaps in this respect include:
• the reciprocal mistrust and lack of understanding of one another’s interests and needs across the public and private sectors;
• the absence of locally available information on, and experience with, arranging sustainable partnerships; and
• the underlying legal, political and institutional obstacles to forming effective public-private relationships.

These gaps often lead to lengthy negotiations, increased transaction costs and make smaller projects much less attractive to potential investors. In order to minimise the harm from such gaps, PPP arrangements should provide certain safeguards for the public and private sectors and for the community.

The following are some of the actions required to improve delivery of municipal services:

i) Communicate to all the stakeholders the contract documents once signed with the action from them and a target date.

ii) Mobilise the required approval-seeking mechanisms.

iii) Dissemination of information about the procurement process.

iv) Completion of contract packages.

v) Organise a pre-contract meeting with the partners.

vi) Continue on with the experimentation and move for more, larger and longer duration contracts.

vii) Documentation of process.

viii) Monitoring - development and use of performance monitoring indicators.

ix) Needs for further training to be identified particularly on the technical aspects of waste management.

x) Experiments with similar approaches in other service sectors.

xi) Dissemination to other councils, ministries and agencies and facilitating them in replication of the contract model.
1. INTRODUCTION

1.1 Background

This report is based on a study conducted aiming at "..... identifying and establishing elements, which support and promote pro-poor municipal procurement systems and strategies including the scope for public-private partnerships, community participation and employment generation within the framework of improved service and infrastructure delivery and maintenance for Local Economic Development and Poverty alleviation.”

The study was part of ILO’s programme: “Strengthening public-private partnerships to promote and create urban employment” and more specifically in relevance to cities and municipalities in East Africa. The programme, which started to be implemented in January 2004, has been building up on a successful solid waste management project implemented between ILO and Dar es Salaam City Council between 1997 and 2001. This project was implemented using community based service providers. ILO provided technical support to municipalities on the modalities of implementing the project. The major achievement of the project is its contribution to poverty alleviation by simultaneously increasing incomes and improving living conditions for the urban poor. The current programme draws for the project experience to extend and widen such services to selected cities and municipalities in East Africa.

1.2 Objectives and Rationale for the Study

Infrastructure development and maintenance, and service delivery is conceived as ILO’s strategy towards creating jobs and involving the small-scale private sector, including community groups, (associations of) micro-enterprises, local organisations etc., while improving service delivery in low-income areas. This can be achieved through:

- public-private partnerships (PPP); and
- employment-intensive investment strategies.

This, within the context of the programme, is considered an efficient, cost-effective and pro-poor strategies to deliver basic infrastructures and services in the urban areas.

Most urban areas have large untapped potential for involving different types of groups, community organisations and (enterprise) associations in public procurement for the delivery of goods, services and/or works. Even where such groups are scarce, exposure of such opportunities lead to spontaneous formation of such groups in view of potential benefits. Overall experiences with this type of public-private partnership have so far been positive: jobs have been created at the local level; organisations have gained capacities, negotiation skills and empowerment; and the costs of the services and works have in many cases been reduced with added benefits to the wider community (e.g. cleaner environment, cheaper and more reliable water supply, better maintained roads, preservation of natural resources etc.).

Successful partnerships depend largely on the strengths of the partners. In realization of this, the programme addresses the following important dual task:
• Strengthening the capacity of Local Governments in promoting the development of micro and small enterprises (MSEs) particularly in the delivery of public services; and
• Supporting intermediary organizations (local trade organizations, NGOs, community-based groups, etc.) in their efforts to organize and start micro, small and community-based enterprises or to improve existing ones.

Along with these efforts, it is necessary to establish clear modalities of the operationalisation of partnerships. This can only be achieved through clear procurement procedures and contractual relationships.

On the basis of the rationale, the overall objective were therefore to identify the pro-poor elements of contracting systems and come up with concise recommendations on how they can be incorporated in the existing Procurement Guidelines currently in use in the Local Government institutions under the respective laws. This overall objective has been translated into specific activities within the terms of reference discussed below.

1.3 Terms of Reference

In line with the objectives of the study, the terms of reference for the assignment were as follows:

a) Review the different procurement systems existing /established in the municipalities (in terms of procedures, selection of contractors or partner organisation) according to:
   (i) the type of works/services (public/community works); and
   (ii) one-off activities (e.g. construction of a road) and continuous activities (or that should be continuous, e.g. road maintenance, waste collection, water supply etc).
   (iii) The study should also identify the current extent and commitment.

b) Identify elements in the public procurement system(s) that constitute a barrier for different local groups and organisations to enter into public contracts.

c) Identify the most important aspects and elements in the legal and contracting framework to be changed if need be and provide recommendations on aspects of decent work and pro-poor elements and develop model contracts addressing these issues to be used by the municipalities to facilitate, promote and sustain pro-poor contracting with community based organisations and SMEs and thus allow for a greater success of PPP process.

d) What should be done to support local organizations such as CBOs, SMEs, and what kind of support to municipalities in the form of capacity building to recognize and enable the local organisations to participate effectively in the PPP process.

The study placed special emphasis on identification of barriers, problems or blockages, areas to strengthen, so as to facilitate efficient and equitable operation of existing public procurement as a tool for local economic development and decent job creation in general for poverty alleviation.
1.4 Methodology

Methodological steps were used in the study are as follows:

a) The Team obtained documents / literature and conduct desk study of the background information and literature.

b) A conceptual framework of the study was developed including identification and articulation of the research questions and issues. Such questions included:
   - Definition of pro-poor procurement;
   - Definition of public private partnership and its various forms;
   - Comparison of potential of job creation between large enterprises and SME/CBOs;
   - Assessment of quality of jobs between SMEs and in larger enterprise;
   - Occupational health and safety and other good labour practice are observed so as to promote decent work.

c) The Team identified and reviewed relevant documents and literature leading to establishing information gaps as per conceptual framework. Procurement documents currently in use under respective legislations will form the key documents. Other documents may include detailed study of the solid waste project (perhaps the primary school building programme) which experimented with new and 'devolved' procurement and management methods. It is should be possible to draw lessons from these.

d) The study established from other project documents and in confirmation with key stakeholders of the scope and types of services for which procurement guidelines have to be developed.

e) Relevant stakeholders were identified and classified as follows:
   - Policy and regulatory framework related to Public Works, Urban Development, Enterprise Development, National Tendering Board; Service Providers Registration Boards (such as Contractors Registration Boards) and other relevant regulatory authorities; etc
   - Public executive institutions – decentralized departments such as national agencies.
   - Municipalities including its operational structure – departments, experts, project staff, and relevant political structures. The focus here shall be to establish how to involve the municipalities in the development of the tools. It is proposed that as part of the study, a methodology of their involvement in this process has to be agreed and possibly implemented.
   - Target beneficiaries such as small enterprises, local groups and associations, relevant NGOs, support agencies, etc.
   - Professional and training institutions with expertise on the modalities of informal sector operations.

The Client provided and facilitated access to these organisations.
The Team conducted semi-structured interviews as the main form of data collection. Other forms of data collection focused on group discussions and surveys as necessary, in addition of review of documents that was conducted by the researchers.

f) The Team synthesised the study findings to address issues contained in the Terms of Reference.
The methodological framework adopted for the study is summarized in Figure 1.1 below.

**Propose pro-poor procurement strategies**

- Identify and obtain relevant literature and other documents from ILO office and elsewhere
- Identify the pro-poor elements of contracting systems and make concise recommendations
- Conduct interviews of stakeholders to obtain constraints and possible solutions
- Confirm from stakeholders on the scope and type of services on the basis of documents obtained and discussions
- Identify key stakeholders and obtain other relevant documents from them
- Develop a conceptual framework for the study including articulation of research questions and issues
- Compare with practices and other standard documents in PPPs
- Evaluate pro-poor procurements strengths and weaknesses of the policy and regulatory system
- Study relevant policy and regulatory framework documents/system
- Review documents to identify information gaps as per conceptual framework
- Synthesis and analysis of literature and field information

**Figure 1.1: Study Methodological Framework**
1.5 Study output

As per ToR the assignment has produced the following outputs:

I. A study report with the outline of major findings and recommendations.

II. Developed models of contracts and procurement guidelines to be used by municipalities with pro-poor features which promotes the engagement of SME, CBOs in provision of service delivery.

1.6 Background on Public-Private Partnership (PPP) and procurement

Before proceeding with an examination of pro-poor municipal procurement strategies in Dar es Salaam, a short summary of the fundamental principles that underpin any contract are outlined below.

The public-private partnership (PPP) is one of the most promising forms of collaboration between public and private (both for profit and non-profit) organisations. It is based on the recognition that both the public and private sectors can benefit by pooling their financial resources, know-how and expertise to improve the delivery of basic services to all citizens. In addition, PPPs offer an alternative to full privatisation by combining the advantages of both sectors; that is they combine the social responsibility, environmental awareness and public accountability of the public sector; with the finance, technology, managerial efficiency and entrepreneurial spirit of the private sector.

Contract is founded on an agreement which arises from offer and acceptance. One person makes an offer\(^6\); another person accepts that offer. When that has happened, if other necessary factors, namely, consideration and intention to contracts are present, there is a contract.

Procurement is the process of buying goods, works or services. For instance, in terms of PPP, procurement comprises the process of buying the basic infrastructure and services. This may, for example, involve the acquisition of operation and management services for a basic service such as water supply. Procurement is often carried out by the process of tendering, rather than buying products directly from a seller.

The underlying objectives of procurement and tendering are concerned with ensuring competition, which is viewed as a key factor in achieving the twin objectives of:

- **accountability** in the spending of public money; and
- **transparency** in the steps of the decision-making processes.

\(^6\) An offer is a proposition put by a person, coupled with an intention to that he is willing to be bound to that proposition, to another person. Please note that in this context ‘person’ is used for an individual as well as group of people.
In relation to the actual contract, there is a need to focus on who is involved in a contract and what each of these actor’s various obligations are. The most commonly used engineering contracts recognise a “triangle of actors”: promoter; consultant; and contractor.

- **The promoter/client**, otherwise known as the employer, specifies, authorises and pays for the work to be undertaken.
- The **Consultant** acts as an agent on behalf of the employer (on the basis of Contract 1). The duties of the consultant include:
  - evaluation of tenders;
  - supervision of the work of the contractor;
  - confirmation of whether or not the work has been completed to specification; and
  - mediation between the employer and the contractor in case of dispute.
- **The contractor (the bidder)** successfully bids for a contract (Contract 2) and carries out the work required;
- There is normally no contract between the contractor and the Consultant but rather a working relationship as defined in contract 2.

These relationships are illustrated in the diagram.

![Figure 1.2: Conceptual Arrangement for Delivery of Services](image-url)

A **promoter or client** wishing to obtain goods or services will first specify its requirements. One recent trend is for promoters such as local governments to include not only the price and quality of the service they wish to procure in pre-qualification requirements, but also requests to address poverty, upgrade welfare and/or create employment opportunities. Subsequently, it will open the bidding in a process known as tendering.

Most commonly PPP contracts are awarded as the result of some form of **competitive bidding** procedure. Designing a competitive bidding process – and getting the best possible result – is easiest when the product or service required is a fairly standard one and the technical outputs can be defined with reasonable certainty in the bidding documents. Particular attention, therefore, should be paid to providing good quality information to potential bidders and to the detailed design of the bidding process.

A competitive bidding process generally consists of:
- public notification of the government’s intention to seek a private partner for the provision of, for example, water and sanitation services, including prequalification or a request for expressions of interest from private companies;
- distribution of bidding documents and draft contracts to potential bidders;
- a formal process for screening potential bidders and finalising a list of qualified bidders; and
- a formal public process for presenting proposals, evaluating them, and selecting a winner.

Different procedures for procurement include invitation to tender; and request for proposals (one- and two-stage processes).

The promoter wants the best value for money and the contractor wants to secure a good profit; whilst this dichotomy can involve an enormous range of complex and contentious issues, satisfying the various interests often comes down to ensuring that a “triangle of objectives” are met:

**Cost**: has the work been completed within the costs agreed in the contract?

**Quality**: has the work been carried out in accordance with what was specified?

**Time**: has the work been completed satisfactorily within the time specified?

![Figure 1.3: Project Performance Triple Constraint](image-url)
2. FIELDWORK

2.1 Introduction

The objective of the study was to identify and establish elements, which supports and promotes pro-poor municipal procurement systems and strategies including the scope for public-private partnerships, community participation and employment generation within the framework of improved service and infrastructure delivery and maintenance for Local Economic Development and Poverty Alleviation.

Main focus was in the solid waste collection project, which is on-going in Dar es Salaam, as well as informal petty businesses that are related with service provision by the private sector and unplanned settlement upgrading-with a lot of emphasis on provision of employment on poor women and youths.

The main basis for the study was the existing contracts and procurement tools that are used by the municipalities. These included the pre-qualification notice, instructions to tenders, evaluation criteria and the typical contracts in use. In general, these were analysed to assess whether they are pro-poor.

The methodology adopted in establishing the main findings were first to identify the key stakeholders in the solid waste collection project and then to conduct short interviews with the identified key stakeholders. The stakeholders interviewed, and some of the documents reviewed are listed in the Appendix.

The stakeholders identified in this study were grouped into three major groups; municipal official in charge of the solid waste collection projects, private contractors, and community based groups as service providers of the solid waste collection project. The main source of information therefore was discussion with these key stakeholders. Presentation of the main findings is grouped under the headings of municipal official, private contractors, and community based organisations to represent the interviewees.

2.2 Municipality Officials

Dar es Salaam city has three municipalities namely Ilala, Kinondoni, and Temeke. Each municipality carries out is solid waste services project independently. The role of Dar es Salaam City Council is mainly coordination and responsibility for central services and capital investment roles such as dump sites and their maintenance. Solid waste managers of the three municipalities were interviewed on the procurement procedures and tools used to solicit service providers for solid waste collection and disposition in their municipality. The following are major findings:

2.2.1 Categorization of solid waste management services

The solid waste management is grouped into two major categories; street and road cleaning, and solid waste collection and disposal. Street and road cleaning services are contracted out in form of service contract. That is, the service provider (private contractor or community based group) enters into a contract with the municipality to keep the roads
and streets clean in return for an agreed payment from the municipal directly. Solid waste collection and disposition involves collection of solid wastes from either business centres like markets and residential areas, and then the collected waste is disposed on the city dumpsite. The engagement of the service providers is different for market centres and residential places. In case of the service to most market centres the service is provided by the municipal’s own workforce, while the residential places are contracted out to either private contractors or community based groups.

### 2.2.2 Procurement tools and procedures

The following summarises the main features of the procurement tools and procedures:

- The solid waste management services are contracted to private contractors using competitive tendering methods;
- While most of the tender documents are in Kiswahili, some are written in English and are sold up to Tshs. 50,000/-. This sum is considered too high for the poorer service providers.
- The Swahili versions are reasonably simple and could be used for solicitation of any service providers;
- The evaluation of the tender is mainly in two major aspects - the technical and financial aspects;
- There are requirements of tender security which sometimes is at times up to 2.5% of the tender sum in the form of certified cheque, bank draft or bank guarantee;
- Substantial responsiveness is checked in the preliminary evaluation, in which a contractor is supposed to submit all required information-tender security, bank statements, CV’s of key personnel, audited accounts;
- Another condition is that all applying firms must possess valid trading license for the works (i.e. solid waste collection and disposal, transportation services)
- Requirements is imposed on the documentary evidence to provide legitimacy, ability and capability of good performance, competence and vetted permanent staff and equipment (working tools);
- The tendering firm must have insurance to cover risks (such as thefts, damages, accidents and other related risks);
- General requirements:
  - Legal capacity to enter into a contract;
  - Professional and technical qualification-CV’s of key personnel;
  - Technical competence;
  - Management capability;
  - Experience;
  - Methodological approach; and
  - Financial ability – recent bank statement and audited accounts;
- special requirements:
  - Equipment:
    - at least 2 (6 – 10m3) capacity lorries;
    - pair nets to cover wastes during transportation;
    - two –spades, forks, hard brooms and rakes for every vehicle; and
    - five sets of protective gears (overalls, gloves, mouth masks, gum-boots and helmets) for every vehicle;
  - employees:
    - one driver for every vehicle;
    - four labourers for each vehicle everyday;
    - standby labourers gang to work during emergency situations;
capital:
  - sufficient capital to run the service –(measured at sufficient to cover running costs of at least two months);

- The payments to contractors are made by two major methods:
  - Method one - the contractor is required to provide service and charge the service users;
  - Method two - the contractor is paid by the municipal as per services performed (i.e. the tonnage of waste collected from pre-determined areas and deposited in the dump site) these are mainly done in markets and schools.

- There is limited room for CBO’s to win a competitive bid against private contractors, however, there are areas in which competition is mainly between CBOs. It has been observed too that, in very poor areas, the CBO operate as primary collectors of wastes to collection sites and Municipal as transporters to the dumpsites. It has to be stated however that in all contracts, the service providers are also required to provide both primary and secondary collection and where municipalities provide secondary collection, it is only done as an intervention action;

- Further, street sweeping in some areas like city centre have been reserved for the women groups who have built up reliable capacity;

- CBO contracts –especially street sweeping, contracts are direct contract with the municipality and their contracts are written in Kiswahili; and

- On the involvement of service-recipients, it was generally observed that it obligation of the service recipients to be aware of bylaws and other regulations. Again, here the role of sensitisation is very critical for improve service performance.

2.3 Private Contractors

The main focus of the interviews with the private companies was to identify problems encountered by them due to procurement procedures, tools, as well as capacity building requirements. As for the case of general problems encountered, the following are the main findings:

- Contract documents are made in English, whereas there are few service providers who understand English;
- 1 year contract period given by municipal is very short for a contractor to break-even (company requires more time to recover their investments);
- Credits to waste producers in big problem;
- Operational laws are yet to be reviewed;
- Access road to the dump site is not well maintained;
- Roads within the dumpsite are poor due to the nature of the dumpsite;
- Existing laws and by-laws are not strictly followed to the expense of the contractors as well as the services recipients;
- Not easy to meet all the qualifications/requirements as per the prequalification.
- The system, which is used to collect fees, is very cumbersome and causes a lot of inconveniences;
- The roads and dump-site condition cause high rate of tear and wear of trucks.
- The job is looked down upon and frowned at (it is perceived as an inferior job) – this demoralizes the labourers; and

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7 The rates vary from one municipality to another.
8 Both Public Procurement Act 2001 and Public Procurement Act 2004, although in English, allows for tender and contract documents to be in Kiswahili especially where the foreign tenders are not expected to participate in the services.
• Most of the labourers do not see the need of using protective gears.

2.4 Community Based Organisations

The main focus in the interview with the community based groups was to identify problems encountered by them due to procurement procedures, tools as well as capacity building requirements. As for the case of general problems encountered, the following are the main findings:

Barriers in winning the contract
• Criteria for selection of the contractor are very high (both technical and financial and even worse equipment and technical personnel) they are not met by most of the CBOs and franchisees;
• Most of the tender documents are in English, this in essence eliminates the CBOs or costs them to find an interpreter, or lead to inappropriate tender preparation; and
• CBOs claim that they are given poor residential areas of which collection of service charges is uncertain. However, waste managers insist that CBOs are better placed to operate in these areas. Poor infrastructure in these areas render it difficult for contractors with large equipment. Further, it is claimed that the potential for income generation and employment is higher in these areas due to the large concentration of households.

Barriers in implementing the contract
• Service:
  – Most of community members don’t have the cleanliness culture, and this requires lot of money to sensitize people on cleanliness altitude;
  – Capacity for sorting of solid waste is poor in the community, e.g. separating plastic bags from other solid waste like organic materials;
  – Sometimes conflicts between CBOs and contractors in waste collection in some cases. This occurs when CBO shares the working border with contractor; as contractors observes that the CBOs are favoured contractor given supportive of assistance from the municipality; and
  – Lack of appropriate tools for executing the works which is rooted on poor capital base.

• Time
  – Time limits the CBOs from getting long term loans from the financial institutions because of the length of the contracts they sign with the municipality;
  – It confines the Contractor to setup short and medium term planning which some of plans needs long term planning. e. g. planting the trees along the streets.
  – Removes the job motivation to labourers because in every three months one should be employed again
  – It is difficult to cover the insurance because every three months one should be insured.
  – Uncertainty of employment in every three months causes the equipments of the Contractor in custody of the employee to be unsafe (theft/resale).

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9 Some houses in these areas accommodate as much as up to six households.
i) Revenue collection
   - It is estimated that only about 60% the service recipients pay for the service in the respective areas due low level of awareness of the significance of cleanliness in the community;
   - Local politicians do not assist in sensitising their of the community members to pay for fear of loosing their political positions in elections.
   - There process of taking a defaulter to the court of law is bureaucratic. It involves local government chairman, executive office, health office and a lawyer. The litigation process takes a long time.
   - At times, service recipients are reluctant to pay because of they do not see that the rates charged are fair.\(^\text{10}\) It is necessary to ensure that services provided are commensurate with value of service provided.

ii) Dumpsite
   - Solid waste disposal cost per ton is too high to be met by the Contractors\(^\text{11}\). Spares for trucks and fuel prices have gone up; and taxes and insurance costs have also gone up.
   - Poor road condition to dumpsite causes inconvenience to the dump-trucks;
   - Within the dump, often trucks are stuck and it can take up to two days to get them unstuck. This causes delays on the day to day service; and
   - The dozer that is used to push the truck when stuck destroys the bodies of the trucks.
   - Capacity to collect is also very low and therefore the breakeven cost is also low.

3) Proposals on removing these barriers
   i) Time
   - Contract time should be extended at least to 3 – 5 years. This will enable the Contractors to obtain long term loans from most of financial institutions and/or make long term investments in the services; Some service providers stated that it take up to six months to sensitize communities to appreciate the importance of paying for services during which time they operate at a loss; This is also well accepted by the municipalities and there are already decisions to extend the contract durations to 3 years.
   - Extending time will enable the contractor to set-up most of medium and long term planning without fear of the working place be taken by somebody else;

ii) Service
   - Local Community should be sensitized on cleanliness culture right from family to national levels;
   - Classifying and sorting waste should be part of community responsibilities from family levels;

iii) Revenue collection
   - Local government authority should exercise the law on forcing the service recipients to pay on due time

iv) Dumpsite
   - The dumpsite refuse disposal charges should be minimized bearing on the following factors, fuel cost has risen up, minimum wage for labourers is higher that the time when price was set

\(^{10}\) The rate charged per month is 10,000/- Tshs for an office with one person. At times there is hardly any waste generated from such an office.

\(^{11}\) The current price is Tshs 1500/= per ton. At the time when this price was set, Diesel price was below 300. Minimum salary was 17500, but cost now is risen in:
   - (a) Diesel is about 1020/= as of 21-05-2005;
   - Minimum salary is 48,000/=-;
• Other means should be developed to push the trucks when stuck.
• There is need for investment from the central government to improve the efficiency of waste collection. Municipalities alone cannot bear the cost of establishing a modern waste disposal dumpsite.

v) Organisation structure within the municipalities
• Waste collection is one of the key municipal services throughout the world.
• It should be well reflected in the organisation structure of the municipality;
• Waste managers need to feature prominently in the structure.

2.5 Capacity Building Measures

As for capacity building requirements, the following are the main propositions from the private contractors interviewed:

• Asset management – knowledge about how to manage company assets;
• Exposure or study tour – to visit other companies which have been performing better within and outside the country;
• How to secure loans at different financial institutions; and
• Educating the community about the whole issue of solid waste (e.g. using the media to educate mass about solid waste management, introducing the solid waste management as a subject in the curriculum of primary schools).
• How to approach communities especially in dept collection and creating capacity building to the Municipality:
  o Service recipient sensitization (community awareness) of waste management and paying for services rendered to them-willingness to pay;
  o Procurement planning and preparation of tender documents;
  o Contract writing and supervision;
  o Consultancy and mentorship to CBO;
  o Equipment and tools; as well as maintenance workshops in order to be able to support the CBOs for the transportation and dumping of the waste on hire bases
• Capacity building to CBO and SMEs:
  o Waste management –categorization of waste (burial, burning, recycling, dumping); health and safety aspects in the waste management aspects.
  o Simple booking- accounting;
  o Simple cash flow forecasting and budgeting;
  o Entrepreneurship; and
  o Willingness to pay.
3. PRO POOR PROCUREMENT STRATEGIES

3.1 Organisation forms

3.1.1 Registration Requirements

A wide range of services are contracted out to private sector and civil societies (Community Based Organisations, CBOs). These mainly range from solid waste management to urban settlement improvement and re-development. Solid waste management services are contracted to CBOs and private contractors using competitive tendering methods and some are open to tenderers regardless of nationality.\(^{12}\)

In Tanzania, like most nations in the world, different entities are entitled to compete in the service provisions. The private companies and the CBOs need to follow certain procedures before legally qualifying to carry out or tender for the services. Specifically, the local authority requires the contractors to include with their tender forms their licence for registrations as well as their level of experience in similar works.

Specifically, the CBOs are registered with the Ministry of Home Affairs\(^{13}\), while the Private Companies are registered with BRELA.

3.1.2 Bidding Requirements

The main basis for the study was the existing contracts and procurement tools that are used by the municipalities. These included the pre-qualification notice, instructions to tenders, evaluation criteria and the typical contracts in use. In general, these were analysed to assess whether they are pro-poor.

It has been learnt that, some of the tender documents are sold for up to 50,000/= Tshs. and are written in either or both Swahili and English languages. Moreover, the Financial Act No. 13 of 1982 empowers the municipalities to set the minimum performance level costs for each ward or neighbourhood. Within each municipality the costs are arranged depending on studies done to estimate the amount of wastes generate daily in a given community.

Substantial responsiveness is checked in the preliminary evaluation, in which a contractor is supposed to submit all required information which includes tender security, bank statements, CV’s of key personnel and audited accounts. Another condition is that all competing firms must possess valid trading license for the works (i.e. solid waste collection and disposal, transportation services).

General requirements:

\(^{12}\) Tender document obtained from one of the Municipality state that tender eligibility is regardless of nationality implying that even international tenderers are eligible.
(i) Legal capacity to enter into a contract
(ii) Professional and technical qualification-CVs of key personnel
(iii) Technical competence
(iv) Management capability and experience
(v) Methodological approach
(vi) Financial capability – current bank statement authorised by an external auditor
(vii) Payments of 20,000/= Tshs. as a non-refundable fee to the local authority (street or ward)
(viii) 2 Referees

Special requirements:

(i) Tools and equipments necessary for solid waste cleaning, collection and disposal which include:
   • at least 2 (6 – 10m$^3$) capacity lorries;
   • pair of nets to cover wastes during transportation;
   • two –spades, forks, hard brooms and rakes for every vehicle; and
   • five sets of protective gears (overalls, gloves, mouth masks, gumboots and helmets) for every vehicle.

(ii) Employees
   • one driver for every vehicle;
   • four labourers for each vehicle everyday; and
   • standby labourers gang to work during emergency situations.

(iii) Capital
   • sufficient capital to run the service – (measured at sufficient to cover running costs of at least two months).

3.2 Competition and Non competition

In Tanzania and especially within the urban environments, there is a very limited room for the CBOs to win a competitive bid over private companies. However, there are special arrangements under direct contracting used by the municipals to ensure CBOs qualifies to offer services in a specific part of the city. For instance, street sweeping and cleaning in some areas like the city centre have been reserved specifically for the women groups.

Moreover, field observations have shown that, in very poor areas (unplanned settlements), there is large reluctance from the users to make use and pay for the services. As a result such areas have failed to attract private contractors and hence leaves room for CBOs as primary bidders and contractors. For instance, in Tandale which is an unplanned settlement that does not attracts too many investors; only one CBO tendered and was therefore awarded a contract.

An example of the success of the contractors in planned areas of the Dar es Salaam city which is occupied by the high and medium class, was given by the Tanzania Environmental Cleanliness Association, TECA which collects and dispose waste in Upanga area (Upanga West and East). With mentorship of the municipal officers it has been able to
develop from not possessing any truck to having 5 trucks within a period of 5 years (2000 – 2005).

Most CBOs are however not equipped with enough resources to carry out the full collection in accordance with their contracts. For instance, they do not possess any vehicle or truck to carry out the collected wastes to the dump site in Mtoni (within the Temeke municipality). Thus, they collect solid wastes from households and dump them to a primary collection point which is within the community. As an intervention, the municipality disposes the waste to the main dump site without any charge to the CBOs. This in a way assists the CBOs to build capacity in the meantime. It is important for the municipalities to set a time frame within which the CBOs should be given to build capacity to provide full services.

The story is different with private companies who are either well equipped from the start or advance to achieve considerable success within a short period. As informed by Kimangele Enterprises, an extensive and experienced private company with main offices located in Kariakoo, the strategy is to use few labourers who are given some incentives in order to ensure profit maximisation.

Invitation to tender on competitive basis is of general nature and allows even international companies to bid.

### 3.3 Entry Barriers

There are some barriers in the procurement process that hinder both the creation of employment opportunities and effective participation for the urban poor in the provision and improvement of urban infrastructure delivery as well as the extent to which they hinder the services reaching the poorer areas/locations of the urban dwellers.

Community awareness and consciousness is one of the main barriers to service delivery. As stated earlier, breakeven waste collection rates are very low

Due to their financial and technical capacity, the CBOs can hardly compete and win an attractive contract following the conditions and requirements set aside for the bids as compared to private companies. CBOs are also limited by their registration conditions requiring them to operate within their community, which is not the case to the private companies. The basic requirement however is for the CBO to at least be able to undertake the primary collection.

Findings have also revealed some language barriers on the side of the CBOs where English contracts are concerned. Most of the CBOs operating in the country are founded by members who have low levels of education and hence reading and writing English which is a foreign language is mostly impossible without hiring an external translator. However, some of the contracts such as street sweeping and cleaning, which are procured on single source basis by the municipalities are written in Swahili.

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14 It was mentioned in one of the meetings that the breakeven point is only about 25% collection rate. There could be opportunity to improve the collection and even lower fees. This needs to be examined further in separate study.
Concisely, typical pre-qualification notice and invitation to tender require that the franchisee meet criteria that may constitute barriers as stated in Chapter 2.

3.4 Schedules

3.4.1 Bond

Bidding for the services more often requires the contractors to state the address and location of their offices. Presence of a physical building for the office is one way of the municipality to ensure the contractors have ties to a certain location. During short listing by the ward officers, there is physical visitation to the contractors to verify the capacity of a contractor both in terms of tools and equipments possessed and the location of the office.

3.4.2 Surety

The evaluation of the tender is mainly in two major parts; technical and financial aspects and therefore, conditions for bidding require submission of authentic information such as receipts and bank statements. Requirements is imposed on the documentary evidence to provide legitimacy, ability and capability of good performance, competence and vetted permanent staff and equipment (working tools).

3.4.3 Insurance

The tendering firm must have insurance to cover risks (such as thefts, damages, accidents and other related risks).

There are requirements of tender security which sometimes is even up to 2.5% of the tender sum in the form of certified cheque, bank draft or bank guarantee.

3.5 Contract Packaging

The contents of the contract offered usually differ depending on the type of services and the capacity of the contractor. For solid waste collection and disposal, the contracts more often include collection and disposal of solid wastes from households and cleaning of roads and drainages. Furthermore, such contracts entail:

• Disposal of the collected wastes to the dump site;
• Pay for waste disposal in the dumpsite;
• Cleanse and remove sand from all streets within its area of operation;
• Clean open drains;
• Removal of dead animals within the relevant street or roads;
• Schedule a timetable for service operation and make it public (communicate with the community, responsible department at the municipal and to the Ward Authority);
• Plan new strategies for improving waste collection and disposal services within the allocated area; and
• Collect charges directly from the residents or trade facilities, in accordance with the specified rate.

Contracts for cleaning in public areas such as markets and schools are different and payments are made directly by the municipalities.
However, the payments to contractors are made in two major methods which are as follows.

(i) Where the contractor provides services and charges the service users; this method is mainly done in residential areas, in which case the users are charged per each household.

(ii) Secondly, the contractor is paid directly by the municipal as per services performed (i.e. the amount of waste collected and deposited in the dump site). These are largely done in public areas such as along major tarmac roads and business areas e.g. markets and bus stands.

3.6 CBO and SME relationships

Municipalities are outsourcing a significant volume of varieties of services provision to the private sector and the civil societies (CBOs). These services range from solid waste management to improvement of urban settlements.

Solid waste collection is one of the major services outsourced to two main forms of franchisees: private operators and community-based organizations. Findings of the research have revealed that the municipalities have continued to provide services in the locations with poor income potential – e.g. in markets where the volume of waste generated is much more than volume of solid waste generated. Municipalities remain responsible for the waste disposal in these areas either directly or at a direct payment to a contractor.

On the other hand, in the urban main business districts (Central Business District, CBD) continue to be served by larger private franchisees. Some of the smaller private franchisees operate in the higher and middle-income areas whilst, community-based organisations serve the less attractive poorer localities. Some localities do not receive services because of the effort required to sensitise them to pay.

3.7 Incentives

Effective performance of providing and operating services to the community requires a number of incentives from and to the different organs involved. For example, poorer settlements are often not attractive areas for the provision of services, even for CBOs. It is necessary to develop a strategy so that these areas also received the much needed services. Mechanisms for creating incentives for pro-poor procurement strategies can be achieved by:

- Involving poor in the delivery of services;
- Expansion of waste collection services – 100% collection rate should be the target;
- Ensuring that the poor have “voice” and choice to “exit” when the quality of services is unsatisfactory.
- Ensuring value for money by achieving objectives to time, cost and quality (including health, safety and equity).

Serving the poor should not be seen as the public sector responsibility alone, the private sector can play a significant role in pro-poor procurement.
3.8  Some Control Indicators and Interventions by the Municipal Authorities

Municipal authorities receive daily feedback from the dumpsites on the volume of waste deposited at the dumpsite and from where. This is compared with the collection of funds from the service providers as proxy indicator.

Municipal authorities have at times facilitated the setting up of CBOs in areas where cleaning services had been lacking due to lack of interest from contractors. These have been nurtured and given some basic tools such as trailers.

3.9  Scope for Expansion of Services

Besides widening the geographic coverage of waste collection and intensifying the rate of collection, there are significant opportunities to expand the scope of services to include:

- Road infrastructure maintenance mainly using labour based technologies;
- Cleaning of storm water drains;
- Water supply services;
- Etc.

The success of solid waste collection programme should provide lessons that can be taken on-board new initiatives and where necessary, these could be closely linked with other on-going initiatives such as urban road maintenance activities using Roads Fund; upgrading of urban infrastructure using the Tanzania Social Action Fund (TASAF).
4. ENGAGEMENT MODELS AND RECOMMENDATIONS

4.1 Franchise Vs Service Contracts

Public sector procurement in Tanzania was governed by the Public Procurement Act 2001 until recently when a new Act – Public procurement Act 2004 was enacted. Basically there are two types of contracts awarded to successful bidders who operate for solid waste collection and disposal in Tanzania; Franchise and Service contracts. While some of the condition could be similar, their major difference emerge as a result of the mode of collecting charges.

Simply stated, the term franchising on contractual basis defines an arrangement in which the responsible party or the owner of a product, process, service or even just a name (in the terms of a brand) allows another part to operate in exchange for some payment. Through this mode, the municipality relinquish its role as an operator to the private and civil societies, and adopt the role of managing and monitoring. Franchise contracts are often hybrids or a combination of the basic options: service and management contracts; lease; concession; Build-Operate-Transfer (BOT) arrangements; or a complete transfer of ownership through divestiture.

In a service contract, the municipal as a public entity pays a fee to a private sector service provider to provide specific operational services such as meter reading, bill collection or refuse collection for a limited time period. The responsibility for coordinating these tasks remains with the public utility managers.

Municipals adopt these models in order to maximise their efficiency through engagement and participation of various stakeholders to ensure their operations become more transparent and accountable to the public.

To make the correct selection of PPP option it is necessary to define main features and potential benefits of various PPP options, such as: the main objective of PPP; defining the basic principles of the partnership; defining the scope and functions of the arrangement; identifying the key partners, their roles and relationships; defining the levels of service, and how the poor will be targeted; identifying the potential financing mechanisms establishing the legal and regulatory framework; deciding on asset ownership; the level of responsibility and autonomy delegated to the private sector; the required capital investment; establishing the contractual relationship with the consumer and identifying the major risks.;

Whatever organisational and contractual options are selected, all should first be focused at satisfying people’s needs, especially those of the poor. Selecting the right form of PPP should reduce shocks, conflicts, deterioration of the environment and decreasing wealth of livelihoods. The primary objective of the PPP with respect to the poor is two-fold:

- to expand the service systems in order to increase population coverage; and
- to provide a better quality and more affordable service.
The option selection and decision-making process should be inclusive for all stakeholders, including poor consumers, whose interests could be represented by NGOs and CBOs.

**Recommended actions**

1. The municipality should set clear priorities in its objectives and consider and discuss them with potential partners while negotiating the contract.
2. Consideration for existing and potential capacities of both clients and contractor is essential.
3. Local contractors should be given first priority when tender with foreign contractors.\(^\text{15}\)
4. Contractors have monthly meeting reviewing their activities. An association has just been established and is effective in self-regulation and quality control of services. Such an association could be an entry point for the formation of SACCOS that will enable the MCs to inject capital or facilitate access to capital from financial institutions.

**4.2 Conditions of Contracts**

**4.2.1 Scope**

The scope of the contracts normally varies depending on the type of job and the experience and prior performance of the contractors.

The scope of work should also be considered, for example are there any linkages between waste management and access roads or storm drainage as well as with other programmes such as health and education and other socio-economic aspects. At all stages while focusing on immediate actions forget the larger context of the activities should not be forgotten.

With household solid waste collection, contracts are awarded on one-year duration for the inexperienced contactors, while those who have excelled in their previous performance are awarded contracts for 3 years in similar operations. In Konondoni and Ilala there already sort of pilot basis for a period of three years on the other hand, road projects are awarded on a one year basis subject to the contractor requesting to continue working after every 4 months within that year.

**Recommended Actions for Infrastructure Service Delivery**

1. It should not be assumed that the contractors are always experienced and qualified contractors.
2. The statement of specification must be precise and unambiguous in interpretation.
3. A list of drawings showing the title, number of the drawing and revision number should be provided with the invitation to tender letter or with the specifications.
4. Bills of quantities should include sections on “Method of Measurement”, “Notes on Pricing” and schedule of rates
5. The documents (bid forms and price schedules; a bid security form; a form of contract agreement; performance security forms; and a bank guarantee form for ad-

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\(^\text{15}\) In the current Public Procurement Act, there is exclusive preference to local service providers for project a reasonably small size.
advanced payment) should be compiled taking into account existing capacities of the potential bidders.

6. Simplification of the documentation should not influence negatively the essence of the contract and the contractual obligations.

7. At the initial stage, some sort of pilots may be useful. Simply ask typical small entrepreneurs if he/she can understand the documents.

8. Introduce pre-bid meetings.

9. Consider infrastructure’s sector linkages.

4.2.2 Dispute resolution

Procurement should be based on rules guaranteeing fair and non-discriminatory conditions of competition. An essential element is procedures by which aggrieved bidders can challenge procurement decisions and obtain redress if decisions are made that are inconsistent with the established rules.

The contract package provides the contractor with all the procedures for solving disputes. Where any dispute arises between the contractor and any generator of wastes on such matters as unpaid bills or use of unauthorized solid waste collecting agencies, the dispute is usually reported to the responsible part at the lowest level of governance authority. In case an agreement to suit either part has not been reached, another governance body is involved.

Dispute often arises when the contractor collects charges from the residents. Not only that the city dwellers are not sensitized enough, but also service provision is seen as the responsibility of the local government. The procedure used to summon citizens who fails to pay charges for the services is seen as bureaucratic and thus the contractors prefer for the charges to be collected by the municipal itself. Typically this acts as a barrier to efficient service performance from the contractors’ side. The procedure requests different institutions to sign the summon notice. This procedure is as follows:

![Dispute Resolution Diagram]

**Figure 4.1: Litigation process for non-payment waste collection fees**
Recommended actions
1) One of the mechanisms used to promote fair procurement is establishing selection panels to evaluate the proposals.
2) Consider holding post evaluation briefings as that will not only improve transparency but it will help small enterprise to develop their capacities.
3) Include safety record, proportion of workers from poor areas and gender policy as evaluation criteria.
4) Firms that were not successful in their bid may request a debriefing to learn why they did not win. At this debriefing, each firm may learn the positive and negative points of its proposal and may learn the main reason as to why it did not win.
5) Contract package provides the contractor with all the procedures for solving disputes.
6) Simple procedures in place to summon citizens who fail to pay charges for the services.

4.2.3 Supervision

Development through service provision entails an act of planning, implementation/operation and management through the involvement of the various stakeholders. Accordingly, the success of any developmental activity be it service provision or project implementation, is articulated on the effective participation of the key stakeholders.

Primarily, municipals as authoritative institutions are responsible for providing services to the citizens. The type of services ranges from water, electricity, public transportation, solid and liquid wastes, and others. In Tanzania, the Local Government Act No. 8 of 1982, section 53 and 80, authorise the municipals to deliver the services or privatise them and consequently establish roles and responsibilities of the different parties. In any case, the central role for planning, managing and monitoring the supply of the services remains the responsibility of the municipals.

The contents of the contracts offered for solid waste collection and disposal in Dar es Salaam include a formal stipulation that states the roles and responsibilities of the different stakeholders. Such roles and responsibilities are circulated to the following parties:
   i) Municipal
   ii) Ward Executive Officer
   iii) Ward Health Officer
   iv) Ward Committee
   v) Street (Mtaa) or Village Chairman
   vi) Residents
   vii) Contractors

Recommended actions
1. Ensure effective participation of the key stakeholders.
2. Develop municipal capacity for planning, managing and monitoring the supply of services.
4.2.4 Performance

On success of winning the tender, the contractor usually operate in line with the Terms of Reference (TOR) as indicated in the tender forms. Under the supervision of the local authorities, the contractors continue to serve the area in accordance with the contract terms.

Contractors in the case studies reported specific problems associated with the dumpsite, for example, rough roads to the dumpsite, trucks getting stuck at the sites (which delays day to day service and causes damage to the vehicles), and the high costs of dumping.

There is a need to start thinking about performance monitoring and impact evaluations of small scale contracts including community contracts. One way to monitor is to develop performance indicators. A performance indicator can be defined as an item of information collected at regular intervals to track the performance of a system. Indicators are essential in monitoring and evaluation. Performance indicators (PIs) are collected in many complex systems which deliver a service. Three conditions which can be considered necessary for the development of a coherent set of performance indicators are:

- A clear conceptual framework within which the indicators are derived and associated set of purposes that they are intended to serve;
- A selection process to determine which indicators are to be applied and how;
- A specification of how the indicators fit into the management and decision process.

Recommended actions

1) Documenting the existing productivity level and gradually improving it will be one way for continuous improvement.
2) It is recommended that a procedure for selecting workers be developed in a participatory manner with the wider community which is more performance, productivity and output oriented.
3) There should be a mechanism for exit of sub-standard workers or SE.
4) The first chance should be given to all but re-entry should be performance oriented.
5) Superior performance should be encouraged. A simple mechanism could be a commendation certificate.
6) A proportion of work force may be reserved for disadvantaged group including people willing to improve their productivity but have conditions restricting their development. The level of proportion should be agreed by the community.
7) Contract time should be extended to at least 3 years, to enable the contractors to obtain long term loans from financial institutions and reduce current uncertainty.
8) Solutions to specific performance problems found in case studies include fostering community responsibilities for sorting waste, reviewing dumpsite costs and sensitizing communities on the need to pay for the service rendered to them.

4.3 Conditions for Bids

4.3.1 Invitation for bids

There are two major ways in which bids are sent out to the contractors, through public announcements and though short listing of the competent contractors. Under the municipal councils in Dar es Salaam, bids for the privatised services are published in the public
magazines and newspapers, as well as on the notice boards at the municipal councils and ward offices. This is to ensure everybody who is eligible enough can participate.

**Recommended actions**

1. The invitation should be drafted in such a way that the poor or small enterprise get encouragement to apply for the tender.
2. Fees for the tender documents should only enable the municipality to recover the cost of reproduction as per PPA 2004.

**4.3.2 Instruction to Tenderers**

Tenders inviting contractors for service provisions in Dar es Salaam city municipalities are unambiguous in the sense that they contain clauses that ensures both parties are aware to the roles and responsibilities under their wings.

It is usually preferable to submit the financial and technical proposals in separate sealed envelopes; evaluation should be a two-stage process, with only the bidders that are qualified technically proceeding to the financial evaluation. This process should be outlined clearly in the instructions to bidders.

**Recommended actions**

1) The instructions to bidders should be translated into Swahili language and a person or contact address with phone number be designated for any clarifications

**4.3.3 Tender Document**

Tender documents are sent to the competitive contractors in the business.

**Recommended actions**

1) Bid security should be in the form of Bid Security Declaration\(^{16}\) only
2) If the contract documents (Invitation to tender letter, instructions to bidders, bid data sheet, standard forms for technical and financial proposals, terms of reference, draft contract, form of tender, specification, drawings, bills of quantities and schedule of rates) cannot be translated into local language, the main points need to be explained to the potential bidders.
3) Before tenders are submitted, there should be a pre-tender meeting to clarify issued in good time for the tenderers to adjust /modify their tenders appropriately.
4) Considerations should be given so that insurance company’ bond may also be acceptable.
5) For small jobs, use of personal guarantee or social guarantee may also be acceptable.
6) Tender bid is open and made public through public notice board at municipal and newspapers.
7) It is necessary to adhere to Public Procurement Act 2004 provisions.

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\(^{16}\) Bid Security Declaration is a signed undertaking by a tenderer that in the event that he/she does not take up a contract awarded to him/her, he/she should be barred from participating in the any other tender for a specified period, eg. Two years.
4.4 Procedures for Service Delivery Satisfaction Evaluation

4.4.1 Satisfaction Surveys

It has been observed that, the performance of the contractor is underpinned to the acceptance and willingness to pay on the part of the users. In the unplanned areas, approximately 70% of the residents are not willing to make use or pay for the service. In such areas, which are mostly served by the CBOs, the contractors have ascertained that the users are not sensitised enough. According to Kombe (2005)\textsuperscript{17} - Hanna Nasif redevelopment project consultant, the situation is further intensified by the failure of the municipal authorities to timely provide important services such as surveyed plots with cadastral survey that can be used to ensure proper identification of the residents.

However, some of the contractors contribute to the resistance for payments from the residents. In some areas the contractor fails to follow the timetable due to not having the necessary equipments. Alternatively, in other areas the contractor disposes the solid wastes in open spaces within the community. Such conduct has been observed in Kawe area making the residents decide not to pay for a service they can do themselves.

All in all, much service delivery satisfaction from all parties are found in the planned areas where the residents are somehow sensitised and hence a contractor manages to do extremely well.

**Recommended actions**

1) Conduct regular customer satisfaction surveys.

4.4.2 Consumer Voices

Despite the proficiency of the contracts, there are no clauses that permit the service users to complain when not satisfied with the kind of service they receive. Furthermore, users are not involved when it comes to the question of planning service charges. On the other hand, the contractor has to follow a long procedure for reporting those who fail to conform to the contractual agreement.

Problems reported by service users in the case studies include:

- Poor scheduling on number of service days per week;
- Providers are not consistent on their time table;
- Poor services delivery to service users;
- Dumping irregularities – some service providers dump waste at inappropriate locations convenient to them;
- Contractors lack equipments (poor gears);
- Weak public control on private sector service providers in relation to:
  - (a) Poor commitment;
  - (b) Poor salary, incentive; and
  - (c) Poor business/management experience and academic background.

Non-payment for services is an issue, mainly due to unwillingness as well as inability to pay until they receive the level of service they expect as well as the tradition of receiving

\textsuperscript{17} Based on personal interview as part of this study.
free public services. The service users are not involved in the process of setting charges, meaning that it is not clear and levels of services may be pitched too high, leaving many consumers unable to pay for them. Furthermore, there is poor service delivery with respect to unplanned settlements whereas on the other hand municipalities claim that those involved are not transparent enough.

**Recommended actions**

1) The conditions of contract and procedures should be explained to the community and they should be given the chance to object to it.

2) A wider level consultation may be useful. This is particularly important as different sections in community may have different stakes.

3) The key is to keep the process transparent and accessible to as many people as possible.

4) Users should be able to launch an initial complaint and if the service is not improved within a prescribed period, the formal complaint should be registered with the contract awarding authority. After accumulation of a given number of complaints, fair and reasonable amounts may be deducted from the fees.

### 4.5 Employment Creation and Income Generation

With the SMEs, the business owners usually employ lesser number of labourers to ensure maximization of profits. On the contrary, with the CBOs, the members are the ones solely responsible for the job. In the Pilot stage preceding the programme (1997-2001) more than 2000 jobs were created only from the waste collection sector in the city. Additionally, nearly 50 franchisees in waste collection in 44 of the 73 wards of Dar es Salaam have been created. Waste collection has increased from 4% to 40% and has extended to unplanned settlements as well.

The simple method employed by the owners of these companies or the members of the CBOs include separation of the wastes in such a way that the plastic bottles and the metallic disposals could be taken to local industries for recycling. Through this process, many people working in places that sell water bottles have managed to make extra cash. Regrettably, the business has managed to attract some of the children from poor families with the need of making extra cash.

Thus, there are about three different ways in which the city dwellers benefit from the solid waste collection and disposal sector. One way is through collection of solid wastes from the households, secondly is through separation of the solid wastes for re-cycling. Lastly, is through transporting of the solid wastes to the dumpsite.

**Recommended actions**

1) The contractor should provide information about numbers of people employed, remuneration, their gender, and basis of their employment.

2) Draft conditions provide a target proportion of women work force. Access should be provided to the women and disadvantaged groups in the decision making and implementation.
4.6 Health and Safety

Despite the fact that one of the requirements for carrying out the solid waste management practice in the city of Dar es Salaam requests the contractors to be equipped with necessary gears for health and safety measures, the majority of them do not abide to this requirement. A contractor is primarily required to ensure the organisation or company is fully equipped with the necessary gears to carry out the agreed assignment competently. Essentially, the contractor has to ensure the health and safety for his/her employers is maintained throughout, especially due to the nature of their business.

Recommended actions
1) There should be no compromise on the issues of safety and quality for the execution of the project. Even if the project has to bear financial cost for safety and quality work, it is worth spending as the cost would be recovered in future. Appropriate standards and specifications should be used. Programme code of practices for safety and quality control should be developed and enforced by the partners.
2) Use of appropriate quality testing should be considered. It is recommended that a register should be opened to document all the accidents, illnesses related to work and follow-up actions. This may in future help in claiming discounts for the insurance premiums.

4.7 Corruption and Accountability

A transparent procurement system ensures that all qualified suppliers have equal access to all elements of the system, including:
- methods of procurement;
- legislation;
- evaluation criteria and technical specifications;
- rights and responsibilities of government as a buyer; and
- due process.

In eliminating the possibility of corruption, the procedures for tendering are made open to all willing and capable contractors. Furthermore, there is involvement of various key stakeholders in the short-listing and final selection of contractors. Through their roles and responsibilities during the contractors’ performance, the municipals ensure the operators become accountable to the users. The illustration below shows how different stakeholders are engaged in the selection of qualified contractors:

Community based works are more demanding as far as transparency and accountability are concerned. Effective cooperation between local government, businesses and the community is always difficult to achieve because of the wide range of participants involved, the low level of trust that often exists between potential partners and the lack of predictability in the process. Lack of information will lead to suspicions especially when money is involved. The Municipality (LGA) is in the end accountable to the community. The Municipality (LGA) staff could be liable for all sorts of accusations. Community members may start accusing each other. A very reliable defence against such incidences is to have a very simple and clear record of financial transactions. An early audit is also recommended.
Figure 4.2: Public Representative Organs in the Selection of Contractors

Recommended actions
1) Experience suggests that genuine partnerships must include the principles of equity, transparency of operations and mutual benefit.
2) In eliminating the possibility of corruption, the procedures for tendering are made open to all willing and capable bodies. Furthermore, there is involvement of various key stakeholders in the short-listing and final selection of contractors.
3) Channel down the information to the wider community.
4) The credibility of champions and other leaders involved, as well as transparency in the process, are critical determinants of long-term success.
5. **CAPACITY BUILDING**

Interviews and discussions with the key sources in Dar es Salaam city municipalities have shown a need for capacity building to the municipal, CBOs and the private companies, for effective service provision in different areas. Generally, the following are required:

5.1 **The Clients –Municipal Councils**

There are several areas of possible areas for capacity building that would improve service delivery, these include:

- A strategy to improve services of the poorer urban settlements in order to attract CBOs and SMEs to implement the needed services.
- Citizen sensitization (community awareness) of waste management issues and of payment for services (willingness to pay);
- Procurement planning and preparation of tender documents;
- Contract writing and supervision;
- Consultancy and mentorship to CBO;
- Equipment and tools; as well as maintenance workshops in order to be able to support the CBOs for the transportation and dumping of the waste on hire bases.

5.2 **The Service Providers-CBOs and SMEs**

A number of capacity building issues have been identified for CBOs and SMEs through the study:

- With respect to waste management, CBOs and SMEs needed training on the categorization of waste (burial, burning, recycling, dumping) and also on health and safety aspects in the waste management aspects.
- Business skills such as simple book keeping and accounting (simple cash flow forecasting and budgeting).
- Entrepreneurship
- Service providers were unsure as to how to approach communities especially in relation to debt collection but also about how to create a willingness to pay for waste management.

5.3 **The Users**

It was reported that most community members don't have an awareness about the importance of waste management and consequently knowledge of how to separate solid waste is poor in the community, e.g. plastic bags from other solid waste.

- Local community should be sensitized on cleanliness culture as from family level to national levels
- Classifying waste should be part of community responsibilities in our society

Capacity building of clients, providers and users should be intensified through

- Short courses to employees to leaders and Solid Waste Collectors
- Financial support
6. CONCLUSIONS

6.1 Conclusions: Way Forward

Public sector procurement in Tanzania was governed by the Public Procurement Act 2001 until recently when a new Act – Public procurement Act 2004 was enacted. Local government authorities fall within the same act although they have had their own regulations. It should be stated however that PPP procurement models are in new Tanzania are no standard documents exist. The models that exist therefore have to be evaluated on the basis of meeting the basic principles of PPA 2001 and PPA 2004.

In principle, the most of the models for PPP for solid waste collection in the municipalities studied are generally in line with the general principles of PPA 2001 and PPA 2004, that is:

- Equality and opportunity to all prospective service providers;
- Fairness of treatment of all parties; and
- The need to obtain the best value for money in terms of price, quality and delivery having regards to set specification and criteria.

These procurement procedures further provide for capacity building and community participation which is a very positive aspect of the pro-poor procurement.

Solid waste collection services are provided by private contractors and CBOs. Selection of private contractors is mainly competitive and participatory – involves the governance structure within the municipalities. Contracts are signed with municipalities. Contracts are normally for not more than one year. This has been observed to be too short to enable the contractors recover their investments and it has been recommended by the stakeholders – both private contractors and the municipal officials that this should be extended to at least three years. In some municipalities, contracts have already been awarded for period of up to three years. Private contracts are dominant in the central business district as well as in high income residential areas characterised by high volumes of waste generation per person and therefore require larger equipment. Private contractors collect and dispose waste at the dumpsite. Although willingness to pay was not objectively assessed, there were claims that willingness to pay amongst high income service recipients is not as high as would be expected although the level of collection is generally high.

CBOs operate in low income and squatter areas where access is poor and waste generation is generally lower despite higher population densities. Selection of the service providers range from competitive to single source – it even includes facilitation of establishment of a CBO service providers by some municipals where there is very poor response. Likewise, selection method where there is competition, participatory. In view of limited capacity of the CBOs, most provide primary collection services and respective municipalities perform secondary collection as an intervention measure. The contracts entered into with the CBOs however, include full collection services. It is recommended that while this intervention is inevitable to start with, it should be used as a time window within which the CBOs could build their capacities for provision of full collection services. This should therefore be reflected in their contracts. It was reported that collection rates were generally low and had low breakeven points. It is recommended that it should be possible to increase collection mainly through sensitisation of the communities.
6.2 What are the major gaps in forming a successful partnership?

A range of possible gaps or deficiencies in the capacity of both public and private actors could hinder the formation of a successful partnership. Major gaps in this respect include:

- the reciprocal mistrust and lack of understanding of one another’s interests and needs across the public and private sectors;
- the absence of locally available information on, and experience with, arranging sustainable partnerships; and
- the underlying legal, political and institutional obstacles to forming effective public-private relationships.

These gaps often lead to lengthy negotiations, increased transaction costs and make smaller projects much less attractive to potential investors. In order to minimise the harm from such gaps, PPP arrangements should provide certain safeguards for the public and private sectors and for the community.

The public sector usually expects the private sector to contribute in one or all of the following ways:

- to provide agreed services;
- to make agreed investments;
- to meet agreed standards/targets; and
- not to exploit any monopoly situation that might exist.

The private sector expects the public sector to contribute in one or all of the following ways:

- to create an enabling environment suitable for the PPP;
- to pay agreed fees promptly and in full;
- to implement tariff increases as agreed; and
- to prevent unexpected competition from others during operation (exclusivity).

The community expects the PPP to:

- provide appropriate levels of services; and
- be affordable to the community, either through direct charges or indirectly through general taxation.

6.3 Widening of Municipal Services Using similar Models

Besides widening the geographic coverage of waste collection and intensifying the rate of collection, there are significant opportunities to expand the scope of services to include:

- Road infrastructure maintenance mainly using labour based technologies;
- Cleaning of storm water drains;
- Water supply services;
- Etc.

The success of solid waste collection programme should provide lessons that can be taken on-board new initiatives and where necessary, these could be closely linked with
other on-going initiatives such as urban road maintenance activities using Roads Fund; upgrading of urban infrastructure using the Tanzania Social Action Fund (TASAF).

### 6.4 A summary of further actions

The following are some of the action required for more equitable tendering procedures and municipal service delivery:

- Communicate to all the stakeholders the contract documents once signed with the action from them and a target date.
- Mobilise the required approvals seeking mechanisms.
- Dissemination of information about the procurement process.
- Completion of contract package
- Organise a pre-contract meeting with the partners.
- Continue on with the experimentation and move for more and larger contracts.
- Documentation of process
- Monitoring -development and use of performance monitoring indicators.
- Needs for further training to be identified particularly on the technical aspects of waste management and community water supply
- Experiments with similar approaches in other service sectors stated in 6.3 above.
- Disseminate to other councils, ministries and agencies for scaling up and replication.
7. Documents Reviewed

Due to the nature of this report, specific reference are not provided, following provide a general list if documents reviewed.

1. Agreement for refuse collection and disposal between the Kinondoni Municipal Council and a Private Contractor
3. List of Contractors and CBOs providing waste management services in Ilala Municipality
5. Typical Franchessee Agreement for Solid Waste Collection and Disposal for Ilala Municipal Council
6. Stakeholders obligations towards clean environment in Ilala Municipality in Kiswahili – (Majukumu ya Wadau Mbalimbali katika Usimamizi wa usafi wa Mazingira-Halmashauri ya Manispaa ya Ilala)
7. Stakeholders obligations towards clean environment in Kinondoni Municipality in Kiswahili – (Mgawanyo wa Majukumu katika huduma za usafishaji -Halmashauri ya Manispaa ya Kinondoni)
8. The Local Government Finance Act, 1982 (No. 9 of 1982 By-Laws (Kinondoni Municipal council (Waste Management and Refuse Collection Fees) )
9. Performance Measurement Form for Road Cleanness Contracts/Agreement for Kinondoni Municipality in Kiswahili (Fomu ya Wazi ya Mapitio na Upimaji Utendaji Kazi za Usafishaji Barabara-Halmashauri ya Manispaa ya Kinondoni)


26. Community contracts used for procuring mobilisation services for Solid waste Management, Tanzania.

27. Community contracts used for procuring Primary Health Services, Tanzania.


30. Conditions of community contract used in Cuttack, India


33. Conditions of contract used by Lusaka City council and PUSH

34. Conditions of contract used in Bo Sevana, Sri-Lanka.

35. Conditions of contracts used by Lusaka water and sewerage company for concession contract

36. Conditions of contracts used in Sindh Katchi Abadi Authority, Pakistan.


49. Project Document for Sustainable Lusaka Programme


70. Sohail, M. (1997) An investigation into the procurement of urban infrastructure in developing countries, PhD. Loughborough University


8. Appendices

8.1 APPENDIX Draft model conditions of contract for organisational relationships for procurement of solid waste services

8.1.1 Contract between Municipal council/Utility and small Enterprise.

Draft Contract document with conditions of contract (This may be applicable to the contractual relationship between City council and Small Enterprise (SE) for provision of primary collection of solid waste)

Form of Contract
The first party to the contract is: (for example, City Council) a corporate body constituted under the Local Government Act Tanzania

The Client is:

Name
Address:
Telephone/Fax:

The following person or his /her nominee represents the Client:

Name:
Address:
Telephone/Fax:

The second party to the contract is:
The Community Contractor is (INSERT THE NAME OF SE)

Name:
Address:
Telephone/Fax:

The following person or his /her nominee represents the Contractor:

Name:
Address:
Telephone/Fax:

The Works/service is primary collection of solid waste from the designated areas and transporting the waste in safe manner to the designated points for further disposal. The work may include:
[DELETE AS APPROPRIATE]
Collection of waste from households and transportation to the designated areas.
Collection of waste from markets and transportation of waste to the designated.
Collection of waste from public place in the areas and transportation to the designated areas.
Collection of waste from other businesses in the areas and transportation to the designated areas.
Street cleaning to the satisfaction of the client.
Drains cleaning to the satisfaction of the client.

The site is  (LIST THE AREA/S)
The period of reply is (INSERT NUMBER OF DAYS) working days.
The Starting date is ( INSERT THE DATE)
The completion date is ( INSERT THE DATE)
The contractor will be responsible for collection of the fees from the recipient of the service. The Client will not receive any payments in lieu of permission granted to collect the solid waste from the designated area/s.

The parties of the contract have mutually agreed to carry out the works in accordance with the contract in the true spirit of partnership.

The contractor shall perform the works/services in accordance with the contract entered between the SE and the recipient of the services and in accordance with the relevant Laws and regulations. The Client authorises the contractor to provide the services and collects the mutually agreed fees from the recipients of the waste.

Signatures of the Mayor………………………………………

Town …………………………………………

(with full names and addressees.

Signatures of the Contractor(INSERT THE NAME OF THE SE) with full names and addressees.

DATE

Signatures of the Two Witnesses with full names and Addresses.
Conditions of Contract

1 General

10 Actions
10.1 The Client and Contractor shall act as stated in this contract and in a spirit of mutual trust and co-operation.

11 Definitions of terms
a) Client mean the (for example, City Council)
 b) Contractor means (INSERT THE NAME OF THE SE)
C) Agreement means this contract related the works and services as stated.

For the definitions of the terms the normal usage of the language and the construction industry norms to be referred.

12 Communications
12.1 Every communication which this contract requires will be in writing. Any verbal communication will be followed by confirmation in writing.
12.2 A communication has effect when it is received at the designated address of the recipient.
12.3 If this contract required the parties to reply to a communication, unless otherwise stated in this contract he/she replies within the period of reply.

13 The Client’s Authority and delegation
13.1 The Client may issue reasonable written instructions which the Contractor shall carry out.
13.2 The Client may give an instruction which changes the Works/Service.
13.3 The Client, after notifying the Contractor, may delegate any of his actions and may cancel any delegation.
13.4 The Client can withdraw the permission to the SE in case of unsatisfactory performance.
13.5 The client will ensure the secondary collection of the waste at no cost to the SE.

14 Access to the site
14.1 The parties to the contract facilitate the access to the site or areas required for provision of services as mentioned in the contract.
14.2 The parties to the contract will take reasonable care in co-ordinating the different agencies involved in the service provision.

15 Early warning
15.1 Each party to the contract, gives an early warning by notifying the other as soon as either becomes aware of any matter which could increase the contract sum, delay completion or impair performance of the works in use. The parties will co-operate in making and considering proposals for how the effect of the matters (causing delays, cost increase etc.) can be avoided or reduced.

16 Law
16.1 The Law applicable is the law of the country where the site is. (law in general, contract law in particular)

2 The Contractor’s main responsibilities
20 Providing the works
20.1 The contractor provides the Works/Services in accordance with the contract between the SE and the recipient of the service.

21 Subcontracting and people
21.1 If the contractor subcontract work, even for labour only, he/she is responsible as if he had not subcontracted.
21.2 The preference will be given to the worker living in the locality of the site
21.3 The preference will be given to the women workers given that the workmanship is of equal quality.
21.4 The Contractor will strive to achieve as much a higher proportion of women workers as possible. A proportion of (INSERT A PROPORTION SAY40% ) will be taken as a minimum target.

3 Time
30 Starting and completion
30.1 The works to be completed within the contract duration.
30.2 The parties to the contract will take necessary steps to achieve completion within time and discourage any time overruns.
30.3 If any party, incur damages due to the delayed completion, necessary steps will be taken to mitigate the damages and for reasonable compensation.

31 Programme
31.1 The parties, will help each other to produce a work plan.

4 Testing and Defects
40 Correcting Defects
40.1 The contractor will correct the defects resulting from the mistakes or ignorance of the contractor.
40.2 The defects due to design the actions and

5 Payment
50 No liabilities for payments
50.1 The Client will not be responsible of the payments for services to the recipients of the services
50.2 The SE will not be responsible for paying any fee to the Client or its representatives.

6 Compensation events
60 Compensation events
60.1 The contractor will be compensated if the scope of work and duration changes due to instruction/s of the Client.
60.2 The partners (parties to the contract) will consider for compensation to the effected partner if the scope of the Works changes due to factor/s causing the change/s are not under the control of the Contractor and/or the Client.

60.3 The compensation will be agreed between the parties and should be fair and reasonable.

7 Insurance

70 Insurance

70.1 The partners, will agree on a strategy to provide insurance cover for the:

1. Loss of or damage to the works, plant and material
2. Loss of /or damage to property and liability for bodily injury to or death of a person arising from or in connection with the provision of the works/service.

(CHANGE THE CLAUSE IN THE LIGHT OF THE POLICY AVAILABLE IN THE MARKET).

8 Safety

80 Goal

80.1 The goal of the parties is to complete the project with no accidents.

80.2 The partners (parties to the contract) will participate in the regular safety meetings.

80.3 The partners (parties to the contract) will assess the requirements for safety equipment and training. The cost for the safety will be covered in the contract.

80.4 The partners (parties to the contract) will develop and use a ‘Code of safe practices’ for the job site.

9 Disputes and termination

90 Settlement of Disputes

90.1 A party may notify the other party that he disagree with him/her on any matter under or in connection with this contract within two weeks of becoming aware of the disagreement. Unless settled by the parties, either Party may submit a notified disagreement to an independent third party for dispute resolution.

90.2 The third party settles the dispute by notifying the parties of his decision.

91 Termination

91.1 Parties can mutually agree to terminate the contract.

91.2 Parties can terminate the contract, after notification, on substantial non-compliance of obligation from other party.

92 Assurance of transparency

92.1 The Client shall be entitled to cancel the contract and to recover from the Contractor the amount of any loss resulting from the such cancellation, if the contractor shall have offer or given or agreed to give to any person any gift or consideration of any kind.

92.2 The Contractor shall be entitled to cancel the contract and to recover form the Client the amount of any loss resulting from the such cancellation, if the Client shall have demanded or agreed to take from any person any gift or consideration of any kind.
100 Worker’s considerations.
100.1 No worker below the age of (check the legal age of a child in Tanzania, Kenya/ Uganda) shall be employed on the works.
100.2 The Contractor shall pay not less than fair wage to the workers. The fair wage will not be less than the minimum wage as defined in the relevant law of the country.
100.3 The parties to the contract will be responsible to ensure that no worker is forced to do the works.
100.4 The parties to the contract will be responsible to ensure that there is no sexual discrimination on the works. The worker will be paid according to their productivity and not whether they are male or female.
8.1.2 **The contract between SE and Waste Generators (users)**

*Draft Contract document with conditions of contract.*

This document is applicable to the contractual relationship between small enterprise and the waste generators.

**Form of Contract**

The first party to the contract is: Waste Generator.

The Client is:

Name  
Address:  
Telephone/Fax:

The Client is represent by the following person or his/her nominee:

Name:  
Address:  
Telephone/Fax:

The second party to the contract is:  
The small enterprise (INSERT THE NAME OF SE)

Name:  
Address:  
Telephone/Fax:

The Contractor is represent by the following person or his/her nominee:

Name:  
Address:  
Telephone/Fax:

The Works/service is primary collection of solid waste from the designated areas and disposing the waste to the designated place/s in a safe and satisfactory manner.

The site is  (LIST THE SITE)

The period of reply is (INSERT NUMBER OF DAYS) working days.

The Starting date is  (INSERT THE DATE)

The completion date is  (INSERT THE DATE)
The parties of the contract have mutually agreed to carry out the works in accordance with the contract in the true spirit of partnership.

The contractor shall perform the works/services in accordance with the contract entered between the Waste Generator and SE.

The following documents are part of the contract.
(List the documents as per the individual contract)

The following documents are part of the contract.
(List the documents as per required in the individual contract)

(INCLUDE TO OR EXCLUDE FROM THE FOLLOWING DOCUMENTS AS APPROPRIATE)

1. The Agreement
2. The contractor’s offer or tender (or equivalent document like minutes or letters?)
3. The conditions of contract
4. The appendix to conditions of contract. (In some cases you may like to add or subtract without changing the conditions examples could be any correspondence or special condition)
5. Reference to drawings
6. Reference to the specifications
7. Price list (items of works/services and may include materials, labour, tools and equipment?)
8. Works information (for example about the nature of work like construction on waste etc.)
9. Site information (for example, where it is etc.)

Signatures of the Mayor…………………………… ……..
Town …………………………………
(with full names and addressee.

Signatures of the Contractor(INSERT THE NAME OF THE SE) with full names and addressee.

DATE

Signatures of the Two Witnesses with full names and Addresses.
Conditions of Contract

1 General

10 Actions
10.1 The Client and Contractor shall act as stated in this contract and in a spirit of mutual trust and co-operation.

11 Definitions of terms
a) Client means the Waste Generator
b) Contractor means (INSERT THE NAME OF THE SE)
C) Agreement means this contract for the works and services as stated in accordance and in accordance with the contract between the City Council and SE.

For the definitions of the terms the normal usage of the language and the construction industry norms to be referred.

12 Communications
12.1 Every communication which this contract requires will be in writing. Any verbal communication will be confirmed in writing.
12.2 A communication has effect when it is received at the designated address of the recipient.
12.3 If this contract required the parties to reply to a communication, unless otherwise stated in this contract he/she replies within the period of reply.

13 The Client’s Authority and delegation
13.1 The Client may issue reasonable written instructions which the Contractor shall carry out.
13.2 The Client may give an instruction which changes the Works/Service.
13.3 The Client, after notifying the Contractor, may delegate any of his actions and may cancel any delegation.

14 Access to the waste
14.1 The parties to the contract facilitate the access to the site or the point from the waste have to be collected.
14.2 The parties to the contract will take reasonable care in co-ordinating the different agencies involved in the service provision.

15 Early warning
15.1 Each party to the contract, gives an early warning by notifying the other as soon as either becomes aware of any matter which could increase the contract sum, delay completion or impair performance of the works in use. The partners will co-operate in making and considering proposals for how the effect of the matters (causing delays, cost increase etc.) can be avoided or reduced.

16 Law
16.1 The Law applicable is the law of the country where the site is. (law in general, contract law in particular)
2 The Contractor’s main responsibilities
20 Providing the works
20.1 The contractor provides the Works/Services in accordance with this contract.

21 Subcontracting and people
21.1 If the contractor subcontract work, even for labour only, he/she is responsible as if he had not subcontracted.
21.2 The preference will be given to the worker living in the locality of the site.
21.3 The preference will be given to the women workers given that the workmanship is of equal quality.
21.4 The Contractor will strive to achieve as much a higher proportion of women workers as possible. A proportion of (INSERT A PROPORTION SAY 40%) will be taken as a minimum target.

3 Time
30 Starting and completion
30.1 The works to be completed within the contract duration.
30.2 The parties to the contract will take necessary steps to achieve completion within time and discourage any time overruns.
30.3 If any party, incur damages due to the delayed completion, necessary steps will be taken to mitigate the damages and for reasonable compensation.

31 Programme
31.1 The parties, will help each other to produce a work plan.

4 Testing and Defects
40 Correcting Defects
40.1 The defects resulting from the mistakes or ignorance of the contractor will be corrected by the contractor to the satisfaction of the client.

5 Payment
50 The amount due
80.5 The Client will be responsible for the payments for services in accordance with the attached schedule of payment.

6 Compensation events
60 Compensation events
60.1 The contractor will be compensated if the scope of work and duration changes due to instruction/s of the Client.
60.2 The partners (parties to the contract) will consider for compensation to the effected partner if the scope of the Works changes due to factor/s causing the change/s are not under the control of the Contractor and/or the Client.
60.3 The compensation will be agreed between the parties and should be fair and reasonable.

7 Insurance
70 Insurance
70.2 The partners will agree on a strategy to provide insurance cover for the:
1. Loss of or damage to the works, plant and material
2. Loss of or damage to property and liability for bodily injury to or death of a person arising from or in connection with the provision of the works/service.
(CHANGE THE CLAUSE IN THE LIGHT OF THE POLICY AVAILABLE IN THE MARKET).

8 Safety
80 Goal
80.1 The goal of the parties is to complete the project with no accidents.
80.2 The partners (parties to the contract) will participate in the regular safety meetings.
80.3 The partners (parties to the contract) will assess the requirements for safety equipment and training. The cost for the safety will be covered in the contract.
80.4 The partners (parties to the contract) will develop and use a ‘Code of safe practices’ for the job site.

9 Disputes and termination
90 Settlement of Disputes
90.1 A party may notify the other party that he disagrees with him/her on any matter under or in connection with this contract within two weeks of becoming aware of the disagreement. Unless settled by the parties, either Party may submit a notified disagreement to an independent third party for dispute resolution.
90.3 The third party settles the dispute by notifying the parties of his decision.

91 Termination
91.1 Parties can mutually agree to terminate the contract.
91.2 Parties can terminate the contract after notification, on substantial non-compliance of obligation from other party.

92 Assurance of transparency
92.1 The Client shall be entitled to cancel the contract and to recover from the Contractor the amount of any loss resulting from the such cancellation, if the contractor shall have offer or given or agreed to give to any person any gift or consideration of any kind.
92.2 The Contractor shall be entitled to cancel the contract and to recover form the Client the amount of any loss resulting from the such cancellation, if the Client shall have demanded or agreed to take from any person any gift or consideration of any kind.

100 Worker’s considerations.
100.1 No worker below the age of (check the legal age of a child in Tanzania) shall be employed on the works.
100.2 The Contractor shall pay not less than fair wage to the workers. The fair wage will not be less than the minimum wage as defined in the relevant law of the country.
100.3 The parties to the contract will be responsible to ensure that no worker is forced to do the works.
100.4 The parties to the contract will be responsible to ensure that there is no sexual discrimination on the works. The worker will be paid according to their productivity and not whether they are male or female.
8.1.3 Service Standards and Specifications (only an example)

Contract between households and small enterprise

[PLEASE DELETE OR ADD AS APPLICABLE FOR A SPECIFIC CONTRACT]

1. Description of services.
The service of primary waste collection should be done to the satisfaction of the Client and as required by the relevant laws and regulations. In general the area served by the enterprise should look clean with no solid waste in the designated public places.

3. Service standards
City council standards will be used as minimum standards for the quality of the collection services, the street sweeping and the drain cleaning.

Different services will be provided. Select or add to the table and specify area and residents to which services delivered. [See examples in table below and remove, change or add what is necessary in line with the scope of the contract.].

<table>
<thead>
<tr>
<th>Service</th>
<th>Area</th>
<th>Residents</th>
<th>How</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of solid waste from households</td>
<td>From household front door to transfer point indicated on map (map attached)</td>
<td>All residents who paid waste charge in [give name of settlement and part of settlement you are operating]. Map attached.</td>
<td>Waste will be collected [INSERT AS APPLICABLE SAY2 times per week] from household and collected [INSERT AS APPLICABLE SAY3 times per week] from business.</td>
</tr>
<tr>
<td>Collection of waste from open spaces</td>
<td>Indicate open spaces from which waste will be collected</td>
<td></td>
<td>How often?[INSERT AS APPLICABLE]</td>
</tr>
<tr>
<td>Street sweeping</td>
<td>Indicate on map which streets will be swept or describe and give estimate of length.</td>
<td></td>
<td>How often?[INSERT AS APPLICABLE]</td>
</tr>
<tr>
<td>Drain cleaning</td>
<td>Indicate on map which drains will be cleaned or describe and give estimate of length.</td>
<td></td>
<td>How often?[INSERT AS APPLICABLE]</td>
</tr>
<tr>
<td>Cleaning of transfer point and surrounding area</td>
<td>Transfer point (describe location) and direct area surrounding transfer point</td>
<td></td>
<td>After CC collected waste. [INSERT FREQUENCY AS APPLICABLE]</td>
</tr>
<tr>
<td>Awareness /Educational activities</td>
<td>Where</td>
<td>To whom</td>
<td>How often.</td>
</tr>
</tbody>
</table>
8.1.4 Payment Schedule (for example)

The payments will be made in accordance with the contract. Refuse charges

The refuse charges will be collected by the community-based enterprise from the waste generator on:

- a monthly/weekly basis (choose option)
- in advance in the first week of the month/ at the end of the month

Receipt will be issued upon payments.

Tariff

There will be different rates for different waste generators depending on the amount and kind of waste generated. Attached is a list of the charges for various waste generators as a guidance[ the list of charged to be developed and attached, a sample was provided. .

The main categories for tariff will be as follows

1 From domestic waste generator
2 From other waste generator
3 [ADD AS APPROPRIATE]
### 8.1.5 Refuse Collection Charge Rates (for example)

<table>
<thead>
<tr>
<th>NO.</th>
<th>DESCRIPTION OF SOURCE OF WASTE</th>
<th>High-income areas</th>
<th>Middle-income areas</th>
<th>Low-income areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>RESIDENTIAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>COMMERCIAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Local Markets including Tea room, Shops etc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Café, Ice Parlour, etc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.1</td>
<td>Vegetable markets, etc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Restaurants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guest Houses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Hospitals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td>and Clinics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Small and Medium industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Heavy industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7</td>
<td>Institutes: Schools, Churches, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8</td>
<td>Offices etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9</td>
<td>Public Places</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9.1</td>
<td>Transport stands such as bus stands, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Parks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ANY ADDITIONS AS REQUIRED</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8.1.6 **Drawings / Sketches (add as appropriate)**

The drawing should include all the relevant information required for the provision of services.

1. The areas to be cleaned
2. The designated places for storing the waste before final disposal: transfer stations or temporary places for storing waste. [capacity of each transfer station may be designated on the drawings].
3. [An example of such drawing may be attached]
8.2: Stakeholders interviewed

The following is the summary of parties interviewed:

i) Held Interviews with Municipal Waste Managers

- Ilala Municipality - summary of the facts about the Waste Management Practice and engagement of private contractors as well as CBOs in Ilala
- Kinondoni Municipality - summary of the facts about the Waste Management Practice and engagement of private contractors as well as CBOs in Kinondoni; and
- Temeke Municipality - summary of the facts about the Waste Management Practice and engagement of private contractors as well as CBOs in Temeke.

ii) Held Interviews with Private Contractors/CBOs/NGOs

- Sweet Corner Envirocare (Mwembechai) - Kinondoni Municipality
- Tanzania Environmental Cleanliness Association (TECA) – Temeke Municipality
- SINCON ENVIRONMENT – Chang’ombe Industrial area - Ilala Municipality
- OJMAGA- Buguruni - Ilala Municipality
- AJM – Chang’ombe – Temeke Municipality
- Kimangele Enterprises-Kariakoo - Ilala Municipality
- Inuka Enterprises – Magomeni - Kinondoni Municipality
- KIJICO- Kijitonyama Community – Kinondoni Municipality
- WAMKUTA-Tandale - Kinondoni Municipality
- MASHECO Environ. – Mbuyuni and Makumbusho- Kinondoni Municipality
- Upendo Youth Group (UYOGRO) - Mtoni kwa Aziz Ali - Temeke
- PHCCG – Temeke Pile - Temeke Municipality

iii) Held Interview with Hanna Nasif Project Consultant – Prof. Kombe of UCLAS

iv) Documents Reviewed and Attached

- Agreement for refuse collection and disposal between the Kinondoni Municipal Council and a Private Contractor
- List of Contractors and CBOs providing waste management services in Ilala Municipality
- The Local Government (Urban Authorities) Act, 1982 (No. 8 of 1982) By-Laws for Ilala Municipal Council (Solid Waste Management [Collection and Disposal of Refuse])
- Typical Franchesee Agreement for Solid Waste Collection and Disposal for Ilala Municipal Council
- Stakeholders obligations towards clean environment in Ilala Municipality in Kiswahili – (Majukumu ya Wadau Mbalimbali katika Usimamizi wa usafi wa Mazingira-Halmashauri ya Manispaa ya Ilala)
- Stakeholders obligations towards clean environment in Kinondoni Municipality in Kiswahili – (Mgawanyo wa Majukumu katika huduma za usafishaji - Halmashauri ya Manispaa ya Kinondoni)
- The Local Government Finance Act, 1982 (No. 9 of 1982 By-Laws (Kinondoni Municipal council (Waste Management and Refuse Collection Fees))
- Performance Measurement Form for Road Cleanness Contracts/Agreement for Kinondoni Municipality in Kiswahili (Fomu ya Wazi ya Mapitio na Upimaji Utenadaji Kazi za Usafishaji Barabara-Halmashauri ya Manispaa ya Kinondoni)