

Second Validation of Tanzania:

Final assessment by the EITI International Secretariat

Second Validation of Tanzania: Draft assessment by the EITI International Secretariat

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1. Summary

Tanzania has in recent years overhauled its legislation regulating the extractive industries and is reviewing petroleum and mining contracts. While the government seeks to ensure that Tanzania benefits from its natural resources, concerns have been raised about the viability of extractive projects and shrinking civic space. So far, TEITI's role in these debates has been limited. TEITI has advocated for contract and beneficial ownership transparency, which the government has committed to. These are yet to be implemented in practice. Earlier challenges in MSG dynamics have been mostly overcome, Tanzania is catching up on its reporting backlog and the World Bank has committed funding to TEITI. The 2016/2017 EITI Report was published in December 2019 after delays in procurement. A supplementary report and the 2017/2018 EITI Report are scheduled to be published in April 2020. With a new MSG in place, Tanzania has the opportunity to ensure that TEITI is a platform for dialogue about extractive governance and contributes to evidence-based debate about the sector. Opportunities for systematic disclosures of data are abundant. Ensuring that government agencies and companies routinely disclose data at source would allow TEITI to focus on analysis and issues of interest, such as the impact of fiscal incentives.

The Secretariat's assessment is that Tanzania has fully addressed ten of the 18 corrective actions and has made "satisfactory progress" on the corresponding requirements. In addition, the Secretariat's assessment is that there has been back-sliding on Requirement 4.9 on data reliability and that Tanzania has achieved meaningful progress on Requirement 2.5 on beneficial ownership. The outstanding gaps relate to license allocation (Requirement 2.2), license register (Requirement 2.3), beneficial ownership (Requirement 2.5), state participation (Requirement 2.6), production data (Requirement 3.2), export data (Requirement 3.3), comprehensiveness (Requirement 4.1), subnational payments (Requirement 4.6), data quality (Requirement 4.9), quasi-fiscal expenditure (Requirement 6.2).







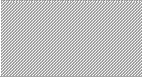
The draft assessment was sent to the multi-stakeholder group (MSG) on 3 April 2020. Following comments from the MSG received on 24 April 2020¹, the assessment was finalized for consideration by the EITI Board.

¹ https://eiti.org/files/documents/tanzania_msg_comments_to_2020_validation_draft_assessment.pdf.

2. Scorecard

| EITI Requirements | | Level of progress | | | | | Direction of Progress |
|--------------------------------------|--|-------------------|------------|------------|--------------|--------|-----------------------|
| Categories | Requirements | No progress | Inadequate | Meaningful | Satisfactory | Beyond | |
| Tanzania second Validation scorecard | | | | | | | |
| MSG oversight | Government engagement (#1.1) | | | | ■ | | → |
| | Industry engagement (#1.2) | | | | ■ | | = |
| | Civil society engagement (#1.3) | | | | ■ | | → |
| | MSG governance (#1.4) | | | | ■ | | → |
| | Work plan (#1.5) | | | | ■ | | → |
| Licenses and contracts | Legal framework (#2.1) | | | | ■ | | → |
| | License allocations (#2.2) | | | ■ | | | = |
| | License register (#2.3) | | ■ | | | | → |
| | Policy on contract disclosure (#2.4) | | | | ■ | | N/A |
| | Beneficial ownership (#2.5) | | | ■ | | | → |
| | State participation (#2.6) | | | ■ | | | → |
| Monitoring production | Exploration data (#3.1) | | | | ■ | | ← |
| | Production data (#3.2) | | ■ | | | | ← |
| | Export data (#3.3) | | ■ | | | | ← |
| Revenue collection | Comprehensiveness (#4.1) | | | ■ | | | = |
| | In-kind revenues (#4.2) | | | | | | = |
| | Barter agreements (#4.3) | | | | | | = |
| | Transportation revenues (#4.4) | | | | | ■ | → |
| | SOE transactions (#4.5) | | | | ■ | | → |
| | Direct subnational payments (#4.6) | | | ■ | | | = |
| | Disaggregation (#4.7) | | | | ■ | | ← |
| | Data timeliness (#4.8) | | | | ■ | | ← |
| | Data quality (#4.9) | | | ■ | | | ← |
| Revenue allocation | Distribution of revenues (#5.1) | | | | ■ | | → |
| | Subnational transfers (#5.2) | | | | | | |
| | Revenue management & expenditures (#5.3) | | | | | | |
| Socio-economic contribution | Social expenditures (#6.1) | | | | | | |
| | SOE quasi-fiscal expenditures (#6.2) | | ■ | | | | → |
| | Economic contribution (#6.3) | | | | ■ | | → |
| Outcomes and impact | Public debate (#7.1) | | | | ■ | | → |
| | Data accessibility and open data (#7.2) | | | | | | |
| | Recommendations from EITI (#7.3) | | | | ■ | | → |
| | Outcomes & impact (#7.4) | | | | ■ | | |

Legend to the assessment card

| | |
|---|--|
|  | No progress. All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled. |
|  | Inadequate progress. Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled. |
|  | Meaningful progress. Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled. |
|  | Satisfactory progress. All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled. |
|  | Outstanding progress. The country has gone beyond the requirement. |
|  | This requirement is only encouraged or recommended and should not be taken into account in assessing compliance. |
|  | The MSG has demonstrated that this requirement is not applicable in the country. |

3. Background

Tanzania joined the EITI in 2009 and became compliant with the EITI Rules in 2012. Tanzania's first Validation under the EITI Standard concluded on 25 October 2017. The EITI Board found that Tanzania had made 'meaningful progress' in implementing the EITI Standard. Eighteen corrective actions were identified by the Board, to be assessed in a second Validation commencing on 25 April 2019.

Tanzania's second Validation commenced on 1 January 2020 following an extension request approved by the Board in October 2019. The EITI International Secretariat has assessed the progress made in addressing the 18 corrective actions established by the EITI Board following Tanzania's first Validation in 2017². The 18 corrective actions relate to:

1. Government engagement (Requirement 1.1)
2. MSG governance (Requirement 1.4)
3. Work plan (Requirement 1.5)
4. License allocations (Requirement 2.2)
5. License register (Requirement 2.3)
6. Contracts (Requirement 2.4)
7. State participation (Requirement 2.6)
8. Production data (Requirement 3.2)
9. Export data (Requirement 3.3)
10. Comprehensiveness (Requirement 4.1)
11. Transportation revenues (Requirement 4.4)
12. Transactions related to SOEs (Requirement 4.5)
13. Direct subnational payments (Requirement 4.6)
14. Distribution of extractive industry revenues (Requirement 5.1)

² [Board decision 2017-51/BM-38](#)

15. Quasi-fiscal expenditures (Requirement 6.2)
16. The contribution of the extractive sector to the economy (Requirement 6.3)
17. Public debate (Requirement 7.1)
18. Discrepancies and recommendations from EITI Reports (Requirement 7.3).

Tanzania has undertaken a number of activities to address the corrective actions:

- Published the 2015/2016 and 2016/2017 EITI Reports.
- The Controller and Auditor General has investigated discrepancies identified in the 2015/2016 EITI Report.
- Minister of Mines Doto Biteko reiterated the government's commitment to the EITI and contract transparency at the EITI Global Conference in June 2019.
- Constituencies nominated new members for the MSG.
- TEITI launched a new website and a data dashboard.

The following section addresses progress on each of the corrective actions. The assessment covers the corrective actions established by the Board and the associated requirements in the EITI Standard. The assessment follows the guidance outlined in the Validation Guide.³ In the course of undertaking this assessment, the International Secretariat has also considered whether there is a need to review additional requirements, i.e. those assessed as “satisfactory progress” or “beyond” in the 2016 Validation. The Secretariat's view is that progress in implementing Requirement 4.9 on data quality has fallen beyond “satisfactory”.

3.1 Review of Requirement 1.3 on civil society engagement

The International Secretariat paid special attention to continued adherence to Requirement 1.3 due to reports in international media and civil society assessments of decreasing civic space in Tanzania.⁴ The Secretariat consulted members of the HakiRasilimali civil society coalition during its mission in October 2019 and launched a call for views on progress in implementation on 29 November 2019.⁵ The call for views focused on adherence to the civil society protocol and was shared with the HakiRasilimali coalition, civil society members of the Validation Committee and the MSG.

HakiRasilimali provided feedback on 9 February 2020.⁶ The comments note that “state agencies have increasingly become intolerant to civil engagement, citizen's expressions and advocacy campaigns towards effecting social change”. The feedback cites changes to the legal framework that restrict research and NGOs' operations, including the 2018 Statistics Act and the 2019 NGO Act. Consultations suggest that changes to the legal framework have made it easier for the government to de-register NGOs due to process-related technicalities. Reporting requirements for NGOs have become more demanding and the registrar's mandate has become broader.

The Secretariat is not aware of any indication of the restrictions introduced to the broader enabling environment having affected civil society's ability to engage in extractive sector governance or the EITI

³ EITI (2019), 'EITI Validation Guide', available at: <https://eiti.org/document/eiti-validation-guide>

⁴ For example, Tanzania's rating in the Freedom in the World index fell from 60 out of 100 in 2016 to 45 out of 100 in 2019.

⁵ https://eiti.org/files/documents/tanzania_eiti_validation_-_call_for_civil_society_views_on_eiti_implementation_progress.pdf.

⁶ https://eiti.org/files/documents/cso_comments_on_the_2nd_tanzania_validation_process_.pdf.

more specifically. Stakeholder consultations and MSG meeting minutes suggest that civil society continues to engage in EITI implementation actively and effectively. The Secretariat is not aware of restrictions to operations or registration of NGOs engaged in the EITI or attempts to hinder the publication of research related to extractives. Civil society organisations continue to comment critically on extractive issues, including the government's recent agreement with Barrick Gold Corporation, and to organise related events.⁷ In November 2019 civil society organised a thematic week on extractives that was attended by high-level government officials.

Consultations and public sources suggest that the government is not applying the tools offered by the regulatory changes to civil organisations engaged in extractive sector governance. Media freedom has also been constrained,⁸ and criticism of the government and its leading figures is poorly tolerated.⁹ However, there is no indication that any of these incidents are related to expression on EITI-related topics or criticism of the government's extractive policies. Furthermore, none of the actions appear to have affected actors engaged in the EITI.

In its feedback, HakiRasilimali also raised the issue of civil society nominations to the MSG and the need to ensure organisations that are not working on extractive sector issues do not disrupt the process. This is covered under Requirement 1.4 on MSG oversight.

The Secretariat has not encountered any evidence to suggest that adherence to Requirement 1.3 and the civil society protocol has fallen below "satisfactory progress". Civil society is fully and actively engaged in the EITI. So far, the interests of civil society and the government related to extractive sector governance have been broadly aligned. The government has introduced legal reforms that seek to ensure that Tanzania benefits fully from its natural resources. Prevailing uncertainty in the industry has nearly stalled the development of mining and gas projects.

EITI should continue closely monitoring adherence to Requirement 1.3 and the civil society protocol in Tanzania and continue to reassess adherence in future. There is a risk that if government and civil society interests collide, the government could seek to constrain civil society's research and advocacy on EITI-related matters. Acknowledging this risk could lead to civil society actors restricting their activities in fear of retaliation.

The government is urged to send a clear message to civil society stakeholders that they can continue to investigate and speak freely on issues related to extractive sector governance without any fear of retaliation. Stakeholders should be encouraged to bring potential breaches of the civil society protocol to the attention of the EITI Board.

4. Effectiveness and impact of EITI implementation

Impact and effectiveness

Implementation objectives linked to national priorities: While the objectives in TEITI's work plan are focused on compliance with the EITI Standard, the planned activities relate to key areas of high priority for the government, such as improved revenue collection from the artisanal and small-scale

⁷ See for example: <https://www.hakirasilimali.or.tz/why-is-the-government-and-the-parliament-silent-over-barrick-new-deal/>, <https://www.policyforum-tz.org/where-are-we-revenue-management-extractives-sector-stakeholders-debate-losses-and-gains-tanzania>,

mining sector, improved local content in the extractive industries and benefits to local communities. The government of President John Magufuli, in office since October 2015, has introduced sweeping changes that seek to ensure that the oil, gas and mining industries benefit Tanzania. In practice, the links between EITI implementation and reforms have been limited. The MSG does not appear to have provided input to the revised mining and petroleum legislation and related regulations, nor to the introduction of trading centres to address illegal mining and smuggling of minerals.

Impact of EITI: Tanzania is at a crossroads in the development of its gas and mining sectors. The current administration has enacted reforms that seek to ensure that extractive activities result in optimal revenues and other economic benefits to Tanzania. A tax dispute with Acacia mining, a review of both mining and gas contracts and a new legal regime have created uncertainty among some investors¹⁰. Motivated by provisions of the EITI, the government has committed to disclose mining contracts and to establish a public register of the beneficial owners of extractive companies. These commitments are yet to be implemented in practice. Lack of transparency regarding the terms of existing contracts or the process for reviewing them hinders EITI's impact on public debate. However, earlier EITI Reports have provided a reliable source of data on contributions by extractive companies, which has informed debate about the fiscal regime and whether Tanzania is fully benefitting from its resources.

Prospects for greater EITI impact: EITI implementation is an opportunity for the Tanzanian government to enhance investor confidence and to engage with civil society. The key agencies holding data relevant for EITI disclosures are the Tanzanian Revenue Authority (TRA), PURA, TPDC and the Mining Commission. Direct disclosures of data by these entities would enable TEITI to focus on addressing priorities such as assessing fiscal incentives and analysing data through, for example, financial modelling. The government concluded an agreement with Barrick Gold Corporation in October 2019. Disclosure of this contract would enable TEITI to project government revenue collection in coming years and identify revenue loss risks. Analysis of other existing gas and mining contracts could inform the government's efforts to review them. The disclosure of beneficial owners of extractive companies through a public register would enable better understanding of Tanzanian participation in the extractive sector and could facilitate addressing tax evasion and corruption risks, a stated government priority.

Innovations beyond EITI Requirements: Under the leadership on MSG Chair Ludovick Utouh, TEITI has sought to ensure that EITI reporting responds to national priorities and governance challenges. For example, the ToR for the 2016/2017 and 2017/2018 EITI Reports requires that the Independent Administrator report "the amount of tax relief/exemptions granted to extractive industries during the reporting period". This responds to recommendations made by the Controller and Auditor General (CAG) in its reports. However, challenges in procurement, limited progress in systematic disclosures and the broad scope of reconciliation has led to delays in reporting and required that the Independent Administrator focus on core EITI Requirements.

Conclusions, lessons learnt and recommendations: Tanzania's EITI implementation has focused on efforts to produce EITI Reports in a timely manner and to secure funding for this. With a new MSG in place, Tanzania has the opportunity to ensure that EITI responds to local priorities. The International Secretariat has identified the following opportunities to disclose data routinely:

- The Mining Commission could disclose production and export values and volumes disaggregated by commodity, and possibly company/project on its website and in its annual report. As royalty payments are linked to production levels, this could be accompanied by project-level data on royalty payments.

¹⁰ See for example [Africa Oil & Gas State of Play](#), by Deloitte, November 2018

- The Petroleum Upstream Regulatory Authority (PURA) could disclose key information about oil and gas licenses on its website, as specified under Requirement 2.3.
- Tanzania Petroleum Development Corporation (TPDC) could disclose comprehensive information about its financial relationship with the state on its website and/or annual reports.
- The government could mandate the Business Registrations and Licensing Agency (BRELA) to collect and disclose information about the beneficial owners of extractive companies.

Tanzania's National Audit Office (NAO) works closely with TEITI and certifies government's EITI reporting. TEITI has planned to follow up on NAO's findings on the misuse of tax exemptions. Tanzania is encouraged to further engage NAO in EITI reporting. For example, NAO could collect and disclose granular data of government revenues from extractive companies when conducting its annual audits of government entities.

The Ministry of Mines and the Ministry of Energy are encouraged to disclose mining and petroleum contracts. Contract transparency, together with granular, routine disclosures of data on revenues and production, will enable public evidence-based debate on progress in achieving the government's objectives of ensuring that Tanzania achieves the optimal benefits from its natural resource wealth.

Sustainability

EITI implementation is institutionalised through the 2015 TEIT Act. The act gives TEITI a broad mandate to disclose data related to the extractive sector, including contracts, but it has been implemented only partly. The national secretariat is housed in the Ministry of Mines and its operating costs and salaries are covered by the government. The secretariat has six staff members. In October 2019, the World Bank EGPS confirmed grant funding to cover the activities in the 2019-2021 operational plan. The MSG's decision to engage a team from the local Mzumbe University as the Independent Administrator for the 2016/2017 and 2017/2018 EITI Reports demonstrates interest in building local capacity and managing costs. To improve the sustainability of EITI implementation, Tanzania is encouraged to build the capacity of the secretariat staff to enable the secretariat to follow up on opportunities for systematic disclosures and engage with government agencies.

5. Review of corrective actions

As set out in the Board decision on Tanzania's first Validation, the EITI Board agreed 18 corrective actions.¹¹ The Secretariat's assessment below discusses whether the corrective actions have been sufficiently addressed. The assessments are based on the 2018-2023 work plan and 2019/20 operational work plan, the 2016/2017 EITI Report, the 2018 annual progress report and minutes of the MSG meetings from 2017 to December 2019, alongside various documents submitted by the national secretariat to the International Secretariat, e-mail correspondence, and stakeholder consultations (in-person and via Skype).

5.1 Corrective action 1: Government engagement (#1.1)

In accordance with Requirement 1.1, the government should demonstrate that it is fully, actively and effectively engaged in the EITI process. In accordance with Requirement 8.3.c.i, the government is requested to develop and disclose an action plan for addressing the deficiencies in government engagement documented in the initial assessment and Validator's report within three months of the Board's decision, i.e. by 25 January 2018. The government should ensure appointment of government

¹¹ <https://eiti.org/board-decision/2017-53>

representatives on the MSG with the capacity to carry out their duties in terms of influences decision-making and properly informing their constituents.

Findings from the first Validation

Tanzania was found to have made meaningful progress in implementing the requirement. The first Validation found that the passage of the Tanzania Extractive Industries (Transparency and Accountability) Act in 2015 was an important milestone. However, since then, poor attendance by government representatives at multi-stakeholder (MSG) meetings, inability to appoint an MSG chair, the absence of an EITI Champion, and apparent lack of political support at the highest level—all corroborated by strong stakeholder views in the same direction—suggest weak government engagement in the EITI process.

The first Validation encouraged the government to demonstrate that it is fully, actively and effectively engaged in the EITI process by appointing a lead to chair the process, publicly restate its commitment to extractives transparency, and ensure that senior government officials are represented and engaged in the multi-stakeholder group. It recommended that the regulations supporting the TEITA Act were developed and disseminated to ensure clarification of the terms of engagement for government and other key stakeholders in the EITI process. Further, and in accordance with Requirement 8.3.c.i in the 2016 EITI Standard, the government was requested to develop and disclose an action plan for addressing the deficiencies in government engagement within three months of the Board's decision.

Progress since Validation

The Government of Tanzania's commitment to the EITI process has strengthened following Tanzania's first Validation. Addressing the leadership void in the MSG, the President of Tanzania John Magufuli appointed Ludovick Utouh (retired Controller and Auditor General) as chair of TEITI in June 2018.¹² The government has reiterated its commitment to EITI at the international level, including through Minister of Minerals Doto Biteko's speech at the EITI Global Conference in June 2019.¹³ On 12 February 2020, new MSG members were announced for the 2019-2022 period.¹⁴ The government is represented by the Tanzania Revenue Authority, the Prime Minister's Office, the Ministry of Minerals, the Office of Regional Administration and Local Government and TPDC. MSG members are senior representatives of their agencies. The regulations supporting the TEITA Act have also been developed and disseminated in February 2019.

According to stakeholders consulted, the absence of a permanent Executive Secretary has had a direct and significant impact on TEITI's ability to drive EITI implementation and contributed to the delays in EITI reporting. Minister Biteko confirmed that the Nomination Committee identified a candidate for the post at its 20 May 2019 meeting. According to stakeholders, the recruitment has been held back by administrative obstacles. At the commencement of Validation, no appointment had been made or announced. An Acting Executive Secretary, Mariam Mgaya, has led the TEITI national secretariat since May 2018. Government officials noted that she had full authority in her position. The

¹² TEITI Annual Progress Report January – December 2018, p. 18.

¹³ <https://www.thecitizen.co.tz/news/Tanzania-now-set-to-disclose-mining-contracts/1840340-5178810-ulvuoc/index.html>

¹⁴ The appointment of the new MSG took place after commencement of Validation due to delays in confirming CSO members.

MSG noted in its feedback to the draft assessment that the Presidential Implementation Committee approved TEITI's proposed organisational structure on 14 February 2020.

The government has also made efforts to address corrective actions. An action plan for addressing the corrective actions was presented on 25 January 2019,¹⁵ and an Operational Plan was developed in June 2019. The MSG communicated the gaps to relevant ministries, encouraging them to publish missing information.¹⁶

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action on government engagement has been addressed and that Tanzania has made satisfactory progress on Requirement 1.1. Minister of Minerals Doto Biteko has demonstrated active engagement in the EITI and appointed a new MSG Chair, Mr Ludovick Utouh, a former Auditor General. Implementation has been somewhat slowed down by the lack of clarity on the process for recruiting an Executive Secretary and the lack of funding for the EITI process. Nonetheless, an acting Executive Secretary has provided interim leadership for the secretariat since May 2018.

To strengthen implementation of Requirement 1.1 and use of the TEITI platform in decision-making, the government is encouraged to appoint TEITI an Executive Secretary and ensure that there are mechanisms in place for engaging with government agencies not represented on the MSG.

5.2 Corrective action 2 (Requirement 1.4)

In accordance with Requirement 1.4.a.ii, the MSG should ensure that its procedures for nominating and changing multi-stakeholder group representatives are public and confirm the right of each stakeholder group to appoint its own representatives. In accordance with Requirements 1.4.b.ii and 1.4.b.iii, the MSG should ensure that stakeholders are adequately represented and undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the MSG should liaise with their constituency groups. In accordance with Requirement 1.4.b.vi, the MSG should ensure an inclusive decision-making process throughout implementation, particularly as concerns industry and civil society. Each constituency should ensure that their representatives' attendance at MSG meetings is consistent and at sufficiently high level to allow the MSG to take decisions and follow up on agreed matters.

Findings from the first Validation

Tanzania was found to have made meaningful progress in implementing the requirement. The first Validation found that the MSG did not have clear terms of reference and instead drew on both the TEITA Act and the Draft Internal Governance and Administrative Rules of TEITI (not public). The top-down approach of the national secretariat was found by stakeholders to make the MSG unable to play its oversight role, while MSG meetings lacked sufficient advance notice and timely distribution of documents.

¹⁵ Stakeholder plan submitted to International Secretariat on 25 January, available upon request.

¹⁶ TEITI Annual Progress Report January – December 2018 (p. 7)

The first Validation encouraged the MSG to ensure that its procedures for nominating and changing multi-stakeholder group representatives were public, that stakeholder constituencies were adequately represented and consistently attended MSG meetings, and to develop TORs for its work.

Progress since Validation

Consultations with stakeholders and MSG meeting minutes demonstrate that there have been improvements in the operation of the MSG and TEITI since the first Validation in 2017.

The MSG has not developed new TORs to guide its work since the first Validation. Stakeholders consulted noted that the MSG had considered developing TORs but concluded that it was sufficient that MSG meetings and operations be based on section 10 of the TEITA Act, the schedule established by the act and unpublished Draft Rules. The Schedule under the TEITA Act includes provisions related to decision-making, quorum, frequency of meetings and record-keeping.

Section 8 of the TEITA Act 2015 clarifies that constituencies should be equally and adequately represented, holding five seats on the MSG each under 3-year term limits.¹⁷ The term of MSG members from 2017-2019 expired on 25 October 2019, and the government publicly announced the newly-appointed MSG members for 2019-2022 on 12 February 2020.¹⁸

Consultations with stakeholders indicated that the process for appointing government and industry representatives had been open, transparent and independent. Stakeholders consulted noted that the challenges surrounding the nomination of civil society members raised in the previous Validation remained.¹⁹ The process for nominating civil society MSG members for 2019-2022 was coordinated and well-documented by the PWYP coalition HakiRasilimali between August and September 2019.²⁰

There still appears to be lack of clarity on the MSG's mandate, roles and responsibilities. Civil society representatives noted in their written feedback that there were opportunities to clarify TEITI's institutional mandate with regards to extractive sector governance. It was proposed that the role of the MSG should cover strategy, governance and risk management matters (i.e. setting strategic direction and developing policy, supervision of the secretariat and financial sustainability of the process, compliance with the TEITA Act, etc.). The civil society MSG members have made specific proposals to clarify TEITI's role as an independent government entity and oversight body for promoting and enhancing transparency and accountability in the extractive industry.

In practice, the MSG met four times in 2018 and five times in 2019. MSG meeting minutes have been published on TEITI's website²¹. Each constituency was adequately represented in MSG meetings throughout 2018 and 2019 with regular attendance by almost all MSG members. All meetings were quorate. There appears to be an improvement in the regularity and prior notice of meetings held, despite the logistical challenges with bringing together stakeholders from Dar es Salaam and Dodoma. MSG meeting minutes suggest that the relationship between the MSG and the national secretariat has improved since the first Validation, with the MSG regularly tasking the national secretariat to implement their decisions. Existing decision-making rules appear to be followed, and the new MSG Chair appears to command respect from and build consensus among the three

¹⁷ <http://www.teiti.or.tz/wp-content/uploads/2014/03/The-Tanzania-Extractive-Industries-Transparency-Accountability-Act-2015.pdf>

¹⁸ <http://www.teiti.go.tz/storage/app/uploads/public/5d3/aac/cc5/5d3aacc5ff56243619193.pdf>

¹⁹ Explained in the initial assessment for the 2017 Validation, pp. 23-24, [accessible here](#).

²⁰ Hakirasilimali (2020), CSO representatives to the 4th TEITI MSG (2019-2022), [accessible here](#).

²¹ <http://teiti.go.tz/publications/meetings>

constituencies. There is no indication that the MSG's Draft Rules and the TEITA Act have not been adhered to in practice with regards to the MSG's decision-making.

The MSG has overseen a review of the TEITI secretariat's organisational structure and discussed this in most MSG meetings held in 2018 and 2019. The MSG Chair and TEITI have engaged the Treasury Registrar's office and the Public Management office regularly to seek approval for the revised secretariat structure, which is aimed at adequately equipping the national secretariat to fully implement the EITI Standard. Several stakeholders consulted agreed that issues around sustainable funding of the EITI process and the uncertainty about the leadership and structure of the national secretariat had impacted the MSG's functioning. The recruitment of an Executive Secretary has been ongoing since 2018. Interviews were conducted mid-2018, while the Permanent Secretary of the Ministry of Minerals has written several reminders to the President's office who has informed the ministry that the issue was being addressed.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action has been fully addressed and that Tanzania has made satisfactory progress with improvements on Requirement 1.4. The MSG and each constituency have made efforts to ensure an open and transparent process for nominating MSG members. There is evidence that the MSGs oversight of the EITI process has improved with the direction from the new EITI Chair and support from the national secretariat. Further clarity is however needed on the roles and responsibilities of the MSG in overseeing EITI implementation and improving natural resource governance. The MSG is performing its required functions in practice, but its contribution to policymaking is limited.

To strengthen implementation of Requirement 1.4, Tanzania is encouraged ensure that the MSG reviews its mandate, role and responsibilities in light of the 2019 regulations to the TEITA Act and objectives for EITI implementation. As proposed by civil society MSG members, TEITI could consider maintaining and regularly updating a list of organisations working on and within the extractive sector to help inform engagement within civil society constituency.

5.3 Corrective action 3: Work plan (#1.5)

In accordance with requirement 1.5, the MSG should adopt a regular cycle of operational workplans and, with input from stakeholders, ensure that their work plans include objectives and outcomes that are clearly linked to the national priorities for the extractive sector.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. The findings were that the objectives/outcomes of the workplan were very narrowly focussed on production of EITI Reports. They were not linked to the EITI Principles, nor did they appear broad enough to reflect national priorities for the extractive industries.

The Secretariat recommended that TEITI adopt a regular cycle of operational workplans and ensure that objectives/outcomes of the work plan are clearly linked to the national priorities for the extractive sector.

Progress since Validation

Since the first Validation, TEITI has developed and agreed a five-year work plan in May 2018 covering the period from 2018/19 to 2022/23. Based on the five-year plan, TEITI developed an operational work plan covering year 2019/20 in July 2019.²²

The objectives of the 2019/20 operational work plan mirror those of the five-year plan, which has four main intended outcomes related to increased transparency and awareness around the extractive industries and capacity building. While these objectives are broad, the planned activities focus on key areas of high priority for the government, such as improved revenue collection from the artisanal and small-scale mining sector, improved local content in the extractive industries and benefits to local communities. Several of the outcomes are focussed on improved disclosure and reporting as an end in itself, rather than the intended outcome beyond improved transparency. Both the five year and operational work plans include activities focussed on improving systematic disclosures.

It is not clear the extent to which the work plan reflects the result of consultations with key stakeholders. According to the MSG meeting minutes, the MSG “discussed the draft workplan and agreed to submit comments by 30 May 2018.”²³ Beyond this, there appears to be limited documented discussion on the objectives of TEITI over the course of a five-year period. Stakeholder consultations suggest that MSG members did not provide further comments to the draft work plan. However, MSG feedback on the draft assessment suggests that the MSG did provide full oversight of the development and approval of the work plan.

Secretariat’s Assessment

The International Secretariat’s assessment is that the corrective action related to the EITI work plan has been fully addressed and that Tanzania had made satisfactory progress on Requirement 1.5. The MSG has agreed and published a five-year work plan and operational work plans for implementation of the EITI. The work plans include objectives and activities that reflect national priorities for the sector and focus on improving regular and timely disclosures of information. There is limited evidence of consultation with key stakeholders on the long-term objectives for EITI implementation. However, the MSG’s position is that it has fully contributed to the development of work plans.

Tanzania is encouraged to document key stakeholders’ input to the annual EITI work plan. To ensure the sustained relevance of TEITI, Tanzania is encouraged to consider opportunities to review the broader objectives of TEITI implementation and potentials for updates to reflect national priorities for the governance of the oil, gas and mining industries.

5.4 Corrective action 4: License allocations (#2.2)

In accordance with Requirement 2.2, Tanzania should disclose a description of the process for awarding licenses, including an overview of petroleum or mining licences awarded or transferred during the reporting period, information on the technical and financial criteria for awarding licenses, and any non-trivial deviations from the applicable legal and regulatory framework for awarding licenses. Should any of this information already be available, the MSG should consider providing direct references to the relevant sources. The MSG may also wish to include commentary on the efficiency

²² These work plans have been published on the TEITI website: <http://teiti.go.tz/mpango-wa-kazi>

²³ 74th MSG meeting minutes, 16 May 2018, [accessible here](#).

and effectiveness of licensing procedures and could consider tasking the Independent Administrator to provide an evaluation of the licensing process and make recommendations for its improvement.

Findings from the first Validation

The first Validation concluded that Tanzania had made inadequate progress in meeting this requirement. The 2014/2015 EITI Report contained information on active licenses and a brief summary of the licensing procedures. It did not contain any information on whether oil/gas or mining licences were awarded or transferred during the reporting period, nor information on technical and financial criteria for awarding oil/gas and mining licenses

Progress since Validation

Progress in addressing the corrective action has been modest. An overview of the process for awarding and transferring oil, gas and mining licenses is available, including the technical and financial criteria. These criteria, however, refer to procedural requirements and do not clarify how the documents submitted by the applicant are assessed by the license authority. The 2016/2017 EITI Report confirms that no oil or gas licenses were awarded or transferred. Consequently, the requirement is not applicable to the oil and gas sector in the period under review.

For mining, the numbers of each type of license awarded or transferred are provided in the report. Additionally, the report provides links to a list of mining licenses awarded and transferred in the 2016/2017.

The 2016/2017 EITI Report mentions that mining licenses can be awarded through a bidding process but does not clarify whether this occurred in the period under review. The report does not comment on any non-trivial deviations from the licensing framework but notes that the process is effective and transparent. Feedback from the MSG noted that these issues will be further clarified in a supplementary report and the 2017/2018 EITI Report, which are being finalised.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to license allocations has been partly addressed and considers that Tanzania had made meaningful progress on Requirement 2.2. Technical and financial criteria for awarding and transferring mining licenses has been disclosed, as well as the recipients of mining licenses awarded and transferred in the period under review. Remaining gaps relate to clarifying whether licenses were awarded through a bidding process and whether there were non-trivial deviations from the legal framework.

In accordance with Requirement 2.2.a, Tanzania should disclose any non-trivial deviations from the legal and regulatory framework. In accordance with Requirement 2.2.c, where licenses are awarded through a bidding process, the government is required to disclose the list of applicants and the bid criteria. Tanzania is encouraged to ensure that the websites of the regulatory agencies Ministry of Mines and PURA include comprehensive information about the process for awarding and transferring oil, gas and mining licenses.

5.5 Corrective action 5: Licence register (#2.3)

In accordance with Requirement 2.3, Tanzania should further ensure that information on awarded oil and gas licenses is disclosed, including name of license holder(s), date of application, date of award and duration of the license, and the commodity being produced. The MSG should also ensure that license coordinates are included in the mining license cadastre, if collated. If coordinates are not collated, the government should ensure that the size and location of the license area are disclosed. The government could consider establishing a public petroleum cadastre.

Findings from the first Validation

The first Validation concluded that Tanzania had made inadequate progress in meeting this requirement. The online license register for the mining sector met all requirements except for license area coordinates. The oil and gas sector did not have a public license register, nor did the EITI Report disclose any license information.

Progress since Validation

For mining licenses, all required information including coordinates is publicly available in the online “Mining Cadastre Map” portal. Information appears to be timely and comprehensive.

For oil and gas licenses, no publicly available register exists nor is the required information available in the 2016/2017 EITI Report. PURA’s website provides a map with an overview of active licenses, updated as of September 2019.²⁴ The report references a legal provision that PURA maintain such a register. MSG feedback noted that the government is preparing to establish an online cadastre of oil and gas licenses.

Secretariat’s Assessment

The International Secretariat’s assessment is that the corrective action related to license register has been partly addressed and that Tanzania had made inadequate progress on Requirement 2.3. The publicly available mining cadastre now includes license coordinates, but required information on licenses is not available for the oil and gas sector.

In accordance with Requirement 2.3, Tanzania should maintain a publicly available register of oil and gas licenses that includes all data points under Requirement 2.3.i-iv.

5.6 Corrective action 6: Policy on contract disclosure (#2.4)

In accordance with Requirement 2.4, the government should ensure that its policy on contract disclosure is clearly disclosed, as well as actual practice. This should include reference to the relevant provisions in the TEITA Act and progress made in implementing these.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. Although current government policy and actual practice on contract disclosure were not

²⁴ PURA (2019), *Exploration activity*, accessible [here](#).

described in the EITI Report or on MEM's website, looking ahead, contract disclosure was foreseen under the TEITA Act but not yet in force.

Progress since Validation

The 2016/2017 EITI Report clearly lays out the discrepancy between the policy and practice for contract transparency. The 2015 TEITA Act mandates the disclosure of extractive contracts. The report notes that the government is committed to contract transparency, but the ongoing review of contracts is delaying disclosures.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to contract disclosure has been fully addressed and that Tanzania had made satisfactory progress on Requirement 2.4. The policy and practice for contract transparency are clearly described in the 2016/2017 EITI Report.

Tanzania is encouraged to implement the contract disclosure provisions in the TEITA Act and disclose all contracts governing mining, gas and oil exploration and production. Implementing countries will be required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021 onwards.

5.7 Corrective action 7: State participation (#2.6)

In accordance with Requirement 2.6.a, Tanzania should provide an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs) in both the petroleum and the mining sector. This should include an explanation of the rules and practices governing transfers of funds between the SOEs Tanzania Petroleum Development Corporation (TPDC) and State Mining Corporation (STAMICO) and the state, retained earnings, reinvestment and third-party financing. The rules and practices governing TPDC's role as conduit of company payments to government should be disclosed and supported by payment figures where applicable. Tanzania should also confirm whether any loans or loan guarantees have been granted from the government/SOEs to companies operating in the country during the fiscal year covered by the EITI Report, and make information on this publicly available.

The government should also, in accordance with Requirement 2.6.b, ensure annual disclosure on the level of ownership held by the government and SOEs in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. The government should also provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies operating in the country.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. TPDC was described in the Scoping Study and the EITI Report as a conduit of certain revenue streams from the oil/gas sector destined in part to MEM, but the rules and practices of this

role were not disclosed and the payment figures did not bear evidence of it. Considering STAMICO's limited role in the mining sector, it was adequately described in the EITI Report.

Progress since Validation

The 2016/2017 EITI Report provides a good overview of the financial practices of TPDC and STAMICO in the period under review. The report confirms that neither company transferred funds to the government. Rather, they received funds to cover recurring costs. Neither company was involved in any loans or loan guarantees from the state or to extractive companies or raised third-party financing.

However, the rules governing the financial relationship between the SOEs and the state are not comprehensively presented. The report notes that the 1969 Public Corporation Act covers the financial relationship between SOEs and the state. The act does not provide details related to the financial relationship. The 2016/2017 EITI report refers to other "internal policies, rules and procedures" but does not specify what these are or what they contain.

STAMICO's participation in extractive projects and the terms attached appear to be comprehensively disclosed in the 2016/2017 EITI Report. For TPDC, this information is only disclosed for the two projects in production. However, the report notes that there are 13 oil and gas PSAs in total and TPDC is likely to have an interest in each of them. The report suggests that no changes in the level of ownership occurred in the period under review.

A third SOE, NDC, is introduced in the EITI Report but detailed information regarding its participation or relationship with the government is not provided.

TPDC's 2016/2017 audited financial statements are available on its website. The National Audit Office also audits STAMICO and NDC.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to state participation has been partly addressed and that Tanzania has made meaningful progress with considerable improvements on Requirement 2.6. Disclosures have improved regarding the financial relationship between the state and SOEs in the period under review. However, comprehensive information about the underlying rules governing the relationship is lacking.

In accordance with Requirement 2.6, Tanzania should ensure that the government, STAMICO and TPDC disclose more detailed information about the rules governing their financial relationship, including retained earnings and reinvestment. TPDC should disclose its level of participation in all oil and gas projects as defined in the PSAs, as well as the terms attached. Tanzania should consider whether NDC is a material SOE for EITI reporting purposes and, if so, ensure that public disclosures include comprehensive information as required under Requirement 2.6.

TPDC and STAMICO are encouraged to regularly disclose information about their participation in extractive projects and their financial relationship with the government on their own websites.

5.8 Corrective action 8: Production (#3.2)

In accordance with Requirement 3.2, Tanzania must disclose production data for the period covered in by the EITI Report. The MSG should seek to improve the consistency and comprehensiveness of

production and export data in volume and value terms across the extractive sector, and to ensure that the value of gas production is disclosed.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. Production volumes and values data were not consistently reported across the extractive sector.

Progress since Validation

Only incomplete data on production appears to be publicly available for calendar years 2016 and 2017 and financial year 2016/2017. The 2016/2017 EITI Report includes the production volumes of gas and a selection of minerals but no production values. The 2015/2016 EITI Report included production volumes and values by commodity.

Stakeholder consultations suggest that the lack of data concerning the period under review was due to organisational changes in the sector. The Mining Commission, now responsible for monitoring production, was established in 2017. The 2016/2017 EITI Report does not provide any explanation for the lack of comprehensiveness in production data provided. Feedback from the MSG noted that the gaps will be addressed in an upcoming supplementary report.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to production data has not been addressed and that Tanzania has made inadequate progress on Requirement 3.2. There is no publicly available data on production values for the period under review and data on production volumes appears to be incomprehensive.

In accordance with Requirement 3.2, Tanzania is required to ensure that the Ministry of Minerals discloses the production volumes and values of all minerals produced, disaggregated by commodity. Tanzania should ensure that TPDC and PURA disclose the value of gas production. Tanzania is encouraged to ensure that government agencies disclose this information regularly on their websites or in their annual reports and to consider disaggregating disclosures by project.

5.9 Corrective action 9: Export data (#3.3)

In accordance with Requirement 3.3, Tanzania must disclose export data for the period covered in by the EITI Report. The MSG should seek to improve the consistency and comprehensiveness of export data in volume and value terms across the extractive sector, and to ensure that data on export values is disclosed.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. Export volume and value data were not consistently reported across the extractive sector. Export volumes were reported disaggregated by company. Values were provided for gold, silver and copper only.

Progress since Validation

The only publicly available export data for calendar years 2016 and 2017 and financial year 2016/2017 seems to be the value of total mineral exports and the value of exports of gold and diamonds by commodity. No data on export volumes is available in the 2016/2017 EITI Report. The report confirms that Tanzania did not export gas.

The 2015/2016 EITI Report included export volumes and values by commodity, but these figures were in most cases identical with production figures.

Stakeholder consultations suggested that the Customs department under TRA was the primary source for export data. TRA submits data to NBS for the publication of statistics. In previous reports, export data was based on estimates indicated in export permits, not actual exports. For this reason, export and production data were identical in the 2015/2016 EITI Report. The 2016/2017 EITI Report does not provide any explanation for the lack of comprehensiveness of export data disclosed. Feedback from the MSG noted that the gaps will be addressed in an upcoming supplementary report.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to export data has been not been addressed and that Tanzania has made inadequate progress on Requirement 3.3. The publicly available information on mineral exports is more limited than during the first Validation. No export volumes were disclosed and data on export values is incomprehensive.

In accordance with Requirement 3.3, Tanzania is required to ensure that the government discloses the volumes and values on mineral exports disaggregated by commodity. Tanzania is encouraged to ensure that the government discloses this data routinely, for example on the NBS website.

5.10 Corrective action 10: Comprehensiveness (#4.1)

To ensure that the revenue and payment disclosures are comprehensive in accordance with Requirement 4.1, Tanzania and the MSG should ensure that EITI reporting covers material payments from the sector including revenues collected by SOEs, revenues from transportation of oil, gas and minerals, and direct sub-national payments from oil, gas and mining companies.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. Materiality considerations were adequately documented in the Scoping Report and, after MSG approval of the latter, the result was confirmed in the EITI Report. The reporting threshold in terms of a company's total payments to government was clearly stated. Total revenue from the extractive sector is disclosed, although a small fraction of it (0.3%) was not detailed by payment type but only by main receiving government agency. However, there were concerns regarding disclosures by TPDC, transportation payments and direct sub-national payments.

Progress since Validation

The 2016/2017 EITI Report addresses concerns raised in the first Validation related to revenues collected by TPDC and transportation payments. However, the reconciliation coverage falls short from the target set by the MSG.

The MSG agreed a low materiality threshold that led to 70 material companies being included in the scope of reconciliation. It is unclear from the report whether 19 or 37 revenue streams were considered material. MSG feedback on the draft assessment confirmed that there were 19 material revenue streams.

Due to the short time frame for preparing the report, only 22 of the 70 material companies submitted data. Despite these gaps, reconciliation covers 77% of total extractive revenues as the largest taxpayers responded. This is still significantly below the MSG's target reconciliation coverage of 93%. The report identifies two non-reporting companies whose payments represented above 1% of total extractive revenue. The payments from these two companies amounted to less than 4% of total extractive revenues. The MSG noted in its feedback that the MSG wished to capture small-scale miners in reconciliation, but poor record-keeping made data collection challenging.

The report names non-reporting companies and provides an assessment of the materiality of each company's payments, alongside full unilateral government disclosures both by revenue stream and by company. It is unclear for the EITI Report whether all government agencies provided all requested data.

The report documents a net discrepancy of TZS 165bn between reported payments and revenues. This represents 27% of total payments reported by the participating companies. These significant discrepancies suggest that the reconciliation was not completed before the report was approved and published. The report indicates that work to investigate discrepancies is ongoing. The MSG noted in its feedback that several companies requested additional time to provide information for resolving discrepancies.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to comprehensiveness has been partly addressed and that Tanzania has made meaningful progress without improvements on Requirement 4.1. The low materiality threshold resulted in an excessively broad scope for the 2016/2017 reconciliation exercise. As a result, the comprehensiveness of the reconciliation did not reach the target set by the MSG and unresolved discrepancies raise concerns about data reliability.

In accordance with Requirement 4.1, Tanzania is required to ensure that revenues and payments are comprehensively disclosed and reconciled in line with the MSG's materiality decisions. Tanzania is encouraged to consider a higher materiality threshold for selecting companies and revenue streams in the scope of reconciliation and continue disclosing additional data through unilateral government disclosures.

5.11 Corrective action 11: Transportation revenues (#4.4)

In accordance with Requirement 4.4, the government should ensure that material revenues collected by the government and SOEs from the transportation of oil, gas and minerals are disclosed. The MSG should investigate and document in the EITI Reports whether the government or SOEs receive revenues from the transportation of oil, gas and minerals, and if this is the case, determine whether these are deemed material.

Findings from the first Validation

The first Validation concluded that Tanzania had made no progress in meeting this requirement. The MSG had not considered whether material transportation revenues exist, despite gas being transported through pipelines.

Progress since Validation

The 2016/2017 EITI Report comprehensively discloses revenues collected by TPDC from the transportation of gas. These revenues and payments are reconciled. Transportation revenues only apply to natural gas. The volume of gas transported has not been explicitly disclosed but production volumes are disclosed by company, and all gas is consumed domestically and transported through TPDC's pipelines. The gas transportation tariff rate is determined by the Energy and Water Utilities Regulatory Authority (EWURA). The process for determining the rate is publicly available. The tariff rates appear to be public information, but the Secretariat was not able to locate latest rates.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to transportation revenues has been fully addressed and that Tanzania has made progress beyond the minimum requirements on Requirement 4.4.

To strengthen implementation of Requirement 4.4, TPDC is encouraged to disclose information about revenues from the transportation of natural gas systematically through its annual reports or its website and to ensure that current tariff rates are publicly available and accessible.

5.12 Corrective action 12: SOE transactions (#4.5)

In accordance with Requirement 4.5, the MSG must ensure that the reporting process comprehensively addresses the role of SOEs, including material payments to SOEs from extractives companies, and transfers between SOEs and other government agencies. The MSG should ensure that transactions related to SOEs operating in the oil, gas and mining sector, in particular TPDC, are adequately disclosed. This should include revenues that TPDC pass on to the Ministry of Energy and Minerals after deducting its costs.

Findings from the first Validation

The first Validation concluded that Tanzania had made inadequate progress in meeting this requirement. Disclosure of TPDC's transactions in the EITI Report was incomplete, missing the accounting for revenues that TPDC should pass on to MEM after deducting its costs.

Progress since Validation

The 2016/2017 EITI Report notes that the two main extractive SOEs, TPDC and STAMICO, both made a loss in the year under review and therefore did not transfer any funds to the government. They received funds from the government to cover salaries and other operational costs. The amounts are disclosed in the report and confirmed in the SOE's audited financial statements. Similar information was requested from National Development Corporation (NDC), which failed to submit the requested data. The report does not disclose whether NDC collected material revenues, made material transfers

to the government or received funds from the state. NDC is the state's investment company promoting industrialisation. Among other sectors, it invests in energy projects, including coal mining.

TPDC appears to be the only SOE collecting material revenues from extractive companies. These revenues and payments have been comprehensively reconciled.

The National Audit Office is responsible for auditing SOEs. TPDC's audited financial statement for FY 2016/2017 is publicly available on the TPDC website.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to SOE transfers has been fully addressed and that Tanzania has made satisfactory progress on Requirement 4.5. Transfers between extractive SOEs and the government, as well as the SOEs and other extractive companies, appear to have been comprehensively disclosed. Due to its limited role in the extractive sector, NDC is not considered as a material SOE for the purposes of EITI reporting and thus gaps in coverage of NDC's transactions is not considered in assessing progress on Requirement 4.5.

To strengthen implementation of Requirement 4.5, Tanzania is encouraged to ensure that the publicly available financial statements of TPDC and STAMICO include disaggregated information about all transfers between the state and the SOEs.

5.13 Corrective action 13: Direct subnational payments (#4.6)

In accordance with Requirement 4.6, the MSG should ensure that direct subnational payments disclosed in EITI Reports are disaggregated by recipient local authorities.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. The EITI Report disclosed and reconciled subnational direct payments (local levies) to local government authorities, although these are not disaggregated by each local authority hosting extractive operations.

Progress since Validation

The 2016/2017 EITI Report indicates that service levies and other local taxes collected by subnational government entities were included in the scope of reconciliation. It appears that no specific materiality threshold was set for these payments. The MSG confirmed in its feedback that all subnational payments were considered material.

The report contains incomplete data on revenues collected by subnational government entities. The report does not disclose whether all 19 local authorities within the scope of reconciliation submitted the requested data. The report includes a table with unilateral disclosures from six local authorities, but it remains unclear whether others collected revenues from extractive companies as well. This seems likely, as companies reported payments worth TZS 14bn (USD 6.4m), while revenue reported

by the six local authorities totalled TZS 6bn (USD 2.7m). MSG feedback confirmed that most local government authorities did not submit their reporting templates. The issue is being addressed in the upcoming supplementary report.

Reconciled data is not disclosed by government agency, and it is not possible to link the company payments to a specific local authority. The company reporting template suggests that companies were not asked to specify which local government authority they made payments to. MSG feedback notes that the issue will be addressed in upcoming EITI Reports.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to subnational payments has not been addressed and that Tanzania has made meaningful progress on Requirement 4.6. Disclosures do not provide a comprehensive, reliable and disaggregated overview of revenues collected by subnational government entities.

In accordance with Requirement 4.6, Tanzania should ensure that all material revenues collected by subnational government entities from extractive companies are reconciled and disclosed disaggregated by revenue stream, company and local authority. The MSG is encouraged to set a materiality threshold for subnational payments to ensure that reconciliation is cost efficient while comprehensively capturing all local authorities collecting material revenues from extractive companies.

5.14 Corrective action 14: Revenue distribution (#5.1)

In accordance with Requirement 5.1.a, the MSG should ensure that the EITI Report adequately explains how extractive sector revenue is distributed beyond the first receiving government entity. The MSG could also consider to initiate a discussion of extractive sector revenue in a broader budgetary context, including requesting more detailed information on the management of extractive sector revenue and related expenditures to be included in the EITI Reports. The MSG may further wish to refer to revenue classification systems in the reports.

Findings from the first Validation

The first Validation concluded that Tanzania had made inadequate progress in meeting this requirement. The EITI Report did not disclose distribution of extractive sector revenue beyond the first receiving government entity. The Validation found that while revenue collected by the TRA was most likely recorded in the government budget, this was less clear for revenue collected by MEM, MOF or TPDC.

Progress since Validation

The 2016/2017 EITI Report notes that the Public Finances Act 2001 requires that all government revenues enter a consolidated fund "unless otherwise directed by Parliament". This appears to exclude revenues collected by local authorities. The report does not confirm whether the Ministry of Mines and TPDC were in practice entitled to retain revenues in 2016/2017. The report suggests that TPDC did not transfer any revenues to the government as it made a loss and relied on funding from the government to cover recurrent costs. However, this does not appear to have been a retention of

revenues but rather an ad hoc transfer from the government. TPDC's 2016/2017 financial statement discloses funds transmitted to the oil and gas fund maintained by the Central Bank of Tanzania. The 2018 Annual Progress Report notes that since 2015/16, all government receipts are collected through a new electronic payment system that has strengthened record-keeping. All government entities and SOEs are annually audited by the National Audit Office (NAO). These are largely available on NAO's website.²⁵

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to revenue distribution has been fully addressed and that Tanzania has made satisfactory progress on Requirement 5.1. Tanzania has credibly demonstrated that all extractive revenues enter either the state budget or local government budgets. While the 2016/2017 EITI Report does not explicitly state that the Ministry of Minerals did not retain any revenues they collected in FY 2016/2017, the Secretariat's assessment is that the description provided in the EITI Report and annual progress report and the existing legal and auditing assurances provide a sufficient overview of the distribution of extractive revenues.

5.15 Corrective action 15: SOE quasi-fiscal expenditures (#6.2)

In accordance with Requirement 6.2, the MSG should consider the existence and materiality of any quasi-fiscal expenditures undertaken by extractives SOEs and their subsidiaries, ensuring that all material quasi-fiscal expenditures are disclosed in future EITI reporting. The MSG should in particular seek to shed more light on the operations of TPDC, distinguishing clearly between its public functions and its operations on own account. This should include considering whether there are any material quasi-fiscal expenditures by TPDC in accordance with provision 6.2, and develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams.

Findings from the first Validation

The first Validation concluded that Tanzania had made no progress in meeting this requirement. The EITI Report lacked clarity on TPDC's expenditures and it was not possible to confirm that there were no quasi-fiscal expenditures

Progress since Validation

The 2016/2017 EITI Report notes that the extractive SOEs, TPDC and STAMICO, did not report any quasi-fiscal expenditures in the year under review. However, the MSG does not appear to have agreed a definition for quasi-fiscal expenditures or discussed it with the SOEs or government entities. Feedback from the MSG noted that the MSG will discuss the definition of quasi-fiscal expenditures at its next meeting.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to quasi-fiscal expenditures has been partly addressed and that Tanzania has made inadequate progress on

²⁵ <http://www.nao.go.tz/>,

Requirement 6.2. As the MSG has not agreed and communicated to the SOEs a clear definition of quasi-fiscal expenditures (QFEs), the Secretariat is not able to confirm that extractive SOEs are not, for example, providing subsidies or undertaking infrastructure investments that could be considered as QFEs.

In accordance with Requirement 6.2, Tanzania should ensure that the MSG agrees a definition of quasi-fiscal expenditures in accordance with the IMF's definition and discuss this with TPDC, STAMICO and the Ministry of Finance to ensure that there is common understanding of the nature of these expenses and that possible quasi-fiscal expenditures are comprehensively covered in disclosures by the SOEs, the government or TEITI.

5.16 Corrective action 16: Contribution to the economy (#6.3)

In accordance with Requirement 6.3, the MSG should expand on the contribution of the extractive sector to the economy and ensure that contribution of the extractive sector to GDP in absolute terms (6.3.a), and the percentage share of total government revenue (6.3.b), exports (6.3.c) and employment (6.3.d) is disclosed for the year(s) under review. This could also include providing direct links to further data on extractive sector contribution to the economy.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. Several required data points were not publicly available.

Progress since Validation

The 2016/2017 EITI Report and other publicly available sources such as the regular disclosures by the National Bureau of Statistics and the Bank of Tanzania provide all required data points. Efforts to address artisanal and small-scale mining are commendable.

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to economic contribution has been fully addressed and that Tanzania has made satisfactory progress on Requirement 6.3.

To strengthen implementation of Requirement 6.3, Tanzania is encouraged to ensure comprehensive systematic disclosures of information about the contribution of the extractive sector to the national economy. Existing reporting practices, by the National Bureau of Statistics for example, provide a basis for such systematic disclosures.

5.17 Corrective action 17: Public debate (#7.1)

In accordance with Requirement 7.1, the MSG should seek to raise greater public awareness of the EITI and understanding of what the data disclosed under EITI reporting mean, to create public debate about how resource revenues can be used effectively. This could be done through more strategic engagement with the media, concerted efforts to disseminate information to affected communities, and wider outreach efforts beyond the EITI launch of the EITI Report. The government and the MSG

should discuss the role the EITI could play in achieving national priorities and how it can generate public debate around natural resource use.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. The assessment found that TEITI had maintained a low level of dissemination and outreach activities, with limited evidence of public debate. The MSG had not agreed on a clear policy on access, release and re-use of EITI data.

The assessment recommended that TEITI should seek to raise greater public awareness of the EITI and understanding of what the disclosures mean, and create public debate about how resource revenues can be used effectively. It was proposed that this could be done through more strategic engagement with the media, concerted efforts to disseminate information to affected communities, and wider outreach efforts beyond the launch of the EITI Report.

Progress since Validation

Since the first Validation in 2017, the MSG has undertaken a series of activities aimed at contributing to public debate including participation in media events as well as dissemination and outreach activities. Representatives from government, industry and civil society participated in the outreach and dissemination events organised in 2018-2019.

In addition, civil society has promoted public debate, especially on contract transparency and beneficial ownership disclosures, which has resulted in occasional media coverage.²⁶ The MSG Chair Ludovick Utouh has also commented on extractive governance issues in the media.²⁷ The Chamber of Mines referred to EITI revenue and production data in its presentation to the Parliament's Budget Committee in May 2018.²⁸

TEITI has also made concrete efforts to improve the accessibility of EITI data. This includes launching a TEITI data portal in January 2019.²⁹ The portal was developed by the TEITI secretariat with oversight from the MSG and support from the Ministry of Minerals, the President's Office and the Regional Administration and Local Government Offices. The dashboard aims to create a single data platform relevant to the Tanzanian extractives sector. The portal includes per company revenue, production, export and employment data.

TEITI does not have a clear policy on open data. According to the TEITI secretariat, the Access to Information Act, the TEITA Act and the Public Procurement Act were considered to be a sufficient basis for TEITI's approach to open data and data accessibility. The amendments to the Statistics Act in 2018 raised public concerns around restrictions of re-use of official statistics, however legal

²⁶ See for example: <https://www.thecitizen.co.tz/news/Governments--investors-use-confidentiality-clauses-to-conceal/1840340-5235610-r7q1ekz/index.html>.

²⁷ See for example: <https://www.thecitizen.co.tz/news/1840340-5133150-8pyf4r/index.html> and <https://www.thecitizen.co.tz/news/-Names-of-mine-owners-to-be-disclosed/1840340-4823336-ygx9kwz/index.html>.

²⁸ https://aameg.org/wp-content/uploads/2018/05/180522_Presentation-to-the-Budget-Committee-on-17-05-2018.pdf.

²⁹ [Accessible here](#).

amendments passed in 2019 reinstated the right to access and re-use official statistics and set up procedures for access and publication of national data.³⁰

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to public debate has been fully addressed and that Tanzania has made satisfactory progress on Requirement 7.1. The MSG has made efforts to ensure that government and company disclosures are comprehensible, actively promoted, publicly accessible and contributes to public debate.

To strengthen implementation, the MSG is encouraged to continue making efforts to improve the accessibility of EITI disclosures and ensure that the TEITI process is contributing to public debate on issues of national importance. Tanzania is encouraged to ensure that the MSG formulates and agrees an open data policy or statement on the access, release and re-use of EITI data, which could be made public on the open data portal.

5.18 Corrective action 18: Follow-up on recommendations (#7.3)

In accordance with Requirement 7.3, the MSG is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider the recommendations resulting from EITI reporting. The MSG could consider a more systematic follow-up by the MSG on the EITI Report recommendations and ensuring that these highlight gaps identified through the reporting process to help ensure that the EITI could serve as a tool for improved extractive sector governance.

Findings from the first Validation

The first Validation concluded that Tanzania had made meaningful progress in meeting this requirement. The Validation found that the recommendations were narrowly focussed on process rather than reforms, and that there was no systematic follow-up on the recommendations from EITI reporting.

The MSG was encouraged to consider a more systematic follow-up on EITI Report recommendations and ensuring that these highlighted gaps identified through the EITI process.

Progress since Validation

The 2018 annual progress report, published in August 2019 (p. 21), and the 2016/17 EITI Report (pp. 82-85) outline responses and actions undertaken by the government and the MSG in 2018 and 2019 to follow up on the recommendations from previous TEITI Reports. The 2016/17 EITI Report also makes recommendations related to improved data collection and accessibility of information (pp. 76-78), and outlines how the report seeks to address the corrective actions from Validation (pp. 78-80).

The MSG's meeting minutes document the MSG's regular follow-up throughout MSG meetings held in 2019 on the investigations on the discrepancies of the 2015/16 EITI Report by the Controller and Auditor General's (CAG) office. Follow-up has included letters to remind the CAG to conclude the investigations and organising a presentation by the CAG at an MSG meeting in 2019 and request for

³⁰ Tanzania Bureau of National Statistics, *Amendments of The Statistics Act, 2019*, accessible [here](#), and Human Rights Watch (2019) *Tanzania Drops Threat of Prison Over Publishing Independent Statistics*, accessible [here](#).

clarification by the MSG on specific data points related to the discrepancies. The MSG also undertook a thorough review of the gaps of the 2015/16 EITI Report, seeking to avoid similar weaknesses in future EITI reporting.³¹

Secretariat's Assessment

The International Secretariat's assessment is that the corrective action related to follow-up on recommendations has been fully addressed and that Tanzania had made satisfactory progress on Requirement 7.3. The MSG has considered measures to follow up on findings and recommendations from EITI Reports, monitored implementation of proposed actions and documented the decisions and actions taken.

To strengthen implementation, Tanzania is encouraged to ensure that the MSG agree and follow up on recommendations for strengthening government systems and natural resource governance. Tanzania is also encouraged to ensure that the MSG considers opportunities to work with the Controller and Auditor General (CAG) in identifying governance risks across the value chain and consider opportunities to collaborate on addressing findings from EITI reporting and CAG audits.

6. Requirements assessed as “satisfactory progress” in 1st Validation

In the course of undertaking this assessment, the International Secretariat has also considered whether there is a need to review additional requirements, i.e. those assessed as “satisfactory progress” or “beyond” in the first Validation. The Secretariat's view is that there is evidence to suggest progress has fallen below the required standard on Requirement 4.9 and warrant consideration by the EITI Board, for a downgrade to “meaningful progress”. The Secretariat also reviewed possible back-sliding on progress related to the Requirement 1.3 on civil society engagement but did not find evidence to suggest progress has fallen below “satisfactory progress” at the commencement of Validation.

6.1 Assessment of Requirement 4.9 on data quality

Findings from the first Validation

The first Validation found that Tanzania had made satisfactory progress on Requirement 4.9. The listed dimensions of data quality were adequately assured in the EITI Report, supported by the preceding Scoping Study. Approval of the ToR and the appointment of the IA were documented in the MSG minutes.

Progress since Validation

The 2016/2017 EITI Report describes auditing policies and the assurances requested from reporting entities. The ToR of the Independent Administrator (IA) followed the standard template and the MSG had oversight of the reporting process. However, it is not clear from the report whether all reporting companies had their financial statements audited or only 19 out of 22 companies. MSG feedback to

³¹ An MSG sub-committee meeting to work on the issues of concern regarding the unsatisfactory content and context of the 2015/2016 TEITI report as prepared for the TEITI MSG by Boas & Associates (Ghana) in collaboration with MM Attorneys (Tanzania), 28 October 2018, available from the International Secretariat upon request.

the draft assessment confirmed that all 22 reporting companies had their financial statements externally audited.

It is also unclear whether all reporting entities adhered to the quality assurances agreed by the MSG for EITI reporting, i.e. by submitted reporting templates signed by a senior official and an auditor. It appears that due to time constraints, the IA was not able to conclude the reconciliation. This raises further concern about data quality. The report does not include a clear statement from the IA on the reliability and comprehensiveness of the data.

Secretariat's Assessment

The International Secretariat's assessment is that the requirement on data quality has not been fully addressed and that Tanzania has made meaningful progress on Requirement 4.9. Financial data in the 2016/2017 EITI Report is based on audited financial statements. However, the documentation of compliance with requested assurances and the IA's assessment of comprehensiveness and reliability are lacking.

In accordance with Requirement 4.9 and the Terms of Reference of Independent Administrators, Tanzania should ensure that EITI Reports clearly document whether all reporting entities had their financial statements audited and complied with agreed quality assurances for their EITI reporting. Possible omissions should be clearly documented. The Independent Administrator should provide a clear statement on the reliability and comprehensiveness of reconciled financial data.

7. Assessment of beneficial ownership disclosures (Requirement 2.5)

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.³² The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in Annex A. It demonstrates that Tanzania has introduced definitions of "beneficial owner" and "politically exposed person", and the 2015 TEITA Act and its implementing regulations provide a legal basis for disclosures. Regulations to the TEITA Act introduced in 2019 require that companies maintain beneficial ownership information and provide this to TEITI upon request. The scoping study for the 2016/2017 and 2017/2018 EITI Reports suggests that there are over 600 companies that hold extractives licenses. Beneficial ownership information covering all required data points was requested from the 70 companies that made material payments through EITI reporting, but not from the other over 500 companies that hold extractive licenses. Management sign-off was requested as a data quality assurance.

TEITI has also requested some ownership data from the Business Registrations and Licensing Agency (BRELA), which it has published online. However, this data appears to only cover the legal owners of a limited number of extractive companies.

³² Board decision 2019-48/BM-43: <https://eiti.org/board-decision/2019-48>.

Only two companies provided beneficial ownership data as part of EITI reporting, and the names of these individuals are included in the EITI Report. There is no up-to-date publicly-available information on the stock exchange filings of publicly listed companies. MSG feedback suggests that this will be addressed in the upcoming supplementary EITI Report. Stakeholder consultations suggest that BRELA holds information on legal owners of extractive companies, but that this is not publicly available. It appears that extractive companies outside the EITI reporting process have not been requested to disclose beneficial ownership information. Tanzania's FATF mutual evaluation (2017) suggest that the authorities do not have access to companies' beneficial ownership information.³³

Assessment of effectiveness

Tanzania took part in the beneficial ownership pilot, and TEITI published a study on beneficial ownership in 2017.³⁴ The study includes an overview of relevant legislation, definitions and partial disclosures from companies that made material payments. There has been some follow-up on these early efforts with some more clarification in the 2019 regulations to the TEITA Act and drafting of Terms of Reference for the establishment of a beneficial ownership register. However, there are opportunities for TEITI to further build an approach towards effective, systematic disclosures of beneficial ownership data of extractive companies.

TEITI repeated the approach of the 2017 beneficial ownership study in the 2016/2017 EITI Report, using the same reporting templates and assurances (management sign-off). This resulted in very limited data. According to the MSG, the Independent Administrator held a training on filling out reporting templates, including beneficial ownership information. The scarce information that is available is disclosed in pdf format on the TEITI website.

The 2017 beneficial ownership study recommended enacting specific legislation requiring beneficial ownership disclosures or introducing regulations to this end under the TEITA Act. It recommended setting up a public beneficial ownership register for the extractive sector, ideally under BRELA. The 2016/2017 EITI Report notes that, in 2016, the government committed to setting up such a register in 2020, but stakeholder consultations suggest that there has been no concrete progress towards this. Civil society's analysis supports this conclusion.³⁵ MSG feedback noted that the government is discussing how to implement the register and necessary legislative changes.

It appears the beneficial ownership data was requested as part of the EITI reporting process from companies making material payments due to practical reasons. There is no indication of the MSG considering which extractive companies should be prioritised for beneficial ownership disclosures based on, for example, the commodity they produce or their legal ownership.

The most significant barriers to effective beneficial ownership disclosures appear to be lack of legislative and practical progress in establishing a public register and lack of outreach to extractive companies. Current procedures for oil, gas or mining license awards and transfers do not require the applicant to provide the names of beneficial owners, unless the license application is made by an individual. According to the MSG, the sanctions of section 23 of the TEITA Act also apply to lack of

³³ https://esaamlg.org/reports/Tanzania_Mutual_Evaluation_Detail_Report.pdf.

³⁴ <http://www.teiti.or.tz/wp-content/uploads/2017/10/Report-on-Disclosure-of-Beneficial-Ownership-of-the-Extractive-Companies-in-Tanzania.pdf>.

³⁵ <https://www.policyforum-tz.org/state-beneficial-ownership-disclosure-tanzania-extractive-sector>.

compliance with beneficial ownership disclosure. These sanctions do not appear to be applied in practice.

Recent regulatory reforms emphasise the participation of Tanzanians in the extractive sector. The implementing regulations to the 2018 Mining Act give priority to Tanzanian companies applying for licenses and require that an “indigenous” Tanzanian company has at least a 5% interest in all extractive projects.³⁶ Local content regulations in the mining sector give priority to Tanzanian service-providers.³⁷ The 2015 Petroleum Act also contains local content provisions.³⁸

These local content provisions further increase the importance of collecting and disclosing information about the beneficial owners of extractive companies. Beneficial ownership information is essential for ensuring that the ultimate owners of companies are Tanzanians. Disclosure of this information helps to manage corruption risks, for example, by shedding light on the possible involvement of PEPs and to ensure that Tanzanians are able to benefit from these provisions on an equal footing.

Secretariat’s assessment

The Secretariat’s assessment is that Tanzania has made meaningful progress in implementing Requirement 2.5. TEITI has agreed appropriate definitions for the terms “beneficial owner” and “politically exposed person” and requested data from extractive companies making material payments. The MSG also agreed assurances that reporting companies were requested to provide. A study commissioned by TEITI in 2017 provides recommendations towards systematic disclosures of beneficial ownership information. However, follow-up on the study by relevant government agencies has been weak. The 2015 TEITA Act and its implementing regulations issued in 2019 provide a legal basis for disclosures. In 2016, the government committed to establishing a public register of beneficial owners in 2020, but progress has been limited to date. Information on legal owners of extractive companies is held by the government but is not publicly available.

In accordance with Requirement 2.5 and the Board-agreed framework for assessing progress, Tanzania is required to disclose the beneficial owners of all companies holding or applying for extractive licenses by 31 December 2021. To achieve this target, the following measures are recommended:

- Tanzania is expected to request all companies holding oil, gas and mining licenses to disclose beneficial ownership information and provide adequate assurances for data reliability. Considering the large number of extractive license-holders and the limited resources of TEITI, the government is encouraged to implement its commitment to establish a public register of beneficial owners. As recommended by the 2017 beneficial ownership study, this could be integrated into the corporate register managed by BRELA. An alternative option is to integrate this information into the license register.
- Tanzania is encouraged to require all applicants of oil, gas and mining licenses to disclose their beneficial owners at the application stage. An assessment of the comprehensiveness and reliability of this information should be integrated into the licensing procedures followed by PURA and the Mining Commission.
- Tanzania is encouraged to agree priorities for beneficial ownership disclosures and, based on these priorities, plan efforts to obtain this data. For example, Tanzania may prioritise

³⁶ <https://orecorp.com.au/upload/documents/Home/TanzanianMiningActCAP123MiningRegulations2018.pdf>.

³⁷ <https://www.velmalaw.co.tz/wp-content/uploads/2019/02/THE-MINING-LOCAL-CONTENT-AMENDMENTS-REGULATIONS-2019-GN-NO-139-OF-2019-dragged.pdf>.

³⁸ <http://www.teiti.or.tz/wp-content/uploads/2014/03/The-Petroleum-Act-2015.pdf>.

disclosures by certain types of companies, companies holding a certain type of license or producing a certain commodity due to risks related to corruption, tax evasion or circumventing provisions for local participation. These priorities should guide outreach efforts to companies and provide them guidance.

- It is recommended that Tanzania considers using the EITI's model beneficial ownership declaration form³⁹ to ensure that disclosures are published in open data format, comparable and easy to analyse
- Tanzania may also wish to expand beneficial ownership disclosures to other segments of the upstream extractive value chain, for instance through collection and disclosure of beneficial ownership information from extractive-sector service providers, to enable monitoring of adherence to local content provisions and to manage corruption and tax evasion risks.

8. Conclusion

Having reviewed the steps taken by Tanzania to address the 18 corrective actions requested by the EITI Board as of the commencement of its second Validation on 1 January 2020, it can be reasonably concluded that ten of the 18 corrective actions have been fully addressed. In addition, the Secretariat's assessment is that there has been back-sliding on Requirement 4.9 on data reliability and that Tanzania has achieved meaningful progress on Requirement 2.5 on beneficial ownership.

The outstanding gaps relate to MSG oversight license allocation (Requirement 2.2), license register (Requirement 2.3), beneficial ownership (Requirement 2.5), state participation (Requirement 2.6), production data (Requirement 3.2), export data (Requirement 3.3), comprehensiveness (Requirement 4.1), subnational payments (Requirement 4.6), data quality (Requirement 4.9), quasi-fiscal expenditure (Requirement 6.2).

³⁹ [Accessible here.](#)

Annexes

Annex A: Progress in addressing individual EITI Requirements

Requirement 1: MSG oversight

| Assessment table: <u>Multi-Stakeholder Group (MSG) oversight</u> | | | | | | |
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| EITI Requirement | Corrective action | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions | Proposed corrective actions and recommendations |
| Government oversight of the EITI process (#1.1) | The government has issued a public statement of its intention to implement the EITI (#1.1.a) | Minister of Mines Doto Biteko confirmed the government's support to EITI implementation at the EITI Global Conference in Paris in June 2019. | EITI (2019), <i>Raising the bar on extractives transparency</i> , accessible here . | | Satisfactory progress | |
| | The government has appointed a senior individual to lead on the implementation of the EITI (#1.1.b) | The MSG is chaired by former Controller and Auditor General Ludovick Utouh. The EITI Champion is Permanent Secretary of Minerals, Prof. Simon Msanjila. | Letter provided to the International Secretariat. | | | |

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| | <p>The government is fully, actively and effectively engaged in the EITI process (#1.1.c)</p> | <p>The government funds the national secretariat, which is housed within the Ministry of Mines. Government representatives participate actively in the MSG and in EITI reporting. The government has enacted regulations of the 2015 TEITA Act. The government has publicly committed to disclose mining contracts and beneficial owners of extractive companies. However, these commitments have not yet been implemented.</p> | <p>Government Notice No. 141 of February 2019, https://www.madini.go.tz/wp-content/uploads/2019/02/TEITA-REGULATIONS-GN-NO.141-OF-2019.pdf</p> | | | |
| | <p>Senior government officials are represented on the MSG (#1.1.d)</p> | <p>On 12 February, new MSG members were announced for the period covering 2019-2022. The government is represented by Tanzania Revenue Authority, the Prime Minister's Office, the</p> | <p>TEITI Annual Progress Report January – December 2018 (p. 7)</p> | | | |

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| | | <p>Ministry of Minerals, the Office of Regional Administration and Local Government and TPDC.</p> <p>The government developed an action plan for addressing the corrective actions on 25 January 2018, and an Operational Plan was been developed in June 2019, supported by the International Secretariat and NRGi, which maps unmet requirements and proposed various recommendations phased over the short-, medium- and long-term. In responding to these recommendations, on 17 June 2019, TEITI issued a letter to the Ministry of Minerals and Ministry of Energy encouraging them to regularly disclose production and export</p> | | | | |
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| | | data and procedures for obtaining licences. | | | | |
| MSG oversight (#1.4) | Outreach to stakeholders prior to the establishment of the MSG (#1.4.a.i) | A public notice calling for nominations for the 2019-2022 MSG was published on 19 July 2019. | Public notice: Call for nominations of members of TEITI Committee (2019-2022), here . | | Satisfactory progress | |
| | Codification of the process by which each stakeholder group nominated their representatives (#1.4.a.ii) | The nomination of civil society representatives, coordinated by HakiRasilimali, is thoroughly documented. The selection process (including criteria, CVs of applicants, voter registration sheets and meeting minutes) is described in the CSO Election Report, and the civil society nomination results were advertised on HakiRasilimali's website. | CSO representatives to the 4th TEITI MSG (2019-2022), here . Hakirailimali (2020), Civil society election report, accessible here . | During the stakeholder consultations, outgoing industry representatives confirmed that the industry had led their own selection process and already appointed new members by September 2019. They explained that although the outgoing MSG members had originally been | | |

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| | | The Secretariat did not identify documentation related to the industry nomination process. | | expected to serve until 25 October, it had been agreed that the industry members from 2017-2019 would maintain their seats until the 2016/17 EITI Report had been published, to support TEITI in completing the report. | | |
| | Civil society and companies have appointed their own representatives (#1.4.a.ii) | Stakeholder consultations suggest that civil society and companies nominated their own representatives. Nominations were confirmed by the Minister of Mines. The TEITA Act backs this. | Section 5, TEITA Act 2015 here . | | | |
| | Internal rules for changing MSG representatives have been | The draft rules outlining the governance and administrative | Draft Internal Governance and Administrative Rules of TEITI (unpublished), TEITA Act here . | | | |

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| | <p>followed (#1.4.a.ii; #1.4.b.vi)</p> | <p>procedures of the MSG clarifies the responsibilities of each constituency in appointing MSG representatives. The TEITA Act includes provisions for changing or replacing MSG representatives during their term.</p> | | | | |
| | <p>The MSG includes appropriate stakeholders and MSG members have sufficient capacity to carry out their duties (#1.4.b.i)</p> | <p>Key extractive companies and CSOs working in the extractive sector are represented on the MSG.</p> | <p>n/a</p> | <p>Stakeholder consultations suggest that the MSG includes appropriate stakeholders and MSG members have sufficient capacity to carry out their duties.</p> | | |
| | <p>Indications of MSG members not abiding by the EITI Code of Conduct (#1.4.b.iv)</p> | <p>There are no indications of members breaching the Code of Conduct.</p> | <p>MSG meeting minutes, here.</p> | | | |

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| | <p>Decision-making is conducted in an inclusive way, treating each constituency as a partner (#1.4.b.vii)</p> | <p>Stakeholder consultations and MSG meeting minutes suggest that decision-making is inclusive.</p> | <p>MSG meeting minutes, here.</p> | | | |
| | <p>The MSG's ToR outline the role and responsibilities of MSG members and MSG members are effectively carrying out their tasks, including outreach with constituency (#1.4.b.i-iii)</p> | <p>There still appears to be some lack of clarity on the mandate of the MSG. Civil society representatives noted in their written feedback that there were opportunities to clarify TEITI's institutional mandate with regards to extractive sector governance. It was proposed that the role of the MSG should cover strategy, governance and risk management matters (i.e. setting strategic direction and developing policy, supervision of the secretariat and financial sustainability</p> | <p>Draft Internal Governance and Administrative Rules of Tanzania Extractive Industries Transparency Initiative (TEITI), (unpublished).</p> | | | |

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| | | of the process, compliance with the TEITA Act etc.) The civil society members on the MSG has made specific proposals to clarify TEITI's role as an independent government entity and oversight body for promoting and enhancing transparency and accountability in the extractive industry. | | | | |
| | The MSG's ToR give the MSG a mandate to approve work plans, the appointment of the Independent Administrator, EITI Reports and annual activity reports (#1.4.b.v-vi) | The draft rules gives the MSG the mandate to approve work plans, the appointment of the Independent Administrator (IA), EITI Reports and annual activity reports. The TEITA 2019 regulations also confirm the role of the MSG in appointing the IA. | Section V, Draft Internal Governance and Administrative Rules of Tanzania Extractive Industries Transparency Initiative (TEITI), (unpublished), TEITA Regulations 2019, here . | | | |
| | The work plan includes | Since the first Validation, TEITI has developed and agreed | TEITI website, "Work plans", here . | The MSG noted in its feedback to | | |

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| <p>Work plan (#1.5)</p> | <p>objectives for implementation linked to the EITI principles and national priorities and steps to mainstream EITI implementation (#1.5.a)</p> | <p>a five-year covering in May 2018 covering 2018/19 - 2022/23. Based on the five-year plan, TEITI developed an operational work plans covering year 2019/20 in July 2019.</p> <p>The objectives of the 2019/20 operational work plan mirror those of the five-year plan, which has four main intended outcomes: 1) Increased Compliance in Disclosure of Payments and Revenues, 2) Increased Understanding and Awareness of TEITI, 3) Enhanced legal and institutional framework for EITI implementation, and 4) Increased capacity, skills and knowledge of TEITI Secretariat and MSG.</p> <p>Under each of the four main outcomes, TEITI has developed</p> | | <p>the draft assessment that the MSG had full oversight of the development of the work plan.</p> | <p>Satisfactory progress</p> | |
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| | | <p>activities for attaining the intended outcomes, which are further detailed in the operational plan. While these objectives are broad, the planned activities focus on key areas of high priority for the government, such as improved revenue collection from the artisanal and small-scale mining sector, improved local content in the extractive industries and benefits to local communities.</p> <p>Several of the outcomes are focussed on improved disclosure and reporting as an end in itself, rather than the intended outcome beyond improved transparency. Both the five year and operational work plans include activities focussed on improving</p> | | | | |
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| | | systematic disclosures (such as setting up a data portal compiling data from relevant government agencies into one place, and supporting key government agencies in regularly disclosing contracts and beneficial ownership data). | | | | |
| | The work plan reflects consultations with key stakeholders on objectives for implementation (#1.5.b) | It is not clear the extent to which the work plan reflects the result of consultations with key stakeholders. According to the MSG meeting minutes, the MSG “discussed the draft workplan and agreed to submit comments by 30 May 2018.” Beyond this, there appears to be limited documented discussion on the objectives of TEITI over the course of a five-year period. | 74 th MSG meeting minutes, 16 May 2018, accessible here . | | | |

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| | <p>The work plan includes measurable and time-bound activities to achieve the agreed objectives (#1.5.c)</p> | <p>The work plan includes clear activities and timeframes/milestones for achieving these. There have been some delays in implementing these activities due to delays mobilising financial resources.</p> | <p>Columns on “Activities” and “Time (Calendar Year)”, “Work plans”, here.</p> | | | |
| | <p>The work plan includes activities aimed at addressing any capacity constraints identified (#1.5.c.i)</p> | <p>The fourth work plan objective addresses needs to build capacity of TEITI and MSG members, and also includes activities at building capacity of EITI stakeholders more broadly.</p> | <p>Activities under objective 4, “Increased capacity, skills and knowledge of TEITI Secretariat and MSG”, “Work plans”, here.</p> | | | |
| | <p>The work plan includes activities aimed at addressing any legal or regulatory obstacles identified (#1.5.c.iii)</p> | <p>The third work plan objective addresses the legal and institutional framework to enable EITI implementation. The related activities include proposing amendments to the TEITA, dissemination of</p> | <p>Objective 4, “Enhanced legal and institutional framework for EITI implementation”, Operational Work Plan 2019/20, “Work plans”, here.</p> | | | |

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| | | TEITA regulations, and establishing TEITI as an independent legal entity. | | | | |
| | The work plan includes costings and funding sources, including domestic and external sources of funding and technical assistance (#1.5.d) | The work plan indicates costs and sources of funds, The sources of funding from the World Bank had not been confirmed at the time of approving the work plan. The World Bank EGPS, however, approved a grant to support the activities in the work plan in October 2019. | Column on “Budget” and “Source” in Operational Work Plan, 2019/2020, here . | | | |
| | The workplan has been made widely available to the public (#1.5.e) | The five-year and operational work plans are made publicly accessible on the EITI website. | TEITI website, here . | | | |
| | The work plan reflects the MSG’s consideration of | The work plan includes activities aimed at covering the artisanal | Activity on “ASM Reporting in EITI” under “Outcome 1 : Increased Compliance in Disclosure of Payments | | | |

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| | extending the detail and scope of EITI reporting (#1.5.f) | and small-scale mining sector. | and Revenues”, Operational Work Plan 2019/20, here . | | | |
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EITI disclosures

Requirement 2: Legal and institutional framework, including allocation of contracts and licenses.

| Assessment table: <u>Legal and institutional framework, including allocation of contracts and licenses</u> | | | | | | |
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| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions | Proposed corrective actions and recommendations |
| License allocations (#2.2) | A comprehensive list of mining, oil and gas license <u>awards</u> has been disclosed, including information on the | <u>Mining:</u> No. The 2016/2017 EITI Report includes the number of each type of license awarded in the period under review. The report notes that the online license cadastre includes further information about all licenses, including license holders. Accessing the | <u>Mining:</u> 2016/2017 EITI Report, section 3.8.1.1, pp.38-39. Source: Mining Commission. | | meaningful progress | Clarify whether any mining licenses were awarded through a bidding process in FY 16/17. If yes, disclose names of applicants. |

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| | <p>identity of recipients (#2.2.a)</p> | <p>portal requires registering at the Ministry of Minerals in person. The Secretariat was not able to confirm whether the registration is open to any citizen or whether information on licenses could be searched by year of award. The license portal map includes the information required under Requirement 2.3 but does not allow the user to search for licenses awarded in a specific year.</p> <p><u>Petroleum:</u> No licenses were awarded in the period under review according to the 2016/2017 EITI Report.</p> | <p>Online license cadastre (requires in-person registration): here.</p> <p>Online license map: here.</p> <p><u>Petroleum:</u> 2016/2017 EITI Report here, section 3.8.2.1, p.42.</p> | | | <p>Confirm whether there were non-trivial deviations from the licensing framework in FY 16/17.</p> |
| | <p>The process for <u>awarding</u> mining, oil and gas licenses has been comprehensively disclosed, including technical and financial criteria assessed (#2.2.a)</p> | <p>The 2016/2017 EITI Report describes the process for awarding licenses, as well as suspending or cancelling them. The report refers to relevant laws and regulations. The financial and technical criteria are disclosed.</p> | <p>Mining: 2016/2017 EITI Report here, section 3.8.1.1, p.37-38.</p> <p>MoM Procedures for applying for mineral rights: here.</p> <p>Petroleum: 2016/2017 EITI Report here, section 3.8.2, p.40-42.</p> | | | |

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| | Information on any non-trivial deviations from the applicable legal and regulatory framework governing license <u>awards</u> has been comprehensively disclosed (#2.2.a) | <p><u>Mining:</u> The 2016/2017 EITI Report notes that the system for awarding and transferring licenses is efficient and transparent as all applications are processed through the mining cadastre and applicants have the possibility to appeal on decisions. The report does not comment on any non-trivial deviations from the legal framework in the period under review.</p> | 2016/2017 EITI Report here , section 3.8.1.1, p.39. | | | |
| | A comprehensive list of mining, oil and gas license <u>transfers</u> has been disclosed, including information on the identity of recipients (#2.2.a) | <p><u>Mining:</u> No. The 2016/2017 EITI Report includes the number of each type of license transferred in the period under review and provides links to a list of awarded and transferred licenses.</p> <p><u>Petroleum:</u> No licenses were transferred in the period under review according to the 2016/2017 EITI Report</p> | <p><u>Mining:</u> 2016/2017 EITI Report here, section 3.8.1.1, pp.39. Source: Mining Commission.</p> <p>Online mining license map (Mining Cadastre Portal): here.</p> <p><u>Petroleum:</u> 2016/2017 EITI Report here, section 3.8.2.1, pp.42-43.</p> | | | |
| | The process for <u>transferring</u> | The 2016/2017 EITI Report describes the process for | <u>Mining:</u> 2016/2017 EITI Report | | | |

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| | <p>mining, oil and gas licenses has been comprehensively disclosed, including technical and financial criteria assessed (#2.2.a)</p> | <p>transferring licenses, as well as suspending or cancelling them. The report refers to relevant laws and regulations. The financial and technical criteria are disclosed</p> | <p>here, section 3.8.1.1, p.38-39. <u>Petroleum:</u> 2016/2017 EITI Report here, section 3.8.2.1, pp.42-43</p> | | | |
| | <p>Information on any non-trivial deviations from the applicable legal and regulatory framework governing license <u>transfers</u> has been comprehensively disclosed (#2.2.a)</p> | <p>See section above on non-trivial deviations in the award of licenses.</p> | <p>2016/2017 EITI Report here, section 3.8.1.1, p.39.</p> | | | |
| | <p>The list of applicants and the bid criteria related to any bidding processes that took place in the accounting period covered by EITI reporting have been</p> | <p><u>Mining</u> The 2016/2017 EITI Report notes that mining licenses may be granted through a bidding process. However, the report does not disclose whether any licenses were awarded through this approach in the period under review.</p> | <p><u>Mining:</u> 2016/2017 EITI Report here, section 3.8.1.1, pp.37-38. <u>Petroleum:</u> 2016/2017 EITI Report here, section 3.8.2.1, p.42.</p> | | | |

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| | comprehensively disclosed (#2.2.c) | <p><u>Petroleum</u> No licenses were awarded in the period under review. There is no indication that a bidding round was held in FY 16/17.</p> | | | | |
| | <p><i>Information on the award of licenses held by material companies not awarded or transferred in the year under review has been disclosed (#2.2.b)</i></p> | <p><i>The 2016/2017 EITI Report does not include information about licenses awarded prior to the period under review.</i></p> | | | | |
| | <p><i>Additional information about the allocation of licenses has been disclosed, including commentary on the efficiency and effectiveness of these systems, a description of procedures, actual practices and grounds for renewing,</i></p> | <p><i>The 2016/2017 EITI Report comments on the efficiency and effectiveness of the system for awarding and transferring licenses. It also describes the processes for suspending or cancelling licenses.</i></p> | <p><i>Efficiency and effectiveness: 2016/2017 EITI Report here, section 3.8.1.1, p.39.</i></p> <p><i>Suspending or cancelling a mining license: 2016/2017 EITI Report here, section 3.8.1.1, p.39.</i></p> <p><i>Suspending or cancelling a petroleum license: 2016/2017 EITI Report</i></p> | | | |

| | <i>suspending or revoking a contract or license (#2.2.d)</i> | | <i>here, section 3.8.2.1, p.43.</i> | | | |
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| License register (#2.3) | The country maintains a publicly-accessible cadastre/register of licenses in mining, oil and gas (#2.3.b) | <p><u>Mining</u> The online Mining Cadastre Portal is accessible without registration. According to the site, it is updated daily.</p> <p><u>Petroleum</u> The 2016/2017 EITI Report notes that according to the 2015 Petroleum Act PURA is required to maintain a publicly available register of petroleum licenses. However, it has not established such a register to date. The report does not provide the information either.</p> | <p><u>Mining:</u> Online mining license map (Mining Cadastre Portal): here.</p> <p><u>Petroleum:</u> 2016/2017 EITI Report here, section 3.8.2.1, pp.43-44.</p> | The MSG noted that the government is in the process of establishing an oil and gas license register. | Inadequate progress | PURA to disclose required information regarding petroleum licenses. |
| | Information on the identity of license-holders has been comprehensively disclosed for all licenses held by material companies (#2.3.b.i) | <p><u>Mining</u> The online Mining Cadastre Portal appears to contain the names of all license holders.</p> <p><u>Petroleum</u> Not publicly available.</p> | See above. | | | |

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| | <p>License coordinates have been comprehensively disclosed for all licenses held by material companies (#2.3.b.ii)</p> | <p><u>Mining</u> The online Mining Cadastre Portal appears to contain the coordinates of all mining licenses.</p> <p><u>Petroleum</u> Not publicly available.</p> | <p>See above.</p> | | | |
| | <p>Dates of application, award and expiry (or duration) have been comprehensively disclosed for all licenses held by material companies (#2.3.b.iii)</p> | <p><u>Mining</u> The online Mining Cadastre Portal appears to contain the dates of application, award and expiry of all mining licenses.</p> <p><u>Petroleum</u> Not publicly available.</p> | <p>See above.</p> | | | |
| | <p>Information on commodity(ies) covered by production licenses have been comprehensively disclosed for all production</p> | <p><u>Mining</u> The online Mining Cadastre Portal appears to contain the commodity produced for all mining licenses.</p> <p><u>Petroleum</u> Not publicly available.</p> | <p>See above.</p> | | | |

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| | licenses held by material companies (#2.3.b.ii) | | | | | |
| | The information set out in provision 2.3.b is also available for the licenses held by entities not covered by the EITI reporting process (#2.3.b-c) | <p><u>Mining</u> The online Mining Cadastre Portal appears to cover all mining licenses.</p> <p><u>Petroleum</u> Not publicly available.</p> | See above. | | | |
| Contract disclosure (#2.4) | <i>The country has publicly disclosed any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals (#2.4.a)</i> | <i>2016/2017 EITI Report notes that the government has disclosed two petroleum production sharing agreements (PSAs). This appears to refer to the contracts of PanAfrican Energy and Songas. These are publicly available on resourcecontracts.org. In addition, a leaked petroleum contract of Statoil (now Equinor) and ExxonMobil is publicly available.</i> | Publicly available petroleum PSAs on the Resource Contracts portal here . | | Satisfactory progress | |

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| | <p>The government's policy on contract transparency has been disclosed (#2.4.b)</p> | <p>The 2016/2017 EITI Report notes that the 2015 TEITA Act requires the disclosure of extractive contracts. It also refers to public statements by the government committing to implement this in practice.</p> | <p>2016/2017 EITI Report here, section 3.9, p.44.</p> | | | |
| | <p>An overview of disclosures of contracts and licenses in practice has been disclosed, including information on how these can be accessed (#2.4.b)</p> | <p>The 2016/2017 EITI Report includes a link to the website, where the two petroleum PSAs disclosed by the government are available.</p> | <p>2016/2017 EITI Report here, section 3.9, p.44.</p> | | | |
| | <p>An explanation for any deviation between disclosure practice and legislative or government policy requirements concerning the disclosure of contracts and licenses has been</p> | <p>The 2016/2017 EITI Report notes that the provision of the TEITA Act on contract transparency is yet to be implemented in practice. The report refers to MoM's ongoing work to create a portal for disclosing mining contracts. It also notes government plans to disclose petroleum contracts once renegotiation has been completed.</p> | <p>2016/2017 EITI Report here, section 3.9, p.44.</p> | | | |

| | disclosed (#2.4.c.iii) | | | | | |
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| Beneficial ownership disclosure (#2.5) | The MSG has agreed an appropriate, publicly available definition of the term beneficial owner (#2.5.f) | <p>Yes. The reporting templates for the 2016/2017 EITI Report suggests that a beneficial owner is any individual who “owns or controls 5% or more of the entity’s worth”. The template refers to the definition in the EITI Standard.</p> <p>According to the 2017 BO study, the MSG approved the following definition: “A beneficial owner is a natural person who has title to the property, or influences transaction(s) in the company notwithstanding whether he has title to property, or obtains any benefit from the transaction of the company, without regard to the value of the shares or interest(s) he has in the company.” The rationale for the definition refers to national circumstances and the EITI Standard. National legislation does not appear to include a definition of beneficial ownership. The BO study notes MSG has</p> | 2016/2017 EITI Report here , Appendix 3, p.104. | | Meaningful progress | See narrative for recommendations. |

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| | | <p>agreed a materiality threshold of 1% ownership. The TOR for the 16/17 and 17/18 EITI Report specifies that reporting applies to “individuals or entities” holding more than 5 percent of total shares in the company”.</p> <p>The reporting template for the 2016/2017 EITI Report asked companies to specify any beneficial owners who are politically exposed persons as per the FATF definition. The template asks for the name of the PEP, their public office position and role, date when office was assumed and date when office was left, if applicable.</p> | | | | |
| | <p><i>There are laws, regulations or policies in place to back establishing and maintaining a public register of beneficial owners (#2.5.a)</i></p> | <p><i>The 2015 TEITA Act mandates the publication of “individual shareholders” of extractive companies.</i></p> <p><i>The 2016/2017 EITI Report notes that the government is planning to have a public BO register in place in January 2020.</i></p> <p><i>According to the 2017 BO study “the company register under the</i></p> | <p><i>2015 TEITA Act, Part III, §16: here.</i></p> <p><i>2016/2017 EITI Report here, section 4.6, p.58.</i></p> <p><i>2017 BO study: here</i></p> | | | |

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| | | <p><i>Companies Act which is the legal and authoritative source of information on companies' ownership is insufficiently detailed; as a result, information kept in the register is inadequate to determine the ultimate owners of a company". * Document any reforms undertaken, underway or planned to establish a public register of beneficial owners. * Engage with Business Registration and Licence Agency to promote establishing a public BO register. The study recommends that register is hosted by the Business Registration and Licence Agency.</i></p> | | | | |
| | <p>The government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership is documented (#2.5.b)</p> | <p>The 2016/2017 EITI Report documents the government's policy partly. It refers to the provisions of the TEITA Act and the Companies Act, noting that the current legal framework regarding BO disclosures is inadequate. The report does not clarify whether information about legal owners is publicly. The 2017 BO study provides a more comprehensive overview of the</p> | <p>2016/2017 EITI Report here, section 4.6, p.58. 2017 BO study: here. TEITI BO Roadmap: here.</p> | | | |

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| | | legal framework but it's unclear whether this is up-to-date. | | | | |
| | The implementing country has requested beneficial ownership information to be publicly disclosed (#2.5.c) | Partially. The 2016/2017 EITI Report suggests that beneficial ownership information was requested from companies making material payments to the government, rather than all license holders and applicants. | 2016/2017 EITI Report here , section 4.6, p.58. | . | | |
| | The requested information includes the identity(ies) of their beneficial owner(s), including nationality, country of residence, and identification of politically exposed persons, the level of ownership and details about how ownership or control is exerted (#2.5.c-d) | Yes. The form used to collect BO data for the 2016/2017 EITI Report requests the following information to identify the beneficial owner(s): full name, nationality, country of residence and date of birth/ID number. Address is requested as means of contact. For each beneficial owner, the form requests defining the number and percentage of shares held by the BO, the percentage of direct and indirect voting rights and any other form of ownership or exercise of control. The form also asks when the beneficial interest was acquired | 2016/2017 EITI Report here , Appendix 3, p.104. | | | |

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| | | and asks companies to disclose PEPs. | | | | |
| | Any corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract have disclosed the information | Yes. The 2016/2017 EITI Report notes that the response rate from companies on beneficial ownership was low. Eight out of the 22 reporting companies submitted some data. Two of these companies disclosed the names of individuals, while most provided legal owners. Additionally, TEITI has disclosed on its website some ownership information obtained from the company register. This data covers 37 companies but appears to relate to legal owners rather than beneficial owners. Slightly more comprehensive disclosures were achieved in the 2017 BO study. | 2016/2017 EITI Report here , section 4.6, p.58. Information on TEITI website: here 2017 BO study: here . | | | |
| | The MSG had assessed and documented gaps or weaknesses in disclosure of beneficial ownership | The 2016/2017 EITI Report documents the results of the 2017 BO study and data collection for the 2016/2017 EITI Report, including gaps and weaknesses. The report also notes that the legal framework is inadequate. | 2016/2017 EITI Report here , section 4.6, p.58 and section 7.1, p.76. | | | |

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| | <p>information (#2.5.c)</p> | <p>The 2016/2017 EITI Report includes a high priority recommendation on awareness raising to improve compliance on BO disclosures.</p> <p>There is no indication in meeting minutes of the MSG discussing the findings of the 2017 BO study or the 2016/2017 EITI Report.</p> | | | | |
| | <p>The relevant government entity or the MSG has established an approach for participating companies to assure the accuracy of the beneficial ownership information (#2.5.e)</p> | <p>Yes. The BO reporting templates for the 2016/2017 EITI Report requests management sign-off, confirming that all information provided is accurate and reliable. The same approach was applied in the 2017 BO study.</p> | <p>2016/2017 EITI Report here, Appendix 3, p.104.</p> | | | |
| | <p>For publicly listed companies, including wholly-owned subsidiaries, the name of the stock</p> | <p>No. The 2017 BO study included for some companies the name of the stock exchange(s) and trading symbol(s) . The publicly available information is not comprehensive and may be out-of-date. No</p> | <p>2017 BO study: here.</p> | | | |

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| | exchange has been disclosed and a link included to the stock exchange filings where they are listed (#2.5.f) | information has been provided on how to access the stock exchange filings. | | | | |
| | Information about legal owners and share of ownership of applicable companies is publicly available (#2.5.g) | Unclear. According to the 2017 BO study, information about legal ownership is collected under the Companies Act. It is unclear whether information about legal owners and their share of ownership is publicly available in the company register. TEITI has disclosed on its website information obtained from the company register on the legal owners of some extractive companies. | Information on TEITI website: here . | | | |
| State participation (#2.6) | The existence of any material state-owned enterprises (SOEs) engaged in the extractive sector has been publicly documented (#2.6.a) | The 2016/2017 EITI Report identifies three SOEs that are active in the extractive sector: TPDC, STAMICO and NDC. | 2016/2017 EITI Report here , section 3.6, p.22-31. | | Meaningful progress | Disclose more detailed information about the rules governing the financial relationship between the SOEs and the state. |

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| | <p>An explanation of the role of material SOEs in the sector and prevailing rules regarding the financial relationship between the government and SOEs has been disclosed (#2.6.a.i)</p> | <p><u>TPDC and STAMICO</u>: The 2016/2017 EITI Report explains the role of TPDC and STAMICO in the sector. It notes that the 1969 Public Corporation Act covers the financial relationship between SOEs and the state. The act does not provide details related to the financial relationship. The 2016/2017 EITI report refers to other “internal policies, rules and procedures” but does not specify what these are or what they contain. The rules for accessing third party financing are disclosed.</p> <p><u>NDC</u>: The 2016/2017 EITI Report explains the role of NDC in the sector. It notes that information on the financial relationship with the state was not obtained.</p> | <p>2016/2017 EITI Report here, section 3.6, p.22-31.</p> <p>Public Corporation Act, 1969: here.</p> | <p>The MSG considers that the prevailing rules have been comprehensively disclosed.</p> | | <p>Ensure that information about TPDC’s participation in all projects and the terms related are disclosed (also PSAs not in production).</p> |
| | <p>An explanation of the prevailing practices regarding the financial relationship between the government and SOEs has been</p> | <p><u>TPDC and STAMICO</u>: The 2016/2017 EITI Report discloses retained earnings, reinvestment, dividends, transfers from the government to the SOEs, loans and loan guarantees.</p> | <p>2016/2017 EITI Report here, section 3.6, p.22-31.</p> | | | |

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| | disclosed for the year under review (#2.6.a.i) | <p>Both companies reported a loss in the period under review and therefore did not have profits to reinvest or transfer to the government. Both companies received funds from the government to cover salaries. These amounts are disclosed.</p> <p>Neither company reported having received loans or loan guarantees from the state, having provided loans to extractive companies or having raised third part financing in the period under review.</p> <p><u>NDC</u>: The 2016/2017 EITI Report explains the role of NDC in the sector. It notes that information on the financial relationship with the state was not obtained.</p> | | | | |
| | The government and SOE(s) have disclosed their level of ownership in mining, oil and gas companies | <u>STAMICO</u> : Level of ownership in mining companies and attached terms are disclosed in the 2016/2017 EITI Report. | 2016/2017 EITI Report here , section 3.6, p.22-31. | | | |

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| | <p>operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures. The terms associated with these ownership interests have been disclosed (#2.6.a.ii)</p> | <p><u>TPDC</u>: The 2016/2017 EITI Report discloses the names of two TPDC subsidiaries and TPDC's share in two gas projects (Songosongo and Mnazi bay), as well as the terms attached. The level or terms of TPDC's participation in offshore gas projects under development are not disclosed. The report notes that in FY 16/17 there were 13 PSAs in force.</p> <p><u>NDC</u>: The 2016/2017 EITI Report described four mining projects in which NDC has a stake, but details are not disclosed.</p> | | | | |
| | <p>Any changes in the level of SOE or state ownership during the reporting period have been disclosed, including the terms of the transactions (#2.6.a.ii)</p> | <p>The 2016/2017 EITI Report notes that there were no changes in STAMICO's or TPDC's level of ownership in extractive projects in the period under review. No information is available regarding NDC.</p> | <p>2016/2017 EITI Report here, section 3.6, p.22-31.</p> | | | |

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| | <p>Details about any loans or loan guarantees to mining, oil and gas companies operating within the country have been disclosed, including loan tenor and terms (i.e. repayment schedule and interest rate) (#2.6.a.ii)</p> | <p>The 2016/2017 EITI Report notes that STAMICO or TPDC did not provide any loans or loan guarantees to extractive companies. No information is available on NDC.</p> | <p>2016/2017 EITI Report here, section 3.6, p.22-31.</p> | | | |
| | <p>SOEs have publicly disclosed their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available (#2.6.b)</p> | <p>TPDC's financial statement for the period under review, audited by the National Audit office, is available online.</p> | <p>TPDC audited financial statement FY 16/17: here.</p> | | | |

Requirement 3: Exploration and production

| Assessment table: <u>Exploration and production</u> | | | | | | |
|---|--|---|--|--|---|--|
| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions) | Proposed corrective actions and recommendations |
| Production data (#3.2) | Total production volumes by commodity have been disclosed (#3.2) | <p>The 2016/2017 includes production volumes for diamonds, gold, coal, tanzanite, gemstones, copper and natural gas. It is not clear whether this is a comprehensive presentation of commodities. Gas production volumes are disclosed by company. Additionally, some mining companies have disclosed production volumes by company and commodity.</p> <p>The 2015/2016 EITI Report included also production data for silver and tin.</p> | <p>2016/ 2017 EITI Report here, section 3.5, pp.21-22 and section 6.5, p.73.</p> <p>2015/2016 EITI Report here, p. 31.</p> | Government representatives noted that the Mining Commission collects production data and provides in to NBS. Data availability for FY 16/17 is weak as the Mining Commission | Inadequate progress | <p>Disclose production volumes by commodity</p> <p>Ensure that production data is disclosed for all commodities.</p> |

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| | | | | was established in 2017. | | |
| | Total production values by commodity have been disclosed (#3.2) | There is no indication that production values by commodity are available for the period under review (FY 2016/2017). The 2015/2016 EITI Report included production values by commodity. | 2015/2016 EITI Report here , p. 31 | | | |
| | <i>The sources of production data and information on how production data has been calculated have been disclosed (#3.2)</i> | <i>Sources have been disclosed. Production values not disclosed.</i> | <i>Source for minerals data: NBS and Mining Commission. Source for gas data: TPDC.</i> | | | |
| Export data (#3.3) | Total export volumes by commodity have been | There is no indication that comprehensive information about the volumes of extractive exports by commodity is publicly available for the period under review. | | | Inadequate progress | Disclose the export volume and values of exported |

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| disclosed (#3.3) | | | | | | commodities, disaggregated commodity. |
| Total export values by commodity have been disclosed (#3.3) | | <p>The 2016 /2017 EITI Report includes the values of gold and diamond exports for calendar years 2016 and 2017 by commodity. The total value of the export of gold and diamonds was TZS 3.2bn in 2016 and TZS 3.6bn in 2017.</p> <p>The website of the Bank of Tanzania includes statistics on exports by financial year in USD. Only gold and diamond exports are disaggregated, but a total value for other mineral exports is also provided. Based on the figures disclosed by BoT, gold and diamond exports represented 96% of the value of extractive exports in the period under review.</p> <p>There is no indication that comprehensive information about the value of extractive exports by commodity is publicly available for the period under review.</p> | <p>2016/ 2017 EITI Report here, section 3.5, pp.21-22. Source: NBS.</p> <p>Bank of Tanzania statistics: here.</p> | | | |
| <i>The sources of export data and information on how export data has been calculated have been disclosed (#3.3)</i> | | <i>Sources have been disclosed.</i> | <p><i>Source for minerals data: NBS.</i></p> <p><i>Source for gas data: TPDC.</i></p> | | | |

Requirement 4: Revenue collection

| Assessment table: <u>Revenue collection</u> | | | | | | |
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| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions) | Proposed corrective actions and recommendations |
| Comprehensive disclosure of taxes and revenues (#4.1) | The MSG has agreed on a materiality definition for revenue streams, including any reporting thresholds, as well as the options considered and the rationale for the materiality definition (#4.1.b) | The 2016/2017 EITI Report contains confusing information about material revenue streams. 19 revenue streams are mentioned as material (tables 24 and 27). Elsewhere it is mentioned that 37 revenue streams are included (p.53). The report notes that the MSG agreed that a number of revenue streams should be reconciled in aggregate, including value-added taxes and withholding taxes (p.49). This appears to be because these are indirect taxes. The payments have still been disclosed by revenue stream. | 2016/2017 EITI Report here , section 4.1, p.49 and section 4.3, pp.53-54. | The MSG clarified that there are 19 material revenue streams. | Meaningful progress | Ensure that revenues and payments are comprehensively disclosed and reconciled in line with its materiality decision. |
| | The MSG has agreed on a materiality | The 2016/2017 EITI Report notes that the MSG agreed that companies making payments above TZS 900m were | 2016/2017 EITI Report here , | | | |

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| | <p>definition for companies, including any reporting thresholds, as well as the options considered and the rationale for the materiality definition (#4.1.b)</p> | <p>material. This would lead to 70 companies being included and would cover 93% of total government extractive revenues. The report documents the rationale and lists the relative weight of payments made by each company.</p> | <p>section 4.2, pp.50-52.</p> | | | |
| | <p>The revenue streams considered material are publicly listed and described (#4.1.b)</p> | <p>The 2016/2017 EITI Report lists material revenue streams and describes revenues streams applicable in the extractive sector.</p> | <p>2016/2017 EITI Report here, section 3.3, pp.16-19, section 4.1, pp.46-49 and section 4.3, pp.53-54.</p> | | | |
| | <p>The revenue streams listed in provision 4.1.b have been considered. Where the MSG has agreed to exclude certain revenue streams from the scope of EITI disclosures, the</p> | <p>All revenue streams listed under Requirement 4.1.b have been included in the reconciliation. The list of reconciled revenue streams does not include the state's production entitlement but this is covered in practice.</p> | <p>2016/2017 EITI Report here, section 4.1, pp.46-49.</p> | | | |

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| | <p>rationale for their exclusion is clearly documented (#4.1.c).</p> | | | | | |
| | <p>The MSG has identified the companies making material payments and whether these companies fully reported all payments in accordance with the materiality definition (#4.1.c and the IA ToR)</p> | <p>The 2016/2017 Report list the 70 companies that made payments above the agreed materiality threshold and specifies which 22 companies submitted the requested data.</p> | <p>2016/2017 EITI Report here, section 4.2, pp.50-52.</p> | | | |
| | <p>The MSG has identified the government entities receiving material revenues and whether these government entities fully reported all receipts in accordance with the materiality definition (#4.1.c and the IA ToR)</p> | <p>The 2016/2017 lists the government entities receiving material payments. These include four central government agencies and 19 local authorities. It is unclear whether all government entities, including all local authorities provided the requested information. The report discloses revenues collected six local authorities, but it remains unclear whether the other did not collect revenue or failed to submit the data. From the reported data, it appears that all four</p> | <p>2016/2017 EITI Report here, section 4.3, pp.55-56 and section 6.1.3, p.71.</p> | | | |

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| | | central government agencies provided data. | | | | |
| | The government fully reported all revenues, including any revenues below the materiality thresholds (#4.1.d) | The 2016/2017 EITI Report includes total figures of government receipts from extractive companies by revenue stream both in absolute and relative terms. Unilateral government disclosure of payments made by all 70 material companies is included by government agency. | 2016/2017 EITI Report here , section 4.2, pp.50-52 and section 6.1.2, pp.70-71. | | | |
| | Where companies or government entities paying or receiving material revenues have not submitted reporting templates, or have not fully disclosed all the payments and revenues, EITI reporting documents these issues and includes an assessment of the impact on the comprehensiveness of the report. | The 2016/2017 EITI Report notes that only 22 companies submitted the requested data. Two out of these made payments above 1% of total extractive revenues (2.48% and 1.15% respectively). The revenues collected from these companies have been unilaterally disclosed by the government by government agency. The report notes that the final coverage of the reconciliation was 77% of total extractive revenues. The report documents a net discrepancy of TZS 165bn between reported payments and revenues. This is 27% of total payments reported by the participating companies (see Requirement 4.9). The report indicates | 2016/2017 EITI Report here , section 4.3, pp.56-57 and section 5.2, p.68. | | | |

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| | | that work to investigate discrepancies is ongoing. It is unclear for the EITI Report whether all government agencies provided all requested data. | | | | |
| | In accordance with the IA ToR, a summary of the key findings from the Independent Administrator's assessment with regards to the comprehensiveness of the EITI disclosures and coverage of the reconciliation has been provided. | The 2016/2017 EITI Report provides and overview of the comprehensiveness of the disclosures and the reconciliation. | 2016/2017 EITI Report here , section 4.3, pp.53-57. | | | |
| Transportation revenues (#4.4) | The MSG has agreed a definition of materiality with regards to transportation revenues (#4.4) | There is no indication that the MSG has agreed a materiality threshold for transportation revenues. Gas transportation revenues have, however, been reconciled in the 2016/2017 EITI Report. | | | Outstanding progress | Clarify whether current rates are publicly available. |
| | Where transportation | The 2016/2017 EITI Report notes that TPDC collects tariffs on gas | 2016/2017 EITI Report here , | | | |

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| | <p>revenues exist and are considered material, these revenue flows have been fully disclosed to levels of disaggregation commensurate with other payments and revenues streams (4.7), with appropriate attention to data quality (4.9).</p> | <p>transportation through the Mtwara-Dar es Salaam and Songas pipelines. In the period under review, TPDC collected TZS 22.8 bn (roughly USD 10bn) in gas transport tariffs from Pan African Energy. It appears that the other gas producing company M & P Exploration made no transport payments to TPDC.</p> <p>The report notes that a new oil pipeline is being built from Uganda to Tanzania. The project, in which TPDC has a 5% share, is expected to be completed by the end of 2020.</p> | <p>section 3.7.2, p.34.</p> <p>M & P payment data: 2016/2017 EITI report here, p.144.</p> | | | |
| | <p><i>EITI implementation includes additional disclosures (4.4.i-v)</i></p> | <p><i>The revenues from the transport of gas have been reconciled. The volume of gas transported has not been explicitly disclosed but production volumes are disclosed by company. All gas is consumed domestically. The gas transportation tariff rate is determined by the Energy and Water Utilities Regulatory Authority (EWURA). The process for determining the rate is publicly available.</i></p> | <p>See EWURA website for relevant rules and regulation: here.</p> | | | |
| <p>Transactions between SOEs and</p> | <p>The MSG have established whether SOEs make payments to</p> | <p>In the 2016/2017 EITI Report the three SOEs making payments to the government have been defined as reporting companies (TPDC, STAMICO</p> | <p>2016/2017 EITI Report here, section 4.1, p.47</p> | | <p>Satisfactory progress</p> | |

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| government entities (#4.5) | the government, collect material revenues on behalf of the state, or both (#4.5) | and STAMIGOLD). Additionally, TPDC is identified as an agency collecting revenues. | and section 4.2, p.52. | | | |
| | The MSG has established whether financial transfers between government entities and SOEs exist and are material (#4.5) | The 2016/2017 EITI Report covers transfers between the SOEs and the government. Reporting entities were requested to disclose dividends and revenues from sales of the state's share in extractive projects. No such payments or revenues were reported in the period under review. The report addresses other transfers between the government and SOEs (see below). | 2016/2017 EITI report here , section 3.6, p.22-31 and section 5.1.2, pp.62-63. | | | |
| | Material payments from companies to SOEs have been comprehensively and reliably disclosed (#4.5) | Yes. Reporting companies and TPDC have disclosed extractive companies' payments to TPDC. There is no indication that other SOEs collect material revenues from extractive companies. | 2016/2017 EITI report here , section 5.1.2, p.63. | | | |
| | Material SOE transfers to government (including statutory and ad hoc) have | The 2016/2017 suggests that STAMICO, STAMIGOLD or TPDC did not make any material transfers to the government in the period under review. | 2016/2017 EITI report here , section 3.6, p.22-31 and | | | |

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| | been comprehensively and reliably disclosed (#4.5) | | section 5.1.2, pp.62-63. | | | |
| | Material government transfers to SOEs have been comprehensively and reliably disclosed (#4.5) | The 2016/2017 EITI Report discloses transfers received by TPDC and STAMICO from the government in the period under review to cover salaries and other costs. The total amount transferred to these companies is disclosed. Similar information concerning NDC is not available. The report notes that TPDC and STAMICO have been audited by the National Audit Office. | 2016/2017 EITI report here , section 3.6, p.22-31 | | | |
| Subnational direct payments (#4.6) | The MSG has set a definition of materiality with regards to direct subnational payments (#4.6) | The 2016/2017 EITI Report indicates that service levies and other local taxes collected by subnational government entities were included in the scope of reconciliation. It appears that no specific materiality threshold was set for these payments. | 2016/2017 EITI report here , section 4.1.4, pp.47-48. | The Independent Administrator noted that all local government authorities did not respond to the request for data. | Meaningful progress | Confirm whether subnational payments and revenues have been fully disclosed and reconciled. MSG encouraged to consider whether reconciliation is necessary in the future. |
| | Where direct subnational payments exist and are considered material, these revenue flows have been fully disclosed | The 2016/2017 EITI Report appears to contain incomplete data on revenues collected by subnational government entities. The report does not disclose whether all 19 local authorities within the scope of reconciliation submitted the requested data. The report includes a | 2016/2017 EITI Report here , section 6.1.3, p.71. | | | |

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| | and reconciled (#4.6) | table with disclosures from six local authorities, but it remains unclear whether others collected revenues from extractive companies as well. Reconciled data is not disclosed by government agency. | | | | |
| Data quality (#4.9) | The MSG had oversight of the procurement of the Independent Administrator (#4.9.a-b). | Yes. The MSG approved the appointment of the IA in its meeting in October 2019. The MSG oversaw the selection process. | MSG meeting minutes, 21 October 2019: here . | | Meaningful progress | Confirm whether all 22 companies had their financial statements audited. Confirm which reporting entities did not submit signed templates. Conclude reconciliation by seeking to clarify discrepancies. Include clear statement from IA on data reliability. |
| | The MSG agreed a procedure to address data quality and assurance based on a standard procedure endorsed by the EITI Board (#4.9.b) | The ToR of the Independent Administrator for the 2016/2017 and 2017/2018 EITI Report follows the Board-approved standard ToR. | Independent Administrator ToR for FY 2016/2017 and 2017/2018. | | | |
| | The MSG has agreed on reporting templates (IA ToR) | Yes. The MSG provided input on the templates and agreed them. | MSG meeting minutes, 24 November 2019: here . | | | |

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| | <p>The MSG has undertaken a review of the audit and assurance procedures in companies and government entities participating in EITI reporting (IA ToR)</p> | <p>The 2016/2017 EITI Report provides an overview of reporting entities' audit procedures, including policies that apply to extractive companies' and government agencies' and their actual practices in the period under review.</p> | <p>2016/2017 EITI Report here, section 3.10, pp.44-45.</p> | | | |
| | <p>The MSG has agreed on the assurances to be provided by the participating companies and government entities to assure the credibility of the data, including the types of assurances to be provided, the options considered and the rationale for the agreed assurances (IA ToR)</p> | <p>The IA ToR require that reporting entities provide assurances on the reliability of the data. These are to be defined in an inception report. The scoping study includes the IA's recommendations on ensuring data reliability.</p> <p>The 2016/2017 EITI Report describes the approach to ensuring data reliability. All reporting entities were required to ensure that reporting templates were signed off by senior officials and certified by an external auditor (NAO in the case of government entities). The reporting templates specify the statements which reporting templates sign off on. The report does not explicitly state whether all reporting entities complied with the requested assurances. The section on recommendation suggests that not all entities signed templates. However, the</p> | <p>Independent Administrator ToR for FY 2016/2017 and 2017/2018.</p> <p>Scoping study for 2016/2017 EITI Report here.</p> <p>2016/2017 EITI Report here, section 2.3-2.4, pp.5-6, section 7.1, pp. 77-78 and Appendix 1 & 2, pp.86-99.</p> | | | |

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| | | report suggests that all participating entities had their financial statements audited. The process for investigating discrepancies is described. The report indicates that the work is ongoing. | | | | |
| | The MSG has agreed on appropriate provisions for safeguarding confidential information (IA ToR) | The ToR mandates the IA to establish appropriate procedures for safeguarding confidential information. These procedures are established in the scoping study. There is no indication that these have been breached in practice. | Scoping study for 2016/2017 EITI Report here . | | | |
| | Reporting companies and government entities had their financial statements audited in the financial year(s) covered by EITI reporting, and any gaps have been identified (#4.9.a) | <p>The 2016/2017 EITI Report notes that “all 19 participating companies” had their financial statements audited. The number appears to be outdated as 22 companies submitted data. The report does not include information on how to access these financial statements.</p> <p>The report notes that the Controller and Auditor General (National Audit Office) audits government entities annual. The audit reports are publicly available on NAO’s website to which the report provides a link. SOEs TPDC, STAMICO and STAMIGOLD were also audited by NAO in the period under review.</p> | 2016/2017 EITI Report here , section 3.10, pp.44-45. | The MSG clarified that all 22 companies that submitted data had their financial statements audited. | | |

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| | <p>A summary of the key findings from the assessment of the reliability of the data disclosed by companies and government entities has been disclosed (IA ToR)</p> | <p>The 2016/2017 EITI Report includes the IA's summary on data reliability.</p> <p>The report documents a net discrepancy of TZS 165bn between reported payments and revenues. This is 27% of total payments reported by the participating companies. The report notes that the time to investigate reasons behind discrepancies was very limited. The report notes that the TEITA Act mandates NAO to investigate discrepancies identified in EITI reporting.</p> | <p>2016/2017 EITI Report here, pp. ix-xi and section 5, pp 61-68.</p> | | | |
| | <p>Any non-financial (contextual) information is clearly sourced (IA ToR)</p> | <p>Non-financial information is clearly sourced in the 2016/2017 EITI Report.</p> | <p>2016/2017 EITI Report here.</p> | | | |
| | <p>EITI reporting has presented a set of recommendations and there has been a review of follow-up on past EITI recommendations through EITI reporting (IA ToR).</p> | <p>The 2016/2017 EITI Report includes the IA's recommendations for improving the reporting process.</p> <p>The report includes an overview of progress in implementing recommendations from the 2015/2016 EITI Reports. All recommendations have been followed up on and some have been implemented.</p> | <p>2016/2017 EITI Report here, section 7.1, pp.76-78 and section 7.4, pp.82-85.</p> | | | |

Requirement 5: Revenue management and distribution

| Assessment table: <u>Revenue management and distribution</u> | | | | | | |
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| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions) | Proposed corrective actions and recommendations |
| Distribution of revenues (#5.1) | EITI disclosures indicate which extractive industry revenues are recorded in the national budget (#5.1.a) | <p>The 2016/2017 EITI Report notes that the Public Finances Act 2001 requires that all government revenues enter a consolidated fund “unless otherwise directed by Parliament”. This appears to exclude revenues collected by local authorities. The report describes which the process for revenue collection.</p> <p>The report refers to the 2015 Oil and Gas Management Act which established an Oil and Gas Fund. The 2018 APR</p> | <p>2016/2017 EITI Report here, section 3.2.2, p-15 and section 3.7, p.32-35.</p> <p>2018 Annual Progress Report: here.</p> <p>GEPG: here.</p> <p>TPDC 2016/2017 audited financial statement: here.</p> | | Satisfactory progress | |

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| | | <p>suggests that transfers started taking place in 2017/2018. However, TPDC's financial statement demonstrates that a transfer took place already in 2016/2017. The sum is disclosed.</p> <p>According to the APR, since 2015/16, all government receipts are collected through Government Electronic Payment Gateway (GEPG). This new payment system issue bills to the companies according to respective revenue stream.</p> <p>Tanzania has credibly demonstrated that all extractive revenues enter either the state budget or local government budgets.</p> | | | | |
| | <p>Where revenues are not recorded in the budget, the allocation of these revenues has been explained, with links provided to relevant</p> | <p>The 2016/2017 EITI Report does not refer to any revenues not recorded in state or local budgets.</p> | | | | |

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| | financial reports as applicable (5.1.a) | | | | | |
| | <i>The MSG has referenced any national revenue classification systems or international data standards (5.1.b)</i> | <i>The 2016/2017 EITI Report does not reference national or international revenue classification systems.</i> | | | | |

Requirement 6: Social and economic spending

| Assessment table: <u>Social and economic spending</u> | | | | | | |
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| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions) | Proposed corrective and recommen |
| SOE quasi fiscal | The MSG has agreed a | The MSG does not appear to have agreed a definition of quasi-fiscal | | | | MSG to re what it |

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| expenditures (#6.2) | definition of materiality with regards to quasi-fiscal expenditures by SOEs, including SOE subsidiaries and joint ventures (#6.2) | expenditures. Reporting SOEs (STAMICO and TPDC) were, however, requested to disclose any QFEs in the period under review. | | | Meaningful progress | understand be a QFE a confirm to with the M whether th exist. |
| | Where quasi-fiscal expenditures exist and are material, the MSG has developed a reporting process for disclosure of quasi-fiscal expenditures and these expenditures have been disclosed accordingly (6.2) | The 2016/2017 EITI Report notes that the principal SOEs active in the extractive sector reported that they had no quasi-fiscal expenditures in the period under review. | 2016/2017 EITI Report here , section 3.6, p.22-31. | | | |

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| <p>Contribution of the extractive sector to the economy (#6.3)</p> | <p>Information about the contribution of the extractive industries to GDP for the fiscal year covered by EITI disclosures has been disclosed in absolute and relative terms (#6.3.a)</p> | <p>Mining, quarrying and petroleum contributed 4.8% of GDP in calendar years 2016 and 2017. In absolute terms, 2016: TZS 5.0trn, 2017: TZS 5.6trn.</p> <p>GDP data is also regularly systematically disclosed by NBS on its website.</p> <p>ASM gold production estimated at 1.1-4 tonnes per year, depending on the source. No estimate of the contribution of ASM to GDP is referenced in the 2016/2017 EITI report.</p> | <p>2016/2017 EITI Report here, section 3.4, p.20, source NBS.</p> <p>For estimates on ASM, 2016/2017 EITI Report here, p.8.</p> <p>GDP data on the NBS website: here.</p> | <p>Satisfactory progress</p> | |
| | <p>Information about the contribution of the extractive industries to government revenues for the fiscal year covered by EITI disclosures has been</p> | <p>In FY 2016/2017 total revenue from extractives was TZS 1.01trn. The 2016/2017 EITI Report does not appear to include total government revenues from all sectors.</p> <p>NBS's website provides statistics on revenue collection. According to the statistics, total revenues collected in mainland Tanzania amounted to TZS 16.13trn in FY 2016/2017. This suggests that extractive revenues</p> | <p>2016/2017 EITI Report here, section 4.2, p.50.</p> <p>NBS revenue collection statistics FY 2016/2017: here.</p> | | |

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| | disclosed in absolute and relative terms (#6.3.b) | represented approximately 6% of total government revenue. | | | |
| | Information about the contribution of the extractive industries to exports for the fiscal year covered by EITI disclosures has been disclosed in absolute and relative terms (#6.3.c) | Bank of Tanzania publishes statistics on the value of mineral exports and total exports. These demonstrate that mineral exports represented 19,4% of total exports in FY 2016/2017. | Bank of Tanzania statistics: here . | | |
| | Information about the contribution of the extractive industries to employment for the fiscal year covered | In FY 2016/2017 mining and quarrying employed 35,900 people (regular and casual), which was 1.4% of total employment. This appears to include the petroleum sector. | 2016/2017 EITI Report here , section 3.4, p.20, source NBS Earning and Employment Survey. | | |

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| | <p>by EITI disclosures has been disclosed in absolute and relative terms (#6.3.d)</p> | | | | | |
| | <p>Information about the location of extractive activities in the fiscal year covered by EITI disclosures has been disclosed (#6.3.e)</p> | <p>The online Mining Cadastre Portal shows the locations of mining licenses.</p> <p>TPDC’s website has a static map that shows the locations of petroleum activities.</p> <p>The 2016/2017 EITI Report includes the principal locations where artisanal and small-scale gold mining is taking place.</p> | <p>Online mining license map (Mining Cadastre Portal): here.</p> <p>TPDC activity map (dated February 2019): here.</p> <p>2016/2017 EITI Report here, section 3.1.1, p.8.</p> | | | |

Requirement 7: Outcomes and impact of implementation

Assessment table: Outcomes and impact

| EITI Requirement | EITI sub-Requirement | Summary of main findings | Source(s) of information | Summary of stakeholder views | Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions) | Proposed corrective actions and recommendations |
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| <p>Public debate (#7.1)</p> | <p>EITI disclosures, including government and company disclosures, are comprehensible, have been actively promoted, are publicly accessible and have contributed to public debate (#7.1.a)</p> | <p>TEITI has launched a data portal that visualises EITI data and undertaken a series of activities aimed at contributing to public debate:</p> <ul style="list-style-type: none"> - Participation in a TV and Radio Tanzania Broadcasting Corporation on December 7 2018, to increase public awareness of TEITI and use of data from the TEITI report. | <p>Data portal: here.</p> <p>The Citizen (August 2019), 'Government, investors use confidentiality clauses to conceal extractive contracts', here.</p> <p>The Citizen (May 2019), 'Transfer pricing a reason for concern for Tanzania', here.</p> <p>TEITI Annual Progress Report 2018: here.</p> | | <p>Satisfactory progress</p> | <ul style="list-style-type: none"> • The MSG is encouraged to consider ways to improve the accessibility of EITI Reports and ensure that the TEITI process is contributing to public debate on issues of national importance. • The MSG is encouraged to formulate and agree an open data policy or statement, which could be made public on the open data portal. |

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| | | <ul style="list-style-type: none"> - Launch of TEITI 2015/16 report on 30 April 2018, opened by the Minister of Minerals and attended by civil society and media. - Official launch of the TEITI MSG in Dodoma on 25 October 2018, by the Minister of Minerals, to build the public awareness and emphasise accountability of the MSG in the implementation of EITI in Tanzania. - Outreach workshop for companies on 11 April 2019 to raise awareness within industry about the | | | | |
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| | | <p>reporting requirements in the TEITA Act and the EITI Standard. More than 100 representatives participated.</p> <p>Representatives from government, industry and civil society participated in these outreach and dissemination events organised . In addition, civil society has promoted public debate especially on contract transparency and beneficial ownership disclosures, which has resulted in occasional media coverage.</p> | | | | |
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| | <i>The MSG has produced brief summary reports, summarised and compared the shares of each revenue streams and undertaken capacity-building efforts to improve the understanding of EITI disclosures (#7.1.b)</i> | <i>The TEITI includes a page with summaries of key data on the payments made by the top companies within the scope of the reports.</i> | TEITI, website, section “Infographics”, here . | | | |
| Recommendations from EITI implementation (#7.3) | The government and MSG’s progress in taking steps to act upon lessons learned, identifying, investigating and addressing the causes of any information gaps or discrepancies in EITI implementation, and progress in responding to the | The MSG has outlined its responses and actions undertaken by the government and the MSG in 2018 and 2019 to follow up on the recommendations from previous TEITI Reports. The 2016/17 EITI Report also makes | TEITI Annual Progress Report 2018 here (p. 21) 2016/17 EITI Report here (pp. 76-80, 82-85) MSG meeting minutes from 16 May 2018, 25 October 2018, 6 March 2019, 26 June 2019, 19 July 2019, 21 October 2019 Report; “An MSG sub-committee meeting to work on the issues of concern regarding the unsatisfactory content and context of the 2015/2016 TEITI report as prepared for the TEITI MSG by Boas & Associates (Ghana) in collaboration with MM Attorneys (Tanzania)” | | Satisfactory progress | <ul style="list-style-type: none"> • The MSG is encouraged to agree and follow up on recommendations for strengthening government systems and natural resource governance. • The MSG is encouraged to consider opportunities to work with the CAG |

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| | <p>recommendations made by the Independent Administrator (#7.3)</p> | <p>recommendations related to improved data collection and accessibility of information, and outlines how the report seeks to address the corrective actions from Validation.</p> <p>The MSG has also regularly followed-up on the investigations by the Controller and Auditor General's (CAG) office on the discrepancies of the 2015/16 EITI Report. Follow-up has included letters to remind the CAG to conclude the investigations and organising a presentation by the CAG and request for clarification by the MSG on</p> | <p>from 28 October 2018, available from the International Secretariat upon request.</p> | | | <p>in identifying governance risks across the value chain and consider opportunities to collaborate on addressing findings from EITI reporting and CAG audits.</p> |
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| | | <p>specific data points related to the discrepancies. The MSG also undertook a detailed review of the gaps of the 2015/16 report, seeking to avoid similar weaknesses in future EITI reporting.</p> | | | | |
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