

**TEITI** Tanzania  
Extractive  
Industries  
Transparency  
Initiative



Mpango wa Uhamasishaji Uwazi katika  
Mapato ya Madini, Gesi asilia na Mafuta

# FINAL ANNUAL PROGRESS REPORT JANUARY- DECEMBER 2015



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## **List of Abbreviations**

AGC	Attorney General Chambers
CSOs	Civil Society Organizations
DPs	Development Partners
EITI	Extractive Industries Transparency Initiative
IMF	International Monetary Fund
IA	Independent Administrator
GoT	Government of Tanzania
MCIMS	Mining Cadastre Information Management System
M&E	Monitoring and Evaluation
MEM	Ministry of Energy and Minerals
MPSA	Model Production Sharing Agreement
MSG	Multi –Stakeholders Working Group
NBS	National Bureau of Statistics
NRC	Natural Resource Charter
NRGI	Natural Resource Governance Institute
OGAT	Oil and Gas Association Tanzania
OGP	Open Government Partnership
PMORALG	Prime Minister’s Office Regional Administration and Local Governments
RBM	Results-Based Management
RfP	Request for Proposal
SOEs	State- Owned Enterprises
TCF	Trillion Cubic Feet
TCME	Tanzania Chambers of Minerals and Energy
TEITI	Tanzania Extractive Industries Transparency Initiative
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority

## **Foreword by Chairperson of Multi-Stakeholder Working Group (MSG)**

TEITI is progressively becoming visible and significant in its undertaking of strengthening transparency in the management of Tanzania's extractive industry. EITI objectives are increasingly recognized and included in the Government policy statements, such as the Natural Gas Policy-2013 and in the development of Local Content Policy- 2014 (section 3.3 on transparency in procurement process undertaken by contractors and sub-contractors). This indicates the importance of putting transparency and accountability at the core of administration of extractive industries. The implementation of activities in the Workplan aims to assist TEITI in deepening transparency and accountability in extractives and mainstreaming EITI in public sector reforms.

As of November 2015, Tanzania has produced six EITI reports since it joined the initiative in February 2009. Taken together, the Government has disclosed revenue receipts of TzS 3.96 trillion (US\$ 2,539, 123, 424) from July 1, 2008 to June 30, 2014. Delays to publish 2013 EITI Report resulted into Tanzania being temporarily suspended by EITI Board in September 2015. Despite the pressure of the suspension, there were lessons that MSG learned. For example, the suspension has increased awareness to MEM and the Ministerial Tender Board on urgency to expediting procurement process in the interim when TEITI is working on its institutional arrangement, in hiring Independent Administrator. In view of these lessons, key initial actions have been taken in setting up institutional arrangement where drafting of the Regulations of the TEITA Act, 2015 has started.

During this reporting period under review, the Government continued to implement various reforms aimed at improving public sector service delivery and prudent use of public resources. Major progresses were made in putting in place 3 new laws governing the exploitation of oil and natural gas and revenue management therefrom in Tanzania. The laws generated significant public discussions, in part because of increased expectations among citizens over potential revenues from natural gas discoveries, and in part because some felt that there wasn't enough time allocated for discussion in the parliament.

This Annual progress report presents an opportunity for the reader to track progress of EITI implementation against targets as provided in TEITI Workplan for the period from January- December 2015. The public is invited to take note of the contents of this Report, and make such contributions as they may wish. The Report can be found on : [www.teiti.or.tz](http://www.teiti.or.tz) and [www.eiti.org](http://www.eiti.org).

I would like to thank the GoT, extractive companies, civil society organizations, development partners, media and all stakeholders for helping TEITI to promote transparency and accountability in Tanzania's mining, oil and gas sub-sectors. MSG, as a governance oversight body for EITI implementation in Tanzania, remains committed in carrying out its role of string up healthy public debates on how Tanzania's natural resources are managed for benefiting this and coming generations.

Mark Bomani  
**CHAIRPERSON, MSG**

## **Background**

This report covers all activities implemented from January to December 2015. It provides progress made during the period under review with a view of updating stakeholders and general public on progress towards implementation of development objective of TEITI – 5 year work plan. TEITI Annual progress report for 2015 is produced in compliance with requirement 7.2 of the EITI Standard. An implementation of TEITI's 5-Year Workplan during January-December 2015 helped advance the goal of deepening transparency in the administration of Tanzania's extractive industries to achieve its contribution to eradicate poverty. These efforts were assisted by the G-7 Framework of Key Commitments (2013 to 2016) under the partnership between G7 countries and Government of Tanzania (GoT). Appendix 3 provides details of the three-year partnership framework which was signed in July 2013 and will end in June 2016.

During this reporting period under review, the Government continued to implement various reforms aimed at improving public sector service delivery and prudent use of public resources. Major progresses were made in putting in place 3 new laws governing the exploitation of oil and natural gas and revenue management in Tanzania . These include : the Oil and Gas Revenue Management Act,2015, Petroleum Act, 2015 and Tanzania Extractive Industries (Transparency and Accountability ) Act, 2015. These laws generated significant public discussions, in part because of increased expectations among citizens over potential revenues from natural gas discoveriesandsome felt that there wasn't enough time allocated for discussion in the parliament.

In same period, the Government of the United Republic of Tanzania has continued to take important steps to become an effective and accountable Government that promotes transparency, empowers citizens, fights corruption, and embraces the development of the private sector. To demonstrate these commitments, the Government held two key African regional meetings. From May 20 to 21, 2015, Tanzania hosted the second-ever Africa Regional Meeting on Open Government Partnership in Dar es Salaam under the theme "*Enhancing Accountability Through Open Government*". The meeting brought together government and civil society leaders, decision-makers, thinkers and doers from the region to discuss and exchange ideas, lessons, experiences, and expertise on open government reforms. From September 4 to 5, 2015, Tanzania hosted Africa Open Data Conference in Dar-Es-Salaam, which brought together a diverse group of participants including government representatives, industry, civil society, the development community, and international organizations committed to supporting open data and open government.

In ensuring that the EITI Standards are followed as Requirement 2.2 of the EITI Standard, wherebythe published data in EITI reportsare notolder than two years.In responding to this requirement MSG decided to produce and publish two reports in 2015, the 5th TEITI Report (up to June 30, 2013) and the 6th TEITI report (up to June 30, 2014), which have been accomplished by November 27,

2015. As a result Tanzania is now current in its EITI reports. The two reports were launched on 28<sup>th</sup> April, 2016 after completion of infographics which translate key findings of the reports into graphics to help readers understand and engage in the discussions quickly. The infographics were distributed at the launch and later to stakeholders and various communities where extractive operations are taking place. The objectives of the launch and the follow-up outreach activities are to raise public awareness on fiscal transparency and contribution of extractive sector to the economy.

## 1. General Assessment of 2015 Performance

TEITI Annual progress report provides for overall assessment on activities which were carried out from January to December 2015. The activities listed below are reported against the requirements of the EITI Standard of July 2013. The report also provides strengths and challenges encountered during the implementation of EITI process in Tanzania during the period.

Tanzania EITI was expected to produce and publish its 5th TEITI report by 30th June 2015. This report would disclose performance of extractive industries from June 2012 to July 2013. Unfortunately the deadline for publishing the report could not be met as a result of time lost due a need to repeat selection process for obtaining an Independent Administrator. The first shortlisted bidder, failed to meet minimum pass scores on technical considerations, as a result and based on underlying procurement method, the second firm on the short list was subsequently asked to submit proposals. Therefore, the evaluation and approval process of the tender had to start all over again.

On 26<sup>th</sup> June 2015, TEITI MSG officially submitted to EITI Board Chairperson a request for extension of EITI Report 2012/13 deadline. However, the EITI Board refused to grant TEITI an extension and declared TEITI suspended from EITI with effect from 2<sup>nd</sup> September, 2015. It is unfortunate, that the Board refused to grant extension of deadline to 30<sup>th</sup> October 2015 despite of progress made in completing scoping report in August 2015, and with additional commitment to publish even the next report 2013/14 by October 2015. Nonetheless, on the positive side the experience has provided lessons to avoid potential future reporting delays. One of the strategies is to ensure that TEITI reports are published within the twelve months after the Controller and Auditor General has completed auditing of Governments financial accounts. In view of this decision, TEITI Multi-Stakeholder Group decided to produce two reports covering fiscal year 2012/13 and 2013/14 by 30 October 2015. Regardless of all circumstances mentioned above, TEITI succeeded in publishing the two reports (2012/13 and 2013/2014) and they are available on TEITI website ([www.teiti.or.tz](http://www.teiti.or.tz)) from 27<sup>th</sup> November 2015.

The target for obtaining TEITI legislation by end of 2015 has been successfully achieved. The Tanzania Extractive Industries (Transparency and Accountability) Bill of 2015 was presented and read for the first time in the National Assembly in Dodoma on the 24<sup>th</sup> June 2015. The Minister for Energy and Minerals presented TEITI Bill for the second reading alongside with its schedule of ammendements at the Parliament on the 6th July 2015 and was successfully discussed and passed. The Bill was later signed by the President of Tanzania on August 4th, 2015. Subsequently, in September 25th, the bill was gazzetted through the Government Notice Number 455 of 2015. The law can be viewed on

TEITI website ([www.teiti.or.tz](http://www.teiti.or.tz)).

During the beginning of 2015 TEITI hosted two peer learning visits from Ethiopia and Zambia EITI. Ethiopia visited Tanzania EITI from 13th -21st January 2015 with a delegation comprising of seven (7) members (two from the Secretariat, 2 from civil society organizations, two from Government and one member from industry) and on 22<sup>nd</sup> -24<sup>th</sup> February 2015 Zambia also made a visit for the purpose of peer learning. Among others, experience and knowledge were shared in implementation of EITI, challenges and lessons learnt, the process of making an EITI Law for ensuring sustainability in the implementation of EITI in both countries, allocation of mineral rights through an online system (mining cadastre portal) and auditing of mineral production and export (role played by TMAA).

## **2. Assessment of performance against targets and activities set out in the workplan**

TEITI Workplan has four main objective, namely : 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.

On each objective there is underneath a set of activities developed to attain the requirements as stipulated in EITI Standard. In this regard, the report has been organized to describe progress made on each activity planned in the period under review. Therefore, on each reported activity a reference is made to a corresponding requirement provided in EITI Standard 2016 for ease of review. Further, the Workplan includes activities that are committed in G7-Tanzania Partnership, 2013 to 2016. The partnership is a result of recognition of Tanzania's efforts in promoting transparency and accountability in its extractive industries. The partnership was announced during the 39th G7 summit held in June 2013 in Northern Ireland. The objective of the partnership is to support Tanzania to deepen transparency in the administration of its extractive industries in a manner which can contribute to sustainable development and eradication of poverty.

### ***Outcome 1: Increased Compliance in Disclosure of Payments and Revenues.***

MSG commissioned scoping study to identify all extractive companies that were operating in 2012/13 and 2013/14 fiscal years and agreed on level of payments and revenue that are material and therefore must be disclosed. The details of efforts made to ensure comprehensive reconciliations of company payments and government revenues from extractive industries is provided here below:

#### **Requirement 4.1: Comprehensive disclosure of taxes and revenues**

A scoping study was commissioned on 10<sup>th</sup> of June 2015 to assess performance



of extractive industry for two fiscal years 2012/13 and 2013/14. The study was completed in August 2015. Based on agreed materiality threshold of TzS 150 million for each fiscal year, the study recommended 64 extractive companies (45 mining and 19 oil and gas) to provide payment data on taxes for 2012/13 report and 57 extractive companies (37 mining and 21 oil and gas) to provide payment data on taxes for 2013/14 report. The final scoping study was endorsed by MSG during its 55<sup>th</sup> Meeting held on 30<sup>th</sup> July 2015. Other data were also captured and reported in their respective fiscal years report to meet requirements as follows: Exploration projects in mining, oil and gas (R 3.1) ; Production data (R 3.2) and exports data (R 3.3).

#### **Training to reporting entities.**

Workshop to train reporting entities on how to complete reporting templates was conducted at Bahari Beach Ledger Plaza on 7<sup>th</sup> August 2015. In this training 73 companies were invited to attend, out of which 27 companies (37% of total invitees) attended the training while 46 companies (63% of total invitees) did not attend the workshop. Twenty (20) government agencies were invited to attend the training. Only 3 government agencies (15%) attended the training while the remaining did not show up. Workshop environment was conducive and participants showed interest and actively engaged in discussions and provided useful comments which were then incorporated in the templates. The templates were subsequently circulated to the reporting entities through e-mails as well as physically. In order to ensure entities which did not show up in the workshop, have adequate knowledge to complete the template, TEITI Secretariat made reach outs in August and September 2015 to those entities in their work places.

#### **Collection of payments and receipts data**

Data collection for payments and receipts started in August 2015 and was completed in September 2015. Reporting entities both government and industry submitted certified data through templates to Independent Administrator for reconciliation. In 2012/13 fiscal year Nine (9) out of 65 companies did not report (56 or 86% of the companies reported). Whereas, in 2013/14 fiscal year four (4) out of 59 companies did not report (55 or 93% of the companies reported). The companies that did not report had either closed up exploration operations in Tanzania or sold their rights to other companies. Additional data were also captured and reported in their respective fiscal years to meet requirements as follows: sales of SOE shares of production (R 4.2) ; payments made by companies to local governments (subnational payments R 4.6) ; level of reporting disaggregated by revenue flows and ring-fenced by project (R 4.7) ; data collected for the 2013/14 were timeliness (R4.8) and data collected were independently audited complying with IFRS (R4.9). However, data collected for the 2012/13 were older than two years and consequently the deadline of June 30<sup>th</sup> 2015 for that report was missed.

#### **Requirement 2.4: Contracts disclosure**

Full disclosure of contracts is not a requirement under the EITI Standard. In view of the importance of open and transparent process on contracting, Tanzania's EITI law that came into force in September 2015 provides a mandate to the MSG to ask the Minister responsible for mining, oil and natural gas to disclose Mineral Development Agreements (MDAs) and Production Sharing Agreements (PSAs) signed before and after enactment of the respective law. The law provides a provision for the MSG to determine confidential information in the contract. The rationale for this clause is to protect information that may jeopardize business competitiveness of the concerned party. Proposed regulations to the TEITIA Act will clarify how this will be implemented.

Natural Resource Governance Institute (NRGI) has been working with TEITI in seeking ways of implementing section 16 of the Act which requires all agreements to be made publicly available through website or media which is widely accessible. Under its project of catalysing open data in extractives based in Accra, Ghana NRGI has indicated willingness to provide technical support to TEITI in building a contract disclosure online portal that will make easier accessibility of data in relation to mining, oil and gas contracts.

### **Requirement 2.5 : Beneficial Ownership**

In January 2014, Tanzania agreed to participate in the beneficial ownership pilot project aimed at assessing the feasibility of requiring beneficial ownership disclosure through the EITI. The aim of the beneficial ownership study is to address illicit financial flows through disclosure of information of Beneficial Owners (BO) of proceeds from extractive sectors. This measure aims at identifying politically exposed persons and government officials that have interests in the sectors which they oversee. This involves collecting and disclosing company beneficial ownership information that will help advance: (1) strengthening and deepening transparency in the extractive industries, (2) understanding of different ownership structure types of extractive companies that are incorporated in Tanzania; (3) reviewing of key laws governing companies related to company registers on requirements for companies to report beneficial ownership information, and (4) establishing a beneficial ownership database.

On 16<sup>th</sup> March 2015 TEITI participated in a seminar on Beneficial Ownership held in London – United Kingdom. TEITI Chair Hon. Mark Bomani and Ms Alice Swai, TEITI Secretariat Legal Officer attended on behalf of the MSG. This workshop was also attended by officials from eleven other countries which agreed to participate in the pilot study of Beneficial Ownership. These include: Liberia, Nigeria, Niger, Togo, DR Congo, Burkina Faso, Sierra Leone, Zambia, Honduras and Kyrgyz Republic.

The Seminar highlighted experiences and lessons learnt from countries which have started disclosing Beneficial Owners (BO) including Nigeria, Togo, Liberia and Ghana. Some of the key challenges in exercising BO disclosure is difficulty in verifying companies details and maintaining credibility of EITI reports. Most of informations reported do not necessarily capture the shareholders who have

significant control of the company.

On 8<sup>th</sup> May 2015 Tanzania in collaboration with NREGI and Global Witness conducted the Beneficial Ownership workshop in Dar es Salaam with the objective of helping TEITI Secretariat and MSG to develop their action plan for collecting and disclosing beneficial ownership information including, developing a definition of beneficial owner, setting ownership thresholds, and drafting the template to be used in collecting information.

TEITI re-advertised Expression of Interests (EoI) for recruiting a consultant who will conduct a legal review to inform on approach for disclosing those individuals owning stakes and benefiting from Tanzania's minerals, oil and natural gas resources on 8<sup>th</sup> May 2015. Two firms expressed interests, both from Tanzania. The evaluation team carried out an assessment and recommended MM Attorneys to the Ministerial Tender Board (MTB). On 25<sup>th</sup> June 2015 MTB agreed that the firm be requested to submit a combined Technical and Financial proposal. On 18<sup>th</sup> August 2015 technical and financial proposal were submitted for assessment and subsequent process for awarding contract. A draft contract was submitted to the AG for review and clearance on 22<sup>nd</sup> December 2015. The contract was finally cleared by the AG on 31<sup>st</sup> December 2015 and on February 4<sup>th</sup>, 2016, it had been signed by both parties. In March 2016, the firm submitted the inception report describing depth of the assignment and methodology on how data will be collected. The report was approved during 62<sup>nd</sup> MSG meeting.

### **Requirement 2.2 : Licence allocations**

During the period under review, MEM has been working to establish open registry for licenses to identify beneficial ownerships and to include names of individuals who own mineral rights for non-public traded companies. The MEM maintains open mineral rights registry, both in hard copies and digital database known as the Mining Cadastre Information Management System (MCIMS). The MCIMS is a rules-based system aligned with the Mining Act 2010. Mineral rights are granted on a first-come, first-served basis. Information on tenements with details such as owner of exploration and mining license(s), license number(s), operator, location, type of resources and geographical coordinates can be accessed in person at the Licensing Unit of the MEM, or by the online tenement portal at <http://portal.mem.go.tz/map>.

### **Requirement 2.3 :Register of licences**

To enhance transparency in mineral rights allocations, MEM launched Online Mining Cadastre Transactional Portal. Once registered, users can view their portfolio of licences, submit reports and update their personal and company contact details. Registered users are notified when they can apply for new tenements, undertake renewals, extensions, relinquishments and surrenders, as well as make online payments. See more at: <http://portal.mem.go.tz/>. The information in MCIMS is publicly available, but it is not inputted entirely in the Portal. Also, at this time, the information included in the register is not comprehensive as it relates to the identities of the beneficial owners of companies that hold extractive industry licenses and to the level of ownership. Work is on-

going and existing information in hard copy for large scale mineral licenses should be included in the portal by June 30, 2016. As of 2nd February 2016, there were 3,464 registered licenses in the portal for Division A, B and C out of 40,723 licenses in the Mining Cadastre Information Management System (A=Prospecting and Retention licenses; B=Mining License and Special Mining Licenses; C= Primary Mining Licenses). Number of all active licenses under Division B is 408 of which 98 were registered in the portal by the reporting date.

The portal also contains information on small scale mining licences. During the same quoted date there were 15,660 registered Primary Mining Licences (PML) in the portal out of 37,234 whose information are in the MCIMS. Each of the mining license, Division A, B and C in the MCIMS is represented by a polygons defined by geographic coordinates. The database is updated daily to show recently captured applications, expired licenses and other information.

A key step to complete the information available in the Portal is to address the legal issues surrounding divulgation of beneficial ownership. The procurement of a consultant for a legal review assessing areas in existing legislation that may be restricting disclosure of individuals and non- publicly listed company shareholders who benefit from extractive industries receipts will contribute to achieving that step. The contract has been signed in February 2016.

The detailed information on legal framework and fiscal regime (Requirement 2.1) and state participation (Requirement 2.6) during the period under review can be accessed in the two reports.

#### **Requirement 4.6: Subnational payment**

Extractive companies Payments to subnationals which are located in districts with mining, oil and gas operations are made in accordance to the Local Government Finance Act, 1982. This law requires any company operating in the district jurisdiction to pay service levy at a rate of 0.3 percent of net turn over of value added tax and excise duty. Details of payments made to subnationals which host mining, oil and gas operations are also disclosed in the two EITI reports.

#### **Requirement 5.2: Subnational transfers**

In Tanzania all revenues including those from extractive industries are centrally collected by the Ministry of Finance. The Ministry of Finance (MoF) on quartely basis releases publication on allocation of funds to Local government authorities based on agreed criteria, one of them being size of population. However, following recent discoveries of natural gas, in 2015 the Government established the Oil and Gas Revenue Management Act. This law provide fiscal rules which regulate transfers of oil and gas revenues to Subnations that host oil and gas operations. Section 17 (3) states that Local Government authorities (subnationals) to which oil and gas activities are undertaken shall receive revenue from service levy of the oil and gas as shall be approved by the National Assembly. Also Section 17 (4) empower the Minister for Finance in consultation with Minister responsible for local government to make fiscal rules for local governments to guide expenditure and saving.

#### **Requirement 5.3: Revenue management and expenditures**

During the period under review, MEM held several meetings with PMORALG on utilization of receipts from extractive industries by receiving district councils. The objective of the discussions was to develop a framework of cooperation between companies and district authorities that collect service levy to ensure receipts are utilized on projects that have benefits to communities. Substantial progress has been made and the next TEITI report will disclose the utilization of receipts from the companies at the district-level.

In the implementation of the requirement 5.3, TEITI in collaboration with Policy Forum conducted workshops on social accountability to empower communities to demand accountability on expenditures of extractive revenues on 22<sup>nd</sup> to 28<sup>th</sup> June 2015 in Lindi region and on 9<sup>th</sup> to 14<sup>th</sup> July 2015 in Mtwara region. The workshops aimed to improve the capacity of communities, local councillors and CSOs to oversee collection and use of revenues from extractive industries. The workshops were attended by forty (40) participants in Mtwara and thirty seven (37) in Lindi.

#### **Requirement 6.1: Social expenditures by extractive companies**

In both reports 2013 and 2014 the Independent Administrator acknowledged social payments are not mandated by law in Tanzania. However, companies through their Corporate Social Responsibility (CSR) contribute to communities around operations in different forms. Noting the difficulties of reconciling social contributions, MSG agreed to include social payments in the reports for information purposes only. Although these expenditures were not reconciled, they provide useful information that beneficiaries may wish to follow-up with district government officials. Efforts will be made to reconcile CSR expenditures in future reports.

### ***Outcome 2: Increased Understanding and Awareness of TEITI***

#### **Requirement 7.1: Public debate**

MSG recognise that regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, or public debate about how resources can be used effectively.

During the reporting period TEITI conducted several outreach programs in communities which are close to mining, oil and gas operations. Since it is not feasible to cover the entire country given its huge size and limited resources, focus was directed to communities that are directly impacted by extractives operations. In order to ensure active participation of communities, outreach programs were arranged in such a way that companies and Government officials were present to respond to participant's queries. In this way, it was possible to achieve healthy debates on burning issues related to environment and benefits to communities. The following are some of the selected outreach activities conducted:

- i). A workshop to the business and financial journalists was conducted on 7<sup>th</sup> May 2015 at Bahari Beach Ledger plaza with the goal of increasing awareness on EITI reports and enhancing the use of information within

TEITI Reports. The knowledge acquired has enabled the journalists to produce analytical writings that has increased public awareness. This was evident by wide coverage of TEITI reports in the media following the workshop. Most of the journalists published in newspapers at least one article on the report both in Kiswahili and English language. For instance, Mr. Elias Msuya wrote an article with Mtanzania newspaper on 4<sup>th</sup> December 2015, on 7<sup>th</sup> December 2015 Mr. Juatin Damian with The African newspaper, on 8<sup>th</sup> December 2015 Mr. John Kulekana with Daily News, on 9<sup>th</sup> December 2015 Mr. Nuzulack Dausen with Mtanzania newspaper and the Citizen newspaper.

- ii). Two TEITI staff participated in international exhibitions at the 39<sup>th</sup> Dar es Salaam trade fair on June 28-July 8, 2015. TEITI utilized such valuable moment to exchange views with the public who visited the pavilion which eventually TEITI get to know their interest and understand where to put more emphasis during the dissemination campaigns. TEITI also participated in Public Service week held from 15<sup>th</sup> to 23<sup>rd</sup> June 2015 and Farmers' Day held from 1<sup>st</sup> to 8<sup>th</sup> August 2015 in Lindi Region.

The TEITI promotion materials were produced and distributed during the events. These include: 500 TEITI Reports, 1500 TEITI fliers, 1000 TEITI T-shirts and Caps.

### ***Outcome 3: Enhanced legal and institutional framework for EITI implementation***

The Tanzania Extractive Industries (Transparency and Accountability) Bill of 2015 was for the first time presented and read at the National Assembly in Dodoma on June 16, 2015. The Bill was then circulated and shared with the TEITI MSG, Development Partners (DPs) and various other stakeholders. The TEITI MSG held special meetings where members scrutinized the Bill and proposed amendments. The lead DP-Extractive Sector Working Group (ESWG) participated and views of DPs were discussed and included .

On the 24<sup>th</sup> June 2015, a public hearing was called by the Parliamentary Committee for Energy and Minerals in Dodoma for the purpose of collecting views and comments on the Bill. Diverse groups of stakeholders participated in the hearing including members of MSG, TheOil, Natural Gas and Environmental Alliance (ONGEA), Natural Resources Governance Institute (NRGI), Tanganyika Law Society (TLS), Police Forum, HAKI MADINI, Interfaith organization - representing CSOs. The industry was represented by Statoil, British Gas (BG) Tanzania, Oil and Gas Association in Tanzania (OGAT), Maurel & Prom, Exxon Mobil and Development Partners (DPs) side a representative from Royal Norwegian Embassy attended. All the groups that were present made presentation of their proposed amendments on the Bill and presented the same in writing to the Clerk of National Assembly Office.

On 6<sup>th</sup> July 2015, the Minister for Energy and Minerals presented TEITI Bill alongside with its schedule of amendments reflecting some of the comments presented by TEITI-MSG and other key stakeholders to the Parliament for the second reading. The Bill was discussed and was successfully passed.

**Assent by the President :**

The President of the United Republic of Tanzania assented The Tanzania Extractive Industries (Transparency and Accountability) Act, 2015 making it a law on 4<sup>th</sup> August 2015 and the law came into force on 16<sup>th</sup> October, 2015 after being gazetted (Government Notice No. 455 of 2015).

**TEITA Regulations:**

The first phase in the preparations for the TEITA regulations started in September 2015 when TEITI held a working session between the MSG and key CSOs with objectives of identifying sections in the Act that requires regulations. Output report of the working session will guide the subsequent process of the writing of the regulations.

A task team for preparations of Regulations comprises of State Attorneys from Attorney General Chamber, Legal Department of the MEM, Mineral Department, Energy Department and representatives from CSOs and Industry constituency of MSG will start work early January 2016. The regulations are expected to be ready and published by October 2016 .

Draft regulations are expected to be submitted to MSG for review and published by April 2016 and, it will be followed by validation workshop organized by MSG in June 2016. The aim of the workshop is to engage and solicit inputs from other CSOs and stakeholders outside TEITI. Output of this workshop would be revised draft regulations that have endorsement of MSG for the subsequent steps of Government considerations and completing process of writing regulations. The regulations are scheduled to be gazetted by end of October 2016.

***Outcome 4: Increased capacity, skills and knowledge of TEITI Secretariat and Multi-Stakeholder Group***

In order to increase effectiveness of implementation of EITI activities, during the reporting period MSG and Secretariat participated in a number of programs for enhancing capacity and knowledge as follows:

- i). MSG and Secretariat hosted Ethiopian EITI delegation in Dar es Salaam on the 13<sup>th</sup>-21<sup>st</sup> January 2015. The objective of the visit was to share knowledge and exchange experience between two countries. Some of the discussions included implementation of EITI standards with focus on TEITI legislation and institutional set-up to ensure sustainability of EITI process. The mission also held meetings with the Ministry of Energy and Minerals Licensing Unit, Tanzania Mineral Audit Agency, Civil Society Organizations and visited small scale mining operations in Mererani – Arusha.
- ii). **EITI International Secretariat Visit:** On 23<sup>rd</sup> – 24<sup>th</sup> March 2015 the International Secretariat paid a visit to TEITI and held separate session

with Development Partners, TEITI Secretariat, TEITI-MSG and the Permanent Secretary of Ministry of Energy and Minerals. The discussion included mainstreaming of EITI, strengthening Government Systems with EITI work and making a ground impact using TEITI data. Data visualization was among the topics discussed. the Secretariat urged the relevance of availing data in E-formats since it enables citizens and civil societies to use such data to make independent data analysis as well as creating stories out of the TEITI Data.

- iii). Two TEITI Staff attended training on data analysis, Monitoring and Evaluation on 25<sup>th</sup> to 29<sup>th</sup> May 2015 in Bagamoyo. The three day training was organized by Tanzania Global Learning Agency (TaGLA). The objective of this training was to equip participants with data capturing techniques, data analysis, and use of data in carrying out project monitoring and evaluation. Similarly, on 27<sup>th</sup> May 2015 one TEITI staff attended a workshop in Kinshasa. The workshop was organized by the World Bank in collaboration with International EITI Secretariat. The objective of the workshop was to discuss development of artisanal and small scale mining sub-sector and agree on best ways in regard to integrating artisanal and small miners (ASM) in EITI reporting. The workshop discussed a presented Technical Note that focused specifically on two Requirements of the EITI Standard, namely contextual data (Requirement 3), and disclosure of payments (Requirement 4) as starting points for including ASM information in EITI reports.
- iv). **3<sup>rd</sup> International Open Data Conference** in Ottawa, Canada. Titled “Enabling Data Revolution” the 3<sup>rd</sup> International Conference held on 25<sup>th</sup> - 29<sup>th</sup> May 2015 was designed as a platform to discuss a roadmap for the international open data community. The conference focused on key themes including the use of open data to solve practical problems, the creation of robust and reliable data infrastructures and the development of an open data landscape that is inclusive and accessible to all.
- v). **African Forum Panel Discussion-Nairobi**: One Officer from TEITI Secretariat participated in a two day discussion which was organized by American Association on 4<sup>th</sup> -5<sup>th</sup> June 2015 in Nairobi, Kenya. The objective of the meeting was to enable lawyers share experiences on laws and policies that govern the energy sector. on development of a number of legal and regulatory interventions, which seek to provide the foundation for development of the nascent extractive and energy sectors. The forum earmarked East African regulatory and legal frameworks that are meaningfully addressing the needs of all stakeholders involved in the mineral and petroleum sectors, from the local communities and workers to multinational corporations and foreign governments. The panel provided overview of the international and regional legal regimes governing the extractive and energy sectors as well as highlights of ongoing developments on the African continent
- vi). Two TEITI staff participated in National Coordinators and Communication Officers’ meeting which took place on August 18<sup>th</sup> – 20<sup>th</sup>, 2015 in Accra, Ghana. The meeting aimed at exchanging and sharing experiences among the African EITI implementing countries. Amongst other things, the key



objectives of the meeting were to:

- a) Identify gaps in existing EITI reporting compared to requirements of the EITI Standard, as well as explore different remedial actions necessary for countries approaching Validation and defining timeframes for filling such gaps.
  - b) Discuss the value of the EITI process for each stakeholder group by identifying how work plan objectives can be better used to support national priorities for the extractive sector and explore whether EITI reports contain the necessary data for achieving those objectives.
  - c) Conduct analysis of EITI Reports with a view to formulate recommendations for reform. Develop action plans for ensuring that the recommendations are conveyed to the right stakeholders and potentially implemented.
  - d) Establish an informal regional network of NCs and MSG members to collaborate on addressing common challenges and establish broader mechanisms for peer learning.
- vii). **Africa Open Data Conference:** The Inaugural African Open Data Conference was held in Dar es Salam, Tanzania between 2-5 September, 2015. The open data conference was a follow-up to a high level Conference held in Addis Ababa on 25-29 March, 2015, which gave birth to **Africa Data Consensus**. The consensus was created as an African Open Data revolution to empower and enlighten African citizenry, requesting more action from their government and a road map for Country-led Data Revolution recommendations. The open data conference aimed to bring together stakeholders in the data industry in Africa from government to the private sectors, NGOs, international development agencies and citizens to discuss progress and achievements of open data, and to educate as well as determine the next line of actions. There were discussions on strategies for the harmonization of actionable data in Africa, open data readiness assessment, and open data toolkits as well as training and empowerment with necessary support for the next generation of open data specialists in Africa.
- viii). On 14<sup>th</sup>-16<sup>th</sup> September 2015 three (3) MSG Members and two (2) Secretariat staff participated in peer learning program in Seychelles organized by Seychelles EITI Secretariat in collaboration with World Bank. The Tanzanian delegation was invited as the focused group, as observed by the Seychelles Minister of Finance Trade and Blue Economy Hon. Jean Paul Adam in his opening remarks that Seychelles is regarding Tanzania as its role model in EITI implementation. The program was designed to promote experience and knowledge sharing on EITI implementation between the three countries, while the main focus was on:
- a). The Seychelles EITI-MSG were keen to learn from Tanzania EITI-MSG the achievements in the EITI implementation. Seychelles is at the sign up stage of EITI Implementation, in which its MSG was still assessing the potential consequences, both positive and

negative, of this new process in their country.

- b). Lessons learnt from Tanzania CSO, especially on addressing issues that were omitted in the beginning of the process but eventually proved to be important.
  - c). Modes of engagement of the Civil society and Government to ensure transparency and accountability in this process.
  - d). Effective approaches that TEITI is using to communicate the EITI with the public.
  - e). Legislative Framework for EITI Implementation, Secretariat Operations, and stakeholders' engagement in the EITI and challenges and opportunities relating to preparing the EITI Reports.
  - f). experiences on Tanzania extractive company's participation in previous EITI data reconciliation and reporting.
- ix). One MSG member attended media training on oil, gas and mining in Tanzania on November 30 - December 2015 in Dar es Salaam. The training was organized by Journalist Environment of Association of Tanzania (JET). The objective of the training was to bring together journalists from various media houses to discuss on issues related to recent development on the management of oil, gas and mining in Tanzania. During the training the MSG member presented a topic on Natural Resource Governance /EITI.
- x). **TEITI-MSG Beneficial Ownership Workshop:** Natural Resource Governance Institute (NRGI) and Global Witness facilitated on a one day workshop to MSG Members with a goal of building capacity amongst MSG Members on Beneficial Ownership. Tanzania EITI was selected amongst eleven EITI countries to participate in the pilot project for reporting the beneficial owners of extractive industries. EITI Standard 2013 encourages member's countries to report on BO of the proceeds of extractive industries operations. During the workshop MSG discussed the level of materiality for disclosure of Beneficial Owners in extractive industries in Tanzania. However, it was decided to wait completion of the legal review study undertaken by independent consultant which will inform among others recommend on level materiality. The report is expected to be completed in September 2016. In the meantime, MSG is working on roadmap fr BO to meet deadline of January 2017.
- xi). Also TEITI - MSG chairperson together with one TEITI secretariat staff participated in Beneficial Ownership Workshop on 16<sup>th</sup> March 2015 in London. The objective of the workshop was to bring together representatives from implementing countries working on the EITI beneficial ownership pilot project so as to consolidate experience with beneficial ownership transparency, including discussing challenges and emerging good practice with beneficial ownership disclosures.

Other data were also captured and reported in the respective fiscal years to meet requirements as follows: public debate (R 7.1) ; data accessibility (R 7.2) and discrepancies and recommendations from EITI reports (R 7.3).

### 3. Assessment of Performance Against EITI Requirements

**Table 2**

Requirements	Progress
<b>Requirement 1:</b> Oversight by the multi-stakeholder group.	The implementation of EITI in Tanzania is in good progress under the oversight of MSG which meets monthly to make decisions. Members of MSG participate in public outreach workshops and engage in public debates on extractives governance.
Requirement 4.1: Data Timeliness	Tanzania has failed to comply with this obligation due to the delays in procurement of the Independent Administrator as a result the 2012/13 and 2013/14 TEITI Reports were published on November 27th, 2015 hence missed set deadline which resulted into temporary suspension from EITI Membership. Tanzania was given up to 30 <sup>th</sup> December 2015 to complete the reports or failure to meet the second deadline would result to termination from the membership. However, the reports were published on 27 November 2015, and the suspension was lifted on 17 <sup>th</sup> December 2015.
Requirement 3: Exploration and production and contextual information about the extractive industries	The 5 <sup>th</sup> and 6 <sup>th</sup> TEITI Report and previous reports included data on exploration, production exports sales and contextual information on legal and regulatory framework. The two reports can be accessed through <a href="http://www.teiti.or.tz">www.teiti.or.tz</a> .
Requirement 4: Revenue collection	MSG reviews materiality threshold in each EITI reporting period to ensure that significant payments (including those from new corporate entities) are included in the reporting.  Reporting entities (both extractive companies and statutory recipients of government revenues) selected to participate in EITI reporting do comply as requested except few that may have closed operations and left the country as explained in the 2013 and 2014 reports.
Requirement 5: Revenue allocations	The Cabinet through the Minister for Finance (MoF) has a lead role to play in the budget process in Tanzania, ensuring its approval by the National Assembly. Budget formulation normally takes place from November to May each year, with MoF setting budget policy and making resource projections. In this period, Budget Guidelines Committee consisting of MoF, Public Service Management, and the Prime Minister's Office - Regional Administration & Local Government issues Planning and Budget Guidelines, MoF discusses with all departments on estimates of revenues and expenditures, Parliamentary sub-committees and Inter-ministerial Technical Committee scrutinize estimates and Cabinet approves estimates. Between

	<p>June and August, the National Assembly scrutinizes, debates, and if satisfied passes the budget into law. After the parliamentary approval, funds are released to government ministries, departments and agencies (MDAs), which must use the funds for their programs from July to June every year. The Controller and Auditor General (CAG) audits the accounts of MDAs and submits audit reports to the National Assembly. CAG has the power to subpoena officials in order to obtain information and the failure to withhold information by government officials constitutes a criminal offense.</p>
Requirement 6: Social and economic spending	<p>In both reports 2013 and 2014 the Independent Administrator acknowledged social payments are not mandated by law in Tanzania. However, companies through their Corporate Social Responsibility (CSR) contribute to communities around their areas of operations in different forms. Noting the difficulties of reconciling social contributions, MSG agreed to include social payments in the reports for information purposes only. Although these expenditures were not reconciled, they provide useful information that stakeholders may wish to follow-up with district government officials. Efforts will be made to reconcile CSR expenditures in future reports.</p>
Requirement 7: Outcomes and impact	<p>The lessons learned from EITI reporting and what MSG is doing to address concerns raised is provided in Appendix 2.</p>

#### 4. Overview of Multistakeholder Group responses to the Recommendation from Independent Administrator on 2013 and 2014 TEITI reports

IA's Recommendation	Description of Actions Undertaken
<p><b>Tanzania EITI Suspension:</b> As of September 2015, Tanzania has been suspended from EITI because of delaying to publish the Fourth (2012/2013) Report on time as required by the EITI Standard. We understand that this delay in reporting was caused mainly due to the significant delays in procuring the services of the independent administrator. The TEITI law should be fully operationalised in order to ensure that this does not happen again.</p>	<p>MSG has pushed for development of TEITA Act 2015, which provide the committee with mandate to oversee the operations of the MSG including the procurement of the IA. Future procurement will be handled by the MSG as per section 17 of the Act.</p>
<p><b>Need for more awareness of EITI</b></p>	<p>TEITI has procured a consultant from</p>

<p><b>and TEITI law of 2015:</b> We have noted the need for TEITI to increase their efforts to educate the public and the companies about the EITI in Tanzania. We noted several companies were not aware of the EITI process and the TEITI law. This should be fixed by more public awareness campaigns and training workshops.</p>	<p>African Image to design a number of Billboards, Spot TV adverts, 300 Radio programme adverts, and 4 Documentaries on EITI implementation. TEITI plan to undertake strategic campaign using the mentioned products to raise public awareness and debate on how transparency on management of natural resources can contribute to social &amp; economic development.</p>
<p><b>VAT Refunds.</b> Significant amounts are refunded to extractive companies. We recommend that the MSG should include VAT refunds as a financial flow in the future reports to help capture the refunds for VAT being made to extractive companies</p>	<p>Future reports starting from 2015 report will include VAT refunds and treat as separate financial flow.</p>
<p><b>Ministry of Energy and Minerals recommendations :</b> Several delays were caused to the reconciliation due to insufficient contact details maintained in the mining cadastre at the Ministry of Energy and Minerals. We recommend that the MEM should enforce the requirement for extractive companies with mining licenses to provide quarterly returns to the Ministry to enable keep the registry up to-date with the latest details for the license holders.</p> <ul style="list-style-type: none"> <li>• We recommend that the TEITI secretariat should be given online access to the mining cadastre at the Ministry of Energy and Minerals. This will enable quick extraction of information regarding licenses and other details of the extractive companies.</li> <li>• We recommend that Tax Identification Numbers for all license holders should be included in the mining cadastre at the MEM. This will enable quick comparison of TRA receipts data and license holders during the scoping phase of the TEITI reconciliations.</li> </ul>	<p>MEM has commissioned online transactional mining cadastre portal (OTMCP) where all mineral right holders are required to register on this portal. The portal allow the registered users to view their portfolio of licences, submit reports and update their personal and company contact details. Registered users are notified when they can apply for new tenements, undertake renewals, extensions, relinquishments and surrenders, as well as make online payments.</p> <p>TEITI secretariat has consulted MEM and requested direct access to the portal.</p> <p>TEITI secretariat has communicated with MEM and requested the Ministry to include TIN in the mining cadastre as well in the oil and gas register.</p>

<p><b>Online Reporting Portal;</b> As has been done by other countries, TEITI secretariat should consider development of an online portal so that reporting can be done by the extractive companies periodically throughout the year using the same. The portal would be used by the extractive companies to report monthly and quarterly production and sales as well as payments being made to the government and when this happens.</p>	<p>MEM is in process of expanding the functionality of the OTMCP which should allow for the design and implementation of an eGovernment solution that will provide a central repository to record, store, manage and report on related extractives data. The TOR has included TEITI online reporting. The TEITI online reporting by extractive companies will include tax payment by type, sales, production, Corporate Social Responsibility payment, Local content, capital Expenditure on every stage of Investment and other TEITI data on reporting template.</p>

## 5. Specific Strengths or Weaknesses Identified in the EITI Process

### a) Strengths

- EITI is increasingly getting mainstreamed in the administration of extractive industries in Tanzania. Policy makers have included transparency and accountability in key policy and legal documents for managing extractive industries, namely: The Petroleum Act, 2015; The Oil and Gas Revenue Management Act, 2015 and The Tanzania Extractive Industry (Transparency and Accountability ) Act, 2015.
- TEITI has contributed to the on-going dialogue on contract disclosure in the extractive industries. In view of the importance of open and transparent process on contracts, TEITI Law that came into force in October 2015 provides mandate to MSG to request the Minister of Energy and Minerals to disclose Mineral Development Agreements (MDAs) and Production Sharing Agreements (PSAs) signed before and after coming into force of the respective Law. Also the law provides a provision for the MSG to determine confidential information in the contracts signed before 2015 that in view of the concerned party its disclosure may jeopardize competitiveness.
- In an effort to ensure sustainable management of the environment in relation to mining, oil and gas operations, the Tanzania Extractive Industries (Transparency and Accountability ) Act, 2015 Section 16(b) provides power to the TEITI committee to cause the Minister Responsible for the sector to publish environmental management plans to be carried by the extractive industries. This seeks to ensure compliance of extractive companies to mine closure plans and reinstatement of the areas used for mining, oil and gas operations.

### b) Challenges

- In consideration of interests expressed by the stakeholders to participate in the EITI process, MSG agreed to expand its structure to include forestry sector. However, MSG recognize preparation of Regulations is still underway and therefore the process of including forestry will be delayed.
  - Tanzania is a large country with total land area of 945,203 km<sup>2</sup> and with a population of approximately 47.2 million people.(National Bureau of Statistics (NBS), 2014). In view of this constraint, it has been a challenge to reach physically on each district when undertaking of sensitization and awareness raising programs. In recognition of this challenge, a consultant African Image Production Limited was hired on 28<sup>th</sup> June 2013 to prepare communication products(TV and radio adverts, documentaries and billboards). This assignment was made possible through assistance of the Royal Norwegian Embassy (RNE) to TEITI. This task is yet to be completed due to delays in disbursement by RNE.

TEITI is also considering to use the aid of available online visualization programs (i.e. open data, display of EITI data by using dashboards, and info graphics) to enable public to have an access on EITI data. Once the online infrastructure is developed, the method of using visualization programs can be

sustained considering that it is cost effective and it is a supplement to the use TV and radio adverts, billboards, documentaries, workshops, and conferences to disseminate information.

- **Procurement delays:** At present TEITI is supported by the procurement unit under the Ministry of Energy and Minerals. Experience has shown that the unit is not sensitive to assignments that have tight deadline such as productions of EITI reports.. This cause delays in the implementation of TEITI activities.

## 6. Total Costs of Implementation

TEITI Secretariat is responsible for day-to-day TEITI operations and has a team of tentechanical staff. Sources of funding for implementing activities in the Workplan for the reporting period are : the GoT, the Canadian Government, and the European Union. The 5-year workplan provides financial needs for FY 2012 to 2017. In the FY 2015/16, funding commitments from GoT is TzS 1.65 billion (but so far the amount which has been disbursed is 18.79% of the total committed budget) DFATD CAD \$500,000, and European Union €150,000. The Canadian Government committed CAD \$500,000 in March for each year until June 2017. MSG is grateful for the support and for the assistance of all other partners contributing to the operations and achievements of TEITI through financial or technical support.

### 6.1 Disbursements and Utilization of Funds

In the last progress report which covered November 2014 – February 2015, it was reported that the 2<sup>nd</sup> disbursement was received in November 2014 in TEITI account for reasons explained in that report. In normal circumstances, funds are received not later than April of respective year of disbursement. This delay had significant effect to activities that were schedule to start at the beginning of the fiscal year 2014/15. In view of the delay, activities that could not be completed in the government fiscal 2014/15 were allowed to roll to the next fiscal year 2015/16. **Table 1:** provide statement of utilization of funds issued under the 2<sup>nd</sup> disbursement for activities performed from November 2014 – June 30, 2015.

Table 2: provide statement of utilization of funds issued under the 3<sup>rd</sup> disbursement for activities planned for fiscal 2015/16. One of the priority activity planned in this reporting period is production of two TEITI report for 2012/13 and 2013/14 before December 2015. This was one of the measures taken to address possibilities of missing reporting deadlines in future to avert suspension. Other important factor that was taken into consideration was to make TEITI reports more relevant and interesting to readers by presenting data that are most recently generated from the industry and Government.

However, during the period under review there were few activities that were postponed at the initial of starting up implementation on separate reasons as explained here below:-

S/N	Activity	Justification	Reasons for postponement:
i)	Commission a study to	This stems from	TEITI realized that this



	establish supply chain of mineral exports (destinations) from Tanzania.	public outcry and analytical work which was conducted by the World Bank which revealed mismatch of information declared in custom forms against destinations	activity would require collaboration of local and international actors to make the study successful, something which is quite challenging. It was decided to ask extractive companies to disclose in reporting template f.
ii)	Undertake study on local supply chain in mining, oil and gas to determine local content	To identify policy intervention areas for assisting local business to develop capacities for supplying goods and services which are imported at present by extractive companies.	GoT and Business Council decided to provide mandate to the National Economic Empowerment Council to lead Management and Coordinate Local Content in Tanzania. Following this change, TEITI is developing collaboration with NEEC to enhance transparency in the implementation of LC in the extractives.
iii)	Conduct a study on CSR contribution based on Bomani report that will lead to reconciliation of disclosed CSR payments	This was not a study; rather an activity intends to disclose CSR contributions and service levy payments made by mining, oil and gas companies to 17 district councils which hosts extractive operations.	TEITA Act, 2015 provide mandate for MSG to require companies to report CSR and Service levy. In this regard, CSR expenditures have been reported recently published in TEITI reports. Plans are underway to reconcile the payments in future reports.
iv)	Selection of TV and Radio for airing spot TV adverts, Radio programmes, documentaries	Strong need of using various media to reach the public in order to effect increased public understanding of EI revenues, utilization of receipts at district level, stirred public debates on EI resources revenue management,	Execution of this task was not possible as communication materials made under the assistance of the Royal Norwegian Embassy (RNE) in Dar es Salaam were not ready due to delays in disbursement. The execution of this task has been planned in Programme Estimate II

v)	hiring space and negotiate rates payment of rental fees for billboards and adopt-a-light in four districts	Strong need of using various media to reach the public in order to effect increased public understanding of EI revenues, utilization of receipts at district level, stirred public debates on EI resources revenue management,	Execution of this task was not possible as communication materials made under the assistance of the Royal Norwegian Embassy (RNE) in Dar es Salaam were not ready due to delays in disbursement. The execution of this task has been planned in Programme Estimate II
vi)	Commission a study to assess legal and technical feasibility for consideration of automated online disclosure of extractive revenues and payments by Government and companies on a continuous basis.	Based on the need to make efficient and effective the services offered by the government and communications to the citizens through web operating systems	MEM launched Online Mining Cadastre Transactional Portal. Once registered, users can view their portfolio of licences, submit reports and update their personal and company contact details. Registered users are notified when they can apply for new tenements, undertake renewals, extensions, relinquishments and surrenders, as well as make online payments

Table 1: GAC : Statement of funds utilized for TEITI support under the 2<sup>nd</sup> disbursement for the period November 2014 to June 2015

<b>DFATD: Statement of funds utilized for TEITI Support under the 2nd Disbursement for the period of November 2014 to June 2015</b>				
<b>Figures in CAD ( Exchange rate: Tzs 1600)</b>				
<b>No.</b>	<b>Planned Activities</b>	<b>Allocated Budget</b>	<b>Expenses Incurred</b>	<b>Balance Available</b>
	<b>Opening balance</b>			<b>157,498.35</b>
1	Preparation and production of 4 th TEITI reports.	85,000.00	88,764.64	(3,764.64)
2	Launch of 4th report	10,000.00	11,118.04	(1,118.04)
3	Translation of 4th report into Kiswahili and printing	82,853.35	93,918.43	(11,065.08)
4	Advertising of Bid to hire Independent Renconciler-5&6 report	0	12,523.75	(12,523.75)
5	Initial data collection for scoping study-5&6 reports	0	11,779.50	(11,779.50)
6	Establish open registry for licensing to identify beneficial ownership	89,000.00	51,915.71	37,084.29
7	Commission a study to establish supply chain of mineral exports(destinations) from Tz	75,500.00	0	75,500.00
8	Engage EI companies and government in reaching concensus on establishing open contracts registry	89,000.00	16,867.09	72,132.91
9	Undertake study on local supply -chain in mining,oil and gas to determine local content potential and gaps.	89,000.00	0	89,000.00
10	Conduct workshop to Directors and District Treasurers of 17 district councils that host mining , oil and gas operations on disclosure of receipt expenditure and CSR contributions that host mining , oil and gas operations	0	11,687.50	(11,687.50)
11	Conduct a study on CSR contribution in a view to implement Bomani Repor recommndation that will lead into CSR disclosure and reconcilliation	48,145.00	0	48,145.00
12	Train 200 parliamentarians on EITI	90,000.00	23,745.63	66,254.37
13	Organize three (3)Outreach events to District Executive Directors on disclosure of CSR, local content and expenditure of revenues from extractive companies	0	40,652.80	(40,652.80)
14	Produce promotional materials annually: 3000 Stickers, 3000 fliers, 3000 pens, 5000 T-shirts, 2000 bags with TEITI slogan, 2000 paper folders	0	63,832.97	(63,832.97)
15	Development of M&E Framework	0	7,182.06	(7,182.06)
	<b>Remaining balance ( as of 30th June 2015)</b>	<b>658,498.35</b>	<b>433,988.12</b>	<b>224,510.23</b>

Table 2: GAC : Statement of funds utilized for TEITI support under the 2<sup>nd</sup> disbursement for the period July 2015 to March 2016

<b>DFATD: Statement of funds utilized for TEITI Support under 3rd Disbursement for the period of July to January 2016</b>				
<b>Figures in CAD ( Exchange rate: Tzs 1600)</b>				
<b>No.</b>	<b>Planned Activities</b>	<b>Allocated Budget</b>	<b>Expenses Incurred</b>	<b>Balance Available</b>
	<b>Opening Balance ( as of 1st July 2015)</b>	<b>224,510.23</b>		<b>224,510.23</b>
1	Complete scoping study-5&6 report	80,000.00	94,925.63	(14,925.63)
2	Train 65 reporting entities including CAG Staff in completing reporting templates for 5&6 report	30,000.00	26,112.50	3,887.50
3	Collect payments and receipts data to conduct reconciliation, production and printing of 5&6 reports.	200,000.00	380,436.27	(180,436.27)
4	Launch 5th and 6th TEITI reconciliation report and publish the report.	20,000.00	0	20,000.00
5	conduct public outreach and Translating of 5th and 6th report reconciliation report into kiswahili and Brail Language and	50,000.00	0	50,000.00
6	Establish open registry for licensing to identify beneficial ownership	0	96,398.67	(96,398.67)
7	Engage EI companies and government in reaching concensus on establishing open contracts registry	0	19,390.93	(19,390.93)
8	Orientation and training for new MSG and CSOs in extractive industries value chain and their role in the administration of natural resources	80,000.00	-00	80,000.00
9	Gender Workshop to raise awareness on women participation in Eis local content	40,000.00	-00	40,000.00
	<b>TOTAL</b>	<b>724,510.23</b>	<b>617,264.00</b>	<b>107,246.23</b>

Table 3 provide Statement of fund utilization for TEITI support under EU (Programme Estimate I) -July 2014- January 2016

**Table 3**

<b>EU- Statement of funds utilized for TEITI Support under Programme Estimate I for the period of July 2014-January 2016</b>				
Figures in TzS				
No.	Planned Activities	Allocated Budget	Expenses Incurred	Balance Available
1.1	Airtime for spot TV adverts, Radio programmes, documentaries	80,000,000	0	80,000,000
1.2	Rental fees for hiring space for billboards and adopt-a-light in four districts	65,000,000	0	65,000,000
1.3	Training for civil society in the use of data generated by EITI reports	75,070,000	44,231,827	30,838,173
1.5	Procure consultant to design and print full and short version of 7th TEITI reconciliation reports(English and Swahili versions), and infographics	50,000,000	0	50,000,000
3	Operational costs: Rent payments for TEITI offices and Staff Salary	348,788,190	347,296,572.94	1,491,617
	<b>TOTAL</b>	<b>618,858,190</b>	<b>391,528,400</b>	<b>227,329,790</b>

NOTES: *The remained balance of **TzS 227,329,790.06** was cancelled on 14 January 2016, following expiration of Programme Estimate (PE) I. This amount was budgeted to meet costs of raising awareness of transparency of extractive industry through TV and radio programs and bill boards carrying specific messages. These communication products which were under preparation by a separate consultant African Image Publication through assistance of the Royal Norwegian Embassy (RNE) in Dar es Salaam were not ready due to delays in disbursement. The instalment amounting to 50% of contract sum was paid in January 2014. Since then there were no disbursement from RNE which led to stalemate of the assignment.*

## **7. Activities Carried out under G7 Tanzania Partnership**

The implementation of the G7 – Tanzania Partnership, which is a commitment beyond requirements under the EITI Standard, continued to strengthen implementation of extractive governance significantly. Realization of the objectives of the partnership requires institutional collaborations between the Tanzania Extractive Industries Transparency Initiative (TEITI) and respective public sector institutions whose roles and mandates directly or otherwise provide oversight of the extractive sector. Fourteen government agencies were identified on the basis of their roles in the administration of minerals, oil and natural gas sectors. Appointments of respective officers were made from these agencies with the objective of linking the TEITI work with those of their institutions.

During the period under review, most of the partner institutions have implemented activities that add value to the governance of the extractive sector.

These include : i) The passing of Whistle Blower and Witness Protection Act 2015 under the Prevention and Combating of Corruption Bureau (PCCB), which is intended to protect those who disclose corruption; ii) the adoption of the Oil and gas Revenue Management Act, 2015 under the Ministry of Finance (MoF) and the Tanzania Revenue Authority (TRA); iii) the formation of A Multi-disciplinary Contract Negotiating Team under the Prime Minister’s Office; iv) capacity building to address illegal logging and corruptions in the forestry sector under the support of the Finnish Government; v) the development of Portal for Online Application of Mineral Rights under the Ministry of Energy and Minerals (MEM); and vi) the disclosure of sources of funding received by civil society organizations.

The Government of Canada leads the coordination of G7 member countries in support of the partnership with the European Union (EU) provides funding to support activities under the TEITI. In March 2013, the Government of Canada committed CAD \$2,5million to support the Government of Tanzania in promoting transparency and accountability in the extractive sector until the 2016/17 fiscal year. The EU committed Euro 1 million in July 2014 to support the TEITI until the 2017/18 fiscal year. The TEITI Multi-Stakeholder Group (MSG) is grateful for this support. In addition to these financial supports, in September 2015, under the Sustainable Management of the Mineral Resources Project, the World Bank allocated US\$ 2 million to the Tanzania Revenue Authority (TRA), the Tanzania Mineral Audit Agency (TMAA) and TEITI to implement specific activities that contribute to transparency in the mining sector in the country. The funding is part of new US\$45 million loan to the Government of Tanzania from the World Bank.

In recognition of Tanzania’s efforts in promoting transparency and accountability in its extractive industries and after having attained EITI Compliant Status on December 12, 2012, the G7 countries committed to support Tanzania during the 39<sup>th</sup> G7 Summit in June 2013, which was held in Northern Ireland. The objective of the partnership is to support Tanzania to deepen transparency in the administration of its extractive industries in a manner which can contribute to the eradication of poverty.

During the consultations on G7-Tanzania Partnership, it was agreed that the partnership would be monitored and tracked through the TEITI-MSG. The TEITI-MSG includes representatives from the Government of Tanzania, civil society, and private companies. It was agreed that a review of progress would be made annually. This is the second report.

### **Objectives and Outcomes of G7-Tanzania Partnership**

The objective and outcomes of the partnership were set out for three years (2013-2016) as follows:

#### **Objectives**

1. Improved transparency in the extractive sector through increased public access to comprehensive, timely and quality information on Government revenue;
2. Increased disclosure of revenue allocation and spending;
3. Increased accountability leading to reduced actual and perceived corruption; and
4. Institutionalization and sustainability of EITI in Tanzania.

#### **Outcomes**

1. Increased awareness of the revenues generated from the sector (mining, oil and gas);
2. Greater assurance that all appropriate revenues are collected, reported and disclosed;
3. Greater appreciation of the contributions of the extractives sector to the country;
4. Reduced social and political tensions;
5. Improved predictable business environment; and
6. Improved stakeholder confidence.

During the period under review, Canada, as the lead of the G7-Tanzania Partnership on transparency in extractive industries agenda, facilitated meetings with identified lead coordinators amongst Development Partners in specific areas of the Framework of Key Commitments. The meetings were intended to assist the TEITI Secretariat in developing close collaboration with programs that are implemented by the fourteen stakeholders listed in the partnership document. The Secretariat successfully met with the following stakeholders: The Attorney General Chambers Office (AGC), the TMAA, the Tanzania Petroleum Development Corporation (TPDC), TRA, the Oil and Gas Association Tanzania (OGAT), the Tanzania Chamber of Minerals and Energy (TCME), the Ministry of Natural Resources and Tourism (MNRT), the National Environmental Management Council (NEMC), Civil Society Organizations (CSOs), the Prime Minister Office – Regional Administration and Local Governments (PMORALG),

The Secretariat could not meet the the PCCB, the Procurement Regulatory Authority (PPRA), the President's Office Public Service Management (POPSM), and the Energy and Water Utilities Regulatory Authority (EWURA) as there were occasions of overlaps between dates in which the meetings were proposed and schedule of work of responsible officer of the institutions. However, with the help of one development partner, the US Government reports on activities carried out by PCCB and PPRA were obtained as indicated in Annex 1. Secretariat is working out an approach to address the mentioned challenge to get implementation reports from all the government agencies that listed in the partnership. This will include physical visits to respective offices.

Focal points of the participating institutions have remained the same except for the TPDC where Mr. Yona Kilagane was replaced by Mr. Sudi Abdallah. The rest remained the same and they consist of the following: EWURA (Eng. Charles Stephen Omujuni), TMAA (Mr. Julius Z. Moshi), PPRA (Mrs. Monika Malikita), NEMC (Dr. Madoshi Makene), MNR (Mr. Albert Dede Sylvester), TCME (Eng. Emmanuel Jengo), TRA (Mr. Alfred Mregi), TPDC (Mr. Sudi Abdallah), OGAT (Ms. Kate Methley), PMORALG (Mr. Kharist M. Luanda, MoF (Mr. Alfred Missana), PCCB, POPS, and AG.

## **8. Planned activities for the 4<sup>th</sup> Disbursement: Fiscal year 2016/17**

The next fiscal year 2016/17 will be critical for TEITI as it will start working towards setting the required institution commensurate to mandate provided in the TEITA Act, 2015. Immediate tasks include development of structures and carry out staffing and job assessment to determine right qualifications and experience for recommended positions. TEITI plan also to prepare Regulations of the law during this period to facilitate its implementation particularly in areas that need guidance such as disclosure of licenses and contracts. In this same period of the fiscal year, Tanzania will be required to validate its process against the 2016 EITI Standard.

However, the following activities are considered priority for the GAC 4<sup>th</sup> disbursement and EU Programme Estimate II as they are directly responding to the mandatory requirements of the Standard which must be met. The TEITI Multi-stakeholder Group (MSG) is grateful for this support.

- (i). Complete Scoping Study (Budget estimate U\$ 50,000)
- (ii). Train 65 reporting entities including CAG staff and companies external auditors in completing reporting templates with special focus on previous reporting and lessons learned (Budget estimate U\$ 30,000)
- (iii). Collect payments and receipts data to conduct reconciliation and analysis of collected data to answer key questions on contribution of extractive industry (Budget estimate U\$ 100,000)
- (iv). Publish the Report and launch 7th TEITI report and (Budget estimate U\$ 10,000)
- (v). Translation of 7th report into info graphics in Kiswahili and English version and printing (Budget estimate U\$ 80,000)
- (vi). Collecting and disclosing Company Beneficial Ownership information in Extractive Industries and establish a beneficial ownership database for companies reported in 2013 and 2014 reports; produce legal report that analyse different ownership structure types of extractive companies that are incorporated in Tanzania; recommend amendments in the key laws governing companies where company registers are not publicly accessible and disclosure of beneficial ownership information is restricted; (Budget estimate U\$ 107,545)
- (vii). Operational charges: Rent payments for TEITI offices; (Budget estimate U\$ 118,901)
- (viii). Conduct training for CSOs in the use of data generated by EITI Reports (Budget estimate U\$ 44,300)
- (ix). Airtime for spot TV adverts, radio programmes, documentaries ; (Budget estimate U\$ 37,302)
- (x). Rental fees for hiring space for billboards and adopt-a-light in four districts (Budget estimate U\$ 32,640)



- (xi). Procure consultant to design and print 7<sup>th</sup> TEITI Report for outreach purposes (Budget estimate U\$ 39,500)

## **9. Other Sources of Funding**

In addition to these financial support, in September 2015, the World Bank allocated US\$ 2 million to support TEITI, the TRA and the Tanzania Mineral Audit Agency (TMAA) to implement specific activities that contribute to transparency in the mining sector in Tanzania through Sustainable Management of Mineral Resources Project. The funding is part of a new loan of US\$45 million borrowed by the Government of Tanzania from the World Bank. Also TEITI is among beneficiaries under Worldbank financed project on Energy Sector Capacity Building (ESCBP) aimed at human capacity development. A total of \$ US 200,000 were set aside to train MSG Members and Secretariat staffs on revenue streams and physical audit processes in the gas sectors and Financial Modelling.

## **10. Audit Arrangements**

The Secretariat works under MEM, thus subject to GoT financial regulations. Under MEM, TEITI funds are regularly audited by internal audit unit to inform MEM management on regular basis. Similarly, TEITI is supported by procurement unit under MEM for managing procurement of goods and services.

In addition, expenditures of TEITI are subjected to external audit on annual basis by the Controller and Auditor General (CAG). Pursuant to GoT financial control requirements, CAG has audited TEITI financial books for the period of July 2014 to June 2015. The audited report is expected to be completed this February 2016 and will be shared with TEITI stakeholders including DFATD.

## **11. Conclusion**

Implementation of EITI activities during the period under review focused on meeting workplan outcomes. The planned activities were strategically aligned to ensure stakeholders are fully engaged in dialogue about transparency on each segment of natural resource value chain. During this reporting period, MSG maintained its commitment to promote healthy public debates on how Tanzania's natural resources are managed and its contribution to the economy. Other efforts made include promotion of institutional collaboration with Government agencies that their role complement EITI implementation in the management of extractive industries. Parallel to MSG's efforts, the Government of the United Republic of Tanzania has continued take important steps to become an effective and accountable Government that promotes transparency, empowers citizens, fights corruption, and embraces the development of the private sector.

MSG commits to continue its efforts to enhance institutional collaboration with government institutions, CSOs, media, academic institutions, development

partners, and private sector to sustain transparency and accountability in Tanzania's extractive industries. Recognizing the important role of CSOs in contributing to vibrant public debates on resource governance, capacity building activities to CSOs and collaborations in conducting public outreach will be prioritised in coming years.

**Approved by MSG:**

**Date:**

## Appendecies

## Appendix 1-5 year TEITI Workplan

Outcome/KR A	EITI Standard/G7 commitment	Activities	Outcome and performance indicators	Time	Responsibility	Budget USD	Source	Status
<b>Outcome 1 : Increased Compliance in Disclosure of Payments and Revenues</b>	R2: The EITI requires timely publication of EITI reports	Publication of 5 <sup>th</sup> and 6 <sup>th</sup> Reports	Percentage increase of disclosed Government receipts from extractive industries.		Consultant/Secretariat/MSG			
		(i). Advertising of bid to hire Independent Reconciler	Percentage of recommendations and lessons learnt in the Reconciliation Reports that were addressed.	Q1 2015	Consultant/Secretariat/MSG			Completed
		(ii) Complete Scoping Study	Percentage of discrepancies identified in the Reconciliation Reports that were addressed.	Q1 2015	Consultant/Secretariat/MSG	64,000	GAC	Completed
		iii) Train 65 reporting entities including CAG staff in completing reporting templates with special module on review of previous reporting and lessons learnt	Percentage increase of knowledge on TEITI operations gained by companies and government agencies; measured by the number of reporting entities which attended	Q1 2015	Consultant/Secretariat/MSG	24,000	GAC	Completed

			reconciliation training workshop as percentage of total number of companies and government agencies participating in reconciliation exercise					
		(iv) Collect payments and receipts data to conduct reconciliation	Percentage increase in the number of extractive companies that pay corporate income tax per year which were selected for reconciliation exercise.	Q1 2015	Consultant/Secretariat/MSG	160,000	GAC	Completed
		(vi) Circulate draft reports amongst stakeholders for ascertaining recommendations related to reporting from 3rd and 4th TEITI Reports	Percentage of extractive companies participating in EITI reconciliation exercise that have paid district levy to local government entities; by category (both mineral sector and gas sector)	Q1 2015	Secretariat/MSG			Completed
		(vii) Launch 5th & 6th TEITI reconciliation report and Publish the Report		Q1 2015	Secretariat/MSG	16,000	GAC	Published on Nov2015
		(viii) Translation of 5th & 6th reconciliation reports into Kiswahili and Brail Language & printing of full report and short versions)		Q1 2015	Secretariat/MSG	40,000	GAC	
		Publication of 7th report						

		(i). Advertising of bid to hire		Q3 2016	Secretariat/			
		Independent Reconciler			MSG			
		ii) Complete Scoping Study		Q1 2017	Consultant/Secretariat/MSG	50,000	GAC	
		(iii) Train reporting entities in completing reporting templates		Q1 2017	Consultant/Secretariat/MSG	30,000	GOVT	
		(iv) Collect payments and receipts data to conduct reconciliation		Q2 2017	Consultant/Secretariat/MSG	100,000	GAC	
		(vi) Circulate draft report amongst stakeholders for ascertaining recommendations related to reporting from 5th and 6th TEITI Reports		Q2 2017	Secretariat/MSG			
		(vii) Launch 7th TEITI reconciliation report and Publish the Report		Q3 2017	Secretariat/MSG	10,000	GAC	
		viii) Translation of 7th reconciliation report into Kiswahili and Brail Language & printing of full report and short versions)		Q4 2017	Secretariat/MSG	100,000	EU	
		<b>Publication of 8th report</b>						
		(i). Advertising of bid to hire Independent Reconciler		Q1 2017	Secretariat/MSG			
		ii) Complete Scoping Study		Q3 2018	Consultant/Secretariat/MSG	100,000	GOVT	
		(iii) Train reporting		Q3 2018	Consultant/Secretaria	30,000	GOVT	

		entities in completing reporting templates			riat/MSG			
		(iv) Collect payments and receipts data to conduct reconciliation		Q3 2018	Consultant/Secretariat/MSG	100,000	GOVT	
		(vi) Circulate draft report amongst stakeholders for ascertaining recommendations related to reporting from 6th and 7th TEITI Reports		Q4 2018	Secretariat/MSG			
		(vii) Launch 8th TEITI reconciliation report and Publish the Report		Q4 2018	Secretariat/MSG	10,000	GOVT	
		(viii) Translation of 8th reconciliation report into Kiswahili and Brail Language & printing of full report and short versions)		Q4 2018	Secretariat/MSG	100,000	GOVT	
	R4.: The EITI requires to disclose Social Expenditures	Undertake study on local supply-chain in mining, oil and gas to determine local content potential and gaps			Secretariat/MSG			
		a) Preparation of ToR		Q2 2014	Secretariat/MSG			Completed
		b) Expression of interest, evaluation and contract signing		Q2 2016	Secretariat/MSG			
		c) Conduct study on local supply-chain in mining, oil and gas to determine local content potential and gaps		Q3 2017	Consultant/Secretariat/MSG	71,000	GAC	
		Implement		Q2 2018	Secretariat/MSG	60,000	GOVT	

		recommandations from a study study on local supply-chain in mining, oil and gas to determine local content potential and gaps						
	R3: The EITI encouraged contracts disclosure	Engage EI companies and Government in reaching concesus on establishing open contracts registry .			Secretariat/MSG	91,000	GOVT	
		a) Conduct two (2) consultation meetings with private companies		Q3 2015	Secretariat/MSG			
		b) Conduct two (2) consultation meetings with Government entities		Q2 2015	Secretariat/MSG			
		c) Organize two (2) workshops on open contract registry		Q2 2015	Secretariat/MSG			
	R3: The EITI requires disclosure of beneficial ownership (Understanding who owns and benefits from mining, oil and gas licenses)	(i) Establish open registry for licensees to identify beneficial ownerships			Secretariat/MSG	101,000	GAC	
		a) Preparation of ToR		Q3 2015	Secretariat/MSG			completed
		b) Call for EoI		Q4 2015	Secretariat/MSG			completed
		c) Collecting and disclosing Company Beneficial Ownership information in Extractive Industries and establish a		Q1 2017	Secretariat/MSG			



		beneficial ownership database for companies reported in 2013 and 2014 reports;						
		d) establish open registry for beneficial owners		Q2 2017	Consultant/Secretariat/MSG			
		e) publish a roadmap for disclosing beneficial ownership information		Q3 2017	MSG	10,000	GOT	
		(ii) Commission a study to establish supply chain of mineral exports from Tanzania			Consultant/Secretariat/MSG	71,000	GOT	
		a) Preparation of ToR		Q4 2014	Secretariat/MSG			Completed
		b) Expression of interest, evaluation and contract signing		Q3 2017	Secretariat/MSG			
		c) Conduct study study to establish supply chain of mineral exports from Tanzania		Q4 2018	Consultant/Secretariat/MSG			
		iii) Implement recommendations from a study a study to establish supply chain of mineral exports from Tanzania		Q1 2018, Q4 2018	Secretariat/MSG	70,000	GOVT	
	R4: The EITI requires to disclose Subnational transfers, expenditure receipts and CSR Contributions	(i) Conduct workshop to Directors and District Treasurers of 17 district councils that host mining , oil and gas operations on local content and disclosure of receipt expenditure and CSR contributions		Q1 2017	Secretariat/MSG	129,000	GAC	
		ii) Establish a mechanism		Q4 2017	Secretariat/MSG	55,000	GOVT	

		of tracking transfers from the Central Government to district councils that host large scale mining operations						
	R1: Undertake/Commission validation of TEITI	a) Procure validator, produce and agree validation report		Q3 2016	Secretariat/MSG	5,000	GOVT	
		b) Print, translate and disseminate the Validation/Secretariat review report and communicate findings		Q4 2016	Secretariat/MSG	90,000	GOVT	
		xiv) Implement recommendations and requirements for achieving compliance		Q3 2017	Secretariat/MSG	60,000	GOVT	
		xv) Workshop on lessons learnt from validation (TEITI-MSG and wider stakeholder groups)		Q4 2017		50,000	GOVT	
		vi) Drafting internal rules and procedures for MSG governance		Q3-Q4 2016	Secretariat/MSG			
<b>Outcome 2: Increased Understanding and Awareness of TEITI</b>	R.6 The EITI requires EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.	(i) Conduct Five (5) Awareness raising workshop on disclosure of revenue receipts and CSR contribution at district level	Percentage of people who are aware of annual payments and receipts from extractive industries through different communication media.	Q3 2015, Q4 2016	Secretariat/MSG	230,000	GAC	

		(ii) Conduct eight (8) community roadshows on TEITI reconciliation reports to raise awareness in districts.	Proportion of Civil Society Organizations (CSOs) who are aware of TEITI implementation.	Q3 2015, Q1 2016	Secretariat/MSG	400,000	GOVT	
		(iii) Organize two (2) workshops to Address gender equality in extractive industry	The percentage of people who perceive that the extractive industries contribute to the economy.	Q2 2016, Q1 2017	Secretariat/MSG	82,000	GOVT	
		(iv) Train 200 parliamentarians on EITI	Number of outreach activities in districts which host extractive operations to create awareness and debate about how the country should manage its resources better.	Q3 2015, Q2 2016, Q1 2017	Secretariat/MSG	581,500	GAC	
		(v) Participate in two (2) National and two (2) International exhibitions and show events		Q1 2016, Q1 2016, Q1 2017	Secretariat/MSG	130,000	GOVT	
		(vi) Organize three (3) Outreach events to District Executive Directors on disclosure of CSR, local content and expenditure of revenues from extractive companies		Q3 2015,	Secretariat/MSG	120,000	GOVT	
		(vii) Broadcast 300 spot TV adverts, 300 Radio		Q3 2016, Q3 2016,	Secretariat/MSG	530,000	EU	

		programmes (adverts), 4 documentaries on EITI implementation		Q3 2017				
		(vii) Hiring space annually for 12 billboards and 12 adopt-a-light in fourteen districts		Q2 2016, Q2 2016, Q2 2017	Secretariat/MSG	600,000	EU	
		(viii) Produce promotional materials annually: 3000 Stickers, 3000 fliers, 3000 pens, 5000 T-shirts, 2000 bags with TEITI slogan, 2000 paper folders		, Q1 2016, Q3 2016, Q1 2017	Secretariat/MSG	890,000	EU	
<b>Outcome 3: Enhanced legal and institutional framework for EITI implementation</b>		(i) Drafting TEITI Bill	Number of new MDAs and PSAs disclosed as percentage of total sub-sector contracts	Q3 2015	MEM/ACG/MSG	10,000		completed
		(ii) TEITI Bill presented to Parliament (First reading)	Number of years taken to submit TEITI Bill to Parliament	Q4 2015	MEM/ACG/MSG	30,000		Completed
		(iii) MSG meeting with Parliamentarians to review TEITI Bill		Q4 2015	MEM/ACG/MSG			Completed
		(iv) Public hearing of draft TEITI Bill		Q1 2015	MEM/ACG/MSG			Completed
		(v) Second reading of TEITI Bill		Q4 2015	MEM/ACG/MSG			Completed
		(vi) Printing TEITI Legislation		Q1 2017	Secretariat	70,000		
		(vii) Preparation of TEITI		Q1 2016	MEM/ACG/MSG	60,000		

		Regulations						
		(viii) Establish TEITI as independent legal entity in order to reinforce legal and institutional requirements including allocation of rights and licenses		Q1 2017 Q2 2017 Q3 2017	MEM/ACG/MSG	50,000		
<b>Outcome 4: Increased capacity, skills and knowledge of TEITI Secretariat and Multi-Stakeholder Group</b>		Increase understanding of extractive sector and revenue streams			Secretariat/MSG			
		i) Training for new MSG and CSOs in the extractive industries value chain as per EITI Standard 2016		Q3 2016, Q2 2017	Secretariat/MSG	173,500	GAC	
		ii). Educate 200 CSOs on upstream and downstream activities in the gas sub-sector		Q2 2016, Q2 2017	Secretariat/MSG	500,000	GOT	
		iii). Training to MSG and Secretariat on exploration and production, revenue collection, revenue allocations social and economic spending as reflected in EITI Standard		Q3 2017	Secretariat/MSG	100,000	GOT	

		2016.						
		(iv) Training to MSG on life cycles of oil and gas investment including training of CAG staff as recommended in 3rd and 4th TEITI Reports		Q4 2017, Q4 2016		60,000	GOT	
		v) Capacity building to 200 local government officials, extractive company representatives and community leaders in 4 Districts		Q4 2016,	Secretariat/	590,000	GOT	
		vi) Study visit to forestry and wildlife sites by MSG and secretariat		Q4 2017	Secretariat/MSG	85,000	GOVT	
		Enhance technical capacity for EITI implementation						
		(i) Training for 80 civil society groups in the use of data generated by EITI reports		Q2 2016, Q2 2017	Secretariat/MSG	200,000	EU	
		(ii). Training in EI contracts interpretation to MSG and Secretariat		Q3 2017, Q3 2016, Q3 2017	Secretariat/MSG	160,000		
		iii) Hire M & E Officer			Secretariat/MSG			
		a) Preparation of ToR		Q3 2015	Secretariat/MSG			completed
		b) Advertisement and Interviews		Q4 2016	Secretariat/MSG			

		c) Contract signing and Hiring		Q4 2017	Secretariat/MSG	96,000		
		ii) Implementation of recommendations from a a study to undertake scoping of forestry sector to determine feasibility of including the sector in the EITI disclosure process			Secretariat/MSG/MNRT/MEM	495,000	FINLAND	
	R7: The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation.	i) Commission a study to assess legal and technical feasibility for consideration of automated online disclosure of extractive revenues and payments (e-reporting) by Government and companies on a continuous basis.			Consultant/Secretariat/MSG	80,000	EU	
		a) Preparation of ToR		Q2 2015	Secretariat/MSG			completed
		b) Expression of interest, evaluation and contract signing		Q3 2016	Secretariat/MSG			
		c) Conduct a study to assess legal and technical feasibility for consideration of automated online disclosure of extractive revenues and payments (e-reporting) by Government and companies on a continuous basis.		Q4 2017	Consultant/Secretariat/MSG			

		ii) Implementation of recommendations from a study on disclosure of extractive revenues and payments (e-reporting) by Government and companies on a continuous basis.		Q3 2017	Secretariat/MSG	150,000	GOVT	
		iii) Document Government Policy on disclosure of contracts and agreements signed before 2014			MEM/ Secretariat/MSG	60,000	GOVT	
		a) Preparation of ToR		Q3 2015	Secretariat/MSG			completed
		b) Expression of interest, evaluation and contract signing		Q1 2016	Secretariat/MSG			
		c) Hire consultant to Develop Policy on actual practice of disclosing contracts and agreements signed before 2014		Q2 2016	Secretariat/MSG			
		iv) Disclosure of contracts and agreements signed after 2014			MEM/ Secretariat/MSG			
		a) Recruit a consultant to advise on how to address identified obstacles on contract disclosure and develop database infrastructure on disclosed contracts		Q3 2016	MEM/ Secretariat/MSG	40,000	GOVT	
		b) Workshop with Government and extractive companies in reaching consensus on disclosure of contracts		Q3 2017	Secretariat/MSG	60,000	GOVT	



		c) Workshop with CSOs to agree on approach in which public will have ease access to disclosed contracts		Q1 2016	Secretariat/MSG	80,000	GOVT	
		v) Including ASM in EITI Reporting						
		a) Hire a consultant to assess existing administrative system of ASM and develop mechanism of including this subsector in EITI reporting		Q3 2016	Secretariat/MSG	80,000	GOVT	
		b) Training licensed mineral traders and ASM on disclosure of tax payments from exports of minerals produced by ASM		Q2 2017	Secretariat/MSG	180,000	GOVT	
		vi) Develop database of financial and physical audits			Consultant/Secretariat/MSG			
		a) Establish a mechanism for TMAA and TRA to share with TEITI financial and physical audits		Q3 2016	Secretariat/MSG	20,000	GOVT	
		b) Hire a consultant to develop database of financial and physical audits of extractive companies		Q2 2017	Secretariat/MSG	26,000	GOVT	
	ACTIVITIES: G8-Tanzania Partnership: Framework of Key	Explore options and opportunities to extend the transparency agenda						

	Commitments							
		i) Finalize a study to undertake scoping of forestry sector to include the sector in the EITI disclosure process		Q2 2015	Secretariat/MSG			completed
		ii) Implement recommendations from the scoping of forestry sector to determine feasibility of including the sector in the EITI disclosure process		Q3 2016, Q2 2017	Secretariat/MSG/MNRT/MEM	495,000	GOVT/FINLAND	
		Public Procurement and Licensing Transparency						
		iii) create a transparent environment in public procurement and licensing processes			PPRA/Secretariat/MSG			
		a) Engage MEM and PPRA in publishing bid criteria and evaluation protocol for licensing mining, oil and gas fields		Q3 2015, Q2 2016, Q2 2017	MEM/PPRA/Secretariat/MSG	26,000	GOVT	
		Transparency Guarantee (in return for extraction rights, companies disclose info related to costs, revenues and profits)			PCCB/MEM/Secretariat/MSG			
		a) Consult PCCB and MEM in developing a register of certificate of guarantee to disclose information related to costs, revenues and profits in return for		Q4 2015, Q2 2017	PCCB/MEM/Secretariat/MSG	30,000	GOVT	

		extraction rights.						
		v) Integrated Environmental Management Plans						
		a) Working meeting with NEMC to Create and maintain publicly available register of Environmental Action Plans		Q4 2016	NEMC/MEM/PCCB/MEM/Secretariat/MSG	110,000	GOVT	
		b) Engage TMAA to Publish reports on the implementation of Environmental Action Plans		Q4 2016	TMAA/PCCB/MEM/Secretariat/MSG	35,000	GOVT	
		vi) Advancing CSO Transparency						
		Consult CSOs Registrar to encourage CSOs to disclose information regarding their funding sources in the interest of openness and transparency		Q4 2016	POPOSM/Secretariat/MSG			
		vii) Client Service Charters (CSC)/ Complaints Handling Systems (CHS)			POPOSM/Secretariat/MSG			
		a) Consult POPSM to ensure a continuous update on CSC (including service standards) so that citizens know what to expect of the Government		Q2 2016, Q4 2016	Secretariat/MSG	37,000	GOVT	
		b) Consult POPSM to ensure review and update CHS to ensure efficient,		Q3 2016, Q3 2016	Secretariat/MSG	40,000	GOVT	

		transparent handling of complaints						
		Operational Costs (Secretariat remuneration, utilities, MSG Meetings, Office equipment and rent)				2,350,000	GOVT	
		Total costs				<b>11,635,000</b>		

## **Appendix 2: Updates on USG Support to the Institutions of Accountability in Tanzania**

<b>Partner:</b> National Audit Office of Tanzania.	<b>Activity Title:</b> Strengthening the Role of National Audit as Supplier of Accountability.	<b>Dates and Funding:</b> April 2013-April 2017 (\$2.4 million)
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### **Brief Description:**

The project aims at strengthening the National Audit Office's capacity to effectively carry out its audit work and open up its operations to the public for effective citizen engagement so as to improve their oversight over public resources. Major activities include:

1. NAOT capacity building through trainings in use of state of the art audit software and international standards and conducting risk-based and performance audits
2. Establishment of communications to enhance collaboration between NAOT and the public on audit findings
3. Simplification of Controller and Auditor General (CAG) audit report through translation from English to Swahili and streamlining of audit reports
4. Purchase of working vehicles and computers to facilitate work of regional audit officers
5. Annual audit

### **Recent Achievements**

- 235 participants have benefitted from seven (7) outreach workshops conducted. These workshops are part of dissemination strategy of the simplified and translated CAG reports. During the workshops presentations were made on each audit report explaining in details the findings and the audit recommendations. The workshops serve as forum for citizens to raise comments and questions.
- NAOT communication messages have been developed. These messages will enhance communications between NAOT, Auditees, Citizens, and other stakeholders.
- Training manuals to serve as guideline to trained CSOs ToTs have been drafted. The ToTs will use the manuals to train citizens on elementary knowledge, analysis, interpretation, application, and dissemination of financial statements and CAG reports at local level.
- 8 Vehicles and computers to facilitate audit work were procured.
- 3,620 copies of citizen reports have been printed and distributed in 21 regions in the four NAOT zones. This includes 540 copies given to CSOs.

<b>Partner:</b> Ethics Secretariat	<b>Activity Title:</b> Strengthening Public Awareness of Activities Performed by the President's Office, Ethics Secretariat.	<b>Dates and Funding:</b> January 2013- Sept. 2016 \$ 2,400,000
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### **Brief Description:**

TEITI. Garden Avenue. International House- 4<sup>th</sup> Floor. Email: [teitixtractiveindustries@yahoo.com](mailto:teitixtractiveindustries@yahoo.com). Website: [www.teiti.or.tz](http://www.teiti.or.tz)

The aim of this project is to enhance the capacity of the Ethics Secretariat to carry out its mandate of implementing and enforcing the Public Leadership Code of Ethics and better informing Tanzania citizens and their leaders about the Ethics Secretariat's functions and about standard codes of conduct expected from the public office. Major Activities include:

1. Establishment of three-way communications to enhance the implicit collaboration between Ethics Secretariat and the citizens, especially around whistle-blowing on Public Leaders' unethical practices, through Ethics Secretariat Educational Publications, jingles, and broadcast programs.
2. Building the capacity of the Ethics Secretariat Staff on Enforcement of the PLCE, conflict of interest management and Ethics Management in general.
3. Training on Public Leadership Code of Ethics (PLCE) for Political and Public Service Leaders.
4. Scaling up of outreach through increased participation in public exhibitions and involvement of Theatre Arts as part of sensitization programs on ethical conduct for public leaders.
5. Support to watchdog institutions, NGOs and professional institutions to promote the Leadership Code of Conduct and mainstream leadership ethics through an advocacy program.
6. Conduct public opinion survey on the state of public leadership ethics

#### **Recent Achievements:**

- ES has developed messages and shared leadership ethics information with citizens through **12 radio stations**, namely Radio Clouds FM, Radio Upendo, Radio Free Africa, Radio Maria, City FM, Generation FM, Country FM-Iringa, Ebony FM, Pride FM- Mtwara, Nyemo FM Dodoma, Abood FM-Morogoro and Voice of Tabora. Also, ES shared leadership ethics information with citizens through **four (4)** television stations, namely TBC1, ITV, Channel 10 and Star TV and newspapers. Most of information shared includes complaints lodging procedures, assurance of security to informers and leaders charged by Ethics Tribunal. Furthermore, ES has been sharing leadership information through its website ([www.ethicssecretariat.go.tz](http://www.ethicssecretariat.go.tz)). This aims at increasing citizens' understanding of the role and mandates of the Ethics Secretariat and citizens' responsibilities in demanding accountability of Public Leaders- whistle blowing against unethical practices by public and political leaders. Also the ES has developed messages targeting different groups such as religious leaders, citizens, public leaders, artists and celebrities, business community and civil servants. The messages will be communicated through radio stations that will be airing the programs and talk shows.
- The Ethics Guide for Public Leaders (Public Service and Political Leaders) has been reviewed and translated into Swahili, ready for use during trainings. This aims at bridging the information gap on leadership ethics specifically on leadership and public sector ethics and conflict of interest for public leaders to comply with the Leadership Code of Ethics.
- 19 Theatre Art Groups have been selected in the four priority regions- Iringa, Mtwara and Morogoro and Dodoma. These will be trained on

leadership ethics oversight roles and later translate the knowledge to citizens who are key agents in monitoring leadership ethics. It aims at deepening awareness and understanding on ethical conduct of public leaders, the responsibility of citizens and the role of ES in enforcing Code of Ethics.

- 25 CSOs including 5 USAID grantees (LEAT, NACOPHA, TACOSODE, PELUM and WILDAF) have been identified. This aims at building the capacity of the CSOs and media to understand and mainstream PLCE Act in their programs and in the promotion and implementation of Leadership Ethics Act at the grassroots level with the purpose of reaching more people.
- Four (4) CSOs namely Action for Development, TACOSODE, CHAWAKI “Association of retiree in Kisarawe” and BAKWATA “National Muslim Council” have been using ethics information for Leadership Ethics advocacy purpose.

<b>Partner:</b> Public Procurement Regulatory Authority.	<b>Activity</b> Strengthening Capacity Of Public Awareness Activities Performed By PPRA.	<b>Title:</b> On September 2013-2017	<b>Dates and Funding:</b> (\$2.4 million)
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**Brief Description:**

The project aims at empowering PPRA to deliver on its mandate and specifically achieve the following:

1. Deepening citizenry appreciation of the value for money in public procurement
2. Expand its operational and outreach capacity. This will be achieved through orientation of new staff and training of mid-level staff; and long-term training for 3 key staff; revise financial regulations and memorialize them in an accounting manual; revise the internal audit system; and prepare 20 simplified tools for public procurement enforcement and monitoring in consensus with 120 Procurement Entities.
3. Improved Governance Systems Responsible for Public Procurement

**Recent Achievements:**

- Baseline survey to assess how CSOs understand activities performed by PPRA was conducted in October, 2014 in four Regions of Mtwara, Morogoro, Iringa and Dodoma. Total number 700 questionnaires were distributed to the people in those four regions. 600 questionnaires were collected. Data analysis is in progress and thereafter a baseline survey report will be out.
- 50 new staff members have been hired to enhance PPRA capacity to execute its mandate.
- Two staff members have been supported to pursue Master’s programs in a) MBA Procurement and Supply Management at Arusha Institute of Accountancy, Dar Es Salaam Campus and b) MSc. Information Technology and Management at the Institute of Finance Management. One staff is

pursuing Postgraduate Diploma in Scientific Computing Course at the University of Dar es Salam.

<b>Partner:</b> Tanzania Revenue Authority.	<b>Activity Title:</b> Tanzania Revenue Advisory Program.	<b>Dates and Funding:</b> 2013-2016
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**Brief Description:**

The assistance aims at supporting TRA on the following areas: Audit, Transfer Pricing, Criminal Investigation, and development of a Compliance Strategy, improvement of tax forms and replacement of the existing electronic tax system. The assistance is based on the following milestones:

- Conduct on job training (workshop on Financial Instruments) and to review cases in telecommunications, construction, tourism, and banking sectors) to strengthen the capacity of TRA personnel.
- Review progress on development of Audit manuals, and make recommendations as appropriate.
- Assist in development of well-prepared transfer pricing reports so that TRA auditors can do so independently in the future.
- Review and assess current tax forms, making use of input from other advisors, and Recommend changes to tax forms and e-filing programs to provide information on transactions with related parties. TRA tax forms and related documents need to be updated to reflect current laws and to capture data critical for effective tax administration, including compliance risk assessment. This is particularly important in the areas of related party transactions and High Wealth Individuals.
- Assist TRA in gathering information about needed changes using international best practices and information from internal (audit, counsel, taxpayer service, etc.), external stakeholders (Chartered Accountants, business groups, etc.). Also assist in design of new forms and facilitate agreement on changes and additions.
- Deliver training for managers and investigators and assist with changes to Investigations and Audit manuals and other procedural documents.
- Advise on development of strategies and assist in evaluation of the impact of strategies.
- Participate with the TRA Project Board in quarterly reviews of the project.
- Work with TRA staff and the vendor to timely identify and address issues throughout the life of the project.

**Recent Achievements:**

- **Audit:** The audit function has been provided with training in the audit of businesses in key sectors (telecommunications, construction, tourism, and banking). Two follow up visits are scheduled to provide on-job assistance to auditors working cases in these sectors and to ensure Audit manuals have been updated by TRA.
- **Transfer Pricing:** The Large Taxpayer Office has been provided training and advice allowing them to develop the knowledge, experience, and tools necessary to address non-compliance in the area of transfer pricing.



Auditors in the large taxpayers (LTO) have developed skills working transfer pricing cases.

- **Tax Investigations:** The Tax Investigation function has been advised to focus on its core function of investigating and developing criminal cases for possible prosecution, instead of focusing on generating revenue through audit assessments. Significant progress has been made in returning TID to its proper investigative role and most civil cases have been returned to Audit.
- **Compliance Strategy:** The approach has been to develop a strategy to address compliance in the Construction Sector as a pilot to demonstrate how coordinated, multifunctional activities can improve both voluntary compliance and enforcement revenue. Although this work started very slowly, the Construction Strategy team is now showing good results both in improved audits, use of data to identify and address non-compliance without requiring one-on-one audits. With advice from IMF, TRA has recently adopted a Compliance Risk Management Policy and Framework which will lead to the creation of an Annual Compliance Action Plan containing strategies to address specific tax risks. TRA may need advice on how to optimize these strategies and how to assess their impact.
- **ITAX System Replacement:** TRA is replacing its existing electronic tax system and needs to effectively manage system implementation.

### Appendix 3: List with Names and Contacts of Members of TEITI-MSG

TEITI-MSG is made of three constituencies (Government, Civil Society Organizations and Extractive Companies) each represented by five members and headed by TEITI-Chairperson Hon. Mark Bomani (Independent).

#### Government Constituency

Name	Organization	Contact
Mr. Kharist Luanda	Prime Minister Office-Local Authorities	<a href="mailto:kmluanda@yahoo.co.uk">kmluanda@yahoo.co.uk</a>
Eng. Ally Samaje	Ministry of Energy and Minerals	<a href="mailto:Ally.samaje@mem.go.tz">Ally.samaje@mem.go.tz</a> <a href="mailto:samaje67@hotmail.com">samaje67@hotmail.com</a>
Mr. Sudi Abdalla	Tanzania Petroleum Development co-operation	<a href="mailto:Sudi@tpdc.com">Sudi@tpdc.com</a>
Mr. Alfred Missana	Ministry of Finance	<a href="mailto:alfredmisana@yahoo.com">alfredmisana@yahoo.com</a>
Mr. Alfred Mregi	Tanzania Revenue Authority	<a href="mailto:amregi@tra.go.tz">amregi@tra.go.tz</a>

#### Civil Society Organizations

Name	Organization	Contact
Ms. Blandina Sembu	People with Disabilities	<a href="mailto:brandyhappy@yahoo.com">brandyhappy@yahoo.com</a>
Bishop. Stephen Munga	Inter-Faith Organization	<a href="mailto:Bishop.munga@elct-ned.org">Bishop.munga@elct-ned.org</a>
Mr. Amani Mhinda	HAKI MADINI	<a href="mailto:amhinda@gmail.com">amhinda@gmail.com</a>
Mr. Bubelwa Kaiza	PWYP-Fordia	<a href="mailto:bubelwa.kaiza@fordia.org">bubelwa.kaiza@fordia.org</a>
Mr. Mbaraka Igangula	Trade Union	<a href="mailto:Igangula@yahoo.com">Igangula@yahoo.com</a>

#### Extractive Companies

Name	Organization	Contact
Ms. Kate Methley	OGAT	<a href="mailto:Kate.methley@orphir-energy.com">Kate.methley@orphir-energy.com</a>
Mr. Alfred Mwasenya	Small Scale Miners	<a href="mailto:amwasenya@yahoo.com">amwasenya@yahoo.com</a>
Mr. Gerald Mturi	Tanzania Chamber of Mines and Energy	<a href="mailto:geraldm@resolute-ltd.co.au">geraldm@resolute-ltd.co.au</a>
Mr. Godvictor Lyimo	Tanzania Chamber of Mines and Energy	<a href="mailto:Godvictor.lyimo@geitagold.com">Godvictor.lyimo@geitagold.com</a>
Mr. Emmanuel Jengo	Tanzania Chamber of Mines and Energy	<a href="mailto:immaj@chamberofmines.org">immaj@chamberofmines.org</a>

**G8 – TANZANIA PARTNERSHIP  
TO SUPPORT  
TRANSPARENCY IN THE EXTRACTIVES SECTOR IN TANZANIA**

Tanzania and the G8 recognize that transparency is essential to ensuring that natural resources support sustainable national development. Tanzania strives to promote transparency and accountability in the management and use of natural resources. Tanzania and the G8 are pleased to establish a partnership to entrench and enhance the extractives transparency agenda to: increase public access to comprehensive, timely and quality information on revenues; increase disclosure of revenue allocation and spending; increase accountability and reduce actual and perceived corruption; reduce social and political tensions; improve stakeholder confidence; and create an improved predictable business environment.

**1. Overview / Context**

The G8 and Tanzania, including the Multi Stakeholder Group (MSG) of the Tanzania Extractive Industries Transparency Initiative (TEITI), recognize the critical importance of transparency – including both land and extractives transparency – to ensure that natural resources support national development. This paper focuses on extractives transparency. Another initiative, coordinated with the UK, focuses on land transparency. It will be important to build bridges between these two interlinked agendas, as access to land for mining activities is an issue.

Extractives transparency, along with effective regulation and management of the sector, helps to attract responsible investment and transform vast potential natural resources into economic growth, jobs and benefits for all citizens. The G8 is taking steps to improve transparency in their home countries and at the international level. The G8 is also collaborating with a few key countries to recognize the important steps that these countries have taken and to support further efforts to entrench and accelerate transparency efforts in these countries.

Tanzania, a country with extensive mining and natural gas deposits, has taken important steps to improve transparency in the extractives sector in recent years, including applying to join EITI in 2009. Tanzania was granted candidate status and in December 2012 achieved EITI compliant status. As President Kikwete has said:

“Tanzania is proud to be part of the EITI global family and to be among the countries implementing the EITI principles and values. We are committed to the EITI process because it is aligned with our policy of promoting transparency and accountability in the management and use of our natural resources. It is critical for

promoting sustainable development and poverty eradication in the country.”

TEITI is overseen by an MSG made up of five representatives from Government, five from companies, and five from civil society, with an independent Chair appointed by the President. TEITI produced its first Annual Report (including 11 companies) in 2011; second Report (including 22 companies) in 2012; and is expected to produce its third Report (including 33 companies) in June 2013. Companies, government and public institutions have cooperated well in the development of these Reports.

The rest of this document sets out the content of the G8-Tanzania partnership that will be taken forward over the next three years (2013-2016).

## **1. Objectives and Outcomes**

### **1.1 Objectives**

- 1.1.1 Improved transparency in the extractives sector through increased public access to comprehensive, timely and quality information on Government revenue;
- 1.1.2 Increased disclosure of revenue allocation and spending;
- 1.1.3 Increased accountability leading to reduced actual and perceived corruption;
- 1.1.4 Institutionalization and sustainability of EITI in Tanzania.

### **1.2 Outcomes**

- 1.2.1 Increased awareness of the revenues generated from the sector (mining, oil and gas);
- 1.2.2 Greater assurance that all appropriate revenues are collected, reported and disclosed;
- 1.2.3 Greater appreciation of the contributions of the extractives sector to the country;
- 1.2.4 Reduced social and political tensions;
- 1.2.5 Improved predictable business environment;
- 1.2.6 Improved stakeholder confidence.

## **2. Achieving Objectives: Framework of Key Commitments**

Please refer to the attached Framework of Key Commitments (2013-2016) that outlines what will be undertaken by whom and by when (to the extent that this can be defined at this point).

## **3. Commitments and Consultations (see Annexes B, C and D for details)**

### **3.1 Government of Tanzania**

The Government of Tanzania has clearly demonstrated its commitment to transparency through such initiatives as the Open Government Partnership, where Tanzania is playing a leading role on the continent; and the Extractive Industries Transparency Initiative (EITI), where Tanzania achieved *compliant status* in December 2012. Tanzania is also actively involved in the Construction Sector Transparency Initiative and the African Peer Review Mechanism.

The Government of Tanzania has signalled its intention to continue to pursue and deepen its policy of openness and transparency.

The Government of Tanzania intends to ensure transparency in the extractives sector by, among other things, maintaining EITI compliance and deepening the implementation of EITI standards, including those approved at the Global EITI Conference in Sydney in May 2013.

### **3.2 G8 Commitments**

The G8 members, coordinated by Canada, affirm their commitment to:

- support the Government of Tanzania as it advances its transparency agenda, with a particular emphasis on extractives transparency;
- encourage and support private sector companies to be transparent and compliant with: the laws, rules, regulations and practices in the countries in which they operate; and global standards and requirements;
- provide financial and/or technical support to advance Tanzania's transparency agenda – including support to the Government of Tanzania and to civil society organizations; and
- promote and encourage transparency in their home countries and internationally.

### **3.3 Private Sector Engagement**

Private Sector Representatives have expressed their readiness to continue to support the Government's extractives transparency agenda by disclosing all information required by the EITI process as well as Tanzanian laws and regulations.

### **3.4 Civil Society Engagement**

Civil Society Representatives have expressed their readiness to:

- participate actively, through their representatives on the TEITI MSG, in the coordination and management of EITI in Tanzania;
- actively play a watch dog role in the extractives sector;
- mobilize and sensitize communities to the transparency and accountability agenda;
- disseminate accessible information;
- undertake analysis; and

- engage constructively in dialogue with communities, government and private sector.

#### **4. Coordination, Roles and Responsibilities**

The G8, coordinated by the Government of Canada, will work with the Government of Tanzania, private sector and civil society representatives. The active involvement of a number of non-G8 bilateral and multilateral development partners will be key to the achievement of this agenda. The Chambers of Minerals and Commerce are also key interlocutors for enhanced coordination and collaboration.

During the consultations on G8-Tanzania Partnership, it was agreed that the partnership would be monitored and tracked through the Tanzania EITI Multi-Stakeholder Group (MSG). The MSG includes representatives from the Government of Tanzania, civil society, and private companies. It was agreed that formal reviews of progress would be held annually. The TEITI MSG will review this Cooperation Framework on an annual basis during a Special Session of the MSG held in June each year. The G8, coordinated by Canada, will participate (with observer status), in this annual Special Session of the MSG.

## **Annex A: Government and Partner Consultations**

The President of Tanzania, as well as the Minister and Permanent Secretary of Energy and Minerals, have been consulted.

The Chair of the TEITI MSG, Rtd. Judge Mark D. Bomani, and the EITI International Secretariat Representative responsible for Tanzania, Eddie Rich, have been consulted.

There were two extraordinary meetings of TEITI MSG on May 10<sup>th</sup> and May 17<sup>th</sup>, 2013.

Civil Society Representatives on the MSG consulted with their constituencies in a Stakeholder Meeting on May 16<sup>th</sup>, 2013.

Private Sector Representatives on the MSG coordinated a consultation session between the private sector and G8 representatives on May 21<sup>st</sup>, 2013.

The Government representatives and observers on the MSG consulted internally within the Government of Tanzania. Government entities identified for consultation included: Tanzania Revenue Authority, Public Procurement Regulatory Authority, Tanzania Minerals Audit Agency, President's Office – Public Service Management, Tanzania Investment Corporation / Prime Minister's Office, Ministry of Finance, Ministry of Foreign Affairs, Prevention and Combating of Corruption Bureau and National Environmental Management Council.

The G8, at a technical level, met on May 14<sup>th</sup> and subsequently consulted by email. The G8, at the Head of Cooperation and Head of Mission level, met in early June.

## **Annex B - G8+ Member Commitments**

The G8+ express their intentions to support the transparency agenda, and particularly the extractives transparency agenda, in Tanzania including through:

### CANADA

- EITI Global Secretariat and Tanzania Extractives Industries Transparency Initiative
- Tanzania Minerals Audit Agency
- President's Office - Ethics Secretariat
- Public Sector Reform Program (PO-PSM)
- Public Financial Management Reform Program
- Canadian Comprehensive Audit Foundation (National Audit Office)
- African Minerals Development Centre (ECA)
- Canadian International Institute for Extractive Industries and Development

### GERMANY

- Strengthening Good Governance in the natural gas sector of Tanzania (TA)
- Support to the National Audit Office (TA)

### JAPAN

- Public Financial Management Reform Program
- Project for the Enhancement of Taxation Training

### UNITED KINGDOM

- Accountability in Tanzania Program
- Strengthening Tanzania Anti-Corruption Action
- Public Sector Reform Program
- Tanzania Media Fund

### UNITED STATES

- Tax Revenue Authority - Energy Governance and Capacity Initiative
- National Audit Office - Democracy and Governance Program
- Public Procurement Regulatory Authority - Democracy and Governance Program
- President's Office - Ethics Secretariat - Democracy and Governance Program

### NORWAY

- EITI Global Secretariat and Tanzania Extractives Industries Transparency Initiative
- Forestry Scoping Study for EITI inclusion
- East African REDD+ Initiative
- Oil for Development Program (MEM)
- Support to Government to introduce a Transparency Guarantee (PCCB)



- Support to investigate and reduce economic crimes in the resource sectors (PCCB)
- Renewable Natural Resource Economic Governance Program (MNRT)
- Tanzania Illicit Financial Flow Country Study (BOT)
- Norwegian Church Aid Extractives and Capital Flight Program
- Two support programs on tax administration of large enterprises (TRA)
- Support program on tax policy including natural resources (MOF)
- Support to REPOA
- Support to Media Council of Tanzania
- Public Financial Management Program in Zanzibar

#### SWEDEN

- Support to the National Audit Office (NAO)
- Gas Sector Communication Plan (MEM)
- Public Financial Management Technical Assistance - including energy database (MEM)
- Public Financial Management Reform Program
- Media Council of Tanzania
- Union of Tanzania's Press Clubs
- TWAVEZA

#### AFDB

- Tanzania Extractives Industries Transparency Initiative
- Legal support through the African Legal Support Facility

#### IMF

- Managing Natural Resource Wealth Topical Trust Fund Projects
  - Extractive Industries Fiscal regimes, Licensing and Contracting (Natural Gas) – Fiscal Affairs Department
  - Extractive Industries Revenue Administration – Fiscal Affairs Department
- Support for public financial management reforms – Fiscal Affairs Department (Internal Budget) and IMF East AFRITAC

#### WORLD BANK

- Tanzania Extractives Industries Transparency Initiative
- Sustainable Management of Mineral Resources Project
- Power Gas Sector Policy Sector Development Operation
- Energy Sector Capacity Building Project

## **Annex C - Civil Society Commitments**

As of May 28, 2013, the following international and national civil society organizations have indicated their willingness to support the extractives transparency agenda in Tanzania.

Represented on the TEITI MSG

- NGOs – as represented by Amani Mustapha of Policy Forum
- Publish What You Pay - as represented by Bubelwa Kaiza of PWYP Tanzania
- Faith Based Organizations - as represented by Bishop Dr. Stephen Munga of the Inter-Faith Committee for Economic Justice
- Trade Unions – as represented by Mbaraka Igangula of Tanzania Mining Construction (TAMICO)
- People with disabilities – as represented by Blandina Sembu of the Federation of People with Disabilities (SHIVYAWATA)

Globally based NGOs (some with representation in Tanzania)

- Publish What You Pay
- Revenue Watch
- OXFAM
- Transparency International

## **Annex D - Private Sector Commitments**

As of May 28, 2013, the following companies have indicated their willingness to support the extractives transparency agenda in Tanzania:

- African Barrick Gold Group (including Bulyanhulu Gold Mine Limited, Pangea Minerals Ltd, North Mara Gold Mine Limited and ABG Exploration Limited)
- Anglo Gold Ashanti
- BG Group
- Glencore Xstrata
- Ophir East Africa Ventures Ltd
- Petra Diamonds Tanzania
- Resolute (Tanzania) Ltd
- Songas Limited
- Tanzania Portland Cement Co. Ltd
- Tanzanian Royalty Exploration Corporation
- Petrobras Tanzania Ltd
- Maurel & Prom Tanzania
- Wentworth Gas Ltd
- Statoil Tanzania AS
- Beach Petroleum Tanzania Limited