

Briefing

Structure of the construction industry in Tanzania

In this month's construction briefing we look at the structure of the construction industry in Tanzania focusing on:

- The key legislation and government bodies.
- The registration of foreign contractors and engineers.
- How a project company appoints a sub-contractor or engineer on a project.
- The challenges facing the construction industry.

Key legislation and government bodies

Companies engaged in construction related activities are required to register with their professional registration boards before offering services to the public. The laws applicable to the registration of construction professionals are:

- The Contractors Registration Act, 1997 (the **CRA**).
- The Engineers Registration Act, 1997 (the **ERA**).

The relevant authorities for construction professionals are:

- The Ministry of Works (the **MOW**).
- The National Construction Council (the **NCC**).
- The Engineers Registration Board (the **ERB**).
- The Contractors Registration Board (the **CRB**).
- The Architects and Quantity Surveyors Registration Board (the **AQRB**).

There are five types of contractors recognised in Tanzania, namely, building contractors, civil works

contractors, mechanical contractors, electrical contractors and specialist contractors. All contractors and engineers in Tanzania must be registered with their relevant bodies; that is the CRB for contractors and the ERB for engineers. Registration of these bodies also applies to consulting firms. These bodies regulate the activities, the conduct, and the performance of contractors and engineers across the country, ensuring that work carried out is of a sufficient standard and is carried out by suitable persons, this in turn ensures quality and safety of the work performed.

Registration of foreign contractors and engineers

Registration of foreign contractors

Foreign contractors can choose to either set up permanent offices or to register as a temporary contractor to undertake a specific project. There are no limits on the types of activities that a contractor who has set up a permanent office in Tanzania may undertake, provided the work is the type that the contractor is registered for.

To qualify for registration as a foreign contractor, a company must demonstrate that:

- it has the minimum technical qualifications and skills prescribed by the CRB for the type of registration sought;
- it has the necessary experience as prescribed by the CRB;
- its professional and general conduct is such that it makes it a fit and proper person to be registered by the CRB; and
- it has the necessary plants and equipment for the work it intends to carry out.

Registration of foreign engineers and foreign engineering consulting firms

The type of registration for foreign engineering consulting firms and foreign individual engineers is classified as “*temporary*”, however, this does not mean that the registration is for a specific term or a specific project; it can be renewed for as long as the firm/individual wishes to remain in the country and continues to satisfy the requirements for registration.

An entity wishing to be registered as a consulting firm must satisfy the following criteria:

- one of its principal engineers must be registered with the ERB as a professional and consulting engineer; and
- the principal engineer has practiced in a specialised engineering field as a registered engineer.

Additionally, foreign engineering consulting firms are required to grant the resident principal engineer a Power of Attorney to make all engineering decisions in Tanzania.

A foreign national wishing to be registered as a professional and consulting engineer will have to meet the following requirements:

- hold academic and professional qualifications from engineering institutions recognised by the ERB to indicate a sufficient level of academic knowledge of and practical experience in engineering;
- possess the necessary expertise and has experience in the field he intends to practice;
- be registered as an engineer in his home country; and
- employed in Tanzania by a particular company.

The ERB will also consider whether the applicant possesses qualifications and skills not available in the country.

How a project company appoints a contractor or engineer on a project

Any project company should ensure that a sub-contractor or engineer they engage is registered with the appropriate body before engaging them to work on the project. This applies across the spectrum of contractors and engineers, from those appointed for finite construction tasks to those responsible for all operations and maintenance of projects.

Project companies can appoint contractors or engineers in one of two ways:

- companies can put their projects out to tender and any relevantly qualified firms or individuals can pitch for the work; or
- companies can find specific contractors or engineers that they may specifically wish to appoint on the registration boards’ databases.

As part of the tender process in a construction project, the project entity will issue a timely and adequate notice which has previously been approved by the appropriate tender board stipulating the requirements for interested contractors or engineers to bid.

Once the notice has been made public the project entity is to issue tender documents to all prospective contractors or engineers. Prospective contractors or engineers must be legal entities with technical qualification and expertise required for the specific contract.

The tender board would then assist with the evaluation of the submitted bids and select the successful tender. Once selected the tender board will then inform the prospective candidates of the time frame for the evaluation.

Finally, the tender board will submit a recommendation to the Procurement Management Unit (**PMU**) who will approve the contract. The PMU notifies the relevant accounting officer regarding the successful bid and the latter notifies the successful contractor or engineer.

Challenges facing the construction industry

Since independence there have been a number of government-led initiatives geared towards fostering the local construction industry. Such initiatives include the establishment of regulatory institutions, the liberalisation of the economy to attract local and foreign private investors to finance infrastructure development programs and the mobilisation of donor support in financing infrastructure projects to support the local economy.

However, despite these initiatives, the local construction industry continues to face major challenges, such as inadequate capacity of local contractors and consultants, inadequate and erratic work opportunities, inefficient procurement systems, occasional financial mismanagement in public/private sectors, poor working environments and low technological equipment.

In addressing these constraints the Construction Industry Policy, 2003 (the **Policy**) provides that, among other things, the Government of Tanzania (**GoT**) will:

- Provide mechanisms to improve capacity and performance of the local contractors and consultants.
- Improve public sector delivery capacity.
- Improve the performance of the informal construction sector.

- Promote export of goods and services.
- Improve quality and productivity.
- Promote technological development.
- Promote sustainable construction practices.
- Mobilise adequate financial resources.
- Enhance availability of construction equipment.
- Support poverty eradication

Looking to the future

A new construction industry policy that aims at addressing the problems that have been affecting the construction industry in Tanzania is underway. The Ministry of Works has announced that the new policy, which is awaiting Cabinet approval, will streamline operations in the industry that have been affected by poor co-ordination, lack of expertise, obsolete technology and lack of professionalism.

In addition to the above the new policy aims at developing an institutional framework that will address the various issues affecting the construction industry, with a specific focus on safety and security, extortion, environmental factors, registration of professionals and enterprises and the refinement of procurement laws.

Conclusion

The construction industry in Tanzania has a well-structured system that caters to most aspects of the current development of the industry. Although immense achievements have been made in real estate development, the past initiatives under the Policy were not sufficiently backed by sufficient GoT strategies to sustain growth of the construction industry. The new construction policy seeks to address the abovementioned constraints and, among other things, develop a more effective institutional framework for sustainable infrastructure development and maintenance in the construction and civil engineering sectors for buildings and transportation. It will also seek to promote initiatives, where local contractors and consultants will be trained to boost their capabilities and skills.

Further information

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