

The Contractor

Keeping the Industry Informed



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Financial Opportunities available to contractors



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From the Editor

For success in construction, finance discipline is principal ally

Whenever finance came up for discussion in CRB's annual consultative meetings in the past, it was usually in the context of its inaccessibility - which led to blaming banks for being tight-fisted and unwilling to facilitate growth of contractors, and the Government for being ambivalent about it. However, it is now abundantly clear that Government policy is decidedly pro-business such that banks and financial institutions see a win-win outcome in supporting contractors' growth through their access to various financing products. Still, we cannot say enough about the bearing of finance on a contractor's growth and even their survival. In the procurement of contractors, for example, availability of finance is used to assess their capability of implementing the projects they are bidding for.

In the belief that there is room for improving the awareness of contractors on available opportunities and pertinent matters, *The Contractor* invited a bank and one finance leasing company to disseminate the necessary information on what they can offer contractors. Surely, just as crucial contractors are to the construction industry, banks and finance leasing companies are to construction finance.

But while these institutions can help in boosting a contractor's cash reserve, there are alternative ways which a contractor can deploy from within to raise money based on the dictum "money saved is money earned." Some articles highlight this.

However, it is necessary to state that while money and finance mean the same thing in Kiswahili, we are aware of the view that the former is as commonly understood and the latter is the art and science of managing money – although

both can be used interchangeably. In our context, therefore, both will feature: in one article finance may be preferable, while in another, money may seem to fit the bill better.

In all articles, one requirement for best financial outcomes looms large for contractors - even where this is not obvious: the need to exercise discipline. However, while some people have no difficulty with this, having acquired some aspects of discipline during childhood - like being patient - others may have to put in some effort to acquire it.

Without discipline a contractor may struggle in futility to hold onto money because he would lack the willpower to choose the correct action – a choice that would be more rewarding in future instead of the other which offers instant but short-lived gratification. Here we can recall amusing anecdotes at college when a friend found it hard to study until after he had depleted his boom money – completely oblivious of consequences!

The contractor should be able to resist the temptation to prove that 'money talks', by not only using the money for the project's success, but also provide for safety of workers and the environment, for example. And have the guts to pay the workers fairly and timely instead of buying a fancy vehicle to impress loved ones. In fact, discipline lies at the contractor's single-mindedness about completing a project successfully.

Only ignorance - in its broad sense - can blind a contractor into choosing money-spending decisions for instant joy and financial doldrums in the long run, instead of pain in the present that leads to a successful project and financial wellbeing in the long run.

Cover photo: Safety engenders financial well-being: Members of Contractors Registration Board and its Chairman, Eng. Joseph Nyambanga (5th Left) and officials of China Henan International Cooperation Group (CHICO), China Civil Engineering Construction Corporation (CCECC) and China Railway Construction Corporation (CRC), the contractors designing and building SGR line from Mwanza to Isaka and station at Malampaka, Shinyanga, recently.

From the Desk of the Registrar



Dear Readers,

I salute you all!

I would like to start by expressing my gratitude to our All-Powerful God for His amazing mercy to us.

This second issue of *The Contractor* for Fiscal Year 2024/25 reemphasizes both acknowledgement of fact that the ability of a construction company to manage cash flow is a major factor in its success and offers insights on various financial opportunities that are available to contractors within the country.

While it is common knowledge that contractors always spend a substantial amount of money on supplies and other requirements during a project, months can go by before they receive any payment for their engagement. Because of this, many of contractors seek out some form of financing to help cover project costs for the duration before they get paid. However, finding a suitable source of this finance is often not so straightforward given the fact that construction, in most cases, is

deemed too risky to fund by banks and other conventional lenders. But this is not the only reason: An expert eye is often needed in the exercise as there are too many unknowns - and financial ruin awaits a contractor who fails to read the fine print on what is being offered or who fails to evaluate the credentials of the institution they deem to be right for their needs.

To help contractors weave through the maze of accessing financial opportunities, The Contractor asked CRDB Bank and one finance leasing company, namely EFTA, which also deals in equipment hire, to disseminate pertinent information. However, the issue does not only present the variety of financial options available in the country for construction businesses, like those that can either offer or share opportunities available to them, but also other well-tested ways in life and in the running of a construction company in particular, that can be used to improve the cash flow.

I trust that you will find answers to some of the questions you may have had regarding accessing construction financing as well as in improving the financial wellbeing of your companies.

I wish you a happy reading and – please - feel free to write to us and suggest possible topics of mutual interest that can be covered in future.

Warm regards,

R. Nkori
Registrar

Project implementation course shines light on regulatory issues for contractors

The Contractor Registration Board (CRB) training on construction planning, organisation and control has brought to the fore legal and regulatory aspects which can put a contractor's business in jeopardy if not kept up to date, The Contractor has learnt.

Contractors are required to comply with all laws, regulations and procedures that govern construction activities in this country, including paying annual registration fees, registering construction projects and considering the safety of workplaces.

The three-day training which took place in Dar es Salaam, provided skills to both contractors and employers on the tenets that lead to successful implementation of project, starting with good plans, implementation methods and all the things that enable the project to be implemented effectively.

Along with that, they have learned the basics and methods of project implementation, including

communication, record keeping and how to deal with problems that arise in project implementation areas, health and safety issues in project implementation areas and contractors to consider fulfilling obligations in contracts which they close with the employers according to the relevant agreement.

Furthermore, the training included estimation and availability of resources needed, scheduling, communication, record keeping, site conflict resolution, safety and health at the construction site, and meeting contract obligations.

On meeting contract obligations participants were cautioned about the fact that apart from penalties specified in a given contract, CRB can delete from the register, as per the contractors registration act, a contractor who abandons site or fails to meet contract obligations.



Construction Planning Organization & Control course participants do an exercise on bidding during a training session in Dar es Salaam.

Training helps contractors come to grips with best practice in bidding

The Contractors Registration Board (CRB) recently offered training to contractors and employers of contractors on Construction Pre – Contract Practices in Iringa.

The three-day training helped contractors come to grips with best practice in the preparation of competitively responsible bids, highlighting all important aspects of the task, including the need of getting and using realistic prices.

In the training, the contractors were also taught to continuously seek to improve their understanding of bidding principles using various means, including formal training, meetings and the internet.

The training also offered presentations on other topics such as stages of construction projects, projects procurement systems, principles of construction costs estimates, tendering principles and procedures,

including how to ensure they get the right value for work done while the employers also realise value for money from the projects.

Along with that, the employers were requested that the projects be well prepared, including the tender documents with sufficient information to enable the bidders to understand well the employer's wishes in the implementation of the respective projects in order to bring productivity in the implementation of the projects and bring more development to our nation.

Through this training, contractors were also enlightened contractors to uphold the tenets of good business practices including being tax compliant, served to show that efficiency is indeed a product of knowledge and skills acquisition – which is a continuous endeavor to be embraced by all contractors.



Participants discuss some aspects of construction pre – contract practices during training session in Iringa.

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Nkori cautions against misdeeds that can lead to severe penalties



Registrar of Contractors Registration Board, Eng. Rhoben Nkori, addresses course participants in Mwanza, recently.

The Registrar of the Contractors Registration Board (CRB), Eng. Rhoben Nkori, has cautioned construction stakeholders against falling into various misdeeds during implementation of projects that could lead to severe penalties to perpetrators.

Addressing more than 100 participants of a three-day training on construction planning, organisation and control in Mwanza recently, Eng. Nkori was scathing about the misdeeds, including the habit of some registered contractors who allow their names to appear at construction sites not belonging to them i.e. for

cheating purpose or fronting purposes, thereby knowingly helping others to execute projects illegally, saying severe legal action and penalties await such contractors.

Eng. Nkori also cautioned against the habit of failing to pay tax on time, saying it undermines the collection of Government revenue needed for development endeavours. Even to those who pay tax as required, he advised them to keep all records handy and tidy in order to avoid unnecessary challenges associated with the absence of records, as assessment can be done to include many years past. "It is advisable to keep proper business records handy, including all transactions and tax paid as lack of necessary proof of payment can lead to closure of business or hefty fines," he said.

"Essentially, proper record keeping related to one's business is a good thing as it serves as evidence of transparency and a desire to meet long-term business goals of a construction company," he said.

Various participants, including the Chairman of the Contractors Association of Tanzania, - Mwanza Branch, Eng. Oscar Munisi and Abel Gwanafya of Mdau Associate Limited, who spoke to The Contractor at the end of the training, expressed pleasure at having participated, saying it served well in enhancing their understanding of the issues presented.



Construction Planning Organization & Control course participants in Mwanza listen as facilitator, Eng. Emmanuel Kachuchuru, presents.

Kasekenya tells CRB Workers Council: Remain wary of corruption, misuse of power



Deputy Minister of Works, Eng. Godfrey Kasekenya, speaks at inauguration of Contractors Registration Board Workers Council in Dar es Salaam, recently

The Deputy Minister of Works, Eng. Godfrey Kasekenya, has called upon the Contractors Registration Board (CRB) Workers Council to remain steadfast in advancing integrity and shunning misuse of power at their place of work.

Speaking at its inauguration in Dar es Salaam recently, Eng. Kasekenya stressed on the important role of the council in advising management and boosting transparency at the place of work, while upholding the principles of ethics and responsibility.

"This council is supposed to be the voice of workers to the management, to perform a bridging role between the two sides in addressing work-related challenges but should never be used to protect workers who lack integrity," he said.

The council, made up of CRB workers of all level, tackles work-related challenges within the institution as well as those that originate from outside.

Noting the need for transparency in drawing a budget, for example, Eng. Kasekenya urged the council to ensure that all workers get to know everything about CRB's budget with a mandate to question budgeting decisions and their implementations.

On his side, the Registrar of CRB, Eng. Rhoben Nkori, noted that the 39-member council is in fact the first ever since the establishment of CRB the now 59-strong institution and that it is a very important instrument in enhancing professionalism and integrity at CRB, with a role of advising the Government on works-related matters.

"The main responsibility of this council is to advise management and to ensure it embraces principles of transparency, efficiency and professionalism," he said, adding that it will help in safeguarding the welfare of the workers and a harmonious relationship between them and management," said Eng. Nkori.

Speaking on behalf of the works permanent secretary, the ministry's Director of Administration and Human Resources, Mrisho Mrisho, advised that it was important to give pertinent training to council members regularly in order to keep them up to scratch in maintaining good and ethical conduct, professionalism, and in governance.



Some Contractors Registration Board Workers Council members and guests listen to the Guest of Honour, Deputy Minister of Works Eng. Godfrey Kasekenya, during the council's inauguration in Dar es Salaam, recently.

Working towards financial wellbeing in construction: Common pitfalls and how to evade them

– By Eng. Luxford Ndibaza +255 785 500 151

The construction industry, with its vast scope and dynamic nature, offers contractors many opportunities for good profits and growth. However, as every activity – from bidding for works to keeping them on schedule - carries a potential pitfall with implication on a contractor's financial ability to implement a project, it is important to be aware of the common mistakes that can come about and ways to evade them. In this feature, we'll delve into common but significant pitfalls - some of which are potentially fatal - and how they can combine to undermine a contractor's financial wellbeing.

Having a vague contract

Probably this is the biggest pitfall. While it sounds clear-cut that a works contract is a necessity as it protects both the contractor and a client, it sounds incredulous that some contractors can proceed to

implement projects aware that their contract has shortcomings! CRB-facilitated courses advise against working without a contract or using one that is ambiguous for a good reason – it can lead to disputes with money implications including costly legal battles.

Example: A building contractor might agree to 'high-quality finishes' without specifying what that entails. The client's expectation might be marble countertops, while the builder might provide high-grade laminate, leading to costly disputes.

Very close to the mistake of working with a vague contract is carrying out alterations on works without formal documentation - this being more common than the former. It is known as scope creep, or the gradual expansion of project requirements beyond what is specified in the contract. Often, in the course

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Every construction activity carries a financial weight which can be made light by a carefully drawn project plan and budget: Some Members of Contractors Registration Board, its Chairman Eng. Joseph Nyambanga (Front, right), its Registrar Eng. Rhoben Nkori and members of its management, inspect construction of 341kilometre SGR line from Mwanza to Isaka, in the company of contractors, at Malampaka, Shinyanga, recently.

of a project, a client and a contractor agree to changes on site based on a quick conversation and a handshake - but the additional work doesn't get documented through a change order before the work is done. Best practice demands that all parties know the financial implications of alterations and the contractor should demand and get documentation specifying the scope of work, the budget, and the payment terms, from the client, before starting the work. Without this documentation the contractor is more likely to do work without getting paid - which can lead to financial loss.

Not having a project plan and a realistic budget

A contractor can easily fall prey to the pitfall of not having a project plan, including a comprehensive budget. These combine well in ensuring that the contractor is on track to complete the project successfully and within budget. Crafting a comprehensive budget that anticipates and addresses potential hidden costs is therefore a cornerstone of any successful project.

Beyond materials and labour, it's imperative to consider permits, inspections, and unforeseen costs and to allocate a buffer for unexpected expenses. Consulting financial experts can bolster budget's resilience and helps to avoid financial mistakes that can lead to financial troubles.

Underestimating project costs

This can arise from failure to embrace best practice in billing - like conducting a thorough assessment of the site, to account for potential delays and hidden costs and unexpected material price hikes, or unforeseen site challenges.

For example: A building contractor in Mabwepande, Dar es Salaam, might budget for standard soil conditions, only to discover later on that the site requires specialized foundation work due to its proximity to an extensive wetland – an oversight that can lead to significant unplanned expenses.

Another significantly common mistake in this area is not having a clear understanding of cost details, including not only materials and labor but also

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Underestimating project costs can arise from failure to visit and assess thoroughly challenges of remote sites: Government officials visit an old bridge set to be replaced by a new one over River Ngono at Kyanyabasa, Bukoba Rural District. [Photo: Tanroads]

equipment and administrative costs. Without this knowledge, a contractor is likely bidding some jobs too low, with unrealistically low profit and therefore an incorrect project price. The results: The contractor is doomed to lose money.

An expert eye should be deployed to see that expenses are being properly allocated to the associated jobs, that all costs are being accounted for, that there is a method for factoring in expenses such as equipment depreciation, administrative expenses and property rentals.

Having fixed material costs in bids

Construction market changes tend to fluctuate quickly so a contractor should guard against taking loss due to unexpected changes by implementing language in a contract that allows for adjustments in market prices. To avoid ambiguity and distrust with clients, a contractor should set a standard language where if the market price for materials changes by a certain percentage then the extra cost will be invoiced to the client.

Implementing too many projects concurrently

While taking on multiple projects can seem like a path to increased profits, being overstretched can strain resources and lead to compromised quality or project delays.

Example: A contractor might take on several projects, expecting to rotate personnel and equipment between them. However, unexpected delays in one can have a cascading effect on all, with financial consequences.

Furthermore, sometimes, implementing too many projects leads to another serious pitfall: front-loading costs - the tendency to use money received from one client's project to pay for the costs of another belonging to a different client. Often, this comes about because of poor project planning or improper bidding. In effect, the contractor "robs Peter to pay Paul" which can quickly turn into a cyclical problem, causing delays and other issues further and further down the line and creating significant risk to both projects. This breeds distrust, undermining future opportunities and therefore financial wellbeing.

To avoid this, a contractor should ensure that the fees charged in the early phases of a project correlate to the value of the work performed and that all bids have a sufficient contingency built into the later phases of a project estimate.

Poor record-keeping

Erroneously, some contractors over-trust their memories but transparent and accurate record-keeping is the backbone of financial success in construction. Neglecting this aspect can lead to tax non-compliance – and penalties. It is best to implement digital record-keeping systems and to train staff on proper documentation procedures.

Ignoring regulatory compliance

Some contractors wrongly hope that their social connections can help in dealing with enforcement officers. But quite often this doesn't work as new officers can turn up: violating regulations can not only result in hefty fines but also necessitate costly modifications and project delays with serious financial implications. A contractor should ensure compliance with all relevant laws and regulations, by seeking legal advice when needed.

Ignoring safety

The importance of safety is aptly captured by this sign – here success means successfully implementing projects with zero repairs and financial claims related to accidents at construction sites.



Ignoring taking insurance cover

Not having comprehensive insurance can lead to massive unplanned expenses as construction projects come with inherent risks – accidents, property damage from unexpected flooding, for example. Without adequate insurance, the costs of damage repair and project delays can be crippling.



Signboard at construction site in Dar es Salaam: Overlooking regulatory compliance on building permit, planning consent, stickers, etc, can result in hefty fines.

Photo: https://upload.wikimedia.org/wikipedia/commons/4/45/Man_in_Street_with_Construction_Signage_-_Dar_es_Salaam_-_Tanzania_%288814925684%29.jpg

Investing in comprehensive insurance coverage tailored to the construction industry is crucial in mitigating risks.

It is best to consult with insurance experts about a coverage plan that addresses the unique risks associated with construction projects.

Getting a construction loan from a dubious finance company

A contractor should seek loans from a reputable company that has experience in providing construction-related loans. They should look at their fees, loan terms and interest rates. In particular, a contractor should avoid kausha damu type of companies, companies that are not licensed, that have a history of fraud or financial problems, in order to guard against ending up losing money and reputation.

Inadequate vendor management

Failing to adequately vet vendors and to negotiate favorable terms that align with project's needs and budget or overlooking contract details, can result in unexpected financial burdens. Furthermore, a

contractor should invest time in building strong relationships with reputable vendors, negotiate contracts carefully, and maintain open communication throughout the project.

Failing to seek help from professionals

Best practice demands that important decisions on finance be made after consulting accounting professionals. To avoid financial loss, a contractor should hire an experienced bookkeeper who will get the contractor organized and tax-ready, ensuring the records are accurate and compliant.

Of course, given the nature of man, it is impossible to explore all possible pitfalls that await a less-than-perfect contractor. However, we trust the discussion has helped to bring to light the existence of many ways – some subtle - in which money can be saved and therefore earned in construction.

A careful reflection on what has been presented can easily reveal alternative ways within the company that can help maintain a good financial reserve of a contractor to the extent of reducing substantially the amount one might wish to borrow from outside sources.



Floods in Dar es Salaam: Insurance cover is necessary to guard against disruption of works schedule and loss of construction materials due to such events.

Photo: <https://magazine.resilienceacademy.ac.tz/ra-magazine/drain-ing-dars-economy-the-impact-of-floods-on-tanzanias-commercial-capital/>

In managing construction finance discipline is of essence

After works, finance is probably the next most important variable in a contractor's growth equation. Nevertheless, to ensure a solid ground for that growth, a contractor must also embrace discipline. Discipline may seem too abstract and inconsequential to some people but Theodore Roosevelt, the 26th president of the United States of America, alluded to its importance when he said, "With self-discipline, almost anything is possible." And he knew: historians say his experience is an epitome of perseverance: home-schooled and with a debilitating health problem, he was so determined to make it in life that he eventually became the youngest person to be president at 42 years of age.

Fortunately, this thing discipline, which is credited with helping people to build an attitude that propels them to success, is free - so it doesn't take a lot to drum support for it to contractors. We would like to explore substantially on its place in facilitating best financial outcomes in the activities of contractors.

But first, what is it? Discipline is being consistently with self-control to choose to do what is right even if it is inconvenient. To be this type of person needs an effort because, usually, doing what is wrong is instantly gratifying - albeit with a fleetingly minor reward, while the reward from doing what is right - though tangible - takes long to materialize! For sure, only discipline can make one wait for the latter. For a contractor, for example, the right things could be tendering fairly, paying workers fairly and on time, ensuring safety for workers and the environment, and to complete works successfully.

Keen observation reveals that works and finance - the other variables that are critical in the success of a contractor - seem to exist in a symbiotic relationship with discipline: While a contractor needs both works and finance in order to exist, he or she must possess discipline in order to acquire and manage both.

It is said that money saved is money earned. However, for one to start saving, they need to have discipline -

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Being there: Discipline means having the will and patience to do the bills correctly by visiting even the remotest project site.

Dear Contractors: A Game-Changing Solution of Up to 4 Billion Awaits!

Oh no, you've got a contract from a client who's nothing short of particular. You know your company can deliver this work perfectly, but here's the catch—what if your "perfect" isn't enough for them? Worse still, life has a funny way of throwing curveballs, and you never know when you might face a contract you just can't complete. You've asked around, and everyone's saying the same thing: get an unsecured guarantee from a bank. But what is an unsecured guarantee, anyway?

Relax—CRDB Bank has your back. In this segment, we'll break it all down for you so you can confidently craft contracts without risking it all if things go sideways. We will walk you through Certificate Discounting, and other tools to help you execute high-value projects with ease and keep your business moving forward.

What's Different about CRDB's Structured Financing Arrangement Anyway?

Here's the exciting part: CRDB Bank's structured financing arrangement has absolutely changed the way contractors and suppliers secure high-value contracts. No collateral? No problem. We work directly with government ministries and agencies to confirm your contract's authenticity. From there, we handle the rest by ensuring all proceeds flow through your CRDB Bank account, backed by an irrevocable letter or letter of undertaking.

And this isn't just for small-scale projects anymore. With the government expanding its scope of works from TZS 10 billion to TZS 50 billion, CRDB Bank's program ensures contractors and suppliers have the financial capacity to deliver quality projects and remain competitive in the market.

Let's face it: traditional lending has never been easy. Initially, you'd need to pledge up to 125% collateral for guarantees—something that scared a lot of contractors and suppliers. CRDB Bank saw this and we knew something had to change. That's why we're offering unsecured guarantees for Advance Payment Guarantees (APG) and Performance Guarantees (PG).

So how does it work?

Well, the process is easy:

- You can access up to TZS 4 billion without collateral.
- For a TZS 40 billion contract, you can secure a 10% guarantee of TZS 4 billion.
- And if you need more, multiple guarantees can be booked at once, provided they stay within the limit.

That's not all, to ensure smooth project execution, CRDB Bank also offers the Certificate Discounting Facility (IPF). Once your Interim Payment Certificate (IPC) is signed, you can discount up to 70% of its value—that's right, 70%. You can get immediate funds to keep your project moving without delays not to mention meet your deadlines, cover your expenses, and take on larger projects all without breaking the wallet.

How Does This Help You?

We know contractors and suppliers like you some face real challenges that make your job harder than it should be. That's why CRDB Bank's structured financing arrangement solves problems you might face like:

1. Access to High-Value Projects: You can now bid for larger contracts without worrying about traditional collateral requirements.
2. Better Cash Flow Management: The IPF means you can access funds while waiting for payments, keeping your operations running at the best possible pace for you and your stakeholders.
3. Staying Competitive: With all this financial support to help you deliver high-value projects, you'll remain ahead of all your competitors in the market, no matter the size of the competition.

Get Started Today

CRDB Bank's Unsecured Structure for Guarantees isn't just a financial product—it's a game-changer. Whether you're a contractor looking to expand your operations or a supplier aiming to secure your next big project, this solution is designed for you.

The early bird gets the worm, so, what are you waiting for? Get in touch with us at Corporate_Servicedesk@crdbbank.co.tz and we'll be more than happy to listen to you because that's what CRDB Bank is here for.

widely acknowledged by finance experts as the best driver of money management. So, it would be foolhardy to pursue works and finance without discipline.

Let us consider a freshly registered contractor whose character will inevitably be put to the test as soon as he or she embarks on their first tendering for works. Firstly, does he set aside time and have the patience to do the bills correctly by visiting the remote project site, for example? Is he going to resist the temptation of using unethical shortcuts to win? Okay, if he resists and loses, does he possess the will to learn and persist with the right tendering principles? If the answers are 'yes', the contractor has the discipline and what it entails, including willpower. Of course, doing the right thing does not come naturally to many of us because the wrong thing always presents as convenient and beneficial, initially.

Down the line, the contractor will need to borrow some money. If he succeeds and he has discipline, he will handle the money well and make the right decisions for it. Discipline influences positively various stages, such as budgeting, saving, and debt management, as follows:

- Developing a financial plan: Discipline plays a vital role in creating and sticking to a financial plan. It requires setting clear goals, such as saving and paying off debt. By adhering to the plan and resisting the temptation towards unnecessary expenses, the contractor's financial position will be secure.

- Budgeting and tracking expenses: Discipline is essential in budgeting and tracking expenses as it helps in spotting essentials like savings and investments and wasteful expenditure to be cut back.
- Avoiding impulsive purchases: Discipline plays a significant role in curbing impulsive purchases. Many people often fall into the trap of buying things they don't need, driven by instant gratification. A disciplined contractor takes time to evaluate whether a purchase aligns with financial goals and focuses on successful project delivery.
- Managing debt responsibly: Discipline makes adhering to a repayment plan possible, so a contractor can reduce debt burdens and improve their financial health soonest.

Furthermore, discipline has a place in creating and maintaining a safe working environment at the construction site. While it is a legal obligation, a moral and ethical imperative, it also helps in maintaining a contractor's financial wellbeing because without enforcing safety rules, a contractor could end up with huge expenses in workers' compensation and an increase in insurance cover, adversely impacting his profitability and growth.

In any case, a safe construction site has less downtime from accidents and fewer equipment repair costs – saving the contractor money. It is said, "We are what we repeatedly do," so making being safe an everyday habit, requires discipline.

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Discipline means willingness to safely share limited space with others and following schedules to avoid costly accidents, for example: Ubungo interchange construction project site, Dar es Salaam. [Photo: Tanroads website]



Safety sign: *Willingness to follow directives and directions all the time is an aspect of discipline that can save a lot of money – and life.*

Surely workers do not purposely disregard safety rules but without inculcating discipline it would become easy for them to become complacent.

However, while money is an important enabler of works, some of us tend to ignore another important parameter that is a product of discipline: time - the most powerful force in the universe: nobody controls

it; nobody can stop it. A contractor needs to spend time judiciously in order to meet deadlines; wasting it equals to wasting money. Money saved is money earned.

Time is also the most valuable resource to the project because once it is wasted you cannot take it back and contractors know this connection very well: Every contract involves time of delivery and if they fail to meet it there are financial penalties to compensate the client with. This is why at the heart of sound project management lies time management. Benjamin Franklin, a polymath and one of the USA's founding fathers, captured the essence of time by coining the maxim "time is money." Discipline is key to time management which, in turn, has a role in creating and managing money.

Enjoying an activity like construction is, in effect, being in harmony with its schedules. Just like

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Workers on a power transmission line: Discipline is the mother of safety; safety begets productivity and zero compensation claims thereby enhancing financial wellbeing. Photo: <https://www.powertelcom.com/tanzania-project/>

everyone creates a budget to ensure money discipline, a contractor should create a schedule to ensure time discipline. This would lead to efficiency and productivity in a construction project that will be completed within budget and in a timely manner.

But we are not done with discipline yet. After the project has been successfully completed and the contractor has been paid, does he have the will to delay enjoyment from the money until after he has done what is right - like paying workers, settling debts with mama ntilie and meeting social responsibility obligations like supporting local community projects?

If yes, the contractor has embraced discipline.

While it is a hidden resource that is rarely enjoyable, discipline is indeed profitable, and could lead to tangible rewards including, more works (from goodwill, excellent record of performance) and money (well-earned profits, savings, easy-to-get credit facilities).

It is clear that in the matters of making and saving money in construction, discipline is the cornerstone of success for a contractor.

Source: <https://www.wittenborg.eu/self-discipline-key-success.htm>,



Without discipline safety of workers and visitors at project site can be compromised at huge cost to a contractor: CRB Board Members inspect works at Station Number 5 of East Africa Crude Oil Pipeline, at Igunga, Tabora, recently.



Discipline engenders respect and harmonious working relationship at construction site, boosting productivity and minimizing accidents and compensation claims: Workers at Magufuli Bridge Project, Mwanza: [Photo: Tanroads website]

CONTRACTORS ASSISTANCE FUND (CAF)

– By Angelo Ngala - Head of Finance and Administration,
Contractors Registration Board

Introduction

The Contractors Registration Board (CRB) was established by the Contractors Registration Act CAP 235, revised edition 2002. The Board is a regulatory body charged with the responsibility for registration, regulation and development of contractors.

One of the major constraints facing Small and Medium Contractors in Tanzania is lack of adequate capital to sustain initial operational cost of any contract including mobilization.

Some Contractors are sometimes not able to raise enough funds or collateral to secure Bid Bonds, Advance Payment Guarantees or Performance Bonds. As a result such contractors have been greatly disadvantaged when it come to competitive tendering. In its endeavor to assist contractors in getting Bid Bonds and Advance payment Guarantees the Contractors Registration Board (CRB) established Contractors Assistance Fund (CAF) in year 2002.

The Fund became operational effectively from 10th April 2002 through CRDB Bank – Tower Branch, Dar es Salaam. Basically, the CAF is a facility to assist local contractors in securing Bid Bonds and Bank Guarantees for Advance Payments.

Objective of the Contractors Assistance Fund (CAF)

The main objective of CAF is to assist local contractors to take full advantage of available work opportunities to improve their capability and capacity through participation in competitive bidding and execution of works within their class limit by facilitating them to get Bid Bonds and Bank Guarantees for Advance Mobilization Payments.

Depending on the level of utilization the Fund may later on provide Bank Guarantees for Performance Bonds and short-term financial credits.

Eligibility of Contractors

Currently eligibility to CAF Membership is to all local contractors registered by the Board, General contractors and specialist contractors.

They should apply for registration by filling in application form and pay a non – refundable fee of Tshs

300,000. In addition, the contractor should submit photographs of two (2) Directors or partners and Board Resolution by Directors or Partners of the company expressing their intention to apply for CAF membership. To qualify for guarantee, the following additional conditions will also apply:

- A contractor must be current on his obligations to CRB including payment of Annual Subscription Fees and submission of Annual Returns.
- The applicant must indicate the specific contract to which the guarantee is applicable and submit tender condition and / or signed contract to CRB before a guarantee or bond can be granted.
- The applicant must have an operating account (s) with commercial bank(s).
- A contractor can only be guaranteed for one tender/contract at any time subject to a limit of Tshs 1000,000,000 per guarantee.
- Applicants shall be able to pay to the Bank the Bank Commission applicable on the Bond/Advance Payment Guarantee. In addition, (for Advance Payment Guarantee) the applicant shall pay to CRB a nominal commitment fee equal to 0.2% of the guaranteed amount.

Procedures for Evaluation and processing Application for CAF

Before the contractor could secure a CRB Guarantee from the Fund, the following procedure shall apply:

CRB Procedures

- The contractor should submit an application to CRB using Standard Application Forms (CRB F12), giving details on the tender/contract and value of guarantee required.
- CRB shall scrutinize the application taking into consideration the qualifying conditions/eligibility criteria mentioned in section 3.

The following are the Main Evaluation Criteria and their respective points:

- (a) Registration (Reviewed) (20 points)
- (b) Legal Aspect (20 points)
- (c) Professional Development (20 points)
- (d) Financial Aspect (20 points)
- (e) ** Fund Related Issues (20 points)

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** The applicant should get all 20 points and a minimum of 11 points in other sub-criterion in order to be guaranteed. Total points scored should not be less than 60 points to qualify for guarantee.

- Upon its satisfaction, CRB will sign an agreement with the applicant using standard format (CRB F13)
- The applicant for Advance Payment Guarantee shall pay to CRB the nominal commitment fee equal to 0.5% of the guaranteed amount.
- CRB shall then write to the Bank a letter of Authority authorizing the Bank to issue a Bank Guarantee to the contractor under the Terms and Conditions of the said Tender or Contract.

CRDB (Bank) Procedures

In addition to the document submitted to CRB the applicant should also submit the following documents to the Bank:

- Official application letter to CRDB – Tower Branch in Dar es Salaam and Kambarage Branch in Dodoma.
- Board Resolution to borrow.

- Letter of authority (from CRB) to the Bank to issue Guarantee.
- A copy of application form for CRB Guarantee.
- Copies of Bid/Tender or Contract documents.
- Format of Bid Bond/Security or Advance Payment Guarantee as per Tender Document or Contract Agreement. The list of required document may change depending on the nature of application.
- The contractor shall be required to pay a commission of 0.75% at the time of issuing guarantee and 0.5% on the subsequent quarters.

Cancellation of Bond or Guarantee

After the period of Bid Bond or Advance Payment Guarantee has expired the contractor should return the Bond or Guarantee at CRDB Bank – Tower Branch for cancellation. The cancellation should be made as soon as possible to enable other contractors to use the facility.

Failure to return the unsuccessful or expired Bid-Bond and expired Advance Payment Guarantee will result in automatic cancellation of the facility and continued charging of bank charges.

EFTA Ltd: Strategic partner of local contractors who provides equipment loans

The construction sector plays a pivotal role in the economic development of Tanzania, significantly contributing to infrastructure, job creation, and overall national growth. However, many contractors face challenges in accessing the machinery and equipment needed to execute their projects efficiently. Bridging this gap, EFTA Ltd has emerged as a strategic partner for local contractors by providing affordable equipment loans, empowering them to undertake various government and private sector projects with greater ease.

To date, EFTA has disbursed over 20 billion Tanzanian shillings in loans to contractors across the country. These funds have enabled contractors to acquire essential machinery such as bulldozers, excavators, trucks, and generators, which are crucial for executing construction projects on time and meeting required standards. The availability of this financing has helped contractors reduce reliance on

costly rental equipment, thus boosting their profitability and project delivery capabilities.

EFTA's Commitment to Supporting Contractors

In an exclusive interview, Nicomed Bohay, the Managing Director of EFTA, highlighted the institution's unwavering commitment to empowering the construction sector. He elaborated on EFTA's unique approach of providing equipment loans without collateral, a move that has opened doors for many contractors who would otherwise be excluded from traditional financing options.

"We understand the critical role that contractors play in the nation's development," said Bohay. "Our goal is to alleviate the financial barriers that contractors face. By offering loans without the

• Continued on Page 20

burden of collateral and with repayment terms of up to three years, we are enabling contractors to expand their operations and enhance their project efficiency. This support not only boosts their businesses but also accelerates the implementation of vital public and private infrastructure projects across the country."

Bohay further noted that EFTA offers loans ranging from twenty million to two billion Tanzanian shillings, providing contractors with the flexibility to invest in a wide range of construction equipment based on their project needs. This broad financing capacity has positioned EFTA as a key enabler in Tanzania's construction landscape, supporting contractors of all sizes.

Transformative Impact on the Construction Sector

Leonce Malamsha, EFTA's Chief Operating Officer, spoke on the transformative impact that EFTA's loans have had on contractors nationwide. He emphasized how the equipment financing has enabled contractors to take on larger projects, minimize delays, and improve the overall quality of their work.

"The loans we offer are not only competitive but also tailored to accommodate the cash flow of our clients," Malamsha explained. "With flexible repayment terms of up to three years, contractors have the option to repay their loans in alignment with the revenue cycles of their projects. This model allows them to grow their businesses sustainably while increasing their capacity to win major tenders."

Malamsha also pointed out that the availability of modern machinery has allowed contractors to enhance productivity, reduce operational costs, and position themselves more competitively in the market. The resulting increase in capacity has enabled them to contribute more effectively to the construction of infrastructure that drives national development.

Success Stories from Beneficiaries

Several contractors who have benefited from EFTA's loan program have shared their success stories. For instance, Engineer Enock Mwambeleko, a contractor based in Dar es Salaam, highlighted how EFTA's support transformed his business:

"Before securing a loan from EFTA, I was struggling with the high costs of renting equipment, which

significantly reduced my profit margins," Engineer Mwambeleko explained. *"With the acquisition of my own construction machinery, I've been able to take on more substantial projects, complete them within schedule, and greatly improve my earnings."*

These success stories underline the positive ripple effect that access to affordable equipment financing can have on individual contractors and the broader construction sector.

Empowering Contractors for National Development

Contractors play a crucial role in delivering infrastructure that promotes economic growth and social development. Through their efforts, they facilitate the construction of roads, schools, hospitals, and other essential facilities, thereby enhancing access to services for Tanzanian citizens. The support from EFTA has enabled many contractors to be more active participants in this developmental journey, especially in executing government strategic infrastructure projects that are key to achieving national growth targets.

Well-equipped contractors are also essential for rolling out development projects in rural and underserved areas, where access to basic infrastructure is still limited. By expanding its loan program, EFTA is contributing to the goal of inclusive growth, ensuring that the benefits of development reach all corners of the country.

Conclusion

The over twenty billion shillings disbursed by EFTA to empower Tanzanian contractors underscores the institution's dedication to fostering economic growth and supporting local businesses. By offering accessible and flexible equipment loans, EFTA has not only strengthened the capacity of contractors but also played a vital role in advancing Tanzania's construction sector.

As the nation continues to prioritize infrastructure development as a cornerstone of economic growth, the contributions of financial institutions like EFTA remain indispensable. By providing the tools and resources that contractors need to succeed, EFTA is helping to lay the foundation for a prosperous and sustainable future for Tanzania.

A vexing problem on acquisition of equipment: To rent or to buy?

Any significant construction project involves plant or equipment of some type, including excavators, bulldozers, concrete mixers, cranes, asphalt makers, compactors and pavement layers as they are key in successfully implementing a project. For this reason, availability and accessibility of these machines are of great concern for many local contractors because they are very much a function of their financial wellbeing – itself often on shaky ground.

Often it boils down to having to make a choice between owning the machines or hiring them from someone else with stringent conditions meant to bring profit to the owner rather than you. So, what to do? The Contractor went about looking for the answer.

10 Reasons that support renting

There are many compelling reasons to rent equipment. Here are 10:

1. Renting reduces capital expenses and enables you to allocate money to areas with the highest return on investment.
2. Supplementing basic equipment with specific rental machinery only when needed is an effective way to extend your fleet and compete for more jobs.
3. You don't have to worry about a current model becoming obsolete or not having the latest safety features.
4. Renting provides the convenience factor of on-site delivery — which saves you money and time.
5. You can get exactly what you need rather than trying to “make do” with something else.
6. The knowledge that the equipment is well maintained and ready to go.
7. You avoid any depreciation issues and license and registration costs for equipment.
8. The need for warehouse or storage space can be decreased or eliminated.
9. Rental stores are stocked with the right equipment and attachments.
10. You eliminate the costs and time associated with trying to sell or dispose of old or unused equipment.

When making the rent versus buy decision, contractors should consider the expected time utilization of the equipment. If it's not something that will be used frequently or if it's a specialty piece of equipment, then rental is the more cost-effective solution.

Source: <http://www.equipmentworld.com/partner-solutions-article/americanrentalassociation/6-advantages-of-using-a-rented-compact-excavator/>

And on choosing between compact and full-size excavators...

Compact excavators produce results that are anything but small. Also known as mini-excavators, these machines may

not have the digging depth of their full-sized counterparts, but they bring superior capabilities to smaller digging operations in close quarters.

Six advantages of renting a compact excavator instead of larger excavating equipment:

1. **More versatility.** You can rent attachments for a rented compact excavator to accomplish a variety of tasks using one machine. For example, you could drill a hole with an auger, demolish concrete with a breaker or move concrete debris using a thumb.
2. **Better maneuverability.** Features such as 360-degree turning, offset digging and reduced tail swing allow rented compact excavators to work productively in spaces where a full-sized excavator could not move.
3. **Lower fuel expenses.** A rented compact excavator uses less fuel than larger excavating equipment does. You also can tow a compact excavator using smaller, more fuel-efficient vehicles.
4. **Lighter footprint.** A rented, rubber-tracked compact excavator can move over pavement without harming it. A compact excavator's low ground pressure also minimizes damage to turf.
5. **Less noise.** Compact excavators generate less noise than larger excavators, especially when moving across pavement or other hard surfaces.
6. **Easier operation.** Most operators can learn how to use a rented compact excavator's controls very quickly.

Renting a compact excavator rather than purchasing one enables you to get exactly what you need while eliminating time and costs associated with buying, maintaining and storing equipment.

Caution: Availability and accessibility to these machines is not sufficient; safely making good use of them is equally crucial.

Making good use of the equipment entails essentially two key elements: the equipment should be appropriate for the job and the contractor should have a good skilled operator for it. So, any contractor contemplating about owning any of these machines needs to be aware of one selling point used by suppliers – that the equipment which is at the forefront of technology is better because it has higher performance, lower fuel consumption and fewer maintenance cycles. However, there is a catch: this same technology demands appropriately skilled operators and mechanics - who may not be easy to find in the country.

Source: <http://www.equipmentworld.com/partner-solutions-article/americanrentalassociation/6-advantages-of-using-a-rented-compact-excavator/>

Top Ten Construction Safety Tips

Safety expert John Meola shares his list of top ten reasons for construction accidents, as well as precautions you can take to ensure safe equipment operation on your construction site.

Each year, there are thousands of injuries and triple-digit numbers of fatal accidents related to machine and equipment operation. A lot of these accidents involve the operator, but over half involve people on the ground.

A review of literature reveals that practically all of these accidents are preventable. Safety awareness and caution when performing the most routine operation are characteristics of a good operator.

Before we take a look at the list of Top 10 causes of jobsite accidents and how to avoid them, we need to offer some reminders about operator training.

All operators must have identifiable and verifiable training on the machine or equipment. Most equipment dealers will provide this training as part of their customer service, and you need to take advantage of it. We're not talking about a semester credit course, but there is a Student Workbook, a video and usually a quiz. There is also a practical section where the student will operate the machine to confirm understanding of key controls and functions.

The larger or more complex the machine, the more in-depth the training should be. Remind me, how much did that rig cost? And you're going to try to skimp on the training? Better keep reading.

1. Getting on and off equipment

Getting on and off the machine is the No. 1 cause of injury to equipment operators, forklift drivers and truck drivers, any one of whom will readily share their "learning episode." It happens a lot.

First, check your gloves and boots. Clean the mud off before climbing, and use "high grip" gloves for a secure hand hold. Next, use a three-point stance going and coming. Use large size hand and foot holds. Securely engage the entire hand and foot, avoiding a toe-hold or finger-hold grip. Use a step ladder for access when no hand or foot holds are provided. Avoid carrying objects while climbing.

If the machine needs additional hand holds or steps installed, do it. Operators come in different sizes. Make it as easy and safe as possible to ascend/descend. Avoid the need to stretch by putting the grab rails where they're easy to securely reach.

When exiting the machine, correct practice is to lower yourself in a controlled manner - never jump!

2. Loading/unloading equipment

Even on level ground, there is a risk of machine roll-over during loading or unloading. Make sure you are centered on the ramps and stay straight. Allow enough room to maneuver the trailer and machine, which is sometimes difficult on tightly compressed jobsites.

Use a spotter for guidance. Make sure the machine clears the ramps before turning. Keep people away from the sides of the machine during loading/unloading.

Check the trailer deck, clearances and stability. Review your lock-out/tag-out plan to be sure the machine is at "Zero Energy State" when stowed.

Use proper tie-down procedures. If using compression chain binders, use caution when opening the handle. The load may shift just enough to add tension to the chain and the handle may spring open. Use safety tie wires or switch to ratchet binders.

3. People crowding the work area

Ask any backhoe operator what their biggest headache is and they will tell you without hesitation - people on the ground crowding the machine. People love to stand at the edge of the hole and watch the dirt being moved. There is usually no reason for them to be there, just force of habit. But why create an exposure to injury when none needs to exist?

People on the ground must stay well away from the machine operating area. Review this important point at safety meetings. Foremen need to enforce this, not the operator.

When ready to start work, use the horn to warn people to stay back; stop the machine if needed; and always check your back before backing up the machine.

4. Machine swing radius

Swing radius accidents are common. How do you think all those scrape marks got on that counterweight? Unfortunately, they are also usually fatal when people are involved.

Thus, it's important to rope off the swing radius around the machine or otherwise secure it. Allow no spectators; use a spotter to keep all people clear.

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5. Operation on slopes

Caution is always required when operating on slopes. You might make it up the slope with a load, but coming down is another story! Know the limits of the machine, allow for surface conditions and don't push it.

6. Overhead/buried obstructions

Be aware of overhead obstructions and underground utilities, including electrical lines, water, sewer, gas, telecom, etc.

Definitively mark or warn of overhead lines or low clearances. When digging, call Dig Safe or whichever agency has jurisdiction. Continue to use caution even after underground lines are marked, since errors in marking are common. Be prepared to hand dig when it's getting close.

Use signs, barrier tapes, etc., to indicate obstructions. Take no chances.

7. Backing

Reverse motion on anything in this industry is fraught with peril. Backup alarms on construction machinery are basically cosmetic devices in terms of assuring a clear backside. As such, operators need to positively assure that no one or nothing is behind them. This is achieved by getting out and looking.

Always check the machine perimeter before moving. When vision is impaired, have a spotter (in high-visibility apparel) guide you.

Use wide angle mirrors. The new generation of machines is fitted with best viewable surface mirrors. Keep them clean and adjusted.

Use rear-mounted cameras and/or rear-mounted presence-sensing alarms. Presence-sensing alarms are becoming more reliable as technology improves.

8. Machine upset

If a piece of equipment starts to tip, your seat belt becomes your lifeline. Yet, the list of excuses for failure to use seat belts or harnesses is amazingly long. Always use a seat belt. A professional operator will not have to be reminded of this bed-rock rule. Wear the belt even with the cab door closed. It decreases how much you will bounce around in the cab during normal operations, and may help you control the machine in a borderline upset situation.

In addition, operators need to understand the machine's stability characteristics on all surface types and conditions.

9. Instability or loss of load

Moving dirt or bulk materials is fairly straightforward. It becomes more complex when you try to use the hoe as a crane, or otherwise become creative in finding new applications. All rigging attachments for lifting must be engineered for safety. Be sure to use:

- oversized fittings
- positive locking attachments
- safety latches on all hooks
- correct lifting angles on chains
- properly inspected nylon slings
- abrasion and cut protection on sharp edges and masonry

Keep all people well clear of a load being lifted or handled. Either get the guys out of the trench, or send them to a safe distance when the pipe is being placed. Never lift a load over people.

A lot of serious accidents also occur when trying to use one machine to do multiple functions. Rough-terrain forklifts, skid steers and similar multi-use machines are versatile, but are often pushed beyond their limits for expediency. Operators need to understand that there are limitations that must be observed and safety is primary.

10. Lock-out

Refueling, service personnel and mechanics need to use positive means to assure their safety while servicing or working on the machine.

Review manufacturer directions for safety in all cases, even if this is the fifth generation of machine you bought from the same manufacturer. There are illustrations and directions in all manuals to point out safety features, do's and don'ts, good practices/bad practices, efficiency measures, etc.

Safety focus

The equipment and machinery produced today are the safest and most reliable ever made. To get the most out of these tools and ensure your employees' safety, a comprehensive safety program should not only be in place on all your jobs, it should be relevant, timely, frequently referenced and backed up by top management. Keep your operators and ground crews informed of the hazards they face (i.e., by reading the machine manual), keep them motivated and aware and recognize their accident-free achievements.



Build Big, Worry Small!

Our Unsecured Structure for Guarantees is perfect for contractors working in government projects.

We make it easier for you to:

- ≡ Get up to TZS 50 billion in Bid Bonds
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- ≡ Bid for high-value government projects with confidence and without worrying about collateral
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