

## **Annex A**

### **Terms of Reference for a Supplier to provide Technical Assistance (TA) for Improving Rural Access in Tanzania**

**1 September 2014 to 31 January 2018**

#### **Introduction**

1. The UK Department for International Development (DFID) leads the UK Government's fight against poverty in low and middle income countries across the World. For more information on DFID, what we do and where we work please visit our [website](#).
2. DFID Tanzania is providing £25 million over the next 4 years to help improve Tanzania's rural road network. £22.2 million will be spent on repairing and improving rural roads and £2.8 million will be spent on helping to improve value for money, manage fiduciary risk and to maximise the impact of rural roads in Tanzania. £990,000 of which is available for this contract (£100,000 of this is available for purchasing small quantities of low value equipment).
3. Working closely with the Prime Minister's Office Regional Administration and Local Government (PMORALG) Infrastructure Development Unit (IDU), funds will be channelled via the National Roads Fund to Local Government Authorities (LGAs). Projects will be implemented by District Engineers with planning and oversight provided by the IDU. 36 bottlenecks (out of a short list of 406 priority bottlenecks nationwide) in 15 districts have been identified as providing the greatest economic rate of return amounting to an estimated total cost of £6.6 million. These will be the focus of the first year of DFID's funding.
4. The Technical Assistance (TA) is provided as part of the programme. This is aimed at helping LGAs maximise value for money, manage fiduciary risk and to help strengthen PMO-RALG and the Road Fund Board. The TA is procured in two phases and contracted directly to DFID. The first phase of TA has been fast track and short term. This was necessary in order to provide support for the first 6 months of implementation. The fast track TA is focussing on delivering recommendations made after the Fiduciary Risk Assessment. All outputs and work generated during this period will be handed over to the long term TA to build on.
5. The Programme will comprise of a short Inception Phase followed by an Implementation Phase. The contract will be awarded for the full period of 41 months but will include a break clause after 6 months to allow for a DFID annual review of the project in February 2015.

## **The objective**

6. DFID is seeking a supplier to deliver technical assistance (TA) for the remainder of the programme. The supplier will be based at the IDU and Road Fund, with frequent travel to LGAs.
7. These Terms of Reference are for the longer term TA referred to in the introduction.

## **Recipient**

8. The recipient is the Government of Tanzania – PMORALG and the Road Fund. Reporting will be to both the Government of Tanzania and DFID Tanzania.

## **Scope**

9. The broader context for this work is defined in the Business Case for Improving Rural Access in Tanzania (IRAT) and covered in the Local Government Transport Plan II (LGTP II, 2012), Developing the LGTP II to full implementation (ITT and PMORALG, 2013) and the Fiduciary Risk Assessment (2013).
10. The TA element of IRAT is primarily designed to improve value for money of the interventions as broken down into the three 'e's. In the context of this programme, simply put, economy relates to unit costs, efficiency to planning, procurement and contract management (this also impacts on economy and effectiveness), and effectiveness on the development outcomes and impacts.
11. The supplier of the TA will support the IDU, Road Fund and LGAs to maximise value for money and manage fiduciary risk while strengthening relevant functions within the institutions. The supplier will be expected to continuously assess the value for money of each stage of delivery and work with PMORALG to improve on this year on year. The log frame includes measures for each of the three 'e's under output 2 which the supplier will be expected to report against. The supplier will need to work closely with the DFID Impact Evaluation Manager (ITAD) in order to report against effectiveness.
12. Improving value for money will not only involve making the current system work more efficiently but also introducing new technologies in design and testing, innovative procurement approaches and more sophisticated planning and prioritisation tools.
13. It is expected that the supplier will have a core team based in Tanzania for the duration of the contract with the ability to draw in additional technical expertise when required.

## **Requirements**

14. The following outputs are expected over the duration of the contract. These are drawn directly from the Business Case and are based on the assessed needs of PMORALG and the Road Fund.

## *Efficiency*

- Supporting LGAs and IDU in preparing each year's procurement plan, working in ways to make procurement more efficient and more economical. This will involve improving, operationalizing and rolling out the existing computer based planning tool, DROMAS and ensuring reporting is linked to RFB financial procedures and EPICOR. DROMAS needs to be fully operational by December 2014 in all Districts benefitting from DFID funding and rolled out nationally by July 2015.
- Planning and coordinating training as required for LGA teams responsible for procuring and supervising rural road contracts in districts where DFID money is being spent. This will aim at compliance with Public Procurement Regulatory Authority (PPRA) guidelines. In particular there is need to strengthen LGAs in key areas highlighted by the PPRA audit reports namely transparency & publication of contract awards, records keeping and contracts management.
- The supplier of the TA will :
- Introduce the CoST (Construction Sector Transparency Initiative)<sup>i</sup> reporting template in districts where DFID funds are being used and. Develop a programme to support civil society in monitoring compliance with CoST procurement guidance. Provide a written training plan by December 2014 with training to be underway by end January 2014.
- Provide support to RFB where necessary to fulfil their role in relation to the additional works being funded by DFID. This will include contributing to technical and financial audits, and will also support PMORALG to assess the viability of establishing a separate Rural Road Development Fund within the Road Fund. The TA will help establish this if deemed necessary.
- Provide quarterly financial forecasts for the remainder of the programme period with a monthly breakdown for the first 12 months following the reporting date.
- Ensure all DFID funded activities are well coordinated with all other interventions in the rural road sector, more specifically, with technical assistance funded by the EU and JICA.

## *Economy*

- Introduce engineering design innovations (particularly in relation to climate resilience, gender and reducing life cycle costs) and improved procurement models. Where appropriate, drawing on lessons learned from the DFID funded research programme - Africa Community Access Programme (AFCAP), which has been active in Tanzania, and it's planned successor AFCAP 2. The first set of roads to benefit from these will be from July 2015. Any opportunity to test this earlier should be taken.
- Coordinate procurement of testing equipment required to improve the quality of supervision of contract implementation. The supplier of the TA will be expected to conduct (or coordinate) training where required to operate the equipment. Large batches of equipment (value exceeding OJEU limit) will be purchased directly by DFID via one of the approved procurement agents. All districts benefitting from DFID funds should be fully equipped and trained by December 2015. Additional equipment and training will be provided to each new District joining the programme thereafter by the supplier.

- The supplier will be able to procure small numbers of low value equipment, e.g. ICT, materials testing, GPS. The total budget (included in the £990,000) available for this is £100,000<sup>1</sup>.

### *Effectiveness*

- Develop a road safety programme with PMORALG and begin pilot of this on roads funded by DFID by September 2015. Once a programme has been designed, help mobilise resource for national scale implementation by September 2017.
  - Support PMORALG and Regional Secretariats to ensure close monitoring of the progress of each of the DFID funded interventions including the collection of value for money data; helping to link PMORALG reporting to the new RFB Management Information System. Monitoring will be expected to feed directly into the logframe; and working with the IDU and RFB to help provide data to DFID's Sustainable Growth Team's Impact Evaluation Manager (ToRs for this separate contract supplied in Additional Documents). A monitoring plan must be submitted and agreed by end December 2014. Monitoring should begin at the beginning of February 2014.
15. Supporting the IDU and LGAs where DFID funding is being spent to comply with the national environmental legislation (more detail is provided under the climate and environment section in the Business Case) and that contracting promotes the inclusion of women (where appropriate) in the labour force. A compliance assessment along with action plan should be completed by the end of December 2014. Bidders are encouraged to propose further activities based on the Business Case, and other documents relating to the programme.
16. These outputs are expected to contribute to the delivery of the targets set against indicators in output 1 (indicators 1.2 to 1.4) and output 2 (all indicators) of the logframe. The supplier is responsible for delivering against these targets and progress will be evaluated against them. A Value for Money score card will be finalised as an alternative to Key Performance Indicators (KPIs), and will be finalised between DFID and the successful bidder during the course of the Inception period.

### **Constraints and Dependencies**

17. The Team Leader for the TA must be willing and able to live in Tanzania for the duration of the contract.
18. The supplier of the TA will need to work closely with other TA programmes in the sector in Tanzania, e.g. EU and JICA funded TA.

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<sup>1</sup> The service provider is authorised to procure goods and equipment up to the EU threshold (£111,676), providing they are able to demonstrate procurement capability and good value for money. Any procurement by the Services Supplier must be carried out in accordance with DFID Procurement Group guidance and in liaison with the local DPO. The budget for goods and equipment must be calculated on an aggregated figure, the allowance for a budget of £111,676 does not mean that service Provider can spend the first £111,676 and then revert to the Procurement Agent. Any goods and equipment purchased will be reported to DFID and will be managed by separated invoices.

## **Reporting**

19. The supplier will be expected to produce the following:

- Written monthly snapshot reports (no more than 5 pages) providing a quick update on physical and financial progress on all works funded by DFID and all TA activities. The reports will be submitted to PMORALG and DFID.
- Written Quarterly reports to coincide with Road Fund Committee meetings and quarterly reporting cycles of the Government of Tanzania. These will collate information on overall progress and provide financial forecasts for the remainder of the work for the current financial year. The reports will include progress against log frame indicators and targets. The supplier will submit the quarterly and annual reports to PMORALG and DFID and the same will be presented to Road Fund Committee meetings together with other reports. The main body of the report should not exceed 20 pages.
- Annual reports detailing progress against all activities funded by DFID, financial reports and an updated log frame. These will be timed to coincide with the end of the Tanzanian Financial year.
- Additional logframe update to coincide with the DFID Annual Review of the programme in February 2015.

20. Formats for each report must be submitted by the supplier for agreement by the end of September 2014.

## **Timeframe**

21. The duration of this contract is expected to be from 1 September 2014 to 31 January 2018, with a possibility of an extension of up to 12 months, subject to continued need and performance of the supplier. This will be done, if required, in consultation with the Government of Tanzania.

## **Coordination**

22. Lead contact for this work at DFID will be the Programme Manager in the Sustainable Growth team, DFID Tanzania and the Trade and Infrastructure Adviser, DFID Tanzania. For the Government of Tanzania the lead contact will be the Director of the Infrastructure Development Unit, PMORALG. On a day to day basis the supplier will report to the Director of the Infrastructure Development Unit, PMORALG.

## **Duty of Care**

The Supplier is responsible for the safety and well-being of their Personnel (as defined in Section 2 of the Contract) and Third Parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

DFID will share available information with the Supplier on security status and developments in-country where appropriate. DFID will provide the following:

All Supplier Personnel will be offered a security briefing by the British Embassy/DFID on arrival. All such Personnel must register with their respective Embassies to ensure that they are included in emergency procedures.

A copy of the DFID visitor notes (and a further copy each time these are updated), which the Supplier may use to brief their Personnel on arrival.

The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

Tenderers must develop their Tender on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix developed by DFID, (see below, at bottom of page 8 of this ToR). They must confirm in their Tender that:

- They fully accept responsibility for Security and Duty of Care.
- They understand the potential risks and have the knowledge and experience to develop an effective risk plan.
- They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.

If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your Tender will be viewed as non-compliant and excluded from further evaluation.

Acceptance of responsibility must be supported with evidence of capability and DFID reserves the right to clarify any aspect of this evidence. In providing evidence Tenderers should consider the following questions:

- a) Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand the risk management implications (not solely relying on information provided by DFID)?
- b) Have you prepared an outline plan that you consider appropriate to manage these risks at this stage (or will you do so if you are awarded the contract) and are you confident/comfortable that you can implement this effectively?
- c) Have you ensured or will you ensure that your staff are appropriately trained (including specialist training where required) before they are deployed and will you ensure that on-going training is provided where necessary?
- d) Have you an appropriate mechanism in place to monitor risk on a live / on-going basis (or will you put one in place if you are awarded the contract)?



- e) Have you ensured or will you ensure that your staff are provided with and have access to suitable equipment and will you ensure that this is reviewed and provided on an on-going basis?
- f) Have you appropriate systems in place to manage an emergency / incident if one arises?

## **Background**

23. There are more people living below the poverty line in Tanzania today than there were 10 years ago, most of these are living in rural areas. Evidence suggests that this is because rural populations are not physically connected to the growth process. Around three quarters of Tanzania's rural population remain poorly connected to local markets, administrative centres, health care, education and national transport network. This is because of the poor condition of a large part (41%) of the rural road network.
24. The UK will provide £25 million over 4 years to help improve rural access in Tanzania. £22.2 million will be spent on repairing and improving rural roads and £2.8 million will be spent on helping to improve value for money, manage fiduciary risk and to maximise the impact of rural roads in Tanzania. This includes funding for a full impact evaluation. The funding will start in 2013 and end in 2017. The impact evaluation will continue until 2019.
25. The expected impact of this intervention is to raise household incomes in rural Tanzania as measured by an increase in producer prices and a reduction in consumer prices. The expected outcome is a reduction in transport costs as access to markets is improved.
26. DFID Tanzania is committed to raising the incomes of 563,500 rural households by 2015. We expect this programme to add at least 45,000 households to our results by 2015 and a total of 125,000 by 2018. The programme will improve the equivalent of 2,100 km of earth roads to all weather, climate resilient standards. This programme forms part of the new DFID Tanzania economic development strategy, addressing one of the main binding constraints to rural economic development.
27. The programme uses existing Government of Tanzania management and implementing structures to spend DFID money to improve rural roads.
28. The vast majority of funding for rural roads in Tanzania comes from the national Road Fund. The Road Fund's main source of finance consists of a fuel levy. DFID funding will supplement the Road Fund and be channelled to Local Government Authorities. It will be matched to specific interventions (roads, bridges, culverts etc.) in known districts that represent the maximum economic rate of return for the greatest number of people.
29. The current structure for managing the rural road network is working. Using the Road Fund to channel funds and District Engineers to implement this programme takes advantage of this structure and can make it stronger with the right support. Analysis during design concluded that this funding mechanism is the most efficient and effective way to improve rural access in Tanzania.

30. Cost benefit analysis shows that investment in the most basic form of access (improving earth road from poor to fair condition) in Tanzania generates an average EIRR of at least 144%. And that for every km of improvement to basic earth roads, agricultural output would increase, in a year, by over \$2,400.
31. In the first year 36 bottlenecks (out of a short list of 406 priority bottlenecks nationwide) in 15 districts have been identified as providing the greatest economic rate of return amounting to an estimated total cost of £6.6 million. These bottlenecks are on roads that serve a population of approximately 1.5 million, or 300,000 households. They add up to just over 750km. The unit cost per km is £8,800 (c.f. £15,000 per kilometre on average across the network) and cost per household amounts to £22 (c.f. £130 per household averaged across the network).
32. Value for money will be the focus of technical assistance (TA) accompanying this programme. The TA will not only monitor value for money but also improve it.
33. The following documents accompany this ToR:
- Improving Rural Access in Tanzania, DFID Business Case
  - Development of LGTP II to full implementation – Final Report
  - LGTP Phase 2, May 2013 – Final
  - Terms of Reference – Tanzania Growth Programme Evaluation
34. Any additional documents referred to in the above can be made available on request.

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#### **DUTY OF CARE OVERALL PROJECT/INTERVENTION SUMMARY RISK ASSESSMENT MATRIX – DFID TANZANIA**

**Project/intervention title:** Technical Assistance (TA) for Improving Rural Access in Tanzania

**Location:** Tanzania

**Date of assessment:** 11 February 2014

**Assessing official:** \*

Theme	DFID Risk score	DFID Risk score
Programme Team to select geographical remit of programme	Dar es Salaam and Dodoma mainly	Whole of the country (including Dar)
<b>OVERALL RATING</b>	<b>2 Low</b> (1 rating x 3; 2 rating x 5; 3 rating x 3; 4 rating x 1 with score for project / intervention to be added)	<b>3 Medium</b> (1 rating x 3; 2 rating x 2; 3 rating x 6; 4 rating x 1 with score for project / intervention to be added)
FCO travel advice	1	1
Host nation travel advice	Not available	Not available
Transportation	2	3
Security	3*	3*
Civil unrest	2	2
Violence/crime	4*	4*
Espionage	(2 or) 3 *	(2 or) 3 *
Terrorism	3*	3*
War	1	1
Hurricane	1	1
Earthquake	2	3



Flood	2	2
Medical Services	2	3
Nature of Project / Intervention		

\* DFID Tanzania Programme Team to confirm that these have not been subsequently updated when finalising their matrix. The ratings have been provided by DFID Security Section but with the proviso that these are generic to the country as a whole, and you may apply local knowledge or experience to amend these in your own risk assessment, or to take into account local variations. They are updated roughly annually, or in response to an event.

\* text redacted under the exemptions set out by the Freedom of Information Act