

## **POWER SUPPLY PROCUREMENT CONTRACT SAGA**

Bongoland is one among the countries in Africa located across the Equator which made it to be endowed with abundant natural resources including minerals, huge rivers, thick forests and fertile land. Despite the endowment the country is still having a weak economy due to poor political and economic systems which have led to a number of coup, civil wars and revolutions. In turn this has affected their progress towards sustainable development through effective utilisation of resources to the benefits of Citizens through provision of better services such as power and water supply, education, health and security. The country mostly depends on power supply from the dams and other hydrothermal plants located into different regions across the country.

In 2010 the country experienced severe drought conditions which affected the capacity of their major power plants to generate sufficient power to be supplied over the country. To resolve the situation Ministry of Energy proposed a power rationing schedule throughout the country particularly those regions mostly depending on the National Grid power supply. After 3 months the Members of the Parliament through Parliamentary Sessions demanded a permanent solution to the problem since the national economy was at risk since the industries were not productive as a result of insufficient power supply. The Ministry of Energy was directed by the Parliament to initiate procurement proceedings that will attract national and/or international qualified firms to assist into power production (100 MW) using alternative means to hydropower.

The Ministry decided to use International Competitive Tendering method of procurement that was directed by the Prime Minister (PM) to the Accounting Officer of the State Power Supply Company (SPSC) since the PM assumed to be superior. The tender notice was circulated only into international news papers and websites with global coverage but also restricted local firms to participate on the premise that proceedings were implemented using International Competitive Tendering. Some local firms raised a concern to the State Power Supply Company about being discriminated unnecessarily but the response of the Accounting Officer was that the selected procurement method does not allow local firms to participate. The Prime Minister went further to form an Evaluation Committee that was later communicated to the Accounting Officer via a mail and directed the evaluation to start immediately without delays since the Nation was in a state of emergency and at the brim of recession.

The evaluation team consisting 10 members commenced their work immediately and the contract was awarded to Mchinachina Company Ltd from China at a contract value of 130,181,000 USD (equivalent to 260,362,000,000 Tanzania Shillings). Upon receiving the evaluation report the PM directed the contract to be prepared and signed within 5 days without Tender Board approval since it will add up to uncalled delays. The contract was successfully signed within 3 days as directed since the representatives of Mchinachina Company Ltd were able to travel and arrive in the country despite a short notice.

The members of State Power Supply Company Tender Board were skeptical with the contract drafting and signing proceedings and recommended that due diligence should be done. They doubted the company profile of the selected company but also the contract should have been approved by the Board and thereafter vetted by the Attorney General prior to signing. The concern was not well received by the PM who furiously decided to suspend the State Power Supply Company Tender Board on the premise that they were delaying the procurement proceedings but also not patriotic to national interest. The next day the PM appointed new members of the State Power Supply Company Tender Board with instructions not to cause any obstacles and work by instructions.

After 6 months of contract execution, the citizens started to complain about the unannounced severe power rationings since contract implementation was grumpy and dwindling. This was contrary to the expectations of the Members of the Parliament who expected that the situation would improve through inducing 100 MW in the national grid apart from the other sources of powers. The Company failed even to generate 50 MW and there were no reports from State Power Supply Company or the Ministry of Energy regarding contract performance monitoring, enforcement and justifications for such under performance. This probed the Parliament to the commission the Auditor General to investigate the saga and make a forensic audit to determine whether there is value for money as well as recommend on the proper measures that should be taken.

Among the terms of references were to: investigate the entire procurement process from need identification to contract implementation and determine whether the laws, regulations and guidelines were complied; and run a background check on Mchinachina Company Ltd in order to determine who are they, establish their potentials to generate and supply 100 MW; and confirm the list of previous similar contract performed successfully.

The Auditor performed the investigation and audit as commissioned in the terms of reference and prepared an elaborated report that was submitted to the President and Parliament. The report was presented to the Parliament and nationally televised since the scandal got the attention of the Public and the President. A number of flaws and weaknesses were identified all over the procurement proceedings which at the end resulted into poor contract implementation and management resulting into failure to achieve value for money. Nonetheless, the company awarded the contract (Mchinachina Company Ltd) was not even registered in China and worse enough it had never been awarded any contract of such kind but rather falsified the submitted information.